



ADVISER'S PERSPECTIVE QUARTERLY QUAKER STRATEGIC GROWTH FUND

A: QUAGX

B: QAGBX

C: QAGCX

I: QAGIX

DECEMBER 31, 2007

Equity markets were again volatile in the final quarter of 2007 with both the S&P 500 and NASDAQ experiencing a pullback of over 10% (on an intra-day basis) from their October highs. Markets finished the month in negative territory with the S&P 500 falling 3.33% and the NASDAQ declining 3.98% for the quarter. For the full year of 2007, the S&P 500 gained 5.49% and the NASDAQ advanced 10.66%.

The Quaker Strategic Growth Fund continued to have a strong year gaining 7.63% for Class A shares before sales charges in the fourth quarter (1.71% after sales charges) and gaining 33.07% for Class A before sales charges (25.75% after sales charges) for the full year ending 12/31/2007.

2007 was a gratifying year for the Fund. To a large degree, the Fund's return resulted from a conscious negative bet on the U.S. economy. We believed domestic growth would be adversely affected as a result of excessively low interest rates causing an implosion of the financial bubble. In fact, we felt that the bursting of the financial bubble in the U.S. would be analogous to the bursting of the technology bubble that occurred in 2000. In anticipation of this, during the year we avoided (or shorted) U.S. financials and consumer discretionary stocks. At the same time, our research showed that growth rates in India, China, Russia, Brazil and the countries in the Middle East were accelerating due to the increased spending on infrastructure and domestic consumption growth that was occurring in those countries. As a result, we invested in a number of companies that were benefiting from this trend in the global agriculture, power and energy sectors.

As we enter 2008, the theory that the weakness in the U.S. economy will not spill over to the rest of the world is being truly tested. In the U.S., financial institutions announced larger than expected losses from mortgage related write-downs and higher provisions due to deteriorating loan quality. Not a trading day goes by without another calamity hitting the market. Most recently, it is becoming increasingly clear that the next problem after sub-prime may be credit insurance. The removal of credit guarantees from the market due to the deterioration of the rating of the mono-line insurance companies could lead to losses that could rival those caused by the sub-prime crisis (currently estimated at \$365-425 billion). Clearly these events have the potential of leading to a "seize up" in the financial system and a fall-off in overall liquidity. This, coupled with the weakness in consumer spending as housing prices fall, has led to the heightened use of the "R(ecession)" word.

There is no doubt in our mind that there will be a prolonged period of sluggish growth in U.S. domestic private demand if consumers begin to increase their income savings (as compared to asset based savings). At the same time, U.S. exports (12% of GDP) should continue to grow as the dollar weakens due to aggressive rate cuts by the Federal Reserve and a marginal level of fiscal stimulus. And who will pick up the global growth thread? We think (and hope) it will be the rest of the world, particularly the emerging markets; unfortunately, this big question will only be answered over the next few years.

Provided by DG Capital

Sub-Adviser:
DG Capital Management, Inc.

Fund Assets: \$943,761,285
Public Offering Price: \$28.34

Mutual Fund Exposures	% Assets
Long Positions	87.9%
Short Positions	1.9%
Cash	12.1%

Top Positions	% Assets
Transocean Inc.	5.1%
Co. Vale do Rio Doce ADR	4.8%
Freeport-McMoRan	4.7%
Potash Saskatchewan	4.7%
Archer-Daniels-Midland Co.	4.3%
McDermott International Inc.	4.3%
Siemens AG ADR	4.1%
Occidental Petroleum Corp.	3.8%
KBR Inc.	3.7%
Apache Corp.	3.4%
Total	42.9%

The Fund's holdings and characteristics are as of 12/31/2007 and are subject to change.

Performance	For Calendar Quarter Ended 12/31/2007		
	Before Sales Charges	After Sales Charges	S&P 500 Index
Class A Inception 11/25/1996			
3 Months	7.63%	1.71%	-3.33%
Year-to-Date	33.07%	25.75%	5.49%
1 Year (Cumulative)	33.07%	25.75%	5.49%
5 Years (Annualized)	19.58%	18.24%	12.82%
10 Years (Annualized)	18.62%	17.96%	5.91%
Life of Share Class (Annualized)	18.96%	18.35%	7.88%
<i>Expense Ratio: 1.90% as of June 30, 2007</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.

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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.

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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

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