



ADVISER'S PERSPECTIVE QUARTERLY QUAKER SMALL-CAP VALUE FUND

A: QUSVX

B: QSVBX

C: QSVCX

I: QSVIX

SEPTEMBER 30, 2007

The Quaker Small-Cap Value Fund returned -6.86% for Class A Shares before sales charges (-11.98% after sales charges) for the third quarter, lagging the Russell 2000 Index return of -3.09%. Year-to-date, the Fund is up 1.74% before sales charges (-3.86% after sales charges) versus a gain of 3.16% for the Russell 2000 Index.

To put the Fund's performance into context, we offer a description of the drivers of the broad market followed by a discussion of the particular positioning of the Quaker Small-Cap Value Fund. In general, large-capitalization stocks outperformed small-caps and growth beat value over the three months ended September 30, 2007. The sectors that dominated the positive performance of the broad market included energy, especially energy equipment and services companies, and consumer staples, with the major support coming from household and cosmetics names. Stocks in the services and consumer durables sectors were down, especially those in the business services and motor vehicles industries.

The choice of holdings for the Quaker Small-Cap Value Fund is driven by a bottom-up, three-part evaluation of the attractiveness of each company in the investment universe. First, value is assessed — a company must prove its value according to fairly traditional measures, like price-to-book or price-to-earnings. Next, company management is considered. Management must show evidence, strictly by the numbers, that it has and will continue to produce earning power. Lastly, momentum is evaluated by taking the pulse of Wall Street to better distinguish future leaders from laggards.

The bulk of the performance shortfall for the quarter occurred in August when the value, management, and momentum measures used to pick stocks worked against the Fund. Value (especially, companies that were priced cheaply compared to their sales and operating income) remained a performance drag through September, given the market's overall preference for growth stocks. On the positive side, the momentum and management measures worked in the Fund's favor toward the end of the quarter — especially, stocks exhibiting positive price and earnings momentum and companies where management provided a positive return on assets. However, the boost was not enough to overcome the performance drag otherwise experienced. AJO's method for picking stocks proved most effective in the transportation and materials sectors with winning names like Excel Maritime Carriers and Schnitzer Steel Industries. The same method was less helpful in the technology sector, particularly the electrical & electronics and software industries, with lagging holdings such as Tektronix and Compuware.

AJO is a disciplined investor, maintaining a broadly diversified portfolio of small-cap value stocks. The Fund is always fully invested, sector-neutral, and makes modest stock-specific bets vis-à-vis its benchmark, the Russell 2000 Index. The Fund's level of broad diversification ensures

Sub-Adviser:

Aronson+Johnson+Ortiz, LLC

Fund Assets: \$82,892,278

Public Offering Price: \$20.41

Mutual Fund Exposures	% Assets
Long Positions	100%
Cash	0%

Top Positions	% Assets
Steel Dynamics	1.06%
Invitrogen Corporation	1.03%
Credicorp	0.99%
Check Point Software Technologies	0.99%
Schnitzer Steel Industries	0.97%
LifeCell Corporation	0.97%
Energen Corporation	0.96%
Nova Chemicals Corp	0.94%
Federated Investors	0.94%
Jones Lang LaSalle	0.93%
Total	9.80%

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

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Performance	For Calendar Quarter Ended 9/30/2007		
	Before Sales Charges	After Sales Charges	Russell 2000® Index
Class A Inception 11/25/1996			
3 Months	-6.86%	-11.98%	-3.09%
Year-to-Date	1.74%	-3.86%	3.16%
1 Year (Cumulative)	10.80%	4.70%	12.34%
5 Years (Annualized)	19.02%	17.68%	18.74%
10 Years (Annualized)	10.54%	9.92%	7.22%
Life of Share Class (Annualized)	13.29%	12.71%	9.29%
Expense Ratio: 1.82% 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.

**QUAKER SMALL-CAP
VALUE FUND**
SEPTEMBER 30, 2007

The Fund invests in smaller companies (generally less than \$1.5 billion market capitalization). Smaller companies can be riskier investments than larger companies. The Fund invests in companies that appear to be "undervalued" in the marketplace (i.e. trading at prices below the company's true worth). If the Fund's perceptions of value are wrong, the securities purchased may not perform as expected, reducing the Fund's return.

The Russell 2000 Growth Index measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values. The Index currently represents approximately 8% of the market capitalization of the Russell 3000 Index, with a market capitalization range from \$128 million to \$1.3 billion. 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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that no one name has a significant impact on performance, and purchase and sale decisions are driven by the fundamentals employed in the valuation model. Positive and negative influences will come from the market's reaction to those fundamentals — namely, value, management, and momentum — and the Fund's intended bias toward value.

Price to Book (P/B) Ratio: compares a stock's market value to the value of total assets less total liabilities.

Price to Earnings (P/E) Ratio: Reflects the multiple of earnings at which a stock sells.

Small- and Medium-capitalization companies tend to have limited liquidity and greater price volatility than large-capitalization companies. Growth stocks typically are more volatile than value stocks; however, value stocks have a lower expected growth rate in earnings and sales.

The Fund held positions in Excel Maritime Carriers, 0.71%, Tektronix, 0.72%, and Compuware 0.63% as of September 30, 2007.

Provided by Aronson+Johnson+Ortiz, LP

The Sub-Adviser: Aronson+Johnson+Ortiz, LP, Philadelphia, PA, was founded in 1984 and currently has more than \$30.6 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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