

Conestoga Small Cap Institutional CCALX

Poised to deliver.

Morningstar's Take CCALX

Overall Morningstar Rating™		★★★★★		
562 US Fund Small Growth				
(31 Aug 2023)				
	3 Yr	5 Yr	10 Yr	
	562 funds	526 funds	393 funds	
Morningstar Rating™	3★	4★	5★	
Morningstar Medalist Rating™		Silver		
Analyst-Driven %		100.00		
Data Coverage %		100.00		
Morningstar Pillars				
Process (5 Sep 2023)		Above Average		
People (5 Sep 2023)		Above Average		
Parent (22 Nov 2022)		Above Average		
Performance (5 Sep 2023)				
Price (5 Sep 2023)				

5 Sep 2023 | by Tony Thomas

Conestoga Small Cap's well-established team and process have delivered for small-growth equity investors—and that's likely to continue. That said, the mutual fund is closed to most new investors.

The strategy's roots run deep. It launched as a mutual fund in October 2002. Veteran manager Robert Mitchell has been a constant presence since then. As CIO, he has built a team and suite of offerings to complement this flagship strategy. He's got an even more seasoned co-lead manager here in Joseph Monahan, and together they tap three other portfolio managers and two analysts for ideas and insights. The entire Conestoga investment team serves a range of equity strategies, from tiny micro-cap stocks to mid-caps, and their overlap is mutually reinforcing.

Each strategy uses a clearly delineated process inspired by the one used here. The Conestoga team targets growing, profitable firms. Companies need not produce current net income; rather, they should

at least generate earnings before interest, taxes, and other costs, which shows that their main products or services are viable. Mitchell and his colleagues steer clear of heavily indebted companies and toward those with decent executive ownership. Ideally, the stocks of such firms should be capable of doubling in value over the next three to five years, and the Conestoga team regularly shows it's willing to wait for such gains.

This approach has worked well for long-term fundholders. The mutual fund's nearly 21-year record in the small-growth Morningstar Category is impressive. Because it tends to invest in solid, steadily growing businesses, the strategy should post fair returns in bull markets but stand out in rocky ones. Recent results haven't quite followed that pattern—the strategy did relatively well as markets rose in 2021 but looked weak in 2022's selloff—but don't worry. Some long-term holdings, such as SiteOne Landscape Supply SITE, turned out to be well-situated for the pandemic but later corrected sharply. That didn't rattle the Conestoga team, however, and investors here are still getting what they've come to expect from this reliable group.

Process ● Above Average | Tony Thomas | 5 Sep 2023

A straightforward, well-executed approach earns an Above Average Process rating.

Clear parameters guide the managers' search for small-cap stocks. They like profitable firms with strong competitive positions and growth characteristics, including the ability to grow earnings and returns on equity at a 15% clip over the next three to five years. (They often measure profitability by adjusted EBITDA rather than net income to better gauge the health of a company's main business activities.) They also prefer companies with modest debt loads, typically those with debt/capital ratios under 40%. Significant insider ownership of 10% or more helps. Overall,

the team's goal is to pick stocks likely to double (via total return) over the next three to five years.


The managers invest with conviction and patience. Their total holdings usually fall within a narrow range (45-55), and they tend to hang on to their picks for at least a few years. By mandate, they must keep 80% of assets in firms whose market caps fall within the Russell 2000 Index's range at purchase, though they're willing to hold a company that rises into mid-cap territory if they still like its fundamentals. While the portfolio is fairly well diversified, the managers may have up to 3 times the Russell 2000 Growth Index's weighting in any one sector (with an absolute cap of 40% of assets) and may skip certain segments entirely. They also stay fully invested, often keeping cash levels below 5%.

This portfolio consistently delivers on its managers' growth and profitability expectations. In the trailing 10 years through June 2023, its holdings have shown net positive historical earnings growth every month except February 2022 and topped the Russell 2000 Growth Index category benchmark nearly 80% of the time. The portfolio's average return on invested capital (another measure of profitability) often well exceeds the index's: In June, it was a solid 6.3% versus the index's negative 0.9%. The team's aversion to debt-ridden companies also stands out, with the June portfolio's average debt/capital ratio at 30%, handily below the index's 36%.

Sector weightings may veer widely from the index. Industrials has been the portfolio's largest sector weighting since late 2021; at 33% in June, it was well above the index's 18% allocation. Technology is also a favorite hunting ground. Conversely, stakes in consumer cyclicals or financials are often light to nonexistent.

The team is patient and willing to hold its best picks as they grow. The portfolio's average annual turnover rate in the five years through 2022 was a

modest 20%, far less than the small-growth category median of 57%. Indeed, long-term holdings are staples here: 52% of June's assets were in stocks owned for five years or longer, including basic materials firm Simpson Manufacturing SSD, first bought here in 2004 and one of 27 holdings shared with Conestoga SMid Cap CCSMX.


People  Above Average | Tony Thomas | 5 Sep 2023

Conestoga's experienced, well-crafted, and steady investment team earns an Above Average People rating.

Robert Mitchell is key to the team's continuity and culture. The 28-year industry veteran co-founded Conestoga with William Martindale in 2001. He and 41-year industry veteran Joe Monahan co-lead this strategy. Monahan is a relevant contributor here because he also co-leads Conestoga's micro-cap product, which often generates ideas for this portfolio.

As CIO, Mitchell's positive influence reaches further. He has built an eight-person investment team that interacts extensively and seamlessly. It consists of five portfolio managers (including Mitchell and Monahan), two analysts, and a trader. They're clearly on the same page philosophically, but Mitchell allows a healthy degree of autonomy and diversity of opinion. Small subsets of the group oversee Conestoga's three other equity strategies, which range from micro-cap to mid-cap and share similar approaches as well as many holdings. The team has grown gradually to support the expansion of Conestoga's offerings, and only two members have left. Both were well-planned retirements.

The managers have multiple stakes in this strategy's success. As of September 2022, Mitchell invested \$500,001-\$1 million and Monahan had \$100,001-\$500,000 in the mutual fund. Those are moderate amounts given their tenures, yet each owns a portion of the firm—and this strategy is its flagship offering.

Parent  Above Average | Tony Thomas | 22 Nov 2022

Well-organized and built squarely on its main strengths, Conestoga Capital Advisors earns an Above Average Parent rating.

Based in Wayne, Pennsylvania, Conestoga has a compelling business structure and investment approach. The small firm, founded in 2001, has just 16 employees. Nearly all have equity in the business. This aids retention and binds staff to Conestoga's overall success. Its four equity strategies use clear parameters and sensible principles to seek steadily growing, profitable, low-debt companies. The firm's moderate asset base—just \$6.1 billion in September 2022—reflects decent capacity management. (Its successful flagship, Conestoga Small Cap, has been closed to most investors since 2018.)

Conestoga doubled its investment offerings in 2021, launching micro- and mid-cap equity mutual funds as bookends to its existing small- and mid-cap products. One investment team supports all four strategies. Under veteran investor and CIO Bob Mitchell, the team has sensibly doled out portfolio management duties to ensure personnel overlap and consistency of approach. The new funds have been slow to gather assets so far, but their fine pedigree and their relevance to the firm's more-established offerings make them reasonable additions and key to Conestoga's future growth. What's more, the investor-friendly firm offers generous waivers to keep its fund fees competitive.

Performance | Tony Thomas | 5 Sep 2023

This strategy's excellent long-term record owes to its relatively reliable risk/reward profile.

From its October 2002 inception through August 2023, the mutual fund's investor share class returned a solid 11.4% annualized, besting the Russell 2000 Growth Index's 10.0% and the typical small-growth category peer's 9.3%. The portfolio's mix of steadily growing, mostly profitable companies means the strategy typically doesn't race ahead in rallies or fall farther in selloffs. That tameness helps the strategy grind out competitive results for patient investors.

Recent results have looked surprising at times, but stepping back makes it clear the strategy is performing as expected. Unusually, the fund posted a top-third return in its category amid 2021's bullish market, but it trailed more than half its cohort in 2022's retraction. Some top picks thrived during the pandemic but sagged as society reopened. In 2021,

for example, shares of recreational vehicle outfitter Fox Factory Holding FOXF and SiteOne Landscape Supply SITE—two top-10 holdings entering that year—surged on pandemic-driven demand, but both pulled back sharply in 2022. Even so, the fund's 1.0% annualized decline in the 32 months from January 2021 through August 2023 beat nearly 80% of peers and fared better than the index's 5.8% decline. Over that longer stretch, the fund's returns weren't egregiously volatile, and the strategy captured market gains and losses consistent with its historical standards.

Price | Tony Thomas | 5 Sep 2023

It's critical to evaluate expenses, as they come directly out of returns. Based on our assessment of the fund's People, Process, and Parent Pillars in the context of these expenses, we think this share class will be able to deliver positive alpha relative to the category benchmark index, explaining its Morningstar Medalist Rating of Silver.

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Data Coverage %

The Data Coverage % data point is a summary metric describing the level of data completeness used to generate the overall rating. If the pillar is assigned directly or indirectly by analysts, the pillar has complete data availability, as no model was used to estimate the pillar score. If the pillar is assigned directly by algorithm, Morningstar counts the number of data points feeding both the positive and negative models and counts whether the vehicle has strategy-specific data available. A simple percentage is calculated per pillar. The overall data coverage % is then scaled by pillar weights.

Analyst-Driven %

The Analyst-Driven % data point displays the weighted percentage of a vehicle's pillar ratings assigned directly or indirectly by analysts. For example, if the People and Parent ratings are assigned directly or indirectly by analysts but the Process rating is assigned algorithmically, the Analyst-Driven % for an actively managed vehicle would disclose that 55% of the pillar weight was assigned by analysts and the Analyst-Driven % for a passively managed vehicle would disclose that 20% of the pillar weight was assigned by analysts.

Morningstar Medalist Rating™

The Morningstar Medalist Rating is the summary expression of Morningstar's forward-looking analysis of

investment strategies as offered via specific vehicles using a rating scale of Gold, Silver, Bronze, Neutral, and Negative. The Medalist Ratings indicate which investments Morningstar believes are likely to outperform a relevant index or peer group average on a risk-adjusted basis over time. Investment products are evaluated on three key pillars (People, Parent, and Process) which, when coupled with a fee assessment, forms the basis for Morningstar's conviction in those products' investment merits and determines the Medalist Rating they're assigned. Pillar ratings take the form of Low, Below Average, Average, Above Average, and High. Pillars may be evaluated via an analyst's qualitative assessment (either directly to a vehicle the analyst covers or indirectly when the pillar ratings of a covered vehicle are mapped to a related uncovered vehicle) or using algorithmic techniques. Vehicles are sorted by their expected performance into rating groups defined by their Morningstar Category and their active or passive status. When analysts directly cover a vehicle, they assign the three pillar ratings based on their qualitative assessment, subject to the oversight of the Analyst Rating Committee, and monitor and reevaluate them at least every 14 months. When the vehicles are covered either indirectly by analysts or by algorithm, the ratings are assigned monthly. For more detailed information about the Medalist Ratings, including their methodology, please go to <http://global.morningstar.com/managerdisclosures>

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Morningstar Rating™

The Morningstar Rating™ for funds, or "star rating", is

calculated for funds and separate accounts with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The Morningstar Rating does not include any adjustment for sales loads. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. For more information about the Morningstar Rating for funds, including its methodology, please go to global.morningstar.com/managerdisclosures.

Investment Risks

Bonds

Bonds are subject to interest rate risk. As the prevailing level of bond interest rates rise, the value of bonds already held in a portfolio declines. Portfolios that hold bonds are subject to declines and increases in value due to general changes in interest rates. Portfolios that invest in lower-rated debt securities (i.e., "junk bonds") involve additional risks because of the lower credit quality of the securities in the portfolio. The investor should be aware of the possible higher level of volatility, and increased risk of default. Tax-free municipal bond funds may be subject to state and local taxation and the Alternative Minimum Tax.

Equities

Equities are typically subject to greater fluctuations in market value than other asset classes due to factors such as a company's business performance, investor perceptions, stock market trends and general economic conditions. Stocks of small or mid-sized companies involve additional risks; such companies may have a higher risk of failure, are not as well established as larger blue-chip companies, and have historically experienced a greater degree of market volatility than the overall market average.

International/Emerging Markets Securities Risk

Investing in international securities involves special additional risks. These risks include, but are not limited to, currency risk, political risk, and risk associated with varying accounting standards. Investing in emerging markets may accentuate these risks.

Liquidity Risk

Trading may be halted due to market conditions, impacting an investor's ability to sell a security.

Market Price Risk

The market price of securities traded on the secondary

market is subject to the forces of supply and demand and thus independent of the NAV. This can result in the market price trading at a premium or discount to the NAV, which will affect an investor's value.

Market Risk

The market prices of securities can fluctuate as a result of several factors, such as security-specific factors or general investor sentiment. Therefore, investors should be aware of the prospect of market fluctuations and the impact it may have on the market price.

Non-Diversified Strategies

Portfolios that invest a significant percentage of assets in a single issuer involve additional risks, including share price fluctuations, because of the increased concentration of investments.

Sector Strategies

Portfolios that invest exclusively in one sector or industry involve additional risks. The lack of industry diversification subjects the investor to increased industry-specific risks.

Total Returns % (As of 9/30/2023)	Average Annualized Total Returns					
	QTD	1-Yr	3-Yr	5-Yr	7-Yr	Since Inception 8/13/2014
CONESTOGA SMALL CAP FUND						
CCALX– Institutional Class	-6.61	16.54	4.70	4.15	10.86	10.75
Russell 2000® Growth Index	-7.32	9.59	1.09	1.55	6.77	6.65

Gross expense ratio: 0.98%, Net expense ratio: 0.90%; Conestoga Capital Advisors, LLC (the Adviser) has contractually agreed to limit the Fund's Institutional Class net annual operating expenses to 0.90% of the Fund's average daily net assets until at least January 31, 2024, subject to termination at any time at the option of the Fund. There is no guarantee that the agreement to limit the Fund's annual operating expense will be renewed or extended.

Performance is based upon closing NAV calculation on listed dates and represents past performance. Past performance does not guarantee future results and current performance may be lower or higher than the performance quoted. Performance data includes reinvestment of dividends. Investment returns and principal value of an investment in Conestoga Small Cap Fund will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. For the Fund's daily NAV, list of additional holdings, total return as of the most recent month-end and a copy of the Fund's prospectus, please visit www.conestogacapital.com or call 1-800-320-7790.

The Top Ten Holdings in the Conestoga Small Cap Fund as of September 30, 2023 are as follows: 1. SPS Commerce, Inc. (4.64%); 2. Casella Waste Systems, Inc. (3.88%); 3. Descartes Systems Group, Inc. (3.86%); 4. AAON, Inc. (3.79%); 5. Simpson Manufacturing Co., Inc. (3.68%); 6. Exponent, Inc. (3.60%); 7. FirstService Corp. (3.24%); 8. Novanta, Inc. (3.16%); 9. SiteOne Landscape Supply, Inc. (3.16%); 10. Altair Engineering, Inc. (2.74%). Portfolio holdings are subject to change and should not be considered a recommendation to buy or sell securities. Current and future portfolio holdings are subject to risk.

Mutual Fund Investing involves risk, principal loss is possible. Investment in the Fund is subject to investment risks, including, without limitation, equity risk, market risk, management risk, small company risk, foreign investment risk, currency risk, large redemption risk. Funds that invest in small and mid-cap stocks are often more volatile than large cap stocks. Smaller companies generally face higher risks due to their limited product lines, markets and financial resources. For more information about the Fund, including the Fund's objectives, charges, expenses and risks (including more information about the risks listed above), please read the prospectus.

An investor should consider investment objectives, risks, charges, and expenses carefully before investing. Download a prospectus, which contains this information or call toll free 1-800-494-2755. Read the prospectus carefully before investing or sending money.

The Russell 2000® Growth Index measures the performance of the small cap growth segment of the US equity universe. The Russell 2000 Growth Index measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values. An individual cannot invest directly in an index.

A rate of return (**ROE**) is the gain or loss on an investment over a specified time period, expressed as a percentage of the investment's cost. Gains on investments are defined as income received plus any capital gains realized on the sale of the investment.

Earnings before interest, taxes, depreciation, and amortization (EBITDA) is a widely used measure of core corporate profitability. By stripping out the non-cash depreciation and amortization expense as well as taxes and debt costs dependent on the capital structure, EBITDA attempts to represent cash profit generated by the company's operations.

Standard deviation is a measure of the dispersion of a set of data from its mean. If the data points are further from the mean, there is higher deviation within the data set. Standard deviation is calculated as the square root of variance by determining the variation between each data point relative to the mean.

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Each strategy uses a clearly delineated process inspired by the one used here. The Conestoga team targets growing, profitable firms. Companies need not produce current net income; rather, they should

at least generate earnings before interest, taxes, and other costs, which shows that their main products or services are viable. Mitchell and his colleagues steer clear of heavily indebted companies and toward those with decent executive ownership. Ideally, the stocks of such firms should be capable of doubling in value over the next three to five years, and the Conestoga team regularly shows it's willing to wait for such gains.

This approach has worked well for long-term fundholders. The mutual fund's nearly 21-year record in the small-growth Morningstar Category is impressive. Because it tends to invest in solid, steadily growing businesses, the strategy should post fair returns in bull markets but stand out in rocky ones. Recent results haven't quite followed that pattern—the strategy did relatively well as markets rose in 2021 but looked weak in 2022's selloff—but don't worry. Some long-term holdings, such as SiteOne Landscape Supply SITE, turned out to be well-situated for the pandemic but later corrected sharply. That didn't rattle the Conestoga team, however, and investors here are still getting what they've come to expect from this reliable group.

Process Above Average | Tony Thomas | 5 Sep 2023

A straightforward, well-executed approach earns an Above Average Process rating.

Clear parameters guide the managers' search for small-cap stocks. They like profitable firms with strong competitive positions and growth characteristics, including the ability to grow earnings and returns on equity at a 15% clip over the next three to five years. (They often measure profitability by adjusted EBITDA rather than net income to better gauge the health of a company's main business activities.) They also prefer companies with modest debt loads, typically those with debt/capital ratios under 40%. Significant insider ownership of 10% or more helps. Overall,

the team's goal is to pick stocks likely to double (via total return) over the next three to five years.


The managers invest with conviction and patience. Their total holdings usually fall within a narrow range (45-55), and they tend to hang on to their picks for at least a few years. By mandate, they must keep 80% of assets in firms whose market caps fall within the Russell 2000 Index's range at purchase, though they're willing to hold a company that rises into mid-cap territory if they still like its fundamentals. While the portfolio is fairly well diversified, the managers may have up to 3 times the Russell 2000 Growth Index's weighting in any one sector (with an absolute cap of 40% of assets) and may skip certain segments entirely. They also stay fully invested, often keeping cash levels below 5%.

This portfolio consistently delivers on its managers' growth and profitability expectations. In the trailing 10 years through June 2023, its holdings have shown net positive historical earnings growth every month except February 2022 and topped the Russell 2000 Growth Index category benchmark nearly 80% of the time. The portfolio's average return on invested capital (another measure of profitability) often well exceeds the index's: In June, it was a solid 6.3% versus the index's negative 0.9%. The team's aversion to debt-ridden companies also stands out, with the June portfolio's average debt/capital ratio at 30%, handily below the index's 36%.

Sector weightings may veer widely from the index. Industrials has been the portfolio's largest sector weighting since late 2021; at 33% in June, it was well above the index's 18% allocation. Technology is also a favorite hunting ground. Conversely, stakes in consumer cyclicals or financials are often light to nonexistent.

The team is patient and willing to hold its best picks as they grow. The portfolio's average annual turnover rate in the five years through 2022 was a

modest 20%, far less than the small-growth category median of 57%. Indeed, long-term holdings are staples here: 52% of June's assets were in stocks owned for five years or longer, including basic materials firm Simpson Manufacturing SSD, first bought here in 2004 and one of 27 holdings shared with Conestoga SMid Cap CCSMX.


People  Above Average | Tony Thomas | 5 Sep 2023

Conestoga's experienced, well-crafted, and steady investment team earns an Above Average People rating.

Robert Mitchell is key to the team's continuity and culture. The 28-year industry veteran co-founded Conestoga with William Martindale in 2001. He and 41-year industry veteran Joe Monahan co-lead this strategy. Monahan is a relevant contributor here because he also co-leads Conestoga's micro-cap product, which often generates ideas for this portfolio.

As CIO, Mitchell's positive influence reaches further. He has built an eight-person investment team that interacts extensively and seamlessly. It consists of five portfolio managers (including Mitchell and Monahan), two analysts, and a trader. They're clearly on the same page philosophically, but Mitchell allows a healthy degree of autonomy and diversity of opinion. Small subsets of the group oversee Conestoga's three other equity strategies, which range from micro-cap to mid-cap and share similar approaches as well as many holdings. The team has grown gradually to support the expansion of Conestoga's offerings, and only two members have left. Both were well-planned retirements.

The managers have multiple stakes in this strategy's success. As of September 2022, Mitchell invested \$500,001-\$1 million and Monahan had \$100,001-\$500,000 in the mutual fund. Those are moderate amounts given their tenures, yet each owns a portion of the firm—and this strategy is its flagship offering.

Parent  Above Average | Tony Thomas | 22 Nov 2022

Well-organized and built squarely on its main strengths, Conestoga Capital Advisors earns an Above Average Parent rating.

Based in Wayne, Pennsylvania, Conestoga has a compelling business structure and investment approach. The small firm, founded in 2001, has just 16 employees. Nearly all have equity in the business. This aids retention and binds staff to Conestoga's overall success. Its four equity strategies use clear parameters and sensible principles to seek steadily growing, profitable, low-debt companies. The firm's moderate asset base—just \$6.1 billion in September 2022—reflects decent capacity management. (Its successful flagship, Conestoga Small Cap, has been closed to most investors since 2018.)

Conestoga doubled its investment offerings in 2021, launching micro- and mid-cap equity mutual funds as bookends to its existing small- and mid-cap products. One investment team supports all four strategies. Under veteran investor and CIO Bob Mitchell, the team has sensibly doled out portfolio management duties to ensure personnel overlap and consistency of approach. The new funds have been slow to gather assets so far, but their fine pedigree and their relevance to the firm's more-established offerings make them reasonable additions and key to Conestoga's future growth. What's more, the investor-friendly firm offers generous waivers to keep its fund fees competitive.

Performance | Tony Thomas | 5 Sep 2023

This strategy's excellent long-term record owes to its relatively reliable risk/reward profile.

From its October 2002 inception through August 2023, the mutual fund's investor share class returned a solid 11.4% annualized, besting the Russell 2000 Growth Index's 10.0% and the typical small-growth category peer's 9.3%. The portfolio's mix of steadily growing, mostly profitable companies means the strategy typically doesn't race ahead in rallies or fall farther in selloffs. That tameness helps the strategy grind out competitive results for patient investors.

Recent results have looked surprising at times, but stepping back makes it clear the strategy is performing as expected. Unusually, the fund posted a top-third return in its category amid 2021's bullish market, but it trailed more than half its cohort in 2022's retraction. Some top picks thrived during the pandemic but sagged as society reopened. In 2021,

for example, shares of recreational vehicle outfitter Fox Factory Holding FOXF and SiteOne Landscape Supply SITE—two top-10 holdings entering that year—surged on pandemic-driven demand, but both pulled back sharply in 2022. Even so, the fund's 1.0% annualized decline in the 32 months from January 2021 through August 2023 beat nearly 80% of peers and fared better than the index's 5.8% decline. Over that longer stretch, the fund's returns weren't egregiously volatile, and the strategy captured market gains and losses consistent with its historical standards.

Price | Tony Thomas | 5 Sep 2023

It's critical to evaluate expenses, as they come directly out of returns. Based on our assessment of the fund's People, Process, and Parent Pillars in the context of these expenses, we think this share class will be able to deliver positive alpha relative to the category benchmark index, explaining its Morningstar Medalist Rating of Silver.

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The Data Coverage % data point is a summary metric describing the level of data completeness used to generate the overall rating. If the pillar is assigned directly or indirectly by analysts, the pillar has complete data availability, as no model was used to estimate the pillar score. If the pillar is assigned directly by algorithm, Morningstar counts the number of data points feeding both the positive and negative models and counts whether the vehicle has strategy-specific data available. A simple percentage is calculated per pillar. The overall data coverage % is then scaled by pillar weights.

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The Analyst-Driven % data point displays the weighted percentage of a vehicle's pillar ratings assigned directly or indirectly by analysts. For example, if the People and Parent ratings are assigned directly or indirectly by analysts but the Process rating is assigned algorithmically, the Analyst-Driven % for an actively managed vehicle would disclose that 55% of the pillar weight was assigned by analysts and the Analyst-Driven % for a passively managed vehicle would disclose that 20% of the pillar weight was assigned by analysts.

Morningstar Medalist Rating™

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Morningstar Rating™

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Bonds

Bonds are subject to interest rate risk. As the prevailing level of bond interest rates rise, the value of bonds already held in a portfolio declines. Portfolios that hold bonds are subject to declines and increases in value due to general changes in interest rates. Portfolios that invest in lower-rated debt securities (i.e., "junk bonds") involve additional risks because of the lower credit quality of the securities in the portfolio. The investor should be aware of the possible higher level of volatility, and increased risk of default. Tax-free municipal bond funds may be subject to state and local taxation and the Alternative Minimum Tax.

Equities

Equities are typically subject to greater fluctuations in market value than other asset classes due to factors such as a company's business performance, investor perceptions, stock market trends and general economic conditions. Stocks of small or mid-sized companies involve additional risks; such companies may have a higher risk of failure, are not as well established as larger blue-chip companies, and have historically experienced a greater degree of market volatility than the overall market average.

International/Emerging Markets Securities Risk

Investing in international securities involves special additional risks. These risks include, but are not limited to, currency risk, political risk, and risk associated with varying accounting standards. Investing in emerging markets may accentuate these risks.

Liquidity Risk

Trading may be halted due to market conditions, impacting an investor's ability to sell a security.

Market Price Risk

The market price of securities traded on the secondary

market is subject to the forces of supply and demand and thus independent of the NAV. This can result in the market price trading at a premium or discount to the NAV, which will affect an investor's value.

Market Risk

The market prices of securities can fluctuate as a result of several factors, such as security-specific factors or general investor sentiment. Therefore, investors should be aware of the prospect of market fluctuations and the impact it may have on the market price.

Non-Diversified Strategies

Portfolios that invest a significant percentage of assets in a single issuer involve additional risks, including share price fluctuations, because of the increased concentration of investments.

Sector Strategies

Portfolios that invest exclusively in one sector or industry involve additional risks. The lack of industry diversification subjects the investor to increased industry-specific risks.

Total Returns % (As of 9/30/2023) CONESTOGA SMALL CAP FUND	QTD	Average Annualized Total Returns					
		1-Yr	3-Yr	5-Yr	7-Yr	10-Yr	Since Inception 10/1/2002
CCASX– Investors Class	-6.65	16.33	4.49	3.94	10.64	9.29	11.00
Russell 2000® Growth Index	-7.32	9.59	1.09	1.55	6.77	6.72	9.60

Gross expense ratio: 1.46%, Net expense ratio: 1.10%; Conestoga Capital Advisors, LLC (the Adviser) has contractually agreed to limit the Fund's Investor Class net annual operating expenses to 1.10% of the Fund's average daily net assets until at least January 31, 2024, subject to termination at any time at the option of the Fund. There is no guarantee that the agreement to limit the Fund's annual operating expense will be renewed or extended.

Performance is based upon closing NAV calculation on listed dates and represents past performance. Past performance does not guarantee future results and current performance may be lower or higher than the performance quoted. Performance data includes reinvestment of dividends. Investment returns and principal value of an investment in Conestoga Small Cap Fund will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. For the Fund's daily NAV, list of additional holdings, total return as of the most recent month-end and a copy of the Fund's prospectus, please visit www.conestogacapital.com or call 1-800-320-7790.

The Top Ten Holdings in the Conestoga Small Cap Fund as of September 30, 2023 are as follows: 1. SPS Commerce, Inc. (4.64%); 2. Casella Waste Systems, Inc. (3.88%); 3. Descartes Systems Group, Inc. (3.86%); 4. AAON, Inc. (3.79%); 5. Simpson Manufacturing Co., Inc. (3.68%); 6. Exponent, Inc. (3.60%); 7. FirstService Corp. (3.24%); 8. Novanta, Inc. (3.16%); 9. SiteOne Landscape Supply, Inc. (3.16%); 10. Altair Engineering, Inc. (2.74%). Portfolio holdings are subject to change and should not be considered a recommendation to buy or sell securities. Current and future portfolio holdings are subject to risk.

Mutual Fund Investing involves risk, principal loss is possible. Investment in the Fund is subject to investment risks, including, without limitation, equity risk, market risk, management risk, small company risk, foreign investment risk, currency risk, large redemption risk. Funds that invest in small and mid-cap stocks are often more volatile than large cap stocks. Smaller companies generally face higher risks due to their limited product lines, markets and financial resources. For more information about the Fund, including the Fund's objectives, charges, expenses and risks (including more information about the risks listed above), please read the prospectus.

An investor should consider investment objectives, risks, charges, and expenses carefully before investing. Download a prospectus, which contains this information or call toll free 1-800-494-2755. Read the prospectus carefully before investing or sending money.

The Russell 2000® Growth Index measures the performance of the small cap growth segment of the US equity universe. The Russell 2000 Growth Index measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values. An individual cannot invest directly in an index.

A rate of return (**ROE**) is the gain or loss on an investment over a specified time period, expressed as a percentage of the investment's cost. Gains on investments are defined as income received plus any capital gains realized on the sale of the investment.

Earnings before interest, taxes, depreciation, and amortization (EBITDA) is a widely used measure of core corporate profitability. By stripping out the non-cash depreciation and amortization expense as well as taxes and debt costs dependent on the capital structure, EBITDA attempts to represent cash profit generated by the company's operations.

Standard deviation is a measure of the dispersion of a set of data from its mean. If the data points are further from the mean, there is higher deviation within the data set. Standard deviation is calculated as the square root of variance by determining the variation between each data point relative to the mean.

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Conestoga SMid Cap Institutional CCSGX

The appeal of the familiar.

Morningstar's Take CCSGX

Overall Morningstar Rating™		★★		
521 US Fund Mid-Cap Growth (31 Aug 2023)		3 Yr	5 Yr	10 Yr
		521 funds	490 funds	— funds
Morningstar Rating™		3★	2★	—
Morningstar Medalist Rating™		Silver		
Analyst-Driven %		100.00		
Data Coverage %		100.00		
Morningstar Pillars				
Process (7 Sep 2023)		Above Average		
People (7 Sep 2023)		Above Average		
Parent (22 Nov 2022)		Above Average		
Performance (7 Sep 2023)				
Price (7 Sep 2023)				

7 Sep 2023 | by Tony Thomas

Conestoga SMid Cap takes what Conestoga Capital Advisors does well and applies it to slightly larger companies in a way that makes it an enticing option for long-term investors.

Conestoga excels at small-cap stock investing. Its flagship, Conestoga Small Cap CCASX, has a standout record over more than two decades. In 2014, the firm launched this small- and mid-cap (or smid-cap) offering to build upon that strategy's success. It taps the small-cap product's veteran managers CIO Robert Mitchell and Joseph Monahan and pairs them with another strong contributor in Derek Johnston, who co-leads the firm's mid-cap strategy. Indeed, Mitchell has thoughtfully distributed Conestoga's eight-person investment team across the firm's equity suite, which ranges from micro-cap to mid-cap and uses pragmatic adaptations of the firm's approach.

Here, as on Conestoga Small Cap, the team targets —and regularly finds—profitable, growing, and

competitively strong companies. Many were or still are holdings in the small-cap portfolio. That direct tie to its successful sibling is promising, but it's also a limitation. Conestoga Small Cap is closed to many new investors, and in order to protect existing fundholders there, Conestoga has wise limits in mind here. At \$1.4 billion in assets in mid-2023, Conestoga estimates that this strategy has about \$1 billion of space remaining.

Given its market-cap window, the strategy is a relatively odd fit in the mid-growth Morningstar Category. The best way to judge its performance and portfolio is against the smid-cap Russell 2500 Growth Index. Against that benchmark, this strategy has done fairly well while exhibiting other Conestoga hallmarks. Its results have tended to be less volatile than the index's, and it often holds up a bit better in market selloffs. Those same traits have spurred much of Conestoga Small Cap's success over time.

Asset managers sometimes struggle to translate what they do from one market segment to another. The Conestoga team, however, is making it look relatively easy here.

Process Above Average | Tony Thomas | 7 Sep 2023

A straightforward, well-executed approach earns an Above Average Process rating.

The strategy adapts the proven process used on Conestoga Small Cap CCASX to include larger companies. Clear parameters guide the team's search. By mandate, it must keep 80% of assets in firms whose market caps fall within the Russell 2500 Index's range at purchase. The managers like profitable companies with strong competitive positions and growth characteristics, including the ability to grow earnings at a 12%-15% clip over the next three to five years and to generate returns on equity greater than 15%. (They often measure profitability by adjusted EBITDA rather than net income to better gauge the health of a company's

main business activities.) They also prefer firms with modest debt loads, typically those with debt/capital ratios under 40%. Significant insider ownership helps. Overall, the team's goal is to pick stocks that are likely to double (via total return) over the next four to six years.


The managers invest with conviction and patience. They typically keep the number of holdings within a narrow range (45-55), and they tend to hang on to their picks for at least a few years. While the portfolio is fairly well diversified, the managers may have up to 3 times the Russell 2500 Growth Index's weighting in any given sector, with an absolute cap at 40%, and they may skip certain segments entirely. They often keep cash at modest levels of around 5% or less.

Because it mixes small- and mid-cap stocks, this strategy stands out in its mid-growth category. In June 2023, for example, 52% of assets sat in small caps, more than double the typical peer's allocation, and it had no large-cap holdings. These traits make the Russell 2500 Growth Index, which consists of small- and mid-size companies, a better match when assessing this strategy's performance and portfolio.

The portfolio usually scores well on key measures of quality. The June 2023 portfolio's average return on invested capital (a profitability metric) was a healthy 9.5%, well above the Russell 2500 Growth Index's meager 1.3%. The managers' aversion to debt-laden companies showed in June's modest 33% average debt/capital ratio compared with the index's 38%. The strategy has always looked relatively good on that account.

The Conestoga team's patience is also apparent. The portfolio's 18% average turnover rate in the five years through 2022 was less than one third of the typical peer's trading activity. Nearly 60% of June's assets were in stocks held for five years or longer.

Occasionally, the managers look outside the United States. In June, they had their highest exposure to non-U.S. stocks (8.6% of assets) in this strategy's history. It included two Canadian companies, FirstService Corp and The Descartes Systems Group (both top-10 holdings), and Italian medical-instrument firm Stevenato Group STVN.


People  Above Average | Tony Thomas | 7 Sep 2023

Conestoga's experienced, well-crafted, and steady investment team earns an Above Average People rating.

Robert Mitchell is key to the team's continuity and culture. The 28-year industry veteran co-founded Conestoga with William Martindale in 2001 and co-leads its successful flagship strategy Conestoga Small Cap CCASX. This small- and mid-cap strategy is his other main charge. Fittingly, his co-leader here is Derek Johnston, who also plays a key role in the firm's mid-cap product. Joe Monahan, Mitchell's collaborator on Conestoga Small Cap, provides additional managerial support.

As CIO, Mitchell's positive influence reaches further. He has built an eight-person investment team that interacts extensively and seamlessly. It consists of five portfolio managers (including the three named here), two analysts, and a trader. They're clearly on the same page philosophically, but Mitchell allows some healthy autonomy and diversity of opinion. Small subsets of the group oversee each of Conestoga's four equity strategies, which range from micro-cap to mid-cap and share similar approaches as well as many holdings. The team has grown gradually to meet its needs, and only two members have left. Both were well-planned retirements.

The managers have multiple stakes in this strategy's success. As of September 2022, Mitchell and Monahan each had \$100,001-\$500,000 in the mutual fund, while Johnston had \$500,001-\$1 million. Each also owns a portion of the firm.

Parent  Above Average | Tony Thomas | 22 Nov 2022

Well-organized and built squarely on its main strengths, Conestoga Capital Advisors earns an Above Average Parent rating.

Based in Wayne, Pennsylvania, Conestoga has a compelling business structure and investment approach. The small firm, founded in 2001, has just 16 employees. Nearly all have equity in the business. This aids retention and binds staff to Conestoga's overall success. Its four equity strategies use clear parameters and sensible principles to seek steadily growing, profitable, low-debt companies. The firm's moderate asset base—just \$6.1 billion in September 2022—reflects decent capacity management. (Its successful flagship, Conestoga Small Cap, has been closed to most investors since 2018.)

Conestoga doubled its investment offerings in 2021, launching micro- and mid-cap equity mutual funds as bookends to its existing small- and mid-cap products. One investment team supports all four strategies. Under veteran investor and CIO Bob Mitchell, the team has sensibly doled out portfolio management duties to ensure personnel overlap and consistency of approach. The new funds have been slow to gather assets so far, but their fine pedigree and their relevance to the firm's more-established offerings make them reasonable additions and key to Conestoga's future growth. What's more, the investor-friendly firm offers generous waivers to keep its fund fees competitive.

Performance | Tony Thomas | 7 Sep 2023

Understood in its proper context, this strategy is doing just fine.

As a mid-cap equity offering, the strategy doesn't stack up well against many peers in its mid-growth category—let alone the Russell Mid Cap Growth Index category benchmark. A better yardstick is the Russell 2500 Growth Index. From the mutual fund's January 2014 inception through August 2023, the investor share class' 8.7% annualized gain beat the Russell 2500 Growth Index's 8.4%. (It lagged the Russell Mid Cap Growth Index's 10.0%, however, owing to relatively better performance by larger-cap companies, especially in recent years). The managers' conservative investment style gravitates toward profitable, lightly indebted businesses; that generally keeps returns relatively tame (as measured by standard deviation) and tends to help in downturns, especially versus mid-cap competition.

That said, the strategy's unusually painful drop of 29.5% in 2022—more than 3 percentage points worse than the Russell 2500 Growth Index—shouldn't be too concerning. Like sibling Conestoga Small Cap CCASX, this strategy had opportune positioning entering the pandemic, including stakes in West Pharmaceutical Services WST (which makes key components of syringes) and home-decking supplier Trex TREX. Such stocks surged in 2021 but corrected sharply in 2022. The Conestoga team stayed focused on its long-term views of West and Trex throughout those fluctuations, and its reward was a solid rebound in both stocks so far in 2023.

Price | Tony Thomas | 7 Sep 2023

It's critical to evaluate expenses, as they come directly out of returns. Based on our assessment of the fund's People, Process, and Parent Pillars in the context of these expenses, we think this share class will be able to deliver positive alpha relative to the category benchmark index, explaining its Morningstar Medalist Rating of Silver.

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The Analyst-Driven % data point displays the weighted percentage of a vehicle's pillar ratings assigned directly or indirectly by analysts. For example, if the People and Parent ratings are assigned directly or indirectly by analysts but the Process rating is assigned algorithmically, the Analyst-Driven % for an actively managed vehicle would disclose that 55% of the pillar weight was assigned by analysts and the Analyst-Driven % for a passively managed vehicle would disclose that 20% of the pillar weight was assigned by analysts.

Morningstar Medalist Rating™

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Bonds

Bonds are subject to interest rate risk. As the prevailing level of bond interest rates rise, the value of bonds already held in a portfolio declines. Portfolios that hold bonds are subject to declines and increases in value due to general changes in interest rates. Portfolios that invest in lower-rated debt securities (i.e., "junk bonds") involve additional risks because of the lower credit quality of the securities in the portfolio. The investor should be aware of the possible higher level of volatility, and increased risk of default. Tax-free municipal bond funds may be subject to state and local taxation and the Alternative Minimum Tax.

Equities

Equities are typically subject to greater fluctuations in market value than other asset classes due to factors such as a company's business performance, investor perceptions, stock market trends and general economic conditions. Stocks of small or mid-sized companies involve additional risks; such companies may have a higher risk of failure, are not as well established as larger blue-chip companies, and have historically experienced a greater degree of market volatility than the overall market average.

International/Emerging Markets Securities Risk

Investing in international securities involves special additional risks. These risks include, but are not limited to, currency risk, political risk, and risk associated with varying accounting standards. Investing in emerging markets may accentuate these risks.

Liquidity Risk

Trading may be halted due to market conditions, impacting an investor's ability to sell a security.

Market Price Risk

The market price of securities traded on the secondary

market is subject to the forces of supply and demand and thus independent of the NAV. This can result in the market price trading at a premium or discount to the NAV, which will affect an investor's value.

Market Risk

The market prices of securities can fluctuate as a result of several factors, such as security-specific factors or general investor sentiment. Therefore, investors should be aware of the prospect of market fluctuations and the impact it may have on the market price.

Non-Diversified Strategies

Portfolios that invest a significant percentage of assets in a single issuer involve additional risks, including share price fluctuations, because of the increased concentration of investments.

Sector Strategies

Portfolios that invest exclusively in one sector or industry involve additional risks. The lack of industry diversification subjects the investor to increased industry-specific risks.

Total Returns % (As of 9/30/2023)	Average Annualized Total Returns					
	QTD	1-Yr	3-Yr	5-Yr	7-Yr	Since Inception 12/15/2014
CONESTOGA SMID CAP FUND						
CCSGX– Institutional Class	-6.46	16.82	2.84	4.71	11.59	10.54
Russell 2500® Growth Index	-6.84	10.61	1.01	4.05	8.78	8.33

Gross expense ratio: 1.07%, Net expense ratio: 0.85%; Conestoga Capital Advisors, LLC (the Adviser) has contractually agreed to limit the Fund's Institutional Class net annual operating expenses to 0.85% of the Fund's average daily net assets until at least January 31, 2024, subject to termination at any time at the option of the Fund. There is no guarantee that the agreement to limit the Fund's annual operating expense will be renewed or extended.

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