

ADVISER'S PERSPECTIVE QUARTERLY | Q2 2009

QUAKER MID-CAP VALUE FUND

The second quarter of 2009 generated a welcome reversal in performance from the first quarter. Positive performance during the second quarter brought the year to date return of the Quaker Mid-Cap Value Fund to 4.45% (before sales charges, -1.30% after sales charges) compared to the Russell Midcap® Value Index which is up 3.19% as of June 30, 2009. While generating strong absolute performance during the quarter, performance did trail that of the benchmark. For the second quarter ending June 30, 2009, the Quaker Mid-Cap Value Fund experienced a return of 12.32% (before sales charges, 6.14% after sales charges) as compared to the Russell Midcap® Value Index, which returned 20.94%. The conservative positioning of the Mid-Cap Value portfolio has been effective in mitigating a good part of the negative performance experienced in the broader equity markets. During the second quarter however, this positioning proved to be somewhat detrimental to overall performance.

There has been much discussion regarding the remarkably strong second quarter rally being led by "low-quality" equities, and we clearly saw evidence of this. During the financial crisis of late 2008 and early 2009, valuations for many struggling companies incorporated the real risk of bankruptcy. In many cases, this proved to be warranted. However, as signs of a slowing rate of decline in U.S. economic data emerged, and credit markets appeared to stabilize, the perceived bankruptcy risk diminished, and many of these distressed equities rallied sharply. Many of these equities were characterized by high leverage and/or unprofitability. Our focus on companies with a higher return on invested capital profile resulted in the exclusion of most of these equities.

As a result, stock selection was detrimental to performance during the second quarter. While we achieved positive absolute returns across all sectors, our relative performance was lagging in many sectors. The Consumer Discretionary sector was one of the strongest sectors in the benchmark, and also proved to be the most difficult sector for relative performance. Recall, this sector was a source of strong relative returns in the portfolio during the first quarter, and while our stocks generally continued their solid performance, they could not keep up with the "relief" rally witnessed in this sector during the quarter.

Going forward, we are optimistic that the worst of the recession is behind us. We are seeing signs of stabilization in credit markets, and early evidence of stabilization in other leading economic indicators. We will continue to focus our investment process on companies generating superior returns on invested capital. We strongly believe these companies are best able to create value for shareholders over the course of the business cycle.

Provided by Chuck Bryant, Vice President of Marketing, Kennedy Capital Management

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Performance	For Calendar Quarter Ended 6/30/2009		
	Before Sales Charges	After Sales Charges	Russell Midcap Value Index
Class A Inception 12/31/1997			
3 Months	12.32%	6.14%	20.94%
Year-to-Date	4.45%	-1.30%	3.19%
1 Year (Cumulative)	-34.88%	-38.46%	-30.52%
5 Years (Annualized)	-4.88%	-5.95%	-0.43%
10 Years (Annualized)	2.18%	1.60%	3.99%
Life of Share Class (Annualized)	2.91%	2.41%	4.59%
Since Fund Manager Inception - 10/1/08 (Cumulative)	-17.92%	-22.43%	-24.55%

Expense Ratio: 1.64%

The returns shown above reflect the performance of the former No-Load Class for periods ending before June 23, 2000, and Class A Shares thereafter. Performance data shown before sales charges does not reflect the deduction of the sales load for periods end. Performance data shown after sales charges for periods after June 23, 2000 reflects the Class A maximum sales charge of 5.50%.

Performance data quoted represents past performance; past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the fund may be lower or higher than the performance quoted. Performance data current to the most recent month end is available by calling us toll free at 800-220-8888.

Additional disclosures about the Fund appear on the next page.

Sub-Adviser: Kennedy Capital Management, Inc.

Fund Assets: \$9.9 Million

Public Offering Price: \$ 9.94

Ticker Symbols

Class A: QMCVX

Class B: QMCBX

Class C: QMCCX

Institutional Class: QMVIK

Mutual Fund Exposures

% Assets

Long Positions 97.58%

Cash 2.42%

Top 10 Positions

% Assets

DPL Inc. 2.71%

Forest Laboratories Inc. 2.46%

Intuit Inc. 2.45%

Cephalon Inc. 2.35%

Steel Dynamics Inc. 2.30%

Laboratory Corp. of America. Holdings 2.28%

Denbury Resources Inc. 2.25%

Centerpoint Energy Inc. 2.22%

Xcel Energy Inc. 2.17%

Micron Technology Inc. 2.17%

Total 23.36%

The Fund's holdings and characteristics are as of 6/30/2009 and are subject to change. Current and future holdings are subject to risk.



QUAKER® FUNDS

This Fund invests in companies with a market capitalization range from \$1B to \$18B. Their stock prices often react more strongly to changes in the marketplace and can be more volatile. Additionally, the Fund invests in companies that appear to be “undervalued” in the marketplace (i.e. trading at prices below the company’s true worth). If the Fund’s perceptions of a company’s value are wrong, the securities may not perform as expected, reducing the Fund’s return.

The Russell MidCap® Value Index is a widely recognized, unmanaged index of companies included in the Russell 1000® Index with current market capitalizations between \$45 million and \$16.7 billion. You cannot invest directly in an index.

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and philosophy have been in place and consistently applied for over two decades. KCM currently has approximately \$2.4 billion in assets under management.

Kennedy Capital Management, Inc. (KCM) founded in 1980, is an independent, employee-owned, Investment Advisory firm located in St. Louis, Missouri. KCM’s investment process has evolved over time, but the core tenets of their process

Mutual fund investing involves risk, including the possible loss of principal.

Consider investment objectives, risks, charges, and expenses carefully before investing. The Prospectus contains this and other information and is available for download at www.quakerfunds.com or by calling 800-220-8888. Read the Prospectus carefully before investing.



QUAKER® FUNDS

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