Adviser's Perspective Quarterly
Quaker Strategic Growth Fund

Quaker® Funds

A: QUAGX   B: QAGBX   C: QAGCX   I: QAGIX   September 30, 2007

Equity markets were volatile in the third quarter of 2007 with both the S&P 500 and NASDAQ experiencing a pullback of over 10% (on an intra-day basis) from their mid-July highs. However, markets rallied back by quarter-end to finish in positive territory with the S&P 500 gaining 2.03% and the NASDAQ finishing up 3.98% for the quarter. For the first three quarters of 2007, the S&P 500 was up 9.13%, the NASDAQ was up 12.48%

The Quaker Strategic Growth Fund continued to have a strong year gaining 6.89% (for Class A Shares before sales charges, 1.01% after sales charges) in the third quarter and gained 23.64% over the first three quarters of 2007 (before sales charges, after sales charges 16.84%).

At the end of the second quarter, we stated that despite several strong head-winds (rising interest rates, high commodity prices, deteriorating home prices and a tapped out domestic consumer base) the market continued to remain resilient. The three main supports were continued Merger & Acquisition (M&A) activity, strong growth in the BRIC (Brazil, Russia, India, China) and the Middle Eastern countries and the reasonable valuation level of the market (16 times forward earnings).

So what happened to cause the intervening pullback in equity prices? The sub-prime contagion that is spreading through the markets is a good test of the diversification of risk in the financial system but, at the same time, has weakened some of the supports in the market. While there is an atmosphere of panic in financial markets overall (especially in over-extended hedge funds that didn't exactly understand what was in the collateralized debt obligation and mortgage instruments they were buying), the 10% pullback (on an intra-day basis) was a healthy "blow off of the froth" generated by a four year bull market. The long term effects of the latest crisis will be a better understanding of default risk, tighter lending standards in the housing market (which should bring housing prices back to sane levels) and more discipline in the leveraged buyouts and M&A markets whose supply of cheap money has dried up. However, in the near term, we can expect heightened market volatility across all sectors as liquidity falls, spreads widen and hedge funds de-lever themselves. We believe that financials (20% of the S&P 500 at 9/30/2007) will continue to take a hit. While a much-anticipated rate cut and steepening yield curve would help, as credit troubles permeate through the finance sector and the current financial "bubble" deflates, we expect earnings growth will be lower than expected suppressing prices for financial stocks.

Most of the underlying fundamentals and growth prospects in the areas of the market where we are overweight (materials, energy and industrials) remain sound. While growth in the U.S. and developed economies continues to slow, developing markets continue to boom in the use of energy supplies, consumption of raw materials and the build-out of basic infrastructure. Our current focus is on finding companies with high free cash flow (which makes it easier to self-

Sub-Adviser:
DG Capital Management, Inc.

Fund Assets: $834,770,967
Public Offering Price: $29.06

Mutual Fund Exposures	*% Assets*
Long Positions	89.3%
Short Positions	3.2%
Cash	10.7%

Top Positions	*% Assets*
Freeport-McMoRan Corp	5.0%
Co Vale Do Rio Doce	4.7%
Canadian Nat Resources	4.5%
ConocoPhillips	4.2%
Transocean Inc.	4.0%
Potash of Saskatchewan	3.9%
Bunge Ltd.	3.8%
Bayer AG	3.5%
KBR, Inc.	3.4%
Siemens AG	3.3%
Total	40.3%

The Fund's holdings and characteristics are as of 9/30/2007 and are subject to change.

Performance	For Calendar Quarter Ended 9/30/2007		
Class A Inception 11/25/1996	Before Sales Charges	After Sales Charges	*S&P 500 Index*
3 Months	6.89%	1.01%	*2.03%*
Year-to-Date	23.64%	16.84%	*9.13%*
1 Year (Cumulative)	29.44%	22.32%	*16.44%*
5 Years (Annualized)	17.31%	15.99%	*15.44%*
10 Years (Annualized)	17.18%	16.52%	*6.57%*
Life of Share Class (Annualized)	18.63%	18.01%	*8.41%*
Expense Ratio: 1.90% as of June 30, 2007			

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.

Additional disclosures about the Fund appear on the next page.

Next page, please.

Quaker Strategic Growth Fund

September 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

finance in an environment of widening credit spreads and tougher lending standards) and on large capitalization stocks (which are generally less levered, have better credit ratings and more of a global presence).

In conclusion, we continue to have few changes to the sector allocation of the portfolio. We believe that the domestic economy will continue to be troubled and will be outpaced by foreign (especially developing) economies. We still like the fundamentals for certain areas of the market (namely oil and oil services, materials, industrials and some technology companies) and have maintained our investments in those areas. However, since the recent volatility will likely continue for some time as sub-prime problems propagate through the economy, we must make an effort not to confuse market action based on short-term liquidity problems for longer term deterioration in fundamentals.

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

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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