

Cardinal Capital Management, L.L.C.

Cardinal Small Cap Value Fund - CCMSX

First Quarter 2018



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FIRM OVERVIEW

- Experienced, Stable Team
- 25-Year+ Track Record
- Repeatable Research-Driven Process
- FCF-Based Valuations
- Consensus Decisions
- Aligned Interests with Clients
- \$3.3 Billion AUM

OBJECTIVES

- High-Quality Investment Results
- Long-Term Capital Appreciation

Market Commentary

Small and large cap indices, as represented by the Russell 2000 and 1000, fell -0.08% and -0.69%, respectively, in the first quarter. Within the Russell 2000, the growth index rose 2.30% while the value index declined -2.64% due to the latter's smaller weighting in better performing information technology and healthcare stocks. From an economic perspective, the performance of small cap stocks was inconsistent as defensive utility and real estate shares were poor performers, but healthcare was the second best performing sector. Cyclical stocks also exhibited contradictory behavior as the share prices of economically sensitive materials, industrials and energy equities were broadly weak while information technology stocks were the best performers. Small cap stocks with higher long term earnings growth and higher valuations were the best performers. The stock prices of profitable small cap companies also declined -1.3% while the equities of unprofitable firms rose 3.5%

Fourth quarter GDP rose at a 2.5% annual rate, following two consecutive quarters of growth above 3%. During the first quarter, consumer sentiment hit its highest level since 2004, as the unemployment rate remained near fifty-year lows. The first quarter CPI was unchanged at 2.2%, but inflation concerns picked up as the impact of fiscal stimulus on an economy near full employment has yet to be felt. As a result, the ten year government bond yield rose moderately during the quarter to 2.74%. The Federal Reserve increased short-term interest rates at their March meeting and confirmed their plan to raise them two more times in 2018. Despite higher short and long-term interest rates, the US dollar weakened as prospects for economic growth in Europe and other large international economies improved. Major equity indices ended the quarter modestly lower as the announcement of tariffs increased the potential for a trade war that would slow the economy and the Facebook data breach raised the likelihood of government regulation. The heightened uncertainty weighed on investor sentiment and increased equity market volatility from subdued levels.

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HOW CARDINAL SEEKS TO ADD VALUE

- Intensive fundamental research
- Detailed DCF-based valuation analysis
- Opportunistic stock selection balances risk and return
- Aim to identify good businesses whose stocks are temporarily out-of-favor in structurally inefficient market niches
- Annual return objective has always been 20%, making valuations more conservative
- Discipline similar to that used by companies and private equity investors, resulting in more than 70 investments being acquired since 1995

INVESTMENT TEAM

Eugene Fox, III

Managing Partner/Portfolio Manager

Robert Kirkpatrick, CFA

Managing Partner/Portfolio Manager

Rachel Matthews

Partner/Portfolio Manager

Robert Fields

Partner/Portfolio Manager

Chitra Sundaram

Senior Research Analyst

Christopher Robertson

Senior Research Analyst

Michael Cotogno, CFA

Senior Research Analyst

Performance Commentary

The first quarter performance of Cardinal's Small Cap Value Fund, at 0.47% net of fees, outpaced the -2.64% decline of the Russell 2000 Value Index. The main contributors to our relative performance were stock selection in the industrials, technology, and consumer staples sectors and a lower weighting and stock selection in the energy sector. In industrials, the share price of professional services firm CBIZ rose after posting strong results and highlighting the potential benefit from recent tax code changes. The stock price of KAR Auction Services also increased on solid results and its plan to spin-off its salvage business which should unlock substantial value based upon the valuation of its competitor Copart. In technology, the share prices of IAC/Interactive and its publicly-traded subsidiary Match Group rose sharply due to better than expected results at Match and the strong price appreciation of IAC's other publicly-traded subsidiary, ANGI Homeservices. In consumer staples, the stock price of distiller MGP Ingredients moved higher as its mix shift to higher margin premium beverages continues to benefit its bottom-line. The share price of Calavo Growers was also strong as growth in its fresh avocado, guacamole and fresh prepared food businesses is expected to accelerate this year. In energy, the stock prices of Callon Petroleum and Resolute Energy outperformed their Permian peers; Callon, on its stable development plan, and Resolute because activists have launched a proxy contest seeking a potential sale of the company. In contrast, the main detractors were stock selection in the consumer discretionary and financials sectors. In consumer discretionary, the share price of Nexstar Media Group declined despite posting solid results and outlook as industry leader Sinclair forecast a weak first quarter for TV advertising. In financials, shares of MB Financial, a Chicago-based bank, fell when its earnings and guidance were lower than expected on both the timing of asset growth and a weaker outlook for its mortgage banking segment.

The annualized net return of Cardinal's Small Cap Value Fund since inception (April 1, 2014) is 8.70% versus 6.69% for the Russell 2000 Value Index. Cardinal managed \$3.3 billion in small and SMID cap value assets as of March 31, 2018.

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Market and Portfolio Outlook

Our near-term outlook for equities remains cautious as equity market valuations are full despite most indicators pointing to steady economic growth. The Federal Reserve still expects to gradually raise interest rates given the belief that inflation will reach its two percent target. Inflation could emerge as an area of concern if global growth boosts commodity prices and tight labor markets accelerate wage growth. Despite economic fundamentals continuing to improve across much of the developed world, the US dollar could gain support from improving US growth. However, the proposed imposition of tariffs have hurt the dollar and increased uncertainty. The M&A market should continue to be active as long as inexpensive capital is available and shareholder activism continues at high levels. Consistent with our investment discipline, our focus remains on the stocks of companies where business performance is generally less dependent on the growth rate of the U.S. economy. By attempting to limit macroeconomic risks and taking them only when we feel that we are being adequately compensated, we believe that we are reducing overall portfolio risk because tools under management's control are generally more dependable. Looking ahead, our portfolio companies continue to redeploy their free cash flow through share repurchases, dividends and opportunistic acquisitions which should bode well for future value creation.

Net Performance as of March 31, 2018

	Cardinal Small Cap Value Fund	Russell 2000 Value Index
Q1 2018	0.47%	-2.64%
12 Month Period Ended Mar 31, 2018	11.83%	5.13%
Annualized Inception to Date*	8.70%	6.69%

*Inception Date: April 1, 2014

Past performance does not guarantee future results. The performance data quoted represents past performance and current returns may be lower or higher. The investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost. For performance data current to the most recent month end, please call 1-844-CCM-SEIC (1-844-226-7342).

Disclosures

There are risks involved with investing, including possible loss of principal. There can be no assurance that the Portfolio will achieve its stated objectives. Equity funds are subject generally to market, market sector, market liquidity, issuer, and investment style risks, among other factors, to varying degrees, all of which are more fully described in the fund's full or summary prospectus. In addition to the normal risks associated with investing, investments in smaller companies typically exhibit higher volatility.

The Russell 2000 Index consists of the 2000 smallest stocks in the Russell 3000 Index that represent approximately 10% of the total market capitalization of that Index. The Russell 2000 Value Index measures the performance of the small-cap value segment of the U.S. equity universe and includes those Russell 2000 Index companies with lower price-to-book ratios and lower forecasted growth values. 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-book ratios and higher forecasted growth values. The Russell 1000 Index consists of the largest 1000 stocks in the Russell 3000 Index that represent approximately 90% of the total market capitalization of that Index. These indices are included merely to show the general trend in the small-cap equity markets in the periods indicated and is not intended to imply that Cardinal's investments were comparable to the index either in comparison or element of risk. There is no guarantee that the performance of the strategy will meet or exceed any index. An investor cannot invest directly in an index.

The investments discussed herein are not a comprehensive list of securities or positions held by the Strategy. There is no assurance that any securities discussed herein will be or remain in the portfolio or, if sold, have not been or will not be repurchased. Portfolio weights of the securities mentioned as of 3/31/18 are listed below:

CBIZ (CBZ): 2.6%, KAR Auction Services (KAR): 2.8%, IAC/InterActiveCorp (IAC): 1.1%, Match Group (MTCH): 0.0%, ANGI Homeservices (ANGI): 0.0%, MGP Ingredients (MGPI): 1.9%, Calavo Growers (CVGW): 2.4%, Callon Petroleum (CPE): 2.0%, Resolute Energy (REN): 2.0%, Nexstar Media (NXST): 3.1%, MB Financial (MBFI): 3.2%

Holdings subject to change. Current and future holdings subject to risk.

Any projections, market outlooks or estimates in this newsletter are forward looking statements and are based upon certain assumptions. Other events which were not taken into account may occur and may significantly affect the returns or performance of the Strategy. Any projections, outlooks or assumptions should not be construed to be indicative of actual events which will occur.

The Cardinal Small Value Fund is distributed by SEI Investments Distribution Co. (SIDCO), 1 Freedom Valley Dr., Oaks, PA 19456. Funds are managed by Cardinal Capital Management, L.L.C. (the advisor). SIDCO is not affiliated with Cardinal Capital Management, L.L.C.

The investment advisor for the Cardinal Small Cap Value fund has contractually agreed to reduce its fees and/or reimburse expenses in order to keep Total Annual Fund Operating Expenses (excluding interest, taxes, brokerage commissions, Acquired Fund Fees and Expenses and extraordinary expenses) from exceeding 1.00% of the Fund's Institutional Class shares' average daily net assets until May 31, 2019. These reductions have lowered operation expenses and increased total return to shareholders.

To determine if the Cardinal Small Cap Value Fund is an appropriate investment for you, carefully consider the fund's investment objectives, risk, and charges and expenses. This and other information can be found in the fund's full or summary prospectus which can be obtained by calling 1-844-CCM-SEIC or by visiting www.cardcap.com. Please read the prospectus carefully before investing. There are risks involved with investing, including possible loss of principal. In addition to the normal risks associated with investing, investments in smaller companies typically exhibit higher volatility.

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