

Cardinal Capital Management, L.L.C.

Cardinal Small Cap Value Fund - CCMSX

Fourth Quarter 2022

FIRM OVERVIEW

- Focus on Small & SMID Cap Value
- Experienced, Stable Team
- 30-Year Track Record
- FCF-Based Valuations
- 100% Independent, Partner Owned
- \$3.8 Billion AUM

INVESTMENT TEAM

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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 indices, as represented by the Russell 2000 and 1000, rose 6.2% and 7.2%, respectively, in the fourth quarter and fell 20.4% and 19.1%, respectively, for the year. Within the Russell 2000, the Value Index rose 8.4%, while the Growth Index rose 4.1%. The Value Index rose more than its growth counterpart due primarily to its higher weighting in better-performing financials, its lower weighting in the poorly performing health care sector, and better-performing industrials and consumer discretionary stocks. For the year, the Value Index fell 14.5%, while its growth counterpart declined 26.4%. The superior performance of the Value Index was due to better-performing financial, industrial, materials, and energy stocks and a lower weighting in the poorly performing information technology, health care, and consumer discretionary sectors. Besides the utility sector, which showed a nominal rate of return, the energy sector was the only sector that produced positive returns for the year. Despite the fourth-quarter rally, full-year 2022 equity returns were the weakest since 2008. This was the result of an unusual combination of macroeconomic forces arising from pandemic-related fiscal and monetary policy stimulus and the subsequent normalization, which produced some anomalous factor returns. For example, cyclical stocks outperformed the indices for the quarter and year despite a weakening economy and increased risk of recession. Pandemic-driven demand increases and supply chain disruptions caused elevated commodity prices, which boosted the earnings of many cyclical companies. An economic slowdown also normally results in lower interest rates, but the Federal Reserve is instead raising interest rates to cool inflation. Higher interest rates have disproportionately impacted less cyclical but traditionally more highly valued defensive and growth stocks. However, as would be expected in uncertain economic conditions, larger market capitalization, higher quality, and less expensive stocks performed relatively well.

Macroeconomic concerns dominated the stock and bond markets in 2022 and created a particularly challenging investment environment. The key issues were persistent high inflation, significantly more restrictive monetary policy, and the economic fallout from the Russian invasion of Ukraine. While inflation may have peaked, the Federal Reserve's decision to continue aggressively raising short-term interest rates increased the likelihood of a recession in 2023. Although GDP growth in 2022 was tepid, the labor market remains quite healthy even with increasing corporate layoffs. In fact, consumer spending has been resilient because the savings accumulated during the pandemic and strong wage gains have broadly offset higher prices and borrowing costs. However, real estate as well as mergers and acquisitions activity have fallen off significantly as valuations adjust to higher interest rates. A materially higher U.S. Dollar created another headwind for the profitability of many multinational companies. More recently, the Chinese government's abrupt decision to drop its zero covid policy has created more global economic challenges as China deals with the impact of a surge in new COVID-19 cases. Corporate earnings have already begun to reflect weaker economic conditions and higher input and interest costs. Considering these challenges, company guidance has generally been more cautious. However, market prices continue to reflect this impact as the valuation of small capitalizations stocks is low in absolute and relative terms.

Fourth Quarter Performance Commentary

The fourth-quarter return of the Cardinal Small Cap Value Fund, at 6.40% net of fees, lagged the Russell 2000 Value Index return of 8.42%. The primary detractors from relative performance were stock selection in the consumer discretionary and financials sectors, a higher weighting in the poorly performing information technology sector, and holding residual cash in a rising market. The main contributors were stock selection in the health care, consumer staples, and materials sectors. In the consumer discretionary sector, the share price

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of pool cleaning and maintenance supplier Leslie's lagged its peers after management provided disappointing guidance based on weaker consumer spending and higher interest expense. In the financials sector, the stock price of Tennessee-based FB Financial fell after the bank reduced its expectations for net interest margins and mortgage profitability late in the quarter. In the information technology sector, the share price of Verra Mobility fell despite beating expectations and increasing guidance as analysts reduced 2023 earnings estimates for the business service provider due to higher interest rates on its floating rate debt.

2022 Performance Commentary

The full-year return of the Cardinal Small Cap Value Fund, at -17.81% net of fees, lagged the Russell 2000 Value Index return of -14.48%. The primary detractors were stock selection in the financials, energy, consumer staples, and real estate sectors, a higher weighting and stock selection in the poorly performing information technology sector, and not owning utilities. This was partially offset by stock selection in the materials and industrials sectors and holding residual cash in a declining market. In the financials sector, the share price of PacWest Bancorp fell due to pressure on its capital levels, which was the result of unrealized losses on its fixed-income securities portfolio. In the information technology sector, the stock price of Cognyte Software fell, and the portfolio managers sold the position as the provider of cyber security software continued to struggle with converting its pipeline of orders into revenues. In the energy sector, the value of our holdings rose nicely but lagged the increase seen in smaller, more highly levered exploration & production companies. In the consumer staples sector, the share price of conglomerate Spectrum Brands fell after the Department of Justice filed suit to block the sale of its Hardware and Home Improvement segment to Assa Abloy. Subsequently, Assa Abloy agreed to divest its overlapping businesses in the U.S. and Canada to Fortune Brands in an \$800 million all-cash deal as the parties seek to overcome U.S. antitrust opposition. In the real estate sector, the stock price of Newmark lagged the prices of other commercial real estate service providers after outperforming last year as its business is more sensitive to a slowdown in transactions.

The annualized net return of the Cardinal Small Cap Value Fund since inception (April 1, 2014) is 4.62% versus 5.73% for the Russell 2000 Value Index. Cardinal managed \$3.8 billion in assets as of December 31, 2022.

Market & Portfolio Outlook

Cardinal's near-term outlook for equities remains cautious. In 2023, the U.S. economy is expected to show slower growth with less fiscal stimulus, continued monetary tightening, and moderating inflation. Federal Reserve policy is likely to remain restrictive until there is conclusive evidence that inflation is retreating toward its two percent target. Nonetheless, healthy consumer and business balance sheets should keep any economic downturn modest. The equity market currently appears to be discounting a mild recession beginning 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 December 31, 2022

	Cardinal Small Cap Value Fund %	Russell 2000 Value Index %
Annualized Inception to Date (April 1, 2014)	4.62	5.73
5-Year	1.34	4.13
3-Year	0.59	4.70
1-Year	-17.81	-14.48
Year to Date	-17.81	-14.48
4rd Quarter 2022	6.40	8.42

Net Expense Ratio: 1.00%, Gross Expense Ratio: 1.01% - Fee waivers are contractual through February 28, 2023.

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 12/31/22 are listed below:

Leslie's (LESL): 1.62%, FB Financial (FBK): 3.06%, Verra Mobility (VRRM): 3.02%, PacWest Bancorp (PACW) 2.68%, Cognynte Software (CGNT) 0.00%, Spectrum Brands (SPB) 2.51%, Assa Abloy (ASSAB): 0.00%, Fortune Brands (FBIN) 0.00%, Newmark (NMRK) 1.18%

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, 2023. 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.