

Cardinal Capital Management, L.L.C.

Cardinal Small Cap Value Fund - CCMSX

Third Quarter 2020

FIRM OVERVIEW

- Focus on Small & SMID Cap Value
- Experienced, Stable Team
- 25-Year+ Track Record
- FCF-Based Valuations
- 100% Independent, Partner Owned
- \$3.0 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

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Chitra Sundaram

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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 4.93% and 9.47%, respectively, in the third quarter. Within the Russell 2000, the Value Index rose 2.56% while the Growth Index rose 7.16%. The Value Index rose less than its growth counterpart primarily due to its much higher weighting in the poorly performing financials and real estate sectors. Like the second quarter, financials, and particularly bank stocks, were once again the Value Index's largest relative detractor. The stock market rose despite continued uncertainty related to the course of the pandemic and any further government fiscal stimulus. Fiscal and monetary actions to date have fueled a historic stock-market recovery that few predicted at the depths of the March downturn. Consumer discretionary was the best performing sector for the second consecutive quarter on expectations of a quick economic recovery. Despite investor optimism, cyclical small and mid-cap stocks as a group trailed the indices as they were dragged down by the performance of energy and financials sector stocks. The mixed market was also evident from a factor perspective as both larger market capitalization and the least profitable companies outperformed during the quarter. Notably, the difference between small and large capitalization stock returns on a 3-year rolling basis is the biggest since June 1999. Although 2020 corporate earnings estimates are moving higher, they are still depressed, so investors have increasingly focused on 2021 and 2022 numbers for valuation purposes.

Third quarter U.S. economic growth rebounded, following the 32% pandemic-related contraction in the previous quarter as businesses reopened, stay-at-home orders were lifted, and the federal government's unprecedented financial assistance flowed to struggling businesses and households. Unfortunately, this aid was not extended beyond August, leaving many businesses and consumers without ongoing assistance despite recent employment data showing over seven million more Americans out of work since February. Although the unemployment rate has declined in recent months, many furloughed or laid-off workers could become permanently unemployed should the pandemic continue. High unemployment and income disruptions will dampen consumer spending without additional government fiscal stimulus even though monetary policy should keep short-term interest rates near zero for a long time. In the near-term, the economy faces several risks, including the Presidential election's outcome, the inability of Congress to pass additional economic relief bills, and the lack of a national strategy to control the spread of the COVID-19 virus without the prompt availability of an effective vaccine. Although it is unlikely that there will be more forced business shutdowns, the pace of the U.S. economic recovery should inevitably slow.

Performance Commentary

The third quarter return of the Cardinal Small Cap Value Fund, at 1.17% net of fees, lagged the 2.56% return of the Russell 2000 Value Index. The main detractors from relative performance were stock selection in the industrials sector, stock selection and a higher weighting in the poorly performing information technology sector, and a lower weighting in the better performing consumer discretionary sector. In the industrials sector, the stock price of CBIZ, Inc., an accounting and benefits advisory firm, lagged as its M&A pipeline was put on hold due to due diligence limitations associated with the pandemic. Although the company reported much better than expected second quarter results, it again withheld annual guidance as management has less visibility on project work in the second half. In the information technology sector, the share price of Silicon Motion, the largest merchant supplier of flash controllers, fell on weaker than expected second half guidance due to an inventory correction in smartphones and slower non-hyperscaler datacenter spending in China. In the consumer discretionary sector, the stock price of Oxford Industries, the owner of the Tommy Bahama and Lilly Pulitzer brands, declined despite reporting better than expected quarterly results.

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because of weak second half guidance due to store closures and weak sales in certain destination-oriented markets impacted by COVID-19.

The primary contributors to relative performance were stock selection in the real estate and communication services sectors and not owning utilities, which lagged the market. In the real estate sector, the share price of medical office building focused REIT, Community Healthcare Trust, surged on better than expected results, solid rent collections, and FFO growth as management continued to raise additional equity at attractive prices. In the communication services sector, the stock price of the nation's largest independent local television broadcaster, Nexstar Media, rose on second quarter results that exceeded analyst forecasts and on the prospects for very strong advertising spend on the upcoming 2020 election cycle.

As explained last quarter, a global pandemic is highly unusual, so Cardinal's performance during this period was not likely to follow typical historical patterns. That was the case in the third quarter as 80% of the benchmark's gains were driven by six industries, which comprise less than 30% of the index. Not only are the six industries mostly cyclical, but they also had loss-making companies as the largest return contributors. This performance suggests that investors were positioning for a v-shaped economic recovery. Although the portfolio managers believe the strategy will benefit from an economic recovery, Cardinal's investments have always been more sensitive to capital deployment than the economy's direction. As a result, any broad-scale pause will remain a near-term headwind to relative performance. Cardinal's portfolio companies only began to announce sizeable transactions during the quarter, with the benefits of these yet to be fully understood. However, if history is a guide, capital redeployment will add significant value for Cardinal's portfolio once confidence is re-established.

The annualized net return of the Cardinal Small Cap Value Fund since inception (April 1, 2014) is 1.51% versus 1.67% for the Russell 2000 Value Index. Cardinal managed \$3.0 billion in small and SMID cap value assets as of September 30, 2020.

Portfolio Positioning

Despite the modest return of the small cap value market during the quarter, there were wide divergences across sectors, industries, and stocks as investors tried to gauge the pace of recovery and the environment post-COVID-19. As a result, some positions that had erased most or all of the COVID-19 related declines and where expectations were too optimistic were reduced. The portfolio managers increased investments where the market price reflected caution despite Cardinal's assessment of sound long-term fundamentals. Overall, the portfolio managers made modest changes as the team believes that the market is overly focused on short-term fundamentals.

Market & Portfolio Outlook

Cardinal's near-term outlook for the U.S. economy and equity market is cautious in light of the economic uncertainty related to the COVID-19 pandemic as well as the U.S. presidential election. As businesses have reopened and hopes for an effective vaccine have risen, investors' risk appetite has continued to increase even as unemployment remains very high. Also, the equity market rally has been concentrated in relatively few industries and stocks and is pricing in a new normal of economic activity that is increasingly internet-based. The potential for a second wave of the virus remains ever-present, especially as the Northern Hemisphere enters the fall season. The tremendous global effort to develop and deliver COVID-19 vaccines and treatments, if successful, would expedite a return to normal economic activity and a more positive long-term outlook.

The longer the virus persists, the more likely the market will expect a gradual and extended economic recovery. For long-term investors, periods such as this have almost always proven to have created attractive opportunities to buy stocks. With heightened uncertainty, the portfolio managers continue to prefer investments whose success is dependent primarily upon company-specific drivers rather than broader economic growth.

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Net Performance as of September 30, 2020

	Cardinal Small Cap Value Fund %	Russell 2000 Value Index %
Annualized Inception to Date (April 1, 2014)	1.51	1.67
5-Year	2.37	4.11
3-Year	-6.00	-5.13
1-Year	-18.92	-14.88
3Q 2020	1.17	2.56

Net Expense Ratio: 1.00%, Gross Expense Ratio: 1.01% - Fee waivers are contractual through February 28, 2021.

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 09/30/20 are listed below:

CBIZ (CBZ): 4.1%, Silicon Motion (SIMO): 3.1%, Oxford Industries (OXM): 1.9%, Community Healthcare Trust (CHCT) 3.4%, Nexstar Media Group (NXST): 3.6%,

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 0.99% of the Fund's Institutional Class shares' average daily net assets until February 28, 2021. 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.