

# CONESTOGA SMALL CAP FUND

Nasdaq Symbol: CCASX

Prospectus Dated:

February 1, 2012

This Prospectus provides important information about the Fund that you should know before investing. Please read it carefully and keep it for future reference.

The U.S. Securities and Exchange Commission has not approved the Fund's shares or determined whether this Prospectus is accurate or complete. Anyone who tells you otherwise is committing a crime.

Conestoga Funds • 259 N. Radnor-Chester Road • Radnor Court, Suite 120 • Radnor, PA 19087

1-800-320-7790  
[www.conestogacapital.com](http://www.conestogacapital.com)  
[info@conestogacapital.com](mailto:info@conestogacapital.com)

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## **CONESTOGA SMALL CAP FUND**

### **Investment Objective**

The Conestoga Small Cap Fund seeks to provide long-term growth of capital.

### **Fees and Expenses of the Fund**

This table describes the fees and expenses that you may pay if you buy and hold shares of the Conestoga Small Cap Fund:

<b>Annual Fund Operating Expenses (expenses that you pay each year as a percentage of the value of your investments)</b>	
Management Fees	1.20%
Distribution (12b-1) Fees	0.00%
Other Expenses (the Adviser pays all Fund expenses except Rule 12b-1 fees, shareholder servicing fees, interest, taxes, brokerage commissions, expenses of the Independent Trustees, other expenditures that are capitalized in accordance with generally accepted accounting principles, and other extraordinary expenses not incurred in the ordinary course of such Fund's business) <sup>(1)</sup>	0.07%
<b>Total Annual Fund Operating Expenses</b>	<b>1.27%</b>
Expense Limitation <sup>(2)</sup>	(0.17)%
<b>Total Annual Fund Operating Expenses After Expense Limitation</b>	<b>1.10%</b>

<sup>(1)</sup> In addition, although the Fund has adopted a Shareholder Servicing Plan that will allow the Fund to pay an annual fee of up to 0.25% of its average daily net assets for providing services to the Fund's shareholders, the Fund does not expect to pay any Shareholder Servicing Fees in the current fiscal year.

<sup>(2)</sup>Conestoga Capital Advisors, LLC (the Adviser) has contractually agreed to limit the Fund's net annual operating expenses to 1.10% of the Fund's average daily net assets until at least February 1, 2013, subject to termination at any time at the option of the Fund.

### **Example**

This Example is intended to help you compare the cost of investing in the Conestoga Small Cap Fund with the cost of investing in other mutual funds. The Example assumes that you invest \$10,000 in the Fund for the time periods indicated (the Example for one year reflects the contractual expense limitation described above; the amounts for the other years reflect the Fund's gross expenses) and then redeem all of your shares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, under these assumptions, your costs would be:

<b>1 Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>10 Years</b>
\$112	\$386	\$681	\$1,519

### **Portfolio Turnover**

The Fund pays transaction costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). A higher portfolio turnover may indicate higher transaction costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the example, affect the Fund's performance. During the most recent fiscal year (ending Sept 30, 2011) the Fund's portfolio turnover rate was 18.03% of the average value of its portfolio.

### **Principal Investment Strategies**

Under normal market circumstances, the Fund invests at least 80% of its net assets in equity securities of small-cap companies. Equity securities include ADRs, convertible securities, foreign and domestic common and preferred stocks, rights and warrants. While there is no limit on investing in foreign securities, the Fund doesn't expect investment in foreign securities to exceed 20% of the Fund's total assets. "Small-cap companies" are companies that, at the time of purchase, have market capitalizations of up to \$2.5 billion. The Fund will not change this policy unless it notifies shareholders at least 60 days in advance. For purposes of this policy, "net assets" includes any borrowings for investment purposes. The Adviser follows an investment style sometimes called "GARP" or "Growth At a Reasonable Price." The Adviser generally invests the Fund's assets in small-cap companies with expected earnings growth that exceed that of the average of all U.S. publicly traded companies, where valuations seem reasonable compared to the expected earnings growth, where fundamental financial characteristics appear to be strong, where (in the Adviser's opinion) the business model offers sustainable competitive advantage, and where management has an important ownership stake in the company. The Adviser uses a bottom-up approach in selecting securities. There is no guarantee that the Fund will achieve its objective.

### **Principal Risks**

You may lose money by investing in the Fund. The Fund is subject to the following principal risks, more fully described in "Risks Factors" in this prospectus. The Fund's net asset value and total return may be adversely affected if any of the following occurs:

- The market values of securities acquired by the Fund decline;
- The Adviser does not execute the Fund's principal investment strategies effectively;
- A security's price fluctuates in response to events affecting the issuer's profitability or viability;
- Smaller, less seasoned companies lose market share or profits to a greater extent than larger, established companies in times of deteriorating economic conditions;
- A company's earnings do not increase as expected;
- Foreign securities markets may be more volatile and subject to less governmental supervision than their counterparts in the U.S. Foreign securities are subject to fluctuations in currency exchange rates.

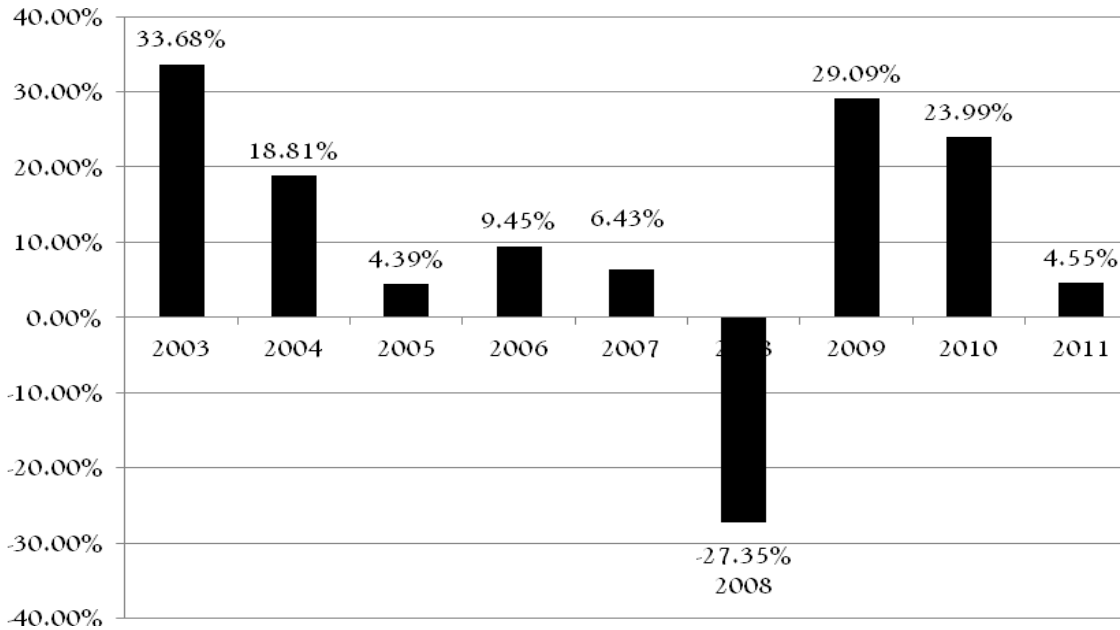
By itself, the Fund does not constitute a complete investment plan and should be considered a long-term investment for investors who can afford to weather changes in the value of their investment.

### **Performance**

The following information provides some indication of the risks of investing in the Fund by showing changes in the Fund's performance from year to year and by showing how the Fund's average annual returns for one year, five year and since the Fund's inception compare with those of broad measures of market performance. Past performance of the Fund (before and after taxes) is not necessarily an indication of how the Fund will perform in the future.

Updated performance information is available on the Fund's website: [www.conestogacapital.com/mutual\\_fund.htm](http://www.conestogacapital.com/mutual_fund.htm)

## Calendar Year Total Return



During the period shown in the chart, the Fund's best performing quarter was for the three months ended 06/30/2009: 19.10 %. During the same period, the Fund's worst performing quarter was for the three months ended 12/31/2008: -21.51%.

This table compares the Fund's average annual total returns for the periods ended December 31, 2011 to those of the Russell 2000 Index and the Russell 2000 Growth Index. The after-tax returns are calculated using the historical highest individual federal marginal income tax rates. These after-tax returns do not reflect the effect of any applicable state or local taxes. Your after-tax returns may differ from those shown. After-tax returns are not relevant to shareholders investing through tax-deferred programs such as an IRA plan. Future results may be different from those shown.

Average Annual Total Returns as of 12/31/11	One Year	Five Year	Since Inception (10/1/2002)
<b>Conestoga Small Cap Fund:</b>			
Return Before Taxes	4.55 %	5.28 %	10.23 %
Return After Taxes on Distributions	3.75 %	4.96 %	9.99 %
Return After Taxes on Distributions and Sale of Fund Shares	2.96 %	4.39%	9.00 %
Russell 2000 Index (the performance information for this index reflects no deduction for fees, expenses or taxes)	-4.18 %	0.15%	9.27 %
Russell 2000 Growth Index (the performance information for this index reflects no deduction for fees, expenses or taxes)	-2.91 %	2.09%	9.72 %

**Investment Adviser**

Conestoga Capital Advisors, LLC (“Conestoga” or the “Adviser”).

**Portfolio Managers**

William C. Martindale, Jr., Managing Partner and Chief Investment Officer of Conestoga, and Robert M. Mitchell, Managing Partner of Conestoga, have been primarily responsible for the day-to-day management of the Fund’s Portfolio since inception in 2002.

**Purchase and Sale of Fund Shares**

You can buy shares of the Fund, as a new shareholder or for a retirement plan, with a minimum initial investment of \$2,500 and there is no minimum for subsequent investments. The minimum initial investment under an automatic investment plan is \$500, with no minimum for subsequent investments. The minimum initial investment amounts may be reduced or waived in some cases.

If you wish to purchase or redeem shares directly through the Fund, you can do so by mail or by telephone on any business day once you have established an account. To establish an account, complete an account application and mail it with a check, bank draft or money order to: Conestoga Small Cap Fund c/o Mutual Shareholder Services 8000 Town Centre Dr. Suite 400 Broadview Heights, OH 44147. Additional purchases may be made by using the Fund’s mailing address, or by calling 1-440-922-0066. Investors who wish to purchase, exchange or redeem Fund shares through a broker-dealer should contact the broker-dealer directly.

**Tax Information**

The Fund’s distributions are taxable, and will generally be taxed as dividend income or capital gains, unless you are investing through a tax-deferred arrangement, such as a 401(k) plan or an individual retirement account. Such tax-deferred arrangements may be taxed later upon withdrawal of monies from those arrangements.

**Payments to Broker-Dealers and Other Financial Intermediaries**

If you purchase the Fund through a broker-dealer or other financial intermediary (such as a bank), the Fund and its related companies may pay the intermediary for the sale of Fund shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other intermediary and your salesperson to recommend the Fund over another investment. Ask your salesperson or visit your financial intermediary’s Web site for more information.

## INVESTMENTS

### Principal Investments – Additional Information

Equity securities which the Fund may purchase under normal circumstances to achieve its investment objective include: ADRs, convertible securities, domestic and foreign common or preferred stocks, rights and warrants. For cash management or for temporary defensive purposes in response to market conditions, the Fund may hold all or a portion of its assets in cash or short-term money market instruments. This may reduce the benefit from any upswing in the market and may cause the Fund to fail to meet its investment objective.

- **ADRs.** ADRs are receipts for foreign company shares held by a United States depository institution, entitling the holder to all dividends and capital gains of the underlying shares. ADRs are quoted in U.S. dollars and are traded on U.S. exchanges.
- **Convertible securities.** Convertible securities are bonds, debentures, notes, preferred stocks or other securities that may be converted into or exchanged for common stock. They are characterized by higher yields than common stocks, but lower yields than comparable non-convertible securities, less price fluctuation than the underlying common stock since they have fixed income characteristics, and the potential for capital appreciation if the market price of the underlying common stock increases. Any convertible securities that the Fund will invest in will be rated at least C or better by Moody's Investors Service.

For a more complete description of which securities the Fund can invest in and securities ratings, see the SAI.

## RISK FACTORS

As with all mutual funds, investing in the Fund involves certain risks. There is no guarantee that the Fund will meet its investment objective, and there is never any assurance that the Fund will perform as it has in the past. You can lose money by investing in the Fund. The Fund may use various investment techniques, some of which involve greater amounts of risk than others. To reduce risk, the Fund is subject to certain limitations and restrictions on its investments, which are described in more detail in the SAI.

The Fund is subject to the following principal risks:

- **Equity risk.** Equity risk is the risk that a security's value will fluctuate in response to events affecting an issuer's profitability or viability. Unlike debt securities, which have a superior claim to a company's assets in case of liquidation or bankruptcy, equity securities benefit from a company's earnings and cash flow only after the company meets its other obligations. For example, a company must pay interest on its bonds before it pays stock dividends to shareholders.
- **Market risk.** Market risk is the risk that the market value of a security may go up or down, sometimes rapidly and unpredictably because of economic changes or other events that affect individual issuers or large portions of the market. These fluctuations may cause the security to be worth more or less than it was at the time it was acquired. Market risk may involve a single security or a particular sector.
- **Management risk.** Management risk is the risk that the Fund management team's investment strategy may not produce the intended results. Management risk also involves the possibility that the Fund management team fails to execute an investment strategy effectively.
- **Small company risk.** Small company risk is a particularly pronounced risk for this Fund because it invests a significant percentage of its assets in the stocks of companies with relatively small market capitalizations. The stocks of these companies tend to be less liquid and more volatile than stocks of companies with relatively large market capitalizations. These companies may have limited product lines, markets or financial resources or may depend on a few key employees.
- **Foreign investment risk.** Foreign investment risk is the risk involved with the Fund's investment in foreign companies. Foreign investments pose additional risks including those relating to political, economic and regulatory events and circumstances unique to a country or region will affect those markets and their issuers. For example, compared to U.S. companies, there generally is less publicly available information about foreign companies and there may be less governmental regulation and supervision of foreign stock exchanges, brokers, and listed companies. Foreign issuers may not be subject to the uniform accounting, auditing, and financial reporting standards and practices prevalent in

the U.S. In addition, foreign securities markets may be less liquid, more volatile and subject to less governmental supervision than their counterparts in the U.S. Investments in foreign countries could be affected by factors not present in the U.S., including expropriation, confiscation of property, and difficulties in enforcing contracts. Foreign settlement procedures may also involve additional risks. These factors can make foreign investments, especially those in developing countries, more volatile than U.S. investments.

- **Currency risk.** Currency risk is the risk that fluctuations in the exchange rates between the U.S. dollar and foreign currencies may negatively affect an investment. Adverse changes in exchange rates may erode or reverse any gains produced by foreign currency denominated investments and may widen any losses.

A description of the Fund's policies and procedures with respect to disclosure of the Fund's portfolio securities is available in the Fund's SAI.

## MANAGEMENT OF THE FUND

### About the Conestoga Funds ("the Trust")

The Board of Trustees (the "Board") of the Trust has the overall responsibility for the management of the Fund.

### Investment Adviser

Conestoga Capital Advisors, LLC (the "Adviser"), a Delaware limited liability company registered as an investment adviser with the U.S. Securities and Exchange Commission ("SEC"), is the investment adviser of the Fund. The Adviser is located at 259 N. Radnor-Chester Road, Radnor Court, Suite 120, Radnor, PA 19087. As of December 31, 2011, the Adviser managed approximately \$582 million for numerous institutional and individual clients.

The Adviser supervises and assists in the overall management of the affairs of the Trust and the Fund, subject to oversight by the Board. In addition, the Adviser pays all of the expenses of the Trust, except 12b-1 fees, shareholder servicing fees, interest, taxes, brokerage commissions, expenses of Independent Trustees, other expenditures that are capitalized in accordance with generally accepted accounting principles, and other extraordinary expenses not incurred in the ordinary

course of such Fund's business. For performing these services during the fiscal year ended September 30, 2011, the Adviser received the following annual management fee. The management fee was 1.20 % and 1.10 % (net of fee waivers) of the average daily net assets of the Fund. The Adviser, at its own expense, and from its own resources and without reimbursement from the Fund, may compensate certain persons who provide services in connection with the sale or expected sale of shares of the Fund, subject to applicable laws and regulations.

A discussion of the most recent approval of the Fund's investment advisory agreement is included in the Fund's semi-annual report for the fiscal period ended March 31, 2011.

### **Portfolio Managers**

**William C. Martindale, Jr.** and **Robert M. Mitchell** are primarily responsible for the day-to-day management of the Fund's portfolio.

**William C. Martindale, Jr.** has served as co-portfolio manager of the Fund since its inception in 2002. Mr. Martindale has more than thirty years of investment related experience. He co-founded the Adviser in 2001 and has served as a managing partner and its Chief Investment Officer since that time. Mr. Martindale also oversees the firm's strategic business development. He has been recognized by *Money Magazine*, *Investor's Business Daily* and other publications for his experience and expertise as an equity investment manager.

**Robert M. Mitchell** also has served as co-portfolio manager of the Fund since its inception in 2002. As co-founder of the Adviser, Mr. Mitchell has served as managing partner since 2001, where he is responsible for directing the firm's equity portfolio management process and employing the firm's fundamental research approach to selecting securities.

The SAI provides additional information about the portfolio managers' method of compensation, other accounts managed by the portfolio managers and the portfolio managers' ownership of the Fund's shares.

### **HOW THE FUND VALUES ITS SHARES**

The Fund calculates its share price, called its net asset value per share ("NAV"), each business day as of the close of regular trading on the New York Stock Exchange, Inc. (the "NYSE"), which is

normally at 4:00 p.m. Eastern Time. A business day is a day on which the NYSE is open for trading.

The NAV is calculated by adding up the total value of the Fund's investments and other assets, subtracting its liabilities, and then dividing that figure by the number of outstanding shares of the Fund.

$$\text{NAV} = \frac{\text{Total Assets Less Liabilities}}{\text{Number of Shares Outstanding}}$$

You can request the Fund's current NAV by calling the Fund at 1-800-320-7790 or your Authorized Dealer, as defined below. The NAV, multiplied by the number of Fund shares you own, gives you the value of your investment.

Securities owned by the Fund that are listed primarily on foreign exchanges may trade on weekends or on other days on which the Fund does not price its shares. In this case, the value of the Fund's shares may change on days when you are not able to buy or sell shares.

The Fund values its investments based on market value or, where market quotations are not readily available, based on fair value as determined in good faith by the Board. The Board has delegated the fair valuation of the Fund's portfolio securities to a Pricing Committee, comprised of the Adviser's personnel and one or more Trustees. The Committee determines a portfolio security's fair value in accordance with guidelines approved by the Board. The Committee periodically presents reports of its activities to the Board.

A security's market quotation may not be considered "readily available" in situations in which: (i) a quoting dealer no longer provides prices, or data is otherwise missing with respect to a particular security priced by that dealer; (ii) there is no market quotation available because the security is restricted or not actively traded; (iii) the security's price includes a component for dividends or interest income accrued; or (iv) spreads between bids and asked prices are so large as to render them questionable.

A portfolio security may be fair valued if significant events have occurred that may affect the value of the security, including, but not limited to, natural disasters, armed conflicts, and significant government actions. In this regard, consideration must be given to significant events (especially with respect to foreign securities) that have occurred after the exchange or market has closed but

before the time as of which the Fund's NAV is calculated. Significant events may relate to a single issuer or to an entire market sector. In addition, significant fluctuations in domestic or foreign markets may constitute a significant event.

Fair value represents a good faith approximation of the value of a security. A security's valuation may differ depending on the method used for determining value. Valuing securities at fair value involves greater reliance on judgment than valuation of securities based on readily available market quotations. The fair valuation of one or more securities may not, in retrospect, reflect the prices at which those assets could have been sold during the period in which the particular fair values were used in determining the Fund's NAV. As a result, the Fund's sale, exchange or redemption of its shares at NAV, at a time when a holding or holdings are valued at fair value, may have the effect of diluting or increasing the economic interest of existing shareholders.

## **INVESTING IN THE FUND**

This section provides information to assist you in buying, exchanging and redeeming shares of the Fund. You may buy, exchange or redeem shares on any business day at a price based on the NAV that is calculated after you place your order. Please read the entire Prospectus carefully before buying shares of the Fund.

### **How to Purchase Shares**

You may purchase shares of the Fund through a broker-dealer with whom the Fund has entered into a sales agreement (an "Authorized Dealer") or directly from the Fund. The Fund will be deemed to have received a purchase, exchange or redemption order when an Authorized Dealer accepts the order. Authorized Dealers may charge a fee for handling your purchase, exchange or redemption order. If you place your order before the close of regular trading on the NYSE, you will receive the NAV that the Fund calculates that day. Orders placed after the close of regular trading on the NYSE will be priced at the next NAV that is calculated. The Fund reserves the right to reject any request to purchase shares of the Fund.

The minimum initial investment is \$2,500; there is no minimum for subsequent investments.

## Purchase Procedures

If you choose to purchase shares of the Fund through an Authorized Dealer, you should contact the Authorized Dealer in person or by telephone.

The Fund has established an anti-money laundering compliance program as required by the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 "USA PATRIOT Act". In order to ensure compliance with this law, the Fund must obtain the following information for all registered owners and all authorized individuals (corporate accounts require additional documentation):

- Full name;
- Date of birth;
- Social Security number;
- Permanent street address (a post office box is not acceptable).

Please note that your application will be returned if any information is missing. If you require additional assistance when completing your application, please call 1-440-922-0066.

If you wish to purchase shares directly through the Fund, you can do so by mail or by telephone once you have established an account. To establish an account, complete an account application and mail it with a check, bank draft or money order to:

by Regular U.S. Mail  
or  
by Overnight Mail

Conestoga Small Cap Fund  
c/o Mutual Shareholder Services  
8000 Town Centre Dr., Suite 400  
Broadview Heights, OH 44147

The Fund will not accept third-party checks (originally payable to someone other than you or the Fund).

Additional purchases may be made by mail, using the addresses above, or by calling 1-440-922-0066. Payment for additional shares must be made by check, bank draft, money order or by wire.

To pay by wire, you should:

☞ by Wire

Call the Fund at 1-440-922-0066 prior to the close of regular trading on the NYSE before wiring any funds to give notice of the purchase and to receive specific instructions. You will be asked to specify the number or dollar amount of shares that you wish to buy. Funds must be wired the same day that your trade is placed.

**Pre-Authorized Investment Plan.** You can also purchase shares through a pre-authorized investment plan. Under the plan, your personal bank account is automatically debited on a monthly or quarterly basis to purchase shares of the Fund. You will receive the NAV as of the date the debit is made. To set up your plan, please call the Fund at 1-440-922-0066. The minimum amount to purchase shares through a pre-authorized investment plan is \$500.

**Retirement Plans.** You can also purchase shares of the Fund as part of your retirement portfolio. Your Authorized Dealer can set up your new account under one of several tax-deferred retirement plans, including IRAs and Keoghs. Please contact your Authorized Dealer or the Fund for details regarding an IRA, Keogh or other retirement plan that works best for your financial situation.

#### **Frequent Purchases, Exchanges and Redemptions of Fund Shares (“Market Timing”)**

Market timing can be defined as any attempt to use past prices and other market-generated data to forecast future prices of securities or indexes, whether long-term or intra-day. Market timers evaluate various economic or stock market indicators to determine when to buy or sell securities. Timing may include charting, momentum investing, and quantitative analysis using various algorithms, artificial intelligence or charting techniques. Investors engage in market timing in the belief that, by avoiding periods of market weakness and participating in periods of strength, they should be able to realize superior returns. Market timing increases Fund expenses to all shareholders as a result of increased portfolio turnover. In addition, market timing could potentially dilute share value for all other shareholders by requiring the Fund to hold more cash than it normally would.

The Trust neither encourages nor accommodates market timing of the Fund’s shares. To this end, the Board has adopted policies and procedures with respect to market timing. In order to prevent or minimize market timing, the Fund employs “fair value” pricing to decrease the discrepancies between a security’s market quotation and its perceived market value, which often gives rise to market timing activity. Specifically, in identifying market timing activity, we consider, among other

things, the frequency of trades, whether trades are combined with a group of shareholders, or whether trade orders are placed with a group of shareholders, or whether a trade order was placed through a securities dealer or financial intermediary. Under the Fund's policies and procedures, at each meeting of the Board of Trustees of the Trust, the Adviser is required to present a written report of any Fund accounts frozen to liquidation during the previous quarter.

**Prevention.** The fair valuation of portfolio securities traded outside the U.S. may prove to be a deterrent to market timing by seeking to resolve any discrepancies between the valuation of these securities as of the close of the relevant foreign market and the perceived value of these securities at the time the Fund calculates its NAV per share, based on developments in the U.S. market occurring after the foreign market close. With respect to portfolio securities traded in the U.S., fair valuation is most frequently used to price portfolio securities for which a market quotation is not readily available, for example, in situations when a security is thinly traded or when trading in a security has been halted by the relevant exchange. Fair valuation in this context generally is not expected to be a significant deterrent to market timing. When fair valuing portfolio securities, the Trust follows its Fair Valuation Procedures.

**Detection and Remedies.** Frequent trading by a shareholder is a characteristic that helps identify the activity suspected of being market timing. The Adviser monitors shareholder activity reports on a weekly and monthly basis for suspected market timing activity based on short-term purchase/sale activity indicative of market timing with another fund family or investment option. Short-term purchase/sale activity is defined as a purchase of the Fund, subsequent redemption and re-purchase of the Fund within 30 days of the initial purchase. Reports include direct and "disclosed" accounts and omnibus accounts of financial intermediaries. If the value of the activity and frequency indicates that a direct account may be engaging in short-term purchase/sale activity, the Adviser will instruct the Fund's transfer agent to freeze the account to liquidation only.

The Adviser will undertake to obtain the cooperation of financial intermediaries with respect to monitoring non-disclosed and omnibus accounts. This cooperation may be proactive or reactive, depending on the system capabilities and processes of a particular financial intermediary. If the value of the activity and frequency indicates that one or more underlying accounts may be engaging in short-term purchase/sale activity, the Adviser will instruct the financial intermediary to freeze the underlying account to liquidation only. Each financial intermediary may have unique capabilities and processes for handling these situations. The Adviser will work with the financial intermediary

to implement the solution that is most consistent with this policy and the intermediary's capabilities.

As noted above, the Fund reserves the right in its sole discretion to reject purchase and exchange orders.

### **Exchanging Shares**

Shares of the Fund may be exchanged for Investors Class or Institutional Class shares of the Conestoga Mid Cap Fund (depending on which class an investor qualifies for). When you exchange shares, you are selling your shares and buying other Fund shares, which is a taxable event. Your sale price and purchase price will be based on the NAV next calculated after the Fund or Authorized Dealer receives your exchange request.

### **How to Exchange Shares**

You may exchange shares by contacting the Fund directly by mail or calling 1-440-922-0066. The exchange privilege is not intended as a vehicle for short-term or excessive trading. The Fund may terminate or suspend your exchange privilege if you engage in a pattern that is excessive, as determined in the sole discretion of the Fund.

### **How to Redeem Shares**

You may redeem shares on any business day through the Fund or your Authorized Dealer.

### **Redemption Procedures**

#### **Method of Redemption**

#### **Instructions**

To redeem your shares by mail, you should send the Fund a signed letter of instruction indicating your fund account number, amount of redemption, and where to send the proceeds. Please make sure all parties required to sign the redemption request have done so. Send your request to:

✉ by Regular U.S. Mail  
or  
by Overnight Mail

Conestoga Small Cap Fund  
c/o Mutual Shareholder Services  
8000 Town Centre Dr., Suite 400  
Broadview Heights, OH 44147

☎ by Telephone

To redeem your shares by telephone, call the Fund at 1-440-922-0066 or

## Method of Redemption

## Instructions

your Authorized Dealer between the hours of 9:30 a.m. and 4:00 p.m. Eastern Time on any business day. You may redeem your shares by telephone only if you have authorized telephone redemption on your account application.

## Payment for Redeemed Shares

Payment for redeemed shares will be made by mailing a check to you generally within three business days, but in no case longer than seven days, after your request is received in proper form. If you would like payment for redeemed shares through wire transfer, your funds will generally be wired the business day following the day your redemption request is received in proper form, but in no case take longer than seven days. To receive your proceeds by wire, you should provide the Fund with the name, location, ABA or bank routing number of your bank and your bank account number. Sufficient information must be included in your redemption request for the Fund to process the order.

## Additional Information About Redemptions

**Systematic Withdrawal Plan.** Under a systematic withdrawal plan, you may withdraw a set amount (\$250 minimum) at regular time intervals as long as you have a beginning account balance of at least \$10,000. If you would like to take advantage of this or any other shareholder services that the Fund provides, please call your account representative at 1-440-922-0066 to obtain the appropriate forms. This or other shareholder services may be changed or terminated at any time with 60 days' notice.

**Waiting period.** Redemption proceeds from the sale of shares purchased by a check may be held until the purchase check has cleared, which may take up to 15 days.

**Signature guarantees.** If your redemption proceeds exceed \$10,000, or if you instruct the Fund to send the proceeds to someone other than the record owner at the record address, or if you are a corporation, partnership, trust or fiduciary, your signature must be guaranteed by any eligible guarantor institution. Signatures may be guaranteed only by one of the following: a U.S. bank, trust company, credit union or savings association; a foreign bank that has a U.S. correspondent bank; a U.S. registered dealer or broker in securities, municipal securities or government securities; or a U.S. national securities exchange, a registered securities association or a clearing agency.

*If you are signing on behalf of a corporation, partnership or other business, or as a fiduciary, you must also include your title in the signature.*

**Telephone policies.** To purchase, exchange or sell shares by telephone directly through the Fund, you must authorize the Fund to accept telephone instructions. If you do, the Fund will accept instructions from people who it believes are authorized to act on your behalf. The Fund will use reasonable procedures (such as requesting personal identification) to ensure that the caller is properly authorized. Neither the Fund nor the Transfer Agent will be liable for losses for following instructions reasonably believed to be genuine. During times of extreme economic or market conditions, you may experience difficulty in contacting your account representative by telephone to purchase, exchange or request a redemption of shares. If this occurs, please consider using the other purchase, exchange or redemption procedures described in this Prospectus. Alternative procedures may take longer to purchase, exchange or redeem your shares.

**Automatic redemption; redemption in kind.** If the value of your account falls below \$2,500 (for reasons other than changes in the value of your shares), the Trust may automatically liquidate your account and send you the proceeds. The Trust will send you a notice at least 60 days before doing this. To the extent allowed under applicable law, the Trust also reserves the right to redeem your shares “in kind.” For example, if you redeem a large number of shares and the Fund is unable to sell securities to raise cash, the Trust may send you shares of securities of comparable value from the Fund’s portfolio. You will incur brokerage costs on the sale of shares of securities received in an in-kind distribution.

**Suspension of the Right of Redemption.** The Fund may suspend your right to redeem your shares under any of the following circumstances:

- during non-routine closings of the NYSE;
- when the SEC determines either that trading on the NYSE is restricted or that an emergency prevents the sale or valuation of the Fund’s securities; or
- when the SEC orders a suspension to protect the Fund’s shareholders.

### **Shareholder Servicing Plan**

The Fund has adopted a Shareholder Servicing Plan, under which shareholder servicing agents provide administrative and support services to their customers. These services may include

establishing and maintaining accounts and records relating to shareholders, processing dividend and distribution payments from the Fund on behalf of shareholders, responding to routine inquiries from shareholders concerning their investments, assisting shareholders in changing dividend options, account designations and addresses, and other similar services. For these services, the Fund may pay a fee at an annual rate of up to 0.25% of the average daily net assets of the shares serviced by the agent. The Fund may enter into agreements with various shareholder servicing agents, including financial institutions and securities brokers. The Fund may pay a servicing fee to broker-dealers and others who sponsor “no transaction fee” or similar programs for the purchase of shares. Shareholder servicing agents may waive all or a portion of their fee periodically. The Fund does not currently impose a shareholder servicing fee. As of the date of this prospectus, there is no intention to impose this fee.

The Trust has adopted a distribution and shareholder servicing plan in accordance with Rule 12b-1 under the Investment Company Act of 1940, as amended, for the Fund. The Board has determined to not impose the Rule 12b-1 fee for at least the current fiscal year.

In no event will the Fund pay more than 0.25% in shareholder servicing fees.

## DIVIDENDS, DISTRIBUTIONS AND TAXES

### Dividends and Distributions

The Fund passes along its investment earnings to you in the form of dividends and capital gains distributions. Dividends are the net income from investments after expenses. The Fund declares and pays dividends from its net investment income annually. If there are any short-term capital gains on the sale of investments, they are distributed as necessary. Normally, the Fund will pay any long-term capital gains once a year.

You can receive dividends and distributions in one of the following ways:

- **Reinvestment.** You can automatically reinvest your dividends and distributions in additional shares of the Fund. This option is followed by the Fund unless you indicate another choice on your account application.
- **Cash.** The Fund will send you a check no later than seven days after the payable date.
- **Partial reinvestment.** The Fund will automatically reinvest the dividends in additional shares of the Fund and pay your capital gain distributions to you in cash. Or, the Fund

will automatically reinvest your capital gain distributions and send you your dividends in cash.

- **Direct deposit.** In most cases, you can automatically transfer dividends and distributions to your bank checking or savings account. Under normal circumstances, the Transfer Agent will transfer the funds within seven days of the payment date. To receive dividends and distributions this way, the name on your bank account must be the same as the registration on your Fund account.

You may choose your distribution method on your original account application. If you would like to change the option you selected, please call the Fund at 1-440-922-0066 or your Authorized Dealer.

## **Taxes**

The following is a summary of certain U.S. tax considerations relevant under current law, which may be subject to change in the future. Except where otherwise indicated, the discussion relates to investors who are individual U.S. citizens or residents. You should consult your tax adviser for further information regarding federal, state, local and foreign tax consequences relevant to your specific situation.

**Distributions.** The Fund contemplates declaring as dividends each year all or substantially all of its taxable income, including its net capital gain (the excess of net long-term capital gain over net short-term capital loss). In general, the Fund's distributions will be taxable to you for federal, state and local income tax purposes. Distributions are taxable whether they are received in cash or reinvested in Fund shares. For federal tax purposes, Fund distributions attributable to short-term capital gains and net investment income are generally taxable to you as ordinary income. Distributions attributable to the net capital gain of the Fund will generally be taxable to you as long-term capital gain. This is true no matter how long you own your shares.

Under current provisions of the Internal Revenue Code (the "Code"), the maximum long-term capital gain tax rate applicable to individuals, estates, and trusts is 15%. Also, Fund distributions to non-corporate shareholders attributable to dividends received by the Fund from U.S. and certain foreign corporations will generally be taxed at the long-term capital gain rate of 15%, as long as certain other requirements are met. The amount of the Fund's distributions that qualify for this favorable tax treatment may be reduced as a result of the Fund's securities lending activities, a high portfolio turnover rate or investments in debt securities or "non-qualified" foreign corporations. For these lower rates to apply to Fund distributions, the

non-corporate shareholders must have owned their Fund shares for at least 61 days during the 121-day period beginning 60 days before the Fund's ex-dividend date. These lower rates for long-term capital gain and qualified dividends are currently scheduled to sunset after 2012.

Although distributions are generally treated as taxable to you in the year they are paid, distributions declared in October, November or December but paid in January are taxable as if they were paid on December 31.

A portion of the Fund's dividends paid to corporate shareholders may be eligible for the corporate dividends-received deduction. This amount may, however, be reduced as a result of the Fund's securities lending activities, by a high portfolio turnover rate or by investments in debt securities or foreign corporations.

You should note that if you purchase shares of the Fund just before a distribution, the purchase price will reflect the amount of the upcoming distribution, but you will be taxed on the entire amount of the distribution received, even though, as an economic matter, the distribution simply constitutes a return of capital. This adverse result is known as "buying into a dividend."

**Sales and Exchanges.** You will generally recognize taxable gain or loss for federal income tax purposes on a sale, exchange or redemption of your shares, based on the difference between your cost basis in the shares and the amount you receive for them. (To aid in computing your cost basis, you should retain your account statements for the periods during which you held shares.) Generally, this gain or loss will be long-term or short-term depending on whether your holding period for the shares exceeds twelve months, except that any loss realized on shares held for six months or less will be treated as a long-term capital loss to the extent of any capital gain dividends that were received on the shares. Additionally, any loss realized on a disposition of shares of the Fund may be disallowed under "wash sale" rules to the extent the shares disposed of are replaced with other shares of the Fund within a period of 61 days beginning 30 days before and ending 30 days after the shares are disposed of, such as pursuant to a dividend reinvestment in shares of the Fund. If disallowed, the loss will be reflected in an upward adjustment to the basis of the shares acquired.

**IRAs and Other Tax-Qualified Plans.** The one major exception to the tax principles described above is that distributions on, and sales, exchanges and redemptions of, shares held in an IRA (or other tax-qualified plan) will not be currently taxable.

**Backup Withholding.** The Fund will be required in certain cases to withhold and remit to the United States Treasury a percentage of taxable dividends or gross sale proceeds payable to any shareholder who (i) has failed to provide a correct tax identification number, (ii) is subject to backup withholding by the Internal Revenue Service for failure to properly include on his or her return payments of taxable interest or dividends, or (iii) has failed to certify to the Fund that he or she is not subject to backup withholding when required to do so or that he or she is an “exempt recipient.” The current backup withholding rate is 28%, but the rate is scheduled to change after 2012.

**U.S. Tax Treatment of Foreign Shareholders.** Generally, nonresident aliens, foreign corporations and other foreign investors are subject to a 30% withholding tax on dividends paid by a U.S. corporation, although the rate may be reduced for an investor that is a qualified resident of a foreign country with an applicable tax treaty with the United States. In the case of a regulated investment company such as the Fund, however, certain categories of dividends are exempt from the 30% withholding tax. These generally include dividends attributable to the Fund’s net capital gains (the excess of net long-term capital gains over net short-term capital loss) and, for taxable years of the Fund beginning before January 1, 2012, dividends attributable to the Fund’s interest income from U.S. obligors and dividends attributable to net short-term capital gains of the Fund. Generally, to obtain the benefit of any such exemptions, or the benefit of a reduction of withholding taxes as a result of a tax treaty, the shareholder must furnish the Fund with a properly completed Form W-8BEN.

Foreign shareholders will generally not be subject to U.S. tax on gains realized on the sale, exchange or redemption of shares in the Fund.

Beginning January 1, 2014, however, the Fund will be required to withhold 30% tax on all payments to foreign entities that do not meet specified information reporting requirements under the Foreign Account Tax Compliance Act.

In contrast, if a foreign investor conducts a trade or business in the United States and the investment in the Fund is effectively connected with that trade or business, or a foreign individual investor is present in the United States for 183 days or more in a calendar year, then the foreign investor's income and gain from the Fund will generally be subject to U.S. federal income tax at graduated rates in a manner similar to the income of a U.S. citizen or resident.

All foreign investors should consult their own tax advisors regarding the tax consequences in their country of residence of an investment in the Fund.

**State and Local Taxes.** Distributions of ordinary income and capital gains, and gains from the sale of your Fund shares, are generally subject to state and local taxes. State income taxes may not apply, however, to the portions of the Fund's distributions, if any, that are attributable to interest on U.S. government securities. You should consult your tax advisor regarding the tax status of distributions in your state and locality.

Additional information about taxes is provided in the SAI.

## **ADDITIONAL INFORMATION**

### **Performance**

Financial publications may compare the Fund's performance to the performance of various indexes and investments for which reliable performance data is available. These publications may also compare the Fund's performance to averages, performance rankings, or other information prepared by recognized mutual fund statistical services. In addition, from time to time, the Fund may advertise total return information. Total return information will be calculated according to rules established by the SEC and will not include any fees charged by Authorized Dealers.

### **Shareholder Communications**

The Fund may eliminate duplicate mailings of Fund materials to shareholders who reside at the same address, unless instructed to the contrary. Investors may request that the Fund send these documents to each shareholder individually by calling the Trust at 1-440-922-0066.

## FINANCIAL HIGHLIGHTS

The financial highlights table is intended to help you understand the financial performance of the Fund. The Fund began operations on October 1, 2002. The table below represents the financial results for a single share of the Fund. The total return in the table represents the rate that an investor would have earned assuming the reinvestment of all dividends and distributions.

The information for the fiscal years ended September 30, 2007, 2008, 2009, 2010 and 2011 has been audited by BBD, LLP (formerly Briggs, Bunting & Dougherty, LLP), whose report, along with the Fund's financial statements are incorporated by reference in the Statement of Additional Information ("SAI"), which is available upon request by calling toll-free 1-800-320-7790 or on the internet at [www.conestogacapital.com](http://www.conestogacapital.com).

### SELECTED DATA FOR A SHARE OUTSTANDING THROUGHOUT EACH YEAR:

	For the Year ended September 30, 2011	For the Year ended September 30, 2010	For the Year ended September 30, 2009	For the year ended September 30, 2008	For the year ended September 30, 2007
<b>Net asset value — beginning of year</b>	\$19.28	\$16.92	\$17.68	\$20.27	\$17.75
Net investment income (loss) <sup>a</sup>	(0.08)	(0.04)	— <sup>b</sup>	0.07	— <sup>b</sup>
Net realized and unrealized gain / (loss) on investments	1.23	2.40	(0.70)	(2.14)	2.59
Total from investment operations	1.15	2.36	(0.70)	(2.07)	2.59
Distributions from net investment income	—	—	(0.03)	(0.03)	—
Distributions from net realized capital gains	—	—	—	(0.49)	(0.07)
Distributions in excess of net investment income	—	—	(0.03)	—	—
Total distributions	—	—	(0.06)	(0.52)	(0.07)
<b>Net asset value — end of year</b>	\$20.43	\$19.28	\$16.92	\$17.68	\$20.27
Total return	5.96%	13.95%	(3.87)%	(10.43)%	14.61%
<b>Ratios/Supplemental Data:</b>					
Net assets — end of year (thousands)	\$133,214	\$103,066	\$65,356	\$42,582	\$29,281
Before waivers					
Ratio of expenses to average net assets	1.27%	1.24%	1.29%	1.30%	1.31%
Ratio of net investment income/(loss) to average net assets	(0.53)%	(0.40)%	(0.18)%	0.19%	(0.17)%
After waivers					
Ratio of expenses to average net assets	1.10%	1.10%	1.10%	1.10%	1.15%
Ratio of net investment income/(loss) to average net assets	(0.36)%	(0.26)%	0.01%	0.39%	(0.01)%
Portfolio turnover rate	18.03%	22.53%	13.89%	23.12%	13.51%

<sup>a</sup>Per share net investment income (loss) has been determined on the basis of average number of shares outstanding during the year.

<sup>b</sup>Represents less than \$0.01 per share

# CONESTOGA SMALL CAP FUND

259 N. Radnor-Chester Road  
Radnor Court, Suite 120  
Radnor, PA 19087  
1-800-320-7790

## INVESTMENT ADVISER

Conestoga Capital Advisors, LLC  
259 N. Radnor-Chester Road  
Radnor Court, Suite 120  
Radnor, PA 19087

## CUSTODIAN

UMB Bank, N.A.  
928 Grand Boulevard, 5<sup>th</sup> Floor  
Kansas City, MO 64106

## TRANSFER, SHAREHOLDER SERVICING, DIVIDEND DISBURSING and ACCOUNTING SERVICING AGENT

Mutual Shareholder Services, LLC  
8000 Town Centre Dr., Suite 400  
Broadview Heights, OH 44147  
1-440-922-0066

## INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

BBD, LLP  
1835 Market Street 26<sup>th</sup> Floor  
Philadelphia, PA 19103

## COUNSEL

Drinker Biddle & Reath LLP  
One Logan Square, Ste 2000  
Philadelphia, PA 19103

Additional information about the Fund's investments is available in the Fund's annual and semi-annual reports to shareholders. In the Fund's annual report, you will find a discussion of the market conditions and investment strategies that significantly affected the Fund's performance during the last fiscal year.

The SAI, which provides a more complete discussion of several of the matters contained in this Prospectus, is incorporated by reference. To obtain a free copy of the SAI or any shareholder report, or to make any other inquiries about the Fund, you may call the Fund at 1-800-320-7790 or write to the Fund at Conestoga Funds, 259 N. Radnor-Chester Road, Radnor Court, Suite 120, Radnor, PA 19087, or call your Authorized Dealer.

You may also review and copy information about the Fund (including the SAI) at the SEC's Public Reference Room in Washington, D.C. Call 1-202-551-8090 to obtain information on the operation of the SEC's Public Reference Room. This information is also available on the SEC's Internet site at <http://www.sec.gov>. Copies may also be obtained upon payment of a duplicating fee, by electronic request at the following e-mail address: [publicinfo@sec.gov](mailto:publicinfo@sec.gov), or by writing the SEC's Public Reference Section, Washington, D.C. 20549-1520.

You may also obtain a copy of the Fund's prospectus, SAI, annual and semi-annual reports from Conestoga Funds' worldwide web site at <http://www.conestogacapital.com>.

Investment Company Act File No. 811-21120