
PIONEERS IN SMALL AND MID CAP INVESTING

THIRD QUARTER 2022 COMMENTARY

## MARKET REVIEW

A rally that began in mid-June lifted equities through mid-August, but a higher-than-expected inflation report raised the forecasted trajectory of interest rates and pulled stock markets sharply lower through the remainder of the quarter. The Federal Reserve raised the Federal Funds rate by 0.75% at both their July and September meetings and used their bully pulpit to emphasize they will be doing whatever it takes to bring inflation back to their long-term target of 2%. Higher rates pushed the U.S. Dollar significantly higher versus major currencies, and emerging markets' currencies were hit even harder. There have been few places to hide – bonds, like stocks, have generated negative returns as interest rates move higher.

Investors' confidence has been shaken by the combination of an uncertain economic outlook and higher interest rates. Earnings forecasts for the remainder of 2022 and the full year 2023 have been trimmed (and may need to be reduced further) as the likelihood of a recession rises. Further, continued inflationary pressures are expected to dampen profit margins as companies may be challenged to pass along higher prices to their customers. *(Continued on next page.)*

### PERFORMANCE (TOTAL RETURNS AS OF 9/30/22)

| | 3Q22 | YTD | 1 Year | 3 Years | 5 Years | 10 Years | Since Inception 12/31/1998 |
|---|---|---|---|---|---|---|---|
| **Conestoga Small Cap Composite (Net)** | **-4.56%** | **-31.99%** | **-28.44%** | **3.23%** | **6.66%** | **11.57%** | **10.81%** |
| *Russell 2000 Growth* | *0.24%* | *-29.28%* | *-29.27%* | *2.94%* | *3.60%* | *8.81%* | *6.17%* |
| | **3Q22** | **YTD** | **1 Year** | **3 Years** | **5 Years** | | **Since 1/31/2017** |
| **Conestoga SMid Cap Composite (Net)** | **-4.15%** | **-32.64%** | **-31.03%** | **2.85%** | **8.55%** | | **11.65%** |
| *Russell 2500 Growth* | *-0.12%* | *-29.54%* | *-29.39%* | *4.76%* | *6.30%* | | *8.07%* |
| | **3Q22** | **YTD** | **1 Year** | **2 Years** | | | **Since Inception 12/31/2019** |
| **Conestoga Micro Cap Composite (Net)** | **-0.67%** | **-30.01%** | **-31.26%** | **-1.96%** | | | **9.96%** |
| *Russell Microcap Growth* | *2.14%* | *-31.60%* | *-37.05%* | *-5.42%* | | | *-1.22%* |
| | **3Q22** | **YTD** | **1 Year** | **3 Years** | **5 Years** | **10 Years** | **Since Inception 3/31/2010** |
| **Conestoga Mid Cap Composite (Net)** | **-4.84%** | **-33.20%** | **-30.77%** | **2.69%** | **7.91%** | **10.28%** | **10.78%** |
| *Russell Mid Cap Growth* | *-0.65%* | *-31.45%* | *-29.50%* | *4.26%* | *7.62%* | *10.85%* | *10.99%* |

**Periods longer than One Year are Annualized. Please see additional important disclosures in the fully compliant GIPS presentations at the end of this commentary. Russell 2000 Growth Index measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values. Russell 2500 Growth Index measures the performance of those Russell 2500 companies with higher price-to-book ratios and higher forecasted growth values. Russell Micro Cap Growth Index measures the performance of those Russell Micro Cap companies with higher price-to-book ratios and higher forecasted growth values. Russell Mid Cap Growth Index measures the performance of those Russell Mid Cap companies with higher price-to-book ratios and higher forecasted growth values.*

## MARKET REVIEW (CONTINUED)

The uneven performance of small cap stocks throughout 2022 has been accompanied by historic levels of volatility. Through the end of the third quarter, 63% of trading days in the Russell 2000 Index were either up or down more than +/- 1%. Only 2008 has seen more days of positive/negative 1% swings in the index (source: Furey Research Partners). These elevated levels of volatility combined with an unprecedented spike in 10-year Treasury yields, narrow sector leadership, and the recent outperformance of loss-makers has made this an increasingly difficult environment to navigate. The Conestoga strategies have not been immune to this less than ideal backdrop for active equity managers. Each of our equity strategies have experienced higher than usual swings in daily relative performance as evidenced by the number of times the strategies outperform or underperform their respective indices by more than 1% in a single day. We would expect this type of market volatility to persist until there is more clarity on when the Fed will pause their current tightening cycle, bond yields begin to normalize, and profitable companies assume market leadership.

Frustratingly, each of the Conestoga strategies underperformed their respective benchmarks in the third quarter. We discuss in detail the factors that led to the relative performance in the respective Attribution Reviews in the pages that follow, but broadly speaking, we note that the unusual nature of this downdraft has impacted our results. Surging commodity prices have benefited the sectors that in turn sell these goods and services: Energy, Basic Materials, and Utilities. Further, the strong performance of the biotechnology industry – which Conestoga typically underweights due to its lack of profitability – was a headwind for our strategies. Loss-making companies outperformed profitable companies in the third quarter. We also observed that companies with higher levels of debt have generally outperformed those with lower levels of debt in the year-to-date 2022. This seems particularly strange in a time of rising interest rates, and may be related to the outperformance of Energy, Basic Materials and Utilities, which tend to operate with more financial leverage.

With equity markets at multi-year lows and the outlook for the economy uncertain, we remain focused on identifying those companies that we believe can grow their earnings through the business cycle. In our opinion, there is growing reason for optimism for investing in small capitalization stocks. The price-earnings ratio of the Russell 2000 Growth stands at 10-year lows. After underperforming large capitalization stocks for over ten years (largely due to the outsized performance of the mega capitalization FAANG technology stocks), small capitalization stocks' relative valuation is also at historically low levels. While the economic outlook, inflation, and global events may cause continuing investor frustration in the near- to mid-term, we believe small capitalization stocks are beginning to look much more attractive for long-term investors.

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## FIRM UPDATE

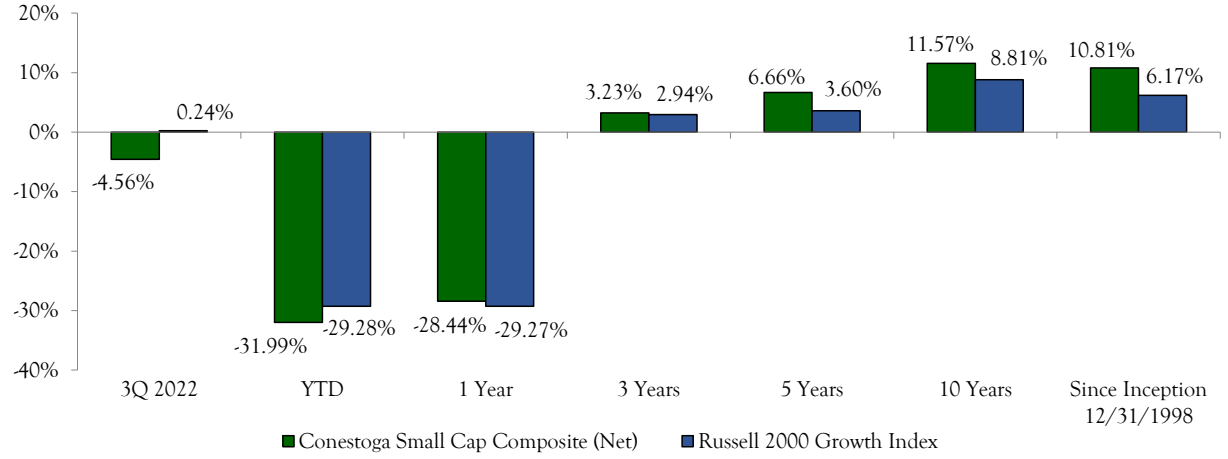
As of September 30, 2022, Conestoga's total assets were $6.1 billion. Assets within our four primary institutional investment strategies were:

- Small Cap Growth: $4.8 billion
- SMid Cap Growth: $1.1 billion
- Micro Cap Growth: $39 million
- Mid Cap Growth: $18 million

Conestoga is not actively pursuing new Small Cap Growth separate accounts. Please contact us if you have questions about potential Small Cap Growth placements.

For the fifth consecutive year, Conestoga continued the transition and expansion of our ownership to our newer partners. In August, we awarded another 2% of firm ownership to seven partners via the purchase of our Class A Non-Voting Units from our retired partner's family trust. Following this transfer, the Martindale Family Trust holds a 1.65% stake in the Class A Non-Voting Units. We expect to transfer 0.65% in August of 2023, and the Martindale Family Trust plans to remain a 1% holder for the long-term.

## SMALL CAP COMPOSITE PERFORMANCE (AS OF 9/30/22)**




*** 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. Russell 2000 Growth Index measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values.*

## SMALL CAP COMPOSITE - 3Q22 PERFORMANCE & ATTRIBUTION

The Conestoga Small Cap Composite fell -4.56% net-of-fees versus the Russell 2000 Growth Index return of 0.24%. Conestoga's strategy lagged the Index in the surging rally that began in mid-June, consistent with our performance expectations in the initial up move from a market low. However, in the downdraft from mid-August through the end of the third quarter, Conestoga was unable to generate meaningful outperformance. We attribute this lack of downside protection to the unusual outperformance by loss-making companies and the stronger performance of the Health Care and Energy sectors.

An underweight to the stronger performing Health Care and Energy sectors, along with an overweight to the weaker performing Technology sector, were the primary drivers of negative sector allocation effects in the third quarter. Technology continues to face the headwinds of higher interest rates and dampened investor enthusiasm for companies with longer duration earnings streams and higher price-earnings ratios. Health Care, of which the biotechnology industry represents nearly half of the sector, was a top-performing sector. The biotechnology industry (one of the longest duration industries) also benefited from its lack of economic sensitivity and the enthusiasm for discoveries in the treatment of Alzheimer's disease. The Energy sector rose on the strength of alternative and renewable companies, which moved higher on the incentives within the Inflation Reduction Act. Roughly half of Conestoga's underperformance was due to sector allocation effects.

Stock selection also detracted from return in the quarter, although this was largely limited to the Health Care and Industrials sectors. Within Health Care, our long-time holding Neogen Corp. (NEOG) continued to struggle with concerns about the integration of the animal safety division of 3M Company (MMM). Omnicell, Inc. (OMCL), a maker of medication control and packaging systems, missed its revenue targets due to labor and material cost pressures and a ransomware attack that pushed back new customer implementations.

Mercury Systems, Inc. (MRCY) was the leading detractor in the strategy within Industrials. A manufacturer of electronic systems with defense applications, the company announced fiscal fourth quarter results and 2023 guidance which disappointed investor expectations. Also, within Industrials, Simpson Manufacturing Co. (SSD) and Trex Company, Inc. (TREX) detracted from returns. SSD, a manufacturer of structural connectors for the homebuilding industry, declined on flat sales volumes and concerns of weaker home sales. Similarly, TREX fell on demand concerns for the company's composite decking products in the face of a potential recession and lower consumer spending on home improvement, as well as the destocking of inventory by retailers.

The Technology sector was a bright spot for positive stock selection. Model N, Inc. (MODN), Vertex, Inc. (VERX) and Workiva, Inc. (WK) all posted better-than-expected revenue and/or earnings results. We were pleased to see better relative returns for a number of the Conestoga Technology sector holdings after a year where we believe many higher-quality companies have been indiscriminately de-rated along with their lower-quality brethren.

## SMALL CAP COMPOSITE - TOP 5 LEADERS

**1. Model N, Inc. (MODN):** MODN reported an impressive second quarter, beating both revenue and earnings expectations. Highlights from the quarter include accelerating ARR growth to 24% and net dollar retention surging to 123%, above management's target of 110-115%. MODN noted that the strength in bookings came from new logos and cross-sells to customers unrelated to SaaS transitions, providing a nice compliment to SaaS transitions, of which there were three new signings during the quarter.

**2. Construction Partners, Inc. (ROAD):** Fiscal third quarter revenue and adjusted EBITDA materially beat expectations due to strong demand, favorable weather, and pricing. Total revenue jumped 45% year-over-year with organic growth of 25%. Backlog surged 62% and orders grew 38%. Looking forward, ROAD sees a continuation in robust demand and margin expansion as newly negotiated contracts better reflect the pricing necessary to offset inflation and supply chain challenges.

**3. Computer Services, Inc. (CSVI):** CSVI is a leading provider of digital banking, core processing and regulatory compliance services. On August 22, 2022, CSVI agreed to be acquired by two private equity firms in an all cash transaction for $58 per share or $1.6 billion. The agreed upon price was a 53% premium to the previous' s day close. The closing of the deal is expected to be in the fourth quarter of 2022. CSVI agreed to be acquired after a strategic review that was completed by the Board of Directors. The company has been in the Small Cap Growth strategy since July 2020.

**4. Axon Enterprise, Inc. (AXON):** AXON continues to post strong financial results. Second quarter revenue and EPS came in ahead of expectations, prompting AXON to raise full -year revenue guidance for the fifth time this year. Revenue guidance for the year ahead has been raised by $170 million cumulatively and represents 27% year-over-year growth. Strength was broad-based in the second quarter as cloud software grew 35%, body camera shipments grew 31% and Taser 7 units grew 85%, with 76% sold on subscription.

**5. SPS Commerce, Inc. (SPSC):** SPSC has benefitted from being truly omni-channel and agnostic to where people shop. This contrasts with some software peers that derive revenue just online channels. SPSC beat revenue and earnings expectations for the second quarter and increased their full year guidance. Strength was broad-based with fulfillment consistent with 17% growth and analytics growth accelerating to 12%. SPSC is also benefiting from the industry looking to streamline supply chains and from digital transformations.

*Source: FactSet Research Systems*

## SMALL CAP COMPOSITE - BOTTOM 5 LAGGARDS

**1. Mercury Systems, Inc. (MRCY):** After reiterating full year guidance, which implied an outsized fiscal fourth quarter, MRCY reported fourth quarter results that fell short of expectations. Further, MRCY gave initial FY23 guidance with revenue inline, but adjusted EBITDA below expectations. Free cash flow also remained weak, an issue MRCY has said should reverse this fiscal year. A positive was bookings, which jumped 27% in the quarter, giving MRCY above average backlog visibility into this fiscal year. Defense spending remains healthy, which should benefit MRCY.

**2. Azenta, Inc. (AZTA):** AZTA provides sample management services and solutions for the life sciences market. AZTA's 3Q22 results were impacted by a confluence of events including foreign currency headwinds, lockdowns in China, and the roll-off of COVID revenues, which led to AZTA missing expectations for the quarter. AZTA continued to work toward expanding capacity across its product lines. During the quarter, the company opened its new Genomics Services facility in Suzhou, China. We remain positive on AZTA's long-term prospects for growth over the next several years.

**3. Neogen Corp. (NEOG):** NEOG agreed to acquire the food safety business of 3M Company (MMM) in a transaction valued at $9.3 billion. Since then, MMM's food safety business organic growth rate has declined, and it has experienced gross margin compression. The market is concerned that the combined entity will not have the forecasted revenue growth rates and adjusted EBITDA margins will be significantly less than planned. Furthermore, in its latest earnings release, NEOG said that it would not be able to give updated guidance for the combined company until it reports results in January 2023.

**4. Omnicell, Inc. (OMCL):** OMCL is a provider of medication control solutions and medication adherence packaging. Omnicell announced mixed Q2'22 results, with revenue of $331 million, below expectations of $340 million, but EBITDA in-line at $56 million. The top line miss was largely attributable to a ransomware attack which pushed back implementation timelines. The ransomware incident is now rectified, and we expect improved results going forward. Also likely impacting the stock was management's guidance for Q3'22 adjusted EBITDA that came in below expectations given inflation-related headwinds to cost of goods sold and higher labor costs.

**5. Mesa Laboratories, Inc. (MLAB):** MLAB's 1Q23 revenues and earnings were below consensus estimates. These disappointing results came after five straight quarters of double-digit organic revenue growth. The weak results were a combination of numerous factors including currency, shutdown in China, and labor and material shortages. While the company is addressing a number of these issues, we believe near-term results may remain challenged by these factors.

## Small Cap Composite - 3Q22 Buys

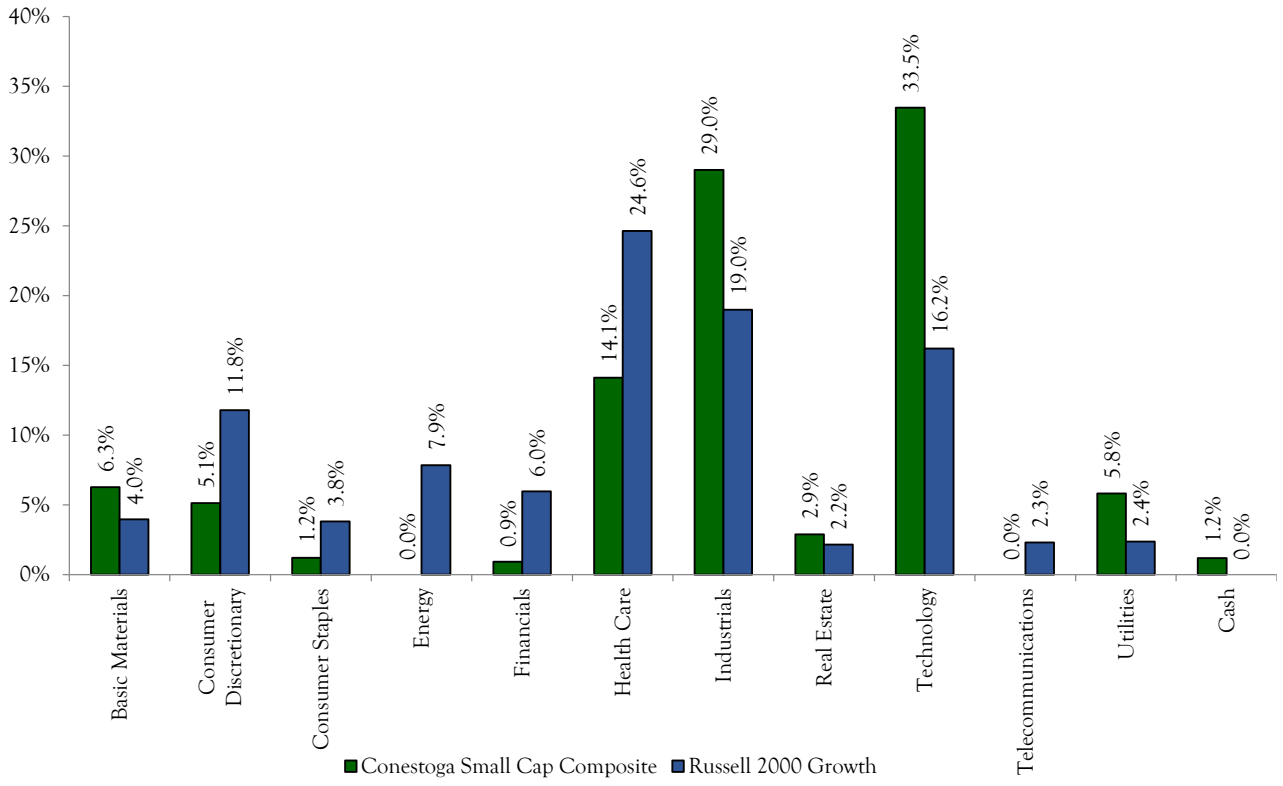
None.

## Small Cap Composite - 3Q22 Sells

**1. EVI Industries, Inc. (EVI):** EVI is a leading distributor of commercial laundry and dry-cleaning equipment, industrial boilers and related parts, supplies and technical services. Originally purchased in small cap in December 2017, EVI was a relatively small weight during its entire holding period. While we like the fundamentals of the business, we believed the company's acquisition strategy would be at a faster and greater scale than has materialized. We believed that this acquisition activity would require additional equity offerings which would enable us to increase our ownership stake in the business.

Conestoga added to positions on four occasions and trimmed stocks on three occasions during the third quarter.

## SMALL CAP COMPOSITE - SECTOR WEIGHTINGS (AS OF 9/30/22)




*Source: FactSet Research Systems and Conestoga. Sectors are defined according to the ICB industry definitions.*

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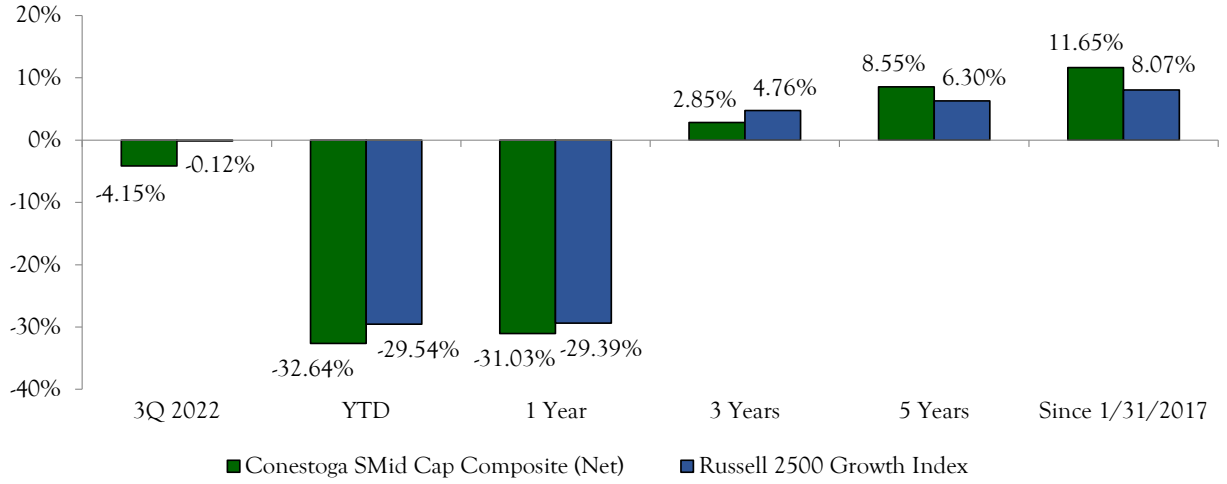
## SMALL CAP COMPOSITE - TOP TEN EQUITY HOLDINGS (AS OF 9/30/22)

| SYMBOL | COMPANY NAME | SECTOR | % OF ASSETS |
|---|---|---|---|
| CWST | Casella Waste Systems, Inc. | Utilities | 4.34% |
| SPSC | SPS Commerce, Inc. | Technology | 4.13% |
| EXPO | Exponent, Inc. | Industrials | 4.02% |
| DSGX | Descartes Systems Group, Inc. | Technology | 3.84% |
| MODN | Model N, Inc. | Technology | 3.77% |
| NOVT | Novanta, Inc. | Technology | 3.23% |
| AAON | AAON, Inc. | Industrials | 3.07% |
| FOXF | Fox Factory Holding Corp. | Consumer Discretionary | 2.95% |
| FSV | First Service Corp. | Real Estate | 2.90% |
| OMCL | Omnicell, Inc. | Health Care | 2.73% |
| | | **Total within the Composite:** | **34.98%** |

*The positions represent Conestoga Capital Advisors largest equity holdings based on the aggregate dollar value of positions held in the client accounts that are included in the Small Cap Composite. All information is provided for informational purposes only and should not be deemed as a recommendation to buy the securities mentioned. Sectors are defined according to the ICB industry definitions.*

## SMID CAP COMPOSITE PERFORMANCE (AS OF 9/30/22)**

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## SMID CAP COMPOSITE - 3Q22 PERFORMANCE & ATTRIBUTION

The Conestoga SMid Cap Growth Composite declined -4.15% net-of-fees in the third quarter of 2022, underperforming the Russell 2500 Growth Index's relatively flat return of -0.12%. It was a tale of two halves for the quarter, with stocks advancing from early-July to mid-August, only to see the summer rally fade as a dovish pivot from the Fed failed to materialize. The second half of the quarter was unusual in that the –16.3% decline in stocks from August 15th through quarter-end saw low-quality names outperform. Loss-makers and high beta stocks were the relative winners during this period, as well as for the entire quarter, and these stylistic headwinds hurt the Conestoga portfolio. Stock selection was also challenging with the biggest laggards coming from the Health Care, Consumer Discretionary and Industrials sectors. In addition, the strategy's lack of exposure to the Energy sector continues to weigh on relative returns as it was the Index's best performer for the quarter and now makes up more than 6% of the benchmark. On the bright side, stock selection was positive in the other five sectors (where the portfolio has positions) with the biggest gainers coming from Utilities and Basic Materials.

The Health Care sector proved most challenging for the portfolio with several names detracting from performance. Omnicell, Inc. (OMCL), a maker of medication control and packaging systems, missed its revenue targets due to labor and material cost pressures and a ransomware attack that pushed back new customer implementations. Long-time holding Neogen Corp. (NEOG) fell as earnings declined more than expected and the ongoing concerns about the integration of its sizable acquisition of 3M Company's (MMM) food safety business. A lack of exposure to the biotechnology industry was also a headwind for relative returns.

With many workers returning to offices and spending fewer hours at home, there has been less focus on home-improvement projects which have negatively impacted some of our positions in the Consumer Discretionary sector, most notably, Pool Corp. (POOL) and SiteOne Landscape Supply, Inc. (SITE). Bright Horizons Family Solutions, Inc. (BFAM), the corporate-sponsored daycare provider sold off sharply following a disappointing quarter and a reduction of full year guidance. The company's enrollment is challenged by both demand (return to office childcare) and supply (labor shortage in some markets).

Stock selection was mixed in the Industrials sector with strong contributions from EVI Industries, Inc. (EVI) and Construction Partners, Inc. (ROAD) unable to offset the losses generated by Mercury Systems, Inc. (MRCY) and Trex Company, Inc. (TREX). MRCY was the largest detractor in the entire portfolio after reporting fourth quarter results that fell short of expectations.

Basic Materials provided the largest relative gains primarily due to our position in RBC Bearings, Inc. (RBC). The stock rallied during the quarter as investors learn more about its large Dodge acquisition and the cost and revenue synergies that could be generated. Casella Waste Systems, Inc. (CWST), our lone holding in the Utilities sector, was also additive during the quarter.

## SMID CAP COMPOSITE - TOP 5 LEADERS

**1. EVI Industries, Inc. (EVI):** EVI Industries is a distributor of commercial laundry and dry cleaning equipment, industrial boilers, and related parts, supplies and technical services. While the business is reasonably well insulated from a slowing economy it has not been immune from supply chain shortages. The stock, however, is closely held and thinly traded. We believe its strong return during the quarter is simply a reversal of its material underperformance year to date.

**2. Axon Enterprise, Inc. (AXON):** AXON continues to post strong financial results. Second quarter revenue and EPS came in ahead of expectations, prompting AXON to raise full -year revenue guidance for the fifth time. Revenue guidance has been raised by $170 million cumulatively and represents 27% year-over-year growth. Strength was broad-based in the second quarter as cloud software grew 35%, body camera shipments grew 31% and Taser 7 units grew 85%, with 76% sold on subscription.

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**4. Avalara, Inc. (AVLR):** AVLR is the leading provider of cloud-based sales tax automation and management software. In early August, a month after reports surfaced of buyout interest, AVLR received an offer to be taken private by Vista Equity, a private equity firm. The deal price represented a 27% premium to the unaffected share price before the report of buyout interest. We believe another buyer is unlikely to emerge at this stage, with the deal set to be consummated before the end of 2022.

**5. Repligen Corp. (RGEN):** RGEN is a provider of tools used by biotechnology companies. RGEN reported revenue of $208 million, above expectations for $190 million, on organic growth of 29%. Management noted strength across the board, with 40% growth in the base business led by the Filtration and Chromatography franchises. Management highlighted strong momentum in the core mAb and gene therapy markets. In addition, given the new manufacturing capacity coming online and strong order patterns, management's confidence is high entering the back half of 2022.

*Source: FactSet Research Systems*

## SMID CAP COMPOSITE - BOTTOM 5 LAGGARDS

**1. Mercury Systems, Inc. (MRCY):** After reiterating full year guidance, which implied an outsized fiscal fourth quarter, MRCY reported fourth quarter results that fell short of expectations. Further, MRCY gave initial FY23 guidance with revenue inline, but adjusted EBITDA below expectations. Free cash flow also remained weak, an issue MRCY has said should reverse this fiscal year. A positive was bookings, which jumped 27% in the quarter, giving MRCY above average backlog visibility into this fiscal year. Defense spending remains healthy, which should benefit MRCY.

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**4. Definitive Healthcare Corp. (DH):** DH is a leading provider of healthcare commercial intelligence software. During the quarter, DH reported strong earnings, with revenue growing nearly 30% organically and EBITDA margins of 30% coming in better than expected. However, macroeconomic factors have lengthened sales cycles, particularly when signing new business. Demand for the company's offerings remain strong, but the near-term continues to be impacted by the increased scrutiny on each deal.

**5. Bright Horizons Family Solutions, Inc. (BFAM):** BFAM is the largest private sector provider of employer sponsored childcare. The stock sold off sharply following a disappointing quarter and the second consecutive reduction to full year guidance. The company's enrollment is challenged by both demand (return to office childcare) and supply (labor shortage in some markets).

## SMID CAP COMPOSITE - 3Q22 BUYS

**1. Paycor HCM (PYCR):** PYCR is a cloud-based provider of payroll and human capital management software with a focus on small- and medium-zed businesses (typically 10 - 1,000 employees). Solutions include core human capital management (HCM) including payroll, workforce-talent management, benefits administration, and employee engagement. Recent investments in their salesforce, and an expanding product portfolio should allow PYCR to accelerate revenue growth into the high teens and beyond over the next several years as they push into larger "Tier 1" markets. We believe PYCR has an attractive business model featuring recurring revenue and margin expansion opportunity.

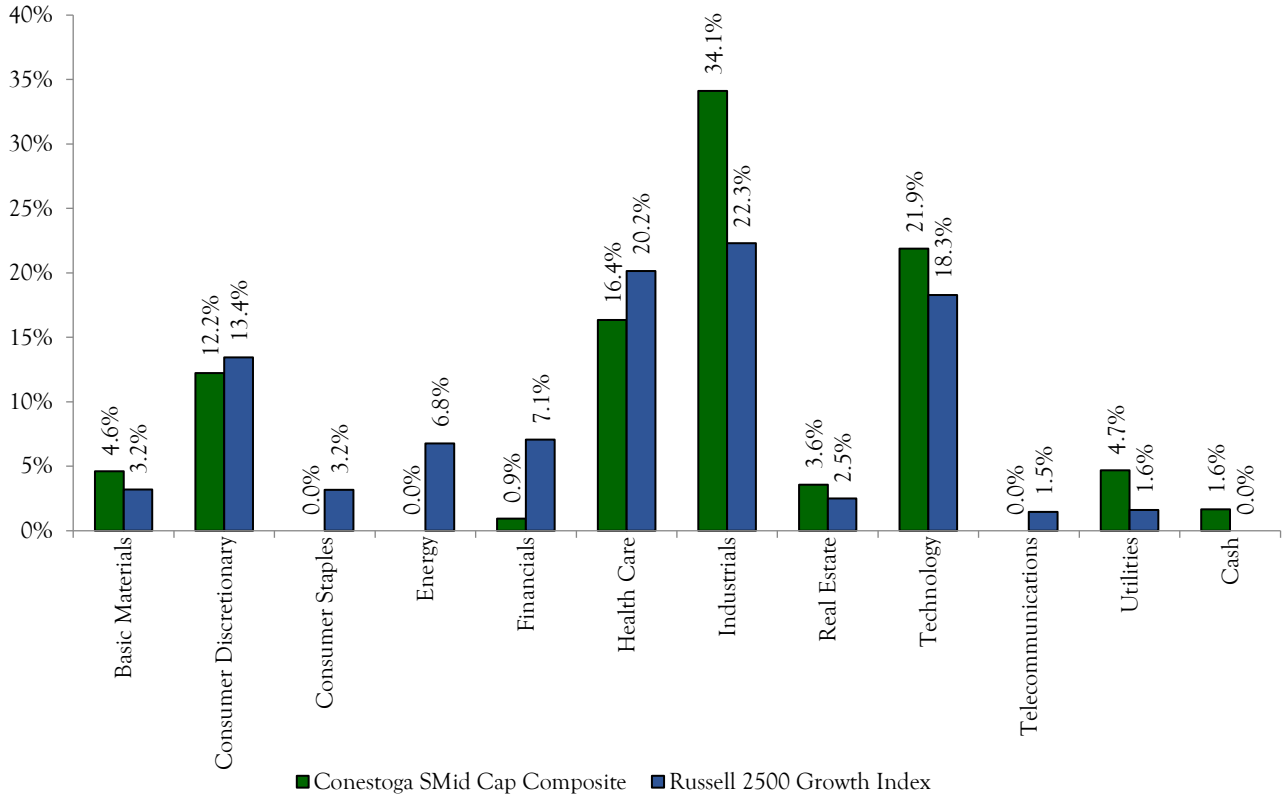
## SMID CAP COMPOSITE - 3Q22 SELLS

**1. AptarGroup, Inc. (ATR):** ATR is a leading global supplier of dispensing systems including pumps, aerosol valves, and metered dose inhaler valves (MDIs). This traditionally defensive business has been disproportionately impacted by supply chain challenges given its near 70% revenue overseas with local manufacturing presence. Proceeds were reallocated to existing holdings with better visibility.

**2. Avalara, Inc. (AVLR):** AVLR is the leading provider of cloud-based sales tax automation and management software. In early August, a month after reports surfaced of buyout interest, AVLR received an offer to be taken private by Vista Equity, a private equity firm. The deal price represented a 27% premium to the unaffected share price before the report of buyout interest. We believe another buyer is unlikely to emerge at this stage, with the deal set to be consummated before year-end.

Conestoga added to positions on five occasions and trimmed stocks on two occasions during the third quarter.

## SMID CAP COMPOSITE - SECTOR WEIGHTINGS (AS OF 9/30/22)




*Source: FactSet Research Systems and Conestoga. Sectors are defined according to the ICB industry definitions.*

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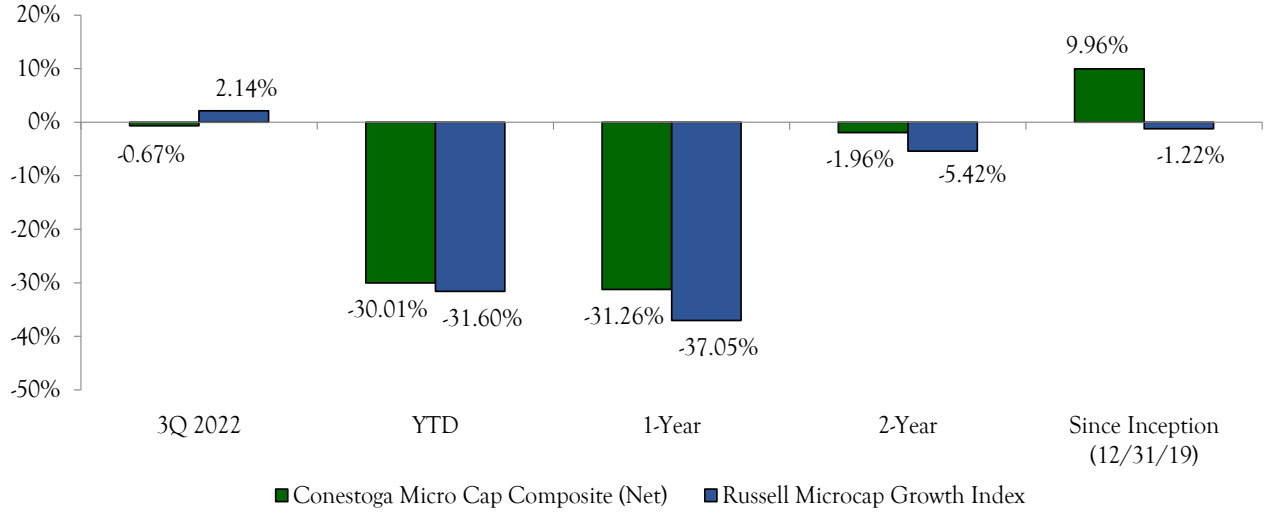
## SMID CAP COMPOSITE - TOP TEN EQUITY HOLDINGS (AS OF 9/30/22)

| SYMBOL | COMPANY NAME | SECTOR | % OF ASSETS |
|---|---|---|---|
| CWST | Casella Waste Systems, Inc. | Utilities | 4.68% |
| EXPO | Exponent, Inc. | Industrials | 3.66% |
| FSV | FirstService Corp. | Real Estate | 3.56% |
| RGEN | Repligen Corp. | Health Care | 3.46% |
| ROL | Rollins, Inc. | Consumer Discretionary | 3.29% |
| JKHY | Jack Henry & Associates, Inc. | Industrials | 3.20% |
| OMCL | Omnicell, Inc. | Health Care | 2.98% |
| DSGX | Descartes Systems Group, Inc. | Technology | 2.97% |
| POOL | Pool Corp. | Consumer Discretionary | 2.87% |
| RBC | RBC Bearings, Inc. | Basic Materials | 2.83% |
| | | **Total within the Composite:** | **33.49%** |

*The positions represent Conestoga Capital Advisors largest equity holdings based on the aggregate dollar value of positions held in the client accounts that are included in the SMid Cap Composite. All information is provided for informational purposes only and should not be deemed as a recommendation to buy the securities mentioned. Sectors are defined according to the ICB industry definitions.*

## MICRO CAP COMPOSITE PERFORMANCE (AS OF 9/30/22)**

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## MICRO CAP COMPOSITE - 3Q22 PERFORMANCE & ATTRIBUTION

In an up and down market, the Russell Microcap Growth Index eked out a small positive gain of 2.14% in the third quarter. Conestoga's Micro Cap Composite trailed the Index modestly, declining -0.67% net-of-fees during the quarter. An underweight to the top-performing Health Care sector – and particularly the biotechnology industry – along with negative stock selection effects in this sector, generated the relative underperformance. Across the entire composite, sector allocation effects were modestly positive and stock selection effects were negative.

Health Care is the largest sector within the Russell Microcap Growth Index (about 35% as of quarter end) and the biotechnology industry is a hefty 20% weighting. This industry holds many companies which do not meet Conestoga's investment criteria and we are typically underweight, with an 8% weighting as of quarter end. The biotechnology industry rallied sharply in the third quarter, rising over 20%. We believe two factors primarily benefitted this industry: first, its lower correlation to the general macroeconomic environment and second, the announcement of breakthrough discoveries for treating Alzheimer's disease which boosted a number of biopharma companies' prospects. Additionally, two of Conestoga's biotechnology holdings, Alpha Teknova, Inc. (TKNO) and Codexis, Inc. (CDXS), dropped sharply during the quarter and generated negative stock selection effects. TKNO, which sells reagents to the biopharma industry, reported revenues that beat expectations, however gross margins were lower than expected and the company lowered their outlook for the full year. CDXS, which develops enzymes and proteins for sale to larger pharmaceutical companies, saw its stock fall after announcing the cancellation of significant orders from Pfizer, Inc. (PFE) related to their COVID-19 antiviral, Paxlovid, which has not had the expected usage.

U.S. Physical Therapy, Inc. (USPH) further detracted from returns in the Health Care sector as the company reported lower volumes for its services and struggled with labor shortages, labor inflation, and Medicare pricing. These negative effects within the Health Care sector were partially offset by Biolife Solutions, Inc. (BLFS) and Semler Scientific, Inc. (SMLR). BLFS reported strong revenue and earnings in its biopreservation media for cell and gene therapy. SMLR, which has been one of the strategy's weakest performers over the past year, rebounded and rose over 30% in the third quarter. We expect SMLR's blood flow tests to be more widely adopted by health care providers, a total addressable market which the company has only begun to penetrate, in the years ahead.

Positive stock selection effects were most notable in the Telecommunications and Financials sectors. Within Telecommunications, our position in Digi International, Inc. (DGII) rose over 40% during the quarter after reporting quarterly results which included higher levels of recurring revenue.

Within the Financials sector, our sole position in Palomar Holdings, Inc. (PLMR) rose over 30%. A provider of specialty insurance to residential and commercial customers, PLMR reported earnings results that topped expectations on lower expenses and a shift to more consistent product segments.

## MICRO CAP COMPOSITE - TOP 5 LEADERS

**1. Digi International, Inc. (DGII):** DGII provides businesses with mission-critical Internet of Things (IoT) connectivity products, services, and solutions. DGII reported impressive June quarter results despite continued supply chain challenges. The company achieved several records in the quarter and beat consensus estimates. Notably, DGII surpassed $100 million in revenue and reported $92 million in annual recurring revenue. The company benefited from strength in the IoT Product and Services segment. Additionally, gross margin saw a sequential increase of 60 bps during the quarter.

**2. BioLife Solutions, Inc. (BLFS):** BLFS engages in the development, manufacture, and marketing of bio preservation tools for cells and tissues. BLFS beat expectations for 2Q22 revenue and earnings-per-share. The company's core cell media preservation business experienced 46% organic growth and the Stirling acquisition, which had been underperforming, showed a clear turnaround. Management cited the benefit of clinical trials moving into Phase II and III, along with label expansions among its 10 approved customers in the cell and gene therapy market as the primary tailwinds supporting the strong results.

**3. Computer Services, Inc. (CSVI):** CSVI is a leading provider of digital banking, core processing and regulatory compliance services. On August 22, 2022, CSVI agreed to be acquired by two private equity firms in an all cash transaction for $58 per share or $1.6 billion. The agreed upon price was a 53% premium to the previous' s day close. The closing of the deal is expected to be in the fourth quarter of 2022. CSVI agreed to be acquired after a strategic review that was completed by the Board of Directors. The company has been in the Micro Cap Growth strategy since inception.

**4. Model N, Inc. (MODN):** MODN reported an impressive second quarter, beating both revenue and earnings expectations. Highlights from the quarter include accelerating ARR growth to 24% and net dollar retention surging to 123%, above management's target of 110-115%. MODN noted that the strength in bookings came from new logos and cross-sells to customers unrelated to SaaS transitions, providing a nice compliment to SaaS transitions, of which there were three new signings during the quarter.

**5. Transcat, Inc. (TRNS):** TRNS engages in the provision of calibration and laboratory instrument services. TRNS reported solid quarterly results, with upside to both revenue and earnings. The Service segment, which grew 9% organically, once again drove the growth. Both segments had improved margins on a year-over-year basis. Management mentioned there were several new client-based lab implementations during the quarter. In addition, the company suggested an exciting level of activity within the pipeline for additional client-based labs.

## MICRO CAP COMPOSITE - BOTTOM 5 LAGGARDS

**1. Willdan Group, Inc. (WLDN):** WLDN provides professional technical and consulting services to utilities, private industry, and public agencies. WLDN reported 2Q22 results that missed expectations. Net Revenue of $52.9 million slightly missed expectations for $53.0 million. However, adjusted EBITDA of $1.2 million came in well consensus estimate. Looking forward, we believe financial results should improve as projects with California utility companies begin to ramp. These projects are focused on streamlining delivery of energy efficiency to the residents of CA.

**2. Alpha Teknova, Inc. (TKNO):** TKNO is a leading provider of critical reagents that enable the discovery, development, and production of biopharmaceutical products such as drug therapies, novel vaccines, and molecular diagnostics. TKNO underperformed in the quarter on a reduction in forward guidance as early stage Biotech and Pharmaceuticals customers deferred large purchases amid macroeconomic (funding) uncertainty. Management believes this deferred spend will come back in 2023, and is not lost altogether.

**3. U.S. Physical Therapy, Inc. (USPH):** USPH owns and operates about 600 Physical Therapy clinics in 40 states. The stock underperformed in the quarter due to a slowdown in its volume trends. USPH, like many other businesses, is facing some labor challenges as volumes have picked up after the pandemic. Also, USPH has been challenged by labor inflation and cuts in Medicare pricing as it tries to effectively manage its business.

**4. Mesa Laboratories, Inc. (MLAB):** MLAB's 1Q23 revenues and earnings were below consensus estimates. These disappointing results came after five straight quarters of double-digit organic revenue growth. The weak results were a combination of numerous factors including currency, shutdowns in China, and labor and material shortages. While the company is addressing a number of these issues, we believe near-term results may still be adversely impacted by a number of these factors.

**5. Thunderbird Entertainment Group, Inc. (THBRF):** Shares of THBRF retreated during the third quarter, likely as investors have increasingly scrutinized the projections and valuations of content streaming companies such as Netflix. Inc. (NFLX). THBRF continues to benefit as the streaming providers seek out high quality content to build out their content libraries. Revenue over the last twelve months has grown 23% and that growth is expected to continue into fiscal 2023, most of which is already booked, giving the company excellent visibility. THBRF could also see upside from M&A activity as they have zero debt and $33 million of cash on the balance sheet.

*Source: FactSet Research Systems*

## MICRO CAP COMPOSITE - 3Q22 BUYS

**1. Hillman Solutions Corp. (HLMN):** Founded in 1956, The Hillman Group is a leading distributor of hardware, home improvement products, and robotic kiosk technologies to a broad range of retailers. Hillman leverages its 1,100 person direct sales force to manage over 112,000 SKU's for 42,000 retail locations. We value Hillman's leading market position, stable revenue growth and strong margin profile. Hillman has organically grown revenue in 55 of the past 56 years and boasts an EBITDA margin of 16% with a path towards 20%.

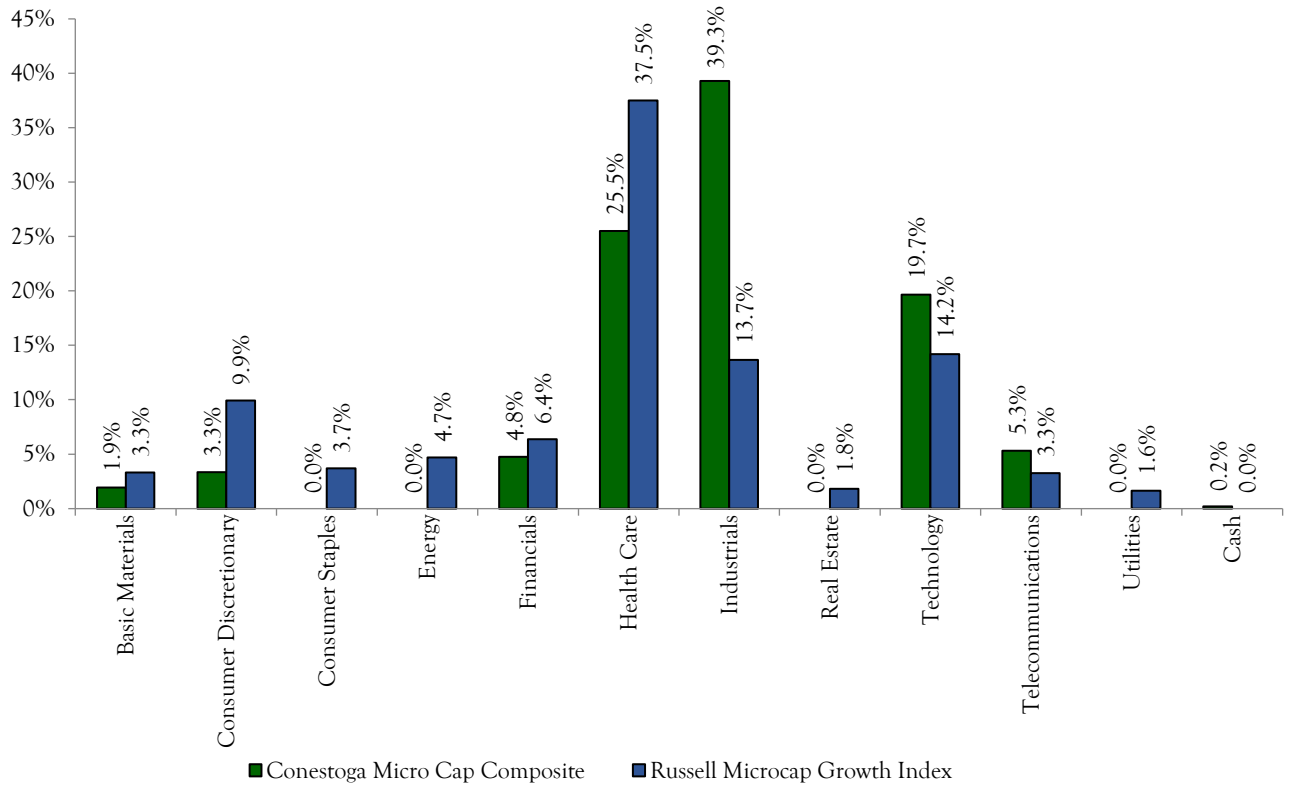
**2. Olo, Inc. (OLO):** OLO is a leading open SaaS platform for restaurants that enables digital hospitality at every touch-point. Over 600 restaurant brands and their 82,000 locations trust OLO to grow their digital ordering and delivery programs, increase efficiency, and serve their guests. OLO processes more than two million orders per day and greater than $20 billion in gross merchandise value per year. OLO benefits as restaurants digitize, a trend that accelerated during the pandemic and continues to grow as labor constrains restaurant throughput. The company is a profitable, +20% grower that we believe can continue to increase margins and free cash flow as revenue scales.

## MICRO CAP COMPOSITE - 3Q22 SELLS

None.

Conestoga added to positions on six occasions and trimmed five stocks during the third quarter.

## MICRO CAP COMPOSITE - SECTOR WEIGHTINGS (AS OF 9/30/22)




*Source: FactSet Research Systems and Conestoga. Sectors are defined according to the ICB industry definitions.*

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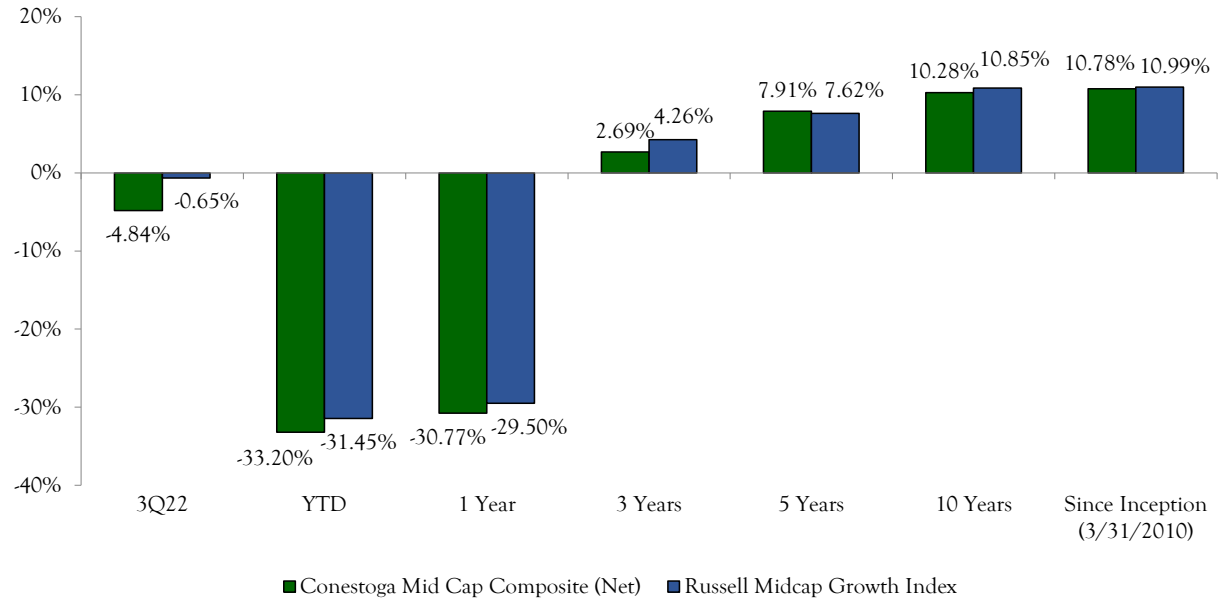
## MICRO CAP COMPOSITE - TOP TEN EQUITY HOLDINGS (AS OF 9/30/22)

| SYMBOL | COMPANY NAME | SECTOR | % OF ASSETS |
|---|---|---|---|
| DGII | Digi International, Inc. | Telecommunications | 5.30% |
| MODN | Model N, Inc. | Technology | 5.04% |
| PLMR | Palomar Holdings, Inc. | Financials | 4.76% |
| NVEE | NV5 Global, Inc. | Industrials | 4.75% |
| TRNS | Transcat, Inc. | Industrials | 4.67% |
| ROAD | Construction Partners, Inc. | Industrials | 4.57% |
| BLFS | BioLife Solutions, Inc. | Health Care | 4.30% |
| CSVI | Computer Services, Inc. | Industrials | 4.30% |
| KIDS | OrthoPediatrics Corp. | Health Care | 3.86% |
| SLP | Simulations Plus, Inc. | Technology | 3.78% |
| | | **Total within the Composite:** | **45.33%** |

*The positions represent Conestoga Capital Advisors largest equity holdings based on the aggregate dollar value of positions held in the client accounts that are included in the Micro Cap Composite. All information is provided for informational purposes only and should not be deemed as a recommendation to buy the securities mentioned. Sectors are defined according to the ICB industry definitions.*

## MID CAP COMPOSITE PERFORMANCE (AS OF 9/30/22)**




*** Sources: Conestoga, Russell Investments. Composite creation date is March 31, 2010. Please see additional important disclosures in the fully compliant GIPS presentations at the end of this commentary. Russell Mid Cap Growth Index measures the performance of those Russell Mid Cap companies with higher price-to-book ratios and higher forecasted growth values.*

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## MID CAP COMPOSITE - 3Q22 PERFORMANCE & ATTRIBUTION

The Conestoga Mid Cap Growth Composite declined -4.84% net-of-fees in the third quarter, trailing the benchmark Russell Midcap Growth Index return of -0.65%. Underperformance was largely driven by negative stock selection effects with allocation effects also detracting from returns. Stock selection was most challenging in the Health Care, Consumer Discretionary and Industrials sectors and the portfolio's lack of exposure to the Energy sector also hurt results. This was partially offset by positive contributions in the Real Estate and Utilities sectors.

Stock selection was most negative in the Health Care sector as declines were broad-based and eight of the nine portfolio holdings detracting from relative performance. West Pharmaceuticals, Inc. (WST), STERIS Plc (STE), and Bio-Techne Corp. (TECH) were the biggest laggards. Like their industry peers, WST saw its share price decline despite solid overall revenue and earnings results. The stock price was also weighed down by a reduction in full-year guidance to account for greater foreign currency headwinds and slowing COVID demand.

With many workers returning to offices and spending fewer hours at home, there has been less focus on home-improvement projects which have negatively impacted some of our positions in the Consumer Discretionary sector, most notably, Pool Corp. (POOL). Bright Horizons Family Solutions, Inc. (BFAM), the corporate-sponsored daycare provider sold off sharply following a disappointing quarter and a reduction to full year guidance. The company's enrollment is challenged by both demand (return to office childcare) and supply (labor shortage in some markets).

Some of our positions in the Industrials sector faced pressures from mounting input costs and the outlook for continued inflationary pressures. Ball Corp. (BALL) and Transunion, Inc. (TRU) were the biggest detractors in the space with each declining by more than 25%. BALL underperformed due to 8% of its earnings coming from its plants in Russia (just divested) and a slowdown in can volumes. The strategy's lack of exposure to the Energy sector continues to weigh on relative returns as it was the Index's best performer for the quarter and now makes up almost 6% of the benchmark.

The Real Estate and Utilities sectors provided the largest relative gains to the portfolio primarily due to our positions in CoStar Group, Inc. (CSGP) and Waste Connections, Inc. (WCN). CSGP's strong performance was driven by outstanding quarterly results with strong bookings across its three business segments while WCN performed well during the quarter given the consistency of its business model with stable volumes, strong pricing power and healthy margins.

## MID CAP COMPOSITE - TOP 5 LEADERS

**1. CoStar Group, Inc. (CSGP):** The stock's strong relative return in 3Q22 was driven by an outstanding quarterly report in late July 2022. CSGP reported 2Q22 revenues of $536 million, above consensus estimates. More importantly, the company showed extremely strong bookings of $84 million, up 66%. The strength in bookings was broad-based across its top three segments (CoStar Suite, Apartments.com and Loopnet.) The company also provided an above consensus 3Q22 outlook and raised guidance for the entire fiscal 2022 year. EBITDA guidance was raised from $585-615 million to $610-630 billion. The quarterly results and guidance continued to demonstrate the continued strength of the business model.

**2. Avalara, Inc. (AVLR):** AVLR is the leading provider of cloud-based sales tax automation and management software. In early August, a month after reports surfaced of buyout interest, AVLR received an offer to be taken private by Vista Equity, a private equity firm. The deal price represented a 27% premium to the unaffected share price before the report of buyout interest. We believe another buyer is unlikely to emerge at this stage, with the deal set to be consummated before the end of 2022.

**3. Gartner, Inc. (IT):** IT is a research and advisory company, which equips business leaders with insights, advice, and tools to improve their businesses. The company posted another strong quarter, beating across revenue, adjusted EBITDA, and EPS. Revenue upside was broad-based across all segments. Management also raised 2022 guidance for all three metrics. The increased guidance reflects strong second quarter performance, continued sales momentum, and better -than-anticipated demand for in-person events coupled with solid expense management.

**4. Repligen Corp. (RGEN):** RGEN is a provider of tools used by biotechnology companies. RGEN reported revenue of $208 million, above expectations for $190 million, on organic growth of 29%. Management noted strength across the board, with 40% growth in the base business led by the Filtration and Chromatography franchises. Management highlighted strong momentum in the core mAb and gene therapy markets. In addition, given the new manufacturing capacity coming online and strong order patterns, management's confidence is high entering the back half of 2022.

**5. Waste Connections, Inc. (WCN):** WCN is a leading waste management service company that provides collection, recycling, transfer and disposal services in North America. This top ten holding performed well during the quarter given the consistency of its business model with stable volumes, strong pricing power and healthy margins.

*Source: FactSet Research Systems*

## MID CAP COMPOSITE - BOTTOM 5 LAGGARDS

**1. West Pharmaceuticals, Inc. (WST):** Similar to its industry peers, WST saw its share price decline despite solid overall results. WST reported 23% organic growth (ex-COVID) in the second quarter as the biologics market continues to perform well. WST did reduce full-year guidance by $100 million to account for greater foreign currency headwinds ($75mm impact) and slowing COVID demand ($85mm impact). This implies a guidance raise of $60 million on the base business, which we view as important to driving long term appreciation. WST also set expectations for COVID revenue to decline by 30-50% in 2023 after declining 20% to $375 million in 2022.

**2. Veeva Systems, Inc. (VEEV):** VEEV serves the life sciences industry with a wide range of integrated software applications and services. VEEV reported a solid quarter with revenue $4 million above expectations and at the high end of guidance. The results were driven by continued strong momentum in the R&D business with record new logo wins. However, despite the relative outperformance in the quarter, management called out slightly lower full-year revenue and billings guidance. The revenue guidance reduction was split evenly between incremental foreign currency headwinds and macroeconomic factors.

**3. Bright Horizons Family Solutions, Inc. (BFAM):** BFAM is the largest private sector provider of employer sponsored childcare. The stock sold off sharply following a disappointing quarter and the second consecutive reduction to full year guidance. The company's enrollment is challenged by both demand (return to office childcare) and supply (labor shortage in some markets).

**4. Bio-Techne Corp. (TECH):** TECH makes and distributes biological research supplies used by researchers around the globe. During the quarter, TECH reported in-line earnings and provided an upbeat forward guidance of low double-digit organic revenue growth. Despite the solid results, TECH shares traded down nearly 15% in September (roughly double the benchmark's drawdown), similar to public healthcare peers.

**5. Ball Corp. (BALL):** BALL is one of the world's leading suppliers of aluminum packaging. Their aluminum cans are produced around the world and sold into a variety of industries like beverage, personal care and household products. The stock underperformed due to 8% of its earnings coming from its plants in Russia (since divested) and a slowdown in can volumes as its customers have taken double-digit increases over the past year. The acceleration in transportation costs have also caused BALL's customers to take substantial price increases on their products.

## MID CAP COMPOSITE - 3Q22 BUYS

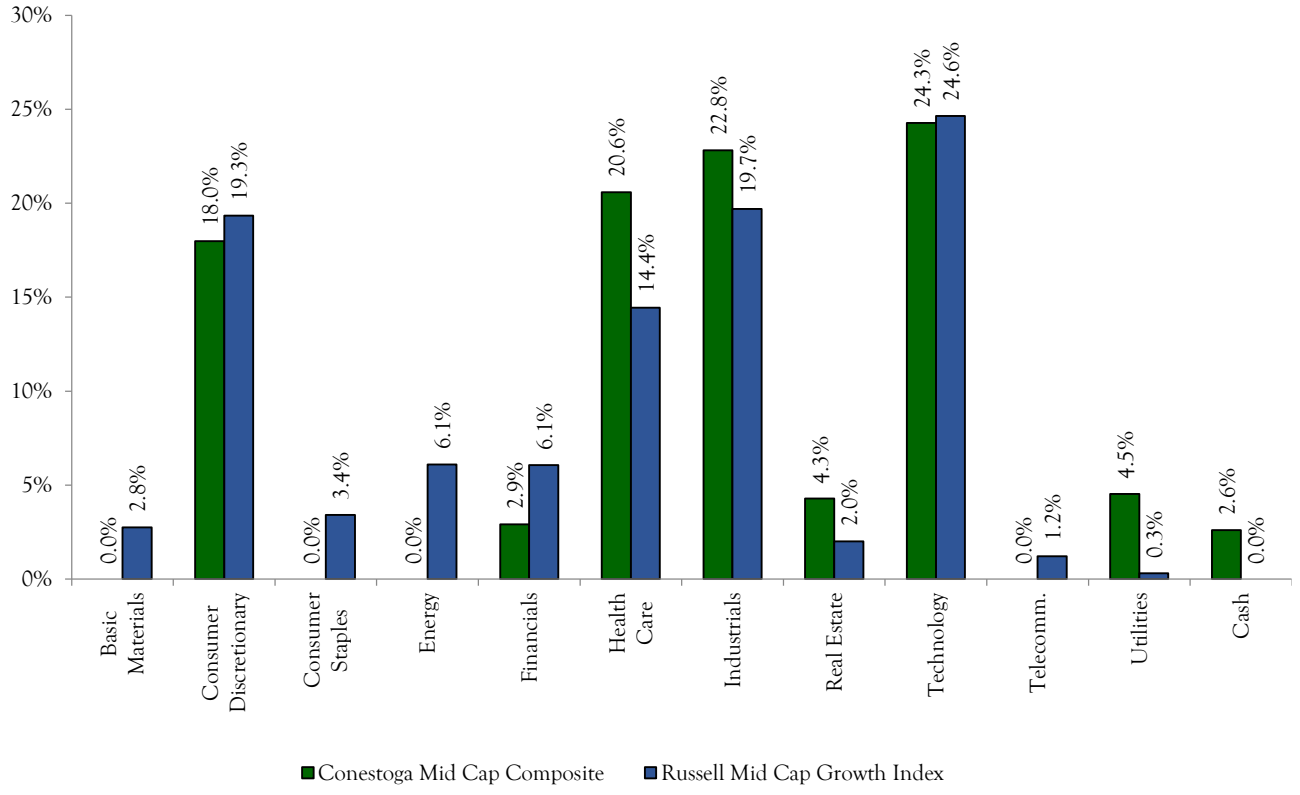
1. **Watsco, Inc. (WSO):** WSO is the nation's largest distributor of heating, ventilation and air conditioning (HVAC) equipment, parts and supplies with 80% of revenue tied to the Sun Belt region. We added this SMid Cap portfolio holding (since 2017) given its high replacement driven revenue model. While the company benefitted from at home spend during the pandemic, we believe potential volume declines can be offset by the higher pricing associated with new Department of Energy minimum efficiency requirements that go into effect in 2023.

## MID CAP COMPOSITE - 3Q22 SELLS

None.

Conestoga added to positions on five occasions and trimmed two stocks during the third quarter.

## MID CAP COMPOSITE - SECTOR WEIGHTINGS (AS OF 9/30/22)




*Source: FactSet Research Systems and Conestoga. Sectors are defined according to the ICB industry definitions.*

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## MID CAP COMPOSITE - TOP TEN EQUITY HOLDINGS (AS OF 9/30/22)

| SYMBOL | COMPANY NAME | SECTOR | % OF ASSETS |
|---|---|---|---|
| ROL | Rollins, Inc. | Consumer Discretionary | 4.69% |
| WCN | Waste Connections, Inc. | Utilities | 4.54% |
| CPRT | Copart, Inc. | Consumer Discretionary | 4.31% |
| CSGP | CoStar Group, Inc. | Real Estate | 4.29% |
| HEI.A | HEICO Corp. | Industrials | 4.14% |
| JKHY | Jack Henry & Associates, Inc. | Industrials | 3.98% |
| IT | Gartner, Inc. | Technology | 3.97% |
| VRSK | Verisk Analytics, Inc. | Industrials | 3.87% |
| TYL | Tyler Technologies, Inc. | Technology | 3.55% |
| ROP | Roper Technologies, Inc. | Technology | 3.47% |
| | | **Total within the Composite:** | **40.81%** |

*The positions represent Conestoga Capital Advisors largest equity holdings based on the aggregate dollar value of positions held in the client accounts that are included in the Mid Cap Composite. All information is provided for informational purposes only and should not be deemed as a recommendation to buy the securities mentioned. Sectors are defined according to the ICB industry definitions.*

## CONESTOGA'S INVESTMENT PHILOSOPHY & APPROACH

**Philosophy**

*Our high quality conservative growth philosophy seeks to take advantage of the inefficient discovery process for micro, small, smid 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 seek to 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 Capture**

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

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## COMPARING CONESTOGA'S INVESTMENT STRATEGIES (AS OF 9/30/22)

| Portfolio Guidelines | Micro Cap Growth | Small Cap Growth | SMid Cap Growth | Mid Cap Growth |
|---|---|---|---|---|
| Wtd. Avg. Market Cap. | $962.2 Million | $3,402.6 Million | $7,147.9 Million | $18,979.4 Million |
| Number of Holdings (Range) | 25 – 40 | 45 – 50 | 40 – 60 | 30 - 45 |
| Primary Benchmark | Russell Microcap Growth | Russell 2000 Growth | Russell 2500 Growth | Russell Midcap Growth |
| Investment Vehicles† | SA, MF | SA, MF, CIF | SA, MF, CIF | SA, MF |
| Estimated Capacity | $500 Million Plus | Limited | $2.5 Billion Plus | $10 Billion Plus |
| Total Strategy Assets | $38.6 Million | $4,839.6 Million | $1,118.5 Million | $18.2 Million |
| Holdings Overlap | 12 stocks in Both Micro and Small | 29 Stocks in Both Small and SMid | 19 Stocks in Both SMid and Mid | |

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***Additional Information:***

*In order to enhance current and prospective understanding of our process, approach, and views, this presentation includes discussions regarding selected positions in our strategies' portfolios. In doing so, we hope this transparency enhances your understanding of our views on the investment opportunities we see in the marketplace and why we have positioned the strategies' portfolios the way we have. With such information available to you, we believe current and prospective investors are better informed and equipped to understand and/or challenge our views and approach to determine whether an investment in a portfolio is consistent with the mandate of each individual client. As our focus is on current positions, we naturally have a constructive bias to these companies, which clients should weigh in determining their own views on our approach and the forward return opportunities of their portfolios. As the above disclosures make clear, we are not discussing positions to highlight those that have performed well for us. We have always had a mix of winners and losers and exactly how these positions perform over time will be judged with time.*



**Please 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.*

**Important Information: GIPS ® Presentation for the Period Ending September 30, 2022**

| 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 2022 | -31.99% | -29.28% | -25.10% | 154 | N/A | $1,231.9 | 22% | $5,521.8 | $528.0 | $6,049.8 |
| 2021 | 16.94% | 2.83% | 14.82% | 155 | 0.79 | $1,815.7 | 22% | $8,165.1 | $718.5 | $8,883.6 |
| 2020 | 31.09% | 34.63% | 19.96% | 156 | 0.96 | $1,641.7 | 24% | $6,834.2 | $504.4 | $7,338.6 |
| 2019 | 26.31% | 28.48% | 25.53% | 144 | 0.57 | $1,500.7 | 32% | $4,707.3 | $156.1 | $4,863.4 |
| 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 | $35.6 | $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 | 0.51 | $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 | 1.06 | $883.5 | 51% | $1,743.9 | $1.5 | $1,745.4 |
| 2012 | 11.51% | 14.59% | 16.35% | 120 | 0.62 | $566.3 | 60% | $944.1 | $0.8 | $944.9 |
| 2011 | 5.05% | -2.91% | -4.18% | 106 | 0.67 | $339.7 | 58% | $582.0 | $0.5 | $582.5 |
| 2010 | 25.29% | 29.09% | 26.85% | 88 | 0.68 | $271.0 | 58% | $470.9 | $0.2 | $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 | 58% | $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 September 30, 2022**

| Time Period | Conestoga Small Cap Total Net Return | Russell 2000 Growth Total Return | Russell 2000 Total Return |
|---|---|---|---|
| 1 Year | -28.44% | -29.27% | -23.50% |
| 3 Years | 3.23% | 2.94% | 4.29% |
| 5 Years | 6.66% | 3.60% | 3.55% |
| 10 Years | 11.57% | 8.81% | 8.55% |
| Since Inception (12/31/98) | 10.81% | 6.17% | 7.36% |

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, 2021 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.

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, 2021, the three-year standard deviation, calculated net of fees, for the Conestoga Small Cap Composite was 18.93% and the Russell 2000 Growth was 23.07%, and the Russell 2000 was 23.35%. As of December 31, 2020, the three-year standard deviation, calculated net of fees, for the Conestoga Small Cap Composite was 21.66% and the Russell 2000 Growth was 25.10%, and the Russell 2000 was 25.27%. As of December 31, 2019, the three-year standard deviation, calculated net of fees, for the Conestoga Small Cap Composite was 15.71% and the Russell 2000 Growth was 16.37%, and the Russell 2000 was 15.71%.

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 the Russell 2000 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. As of 12/31/21, the composite definition was redefined. Previously, the market capitalization size range was calculated using a rolling 3-year average of the Russell 2000 Growth Index. 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.**



**Please 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.*

**Important Information: GIPS ® Presentation for the Period Ending September 30, 2022**

| Year Return | 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 2022 | -32.64% | -29.54% | 31 | N/A | $480.5 | 9% | $5,521.8 | $528.0 | $6,049.8 |
| 2021 | 16.57% | 5.04% | 27 | 0.30 | $683.6 | 8% | $8,165.1 | $718.5 | $8,883.6 |
| 2020 | 30.89% | 40.47% | 11 | 0.54 | $538.5 | 8% | $6,834.2 | $504.4 | $7,338.6 |
| 2019 | 35.96% | 32.65% | 7 | 1.05 | $88.3 | 2% | $4,707.3 | $156.1 | $4,863.4 |
| 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 | $35.6 | $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 |

**Annualized Rate of Return for the Period Ending September 30, 2022**

| Time Period | Conestoga SMid Cap Total Net Return | Russell 2500 Growth Total Return |
|---|---|---|
| 1 Year | -31.03% | -29.39% |
| 3 Years | 2.85% | 4.76% |
| 5 Years | 8.55% | 6.30% |
| Since 1/31/17 | 11.65% | 8.07% |

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, 2021 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.

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.

As of December 31, 2021, the three-year standard deviation, calculated net of fees, for the Conestoga SMid Cap Composite was 19.19% and the Russell 2500 Growth was 21.97%. As of December 31, 2020, the three-year standard deviation, calculated net of fees, for the Conestoga SMid Cap Composite was 21.82% and the Russell 2500 Growth was 23.93%.

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 assets can have a market capitalization outside the size range of the Russell 2500 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. As of 12/31/21, the composite definition was redefined. Previously, the market capitalization size range was calculated using a rolling 3-year average of the Russell 2500 Growth Index. **Past performance is not indicative of future results.**

**Important Information: GIPS ® Presentation for the Period Ending September 30, 2022**

| Year Return | Conestoga Micro Cap Total Net Return | Russell Microcap 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 2022 | -30.01% | -31.60% | 4 | N/A | $36.3 | 0.6% | $5,521.8 | $528.0 | $6,049.8 |
| 2021 | 5.63% | 0.88% | 4 | N/A | $52.0 | 0.6% | $8,165.1 | $718.5 | $8,883.6 |
| 2020 | 75.60% | 40.13% | 1 | N/A | $34.6 | 0.5% | $6,834.2 | $504.0 | $7,338.6 |

**Annualized Rate of Return for the Period Ending September 30, 2022**

| Time Period | Conestoga Micro Cap Total Net Return | Russell MicroCap Growth Total Return |
|---|---|---|
| 1 Year | -31.26% | -37.05% |
| Since Inception 12/31/2019 | 9.96% | -1.22% |

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, 2021 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.

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.

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 benchmark for this composite is the Russell Microcap Growth Index, which measures the performance of the microcap growth segment of the U.S. equity market. It includes Russell Microcap companies that are considered more growth oriented relative to the overall market as defined by Russell's leading style methodology. The Russell Microcap Growth Index is constructed to provide a comprehensive and unbiased barometer for the microcap growth segment of the market. The Index is completely reconstituted annually to ensure larger stocks do not distort performance and characteristics of the microcap opportunity set. (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 Micro Cap Composite creation date is 12/31/2019. This composite contains fee-paying, discretionary portfolios which primarily invest in micro cap equities. For an account to be included in the composite, the market capitalization will be within the size range of the Russell Microcap Index at the time of initial purchase. All portfolios have more than $250,000 in assets. Mutual funds and model-based non-discretionary portfolios are excluded from the composite. As of 6/18/21, the composite definition was redefined. Previously, the market capitalization size range was calculated using a rolling 3-year average of the Russell Microcap Growth Index. . 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.**

**Important Information: GIPS ® Presentation for the Period Ending September 30, 2022**

| Year Return | Conestoga Mid Cap Total Net Return | Russell Midcap 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 2022 | -33.20% | -31.45% | 10 | N/A | $15.4 | 0.28% | $5,521.8 | $528.0 | $6,049.8 |
| 2021 | 17.60% | 12.73% | 10 | 0.22 | $23.4 | 0.29% | $8,165.1 | $718.5 | $8,883.6 |
| 2020 | 31.29% | 35.59% | 9 | 0.79 | $18.3 | 0.27% | $6,834.2 | $504.4 | $7,338.6 |
| 2019 | 33.68% | 35.47% | 9 | 1.01 | $15.9 | 0.34% | $4,707.3 | $156.1 | $4,863.4 |
| 2018 | -1.55% | -4.75% | 9 | 0.84 | $12.1 | 0.33% | $3,633.1 | $66.3 | $3,699.4 |
| 2017 | 33.00% | 25.27% | 9 | 0.58 | $12.3 | 0.45% | $2,730.2 | $35.5 | $2,765.8 |
| 2016 | 10.26% | 7.33% | 9 | 1.54 | $9.4 | 0.52% | $1,798.1 | $15.1 | $1,813.2 |
| 2015 | 2.21% | -0.20% | 8 | 0.43 | $8.3 | 0.52% | $1,591.8 | $7.0 | $1,598.8 |
| 2014 | 1.71% | 11.90% | 9 | 0.26 | $8.6 | 0.51% | $1,688.6 | $2.6 | $1,691.2 |
| 2013 | 29.18% | 35.74% | 10 | 1.15 | $8.8 | 0.50% | $1,743.9 | $1.4 | $1,745.4 |
| 2012 | 6.73% | 15.84% | 10 | 0.91 | $6.8 | 0.72% | $944.1 | $0.7 | $944.9 |
| 2011 | 2.81% | -1.65% | 9 | 0.76 | $4.4 | 0.76% | $582.0 | $0.4 | $582.5 |
| 3/31/10 - 12/31/10 | 22.51% | 17.38% | 5 | N/A | $5.1 | 1.08% | $470.9 | $0.1 | $471.1 |

**Annualized Rate of Return for the Period Ending September 30, 2022**

| Time Period | Conestoga Mid Cap Total Net Return | Russell Midcap Growth Total Return |
|---|---|---|
| 1 Year | -30.77% | -29.50% |
| 3 Years | 2.69% | 4.26% |
| 5 Years | 7.91% | 7.62% |
| 10 Years | 10.28% | 10.85% |
| Since Inception (3/31/2010) | 10.78% | 10.99% |

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, 2021 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.

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The benchmark for this composite is the Russell Mid Cap Growth Index, which measures the performance of those Russell Midcap companies with higher price/book ratios and higher forecasted growth values. The stocks are also members of the Russell 1000® Growth Index. 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.

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As of December 31, 2021, the three-year standard deviation, calculated net of fees, for the Conestoga Midcap Composite was 18.11% and the Russell Midcap Growth was 20.19%. As of December 31, 2020, the three-year standard deviation, calculated net of fees, for the Conestoga Midcap Composite was 19.74% and the Russell Midcap Growth was 21.45%. As of December 31, 2019, the three-year standard deviation, calculated net of fees, for the Conestoga Mid Cap Composite was 14.49% and the Russell Midcap Growth was 13.88%.

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 Mid Cap Composite creation date is 3/31/2010. This composite contains fee-paying, discretionary portfolios which primarily invest in mid cap equities. For an account to be included in the composite, no more than 20% of the assets can have a market capitalization outside the size range of the Russell Mid Cap Index at the time of initial purchase. All portfolios have more than $250,000 in assets. Mutual funds and model-based non-discretionary portfolios are excluded from the composite. As of 6/18/21, the composite definition was redefined. Previously, the market capitalization size range was calculated using a rolling 3-year average of the Russell Mid Cap Growth Index. 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.**