

Cardinal Capital Management, L.L.C.

Cardinal Small Cap Value Fund - CCMSX

First Quarter 2023

FIRM OVERVIEW

- Focus on Small & SMID Cap Value
- Experienced, Stable Team
- 30-Year Track Record
- FCF-Based Valuations
- 100% Independent, Partner Owned
- \$3.4 Billion AUM

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

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Senior Research Analyst

Christopher Robertson

Senior Research Analyst

Michael Cotogno, CFA

Senior Research Analyst

Market Commentary

Small and large cap indices, as represented by the Russell 2000 and 1000, rose 2.74% and 7.46% in the first quarter. Within the Russell 2000, the Value Index fell 0.66%, while the Growth Index rose 6.07%. The Value Index rose less than its growth counterpart due primarily to its higher weighting in poorly performing financials stocks and its lower weighting in better-performing technology stocks. Financials fell significantly due to weakness in bank stocks, particularly regional banks, which declined 17.26% within the Value Index in the quarter following the runs on and closures of Silicon Valley Bank and Signature Bank in mid-March. With no decisive regulatory actions to deal with the collateral damage from these high-profile bank failures, the equity market assumed that there would be broad negative impacts on the U.S. economy. As a result, in March, small cap stocks experienced their worst monthly relative performance since the pandemic, going from four hundred basis points ahead of large cap stocks on February 28th to five hundred basis points behind by quarter end. Consistent with what often occurs when the odds of a recession increase, stocks of companies with the highest return-on-investment, price-to-earnings ratios, and absolute price levels outperformed the broader indices. However, sector returns were less economically bearish as the more cyclical information technology and materials sectors provided well above average returns while the more defensive health care and utilities sectors were laggards.

With inflation still elevated, markets continued to focus on the negative impact on corporate profits from the Federal Reserve's efforts to use short-term interest rates and a restrictive money supply to slow the economy. The impact of almost five hundred basis points of short-term rate hikes in the last year, along with tighter lending conditions and shrinking liquidity, is expected to turn economic growth negative for the last nine months of 2023. However, employment and consumer spending have yet to turn negative as consumer savings built during the pandemic and wage gains have broadly offset higher prices and borrowing costs. The most recent addition to economic concerns is the impact of accelerated deposit flows out of non-money center banks due to the lack of an explicit FDIC guarantee on all deposits and as consumers seek higher yields elsewhere. Higher interest rates had started to put pressure on bank capital as their securities portfolios were marked-to-market, but a more volatile deposit base will clearly reduce banks' appetite to make new loans and increase the cost of those loans. Economic damage from further Federal Reserve rate hikes could be significant until the banking system stabilizes. As a result, there may be a pause in rate hikes even if inflation stays elevated and the fixed income market is currently pricing in interest rate cuts later this year.

First Quarter Performance Commentary

The first quarter return of Cardinal's Small Cap Value Fund, at -1.35% net of fees, trailed the Russell 2000 Value Index return of -0.66%. The primary detractors from relative performance were stock selection in the real estate and energy sectors, a lower weighting and stock selection in the better-performing consumer discretionary sector, and stock selection in the financials sector. In real estate, the share price of Medical Properties Trust fell despite progress on two sizeable divestitures after the real estate investment trust provided disappointing funds from operations guidance as one of its hospital operators works to restructure and divest unprofitable operations. Medical Properties expects to be made whole for any 2023 rent shortfall through the sale of this customer's noncore assets. In energy, the stock price of DT Midstream lagged after the owner of natural gas pipelines forecast higher than expected capital expenditures which the company did not properly frame for investors as a timing rather than a cost issue. In consumer discretionary, the share price of Leslie's declined despite the pool supplier reporting solid results due to concerns about weak demand, lower

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chlorine prices, and higher inventories. It is too early in the pool season to assess the first two issues, but the company tried to guide conservatively. The increased inventories result from management's actions to proactively manage the company's supply chain logistics and decrease its reliance on just-in-time inventory well before the upcoming pool season. In financials, the stock price of PacWest Bancorp sank in sympathy with Silicon Valley Bank, as a third of its deposits were venture-based. While PacWest did see significant deposit outflows immediately following the closure, the bank was able to build its liquidity to 120% of all uninsured deposits and reduce its uninsured venture deposits to 4% of all deposits, which Cardinal expects will last until the current banking crisis of confidence subsides.

The main contributors to relative performance were stock selection and a higher weighting in the better-performing industrials sector and a lower weighting and stock selection in the poorly performing health care sector. In industrials, the share price of tolling and traffic control services provider Verra Mobility rose on better-than-expected guidance, which included a well-structured floating to fixed interest rate swap which capped the cost of its debt for the next two years but is cancellable at any time should the rate environment improve. In health care, the stock price of Ligand Pharmaceuticals rose on better-than-expected guidance, which included royalties and milestone payments from Travere Therapeutics' recently approved Filspari drug used to treat the kidney disorder, IgA Nephropathy. Ligand also owns ten percent of Viking Therapeutics, which had positive clinical developments that caused its stock to rise meaningfully.

Market & Portfolio Outlook

Cardinal's near-term outlook for equities remains cautious. In 2023, the U.S. economy is expected to show little growth as the impact of continued monetary tightening becomes more evident. Federal Reserve policy is likely to remain restrictive until there is conclusive evidence that inflation is retreating toward its two percent target. However, the Federal Reserve may, in fact, be forced to reverse course if economic disruption associated with a worsening of the banking crisis or a failure to raise the debt ceiling becomes significant. Nonetheless, healthy consumer and business balance sheets should keep any economic downturn modest. The equity market seems to be discounting a mild recession later in 2023, but monetary policy acts with a lag, so it is still premature to know the severity of any slowdown. The portfolio managers do not expect to see a material increase in merger and acquisition activity until interest rates and equity prices stabilize. Regardless, Cardinal continues to prefer investments whose success is dependent on company-specific drivers with as many as possible under management control rather than solely relying on near-term economic growth to produce sustainable growth in free cash flow.

Net Performance as of March 31, 2023

	Cardinal Small Cap Value Fund %	Russell 2000 Value Index %
Annualized Inception to Date (April 1, 2014)	4.33	5.49
5-Year	0.97	4.55
3-Year	17.95	21.01
1-Year	-16.43	-12.96
Year to Date	-1.35	-0.66
1st Quarter 2023	-1.35	-0.66

Net Expense Ratio: 1.00%, Gross Expense Ratio: 1.02% - Fee waivers are contractual through February 28, 2024.

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).

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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 3/31/23 are listed below:

Silicon Valley Bank (SVB): 0.00%, Signature Bank (SBNY): 0.00%, Medical Properties Trust (MPW): 1.48%, DT Midstream (DTM): 3.01%, Leslie's (LESL): 1.46%, PacWest Bancorp (PACW) 1.03%, Verra Mobility (VRRM): 2.74%, Ligand Pharmaceuticals (LGND): 1.38%, Viking Therapeutics (VKTX): 0.00%

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 0.99% of the Fund's Institutional Class shares' average daily net assets until February 28, 2024. 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.