

Cardinal Capital Management, L.L.C.

Cardinal Small Cap Value Fund - CCMSX

Second Quarter 2019

FIRM OVERVIEW

- Focus on Small & SMID Cap Value
- Experienced, Stable Team
- 25-Year+ Track Record
- FCF-Based Valuations
- 100% Independent, Partner Owned
- \$3.7 Billion AUM

INVESTMENT TEAM

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Managing Partner/Portfolio Manager

Robert Kirkpatrick, CFA
Managing Partner/Portfolio Manager

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Christopher Robertson
Senior Research Analyst

Michael Cotogno, CFA
Senior Research Analyst

Market Commentary

Small and large cap stock indices, as represented by the Russell 2000 and 1000, rose 2.10% and 4.25%, respectively, in the second quarter. Within the Russell 2000, the Value index rose 1.38% while the Growth index rose 2.75%. The Value index rose less than its Growth counterpart due to a lower weighting in better performing industrial stocks, a worse return in consumer discretionary stocks and a higher weighting in poorly performing energy stocks, partially offset by a higher weighting in better performing financial services stocks. Although the U.S. equity market appreciated modestly, the increase masked substantial intra-quarter volatility. Stock prices declined significantly in May due to a setback in U.S. trade relations with China and Mexico followed by a sharp rebound in June as hopes for a resumption of trade talks between the U.S. and China emerged. More importantly, the Federal Reserve signaled a change to more accommodative monetary policy in response to weak domestic and international economic data, falling inflation expectations, and uncertainty created by the increased use of tariffs to negotiate trade disputes. Within small cap stocks, larger market capitalization and higher quality stocks outperformed, consistent with the increasing economic concerns of investors. Small cap value stocks have lagged growth stocks since 2016, and their relative valuation is at the lowest level since 2008.

U.S. economic growth in 2019 is forecast to slow more than previously expected because of increased tariffs and falling business and consumer confidence. However, U.S. GDP is likely to remain above 2% as consumer spending remains strong with very low unemployment and rising wages. Despite a strong June jobs report, employers remain unable to find enough qualified applicants to fill many positions. Corporate earnings, although still near peak levels, are expected to decline again in the second quarter due to weak international demand as well as the effect of higher wage, logistics, and raw material costs. In addition, the increase in tariffs from 10% to 25% on \$200 billion of imports from China should dampen domestic growth as companies adjust sourcing and supply chains to remain competitive. With economic growth slowing, the Federal Reserve's message that they are more likely to cut short-term rates than raise them was welcomed by investors who believed this action will allow the U.S. economic expansion to continue.

Second Quarter Performance Commentary

The second quarter performance of the Cardinal Small Cap Value Fund, at 4.62%, outpaced the Russell 2000 Value Index return of 1.38%. The main contributors to relative performance were stock selection in the consumer discretionary and information technology sectors as well as stock selection and a higher weighting in the industrials sector. In the consumer discretionary sector, the share price of auto dealer Lithia Motors rose sharply after the company reported strong results due to higher sales and profits from used cars, parts and service, as well as finance and insurance. The stock price of casual dining restaurant Denny's increased on the company's upcoming shift to a 95% franchised model. In the information technology sector, the stock price of infrastructure service enabler Itron moved much higher after reporting solid results and guidance that reflected an easing of the component shortage that had been negatively impacting its financial results. The share price of Verra Mobility, a smart mobility technology provider, rose on better than expected results and management's confidence in its growth outlook due to its European expansion, increased toll roads, and the expansion of cashless tolling. In the industrials sector, the stock price of KAR Auction Services rebounded as management completed the spin-off of its salvage business, Insurance Auto Auctions, from its whole car auction businesses allowing them both to trade at more appropriate valuations. The

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primary detractors from relative performance were stock selection in the materials and health care sectors as well as not owning utilities. In the materials sector, the stock price of lithium producer Livent declined significantly after the company cut guidance due to lower than expected sales of lithium hydroxide. Some customers who supply battery components to electric vehicle manufacturers need time to upgrade their facilities to meet stricter OEM standards for models which use longer-life batteries. In the health care sector, the share price of Ligand Pharmaceuticals fell despite affirming guidance when they announced that licensee partner Metavant had delayed the phase three trial of their diabetes drug.

The annualized net return of the Cardinal Small Cap Value Fund since inception (April 1, 2014) is 5.90% versus 5.36% for the Russell 2000 Value Index. Cardinal managed \$3.7 billion in small and SMID cap value assets as of June 30, 2019.

Market and Portfolio Outlook

Cardinal's near-term outlook for equities remains cautiously optimistic despite absolute valuations that are higher than average in light of the extended economic cycle even though long-term interest rates have fallen sharply. While monetary policy should prove to be a tailwind going forward, this is in response to lower growth expectations. Cardinal's outlook would become more constructive if the trade war ends favorably, an unlikely near-term event. Nonetheless, the investment team expects the U.S. economy to grow moderately in 2019 and earnings growth for stocks to turn positive in the second half of the year. With heightened uncertainty, the team continues to prefer stocks where the success of the investment is based upon company-specific prospects and is less dependent on the overall economic outlook. The portfolio managers remain optimistic that portfolio companies will continue to redeploy their free cash flow through share repurchases, dividends, and acquisitions, which should bode well for future value creation.

In Cardinal's portfolio, several holdings have announced, or are reported in the media, to be exploring strategic alternatives for some or all of their businesses, including Extended Stay America and Providence Services Corporation. In addition, Howard Hughes recently announced that they are exploring strategic alternatives. A spinoff from the General Growth Properties bankruptcy, the company has world-class real estate holdings including master-planned communities such as The Woodlands in Houston, Summerlin in Las Vegas, Ward Village in Hawaii, and the South Street Seaport in NYC. The equity market has failed to recognize the value created as the Seaport project has been a disappointment and the company's hybrid business model, with both development and income assets, and the lack of a dividend failed to resonate with public market investors. Nevertheless, the underlying asset value is well above the current share price, and the process will hopefully close that gap to the benefit of shareholders. Two of the positions highlighted in last quarter's outlook, Genesee & Wyoming and Kaman Corporation, recently entered into transactions which create substantial value for shareholders. Genesee & Wyoming announced the sale of the company to an affiliate of Brookfield at an attractive valuation, making Cardinal's investment a very successful one. Kaman entered into a contract to sell its industrial distribution business to private equity for \$600 million net of taxes. This transaction will make the company a pure play aerospace and defense company and an attractive acquisition candidate due to its very profitable specialty bearings business. This activity within the portfolio renews confidence in the fundamental attractiveness of the businesses and the people in which and with whom Cardinal has invested.

Net Performance as of June 30, 2019

	Cardinal Small Cap Value Fund %	Russell 2000 Value Index %
Annualized Inception to Date (April 1, 2014)	5.90	5.36
5-Year	5.57	5.39
3-Year	7.73	9.81
1-Year	-6.29	-6.24
2Q 2019	4.62	1.38

Net Expense Ratio: 1.01%, Gross Expense Ratio: 1.09% - Fee waivers are contractual through May 31, 2020.

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 06/30/19 are listed below:

Lithia Motors (LAD): 3.1%, Denny's (DENN): 3.9%, Itron (ITRI): 1.9%, Verra Mobility (VRRM): 2.7%, KAR Auction Services (KAR): 1.9%, Insurance Auto Auctions (IAA): 3.0%, Livent (LTHM): 0.9%, Ligand Pharmaceuticals (LGND): 3.2%, Extended Stay America (STAY): 2.1%, Providence Service Corporation (PRSC): 0.9%, Howard Hughes Corporation (HHC): 1.6%, Genesee & Wyoming (GWR): 2.0%, Kaman (KAMN): 1.6%

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, 2020. 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.