

Conestoga Funds

CONESTOGA CAPITAL ADVISORS, LLC

Proxy Voting

Introduction

Rule 206(4)-6 under the Advisers Act requires every investment adviser to adopt and implement written policies and procedures, reasonably designed to ensure that the adviser votes proxies in the best interest of its clients. The Rule further requires the adviser to provide a concise summary of the adviser's proxy voting process and offer to provide copies of the complete proxy voting policy and procedures to clients upon request. Lastly, the Rule requires that the adviser disclose to clients how they may obtain information on how the adviser voted their proxies.

CCA votes proxies for a great majority of its clients, and therefore has adopted and implemented this Proxy Voting Policy and Procedures. Any questions about this document should be directed to the Alida Bakker-Castorano, CCA's Proxy Administrator.

Policy

It is the policy of CCA to vote client proxies in the interest of maximizing Shareholder Value. To that end, CCA will vote in a way that it believes, consistent with its fiduciary duty, will cause the value of the issue to increase the most or decline the least. Consideration will be given to both the short and long term implications of the proposal to be voted on when considering the optimal vote.

Any general or specific proxy voting guidelines provided by an advisory client or its designated agent in writing will supersede this policy. Clients may wish to have their proxies voted by an independent third party or other named fiduciary or agent, at the client's cost.

Procedures for Identification and Voting of Proxies

These proxy voting procedures are designed to enable CCA to resolve material conflicts of interest with clients before voting their proxies in the interest of shareholder value.

1. CCA shall maintain a list of all clients for which it votes proxies. The list will be maintained either in hard copy or electronically and updated by the Proxy Administrator who will obtain proxy voting information from client agreements.

As part of the account opening procedure, all new signed contracts or new account instructions must be sent to the Proxy Administrator no later than ten (10) days from the date a new account starts trading. Alternatively, The Client Services Manager, as part of the account opening procedure, will inform the Proxy Administrator that CCA will vote proxies for the new client.

2. CCA shall work with the client to ensure that CCA is the designated party to receive proxy voting materials from companies or intermediaries. To that end, new account forms of broker-dealers/custodians will state that CCA should receive this documentation. The designation may also be made by telephoning contacts and/or client service representatives at broker-dealers/custodians.
3. CCA uses Broadridge, a third-party proxy voting service provider, to assist in its proxy voting process. The Proxy Administrator will ensure that Broadridge receives proxy voting materials directly from the broker-dealers/custodians.
4. CCA Absent specific client instructions, the Proxy Administrator votes client proxies through Broadridge according to the Glass Lewis recommendations.

For any client who has provided specific voting instructions, the Proxy Administrator shall vote that client's proxy in accordance with the client's written instructions.

Proxies of clients who have selected their own third party to vote proxies, and whose proxies were received by CCA, shall be forwarded to the designee for voting and submission.

5. The Proxy Administrator will reasonably try to assess any material conflicts between CCA's interests and those of its clients with respect to proxy voting by considering the situations identified in the *Conflicts of Interest* section of this document.
6. So long as there are no material conflicts of interest identified, CCA will vote proxies according to the Glass Lewis recommendation. CCA may also elect to abstain from voting if it deems such abstinence in its clients' best interests. The rationale for "abstain" votes will be documented and the documentation will be maintained in the permanent file.
7. CCA is not required to vote every client proxy and such should not necessarily be construed as a violation of CCA's fiduciary obligations. CCA shall at no time ignore or neglect its proxy voting responsibilities. However, there may be times when refraining from voting is in the client's best interest, such as when an adviser's analysis of a particular client proxy reveals that the cost of voting the proxy may exceed the expected benefit to the client (i.e., casting a vote on a foreign security may require that the adviser engage a translator or travel to a foreign country to vote in person). Such position also complies with Interpretive Bulletin 94-2 of the DOL.
8. If the Proxy Administrator detects a conflict of interest, the following process will be followed:
 - a. The Proxy Administrator will, as soon as practicable, convene the Proxy Voting Committee (the "Committee"). Members of the Committee include persons listed on Attachments A, none of which directly reports to another member of the Committee. The Proxy Administrator will serve as the chairperson.

- b. The Proxy Administrator, at inception of the Committee meeting, will appoint a Secretary, whose role it will be to keep careful and detailed minutes.
- c. The Proxy Administrator will identify for the Committee the issuer and proposal to be considered. The Proxy Administrator will also identify the conflict of interest that has been detected. The Proxy Administrator will also identify the Glass Lewis recommendation and the vote he believes is in the interest of shareholder value and the reasons why.
- d. The members of the Committee will then consider the proposal by reviewing the proxy voting materials and any additional documentation a member(s) feels necessary in determining the appropriate vote. Members of the Committee may wish to consider the following questions:
 - Whether adoption of the proposal would have a positive or negative impact on the issuer's short term or long term value.
 - Whether the proposal itself is well framed and reasonable.
 - Whether implementation of the proposal would achieve the objectives sought in the proposal.
 - Whether the issues presented would best be handled through government or issuer-specific action.
- e. Upon the provision of a reasonable amount of time to consider the proposal, each member of the Committee will in turn announce to the Committee his decision on whether CCA will vote for or against the proposal. Members of the Committee are prohibited from abstaining for the Committee vote and are prohibited from recommending that CCA refrain from voting on the proposal, although "abstain" votes are permitted. The Secretary will record each member's vote and the rationale for his decision.
- f. After each member of the Committee has announced his vote, the Secretary will tally the votes. The tally will result in one of the following two decisions:
 - If all members of the Committee have voted in the same direction on the proposal, all of CCA's proxies for that proposal will be voted in such direction. The Secretary will document the unanimous vote and all minutes will be maintained in the permanent file.
 - If a unanimous decision cannot be reached by the Committee, CCA will, at its expense, engage the services of an outside proxy voting service or consultant who will provide an independent recommendation on the direction in which CCA should vote on the proposal. The proxy voting service's or consultant's determination will be binding on CCA.

9. The Proxy Administrator shall collect and submit the proxy votes in a timely manner.
10. The Proxy Administrator will report any attempts by CCA's personnel to influence the voting of client proxies in a manner that is inconsistent with CCA's Policy. Such report shall be made to one of CCA's managing partners, or if the partner is the person attempting to influence the voting, then to CCA's outside counsel.
11. All proxy votes will be recorded and the following information will be maintained by the Proxy Administrator or Broadridge:
 - The name of the issuer of the portfolio security;
 - The exchange ticker symbol of the portfolio security;
 - The Council on Uniform Securities Identification Procedures ("CUSIP") number for the portfolio security;
 - The shareholder meeting date;
 - The number of shares CCA is voting on firm-wide;
 - A brief identification of the matter voted on;
 - Whether the matter was proposed by the issuer or by a security holder;
 - Whether or not CCA cast its vote on the matter;
 - How CCA cast its vote (e.g., for or against proposal, or abstain; for or withhold regarding election of directors);
 - Whether CCA cast its vote with or against management; and
 - Whether any client requested an alternative vote of its proxy.

In the event that CCA votes the same proxy in two directions, it shall maintain documentation to support its voting (this may occur if a client requires CCA to vote a certain way on an issue, while CCA deems it beneficial to vote in the opposite direction for its other clients) in the permanent file.

Conflicts of Interest

Although CCA has not currently identified any material conflicts of interest that would affect its proxy voting decisions, it is aware of the following potential conflicts that could exist in the future:

- **Conflict:** CCA retains an institutional client, or is in the process of retaining an institutional client that is affiliated with an issuer that is held in CCA's client portfolios. For example, CCA may be retained to manage CCA's pension fund. CCA is a public company and CCA client accounts hold shares of CCA. This type of relationship may influence CCA to vote with management on proxies to gain favor with management. Such favor may influence CCA's decision to continue its advisory relationship with CCA.
- **Conflict:** CCA retains a client, or is in the process of retaining a client that is an officer or director of an issuer that is held in CCA's client portfolios. The similar conflicts of interest exist in this relationship as discussed above.
- **Conflict:** CCA's employees maintain a personal and/or business relationship (not an advisory relationship) with issuers or individuals that serve as officers or directors of issuers. For example, the spouse of a CCA employee may be a high-level executive of an issuer that is held in CCA's client portfolios. The spouse could attempt to influence CCA to vote in favor of management.
- **Conflict:** CCA or an employee(s) personally owns a significant number of an issuer's securities that are also held in CCA's client portfolios. For any number of reasons, an employee(s) may seek to vote proxies in a different direction for his/her personal holdings than would otherwise be warranted by the proxy voting policy. The employee(s) could oppose voting the proxies according to the policy and successfully influence CCA to vote proxies in contradiction to the policy.
- **Conflict:** CCA or its affiliate has a financial interest in the outcome of a vote, such as when CCA receives distribution fees (i.e., Rule 12b-1 fees) from mutual funds that are maintained in client accounts and the proxy relates to an increase in 12b-1 fees.

Resolution: Upon the detection of a material conflict of interest, the procedure described under Item 8 of the *Procedures for Identification and Voting of Proxies* section above will be followed.

CCA realizes that due to the difficulty of predicting and identifying all material conflicts, it must rely on its employees to notify the Proxy Administrator of any material conflict that may impair CCA's ability to vote proxies in an objective manner. Upon such notification, the Proxy Administrator will notify the Chief Compliance of the conflict who will recommend an appropriate course of action.

In addition, the Proxy Administrator will report any attempts by others within CCA to influence the voting of client proxies in a manner that is inconsistent with the proxy voting policy. The Proxy Administrator should then report the attempt to the CCO or outside legal counsel.

The Proxy Administrator will, on an annual basis, report to the CCO all conflicts of interest that arise in connection with the performance of CCA's proxy-voting obligations (if any), and any conflicts of interest that have come to his attention (if any) by completing a memorandum. This information can lead to future amendments to this proxy voting policy and procedure.

Procedures for CCA's Receipt of Class Actions

CCA recognizes that as a fiduciary it has a duty to act with the highest obligation of good faith, loyalty, fair dealing and due care. When a recovery is achieved in a class action, investors who owned shares in the company subject to the action have the option to either: (1) opt out of the class action and pursue their own remedy; or (2) participate in the recovery achieved via the class action. Collecting the recovery involves the completion of a Proof of Claim form which is submitted to the Claims Administrator. After the Claims Administrator receives all Proof of Claims, it dispenses the money from the settlement fund to those persons and entities with valid claims.

If "Class Action" documents are received by CCA for a private client (i.e., separate managed account), CCA will forward such documents to the client to enable the client to file the "Class Action" at the client's discretion. The decision of whether to participate in the recovery or opt-out may be a legal one that CCA is not qualified to make for the client. Therefore CCA will not file "Class Actions" on behalf of any client.

If "Class Action" documents are received by CCA on behalf of the Small and SMid Cap Fund, CCA will ensure that the Fund either participate in, or opt out of, any class action settlements received. CCA will determine if it is in the best interest of the Fund to recover monies from a class action. The Portfolio Manager covering the company will determine the action to be taken when receiving class action notices. In the event CCA opts out of a class action settlement, CCA will maintain documentation of any cost/benefit analysis to support its decision.

Recordkeeping

CCA must maintain the documentation described in the following section for a period of not less than five (5) years, the first two (2) years at its principal place of business.

Client request to review proxy votes:

- Any request, whether written (including e-mail) or oral, received by any employee of CCA, must be promptly reported to the Proxy Administrator. All written requests must be retained in the permanent file.
- The Proxy Administrator will record the identity of the client, the date of the request, and the disposition (e.g., provided a written or oral response to client's request, referred to third party, not a proxy voting client, other dispositions, etc.) in a suitable place.
- In order to facilitate the management of proxy voting record keeping process, and to facilitate dissemination of such proxy voting records to clients, the Proxy Administrator will distribute to any client requesting proxy voting information the complete proxy voting

record of CCA for the period requested. Reports containing proxy information of only those issuers held by a certain client will not be created or distributed. Any report disseminated to a client(s) will contain the following legend:

“This report contains the full proxy voting record of Adviser CCA. If securities of a particular issuer were held in your account on the date of the shareholder meeting indicated, your proxy was voted in the direction indicated (absent your expressed written direction otherwise).”

- Furnish the information requested, free of charge, to the client within a reasonable time period (within 10 business days). Maintain a copy of the written record provided in response to client’s written (including e-mail) or oral request. A copy of the written response should be attached and maintained with the client’s written request, if applicable and maintained in the permanent file.
- Clients are permitted to request the proxy voting record for the 5 year period prior to their request.

Proxy Voting Policy and Procedures:

- Proxy Voting Policy and Procedures.

Proxy statements received regarding client securities:

- Upon receipt of a proxy, copy or print a sample of the proxy statement or card and maintain the copy in a central file along with a sample of the proxy solicitation instructions. **Note:** CCA is permitted to rely on proxy statements filed on the SEC’s EDGAR system instead of keeping its own copies.

Proxy voting records:

- CCA Proxy Voting Record.
- Documents prepared or created by CCA that were material to making a decision on how to vote, or that memorialized the basis for the decision.
- Documentation or notes or any communications received from third parties, other industry analysts, third party service providers, company’s management discussions, etc. that were material in the basis for the decision.

Disclosure

- CCA will ensure that Part II of Form ADV is updated as necessary to reflect: (i) all material changes to the Proxy Voting Policy and Procedures; and (ii) regulatory requirements.

Proxy Solicitation

As a matter of practice, it is CCA's policy to not reveal or disclose to any client how CCA may have voted (or intends to vote) on a particular proxy until after such proxies have been counted at a shareholder's meeting. CCA will never disclose such information to unrelated third parties.

The Proxy Administrator is to be promptly informed of the receipt of any solicitation from any person to vote proxies on behalf of clients. At no time may any employee accept any remuneration in the solicitation of proxies. The Proxy Administrator shall handle all responses to such solicitations.

Attachment A

CONESTOGA CAPITAL ADVISORS, LLC
List of Proxy Voting Committee Members

The following is a list, as of May 16, 2016 of the members of CCA's proxy voting committee:

Member 1	Robert M. Mitchell
Member 2	Joseph F. Monahan
Member 3	Derek S. Johnston
Member 4	Duane R. D'Orazio