

Conestoga Small Cap

Governance and Management

Stewardship Grade:

Portfolio Manager(s)

Bill Martindale and Bob Mitchell have run this fund since its 2002 inception. They've worked together, employing this approach, since Mitchell joined Martindale's previous firm in 1995. Martindale formed that company (Martindale Andres & Co.) in 1989; he was previously a Dean Witter broker for 20 years and began specializing in small caps there. Joe Monahan, the third team member, joined in December 2008 after seven years at McHugh Associates and 19 years at Pitcairn Trust.

Strategy

This fund's managers take a relatively conservative approach to the small-growth universe. They like companies with strong franchises, solid returns on equity, and management teams with sound strategies that sell cheaply relative to their growth potential. The managers invest with conviction; they hold only 40 to 50 stocks and tend to hang on to their picks for three to four years, on average.

Performance 06-30-09

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2005	-4.89	5.21	2.93	1.35	4.39
2006	13.75	-6.46	-1.33	4.26	9.45
2007	2.39	4.71	2.53	-3.18	6.43
2008	-8.22	0.80	0.00	-21.51	-27.38
2009	-7.96	19.10	—	—	—

Trailing

	Total Return%	+/- S&P 500	+/- Russ 2000 Gr	%Rank Cat	Growth of \$10,000
3 Mo	19.10	3.17	-4.28	63	11,910
6 Mo	9.62	6.46	-1.74	52	10,962
1 Yr	-13.95	12.26	10.90	2	8,605
3 Yr Avg	-4.48	3.74	3.35	6	8,715
5 Yr Avg	1.05	3.29	2.37	10	10,536
10 Yr Avg	—	—	—	—	—
15 Yr Avg	—	—	—	—	—

Tax Analysis

	Tax-Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	-4.74	3	0.27	8
5 Yr (estimated)	0.79	6	0.26	9
10 Yr (estimated)	—	—	—	—

Potential Capital Gain Exposure: -12% of assets

Morningstar's Take by Greg Carlson 07-13-09

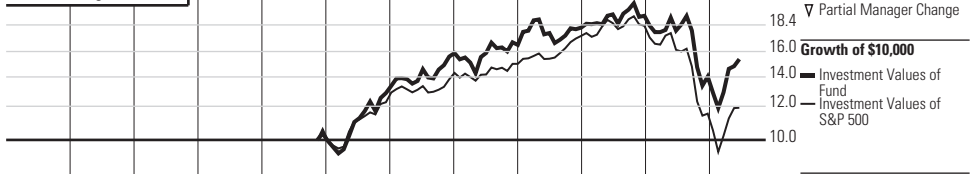
Conestoga Small Cap is a solid holding for patient investors.

This fund is tiny at \$55 million in assets, but it boasts a passel of features more deserving of attention. Managers Bill Martindale and Bob Mitchell have worked together for 14 years and have used the same relatively cautious approach to small-cap stocks over that entire span: They seek companies with competitive advantages that generate above-average returns on equity and trade cheaply relative to the managers' estimates of their future values. They tend to hold on to their picks for several years. The fund's holdings are less sensitive to the whims of the economy than most small-cap firms, and they carry less debt.

Because of the managers' tastes, the fund tends to look sluggish compared with its small-growth rivals in sharp rallies led by cyclical fare. (Witness its poor relative showing--yet fine absolute return--in the post-bear market rally of 2003.) But it holds up far better when the economy slows: For

Historical Profile

Return Above Avg
Risk Low
Rating ★★★★★ Highest



Year	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	06-09	History
NAV	—	—	—	—	10.48	14.01	16.36	16.95	18.44	19.11	13.82	15.15	NAV
Total Return %	—	—	—	—	—	33.60	18.83	4.39	9.45	6.43	-27.38	9.62	Total Return %
+/-S&P 500	—	—	—	—	—	4.92	7.95	-0.52	-6.34	0.94	9.62	6.46	+/-S&P 500
+/-Russ 2000 Gr	—	—	—	—	—	-14.94	4.52	0.24	-3.90	-0.62	11.16	-1.74	+/-Russ 2000 Gr
Income Return %	—	—	—	—	—	0.00	0.00	0.00	0.00	0.19	0.29	0.00	Income Return %
Capital Return %	—	—	—	—	—	33.60	18.83	4.39	9.45	6.24	-27.67	9.62	Capital Return %
Total Rtn % Rank Cat	—	—	—	—	—	87	17	65	58	55	2	52	Total Rtn % Rank Cat
Income \$	—	—	—	—	0.00	0.00	0.00	0.00	0.00	0.03	0.05	0.00	Income \$
Capital Gains \$	—	—	—	—	0.01	0.00	0.27	0.13	0.11	0.49	0.00	0.00	Capital Gains \$
Expense Ratio %	—	—	—	—	—	1.54	1.60	1.35	1.35	1.15	1.10	—	Expense Ratio %
Income Ratio %	—	—	—	—	—	-0.85	-0.43	-0.35	-0.26	-0.01	0.39	—	Income Ratio %
Turnover Rate %	—	—	—	—	—	32	26	24	19	14	23	—	Turnover Rate %
Net Assets \$mil	—	—	—	—	2	4	5	11	21	30	33	55	Net Assets \$mil

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	-13.95	—	—	—
3 Yr	-4.48	High	Low	★★★★★
5 Yr	1.05	+Avg	Low	★★★★★
10 Yr	—	—	—	—
Incept	7.35	—	—	—

Other Measures

	Standard Index S&P 500	Best Fit Index Russ 2000
Alpha	3.8	3.2
Beta	0.96	0.83
R-Squared	79	94
Standard Deviation	20.34	—
Mean	-4.48	—
Sharpe Ratio	-0.27	—

Portfolio Analysis 06-30-09

Share change since 05-09	Total Stocks:45	Sector	PE	Tot Ret%	% Assets
NVE Corporation		Hardware	23.8	85.99	3.88
Quality Systems, Inc.		Software	35.2	31.96	3.62
Landauer, Inc.		Business	25.1	-14.88	3.34
Ritchie Bros. Auctioneer		Business	24.4	10.32	3.30
Capella Education Compan		Business	32.5	2.04	3.27
Rollins, Inc.		Business	24.3	-3.48	3.22
CoStar Group, Inc.		Business	30.4	21.04	3.18
Blackboard, Inc.		Software	128.2	10.03	3.14
Advent Software, Inc.		Software	39.8	64.20	3.12
Tyler Technologies, Inc.		Software	33.9	30.38	3.12
Westwood Holdings Group		Financial	27.8	48.22	2.85
Simpson Manufacturing		Ind Mtrls	28.5	-21.04	2.75
Somanetics Corporation		Health	20.3	0.00	2.70
Ansys, Inc.		Software	26.0	11.72	2.69
Neogen Corporation		Health	32.5	16.01	2.63
Techne Corporation		Health	22.8	-0.71	2.61
Carbo Ceramics, Inc.		Energy	12.9	-2.79	2.33
Raven Industries, Inc.		Hardware	15.9	7.34	2.32
Meridian Bioscience, Inc		Health	30.1	-10.01	2.25
Abaxis, Inc.		Health	38.0	28.13	2.24

Current Investment Style

Value Blind Growth	Market Cap	%	Sector Weightings	% of Stocks	Rel S&P 500	3 Year High Low
Large Mid Small	Giant	0.0	Info	37.02	1.52	—
	Large	0.0	Software	22.51	4.86	24 9
	Mid	26.3	Hardware	11.10	1.10	12 4
	Small	52.7	Media	0.00	0.00	2 0
	Micro	21.0	Telecom	3.41	0.48	4 0
	Avg \$mil:	761	Service	45.91	1.20	—

Value Measures

Value Measures	Rel Category	%
Price/Earnings	21.82	1.68
Price/Book	2.66	1.80
Price/Sales	2.18	2.69
Price/Cash Flow	11.23	2.09
Dividend Yield %	1.02	1.27
Growth Measures	% Rel Category	%
Long-Term Erngs	16.26	1.02
Book Value	13.40	1.41
Sales	15.43	1.84
Cash Flow	15.21	1.26
Historical Erngs	13.38	0.93

Profitability

Profitability	% Rel Category	%
Return on Equity	18.80	1.30
Return on Assets	12.72	1.86
Net Margin	16.06	1.82

Composition

Cash	3.0
Stocks	97.0
Bonds	0.0
Other	0.0
Foreign	5.2
(% of Stock)	

Address:	259 N Radnor-Chester Rd Radnor, PA 19087 800-320-7790	Minimum Purchase:	\$2500	Add: \$0	IRA: \$2500
Web Address:	www.conestogacapital.com	Min Auto Inv Plan:	\$500	Add: —	
Inception:	10-01-02	Sales Fees:	No-load		
Advisor:	Conestoga Capital Advisors, LLC	Management Fee:	1.20%		
Subadvisor:	None	Actual Fees:	Mgt:1.20%	Dist: —	
NTF Plans:	Schwab Instl NTF	Expense Projections:	3Yr:\$392	5Yr:\$694	10Yr:\$1550
		Income Distrib:	Annually		

Disclosures

The Conestoga Small Cap Fund can be purchased fund direct, or is available through most major mutual fund platforms. Please visit www.conestogacapital.com or contact Conestoga Capital Advisors for additional instructions. Conestoga Small Cap Fund characteristics are provided by Morningstar for this Mutual Fund Report. Performance is based upon closing NAV calculation on listed dates and represents past performance. Past performance does not guarantee future results and current performance may be lower or higher than the performance quoted. Performance data includes reinvestment of dividends. Investment returns and principal value of an investment in Conestoga Small Cap Fund will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. For the Fund's daily NAV, list of additional holdings, total return as of the most recent month-end and a copy of the Fund's prospectus, please visit www.conestogacapital.com or call 1-800-320-7790. The prospectus contains information about the Fund's investment objective, risks, changes, and expenses which an investor should consider before investing.

