

CARDINAL SMALL CAP VALUE FUND

Cardinal Capital

MANAGEMENT, L.L.C.

Quarterly Commentary

Quarter Ended September 30, 2017

CCMSX

FIRM OVERVIEW

- Experienced Value Investors
- 25+ Year Track Record
- Research-Driven Process
- FCF-Based Valuations
- Consensus Decision Process
- Owned by Current & Former PMs
- \$2.6 Billion AUM



GENE FOX

MANAGING PARTNER

At Cardinal Since 1995



ROB KIRKPATRICK

MANAGING PARTNER

At Cardinal Since 2000



RACHEL MATTHEWS

PARTNER

At Cardinal Since 2001



BOB FIELDS

PARTNER

At Cardinal Since 2013

Market Commentary

Small and large cap indices, as represented by the Russell 2000 and 1000 indices, rose 5.67% and 4.48% respectively in the third quarter. Within the Russell 2000, the value index rose 5.11% while the growth index increased 6.22%. For the quarter, the value index lagged its growth counterpart due to lower weightings in the industrial, information technology and consumer discretionary sectors. Small cap value stocks had a negative return for the year until the President presented his tax reform plan in September. This was due to fading optimism that the administration could pass tax or regulatory reform after the President failed to build enough Republican support to repeal and replace the Affordable Care Act. After the release of the tax plan in September, the small cap value index rose sharply as investors began to discount again the potential economic benefits by gravitating toward smaller and more cyclical stocks

Second quarter GDP rose at a 3.1% annual rate driven by strong consumer spending. During the third quarter, consumer and business sentiment improved as the unemployment rate held at a 16 year low despite industrial production dipping modestly due to Hurricane Harvey. Inflation remained below the Federal Reserve's 2% target level. As expected, the Federal Reserve left short-term interest rates unchanged at their September meeting but did decide to start slowly unwinding its quantitative easing program. Ten year government bond yields ended the quarter basically unchanged after falling sharply intra quarter once Janet Yellen reiterated the Federal Reserve's plan to raise rates again in 2017. U.S. corporate profits rose 7.4% last quarter slightly below the 7.7% first quarter growth rate but solid nonetheless. The U.S. dollar weakened over the quarter as prospects for economic growth in Europe and other large international economies improved but began to recover following the Fed's upbeat economic and interest rate outlook in September. Even with political turmoil at home and abroad, U.S. equity market volatility has been remarkably low despite valuations that remain high on a historical basis.

PORTFOLIO CHARACTERISTICS

• Number of Holdings	53
• Wtd. Avg. Market Cap	\$3.1 B
• ROIC	7.3%
• Est. 5 yr EPS growth rate	14.9%
• Annual Turnover	50.0%
• Fund Assets (Millions)	\$42.8
• Gross Expense Ratio	2.43%
• Net Expense Ratio	1.00%*

*Fee waivers are contractual through May 31, 2018

OBJECTIVES

- Long term capital appreciation.
- To manage risk, the Adviser seeks to adhere to a strong buy, hold, and sell discipline.

STRATEGY / PROCESS

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

Performance Commentary

The Cardinal Small Cap Value Fund, net of fees, rose 5.56% in the quarter, outperforming the 5.11% return of the Russell 2000 Value Index. The main contributors to our relative performance were a higher weighting and stock selection in industrials and stock selection in telecommunications and information technology. The primary detractors were our stock selection in materials and real estate. In industrials, shares of measurement provider Teledyne Technologies rose on better than expected quarterly results. Management also raised annual guidance to reflect the acquisition of e2v which expanded its digital imaging business and was accretive. The stock price of nuclear components and fuel supplier BWX Technologies climbed on strong results and increased guidance due to an expanding market for its nuclear power segment. In telecom, the share price of Wi-Fi provider Boingo Wireless was up sharply on better than expected results and guidance. The company's Distributed Antenna Systems segment continues to perform well as demand for wireless infrastructure grows. With 30%+ cash operating margins, investors are starting to assign the stock a valuation closer to that accorded to the traditional cellular tower business. In information technology, the stock prices of Match Group and IAC/InterActiveCorp, owner of 83% of Match, were up strongly on the successful launch of Tinder Gold which adds user features at an additional cost. Among our materials stocks, the share price of Silgan Holdings lagged as the metal and plastic packager continues to integrate its large acquisition and optimize its recent investments. In real estate, the stock price of New York REIT fell on a disappointing auction of its interest in One Worldwide Plaza, its largest asset, which will result in them retaining a 51% interest in the building that will likely be transferred into a nontraded liquidating trust. We sold the holding.

The annualized net return of the Cardinal Small Cap Value Fund since inception (April 1, 2014) is 8.44% versus 7.88% for the Russell 2000 Value Index and 8.18% for the Russell 2000 Index. Cardinal managed \$2.6 billion in micro, small and smid cap value discretionary assets as of September 30, 2017.

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Market and Portfolio Outlook

Our near-term outlook for equities remains cautious as equity market valuations are full although most economic indicators point to steady growth for the balance of the year. With continued low inflation, the market is only anticipating one interest rate hike through 2018 and long-term interest rates remain lower than expected, particularly with the Federal Reserve starting to unwind its quantitative easing program. This environment has been supportive of higher equity prices but negative for the U.S. dollar, especially with economic fundamentals improving across much of the developed world. The M&A market remains active and this should continue as long as capital is available and inexpensive and high levels of shareholder activism continue to lead to corporate break-ups and sales of non-core assets.

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.

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Net Performance as of September 30, 2017

	Cardinal Small Cap Value Fund	Russell 2000 Value Index
Q3 2017	5.56%	5.11%
12 Month Period Ended June 30, 2017	18.17%	20.55%
Annualized Inception to Date*	8.44%	7.88%

*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.

Definitions:

Return on Invested Capital (ROIC): A calculation used to assess a company's efficiency at allocating the capital under its control to profitable investments. Return on invested capital gives a sense of how well a company is using its money to generate returns.

Est. 5yr EPS Growth: Earnings per share (EPS) is the portion of a company's profit allocated to each outstanding share of common stock. Earnings per share serves as an indicator of a company's profitability. This number is Cardinal's estimate of the 5-year growth rate in earnings per share.

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. As of 9/30/17 Teledyne Technologies (TDY) accounted for 2.7%, BWX Technologies (BWXT) accounted for 2.5%, Boingo Wireless accounted for 0.6%, Match Group (MTCH) accounted for 1.2%, IAC/InterActiveCorp (IAC) accounted for 1.6%, Silgan Holdings (SLGN) accounted for 2.9%, and New York REIT (NYRT) accounted for 0.0% of the Cardinal Small Value Fund. 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.

Portfolio characteristics include data from FactSet and estimates from the Fund's manager, Cardinal Capital Management, L.L.C.

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, 2018. 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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