



Cardinal Capital
MANAGEMENT, L.L.C.

Form ADV Part 2A Brochure

Cardinal Capital Management, L.L.C.

December 31, 2017

This brochure provides information about the qualifications and business practices of Cardinal Capital Management, L.L.C. (the “Adviser”), an investment adviser registered with the United States Securities and Exchange Commission (the “SEC”). If you have any questions about the contents of this brochure, please contact us at 203-863-8990 or compliance@cardcap.com. This information has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about Cardinal Capital Management is also available on the SEC’s website at www.adviserinfo.sec.gov.

Although Cardinal Capital is registered as an investment adviser under the Investment Advisers Act of 1940, such registration with the SEC does not imply that Cardinal Capital or our personnel have a certain level of skill or training.

Item 2. Summary of Material Changes

The Adviser no longer manages a Microcap strategy. Reference to this strategy has been removed from Items 4, 5, 8 and 13.

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Item 4. Advisory Business

Cardinal Capital Management, L.L.C. is a Greenwich, Connecticut based SEC registered Investment Adviser that has been in business and registered with the SEC since April 1995. The firm is 100% owned by Managing Partners Eugene Fox and Robert B. Kirkpatrick and Partners, Rachel D. Matthews and Robert Fields and retired Managing Partner Amy K. Minella.

The Adviser provides advisory services on a discretionary basis to its clients, which include individuals, institutions, registered investment companies and pooled investment vehicles. Clients invest through separately managed accounts, in one of the mutual funds the Adviser is an advisor or sub-advisor on, or in one or both of the two limited partnerships managed by the Adviser. These value oriented investment services include investing in equity securities within the small cap and SMID cap categories. The Adviser limits its investment advice to the following types of investments: small cap and SMID cap.

Under certain circumstances, the Adviser may agree to tailor advisory services to the individual needs of clients. Currently, the Adviser tailors its advisory services in the following manner: the Adviser offers customized restrictions for certain accounts that do not wish to invest in certain industry sectors, have specific securities they do not want to own or have other account specific restrictions they may wish to have applied to their account.

The Adviser participates in wrap fee programs as portfolio manager.

The Adviser may also participate in model-based Managed Accounts Programs. In such programs, the Adviser shall provide the Program Sponsor non-discretionary investment advice through model portfolios.

As of December 31, 2017 the Adviser had \$3,102,120,329 client assets under management, of which the Adviser managed \$2,672,590,974 on a discretionary basis.

Item 5. Fees and Compensation

The Adviser's fee schedule is as follows:

Small Cap Value Equity

Separate Accounts: \$5 million minimum

First \$10 MM: 1.00%

Next \$15 MM: 0.90%

Next \$25 MM: 0.85%

Next \$50 MM: 0.75%

Separately Managed Account Platforms: \$3 million minimum per account / \$10 million in aggregate

Funds Between \$10 MM and \$25 MM: 0.90% applied to entire account

Funds Between \$25 MM and \$50 MM: 0.80% applied to entire account

Funds Over \$50 MM: Negotiable

Limited Partnership: \$500,000 minimum

Funds under \$5 MM: 1.25% applied to entire account

Funds from \$5 MM to \$10 MM: 1.00% applied to entire account

Funds over \$10 MM: 0.85% applied to entire account

SMID Cap Value Equity

Separate Accounts: \$5 million minimum

First \$10 MM: 1.00%

Next \$15 MM: 0.85%

Next \$25 MM: 0.80%

Next \$50 MM: 0.70%

Separately Managed Account Platforms: \$3 million minimum per account / \$10 million in aggregate

Funds Between \$10 MM and \$25 MM: 0.90% applied to entire account

Funds Between \$25 MM and \$50 MM: 0.80% applied to entire account

Funds Over \$50 MM: Negotiable

All investment management fees are negotiable for the above styles, depending on the size of the account and the nature of contemplated investments. The Advisor may waive fees for current or former employees. Annual fees are payable either quarterly or monthly, in arrears unless negotiated differently, based on the net asset value of the account as of the last day of the preceding quarter, or on month end or average monthly account values, if so agreed. Clients should understand that the Advisor may utilize its own valuation of each portfolio for fee calculation purposes as outlined in detail in each investment management agreement. Such values may not agree with valuations issued by the client's custodian. Valuations will be the sum of the cash and net market value of the securities in the account. Accounts opened or closed during a calendar quarter will have the fee pro-rated for that period.

Each client is required to execute an investment management agreement which governs the management of the account. On termination, any pre-paid, unearned portion of the Advisor's fee will be refunded to the client. The termination of the agreement will not affect the Advisor's right to be paid any earned, but unpaid fee. The Advisor generally does not deduct the investment management fee from a client account. Rather, the Advisor bills the client.

In addition to paying investment management fees, client accounts will also be subject to other investment expenses such as custodial charges, brokerage fees, commissions and related costs, interest expenses, taxes, duties and other governmental charges, transfer and registration fees or similar expenses.

The Advisor has one client account where it can be paid a performance-based fee in addition to an asset based fee. The performance based fee is based on the capital appreciation of the assets of the client. This part of compensation may be paid to the Advisor and can range from 0.25% - 0.40% of the assets under management.

Item 6. Performance-Based Fees and Side-by-Side Management

The Adviser is entitled to be paid performance-based compensation by one of its investment company clients. In addition, the Adviser's investment personnel are typically compensated on a basis that includes a performance-based component. The Adviser and its investment personnel, including investment personnel that share in performance-based compensation, manage both client accounts that are charged performance-based compensation and accounts that are charged an asset-based fee, which is a non-performance-based fee. In addition, certain client accounts may have higher asset-based fees than other accounts. When the Adviser and its investment personnel manage more than one client account a potential exists for one client account to be favored over another client account. The Adviser and its investment personnel may have a greater incentive to favor client accounts that pay the Adviser (and indirectly the portfolio manager) performance-based compensation or higher fees.

The Adviser has adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple accounts, including accounts with multiple fee arrangements, and the allocation of investment opportunities. The Adviser reviews investment decisions for the purpose of ensuring that all accounts with substantially similar investment objectives are treated equitably. The performance of similarly managed accounts is also regularly compared to determine whether there are any unexplained significant discrepancies. In addition, the Adviser's procedures relating to the allocation of investment opportunities require that similarly managed accounts participate in investment opportunities pro rata based on asset size and require that, to the extent orders are aggregated, the client orders are price-averaged. Finally, the Adviser's procedures also require the objective allocation for limited opportunities (such as initial public offerings) to ensure fair and equitable allocation among accounts. These areas are monitored by the Adviser's chief compliance officer.

Item 7. Types of Clients

The Adviser offers investment advisory services to public and private institutions, corporations, public and private pension plans, investment companies, foundations and endowments, mutual funds and high net worth individuals. In general, we require a minimum of \$500,000 to participate in our investment partnerships and a \$5 million minimum to open a separately managed account. On certain investment platforms, our minimum account size can be less than \$5 million. At its discretion, the Adviser may waive this minimum account size. Cardinal also offers model portfolios to Unified Managed Account (UMA) program sponsors on a non-discretionary basis.

With respect to any client that is invested in the Adviser's partnerships, any initial and additional subscription minimums are disclosed in the offering memorandum for that limited partnership.

Item 8. Methods of Analysis, Investment Strategies and Risk of Loss

The Adviser engages in a buy and hold investment strategy in the domestic small cap and SMID cap value strategies wherein the Adviser buys securities and holds them for a relatively long period of time, regardless of short-term factors such as fluctuations in the market or volatility of the stock price. From time to time, however, the Advisor will hold securities for significantly shorter periods of time.

In-house fundamental research is the centerpiece of Cardinal's investment process. The four portfolio managers and three research analysts each perform detailed company research. Each existing or prospective holding is covered by a primary analyst, but investment decisions are made by consensus among the portfolio managers.

Investment ideas come from diverse areas, with the largest source being generated internally. All four portfolio managers have backgrounds that are rooted in free cash flow, the cornerstone of the Adviser's investment philosophy. Since the Adviser started in business in 1995, we have created several hundred financial models on companies we have owned, some of which are periodically updated, and we continue to build new models each year. This repository serves as a significant source of potential investments. The Adviser focuses on areas where we believe we have a competitive advantage. This advantage may be the result of sifting through inefficient market niches (companies emerging from bankruptcy or corporate restructurings such as spin-offs), gathering information on companies that are not yet well known or underfollowed, and developing opinions on out-of-favor businesses that are contrary to prevailing thinking. The Adviser also investigates corporate events that often signal undervaluation by tracking large share repurchase activity, significant insider buying and announcements that companies are pursuing strategic alternatives.

We gather information to aid us in determining if a business is stable and predictable and generates substantial free cash flow. Further, we seek information to assess management's motivations and their track record in redeploying the company's capital. In researching these issues, we spend considerable time with company management on the phone and in person after reading the publicly available financial information on file with the SEC as well as reviewing transcripts of previous industry presentations and conference calls.

These methods and strategies involve risk of loss to clients. Clients must be prepared to bear the loss of a substantial portion of their investment.

Given that we mainly invest in domestic equities, client accounts will not be diversified among a wide range of types of securities, countries or industry sectors. Accordingly, client portfolios can be subject to a more rapid change in value than would be the case if the Adviser were required to maintain a wider diversification among types of securities and other instruments.

The value of equity securities fluctuates in response to issuer, political, market, and economic developments. Fluctuations can be dramatic over the short as well as long-term, and different parts of the market and different types of equity securities can react differently to these developments. For example, small and mid cap stocks can react differently from large cap stocks, and value stocks can react differently from growth stocks. Company, political, or economic developments can affect a single stock, stocks within an industry or economic sector or geographic region, or the market as a whole. Terrorism and related geo-political risks have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally.

Item 9. Disciplinary Information

Neither Cardinal Capital Management nor any employee of Cardinal Capital has been named in a legal or disciplinary event that is material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Item 10. Other Financial Industry Activities and Affiliations

Cardinal Capital, nor any management person of Cardinal Capital, is registered, or has an application pending to register as a broker-dealer, futures commission merchant, commodity pool operator, commodity trading adviser, or an associated person of one of the foregoing types of entities.

No management person of Cardinal Capital is affiliated or has an arrangement with another financial industry entity or activity.

Item 11. Code of Ethics, Participation or Interest in Client Transactions/Personal Trading

The Adviser has adopted a Code of Ethics (the “Code”) that obligates the Adviser to put the interests of the Adviser’s clients before its own interests and to act honestly and fairly in all respects in their dealings with clients. All of the Adviser’s personnel are also required to comply with applicable federal securities laws. Clients or prospective clients may obtain a copy of the Code by contacting Dahlia D. Black, Chief Compliance Officer, by email at compliance@cardcap.com or by telephone at 203-863-8937. See below for further provisions of the Code as they relate to the preclearing and reporting of securities transactions by related persons.

The Code establishes standards and procedures for the detection and prevention of inappropriate personal securities transactions by persons having knowledge of the investments and investment intentions of a client and addresses other situations involving potential conflicts of interest.

The Code is intended to ensure that the personal securities transactions of persons subject to the Code are conducted in accordance with the following principles:

- (i) The duty at all times to place the interests of clients first;
- (ii) The requirement that all personal securities transactions be conducted consistent with the Code and in such a manner as to avoid any actual or potential conflict of interest or any abuse of an individual’s responsibility and position of trust; and
- (iii) The fundamental standard that Adviser personnel not take inappropriate advantage of their positions.

It is the expressed policy of the Adviser that the approval of the compliance officer, within the guidelines of the Code, must be obtained prior to any purchase or sale by an Adviser employee for their personal account of any equity security that the Adviser owns or follows in any client advisory account, thereby preventing such employees from benefiting from transactions placed on behalf of client advisory accounts. In addition, all personal transactions in any other publicly traded equity securities require notification of the transaction to the compliance officer on the day of the transaction.

The Adviser requires that all partners and employees must act in accordance with all applicable federal and state regulations governing registered investment advisory practices. In addition, the Code prohibits fraudulent conduct and the use of any information of security transactions for clients for personal use.

The giving and receiving of gifts and entertainment should never create or appear to create a conflict of interest, interfere with the impartial fulfillment of our responsibilities to clients, or place the Adviser in a difficult or compromising position. The following is the Adviser’s gift policy and political contributions policy per the Code.

GIFTS AND ENTERTAINMENT

A gift is defined as anything of value, whether object, service, or intangible that you receive without paying for it. No partners or employees should accept or offer gifts of any kind from/to third parties except those gifts of a de minimis nature, which for the purposes of this policy shall be defined as valued at less than \$100. The total value of the aforementioned gifts should not exceed \$200 exchanged per year per individual per third party entity.

Partners and employees may accept or offer business meals or entertainment from or to third parties. These entertainment events should not exceed a value of \$300 per person per event without receiving approval from a Cardinal managing partner in advance.

POLITICAL CONTRIBUTIONS

No partner or employee, or their family members, should make a contribution in excess of \$350 per election to any candidate for whom they are eligible to vote who would be directly or indirectly responsible for (or can influence the outcome of) the hiring of an investment adviser or has the power to appoint any person who is directly or indirectly responsible for (or can influence the outcome of) the hiring of an investment adviser, and \$150 to other candidates. Any employee who wishes to make any political contribution (or whose family member wishes to make any political contribution) must seek pre-clearance from Cardinal's chief compliance officer.

The Adviser, in the course of its investment management and other activities, may come into possession of confidential or material nonpublic information about companies, including companies in which the Adviser has invested or seeks to invest on behalf of clients. The Adviser is prohibited from improperly disclosing or using such information for its own benefit or for the benefit of any other person, regardless of whether such other person is a client. The Adviser maintains and enforces written policies and procedures that prohibit the communication of such information to persons who do not have a legitimate need to know such information and to ensure that the Adviser is meeting its obligations to clients and remains in compliance with the law.

Item 12. Brokerage Practices

The Adviser considers a number of factors in selecting a broker-dealer to execute transactions (or series of transactions) and in determining the reasonableness of the broker-dealer's compensation. Such factors include net price, efficiency of execution, reputation, financial strength and stability, error resolution and the research provided by the broker. In selecting a broker-dealer to execute transactions and determining the reasonableness of the broker-dealer's compensation, the Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not the Adviser's practice to negotiate "execution only" commission rates, thus a client may be deemed to be paying for research, brokerage or other services provided by a broker-dealer which are included in the commission rate. The Adviser's portfolio managers and equity trader meet regularly to evaluate the broker-dealers used by the Adviser to execute client trades using the foregoing factors.

The Adviser has a commission budget which outlines expected commissions to be paid to various broker-dealers. This budget is reviewed by the portfolio managers and equity trader on a regular basis.

The Adviser receives research or other products or services other than execution from a broker-dealer and/or a third party in connection with client securities transactions. This is known as a "soft dollar" relationship. The Adviser limits the use of "soft dollars" to obtain research and brokerage services, for all clients, to services that constitute research and brokerage within the meaning of Section 28(e) of the Securities Exchange Act of 1934 ("Section 28(e)"). During the Adviser's last fiscal year, as a result of client brokerage commissions (or markups or markdowns), the Adviser acquired data services (including services providing real time exchange data, market data, company financial data and economic data), software used to transmit orders, proprietary and third party research reports (including market research), certain financial newsletters and trade journals, attendance at certain seminars and conferences, discussions with research analysts, meetings with corporate executives, and services related to execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between the Adviser and a broker-dealer and other relevant parties such as custodians).

Since the Adviser uses client commissions to obtain Section 28(e) eligible research and brokerage products and services, the Adviser's chief compliance officer, trader and portfolio managers meet regularly to review and evaluate its soft dollar practices and to determine in good faith whether, with respect to any research or other products or services received from a broker-dealer, the commissions used to obtain those products and services were reasonable in relation to the value of the brokerage, research or other products or services provided by the broker-dealer.

This determination will be viewed in terms of either the specific transaction or the Adviser's overall responsibilities to the accounts or portfolios over which the Adviser exercises investment discretion.

At times, a product may have a "mixed use", meaning that a portion of the product is used to provide bona fide research as part of the investment decision-making process and part of it may be used for a non-research purpose.

In these situations, the Adviser must make an allocation of the cost of such product or service based on its evaluation of the research and non-research uses of the product. The cost of the product must be paid using both hard and soft dollars, the hard dollars being paid by the Adviser for the non-research portion and soft dollars for the research portion.

The use of client commissions (or markups or markdowns) to obtain research and brokerage products and services raises conflicts of interest. For example, the Adviser will not have to pay for the products and services itself. This creates an incentive for the Adviser to select or recommend a broker-dealer based on its interest in receiving those products and services.

The Adviser may participate in "client commission arrangements" pursuant to which the Adviser may execute transactions through a broker-dealer and request that the broker-dealer allocate a portion of the commissions or commission credits to another firm that provides research and other products to the Adviser.

Under certain circumstances, the Adviser may permit clients to direct the Adviser to execute the client's trades with a specified broker-dealer. Since all of the Adviser's clients receive the full benefits of the services soft dollar commissions provide, the fact that some clients direct some commissions to specified brokers results in some clients benefitting disproportionately from soft dollar commissions paid. When a client directs the Adviser to use a specified broker-dealer to execute all or a portion of the client's securities transactions, the Adviser treats the client direction as a decision by the client to retain, to the extent of the direction, the discretion the Adviser would otherwise have in selecting broker-dealers to effect transactions and in negotiating commissions for the client's account. Although the Adviser attempts to effect such transactions in a manner consistent with its policy of seeking best execution, there may be occasions where it is unable to do so, in which case the Adviser will continue to comply with the client's instructions. Transactions in the same security for accounts that have directed the use of the same broker will be aggregated. When the directed broker-dealer is unable to execute a trade, the Adviser will select broker-dealers other than the directed broker-dealer to effect client securities transactions. A client who directs the Adviser to use a particular broker-dealer to effect transactions should consider whether such direction may result in certain costs or disadvantages to the client. Such costs may include higher brokerage commissions (because the Adviser may not be able to aggregate orders to reduce transaction costs), less favorable execution of transactions, and the potential of exclusion from the client's portfolio of certain small capitalization or illiquid securities due to the inability of the particular broker-dealer in question to provide adequate price and execution of all types of securities transactions. By permitting a client to direct the Adviser to execute the client's trades through a specified broker-dealer, the Adviser will make no attempt to negotiate commissions on behalf of the client and, as a result, in some transactions such clients may pay materially disparate commissions depending on their commission arrangement with the specified broker-dealer and upon other factors such as number of shares, round and odd lots and the market for the security. The commissions charged to clients that direct the Adviser to execute the client's trades through a specified broker-dealer may in some transactions be materially different than those of clients who do not direct the execution of their trades. Clients that direct the Adviser to execute the client's trades through a specified broker-dealer may also lose the ability to negotiate volume commission discounts on batched transactions that may otherwise be available to other clients of the Adviser.

If a client account is subject to the Employee Retirement Income Security ACT of 1974 (“ERISA”) and the client directs the Adviser to place trades for the client’s account with a particular broker-dealer, the following apply:

- The client retains and accepts sole responsibility for the determination of whether the directed brokerage arrangement is reasonable in relation to the benefits received by the plan;
- The client acknowledges and represents to the Adviser that the directed brokerage arrangement is used solely and exclusively for the benefit of the plan and its participants; and
- The client acknowledges and represents to the Adviser that the directed brokerage arrangement is permissible under the plan’s governing documents.

The Adviser often purchases or sells the same security for many clients contemporaneously/at or near the same time and using the same executing broker. The Adviser places trade orders for retail and institutional client accounts on separate trade order management systems and its aggregation policies are described in further detail below.

It is the Adviser's practice, where possible, unless instructed by the client, to aggregate client orders for the purchase or sale of the same security at or near the same time for execution using the same executing broker. The Adviser will also aggregate in the same transaction, the same securities for accounts where the Adviser has brokerage discretion. Such aggregation may enable the Adviser to obtain for clients a more favorable price or a better commission rate based upon the volume of a particular transaction. However, in cases where the client has negotiated the commission rate directly with the broker, or has given us specific trading instructions, the Adviser will not be able to obtain more favorable commission rates based on an aggregated trade. In such cases, the client will be precluded from receiving the benefit of any possible commission discounts that might otherwise be available as a result of the aggregated trade. In cases where trading or investment restrictions are placed on a client's account, the Adviser may be precluded from aggregating that client's transaction with others. In such a case, the client may pay a higher commission rate and/or receive less favorable prices than clients who are able to participate in an aggregated order. When an aggregated order is completely filled, the Adviser allocates the securities purchased or proceeds of sale pro rata among the participating accounts, based on the purchase or sale order. Adjustments or changes may be made under certain circumstances, such as to avoid odd lots or excessively small allocations. If the order at a particular broker is filled at several different prices, through multiple trades, generally all such participating accounts will receive the average price and pay the average commission, subject to odd lots, rounding, and market practice. If an aggregated order is only partially filled, the Adviser's procedures provide that the securities or proceeds are to be allocated in a manner deemed fair and equitable to clients. Depending on the investment strategy pursued and the type of security, this may result in a pro rata allocation to all participating clients.

The Adviser has adopted a “rotation” policy seeking to ensure that its clients are afforded fair and equitable treatment when the Adviser implements and/or disseminates (timely notifies clients of) purchase/sale or trade decisions for its separately managed account (“SMA”) and unified managed account (“UMA”) clients, respectively (the “Rotation Policy”). In general, under the Rotation Policy, on alternating days on which portfolio decisions are implemented (each, a “trading day”), either SMA or UMA accounts will be given “priority” for the day, such

that, on that day, either (i) the Adviser will notify all affected UMA accounts of the portfolio decision before such decision is implemented for all affected SMA accounts, or (ii) the Adviser will implement the portfolio decision for all affected SMA accounts before disseminating information about the portfolio decision to all affected UMA accounts. On the next trading day, the Adviser will accord priority to the group of accounts not accorded priority on the previous trading day. The Adviser need not follow this Rotation Policy under the following limited circumstances: (i) if the portfolio decision may be implemented for both affected UMA accounts and affected SMA accounts on a concurrent basis; (ii) if the UMA client directed that all information with respect to portfolio decisions be disseminated to such client at the conclusion of the trading day or at another predetermined time; (iii) if the portfolio decisions are implemented solely due to changes in cash flows for client accounts; or (iv) if the CCO approves, in advance, the application of any other exception to the Rotation Policy, provided it is determined that all affected clients receive fair treatment.

Item 13. Review of Accounts

All securities are priced and monitored on a daily basis. Except at the client's request, all portfolios within each of the Adviser's small cap and SMID cap value strategies are managed the same, respectively. Thus, companies and position sizes in the portfolios are similar for each strategy. The Adviser's traders monitor all securities and portfolios continually throughout each business day. Portfolio managers, in addition, regularly review performance reports for all accounts. Triggering factors for more frequent reviews may include dramatic market movements, interest rate movements and/or material or fundamental changes in companies in which clients own securities.

The following individuals will be responsible for investment decisions and performing portfolio reviews on behalf of individually managed accounts and the partnerships: Eugene Fox, Robert Kirkpatrick, Rachel Matthews and Robert Fields.

Reports on individually managed accounts are available upon request at any time during the quarter. Individually managed clients are sent reports on at least a quarterly basis, or more frequently if requested. These reports include a portfolio summary and portfolio performance data.

Reports are also issued on a quarterly basis to each limited partner who has invested in one of the partnerships. These reports are issued in newsletter form and include commentary on the partnership's portfolio as well as on account performance.

Item 14. Client Referrals and Other Compensation

The Adviser receives certain research or other products or services from broker-dealers through “soft-dollar” arrangements. These “soft-dollar” arrangements create an incentive for the Adviser to select or recommend broker-dealers based on the Adviser’s interest in receiving the research or other products or services and may result in the selection of a broker-dealer on the basis of considerations that are not limited to the lowest commission rates and may result in higher transaction costs than would otherwise be obtainable by the Adviser on behalf of its clients. Please see Item 12 for further information on the Adviser’s “soft-dollar” practices, including the Adviser’s procedures for addressing conflicts of interest that arise from such practices.

The Adviser’s sales and relationship management employees may be compensated for new business based upon a percentage of the revenue generated from new client assets. This compensation is payable from the Adviser’s advisory fees and not directly by the client. The receipt of compensation for the promotion of the Adviser’s products presents a conflict of interest and gives supervised persons an incentive to recommend investment products based upon the compensation received, rather than a client’s needs.

Item 15. Custody

The Adviser does not act as custodian over the assets we manage for our clients (except as deemed a “custodian” by applicable law, as discussed below). Clients must make their own arrangements for custody of securities in their accounts. Each client should carefully review the custodian’s statements to determine that it completely and accurately states all holdings in the client’s account and all account activity over the relevant period. Cardinal also provides statements to clients on a monthly or quarterly basis, we encourage all clients to compare the statements provided to them by their custodians to the statements provided to them by the Adviser.

The Adviser is also deemed, under federal securities laws, to have custody of client assets by virtue of its role as general partner in the two limited partnerships in the small and SMID cap value equity strategies. The Adviser intends to comply with Rule 206(4)-2 under the Investment Advisers Act of 1940, as amended, with respect to (i) Cardinal Value Equity Partners, L.P. by meeting the conditions of the pooled vehicle annual audit provision; and (ii) Cardinal Mid-Cap Value Equity Partners, L.P. by meeting the conditions of the annual surprise examination provision.

Item 16. Investment Discretion

The Adviser provides investment advisory services on a discretionary basis to clients. Please see Item 4 for a description of any limitations clients may place on the Adviser's discretionary authority.

Prior to assuming full discretion in managing a client's assets, the Adviser enters into an investment management agreement or other agreement that sets forth the scope of the Adviser's discretionary authority.

Unless otherwise instructed or directed by a discretionary client, the Adviser has the authority to determine (i) the securities to be purchased and sold for the client account (subject to restrictions on its activities set forth in the applicable investment management agreement and any written investment guidelines), and (ii) the amount of securities to be purchased or sold for the client account. Because of the differences in client investment objectives and strategies, risk tolerances, tax status and other criteria, there may be differences among clients' portfolios with regard to invested positions and securities held. The Adviser's portfolio managers submit an allocation request to the Adviser's trading desk instructing the allocation of securities to (or from) client accounts for each trade/order submitted. The Adviser may consider the following factors, among others, in allocating securities among clients: (i) client investment objectives and strategies; (ii) client risk profiles; (iii) tax status and restrictions placed on a client's portfolio by the client or by applicable law; (iv) size of the client account; (v) nature and liquidity of the security to be allocated; (vi) size of available position; (vii) current market conditions; and (viii) account liquidity, account requirements for liquidity and timing of cash flows. Although it is the Adviser's policy to allocate investment opportunities to eligible client accounts on a pro rata basis (based on the value of the assets of each participating account relative to value of the assets of all participating accounts), these factors may lead the Adviser to allocate securities to client accounts in varying amounts. Client accounts that are typically managed on a pari passu basis may from time to time receive differing allocations of securities.

Securities acquired by the Adviser for its clients through initial public offerings (IPOs) and secondary offerings will be allocated pursuant to the procedures set forth in the Adviser's allocation policy. The policy provides that: (i) if the Adviser receives a full allocation of securities in an IPO, the securities will be allocated by the Adviser to eligible/participating client accounts in accordance with the proposed allocations provided to the Adviser, or (ii) if the Adviser receives less than a full allocation of securities in an IPO, the securities will be allocated pro rata, subject to factors such as account size, by the Adviser to eligible/participating client accounts. The Adviser will determine the proposed allocations of IPO securities after considering the factors described above with respect to general allocations of securities. Only those client accounts that have established their eligibility to participate in IPOs with the Adviser can participate in IPO allocations.

Item 17. Voting Client Securities

To the extent the Adviser has been delegated proxy voting authority on behalf of its clients, the Adviser complies with its proxy voting policies and procedures that are designed to ensure that in cases where the Adviser votes proxies with respect to client securities, such proxies are voted in the best interests of its clients. In voting proxies, the Adviser votes in favor of routine corporate housekeeping proposals, including election of directors (where no corporate governance issues are involved), selection of auditors and increases in or reclassification in common stock. The Adviser will generally vote against proposals that make it more difficult to replace members of a board of directors. For all other proposals, the Adviser will determine whether a proposal is in the best interests of its clients and may take into account the following factors, among others: (i) whether the proposal was recommended by management and the Adviser's opinion of management; (ii) whether the proposal acts to entrench existing management; and (iii) whether the proposal fairly compensates management for past and future performance.

The chief compliance officer will identify any conflicts of interest that may exist between the interests of the Adviser and those of its clients.

Clients may contact the compliance department (compliance@cardcap.com) to obtain information on how the Adviser voted clients' proxies or to obtain a complete copy of the proxy voting policies and procedures.

Item 18. Financial Information

The Adviser currently has no adverse financial condition and does not foresee the reasonable likelihood that there would be any adverse financial condition that would impair its ability to meet its contractual and fiduciary responsibilities to its clients.