



PIONEERS IN SMALL CAP INVESTING

Conestoga Capital Advisors
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FOURTH QUARTER, 2011

OUR FIRM AND BUSINESS GOALS

Our Firm

- Founded in 2001 and based in the Philadelphia suburb of Radnor, Conestoga Capital Advisors, LLC is a boutique, independent investment advisory firm specializing in the management of Small Cap and Mid Cap Growth equities.
- Conestoga is 100% Employee-Owned, with no Debt. The firm has experienced net positive inflows in every calendar year since inception and added two investment professionals in 2008.
- As of December 31, 2011 total firm assets under management are \$582.5 million. The Small Capitalization Growth Equity style has \$532.5 million in assets, of which the Conestoga Small Cap Fund represents \$184.3 million.
- The Small Cap Growth Strategy is available via Separate Account or Mutual Fund (Ticker: CCASX).

Our Business Goals

1. Continue to meet or exceed our clients' investment objectives by delivering long-term investment returns that compare favorably to their benchmarks.
2. Grow our assets under management in the Small Capitalization Growth Equity Style to \$1 Billion.

PHILOSOPHY AND APPROACH

Conestoga believes that investors can earn a premium return in small capitalization growth equities by identifying higher quality companies that are capable of growing through multiple business cycles. We seek to take advantage of the inefficient discovery process for small companies and other investors' focus on near-term earnings.

Key Tenets of Our Style:

1. We build client portfolios consisting of 45-50 higher-quality small capitalization growth companies diversified across economic sectors.
2. We have a long-term investment horizon which results in a low portfolio turnover rate of approximately 30%.

We seek to provide attractive risk and reward characteristics relative to the Russell 2000 Growth and other small capitalization growth managers.

* Please see important disclosures on the last page of this brochure.

WHAT IS A SMALL CAP COMPANY?

We define a small cap company as one that has a market value of more than \$100 million and less than \$2 billion.

TOP 10 EQUITY HOLDINGS (%)*

1. Costar Group Inc.	4.93
2. Raven Industries Inc.	3.79
3. Bottomline Technologies Inc.	3.68
4. Sun Hydraulics Corp.	3.40
5. Simpson Manufacturing Co.	3.28
6. Advisory Board Co.	3.28
7. Tyler Technologies Inc.	3.08
8. NVE Corp.	2.92
9. Morningstar Inc.	2.68
10. Rollins Inc.	2.67



WILLIAM C. MARTINDALE, JR.
CIO, Co-Founder, Managing
Partner, Portfolio Manager,
Research Analyst



ROBERT M. MITCHELL
Co-Founder, Managing Partner,
Portfolio Manager, Research
Analyst



JOSEPH F. MONAHAN, CFA
Managing Partner, Portfolio
Manager, Research Analyst



DAVID M. LAWSON, CFA
Managing Partner, Portfolio
Manager, Research Analyst

INVESTMENT PROCESS

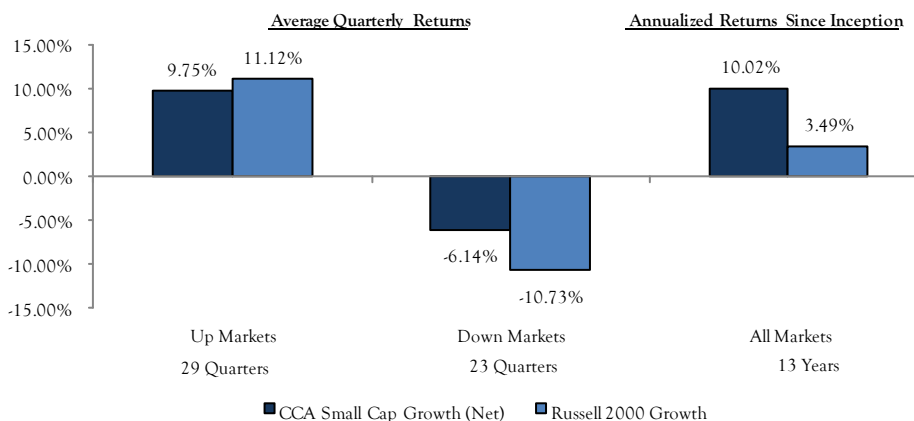
Idea Generation

- Goal: 6 to 12 new companies for investment per year.
- Companies with a market cap of \$100 million to \$2 billion.
- Ideas are sourced from three primary channels: 1) employ the screening capabilities of Factset; 2) attend industry conferences and trade shows; and 3) network with industry and regional research contacts.

Research

- Proprietary, fundamental research by Bill Martindale (43 years experience), Bob Mitchell (17 years experience) and Joe Monahan (30 years experience).
- Thorough review of financial statements to understand the company's economic drivers.
- Conference calls and/or in-person interviews with management, competitors, suppliers and customers.
- Development of a valuation estimate based on the most appropriate parameters for each company, typically Discounted Cash Flow or Price-to-Earnings.

UP VERSUS DOWN MARKET PERFORMANCE*



BUY CRITERIA

Companies will typically meet all of the following criteria:

1. Demonstrate the ability to generate annual earnings growth of at least 15% over the next three-year period.
2. Hold a strong market position, while demonstrating the ability to translate that position into positive financial return, namely a return on equity of 15% or greater.
3. Maintain a strong balance sheet and employ conservative accounting policies. Debt to total capitalization of less than 40%.
4. Have a strong management team whose interests are aligned with shareholders. Typically, we look for management ownership of a least 10%.

According to our analysis, companies must have the potential to generate a total return of at least 100% over the next three to five years.

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SELL DISCIPLINES

Stocks are sold or rebalanced from the portfolio for fundamental/strategic, tactical or risk control concerns.

1. Strategic/Fundamental

- A stock becomes overvalued based on our research or reaches a weighting of 2X its initial target,
- the fundamentals deteriorate or there is a change in corporate strategy which violates our investment thesis, or
- our research uncovers a better opportunity.

2. Tactical

- Holdings are typically reduced by one-third when the company's market capitalization exceeds \$2.5 Billion.

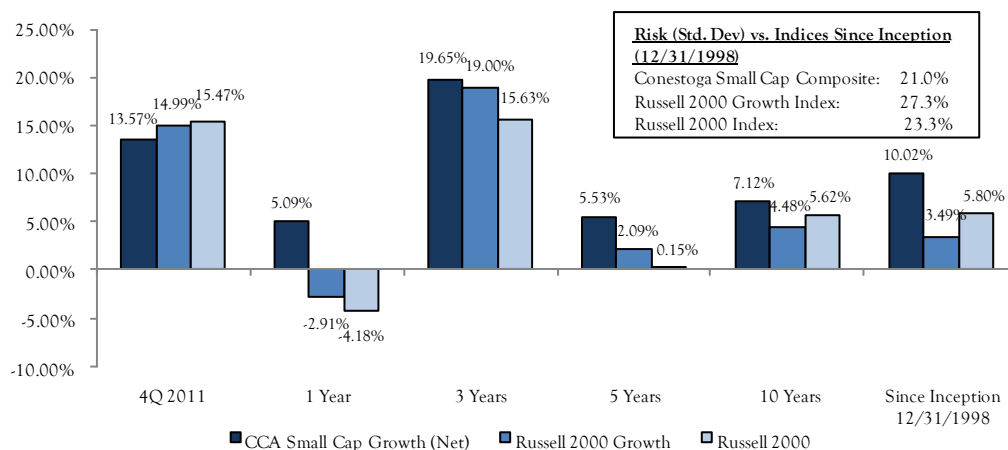
3. Risk Control

- Companies are re-evaluated when they underperform the benchmark by 25% on a 3-month or 12-month basis.

SECTOR WEIGHTINGS (%)

Consumer Discretionary	9.15
Consumer Staples	0.00
Energy	6.26
Financial Services	9.02
Health Care	15.98
Materials & Processing	5.41
Producer Durables	23.86
Technology	28.37
Utilities	0.00
Cash	1.95

ANNUALIZED RETURNS VS. RUSSELL INDICES*



“MOST SMALL CAP COMPANIES DO NOT EXPERIENCE UNINTERRUPTED REVENUE AND EARNINGS GROWTH. ASSUMING A COMPANY'S LONG-TERM FUNDAMENTALS ARE INTACT, WE CAPITALIZE ON THE UNREALISTIC EXPECTATIONS OF MOMENTUM INVESTORS AND ACQUIRE A WELL MANAGED COMPANY AT AN ATTRACTIVE PRICE.”-

— BOB MITCHELL,
MANAGING PARTNER

PORTFOLIO CONSTRUCTION & TRADING

Guidelines for our client portfolios include:

1. Total holdings of 45-50 stocks that represent the companies in which we have the highest research conviction.
2. Target position weights of 2% to 4%, adjusted over time, based on confidence.
3. Sector weightings limited to the lesser of 2X the benchmark or 25%.
4. Total exposure to companies with a market capitalization less than \$2 Billion of at least 90%.

Trading:

We seek the best possible execution, through the utilization of the ITG Triton Black and CovergEx Realtick platform to assist in that goal. The trading desk has established long-term relationships with select regional firms who tend to be the primary market makers in specific small cap equities.

DISCLOSURES: Fully Compliant GIPS Presentation for the Period Ending December 31, 2011

<u>Year</u> <u>Return</u>	<u>Conestoga</u> <u>Total Net</u> <u>Return</u>	<u>Russell 2000</u> <u>Growth</u> <u>Return</u>	<u>Russell 2000</u> <u>Total Return</u>	<u>No. of</u> <u>Accounts</u>	<u>Composite</u> <u>Dispersion</u>	<u>Total Assets at</u> <u>End of Period</u> <u>\$ (Millions)</u>	<u>% of Firm</u> <u>Assets</u>	<u>Total Firm</u> <u>Assets \$</u> <u>(Millions)</u>
2011	5.09%	-2.91%	-4.18%	106	0.65%	\$339.704	58%	\$582.530
2010	25.30%	29.09%	26.85%	88	0.69%	\$270.238	57%	\$471.132
2009	30.09%	34.47%	27.17%	84	0.77%	\$196.390	57%	\$345.395
2008	-28.00%	-38.54%	-33.80%	86	0.70%	\$131.463	58%	\$224.803
2007	6.14%	7.05%	-1.57%	94	0.73%	\$159.284	58%	\$275.368
2006	10.07%	13.35%	18.37%	95	1.14%	\$163.521	60%	\$271.483
2005	4.60%	4.15%	4.55%	70	0.93%	\$105.755	50%	\$211.667
2004	19.04%	14.31%	18.33%	39	1.26%	\$55.559	34%	\$165.497
2003	30.96%	48.54%	47.25%	37	2.35%	\$35.554	25%	\$140.624
2002	-15.29%	-30.26%	-20.48%	17	2.67%	\$11.176	12%	\$96.392
2001	20.93%	-9.23%	2.49%	17	4.95%	\$11.399	11%	\$103.627
2000	0.18%	-22.43%	-3.02%	22	8.36%	\$14.404	1%	\$1,440.440
1999	43.52%	43.09%	21.26%	18	9.38%	\$11.664	3%	\$388.133

Annualized Rate of Return for the Period Ending December 31, 2011

<u>Time Period</u>	<u>Conestoga</u>	<u>Russell 2000 Growth</u>	<u>Russell 2000</u>
1 Year	5.09%	-2.91%	-4.18%
3 Years	19.65%	19.00%	15.63%
5 Years	5.53%	2.09%	0.15%
10 Years	7.12%	4.48%	5.62%
Since Inception (12/31/98)	10.02%	3.49%	5.80%

* Conestoga Capital Advisors has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS). Conestoga Capital Advisors has been verified for the periods December 31, 1998 through March 31, 2002 by KPMG. Conestoga Capital Advisors has been verified for periods March 31, 2002 through March 31, 2010 by BBD, LLP. A copy of these verification reports is available upon request. Performance data after March 31, 2010 is in compliance with the GIPS standards but has not yet been examined by BBD, LLP.

- Past performance is not indicative of future results. 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.
- 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.
- There have not been any material changes in the personnel responsible for managing accounts during the time period. 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 Russell 2000 measures the performance of the 2,000 smallest companies in the Russell 3000 Index, which represents approximately 8% of the total market capitalization of the Russell 3000 Index. The Russell 2000 Growth Index measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values. The Russell 3000 Index measures the performance of the 3,000 largest U.S. companies based on total 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 Russell 2000 Growth Index. The Russell 2000 Index and the Russell 2000 Growth Index have not been selected to represent an appropriate benchmark, but rather are disclosed to allow for comparison of the composite's performance to that of well-known and widely respected indices.
- Performance results for the full historical period are total return, time-weighted rates of return expressed in U.S. dollars. Portfolios are valued monthly and returns are weighted by using beginning-of-quarter market values plus weighted cash flows. Annual returns are calculated by geometrically linking the monthly returns. Computations assume the reinvestment of all dividends and capital gains.
- 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 "NA" for periods less than one year and for periods with 5 or fewer composite members for the entire year.
- 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 that 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. 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.
- No leverage has been used in the accounts included in the composite.
- Trade date accounting is used for all periods.
- Performance results are presented after all management fees, custodial fees, commissions and other trading expenses. The current management fee schedule is as follows:

CURRENT FEE SCHEDULE:

Up to \$25,000,000: 1%

Over \$25,000,000: Negotiable

- A complete list of composites and performance results are available upon request.