



ADVISER'S PERSPECTIVE QUARTERLY QUAKER STRATEGIC GROWTH FUND

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

JUNE 30, 2007

Equity markets advanced strongly in the second quarter of 2007 with the S&P 500 gaining 6.28% and the NASDAQ finishing up 7.87%. The Quaker Strategic Growth Fund continued to have a strong year led by good performance and stock picking in the industrials, materials and energy sectors. The Fund gained 12.72% for Class A Shares before sales charges (6.53% after sales charges) for the second quarter and is up 15.67% before sales charges (9.31% after sales charges) for the year so far versus a year-to-date gain of 6.96% for the S&P500 .

The equity markets have shown remarkable resilience over the last quarter in spite of a number of headwinds. Commodity prices have remained strong and, as a result, domestic interest rates have risen sharply. In addition, the housing market does not appear to have stabilized: recent statistics show rising inventories of homes, increased foreclosure rates and continued deterioration in loan quality statistics. It seems clear to us that rising costs (specifically gasoline and food costs) coupled with declining home prices will continue to be a drag on domestic consumer spending for the foreseeable future.

The recent strength of the equity markets has been driven by three major factors. First is the continued merger and acquisition activity by financial (a.k.a. private equity funds) and strategic corporate buyers. This has placed a "floor" under the market by investors who are constantly valuing companies at a premium over current prices based on recent buy-out prices. Second is the continued acceleration of economic growth in Asian, Middle Eastern and South American countries. This growth has been a tailwind to export oriented companies around the globe as well as to industrial and commodity related companies. Third is the current valuation of the market, which at 16 times forward earnings almost looks fair when compared to recent historical stock market overvaluations. We believe until these factors subside, which could occur through a combination of tighter lending standards for leveraged buyouts, rising global interest rates and a slowdown in earnings growth, the market will continue to have some buoyancy.

There is no reason to change our previous assertion that U.S. domestic demand should remain weak or perhaps get even weaker in 2007. At the same time, we continue to believe that global demand will be strong due to the economic development that is occurring in Asia and the rising export revenues that are accruing to commodity based countries like Brazil, Russia and Saudi Arabia. If one extrapolates the conclusion of a recent study by the Federal Reserve Bank of New York, it appears that import growth on the part of export oriented countries could continue for at least two more years. This of course is good news for export-oriented companies in the U.S. and Europe.

In conclusion, there has been no major shift in the construction of the Fund during the last quarter. We continue to be overweight companies that are positioned to benefit from export

Continued on next page

Sub-Adviser:
DG Capital Management, Inc.

Fund Assets: \$767,465,565
Public Offering Price: \$27.19

Mutual Fund Exposures	% Assets
Long Positions	86.0%
Short Positions	0.0%
Cash	14.0%

Top Positions	% Assets
Freeport-Mcmoran Corp.	4.4%
Canadian Natural Res.	4.1%
Williams Companies Inc.	4.0%
ConocoPhillips	3.5%
Bayer AG	3.5%
Siemens AG	3.5%
Bunge Ltd.	3.1%
XTO Energy Corp.	3.0%
Transocean Inc.	3.0%
Southwestern Energy	2.8%
Total	34.9%

The Fund's holdings and characteristics are as of 6/30/2007 and are subject to change.

Performance	For Calendar Quarter Ended 6/30/2007		
	Before Sales Charges	After Sales Charges	S&P 500 Index
Class A Inception 11/25/1996			
3 Months	12.72%	6.53%	6.28%
Year-to-Date	15.67%	9.31%	6.96%
1 Year (Cumulative)	18.68%	12.15%	20.59%
5 Years (Annualized)	14.58%	13.29%	10.70%
10 Years (Annualized)	18.14%	17.48%	7.12%
Life of Share Class (Annualized)	18.37%	17.74%	8.41%
<i>Expense Ratio: 1.90% as of June 30, 2006</i>			

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.

QUAKER STRATEGIC GROWTH FUND

JUNE 30, 2007

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.

Continued from previous page

markets or long-cycle spending and underweight companies that are exposed to discretionary consumer spending and finance related areas.

As always, we appreciate your continued confidence and we welcome any comments and questions.

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 \$1.8 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