



ADVISER'S PERSPECTIVE QUAKER STRATEGIC GROWTH FUND

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

FEBRUARY 28, 2007

For the month of February, the S&P 500 Index fell -1.96% while the Quaker Strategic Growth Fund lost -1.61% (for Class A Shares before sales charges, -7.02% after sales charges).

After last month's broad portfolio update, here is a more focused sector-by-sector summary.

Energy – A chilly February helped boost oil prices to above \$60/barrel by month-end (up from the low \$50s in mid-January) even as equity prices in the sector declined. We continue to have good long-term expectations for earnings growth due to increasing global demand.

Materials – We continued to hold a substantial overweight in this sector, especially in steel, as part of our global growth thesis. China (the world's largest consumer of iron ore) recently announced it will be taking its most uneconomical and polluting steel processing and production facilities offline in an effort to reduce inefficiency (in terms of power consumption) and minimize environmental impacts. Due to the enormity of the industry, this year alone it will shut down iron and steel production equivalent to that generated by the entire country of Italy, even as domestic Chinese demand continues to increase. This will give foreign exporters the opportunity to make up for the near-term shortfall.

Industrials – We have an above market weight in this area as part of our long-term thesis of the expansion of global infrastructure. As Asian countries mature economically, huge amounts of capital will need to be invested in basic services (water, power, sewage treatment, and transportation infrastructure). Recent reports indicate that over \$40 trillion will be spent over the next 25 years (half of which will be used to modernize aging western systems). We have invested in a variety of companies that we feel will benefit from these crucial upgrades.

Financials – We continued to hold an underweight in this area. While we have long avoided spread lenders due to the inverted yield curve, the recent deterioration in the sub-prime lending market also has us skirting that area. Holdings consist mainly of brokers and money managers.

Healthcare – We hold several healthcare delivery companies and pharmacy benefit management companies. We believe these companies will benefit from the potential push towards universal healthcare in the U.S.

Consumer – We have continued to underweight this area as rising gas prices, a lackluster housing market and fears of a recession begin to permeate consumer confidence.

Technology – We have underweighted this sector due to continued poor channel checks and the industry's continued reliance on the consumer hardware sales channel (corporate capital spending continues to be muted). However, we have been investing in companies providing communication

Sub-Adviser:
DG Capital Management, Inc.

Fund Assets: \$710,059,391
Public Offering Price: \$23.31

Mutual Fund Exposures	% Assets
Long Positions	86.7%
Short Positions	0.0%
Cash	13.3%

Top Positions	% Assets
United Healthgroup, Inc.	3.5%
Burlington Northern	2.9%
XTO Energy Corp.	2.8%
Williams Companies, Inc.	2.6%
Canadian Natural Resources	2.6%
Bunge Limited	2.5%
Lockheed Martin Corp.	2.5%
General Electric Co.	2.4%
Archer Daniels Midland	2.2%
Freeport-McMoran Corp.	2.2%
Total	26.2%

The Fund's holdings and characteristics are as of 2/28/2007 and are subject to change.

Performance	For Month Ended 2/28/2007		
	Before Sales Charges	After Sales Charges	S&P 500 Index
Class A Inception 11/25/1996			
1 Month	-1.61%	-7.02%	-1.96%
Year-to-Date	-0.81%	-6.27%	0.92%
3 Months	-1.37%	-6.80%	-0.47%
	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%
Expense Ratio: 1.90% as of June 30, 2006			

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 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.

bandwidth expansion (via both hardware and software) and data storage systems.

Telecom – Experience has shown that when cell phone penetration rates reach 30% of the population in a developing country, there is a quick acceleration to 50% as critical mass is reached and new subscribers adopt the technology. We have positions in several telecom providers in emerging economies that are reaching these levels.

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

Contact us:
Quaker Funds, Inc.
c/o U.S. Bancorp, LLC
P.O. Box 701
Milwaukee, WI 53201-0701
800.220.8888
www.quakerfunds.com