

Item 1 – Cover Page

Quaker Funds, Inc.
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www.QuakerFunds.com
4/28/2017

This Brochure provides information about the qualifications and business practices of Quaker Funds, Inc. [“ADVISER”]. If you have any questions about the contents of this Brochure, please contact us at 610-455-2200 or www.QuakerFunds.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Quaker Funds, Inc. is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Quaker Funds, Inc. also is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated 04/28/2017 is a new document prepared according to the SEC’s new requirements and rules. As such, this Document is materially different in structure and requires certain new information that our previous brochure did not require. This Brochure was last updated on 3/28/2017.

MATERIAL CHANGE – Paul Abdenour was removed as President of the Adviser.

In the future, this Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure is available on our web site www.QuakerFunds.com, free of charge.

Additional information about ADVISER is also available via the SEC’s web site www.adviserinfo.sec.gov. The SEC’s web site also provides information about any persons affiliated with ADVISER who are registered, or are required to be registered, as investment adviser representatives of ADVISER.

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Item 4 – Advisory Business

Founded in 1996, ADVISER serves as investment advisor to each series of the Quaker Investment Trust, a U.S. registered management investment company (the “Fund”). ADVISER provides such services to the Fund under a written agreement between itself and the Fund. ADVISER has recommended, and the Fund has engaged, sub-investment advisors to provide day-to-day investment management for each series of the Fund, except for the Quaker Event Arbitrage Fund, which is managed by ADVISER alone. Pursuant to the investment management agreement with the Fund, ADVISER provides, or arranges to provide through the use of sub-investment advisors, a continuous program of investment management for each series of the Fund, chooses the securities in which the Fund invests, and generally provides all day to investment supervisory services to the Fund. Where day-to-day investment management services are provided by an investment sub-advisor, ADVISER is responsible for supervisory oversight of the sub-advisor and its activities. The advisory agreement has been approved by the shareholders of the Fund and has an initial term of two years. The agreement is renewable thereafter on an annual basis, such renewal to be effected pursuant to law. ADVISER or the Fund may terminate the advisory agreement at any time on sixty (60) days prior notice. Notice shall be in writing and delivered to the appropriate party's last known address.

As of 12/30/2015, ADVISOR managed directly or indirectly approximately \$153,587,685 in client assets.

ADVISER requires any officer or employee who determines or gives investment advice to clients to demonstrate clear command of the firm’s investment discipline, its principles and implementation and its suitability for clients. ADVISER takes its fiduciary responsibilities very seriously, and ensures to the maximum possible extent that its professionals meet high standards of financial sophistication as evidenced by education and/or experience.

OFFICERS

Jeffry H. King, Sr., Chairman of ADVISER

Date of Birth: 12/06/42

Formal Education after High School:

Past Work experience:

Chairman of the Board of Directors of Quaker Securities, Inc. 2002. President & CEO of Quaker Securities, Inc. from 1990 to 2002. Chairman of the Board of Directors of Quaker Funds, Inc. since 1996. Co-Chairman of the Board of Citco-Quaker Fund Services, Inc. 2001.

Justin Brundage, President of ADVISER

Date of Birth: 1/31/1970

Formal Education after High School:

Delaware County Community College - 1991

West Chester University - 1993

Past Five Years Work experience:

Quaker Funds, Inc., COO January 2005 – Present

Laurie Keyes, Chief Financial Officer of Registrant

Date of Birth:

Formal Education after High School:

Past Five Years Work experience:

Chief Financial Officer of Quaker Funds, Inc., currently Adviser to the Quaker Family of Funds, since 1996.

Timothy E. Richards, Chief Compliance Officer of Registrant

Date of Birth: 5/25/1965

Formal Education after High School:

-LL.M. (Taxation), Golden Gate University School of Law, San Francisco, California – 1996

-J.D., Golden Gate University School of Law, San Francisco, California – 1994

-B. Sc. (Finance), University of Nevada, Reno, Nevada – 1988

Past Five years Work experience:

-Quaker Funds, Inc., General Counsel and CCO, September 2003 – Present

-Quaker Investment Trust, CCO, March 2004 – Present

-CRAFund Advisors, Inc. (now Community Capital Management),
General Counsel and CCO, 2004 – 2006

-Community Reinvestment Act Qualified Investment Fund, CCO 2004 – 2006

-The Penn Street Fund, CCO 2004 – 2007

Paul D. Abdenour, President of Registrant

Date of Birth:

Formal Education after High School:

-BA Organizational Studies, University of Michigan

Past Five Years Work Experience:

-Quaker Funds, Inc, President, September 2016-Present

-Wilshire Associates, Vice President, 2013-2016

-Clark Capital Management, Vice President, 2009-2013

INVESTMENT PROFESSIONALS

Thomas F. Kirchner, CFA, Portfolio Manager: Mr. Kirchner has been responsible for the day-to-day management of the Fund since its 2003 inception. Prior to joining Quaker Funds, Inc., Mr. Kirchner was the founder of Pennsylvania Avenue Advisers LLC (“Pennsylvania Avenue”) and the portfolio manager of the Pennsylvania Avenue Event-Driven Fund, a series of the Pennsylvania Avenue Funds. Prior to establishing Pennsylvania Avenue, from 1996-1999, Mr. Kirchner worked as

a Bond Trader and Financial Engineer for Banque Nationale de Paris S.A. In 1999, Mr. Kirchner was retained by Fannie Mae as a Financial Engineer. Mr. Kirchner is a graduate of Kings College, University of London; Institut d'Etudes Politiques de Paris and University of Chicago Booth School of Business. Mr. Kirchner has earned the right to use the Chartered Financial Analyst designation.

Paul Hoffmeister, Co-Portfolio Strategist: In November of 2014, Mr. Hoffmeister was named Co-Portfolio Manager for the Quaker Event Arbitrage Fund. Prior to November 2014, Mr. Hoffmeister served as the portfolio strategist for the Quaker Event Arbitrage Fund, a position he held since joining Quaker Funds, Inc. in 2010. His most recent experience has been as Chief Economist of Bretton Woods Research LLC. He served as the Director of Market Strategy at Polyconomics from August 2004 to July 2006. Mr. Hoffmeister's extensive experience includes trading derivatives on the S&P 500 at the Chicago Mercantile Exchange, as well as trading the Kospi 200 Index on the Korean Stock Exchange. His insights into financial markets have been quoted in the financial press including Bloomberg and Reuters. He has appeared on CNBC's "Kudlow & Company" and has written for National Review Online and Forbes. Mr. Hoffmeister has served as a Senior Policy Advisor to a number of presidential campaigns. He is a graduate of Georgetown University with a BS in Accounting and Finance.

Item 5 – Fees and Compensation

Advisory fees are subject to negotiation. ADVISER is paid a fee on assets under management only.

The specific manner in which fees are charged by ADVISER is established in a client's written agreement with ADVISER. ADVISER will generally directly debit its fees on a monthly basis.

ADVISER's current advisory fees are as follows:

Portfolio	Total Management Fee	Sub-Advisory Fee	ADVISER Fee
Quaker Event Arbitrage Fund	1.30%	0.80%*	0.50%
Quaker Global Tactical Allocation Fund	0.75%	0.45%*	0.30%
Quaker Strategic Growth Fund	0.87%	0.35%**	0.55%
Quaker Mid-Cap Value Fund	1.05%	0.75%	0.30%
Quaker Small-Cap Value Fund	1.00%	0.65%	0.35%

* ADVISER receives both the ADVISER Fee and Sub-Advisory Fee on the Quaker Event Arbitrage and Global Tactical Allocation Funds

**Sub-Advisory Fee is paid on a tiered schedule as follows – 0.40% on the first \$25million, 0.30% on the next \$175million, and 0.20% on assets in excess of \$200million

ADVISER's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses, which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange-traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to ADVISER's fee, and ADVISER shall not receive any portion of these commissions, fees, and costs.

Item 12 further describes the factors that ADVISER considers in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

Item 6 – Performance-Based Fees

ADVISOR does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

Item 7 – Types of Clients

ADVISER currently provides portfolio management services to registered mutual funds only.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

As described above, ADVISER is responsible for sub-adviser selection and oversight of 3 of the 5 Quaker Funds. With respect to the Quaker Event Arbitrage Fund and the Quaker Global Tactical Allocation Fund, ADVISER has day-to-day portfolio management responsibilities. The descriptions of the investment process and associated risks provided below relate only to the Quaker Event Arbitrage and Quaker Global Tactical Allocation Funds, respectively.

PRINCIPAL STRATEGIES

Quaker Event Arbitrage Fund

To achieve its investment objective, the ADVISER invests in securities of publicly traded companies involved in mergers, takeovers, tender offers, leveraged buyouts, spin-offs, liquidations, or similar

events (“corporate reorganizations”). A variety of strategies can be employed to capitalize on the mispricing of corporate securities during corporate reorganizations, including transactions involving common and preferred stock, debt instruments and derivative securities. In addition, ADVISER may invest in a variety of debt instruments; including U.S. Government securities and structured notes:

- *Merger Arbitrage.* The Fund invests in the securities of companies subject to publicly announced mergers, takeovers, tender offers, leveraged buyouts, spin-offs, liquidations, or similar events (“corporate reorganizations”).
- *Capital Structure Arbitrage.* A variety of strategies can be employed to capitalize on the mispricing of corporate securities during reorganizations, including transactions involving common and preferred stock, debt instruments and derivative securities. The Fund invests in different securities issued by the same issuer whose different securities are believed to be mispriced relative to each other.
- *Distressed Securities Investments.* The Fund invests in distressed securities, which are securities of companies that are in or believed to be near bankruptcy or whose securities are otherwise undergoing extreme financial situations that put the continuation of the issuer as a going concern at risk.
- Distressed securities include below investment-grade securities.
- *Debt Instruments.* The Fund may invest in all types of fixed-income securities including convertible debt, options and futures, as well as privately negotiated options.
- *Structured Notes.* The Fund may invest in structured notes. A structured note is a type of derivative security for which the amount of principal repayments and/or interest payments is based upon the movement of one or more “factors.” The impact of the movements of these factors may increase or decrease through the use of multipliers or deflators. Structured notes may be designed to have particular quality and maturity characteristics and may vary from money market quality to below investment grade.
- *Proxy Fight Investments.* The Fund invests in securities of companies that are subject to proxy fights involving control over the companies.
- *Short Sales.* The Fund may invest up to 50% of its net assets in short sales at any given time.
- *Tactical Allocation.* The assets of the Fund will shift on a short-term basis to take advantage of perceived differences in relative values of the various asset classes in which the Fund invests.
- *Foreign Securities Investments.* The Fund may invest in securities of foreign issuers, securities traded principally in securities markets outside the United States, U.S. traded securities of foreign issuers and/or securities denominated in foreign currencies.
- *Derivative Instruments (Including Futures, Options and Swaps).* The Fund may invest in derivative instruments, which may be used for hedging purposes, as a substitute for investments in the underlying securities, to increase or decrease exposure (leverage), or for the purpose of generating income.
- *Special Situation Securities.* The Fund may also invest in “special situation” securities when the Fund’s Adviser believes such investments will benefit the Fund. A special situation arises when, in the Adviser’s opinion, the securities of a company will experience an unusual gain or loss solely by reason of a development particularly or uniquely applicable to that company.

Some of these strategies involve the use of arbitrage, which involves taking advantage of small price differences between two otherwise equivalent assets. As compared with conventional investing, the Adviser considers the Fund's investment strategies to be less dependent on the overall direction of stock prices.

Quaker Global Tactical Allocation Fund

To achieve its investment objective, the ADVISER invests in securities of publicly traded companies, REITs, preferred stock, exchange traded funds, derivatives, and engage in short sales, each of which may represent exposures to global economies. In addition, ADVISER may invest in a variety of debt instruments; including U.S. Government securities and structured notes:

- *Merger Arbitrage.* The Fund invests in the securities of companies subject to publicly announced mergers, takeovers, tender offers, leveraged buyouts, spin-offs, liquidations, or similar events ("corporate reorganizations").
- *Common Stock.* The Fund invests its assets in common stocks of U.S. companies and common stocks and ADRs of foreign companies without regard to market capitalization. (ADRs are receipts issued by a U.S. depository (usually a U.S. bank) that represent an ownership interest in an underlying foreign security that is held by the depository).
- *Exchange Traded Funds.* The Fund may invest in ETFs representing asset classes that include, but that are not limited to common and preferred equity, fixed income, commodities, real estate, volatility indices, derivatives and currencies. The Fund may also invest in leveraged, inverse and inverse leveraged ETFs. The Fund's equity exposures may include, but are not limited to ETFs that represent equity market indices that may be segmented by region, sector, market capitalization or otherwise as well as individual securities within the common and preferred equity markets.
- *Growth Stock.* The Fund invests its assets in equity securities of companies that the Adviser believes have experienced above-average long-term growth in earnings and show a high probability for superior future growth. The Fund's Adviser seeks to identify such companies by focusing on individual companies rather than on short-term movements in broad economic factors, such as interest rates or commodity prices. This focus on individual companies includes dissecting earnings by doing detailed balance sheet analysis and generating earnings models internally. The Adviser looks for companies that display good cash flow prospects, have strong experienced management teams, sturdy business models and have historically grown earnings organically.
- *Foreign Securities.* The Fund may invest in foreign securities. The Fund considers, when selecting countries in which the Fund will invest, such factors as the prospect for relative economic growth among countries or regions, economic or political conditions, currency exchange fluctuations, tax considerations and the liquidity of a particular security. Under normal circumstances, the Fund will invest at least 40% of its net assets in ETFs, common stocks, and ADRs of foreign companies.
- *Emerging Markets.* The Fund may invest without limit in companies located in developing or emerging markets.

- *Portfolio Turnover.* The Fund employs an aggressive strategy of portfolio trading to respond to changes in the marketplace, which may result in significant portfolio turnover.
- *Short Sales.* The Fund may invest up to 25% of its assets in short sales at any given time. The Fund may engage in two types of short sales. Securities may be sold “against the box” or outright. A short sale “against the box” means that securities the Fund already owns are sold, but not delivered. Instead, these securities are segregated and pledged against the short position. When the short sale is closed out, the securities owned are released. Outright short selling involves the sale of securities not presently owned by the Fund. If the Fund does not purchase that security on the same day as the sale, the security must be borrowed (typically, from a broker/dealer). At the time an outright short sale is affected, the Fund incurs an obligation to replace the security borrowed at whatever its price may be at the time the Fund purchases the security for delivery to the lender. Any gain or loss on the transaction is taxable as a short-term capital gain or loss.
- *Tactical Allocation.* Because the Fund is a tactical allocation fund, the assets of the Fund will shift on a short-term basis to take advantage of perceived differences in relative values of the various asset classes. The Fund will tactically allocate capital among a diverse range of trading strategies and markets, wherever the Adviser perceives opportunity.
- *Derivatives.* The Fund may deploy the use of derivatives (i.e., exchange traded options, futures, and options on futures) with the objective of reducing portfolio volatility.
- *Fixed Income Securities.* Consistent with the Fund’s tactical allocation strategy, when the Adviser deems appropriate, the Fund may utilize a broad array of fixed income securities or bonds, across different interest rate markets. This may include, but are not limited to, fixed income securities issued by governments, government agencies, municipalities and global companies across a wide range of industries and market capitalizations within the broader U.S. and international fixed income markets as well as asset-backed securities. Such fixed income securities may be of any maturity, duration or quality, including those that are rated below investment grade (i.e., “junk bonds”). Individual bonds of similar description may also be used within the Fund.
- *Preferred Stock.* The Fund may invest in preferred stocks.
- *Master Limited Partnerships.* The Fund may invest in master limited partnerships.
- *Real Estate Investment Trusts.* The Fund may invest in real estate investment trusts.

PRINCIPAL INVESTMENT RISKS - Investing in securities involves risk of loss that clients should be prepared to bear.

As with all mutual funds, there is the risk that you could lose money on your investment in the Fund. The following risks could affect the value of your investment in the **Quaker Event Arbitrage Fund**:

- *Merger Arbitrage Risk.* Certain of the proposed reorganizations in which the Fund invests may be renegotiated or terminated, in which case losses may be realized.
- *Capital Structure Arbitrage Risk.* The perceived mispricing identified by the Fund’s Adviser may not disappear or may even increase, in which case losses may be realized.
- *Distressed Securities Risk.* Investment in distressed securities may be considered speculative and may present substantial risk of loss. Below investment- grade securities involve greater risks of default or downgrade and are more volatile than investment- grade securities. Additionally, below investment-grade securities involve greater risk of price declines than investment-grade securities due to actual or perceived changes in the issuer’s

creditworthiness. Such securities are subject to the risk that the issuer may not be able to pay interest or dividends and ultimately to repay principal upon maturity. Discontinuation of these payments could adversely affect the market value of the securities.

- *Debt Instruments Risk.* Debt instruments are generally subject to the risk that the issuer will default on interest or principal payments. The Fund could lose money if an issuer of a fixed income security cannot meet its financial obligations or goes bankrupt. Adverse changes in the creditworthiness of an issuer can have an adverse effect on the value of the issuer's securities.
- *Interest Rate Risk.* Fixed-income securities are subject to the risk that the securities could lose value because of interest rate changes.
- *Structured Note Investment Risk.* Principal repayments and/or interest payments on structured notes are dependent upon one or more of the following factors: currency exchange rates, interest rates, stock and stock indices, which may adversely affect the principal repayments and/or payments. The use of multipliers or deflators may increase such risks.
- *Proxy Fight Risk.* A proxy fight may not be concluded successfully, or the increase in value anticipated through the change of control may not materialize, in which case losses may be realized.
- *Short Selling Risk.* Positions in shorted securities are speculative and more risky than long positions. Such investments involve the risk of an unlimited increase in the market price of the security sold short, which could result in a theoretically unlimited loss. Short sale strategies are often categorized as a form of leveraging or speculative investment. The use of leverage may multiply small price movements in securities into large changes in value. As a result of using leverage, the Fund's price may be more volatile than if no leverage were used.
- *Management Risk.* The Adviser will apply its investment techniques and risk analyses in making investment decisions for the Fund, but there is no guarantee that its decisions will produce the intended result.
- *Foreign Securities Risk.* Investments in foreign securities involve greater risks compared to domestic investments for the following reasons: foreign companies may not be subject to the regulatory requirements of U.S. companies, so there may be less publicly available information about foreign issuers than U.S. companies; foreign companies generally are not subject to uniform accounting, auditing and financial reporting standards; dividends and interest on foreign securities may be subject to foreign withholding taxes and such taxes may reduce the net return to Fund shareholders; and foreign securities are often denominated in a currency other than the U.S. dollar, which will subject the Fund to the risks associated with fluctuations in currency values.
- *Derivative Instruments (Including Futures, Options and Swaps).* Derivatives may entail investment exposures that are greater than their cost would suggest, meaning that a small investment in a derivative could have a large potential impact on the performance of the Fund.
- *Special Situations Risk.* Special situations often involve much greater risk than is found in the normal course of investing. Special situation investments may not have the effect on a company's price that the Adviser expects, which could negatively impact the Fund.
- *Initial Public Offering Risk.* IPO shares frequently are volatile in price, and may be held for only a short period of time, leading to increased portfolio turnover and expenses, such as commissions and transaction costs. When sold, IPO shares may result in realized taxable gains.

- *Liquidity Risk.* This is the risk that the market for a security or other investment cannot accommodate an order to buy or sell the security or other investment in the desired timeframe and/or at the desired price. The values of illiquid investments are often more volatile than the values of more liquid investments. It may be difficult for the Fund to determine a fair value of an illiquid investment than that of a more liquid comparable investment.

As with all mutual funds, there is the risk that you could lose money on your investment in the Fund. The following risks could affect the value of your investment in the **Quaker Global Tactical Allocation Fund**:

- *Common Stock Risk.* Common stock risks include the financial risk of selecting individual companies that do not perform as anticipated, the risk that the stock markets in which the Fund invests may experience periods of turbulence or instability, and the general risk that domestic and global economies may go through periods of decline and cyclical change.
- *Small and Mid-Cap Stocks Risk.* The Fund invests in companies with small and medium market capitalizations. Because these companies are relatively small compared to large-capitalization companies, they may be engaged in business mostly within their own geographic region and may be less well known to the investment community. Also, these companies often have less liquidity, less management depth, narrower market penetrations, less diverse product lines and fewer resources than larger companies. As a result of these factors, small and mid-capitalization stock prices have greater volatility than large company securities.
- *Growth Stock Risk.* The Fund invests in companies that appear to be growth-oriented companies. If the Fund's perceptions of a company's growth potential are wrong, the securities purchased may not perform as expected, reducing the Fund's return.
- *Emerging Markets Risk.* The Fund invests in developing countries which may experience high rates of inflation or sharply devalue their currencies against the U.S. dollar, causing the value of investments in companies located in those countries to decline. Transaction costs are often higher in developing countries and there may be delays in the settlement process.
- *Exchange Traded Fund Risk.* Investment in any ETF carries security specific risk and the market risk. Also, if the area of the market representing the underlying index or benchmark does not perform as expected for any reason, the value of the investment in the ETF may decline. In addition, due to transactions via market prices rather than at net asset value, the performance of an ETF may not completely replicate the performance of the underlying index. The Fund will indirectly pay its proportionate share of any fees and expenses paid by the ETF in which it invests in addition to the fees and expenses paid directly by the Fund, many of which may be duplicative. The Fund also will incur brokerage costs when it purchases ETFs. As a result, the cost of investing in the Fund generally will be higher than the cost of investing directly in ETFs.
- *Leveraged, Inverse and Inverse-Leveraged ETF Risk.* Investment in leveraged, inverse and inverse-leveraged ETFs includes the risk that an increase in the daily performance of an index corresponding to a leveraged, inverse and inverse-leveraged ETF will be leveraged. This means that the Fund's investment in such ETF will be changed by an amount equal to 3% for every 1% daily change, not including the cost of financing the portfolio and the impact of operating expenses, which would further lower the Fund's investment. In addition, due to transactions via market prices rather than at net asset value, the

performance of an ETF may not completely replicate the performance of the underlying index. The Fund will indirectly pay its proportionate share of any fees and expenses paid by the ETF in which it invests in addition to the fees and expenses paid directly by the Fund, many of which may be duplicative. The Fund also will incur brokerage costs when it purchases ETFs. As a result, the cost of investing in the Fund generally will be higher than the cost of investing directly in ETFs.

- *Fixed Income Securities Risk.* When the Fund invests in fixed income securities or ETFs that own fixed income securities, the value of those investment in the Fund will fluctuate with changes in interest rates. Typically, a rise in interest rates causes a decline in the value of fixed income securities and thus the value of ETFs that own fixed income securities. In general, the market price of fixed income securities with longer maturities will increase or decrease more in response to changes in interest rates than the market price of shorter-term securities. Other risk factors include credit risk (the debtor may default) and prepayment risk (the debtor may pay its obligation early, reducing the amount of interest payments). These risks could affect the value of a particular investment by the Fund, possibly causing the Fund's share price and total return to be reduced and fluctuate more than other types of investments. In addition, the Fund may invest in securities and ETFs that own what are sometimes referred to as "junk bonds." Such securities are speculative investments that carry greater risks and are more susceptible to real or perceived adverse economic and competitive industry conditions than higher quality debt securities.
- *High Yield Risk.* The Fund may invest in high yield securities and unrated securities of similar credit quality (commonly known as "junk bonds"), or in exchange traded funds that own high yield and unrated securities of similar credit quality, which may be subject to greater levels of credit and liquidity risk than funds that do not invest in such securities. These securities are considered predominately speculative with respect to the issuer's continuing ability to make principal and interest payments. An economic downturn or period of rising interest rates could adversely affect the market for these securities and reduce the Fund's ability to sell these securities (liquidity risk). If the issuer of a security is in default with respect to interest or principal payments, the Fund may lose its entire investment.
- *Foreign Securities Risk.* Investments in foreign securities involve greater risks compared to domestic investments for the following reasons: foreign companies may not be subject to the regulatory requirements of U.S. companies, so there may be less publicly available information about foreign issuers than U.S. companies; foreign companies generally are not subject to uniform accounting, auditing and financial reporting standards; dividends and interest on foreign securities may be subject to foreign withholding taxes and such taxes may reduce the net return to Fund shareholders; and foreign securities are often denominated in a currency other than the U.S. dollar. Accordingly, the Fund will be subject to the risks associated with fluctuations in currency values. Although the Fund will only invest in foreign securities of issuers that are domiciled in nations considered to have stable governments, issuers of foreign securities may still be subject to the risk of expropriation, confiscation, taxation, currency blockage, or political or social instability, any of which could negatively affect the Fund.
- *Liquidity Risk.* Liquidity risk is the risk that the Fund may invest in securities that trade in lower volumes and may be less liquid than other investments or that the Fund's investments may become less liquid in response to market developments or adverse investor perceptions. When there is no willing buyer and investments cannot be readily sold or closed out, the Fund may have to sell at a lower price than the price at which the

Fund is carrying the investments or may not be able to sell the investments at all, each of which would have a negative effect on the Fund's performance. It is possible that the Fund may be unable to sell a portfolio investment at a desirable time or at the value the Fund has placed on the investment or that the Fund may be forced to sell large amounts of securities more quickly than it normally would in the ordinary course of business. In such a case, the sale proceeds received by the Fund may be substantially less than if the Fund had been able to sell the securities in more-orderly transactions, and the sale price may be substantially lower than the price previously used by the Fund to value the securities for purposes of determining the Fund's NAV.

- Additionally, the market for certain investments may become illiquid under adverse market or economic conditions independent of any specific adverse changes in the conditions of a particular issuer. In such cases, shares of the Fund, due to limitations on investments in illiquid securities and the difficulty in purchasing and selling such securities or instruments, may decline in value or the Fund may be unable to achieve its desired level of exposure to a certain issuer or sector. The values of illiquid investments are often more volatile than the values of more liquid investments. It may be more difficult for the Fund to determine a fair value of an illiquid investment than that of a more liquid comparable investment.
- *Portfolio Turnover Risk.* The Fund's Adviser may engage in aggressive portfolio trading. As a result, the Fund could experience higher than average portfolio turnover. A high rate of portfolio turnover in any year may increase brokerage commissions paid and could generate greater taxes for shareholders on realized investment gains.
- *Short Selling Risk.* Positions in shorted securities are speculative and more risky than long positions (purchases). When a Fund engages in short selling, it sells a security it does not own in anticipation of being able to buy that security later at a lower price. If the price of the security increases, the Fund loses money. Further, during the time when the Fund has shorted the security, the Fund must borrow that security in order to make delivery on the previous sale, which raises the cost to the Fund. Such investments involve the risk of an unlimited increase in the market price of the security sold short, which could result in a theoretically unlimited loss. Short sale strategies are often categorized as a form of leveraging or speculative investment. The use of leverage may multiply small price movements in securities into large changes in value. As a result of using leverage, the Fund's share price may be more volatile than if no leverage were used. You should be aware that any strategy that includes selling securities short could suffer significant losses.
- *Derivatives Risk.* The Fund may use derivatives (including options, futures and options on futures) to reduce portfolio volatility. The Fund's use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments. These risks include (i) the risk that the counterparty to a derivative transaction may not fulfill its contractual obligations; (ii) risk of mispricing or improper valuation; and (iii) the risk that changes in the value of the derivative may not correlate perfectly with the underlying asset, rate or index.
- *Master Limited Partnership Risk.* The Fund's exposure to the master limited partnerships (MLP) may subject the Fund to greater volatility than investments in traditional securities. The value of MLP and MLP based exchange traded funds and notes may be affected by changes in overall market movements, commodity index volatility, changes in interest rates, or sectors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs, and international economic, political and regulatory developments.
- *Real Estate Investment Risk.* The Fund may have investments in securities issued by, and/or have exposure to, commercial and residential real estate companies. Real estate securities

are subject to risks similar to those associated with direct ownership of real estate, including changes in local and general economic conditions, vacancy rates, interest rates, zoning laws, rental income, property taxes, operating expenses and losses from casualty or condemnation. An investment in a real estate investment trust ("REIT") is subject to additional risks, including poor performance by the manager of the REIT, adverse tax consequences, and limited diversification resulting from being invested in a limited number or type of properties or a narrow geographic area.

- *Commodities Risk.* Investing in the commodities markets (indirectly) may subject the Fund to greater volatility than investments in traditional securities. Commodity prices may be influenced by unfavorable weather, animal and plant disease, geologic and environmental factors as well as changes in government regulation such as tariffs, embargoes or burdensome production rules and restrictions.
- *Management Risk.* The Fund is subject to management risk because it is an actively managed investment portfolio. The Adviser will apply its investment techniques and risk analyses in making investment decisions for the Fund, but there is no guarantee that its decisions will produce the intended result.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of ADVISER or the integrity of ADVISER's management. ADVISER has no information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

ADVISER has no other business activities not previously described herein. ADVISER has business activities with a related party that is a registered investment company.

ADVISER receives no economic benefit beyond the asset-based fees described above.

Item 11 – Code of Ethics

ADVISER has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor-mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at ADVISER must acknowledge the terms of the Code of Ethics annually, or as amended.

ADVISER anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which ADVISER has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which ADVISER, its affiliates and/or clients, directly or indirectly, have a position of interest. ADVISER's employees and persons associated with ADVISER are required to follow ADVISER's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of ADVISER and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for ADVISER's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of ADVISER will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of ADVISER's clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between ADVISER and its clients.

ADVISER's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting trichards@quakerfunds.com.

It is ADVISER's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. ADVISER will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

Item 12 – Brokerage Practices

ADVISER and/or related parties have the authority to determine, without obtaining specific client consent, the:

- securities to be bought or sold;
- amount of securities to be bought or sold;
- broker or dealer to be used;
- commission rates paid

ADVISER has a fiduciary duty to its clients to achieve best execution if and when it does place trades with broker-dealers. Failure by ADVISER to fulfill its duty to clients to obtain best execution may have significant regulatory consequences. The ADVISER's policies are modeled after the guidelines articulated by the SEC; specifically, it believes that, to a significant degree, best execution is a qualitative concept. In deciding what constitutes best execution, the determinative factor is not the lowest possible commission cost, but whether the transaction represents the best *qualitative* execution. In making this determination, the ADVISER's policy is to consider the full range of the broker's services, including without limitation the value of research provided, execution capabilities, commission rate, financial responsibility, administrative resources and responsiveness.

ADVISER considers multiple factors when evaluating best execution and determining broker selection. The broker selection procedure consists of a ranking system in which each broker is evaluated on factors, such as those noted below (Factors Considered When Placing a Trade). These factors are quantified and the results are used to rank each broker based on a total score. More specifically, explicit costs are determined by the commission rate charged by each broker. Implicit costs consist of factors that directly or indirectly affect best execution such as 1) the electronic and/or manual trading strategies that brokers employ, 2) broker access to various markets, 3) the ability to facilitate execution of large block trades with other large shareholders without materially affecting the market quote, 4) the ability to cross trades internally, and 5) the broker's ability to provide liquidity. Broker directed research consists of research reports that directly relate to the ADVISER's investment strategy. For example, research consists of company specific information or valuation, or more broad-based information that relates to a group of companies. ADVISER has only one client at this time – The Quaker Investment Trust. Therefore, any research received directly benefits the single client alone. It is possible that the Trust may pay a higher commission than that obtainable from other brokers in return for the use of broker directed research.

The following steps will be taken when selecting broker-dealers to execute client trades:

- a. The CIO will create a list of broker-dealers, ECNs, and crossing networks approved to execute client trades. This list will set forth guidelines for the percentage of trades the ADVISER will allocate to particular broker-dealers and other execution facilities.
- b. Periodically the CIO will review this list and compare it with actual allocations made over the past quarter or some other period.
- c. If significant deviations should occur, the CIO will investigate such deviations and the ADVISER should consider revising the list.
- d. The CCO will periodically and systematically monitor and evaluate the execution and performance capabilities of the broker-dealers the ADVISER directly uses or facilitate such monitoring by an independent third party. Monitoring methods may include, among other

things, encouraging traders to obtain multiple price quotations for a trade from multiple sources and indicate them on the trade ticket; reviews of trade tickets, confirmations and other documentation incidental to trades, periodic meetings to solicit and review input from the ADVISER's traders, portfolio managers and others. From time-to-time, quantitative performance data about broker-dealers will be acquired from the broker-dealers or third party evaluation services to assist the review process. The CCO will request periodically and review some or all of each broker-dealer(s) reports on order execution (SEC Rule 11Ac1-5) and order routing (SEC Rule 11Ac1-6) to ascertain whether the executing broker-dealer is routing client trades to market centers that execute orders at prices equal to or superior to those available at other market centers. Evidence of such reviews shall be appropriately documented.

Factors Considered When Placing a Trade. ADVISER will consider the following factors, among others, when placing a trade for a client with a particular broker-dealer:

- Quality of overall execution services provided by the broker-dealer;
- Promptness of execution;
- Liquidity of the market for the security in question;
- Provision of dedicated telephone lines;
- Creditworthiness, business reputation and reliability of the broker-dealer;
- Research (if any) provided by the broker-dealer;
- Promptness and accuracy of oral, hard copy or electronic reports of execution and confirmation statements;
- Ability and willingness to correct trade errors;
- Ability to access various market centers, including the market where the security trades;
- The broker-dealer's facilities, including any software or hardware provided to the adviser;
- Any specialized expertise the broker-dealer may have in executing trades for the particular type of security;
- Commission rates;
- Access to a specific IPO or IPOs generally;
- Ability of the broker-dealer to use ECNs to gain liquidity, price improvement, lower commission rates, and anonymity;
- The broker-dealer's ability to provide for "step-out" transactions

- Depending on the size of the transaction, ADVISER may find limited brokerage options. In such cases, the factors detailed above may not be relevant or determinant in the broker selection.

Soft Dollar Practices Section 28(e) of the Securities Exchange Act of 1934

1. Definition. The Commission (SEC) has defined soft dollar practices as arrangements under which products or services other than execution of securities transactions are obtained by an adviser from or through a broker-dealer in exchange for the direction of client brokerage transactions to the broker-dealer. An individual or firm must exercise “investment discretion” over an account (see Section 3(a)(35) of the Exchange Act) in order to use client commissions to obtain research under Section 28(e) of the Exchange Act (Safe Harbor Act).

2. Occurrence. "Soft dollar" practices generally occur when ADVISER or a sub-adviser causes an account to pay more than the lowest available commission to a broker-dealer in return for research products and services. Uses of soft dollars fall generally into two categories:

- a. Soft Dollar Arrangement.** ADVISER, on behalf of its discretionary clients, directs an amount of portfolio brokerage commissions to a broker-dealer in return for services or research used in making investment decisions; or
- b. Directed Brokerage Arrangement.** A client instructs ADVISER to direct a portion of their brokerage transactions to a particular broker-dealer. In return, the broker-dealer provides services to the client rather than ADVISER.

Adviser does engage in brokerage transactions generating soft dollars. Soft dollar benefits are not limited to those clients who may have generated a particular benefit although certain soft dollar allocations are connected to particular clients or groups of clients. Soft dollar benefits are not proportionally allocated to any accounts that may generate different amounts of the soft dollar benefits.

Item 13 – Review of Accounts

ADVISER serves as investment advisor to a U.S. Mutual Fund Complex. Investments in each series are monitored daily, both for SEC Compliance and appropriateness for the particular series. Investment Management services for certain series maybe delegated to sub-advisors. In such cases, ADVISER reviews and supervises the activities of those sub-advisors. Account review is undertaken weekly. Regulatory Compliance review is performed monthly. The ADVISER’s President and/or Chief Compliance Officer are responsible for reviewing all accounts.

ADVISER prepares regular reports to the Board of Trustees of the Quaker Investment Trust on at least a quarterly basis. These quarterly reports to the Board describe the past performance of each

fund in the complex, describe subscriptions and redemptions, and generally reviews the status of each fund. ADVISER also prepares ad hoc custom reports at the request of the Board.

Item 14 – *Client Referrals and Other Compensation*

Currently, no party, other than ADVISER’s clients, provides an economic benefit to ADVISER.

ADVISER or an affiliate of ADVISER pays certain broker-dealers, banks and other financial intermediaries (“Intermediaries”) for certain activities related to the Fund and other funds managed by ADVISER (“Payments”). ADVISER makes Payments from their own assets and not from the assets of the Funds. Although a significant portion of ADVISER’s revenue comes directly or indirectly in part from fees paid by the Funds, Payments do not increase the price paid by investors for the purchase of shares of the Fund or other Quaker funds. ADVISER makes Payments for Intermediaries’ participating in activities that are designed to make registered representatives, other professionals and individual investors more knowledgeable about mutual funds, including the Funds, or for other activities, such as participation in marketing activities and presentations, educational training programs, conferences, and the development of reporting systems (“Education Costs”). ADVISER also makes Payments to Intermediaries for certain printing publishing and mailing costs associated with the Funds or materials relating to mutual funds in general (“Publishing Costs”). In addition, ADVISER makes Payments to Intermediaries that make shares of the Funds available to their clients or for otherwise promoting the Funds; Payments of this type are sometimes referred to as “revenue sharing” payments.

Payments to an Intermediary may be significant to the Intermediary, and amounts that Intermediaries pay to a salesperson or other investment professional may also be significant for the salesperson or other investment professional. Because an Intermediary may make decisions about which investment options it will recommend or make available to its clients or what services to provide for various products based on payments it receives or is eligible to receive, Payments create conflicts of interest between the Intermediary and its clients and these financial incentives may cause the Intermediary to recommend the Funds over other investments. The same conflict of interest exists with respect to a salesperson or other investment professional if he or she receives similar payments from his or her Intermediary firm.

Item 15 – Custody

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client’s investment assets. ADVISER urges you to carefully review such statements and compare such official custodial records to the account statements that

ADVISER may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Item 16 – Investment Discretion

ADVISER usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, ADVISER observes the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, ADVISER's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

Investment guidelines and restrictions must be provided to ADVISER in writing.

Item 17 – Voting *Client* Securities

Rule 206(4)-6 under the Investment Advisers Act of 1940 helps to ensure that SEC-registered advisers act in the best interest of their clients when exercising proxy-voting authority. The rule obligates advisers to provide clients with information on how their securities were voted. Currently for the sub-advised Funds, proxies are voted by the sub-advisers to the respective portfolios advised by the Company. With respect to internally managed Funds, ADVISER will exercise proxy voting authority either directly or through the use of an outside proxy voting service.

Clients may obtain a copy of ADVISER's complete proxy voting policies and procedures upon request. Clients may also obtain information from ADVISER about how ADVISER voted any proxies on behalf of their account(s).

Item 18 – Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about ADVISER's financial condition. ADVISER has no

financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.