

Cardinal Capital Management, L.L.C.

Cardinal Small Cap Value Fund - CCMSX

Fourth Quarter 2019

FIRM OVERVIEW

- Focus on Small & SMID Cap Value
- Experienced, Stable Team
- 25-Year+ Track Record
- FCF-Based Valuations
- 100% Independent, Partner Owned
- \$3.9 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

Chitra Sundaram

Senior Research Analyst

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 9.94% and 9.04%, respectively, in the fourth quarter. Within the Russell 2000, the Value Index rose 8.49% while the Growth Index rose 11.39%. The Value Index rose less than its Growth counterpart due primarily to its much lower weighting in the better performing health care sector. Health care stocks rallied over 20% as the prospects for more radical health care reform, including "Medicare For All," declined as the popularity of more moderate Democrats grew, and President Trump's poll numbers improved. Equity returns were strong in the fourth quarter as recession fears abated due to better than expected economic data, the phase one trade agreement with China, and more accommodative monetary policy. As typically occurs when investors become more optimistic, the performance of smaller market capitalization stocks was the best. It is unusual, however, for growth stocks to keep pace with value stocks when investors believe that economic conditions are poised to improve. This suggests that optimism over the economic outlook remains muted despite increases in long-term interest rates and a steeper yield curve.

U.S. economic growth ticked up to 2.1% in the third quarter as strong consumer spending buoyed by historically low unemployment and rising wages offset the negative effect of the trade war with China. Although most economic indicators remained resilient, the Federal Reserve did cut short-term interest rates for the third time in 2019 and began to increase reserves through the purchase of treasuries. Among the reasons cited by the Federal Reserve for this "mid-course correction" in interest rates were U.S. trade policy, weak manufacturing data, tepid international growth, and falling business investment. Interestingly, investors largely ignored President Trump's impeachment because it appears clear that the Republican majority in the Senate will not vote to convict him. However, given the economic policy differences between Republicans and Democrats, the approaching election will likely increase equity market volatility after being mostly absent in 2019. Despite the good performance of equities, retail investors remained net buyers of bonds and sellers of stocks.

Fourth Quarter Performance Commentary

The fourth quarter performance of the Cardinal Small Cap Value Fund, at 7.31% net of fees, lagged the 8.49% return of the Russell 2000 Value Index. The main detractors from relative performance were stock selection in the consumer discretionary, health care, and energy sectors and stock selection and a higher weighting in the consumer staples sector. In the consumer discretionary sector, the share price of Six Flags declined on lower than expected results, which showed little organic growth as the theme park operator is shifting to a more recurring membership-based sales model. Concerns about international licensing growth also impacted the stock. The stock price of Denny's declined on softer same-store sales despite significant progress made by the casual dining chain on its refranchising efforts. In the health care sector, the share price of Ligand Pharmaceuticals lagged despite reporting an in-line pretax profit forecast and solid pipeline development. However, a nonrecurring tax adjustment reduced Ligand's 2019 earnings guidance. In the consumer staples sector, the stock price of Calavo Growers, the largest distributor of avocados, trailed its peers despite reporting better than expected financial results and issuing in-line annual guidance. In the energy sector, the share price of Viper Energy trailed the sector return as the owner of mineral interests forecast lower than expected royalty growth due to fewer well completions on non-Diamondback Energy properties. Exploration and production operators have been cutting their capital spending to make progress towards cash flow neutrality.

Cardinal Capital Management, L.L.C.

Cardinal Small Cap Value Fund - CCMSX

Fourth Quarter 2019

The primary contributors to Cardinal's relative performance were stock selection in the real estate, financials, and communication services sectors along with a higher weighting in the better performing information technology sector. Not owning poorly performing utilities also contributed. In the real estate sector, the share price of Newmark Group rose after the commercial real estate broker reported better than expected results and was active in their share repurchase program. In the financials sector, the stock price of Columbia Banking System rose after the commercial bank posted strong loan growth while maintaining low deposit costs. In the information technology sector, the share price of Silicon Motion rose sharply after the largest merchant supplier of controllers used in cellphones and solid-state disc drives issued better than expected guidance. In the communication services sector, the stock price of Nexstar Media rose after management met with investors to discuss the TV broadcasting industry and the company's prospects post its acquisition of Tribune Media.

2019 Performance Commentary

The 2019 performance the Cardinal Small Cap Value Fund, at 22.61%, net of fees, exceeded the 22.39% return of the Russell 2000 Value Index. The main contributors to relative performance were stock selection in the industrials, real estate, communication services, and consumer discretionary sectors, a higher weighting in the information technology sector, and a lower weighting in the energy sector. Not owning utilities also contributed. In the industrials sector, the stock price of Teledyne Technologies rose sharply as the electronics and instrumentation supplier raised its earnings forecast every quarter due to strong operational performance and accretive acquisitions. In the real estate sector, the share price of Community Healthcare Trust rose as the medical office REIT continued its steady pace of acquisitions to support its growing dividend. In the communication services sector, the stock price of Nexstar Media rose after the company completed its very accretive acquisition of Tribune Media, making Nexstar the largest local TV broadcaster. In the information technology sector, the share price of Lattice Semiconductor more than doubled as new management continued its turnaround of the well-positioned field-programmable semiconductor provider. In the consumer discretionary sector, the stock price of Lithia Motors climbed sharply as improved results from the underperforming automobile dealers that it had acquired produced better than expected earnings growth.

The main detractors from relative performance were stock selection in the materials and health care sectors, and the drag of holding residual cash in a rising stock market. In the materials sector, the stock price of Orion Engineered Carbons fell sharply after the global supplier of carbon black issued a weak 2019 outlook as a result of lower demand from China. In the health care sector, the share price of Ligand Pharmaceuticals fell following the sale of its largest royalty stream, which was dilutive to near-term earnings, and after the FDA made the regulatory pathway for its promising diabetes drug candidate uneconomic in the United States. Ligand has since reported better than expected financial results due to its OmniAb drug development platform and repurchased nearly 20% of its outstanding shares.

The annualized net return of the Cardinal Small Cap Value Fund since inception (April 1, 2014) is 6.80% versus 6.27% for the Russell 2000 Value Index. Cardinal managed \$3.9 billion in small and SMID cap value assets as of December 31, 2019.

Market and Portfolio Outlook

Cardinal's near-term outlook for equities remains cautiously optimistic. Cautious due to the remaining trade uncertainties, mixed domestic economic data, and a volatile political situation. Optimistic because of resilient consumer spending, full employment, accommodative monetary policy, and low inflation. Although investors expect fourth quarter GDP to moderate, easier monetary policy and a de-escalation of the trade war could result in stronger growth in 2020. The consumer remains strong, and the manufacturing sector is poised to recover with a trade deal, which would let President Trump declare victory ahead of the 2020 election. However, the outcome of the U.S. election is a key risk that could accelerate the timing of the next recession. Also, recent escalating tensions in the Middle East introduce another risk to the equity market. With heightened uncertainty, Cardinal continues to prefer investments whose success is dependent primarily upon company-specific drivers rather than broader economic growth. The portfolio managers remain optimistic that Cardinal's portfolio companies will continue to redeploy their free cash flow opportunistically, which should bode well for future value creation.

Cardinal Capital Management, L.L.C.

Cardinal Small Cap Value Fund - CCMSX

Fourth Quarter 2019

Net Performance as of December 31, 2019

	Cardinal Small Cap Value Fund %	Russell 2000 Value Index %
Annualized Inception to Date (April 1, 2014)	6.80	6.27
5-Year	7.47	6.99
3-Year	6.12	4.77
1-Year	22.61	22.39
4Q 2019	7.31	8.49

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).

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 12/31/19 are listed below:

Six Flags (SIX): 3.1%, Denny's (DENN): 2.0%, Ligand Pharmaceuticals (LGND): 2.8%, Calavo Growers (CVGW): 1.6%, Viper Energy (VNOM): 1.3%, Newmark Group (NMRK) 1.1%, Columbia Banking System (COLB): 3.0%, Silicon Motion: 3.5%, Nexstar Media Group (NXST): 3.3%, Teledyne Technologies (TDY): 1.7%, Community Healthcare Trust (CHCT): 2.7%, Lattice Semiconductor (LSCC): 0.0%, Lithia Motors (LAD): 3.3%, Orion Engineered Carbons (OEC): 0.0%

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.