



ADVISER'S PERSPECTIVE QUAKER STRATEGIC GROWTH FUND

A: QUAGX B: QAGBX C: QAGCX I: QAGIX

DECEMBER 31, 2006

For the month of December, the S&P 500 Index gained 1.40% while the Quaker Strategic Growth Fund lost 0.57% for Class A Shares before sales charges, (-6.04% after sales charges). Year-to-date, the Quaker Strategic Growth Fund is up 5.13% before sales charges (-0.65% after sales charges) versus a gain of 15.79% for the S&P 500 Index. Performance in December was driven by good stock picking in healthcare, finance and technology, but was hurt by an overweight in energy and an underweight in finance.

Last year was really a tale of two halves for the Fund. The best performing sectors in the first half of 2006 (which had also been top performers in 2004 and 2005) reversed strongly in the third quarter. Sector overweights in energy, materials, and industrials and underweights in technology, finance and consumer areas generally helped performance through June 2006. However, not owning the "reversal sectors" in the third quarter strongly detracted from our performance for that period. Alas, we became very defensive over the summer as we felt the domestic economy was softening. The cash position we built up over this period hurt us later in the year as the market strengthened. We restructured the portfolio in mid-September reallocating to consumer areas, healthcare, finance, and technology and did relatively well in October and November, but a warm December depressed energy prices and we again took a hit in our energy names. Though it is not much solace for us, or you as a fellow shareholder, 2006 was a bad year for most active managers and was our first calendar year underperforming the broad market (S&P 500) since 1997.

Looking forward, while we still believe the domestic economy is in a cyclical slowdown, some indicators point to a slightly stronger first quarter. This good economic news may be bad news for the stock market which was anticipating a Fed Rate lowering later this year that may now get forestalled. While the continued slide in the dollar has helped to boost export growth for large multinationals (since the dollar peak in the end of November through the first week in January), small-cap stocks have begun to underperform large-caps by a sizable margin. We believe current conditions benefit larger capitalization companies with reasonable valuations and a strong global presence. We continue to seek above market performance through stock selection, looking for companies that have visible earnings and "growth at a reasonable price" valuations. Here is a sector-by-sector summary:

- Energy – While long-term earnings prospects continue to look decent, a warm December put a damper on heating oil demand, pushing oil prices down to \$61 a barrel by month-end. More typical demand levels should return as we approach the colder mid-winter months, but with supply levels plentiful, prices will soften in the near term. Natural gas, however, is a more localized commodity and may see price support in the near term as temperatures drop.
- Materials – We still hold an overweight in this sector as part of our global growth thesis, however, this sector was an underperformer for the month due in part to weaker gold prices and a moderating of commodity prices in general.

Sub-Adviser:
DG Capital Management

Fund Assets: \$896,835,133
Public Offering Price: \$23.50

Mutual Fund Exposures	% Assets
Long Positions	89.1%
Short Positions	0.6%
Cash	10.9%

Top Positions	% Assets
General Dynamics	3.4%
United Healthgroup Inc.	3.4%
Altria Corp.	2.9%
Freeport-Mcmoran Corp.	2.9%
General Electric Co.	2.8%
Lockheed Martin Corp.	2.7%
Merrill Lynch	2.3%
ConocoPhillips	2.3%
Wellpoint Health Networks	2.1%
Canadian Natural Resources	2.1%
Total	26.9%

The Fund's holdings and characteristics are as of 12/31/2006 and are subject to change.

Performance	For Month Ended 12/31/2006		
	Before Sales Charges	After Sales Charges	S&P 500 Index
Class A Inception 11/25/1996			
1 Month	-0.57%	-6.04%	1.40%
Year-to-Date	5.13%	-0.65%	15.79%
3 Months	4.69%	-1.07%	6.70%
	For Calendar Quarter Ended 12/31/2006		
1 Year (Cumulative)	5.13%	-0.65%	15.79%
5 Years (Annualized)	8.79%	7.57%	6.19%
10 Years (Annualized)	17.44%	16.77%	8.42%
Life of Share Class (Annualized)	17.64% [§]	16.99% [§]	8.12%

[§]During the periods shown the Fund received expense reimbursements from the sub-adviser without which the performance would have been less favorable. Performance data shown before sales charges does not reflect the deduction of the maximum 5.50% sales charge. Performance reflects fee waivers and expense limitations in effect. In the absence of such waivers and expense limitations, total return would be reduced.

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 on our website, www.quakerfunds.com, by calling us toll free at 1-800-220-8888.

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This Fund engages in short selling (selling securities not owned at time of sale), which involves special risks and requires special investment expertise. The Fund invests in "special situation" companies in which the adviser believe unique events at the company may offer a compelling investment opportunity, but could cause the investment to be more risky than other investments.

The S&P 500 Total Return Index is a widely recognized, unmanaged index of the approximately 500 largest companies in the United States as measured by market capitalization. The index assumes reinvestment of all dividends and distributions and does not reflect any asset-based charges for investment management or other expenses.

- Industrials – We have an above market weight in this area with investments mainly in defense and domestic transportation related names and international construction/infrastructure companies.
- Financials – We continue to hold mostly brokers and insurance companies in this sector, though we are still heavily underweight due in part to the inverted yield curve.
- Healthcare – While we continue to be concentrated in medical device makers and HMOs, we have moved to an overweight in this sector. This sector was one of our top contributors for the month.
- Consumer – We continue to be underweight this sector, with a high concentration in large capitalization consumer discretionary names. This consumer area was an above average performer in December despite mediocre holiday sales results.

In conclusion, we are truly apologetic for our performance in 2006. However, we believe our flexible investment approach that emphasizes downside risk protection can potentially lead to superior long term performance.

Provided by DG Capital

Fund Mandate: Our Investment Process is designed to create a flexible strategy that allows us to opportunistically react to market changes. The Fund can hold up to 25% in short positions or go to 100% cash if deemed necessary.

The Sub-Adviser: DG Capital Management, Boston, MA, was founded in 1996 and currently has more than \$1.7 billion under management.

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

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 1-800-220-8888. Read the Prospectus carefully before investing.



QUAKER® FUNDS

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