PIONEERS IN SMALL AND MID CAP INVESTING

SECOND QUARTER 2019 COMMENTARY

MARKET REVIEW

U.S. Equity markets finished the quarter modestly higher, with most major indices near record levels as the quarter came to an end. However, the quarter was choppy with an April rally on positive corporate earnings, followed by a May decline on renewed concerns about tariffs and trade wars. The markets recovered in June after the Federal Reserve reiterated that they may lower interest rates to offset any deceleration of global economic growth. The yield on the U.S. 10-Year Treasury Note, which was nearly 3.25% in the Fall of 2018, fell from 2.40% to 2.00% during the second quarter. Rates on several major European 10-Year bonds returned to negative yields.

Gross Domestic Product (GDP), corporate earnings and unemployment remained at levels associated with a healthy and robust economy. That said, there were signs of weaker consumer and business confidence which added to the tariff and trade war concerns. Investors generally appear skittish with equity indices at all-time highs and surveys of professional and individual investors reflect a bearish tone. (Note: these surveys of investor bullish or bearish outlook are often counter indicators.) Growth stocks generally outperformed Value stocks over the quarter and large capitalization stocks mostly out-performed small capitalization stocks.

The Conestoga Small Cap Growth and SMid Cap Growth strategies outperformed during the second quarter. In our opinion, the second quarter was a stock-picker's quarter. There did not appear to be any clear factor or sector trends that would particularly benefit a specific style of investing (i.e., momentum, quality, defensive, etc.). Outperformance was driven by individual stock performance and Conestoga was fortunate to have several companies in each of the Small Cap Growth and SMid Cap Growth strategies which helped to generate excess returns. Performance for both strategies is below:

PERFORMANCE TABLES (AS OF 6/30/19)*

	2Q19	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception 12/31/1998
Conestoga Small Cap Growth (Net)	**9.65%**	**24.11%**	**11.20%**	**22.18%**	**15.04%**	**17.19%**	**12.30%**
Russell 2000 Growth	*2.75%*	*20.36%*	*-0.49%*	*14.69%*	*8.63%*	*14.41%*	*6.95%*
Russell 2000	*2.10%*	*16.98%*	*-3.31%*	*12.30%*	*7.06%*	*13.45%*	*8.04%*

	2Q19	YTD	1 Year	2 Years	Since Inception 1/31/2017
Conestoga SMid Cap Growth (Net)	**9.23%**	**27.99%**	**12.57%**	**21.82%**	**24.92%**
Russell 2500 Growth	*4.14%*	*23.92%*	*6.13%*	*13.57%*	*14.77%*

**Periods longer than 1 Year are Annualized. Please see additional important disclosures in the fully compliant GIPS presentations at the end of this commentary.*

Note: The specific securities identified and described in this report do not represent all of the securities purchased, sold or recommended for advisory clients, and you should not assume that investments in the securities identified and discussed will be profitable in the future. As you are aware, one cannot assume that past results are indicative of future performance. Holdings are subject to change.

FIRM UPDATE

- Conestoga's total firm assets were just over $4.6 billion as of June 30, 2019. Small Cap Growth total assets were over $4.4 billion. Conestoga is not actively pursuing new Small Cap Growth separate account placements in 2019 and the Conestoga Small Cap Fund remains in soft-close. Please don't hesitate to contact us if you have questions about potential fundings.

- SMid Cap Growth total assets were $198.1 million as of June 30, 2019. Our proprietary mutual fund, the Conestoga SMid Cap Fund surpassed the $100 million milestone during 2Q and ended the quarter with $113.6 million in net assets.

CONESTOGA'S INVESTMENT PHILOSOPHY & APPROACH

Philosophy

Our high quality conservative growth philosophy seeks to take advantage of the inefficient discovery process for small and mid capitalization companies and other investors' focus on near-term earnings. We employ our 'time horizon arbitrage' principles by identifying these higher quality companies that we believe are capable of growing through multiple business cycles.

Key Tenets of Our Style

High Quality Conservative Growth

- We invest in companies which we believe have sustainable earnings growth and strong balance sheets.

Patient, Long-Term Approach

- We have a long-term investment horizon which typically results in a low turnover rate of 20-30%.

High Conviction

- Range of portfolio holdings is expected to provide a balance between alpha generation and diversification.

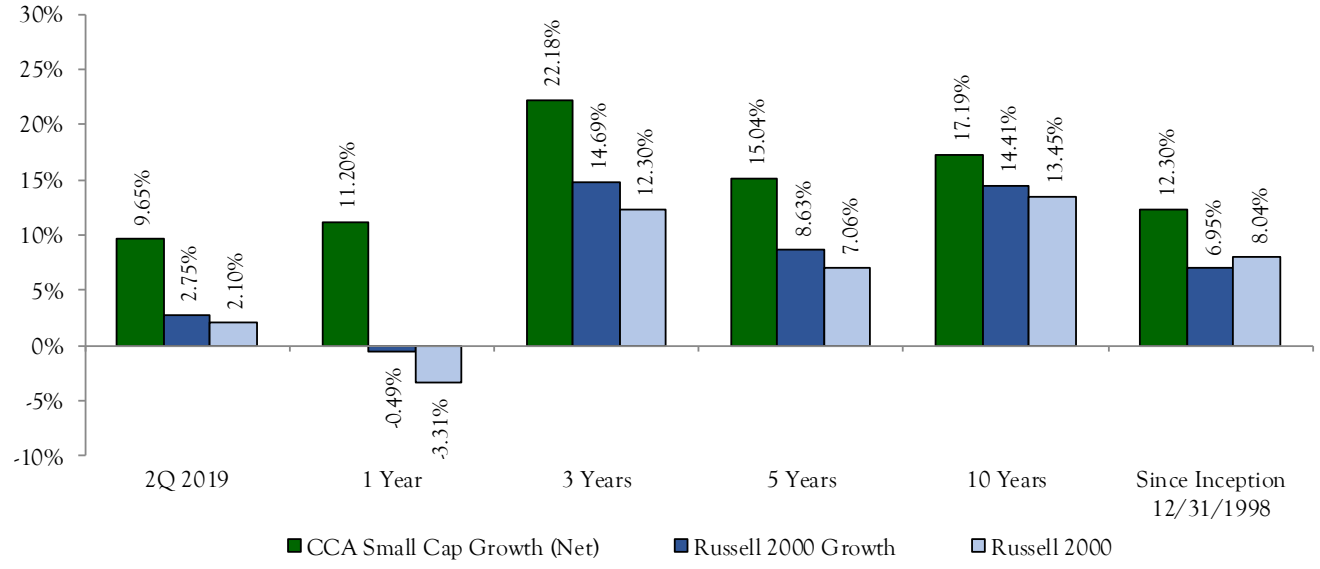
Consistency of Returns with Low Volatility and Downside Protection

- Consistently applied investment discipline has resulted in strong risk-adjusted returns over full market cycles.

CONESTOGA'S SMALL & SMID CAP GROWTH STRATEGIES (AS OF 6/30/19)

Portfolio Guidelines	Small Cap Growth	SMid Cap Growth
Capitalization Range	Within the range of the rolling 3-year average of the benchmark	
Weighted Avg. Market Capitalization	$3,020.1 Million	$6,995.6 Million
Number of Holdings (Range)	45 – 50	40 – 60
Primary Benchmark	Russell 2000 Growth	Russell 2500 Growth
Investment Vehicles	Separate Account, Mutual Fund, CIF	Separate Account, Mutual Fund, CIF
Estimated Capacity	Limited	$2.0 Billion Plus
Total Strategy Assets	$4,407.6 Million	$198.1 Million
Holdings Overlap	29 stocks held in Both Portfolios	

SMALL CAP GROWTH PERFORMANCE (AS OF 6/30/19)**



*** Sources: Conestoga, Russell Investments. Periods Longer than One Year are Annualized. Composite Inception is December 31, 1998. Please see additional important disclosures in the fully compliant GIPS presentations at the end of this commentary.*

SMALL CAP GROWTH - 2Q19 PERFORMANCE & ATTRIBUTION

The Conestoga Small Cap Growth Composite outperformed the Russell 2000 Growth Index in the second quarter, rising 9.65% net-of-fees versus the Russell 2000 Growth advance of 2.75%. Stock selection effects were the primary source of excess return versus the benchmark, while sector allocations added modestly to relative results. Stock selection was positive in seven of the eight sectors in which Conestoga is invested. Selection effects were most positive in the Health Care, Consumer Discretionary and Technology sectors, while Consumer Staples was the only sector that produced material negative stock selection effects. The strategy also benefited from three acquisitions that were announced during the quarter: Medidata Solutions Inc. (MDSO), Sotheby's Inc. (BID), and WageWorks Inc. (WAGE).

Stock selection effects in the Health Care sector were broad-based as seven of the ten portfolio positions added value, with Repligen Corp. (RGEN) and Cantel Medical Corp. (CMD) providing the largest benefits. RGEN traded sharply higher after revenue and earnings beat expectations while management also raised 2019 guidance. CMD rebounded from a challenging first quarter on investors' optimism that the recent CEO change will reinvigorate growth and potentially lead to the divestiture of non-core assets. The portfolio also received a boost from its lack of exposure to the underperforming biotechnology and pharmaceuticals industries.

Consumer Discretionary also generated positive stock selection effects led by Sotheby's Inc. (BID) and Fox Factory Holding Corp (FOXF). BID was the target of a buyout offer that represented an almost 60% premium over the stock price and there were some speculative news reports that they could see some additional offers for the company. FOXF reported results that showed robust organic growth within its Powered Vehicle segment.

A majority of the outperformance in the Technology sector came from our high conviction position in PROS Holdings, Inc. (PROS). The developer of price optimization software delivered results driven by robust revenue growth and higher deal volume. Management also raised 2019 revenue guidance for the second time.

Stock selection effects were slightly negative in the Consumer Staples sector. MGP Ingredients Inc. (MGPI) was the largest detractor after announcing weaker-than-expected first quarter results that saw premium alcohol sales drop 4.7%. Note that MGPI is not held in accounts with socially-responsible investing restrictions related to alcohol.

SMALL CAP GROWTH - TOP 5 LEADERS

1. PROS Holdings, Inc. (PRO): PROS, a price optimization software company, delivered strong results for 1Q19 driven by 45% subscription revenue growth. Management also raised 2019 revenue guidance for the second time over the past year. They now expect 22% total revenue growth for 2019, up from 18% in their prior communications. Deal volume also rose an impressive 40% year-over-year, driven by strength in the business-to-business segment. As indicated last quarter, earnings growth in 2019 will be somewhat muted as management makes incremental investments in R&D and sales to capture future opportunities.

2. Repligen Corp. (RGEN): A provider of tools and materials used by biotechnology companies, RGEN saw its shares rise as first quarter revenue and earnings-per-share exceeded expectations. Management also raised 2019 guidance for both revenue and earnings. The momentum of the business appears strong as all three segments experienced growth (chromatography, filtration, and proteins). Management also announced the acquisition of C Technologies for $240 million. This deal adds a fourth platform of process analytics to the company's growing bioprocessing franchise.

3. Sotheby's (BID): BID was the target of a buyout offer of $57 per share from Patrick Drahi, a French billionaire who owns Altice Telecom. The offer represents an almost 60% premium over the stock price and there are some speculative news reports that BID could see some additional offers for the company.

4. WageWorks, Inc. (WAGE): WAGE is a leading provider of consumer-directed benefit accounts including flexible spending and health savings. As the company became current on several outstanding audited financial statements, it received an unsolicited takeover proposal from HealthEquity, Inc. (HQY). A definitive agreement was reached in late June at $51.35 per share in cash.

5. Cantel Medical Corp. (CMD): CMD shares moved higher during the second quarter as investors cheered the recent CEO change under the assumption it will reinvigorate growth. Also, we believe the new leadership may potentially lead to the divestiture of non-core assets, specifically the company's water purification business. This asset is cyclical in nature and tied to the uneven spending patterns of dialysis treatment companies. CEO George Fotiades has also indicated an interest in potentially evaluating larger acquisition candidates that could further expand CMD's infection prevention and control platform.

Source: FactSet Research Systems.

SMALL CAP GROWTH - BOTTOM 5 LAGGARDS

1. MGP Ingredients, Inc. (MGPI): Shares of MGPI slumped after announcing weaker than expected first quarter results that saw premium alcohol sales drop 4.7%. This segment is a key driver of revenue growth and margin expansion, but sales can be lumpy. During the quarterly earnings call, MGPI reaffirmed their annual guidance and highlighted robust product pricing and customer growth. We met management at their headquarters to further review the company's outlook. Note: MGPI is not held in accounts with SRI alcohol restrictions.

2. NVE Corp. (NVEC): Despite its long-term growth potential, NVEC's recent growth has been challenged. Its March results demonstrated this issue, with revenue and earnings posting double-digit declines. NVEC's results were adversely impacted by continuing difficulties in the medical device market and a lack of traction from new products in the auto sector. Additionally, at current levels, NVEC's stock has a dividend yield of 5.7%. We have been reducing our position in NVEC over the last several quarters because of our growth concerns.

3. Bottomline Technologies, Inc. (EPAY): EPAY underperformed on management's announcement that they will seek to increase investment and maintain margins at current levels for the next several years. For long-tenured investors in EPAY like Conestoga, we have seen this story before (circa 2014). With a new CFO appointed in April 2015, we thought the days of "two steps forward one step back" were history. We are attracted to EPAY's corporate treasury business, legal spend management and Paymode business but management needs to better execute on its recurring revenue growth potential and margin expansion opportunity.

4. Ligand Pharmaceuticals, Inc. (LGND): LGND shares drifted lower during the quarter as investors remain skeptical they can reinvest the $827 million in gross proceeds they received for their economic interest in Promacta royalties. Shares declined by roughly twice that of the leading pharmaceutical and biotechnology indexes during the quarter. We believe LGND's robust free cash flow generation, diversified pipeline of clinical assets and numerous near-term catalysts could push profitability higher.

5. LeMaitre Vascular, Inc. (LMAT): LMAT's 1Q19 results were mixed. While organic revenue growth improved, gross margin and operating margin were pressured by product mix and higher operational expenses. Top-line guidance increased for fiscal year 2019, but operating income growth was reduced. Also, LMAT's Xenosure product growth has stalled. The company has been able to complete two small acquisitions recently, however, LMAT's higher level of investing in SG&A and R&D spending have yet to deliver higher growth. We will be watching LMAT carefully over the next several quarters.

SMALL CAP GROWTH - 2Q19 BUYS

1. Albany International Corp. (AIN): AIN is a producer of advanced material components with two primary end markets, aerospace and paper manufacturing. AIN's Machine Clothing segment produces customized, consumable belts and parts for the paper industry. The Engineered Composites segment manufactures highly proprietary, three dimensional woven composites that offer an optimal weight to strength ratio and are displacing metallic parts within the aerospace industry. Under the leadership of new CEO Oliver Jarrault, AIN is selling into larger programs with more content, creating revenue visibility and maintaining the company's excellent profitability.

2. Merit Medical Systems, Inc. (MMSI): Founded in 1987, Utah-based MMSI is a leading manufacturer of proprietary disposable medical devices. The company's core products are used primarily in cardiology, radiology and endoscopic procedures. For years, MMSI has been investing in their core business and manufacturing facilities, and their product offering has been enhanced by a few strategic acquisitions, particularly in 2018. We believe MMSI should continue to experience growth and margin expansion, and they appear well-positioned to benefit from these investments going forward.

3. RBC Bearings, Inc. (ROLL): ROLL is a market leader in the development of highly engineered precision ball bearings and products for Aerospace (60% of revenue) and Industrial Markets (40% of revenue). Their products are often custom designed with substantial proprietary technology. ROLL has experienced high recurring revenue with double-digit returns on equity (ROE) and high single digit organic growth. They are a market leader in many of its end markets and we believe they should continue to benefit from strong demand from the aerospace industry.

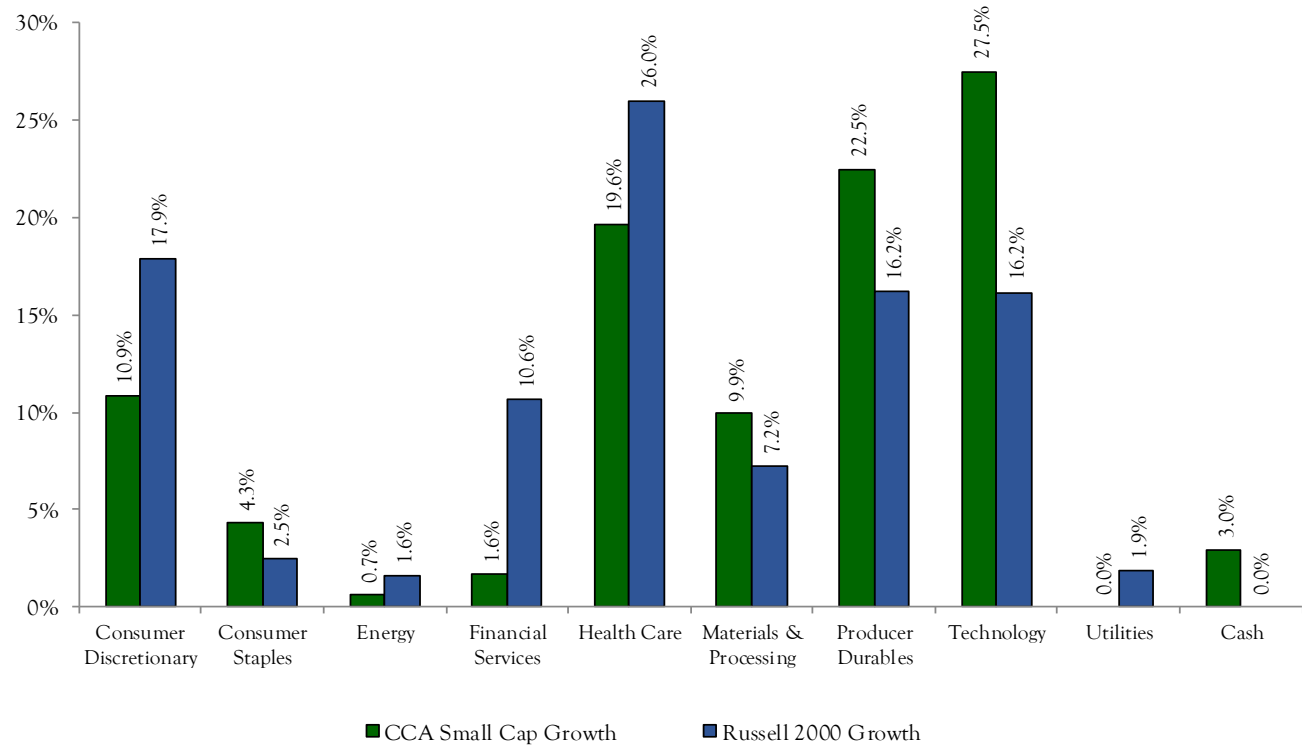
SMALL CAP GROWTH - 2Q19 SELLS

1. Westwood Holdings Group, Inc. (WHG): This Dallas, TX-based asset manager has been under review by Conestoga over the past year as results have been less than expected. After trimming WHG on two occasions over the past year, we determined to sell the position entirely in the second quarter. WHG has struggled to maintain asset and earnings growth despite the addition of several interesting investment teams and the company's capable executive leadership. Proceeds from this sale were re-directed to the new positions initiated in the second quarter.

2. Medidata Solutions, Inc. (MDSO): MDSO, which was originally purchased by Conestoga in late 2012, provides many different cloud software solutions that automate the clinical trial research process. Dassault Systemes SE, a French software company, announced an agreement to purchase Medidata solutions in an all cash transaction for $92.25 per share in mid-June. We viewed the buyout price as reasonable and sold our position. Of note, MDSO is the third company in the history of the strategy that has been acquired by Dassault Systemes SE (priors were EXA Corp. and Accelrys Inc.)

3. Healthcare Services Group, Inc. (HCSG): HCSG has been removed from our client's portfolios. We believe that the financial challenges in HCSG's underlying customer base (skilled nursing facilities) will persist and remain a significant headwind to growth for the company. Proceeds have been directed into several new additions to the portfolio.

SMALL CAP GROWTH - SECTOR WEIGHTINGS (AS OF 6/30/19)



Source: FactSet Research Systems and Conestoga.

SMALL CAP GROWTH - TOP TEN EQUITY HOLDINGS (AS OF 6/30/19)

SYMBOL	COMPANY NAME	SECTOR	% OF ASSETS
RGEN	Repligen Corp.	Health Care	3.59%
EXPO	Exponent Inc.	Producer Durables	3.52%
FOXF	Fox Factory Holding Corp.	Consumer Discretionary	3.41%
CMD	Cantel Medial Corp.	Health Care	3.36%
OMCL	Omnicell Inc. .	Health Care	3.34%
PRO	Pros Holdings Inc.	Technology	3.33%
DSGX	Descartes Systems Group Inc.	Technology	3.26%
SSD	Simpson Manufacturing Co. Inc.	Materials & Processing	2.82%
MLAB	Mesa Labs Inc.	Producer Durables	2.79%
ESE	Esco Technologies Inc.	Producer Durables	2.50%
		Total within the Composite:	**31.92%**

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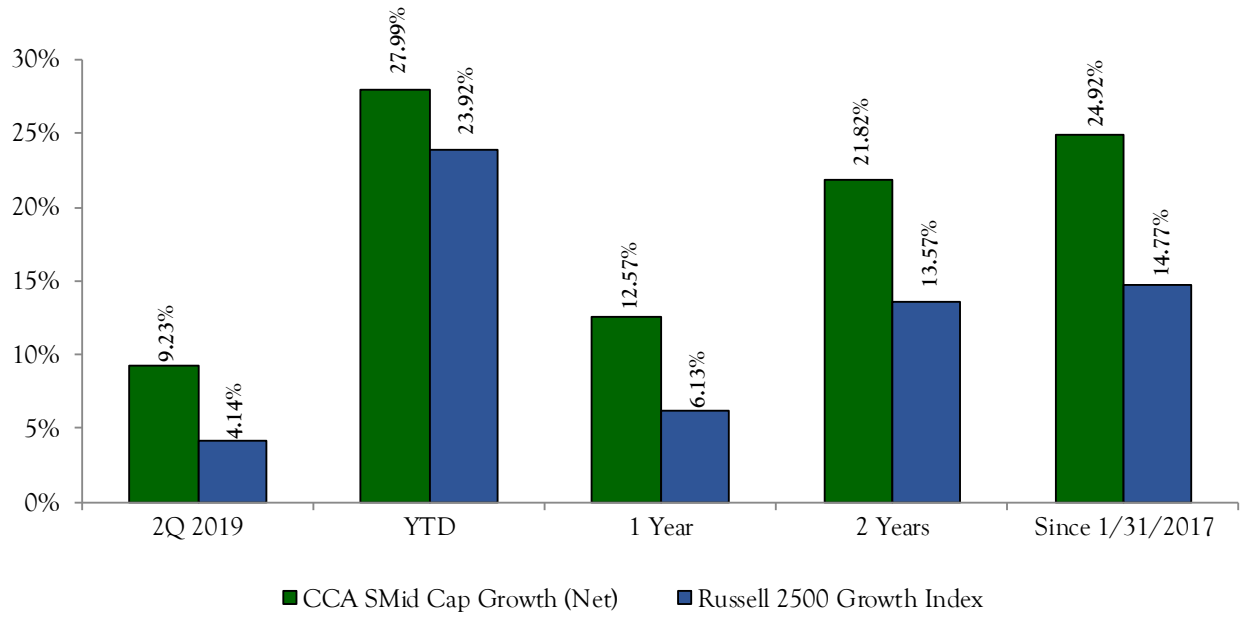
SMID CAP GROWTH PERFORMANCE (AS OF 6/30/19)**



*** Sources: Conestoga, Russell Investments. Composite creation date is December 31, 2013. Please see additional important disclosures in the fully compliant GIPS presentations at the end of this commentary.*

SMID CAP GROWTH - 2Q19 PERFORMANCE & ATTRIBUTION

The Conestoga SMid Cap Growth Composite increased 9.23% net-of-fees in the second quarter of 2019, outperforming the Russell 2500 Growth Index return of 4.14%. Stock selection effects were the primary source of excess return versus the benchmark, while sector allocations added modestly to relative results. Most of the outperformance can be attributed to stock selection effects in the Health Care, Producer Durables and Consumer Discretionary sectors while Technology was a slight drag on relative returns.

Stock selection effects in the Health Care sector were broad-based as nine of the eleven portfolio positions added value with Repligen Corp. (RGEN) and Cantel Medical Corp. (CMD) providing the largest benefits. RGEN traded sharply higher after revenue and earnings beat expectations while management also raised 2019 guidance. CMD rebounded from a challenging first quarter as investors' optimism that the recent CEO change will reinvigorate growth and potentially lead to the divestiture of non-core assets. The portfolio also received a boost from its lack of exposure to the underperforming biotechnology and pharmaceuticals industries.

Producer Durables also generated positive stock selection effects led by Copart Inc. (CPRT) and HEICO Corp (HEI.A). CPRT continues to benefit from healthy salvage volumes and pricing trends which led to a top- and bottom-line beat during the most recent quarter. Shares of HEI.A reacted favorably to quarterly results which included 17% organic revenue growth and record profit margins driven by strength in both commercial air travel as well as military spending.

Many of our holdings in the Consumer Discretionary sector outperformed the benchmark, with Bright Horizons Family Solutions, Inc. (BFAM) being the most significant contributor. BFAM is the largest holding in the portfolio and has been rewarded for its revenue visibility, stable end market demand and improved margin profile as younger center cohorts mature.

The Technology sector was a modest drag on relative returns and most of the underperformance can be attributed to our position in Bottomline Technologies (EPAY) as well as our lack of exposure to the better performing semiconductors industry.

SMID CAP GROWTH - TOP 5 LEADERS

1. Repligen Corp. (RGEN): A provider of tools and materials used by biotechnology companies, RGEN saw its shares rise as first quarter revenue and earnings-per-share exceeded expectations. Management also raised 2019 guidance for both revenue and earnings. The momentum of the business appears strong as all three segments exhibited strength (chromatography, filtration, and proteins). Management also announced the acquisition of C Technologies for $240 million. This deal adds a fourth platform of process analytics to the company's growing bioprocessing franchise.

2. HEICO Corp. (HEI.A): HEI.A is a commercial and military aircraft aftermarket parts company which designs, manufactures, repairs and distributes jet engine and aircraft component replacement parts. The stock reacted favorably to another strong quarter which included 17% organic revenue growth and all-time high profit margins driven by strength in both commercial air travel as well as military spending.

3. Copart, Inc. (CPRT): CPRT is a leading provider of auction solutions for salvage vehicles in the US, Canada and Europe. The stock continued to benefit from healthy salvage volumes and pricing trends which led to a top- and bottom-line beat for this quarter. Specifically, the rise in automobile accident frequency, an increase in the percent of vehicles deemed total loss by insurers and a larger mix of rebuildable cars being sold to international buyers.

4. Bright Horizons Family Solutions, Inc. (BFAM): BFAM is the largest private sector provider of sponsored childcare, back up care, and educational advisory services. We believe the stock has been rewarded for its revenue visibility, stable end market demand and improved margin profile as younger center cohorts mature. We think that BFAM is a recession resilient business that has the potential for strong growth.

5. John Bean Technologies Corp. (JBT): JBT is a leading global food processing and air transportation solutions provider. The stock reacted favorably to its second consecutive strong quarter following several subpar quarters last year. In our opinion, this has been a function of order volatility for a global business that is 60% capital equipment. Order trends have remained healthy and 2019 guidance was raised modestly.

Source: FactSet Research Systems.

SMID CAP GROWTH - BOTTOM 5 LAGGARDS

1.**Rollins, Inc. (ROL):** ROL, a Conestoga holding since 2006, is a leading provider of commercial and residential pest management in the United States. ROL's most recent results missed consensus revenue and operating income estimates. The reason for the shortfall was a combination of adverse weather and one-time expenses. The company also announced that it had agreed to acquire Clark Pest Control which is a top ten pest company in the United States for about roughly $400 million. Although weather may continue to be a challenge in the next quarter, we believe ROL is well-positioned for sustained growth for the next several years.

2. MGP Ingredients, Inc. (MGPI): Shares of MGPI slumped after announcing weaker than expected first quarter results that saw premium alcohol sales drop 4.7%. This segment is a key driver of revenue growth and margin expansion, but sales can be lumpy. During the quarterly earnings call, MGPI reaffirmed their annual guidance and highlighted robust product pricing and customer growth. We met management at their headquarters to further review the company's outlook. Note: MGPI is not held in accounts with SRI alcohol restrictions.

3. Bottomline Technologies, Inc. (EPAY): EPAY underperformed on management's announcement that they will seek to increase investment and maintain margins at current levels for the next several years. For long-tenured investors in EPAY like Conestoga, we have seen this story before (circa 2014). With a new CFO appointed in April 2015, we thought the days of "two steps forward one step back" were history. We are attracted to EPAY's corporate treasury business, legal spend management and Paymode business but management needs to better execute on its recurring revenue growth potential and margin expansion opportunity.

4. Ligand Pharmaceuticals, Inc. (LGND): LGND shares drifted lower during the quarter as investors remain skeptical they can reinvest the $827 million in gross proceeds they received for their economic interest in Promacta royalties. Shares declined by roughly twice that of the leading pharmaceutical and biotechnology indexes during the quarter. We believe LGND's robust free cash flow generation, diversified pipeline of clinical assets and numerous near-term catalysts could push profitability higher.

5. Core Laboratories NV (CLB): CLB engages in the provision of proprietary and patented Reservoir Description and Production Enhancement to the oil and gas industry. The shares slumped during the quarter despite reporting above consensus revenue and earnings. Concerns centered on possible market share losses within the Production Enhancement business which likely led to the weakness. CLB's management team remains confident that it can re-gain any lost share now that its new integrated perforating gun is commercially available. We are closely monitoring the introduction of this new product and its impact on the company's market share.

SMid Cap Growth - 2Q19 Buys

1. FirstService Corp. (FSV): FSV is a leader in North American residential property management and other essential property services. FSV services over four million residents spread over 8,000 residential communities. They also own a portfolio of franchised operations with brands including California Closets, Paul Davis Restoration and CertaPro Painters. We believe the company is well-positioned to grow earnings through a combination of revenue growth, expanding margins and capital allocation.

2. Albany International Corp. (AIN): AIN is a producer of advanced material components with two primary end markets: aerospace and paper manufacturing. AIN's Machine Clothing segment produces customized, consumable belts and parts for the paper industry. The Engineered Composites segment manufactures proprietary, three dimensional woven composites that offer an optimal weight to strength ratio and are displacing metallic parts within the aerospace industry. Under the leadership of new CEO Oliver Jarrault, the company intends to sell into larger programs with more content to create revenue visibility and maintain AIN's margins.

3. Merit Medical Systems, Inc. (MMSI): Founded in 1987, Utah-based MMSI is a leading manufacturer of proprietary disposable medical devices. The company's core products are used primarily in cardiology, radiology and endoscopic procedures. For years, MMSI has been investing in their core business and manufacturing facilities, and their product offering has been enhanced by a few strategic acquisitions, particularly in 2018. We believe MMSI should continue to experience growth and margin expansion, and they appear well-positioned to benefit from these investments going forward.

4. IAA Inc. (IAA): IAA is a leading provider of auction solutions for salvage vehicles with about 40% market share, the balance controlled by existing portfolio holding Copart, Inc. (CPRT). The company was spun off from KAR Auction Services, Inc. (KAR) in June. We have a very favorable view of the industry and its competitive dynamics and we believe IAA has an opportunity to improve revenue and margins now that it is a stand-alone company.

5. RBC Bearings, Inc. (ROLL): ROLL is a market leader in the development of highly engineered precision ball bearings and products for Aerospace (60% of revenue) and Industrial Markets (40% of revenue). Their products are often custom designed with substantial proprietary technology. ROLL has experienced high recurring revenue with double-digit returns on equity (ROE) and high single digit organic growth. They are a market leader in many of its end markets and we believe they should continue to benefit from strong demand from the aerospace industry.

SMid Cap Growth - 2Q19 SELLS

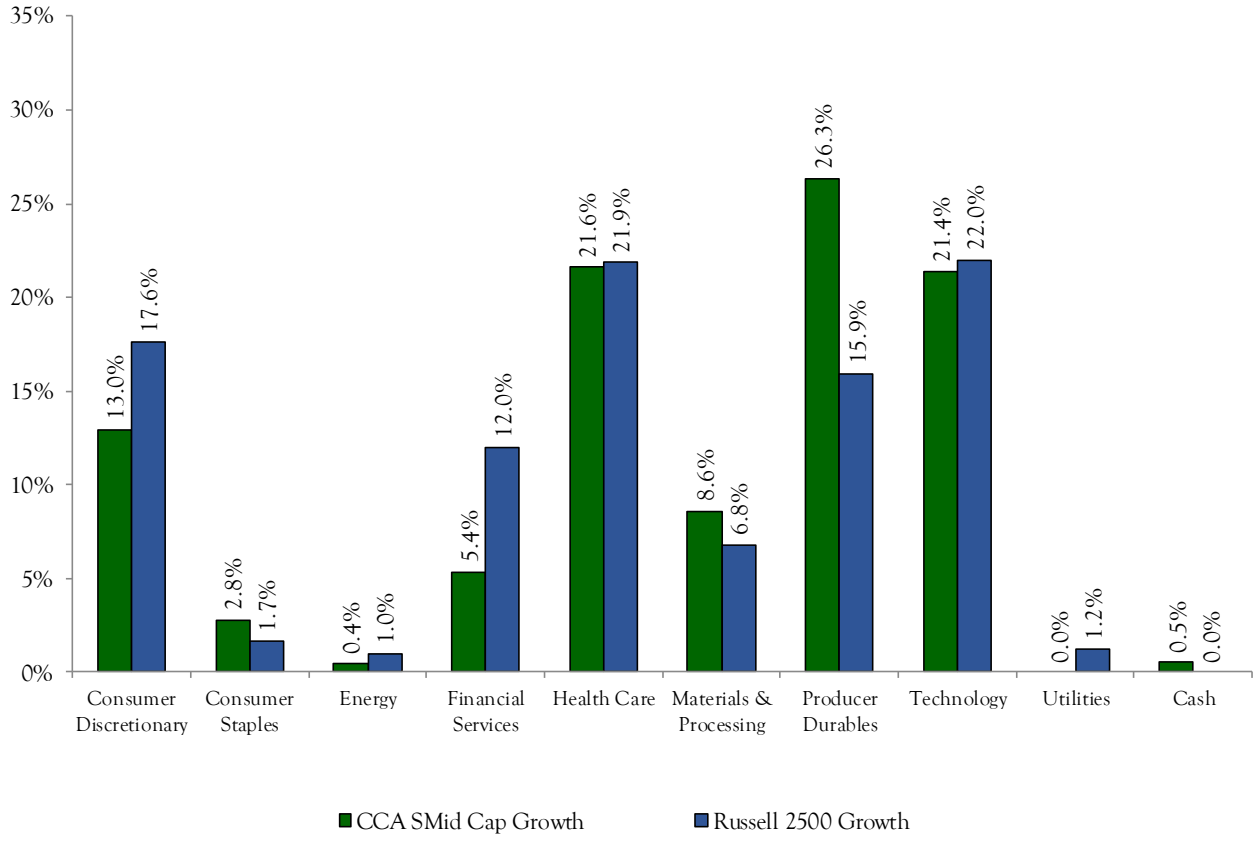
1. Ultimate Software, Inc. (ULTI): This leading provider of subscription-based human capital management software was acquired in May by a private equity firm for $331.50 per share. We initially purchased ULTI in January 2016 at $174.

2. Align Technology, Inc. (ALGN): We first purchased ALGN in our SMid Cap strategy in January of 2014. At that time the stock price was approximately $63 per share, and the market capitalization was about $5 billion. After several years of successfully executing on its business plans, the stock experienced significant price appreciation and its market capitalization climbed above $25 billion. We began trimming the position earlier this year as its market cap rose and sold it completely during the second quarter.

3**. Healthcare Services Group, Inc. (HCSG):** HCSG has been removed from our client's portfolios. The stock has been sold on concerns that financial challenges in HCSG's underlying customer base (skilled nursing facilities) will persist and remain a significant headwind to growth for the company. Proceeds have been directed into several new additions to the portfolio.

4. Westinghouse Air Brake Technologies Corp. (WAB): WAB is a global leader in value-added, technology products and services for the freight and transportation rail market. WAB has undergone a significant transformation as it has now completed two major acquisitions/mergers over the past two years. The integrations that both necessitated, as well as shifting regulation over technology in the rail market has caused results to be volatile, with what seems like less visibility. While WAB has many of the characteristics we look for in building a portfolio, this inconsistency in results coupled with cyclical end markets caused us to sell our position and seek a better use of capital.

SMID CAP GROWTH - SECTOR WEIGHTINGS (AS OF 6/30/19)



SMID CAP GROWTH - TOP TEN EQUITY HOLDINGS (AS OF 6/30/19)

SYMBOL	COMPANY NAME	SECTOR	% OF ASSETS
HEI.A	Heico Corp. A	Producer Durables	3.58%
BFAM	Bright Horizons Family Solutions	Consumer Discretionary	3.55%
POOL	Pool Corporation	Consumer Discretionary	2.99%
ROL	Rollins Inc.	Producer Durables	2.84%
RGEN	Repligen Corp.	Health Care	2.82%
OMCL	Omnicell Inc.	Health Care	2.82%
CMD	Cantel Medical Corp.	Health Care	2.80%
JBT	John Bean Technologies Corp.	Producer Durables	2.61%
CPRT	Copart Inc.	Producer Durables	2.51%
TYL	Tyler Technologies Inc.	Technology	2.50%
		Total within the Composite:	**29.02%**

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DISCLOSURES: GIPS ® Presentation for the Period Ending June 30, 2019

Year Return	Conestoga Small Cap Total Net Return	Russell 2000 Growth Total Return	Russell 2000 Total Return	# of Portfolios	Composite Dispersion (%)	Composite Assets at End of Period $ (Millions)	% of Firm Assets	Firm Assets $ (Millions)	UMA Assets $ (Millions)	Total Assets $ (Millions)
YTD 2019	24.11%	20.36%	16.98%	135	N/A	$1,488.7	33%	$4,563.7	$105.9	$4,669.6
2018	1.30%	-9.31%	-11.01%	134	0.47	$1,266.3	35%	$3,633.1	$66.3	$3,699.4
2017	29.00%	22.17%	14.65%	117	0.55	$958.4	35%	$2,730.2	$35.5	$2,765.8
2016	15.57%	11.32%	21.31%	111	0.50	$833.5	46%	$1,798.1	$15.1	$1,813.2
2015	7.83%	-1.38%	-4.41%	99	0.52	$867.8	55%	$1,591.8	$7.0	$1,598.8
2014	-8.16%	5.60%	4.89%	114	0.56	$928.2	55%	$1,688.6	$2.6	$1,691.2
2013	50.55%	43.30%	38.82%	119	1.30	$883.5	51%	$1,743.9	$1.4	$1,745.4
2012	11.51%	14.59%	16.35%	120	0.72	$566.3	60%	$944.1	$0.7	$944.9
2011	5.05%	-2.91%	-4.18%	106	0.83	$339.7	58%	$582.0	$0.4	$582.5
2010	25.29%	29.09%	26.85%	88	1.03	$271.0	58%	$470.9	$0.1	$471.1
2009	30.08%	34.47%	27.18%	86	0.77	$199.0	59%	$338.1	$7.2	$345.3
2008	-28.00%	-38.54%	-33.80%	86	0.70	$131.4	59%	$224.0	$0.7	$224.8
2007	6.14%	7.05%	-1.57%	94	0.73	$159.2	58%	$275.3	--	$275.3
2006	10.07%	13.35%	18.37%	95	1.14	$163.5	60%	$271.4	--	$271.4
2005	4.60%	4.15%	4.55%	70	0.93	$105.7	50%	$211.6	--	$211.6
2004	19.04%	14.31%	18.33%	39	1.26	$55.5	34%	$165.4	--	$165.4
2003	30.96%	48.54%	47.25%	37	2.35	$35.5	25%	$140.6	--	$140.6
2002	-15.29%	-30.26%	-20.48%	17	2.67	$11.1	12%	$96.3	--	$96.3
2001	20.93%	-9.23%	2.49%	17	4.95	$11.3	11%	$103.6	--	$103.6
2000	0.18%	-22.43%	-3.02%	22	8.36	$14.4	1%	$1,440.4	--	$1,440.4
1999	43.52%	43.09%	21.26%	18	9.38	$11.6	3%	$388.1	--	$388.1

Annualized Rate of Return for the Period Ending June 30, 2019

Time Period	Conestoga Small Cap Total Net Return	Russell 2000 Growth Total Return	Russell 2000 Total Return
1 Year	11.20%	-0.49%	-3.31%
3 Years	22.18%	14.69%	12.30%
5 Years	15.04%	8.63%	7.06%
10 Years	17.19%	14.41%	13.45%
Since Inception (12/31/98)	12.30%	6.95%	8.04%

Conestoga Capital Advisors claims compliance with the Global Investment Performance Standards (GIPS) and has prepared and presented this report in compliance with the GIPS standards. Conestoga Capital Advisors has been independently verified for the periods December 31, 1998 through March 31, 2002 by KPMG and for the periods March 31, 2002 through March 31, 2018 by BBD, LLP. The verification reports are available upon request. Verification assesses whether 1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and 2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation. Performance data after March 31, 2018 is currently under examination by BBD, LLP.

A complete list and description of all composites and policies for valuing portfolios, calculating and reporting returns, and preparing compliant presentations are available upon request. Performance results are presented after all actual investment management fees, custodial fees, commissions and other trading expenses. Computations assume the reinvestment of all dividends and capital gains. Portfolios are valued monthly and returns are weighted by using beginning-of-quarter values plus weighted cash flows. Annual returns are calculated by geometrically linking the monthly returns. Performance results for the full historical period are total return, time-weighted rates of return expressed in U.S. dollars. Trade date accounting is used for all periods. No leverage has been used in the accounts included in the composite. The actual return and value of an account will fluctuate and at any point could be worth more or less than the amount invested. Individual account performance will vary according to individual investment objectives.

All fee-paying discretionary portfolios will be assigned to an appropriate composite according to investment objective. Composites will include new portfolios at the start of the next performance measurement period (i.e. the beginning of the next month) after the portfolio comes under management and will exclude terminated portfolios after the last full calendar month period the portfolios were under management (i.e., the end of the last full calendar month), but composites will continue to include terminated portfolios for all periods prior to termination.

The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000 Index is a subset of the Russell 3000® Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership. The Russell 2000 Growth Index measures the performance of the small-cap growth segment of the U.S. equity universe. It includes those Russell 2000 companies with higher price-to-value ratios and higher forecasted growth values. The Russell 3000 Index measures the performance of the largest U.S. companies based on market capitalization. The volatility of the Russell 2000 Index and Russell 2000 Growth Index may be materially different from that of the performance composite. In addition, the composite's holdings may differ significantly from the securities that comprise the Russell 2000 Index and the Russell 2000 Growth Index. For comparison purposes, the Conestoga Small Cap Composite is measured against the Russell 2000 and Russell 2000 Growth Indices.

UMA assets presented are not part of Conestoga's GIPS-defined firm assets as Conestoga has no trading authority over these assets and serves in an advisory-only capacity. UMA assets under management are received on a preliminary quarterly basis, which are subject to change by the plan sponsor after a complete reconciliation of the underlying accounts. The "Total Assets" include UMA assets and are not part of the GIPS® firm assets. UMA and Total Assets are shown as supplemental information.

The current management fee schedule is as follows: Up to $25,000,000 = 1.00%; Over $25,000,000 = Negotiable.

The dispersion of annual returns is measured by the standard deviation across equal-weighted portfolio returns represented within the composite for the full year. The dispersion calculation shown, "asset weighted dispersion", is calculated as the annual standard deviation of individual portfolio gross returns weighted by the beginning of period portfolio size for the composite members. Dispersion is shown as "N/A" for periods less than one year and for periods with 5 or fewer composite members for the entire year.

As of December 31, 2018, the three-year standard deviation, calculated net of fees, for the Conestoga Small Cap Composite was 16.28% and the Russell 2000 Growth was 16.69%, and the Russell 2000 was 16.01%. As of December 31, 2017, the three-year standard deviation, calculated net of fees, for the Conestoga Small Cap Composite was 13.61% and the Russell 2000 Growth was 14.80%, and the Russell 2000 was 14.11%. As of December 31, 2016, the three-year standard deviation, calculated net of fees, for the Conestoga Small Cap Composite was 16.36% and the Russell 2000 Growth was 16.67%, and the Russell 2000 was 15.76%.

Conestoga Capital Advisors is an independent investment management firm founded in 2001 that manages equity and balanced portfolios for primarily U.S. institutional and retail clients. Performance results prior to June 30, 2001 have been achieved by Martindale Andres & Company, Inc., William Martindale and Robert Mitchell's prior investment advisory firm. The Conestoga Small Cap Composite creation date (since inception) is 12/31/98. This composite contains portfolios which primarily invest in small cap equities. In addition, for an account to be included in the composite, no more than 20% of the portfolio will (i) have a market capitalization outside the range of a rolling 3-year average of Russell 2000 Growth Index; or (ii) be outside of the small capitalization model. In addition, the weighting of an individual security within a given account cannot exceed 10% (or 2.5 times the target weighting defined in the small capitalization model portfolio) of the equity assets. Portfolios that are less than $250,000 in size at inception are not included in this composite. Portfolios will not be removed from the assigned composite if they fall below the minimum simply due to market depreciation. Prior to September 30, 2003, portfolios greater than $100,000 were included in this composite. There have not been any material changes in the personnel responsible for managing accounts during the time period. Past performance is not indicative of future results.

Note: The specific securities identified and described in this report do not represent all of the securities purchased, sold or recommended for advisory clients, and you should not assume that investments in the securities identified and discussed will be profitable in the future. As you are aware, one cannot assume that past results are indicative of future performance. Holdings are subject to change.

DISCLOSURES: GIPS ® Presentation for the Period Ending June 30, 2019

Time Period	Conestoga SMid Cap Total Net Return	Russell 2500 Growth Total Return	# of Portfolios	Composite Dispersion (%)	Composite Assets at End of Period $ (Millions)	% of Firm Assets	Firm Assets $ (Millions)	UMA Assets $ (Millions)	Total Assets $ (Millions)
YTD 2019	27.99%	23.92%	6	N/A	$80.4	2%	$4,563.7	$105.9	$4,669.6
2018	0.69%	-7.47%	4	0.21	$68.6	2%	$3,633.1	$66.3	$3,699.4
Jan 31, 2017 - Dec 31, 2017	32.69%	21.58%	2	N/A	$59.6	2%	$2,730.2	$35.5	$2,765.8
Dec 31, 2013 - May 31, 2014	-12.28%	-1.23%	1	N/A	$66.8	4%	$1,652.7	N/A	$1,652.7

Conestoga Capital Advisors claims compliance with the Global Investment Performance Standards (GIPS) and has prepared and presented this report in compliance with the GIPS standards.

Conestoga Capital Advisors has been independently verified for the periods December 31, 1998 through March 31, 2002 by KPMG and for the periods March 31, 2002 through March 31, 2018 by BBD, LLP. The verification reports are available upon request. Verification assesses whether 1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and 2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation. Performance data after March 31, 2018 is currently under examination by BBD, LLP.

A complete list and description of all composites and policies for valuing portfolios, calculating and reporting returns, and preparing compliant presentations are available upon request. Performance results are presented after all actual investment management fees, custodial fees, commissions and other trading expenses. Computations assume the reinvestment of all dividends and capital gains. Portfolios are valued monthly and returns are weighted by using beginning-of-quarter values plus weighted cash flows. Annual returns are calculated by geometrically linking the monthly returns. Performance results for the full historical period are total return, time-weighted rates of return expressed in U.S. dollars. Trade date accounting is used for all periods. No leverage has been used in the accounts included in the composite. The actual return and value of an account will fluctuate and at any point could be worth more or less than the amount invested. Individual account performance will vary according to individual investment objectives.

All fee-paying discretionary portfolios will be assigned to an appropriate composite according to investment objective. Composites will include new portfolios at the start of the next performance measurement period (i.e. the beginning of the next month) after the portfolio comes under management and will exclude terminated portfolios after the last full calendar month period the portfolios were under management (i.e., the end of the last full calendar month), but composites will continue to include terminated portfolios for all periods prior to termination.

The benchmark for this composite is the Russell 2500 Growth Index, which measures the performance of the small to mid-cap growth segment of the U.S. equity universe. It includes those Russell 2500 companies with higher price-to-book ratios, forecasted growth values, and historical sales per share. Index returns are provided for comparison purposes to represent the investment environment existing during the time periods shown. An index is fully invested, includes the reinvestment of dividends and capital gains, but does not include any transaction costs, management fees, or other costs. Holdings of each separately managed account in a composite will differ from the index. An investor may not invest directly in an index.

The Russell 2500 Index measures the performance of the small to mid-cap segment of the U.S. equity universe, commonly referred to as "SMid" cap. The Russell 2500 Index is a subset of the Russell 3000® Index. It includes approximately 2500 of the smallest securities based on a combination of their market cap and current index membership. The Russell 2500 Index is constructed to provide a comprehensive and unbiased barometer for the small to mid-cap segment. (Source: Russell)

UMA assets presented are not part of Conestoga's GIPS-defined firm assets as Conestoga has no trading authority over these assets and serves in an advisory-only capacity. UMA assets under management are received on a preliminary quarterly basis, which are subject to change by the plan sponsor after a complete reconciliation of the underlying accounts. The "Total Assets" include UMA assets and are not part of the GIPS® firm assets. UMA and Total Assets are shown as supplemental information.

The current management fee schedule is as follows: Up to $25,000,000 = 1.00%; Over $25,000,000 = Negotiable.

The dispersion of annual returns is measured by the standard deviation across equal-weighted portfolio returns represented within the composite for the full year. The dispersion calculation shown, "asset weighted dispersion", is calculated as the annual standard deviation of individual portfolio gross returns weighted by the beginning of period portfolio size for the composite members. Dispersion is shown as "N/A" for periods less than one year and for periods with 5 or fewer composite members for the entire year.

A three-year standard deviation of returns is not shown as the composite has not reached three years of history.

Conestoga Capital Advisors is an independent investment management firm founded in 2001 that manages equity and balanced portfolios for primarily U.S. institutional and retail clients. The Conestoga SMid Cap Composite creation date is 12/31/2013. In June 2014, the SMid Cap Composite lost its member portfolio, and, as a result, the Composite had no member portfolios. Reporting of the SMid Cap Composite resumed in January 2017, when a portfolio was added to the Composite. The Composite includes all dedicated SMid Cap equity portfolios. This composite contains portfolios which primarily invest in mid cap and small cap equities. In addition, for an account to be included in the composite, no more than 20% of the portfolio can have a market capitalization outside the range of a rolling 3-year average of Russell 2500 Growth Index. Portfolios that are less than $250,000 in size at inception are not included in this composite. Portfolios will not be removed from the assigned composite if they fall below the minimum simply due to market depreciation. Past performance is not indicative of future results.

Note: The specific securities identified and described in this report do not represent all of the securities purchased, sold or recommended for advisory clients, and you should not assume that investments in the securities identified and discussed will be profitable in the future. As you are aware, one cannot assume that past results are indicative of future performance. Holdings are subject to change.