

ADVISER'S PERSPECTIVE QUARTERLY | Q2 2008

QUAKER STRATEGIC GROWTH FUND

Despite a mid-quarter rally, equity markets continued to be volatile in the second quarter with the S&P 500 falling 2.73% and the NASDAQ composite gaining 0.82% (despite being up over 12% in early June).

Class A shares of the Quaker Strategic Growth Fund had a strong quarter gaining 14.39% (before sales charges, 8.10% after sales charges) for the three month period ending June 30, 2008.

The economic boom in the BRIC (Brazil, Russia, India and China) and GCC (Gulf Cooperation Council) countries has led to an increased demand for the commodities used in their infrastructure build-out. Additionally, rising incomes in these countries has led to increased demand for meat which has caused increased competition for animal feedstock. We believe that trend, combined with the diversion of corn for ethanol production, has caused worldwide prices for grains to continue to advance. Finally, it has become apparent that countries that are producers of oil have been increasing their consumption of oil derivatives (gasoline, diesel, fuel oil) much faster than the rest of the world, leading to lower export levels to countries that import those derivatives.

Unfortunately, this worldwide trend of increasing demand is occurring against a background of limited supplies. For example, the high demand and limited supply of iron ore has led to a recent contract being signed by the Chinese with Australian iron ore suppliers that was 95% higher than a year ago. In the oil sector, the spare production capacity (mainly held by OPEC and within OPEC by the Saudis) is less than two million barrels per day. Supply chains have been operating at over 97.5% of capacity, the tightest in history, due to rising demand and the fall-off in oil production in non-OPEC countries like Russia and Mexico. In the food sector, the increased demand for grain for animal feedstock coupled with floods in China and the Midwest, droughts in Australia, and bio-fuel mandates in the United States has caused grain prices to soar.

All of the above has caused commentators to bring forward the possibility of a world-wide food and energy crisis as prices of all inputs soar beyond expectations. We are also concerned about the rapid escalation of input prices that is now causing headline inflation to jump rapidly in developing countries.

In an effort to navigate these global trends, we continue to have investments in the industrial (global construction and engineering firms), materials (mining and fertilizer companies), energy and consumer staple (agribusiness) sectors. We continue to emphasize large-cap growth stocks with, in our opinion, good free cash flow characteristics, attractive valuations, positive earnings surprise potential and a global presence.

We have maintained our underweights in the financial, consumer discretionary and technology sectors of the market due to the seemingly perpetual credit meltdown, weakness in consumer spending (due to housing woes and high gas prices) and the overall slowing of the domestic economy.

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Performance	For Calendar Quarter Ended 6/30/2008		
	Before Sales Charges	After Sales Charges	S&P 500 Index
Class A Inception 11/25/1996			
3 Months	14.39%	8.10%	-2.73%
Year-to-Date	6.24%	0.39%	-11.91%
1 Year (Cumulative)	22.22%	15.50%	-13.12%
5 Years (Annualized)	18.33%	17.00%	7.58%
10 Years (Annualized)	17.71%	17.05%	2.88%
Life of Share Class (Annualized)	18.69%	18.11%	6.36%

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 800-220-8888.

Additional disclosures about the Fund appear on the next page.

Sub-Adviser: DG Capital Management, Inc.
Fund Assets: \$1,586,224,599
Public Offering Price: \$30.11

Ticker Symbols

Class A: QAGX
 Class B: QAGBX
 Class C: QAGCX
 Institutional Class: QAGIX

Mutual Fund Exposures

% Assets
 Long Positions 78.2%
 Cash 21.8%

Top Positions

% Assets
 Potash of Saskatchewan 4.95%
 United States Steel Corp. 4.62%
 Freeport-McMoRan Corp. 4.60%
 Schlumberger Ltd. 4.25%
 BHP Billiton Ltd. ADR 4.21%
 Monsanto Co. 4.01%
 Petroleo Brasileiro 3.77%
 XTO Energy Inc. 3.74%
 Bunge Ltd. 3.45%
 Occidental Petroleum Corp. 3.18%
 Total 40.78%

The Fund's holdings and characteristics are as of 6/30/2008 and are subject to change.



QUAKER® FUNDS

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 believes 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. You cannot invest directly in an index.

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

Provided by DG Capital Management, Inc.

Earnings surprise is when the earnings reported in a company's quarterly or annual report are above or below analysts' earnings estimates.



DG Capital Management, Inc., based in downtown Boston, MA, was founded in 1996 and currently has more than \$2.2 billion under management.

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

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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