

Cardinal Capital Management, L.L.C.

Cardinal Small Cap Value Fund - CCMSX

Fourth Quarter 2018

FIRM OVERVIEW

- Focus on Small & SMID Cap Value
- Experienced, Stable Team
- 25-Year+ Track Record
- FCF-Based Valuations
- 100% Independent, Partner Owned
- \$3.2 Billion AUM

INVESTMENT TEAM

Eugene Fox, III

Managing Partner/Portfolio Manager

Robert Kirkpatrick, CFA

Managing Partner/Portfolio Manager

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Senior Research Analyst

Michael Cotogno, CFA

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Market Commentary

Small and large cap indices, as represented by the Russell 2000 and 1000, fell 20.20% and 13.82%, respectively, in the fourth quarter. Within the Russell 2000, the value index fell 18.67% while the growth index fell 21.65%. The value index fell less than its growth counterpart due to its higher weighting in the better performing financials sector, a higher weighting in the better performing utilities sector, and a lower weighting in the poorly performing health care sector. Despite a healthy domestic economy, an escalation of the trade war with China, concerns about global growth and the direction of monetary policy led investors to reduce risk broadly. As a result of this flight to safety, utilities were the best performing sector despite just a 3% average dividend yield. Health care stocks, although normally defensive, fell sharply because of their high valuations and significant year-to-date appreciation. Energy was the worst performing sector due to the significant decline in oil prices as the market became oversupplied along with the expectation of weakening demand. Smaller cap stocks lagged their larger cap peers as the growing fear of a U.S. recession outweighed the potential benefits of their greater domestic focus.

The double-digit decline in equity prices during the fourth quarter of 2018 was the most significant since the financial crisis. Growing concerns about the impact and duration of the U.S. trade war with China, continued tight monetary policy by the Federal Reserve and economic weakness in Europe and China were the primary factors. These issues reduced expectations for economic and corporate profit growth in 2019 and stoked fears of recession as confidence in the ability of the current administration to avoid fallout from its trade initiatives deteriorated. The last broad-based tariffs imposed by the U.S. were in 1930. These tariffs led to the loss of millions of domestic jobs. Nonetheless, seeing a healthy U.S. economy with low unemployment and inflation approaching its target, the Federal Reserve again increased short-term interest rates in December and reiterated its plan to raise them again in 2019. Nervous investors saw any further tightening of monetary policy as ill-advised considering the uncertain economic outlook and, as a result, sold equities aggressively. Despite moderate U.S. economic growth and generally favorable credit conditions, concerns grew of lower than expected corporate profits as a result of weaker international sales. Other factors which contributed to the severity of the market correction were a highly valued equity market, the extended length of the U.S. economic expansion and general political dysfunction in Washington which has undermined business and consumer confidence.

Fourth Quarter Performance Commentary

The fourth quarter performance of the Cardinal Small Cap Value Fund, at -19.25%, lagged the Russell 2000 Value index return of -18.67%. The primary detractors to Cardinal's relative performance were stock selection within the financials, industrials, and consumer staples sectors and the absence of investments in the better performing utilities sector. In financials, the stock price of Health Insurance Innovations declined after the broker of short-term medical policies terminated its relationship with a lead generator whose business was shut-down by regulators over claims that it had intentionally misled customers. The supplier loss had little impact on Health Insurance's business. The share price of interdealer broker BGC Partners also fell despite management affirming its earnings outlook and indicating that they expect to maintain the current dividend, resulting in a yield over 10%. In consumer staples, the stock price of Spectrum Brands declined after management released disappointing financial results and announced that they were selling their auto care business rather than the less attractive personal care and appliances business. In industrials, the share price of outsourced services provider Innerworkings fell after the company reduced guidance as management's decision to

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move resources to its marketing services business and away from its print services business had a more negative impact than expected.

The main contributors to Cardinal's relative performance were holding residual cash in a sharply declining market, stock selection in the consumer discretionary, real estate, and materials sectors and a lower weighting in the poorly performing energy sector. In consumer discretionary, the share price of Denny's rose sharply after the casual dining restaurant chain announced its intention to move to an almost entirely franchised business model to accelerate growth and improve returns on capital. In addition, the stock price of auto dealer Lithia Motors rose after reporting much better than forecast earnings despite a challenging operating environment. In real estate, the stock price of Medical Properties Trust rose after the hospital-focused real estate investment trust announced solid quarterly results and provided an outlook for 2019 for further growth in part based upon a robust property acquisition pipeline. In materials, the share price of Valvoline held up relatively well as the marketer and supplier of premium motor oils should benefit from lower base oil prices despite earlier reducing 2019 guidance as competitors attempted to take market share in a rising input cost environment.

As previously seen at perceived economic inflection points, investors focus on the short-term and rotate into utilities, more defensive REIT's, and low beta financial stocks in order to preserve capital. Since these investments generally offer modest single digit returns, they do not meet our return objectives and thus make it difficult for long-term absolute return-oriented investors such as Cardinal to add value. Since the fear of recession increased meaningfully during the fourth quarter, Cardinal's relative performance was not entirely unexpected. The administration's aggressive use of tariffs made this quarter particularly challenging because the strategy is unusual and thus hard for investors to assess at an individual company level. As a result, investors avoided businesses that could be impacted by tariffs, concentrating in an even narrower universe of defensive stocks. Tariffs also impacted corporate behavior as many managements were reticent to deploy capital aggressively until pending trade issues are resolved. An additional obstacle was selling pressure from fundamentally-oriented hedge funds which had big withdrawals following subpar returns. As a result, prices of many of our stocks became disconnected from fundamentals and are currently depressed relative to the value of their long-term future free cash flows.

2018 Performance Commentary

The full-year 2018 performance of the Cardinal Small Cap Value Fund, at -14.34% net of fees, lagged the Russell 2000 Value index return of -12.86%. The primary detractors from Cardinal's relative performance were stock selection in the financials sector, stock selection and a higher weighting in poorly performing consumer staples, and not owning better performing utilities. In financials, the share price of BGC Partners declined due to weakness in the stock price of its publicly-traded subsidiary Newmark Group, whose spin-off was delayed. Although the spin was completed in December, BGC's share price did not recover despite management's affirmation of guidance and maintenance of the quarterly dividend. The stock price of California-based Pacific Premier Bancorp lagged on moderating loan growth and increased non-cash expenses from its acquisition of Grandpoint Capital which took the bank over the \$10 billion in assets regulatory threshold. EZ Corp, a pawn lender, saw its share price fall after refinancing a convertible bond maturity with a more dilutive offering. In consumer staples, the stock price of Spectrum Brands fell after it reported weak results due to short-term manufacturing and distribution issues at two facilities. While these issues continued for longer than anticipated, the sale of Spectrum's battery and auto care businesses will permit the company to substantially reduce leverage and repurchase a material amount of stock.

The main contributors to Cardinal's relative performance for 2018 were stock selection in the industrials, real estate, and information technology sectors along with holding residual cash in a sharply declining equity market. In industrials, the share price of professional services firm CBIZ rose after posting strong results throughout the year and benefitting from the lack of tariff or currency exposure. In real estate, the stock price of Medical Properties Trust, a hospital-focused real estate investment trust, rose after management sold assets at attractive prices to optimize its financial leverage and provide the company significant capacity for accretive acquisitions without the need to raise expensive equity capital. In information technology, the share price of electronic payment software provider ACI Worldwide rose as management raised guidance for the current year and reiterated attractive cash flow growth for the next few years as it leverages earlier infrastructure investments.

The annualized net return of the Cardinal Small Cap Value Fund since inception (April 1, 2014) is 3.74% versus 3.16% for the Russell 2000 Value Index. Cardinal managed \$3.2 billion in small and SMID cap value assets as of December 31, 2018.

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Market and Portfolio Outlook

Cardinal's near-term outlook for equities remains cautious despite the recent sharp price drop as corporate earnings guidance for 2019 is apt to be conservative, domestic monetary policy remains in a tightening mode, and tariffs will continue to depress economic growth until the trade dispute with China is resolved. We do not expect a recession in 2019 and, barring a major policy mistake, the U.S. economy should grow. Corporate profits are likely to grow only modestly due to international economic headwinds and the impact of tariffs. Nonetheless, equity valuations are attractive as they are below historical averages and long-term interest rates remain low. Although the Federal Reserve still expects to raise interest rates in 2019, its decisions appear to be data dependent. The prospects for small cap stocks relative to large caps appear mixed with lower valuations and less exposure to tariffs seen as positives while the weaker dollar and greater economic sensitivity as headwinds. The M&A market remains very active and share repurchase activity strong. Private equity and activist funds continue to unlock value by improving operational performance, divesting non-core assets and selling companies. These activities have been, and should remain, a source of alpha in the Cardinal portfolio. We remain optimistic that portfolio companies will continue to deploy their free cash flow through share repurchases, dividends, and opportunistic acquisitions which should bode well for future value creation. For investors with a long-term time horizon, equities are likely to produce solid returns from today's depressed levels as stock prices ultimately reflect fundamental values based upon cash flow, not emotion.

Net Performance as of December 31, 2018

	Cardinal Small Cap Value Fund %	Russell 2000 Value Index %
Q4 2018	-19.25	-18.67
Full-Year 2018	-14.34	-12.86
Annualized Inception to Date*	3.74	3.16

*Inception Date: April 1, 2014

Net Expense Ratio: 1.00%, Gross Expense Ratio: 1.44% - Fee waivers are contractual through May 31, 2019.

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 12/31/18 are listed below:

Health Insurance Innovations (HIIQ): 1.0%, BGC Partners (BGCP): 2.2%, Spectrum Brands (SPB): 1.4%, Innerworkings (INWK): 0.0%, Denny's (DENN): 3.3%, Lithia Motors (LAD): 2.3%, Medical Properties Trust (MPW): 4.1%, Lithia Motors (LAD): 2.3%, Valvoline (VVV): 2.6%, Newmark Group (NMRK): 1.0%, Pacific Premier Bancorp (PPBI): 2.4%, EZ Corp (EZPW): 0.5%, CBIZ (CBZ) 3.7%, ACI Worldwide (ACIW) 4.8%

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, 2019. 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.