

Cardinal Capital Management, L.L.C.

Cardinal Small Cap Value Fund - CCMSX

Fourth Quarter 2023

FIRM OVERVIEW

- Focus on Small & SMID Cap Value
- Experienced, Stable Team
- 30-Year Track Record
- FCF-Based Valuations
- 100% Independent, Partner Owned
- \$2.6Billion AUM

INVESTMENT TEAM

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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 Russell 1000[®], rose 14.03% and 11.96%, respectively, in the fourth quarter and rose 16.93% and 26.53%, respectively, for the year. Within the Russell 2000, the Value Index rose 15.26%, while the Growth Index rose 12.75% for the quarter. The Value Index rose more than its growth counterpart primarily due to its much higher weighting in the better-performing financials and real estate sectors as well as its better-performing consumer discretionary and industrial stocks. For the first time, the financials, real estate, consumer discretionary, and health care sectors, all of which are interest rate sensitive, simultaneously outperformed the small cap indices following dovish comments from the Federal Reserve, which triggered a sharp bond market rally. Not surprisingly, the fourth quarter rally in the Russell 2000 was also led by smaller capitalization and lower-quality stocks due to significant ETF inflows as investors added economic risk to their portfolios. For the year, the Value Index rose 14.65%, while the Growth Index rose 18.66%. The Value Index lagged its growth counterpart because of a higher weighting in the poorly-performing financials and utilities sectors and a lower weighting in the better-performing information technology sector. With respect to the broader stock market, performance was driven by a handful of mega-cap technology stocks that are expected to benefit from the adoption of artificial intelligence. The narrowness of the market was clear from the thirty-six-percentage point outperformance of large-cap growth stocks over large-cap value, the second-biggest margin in twenty-five years, with the top seven stocks having constituted about half of the market return.

Macroeconomic concerns again dominated the stock and bond markets in 2023. At the outset of the year, sentiment was cautious as recession fears were top of mind because of higher interest rates, inflation, and increased pressure on consumer spending as pandemic-related stimulus savings were depleted. Although corporate earnings are expected to be down for the year, the economy and employment remained resilient. With results better than feared, the equity indices rose sharply in large part due to the artificial intelligence euphoria but also to the improved prospects for lower inflation and interest rates in 2024. However, double-digit index returns masked very uneven performance across sectors and industries as many companies experienced unprecedented volatility in demand due to the lingering impact of COVID-related company and consumer behavior changes as well as higher interest rates. Investor sentiment improved especially in the last two months of the year as inflation trended lower and job growth moderated while hope for an economic soft landing increased. Following the strong absolute return in the fourth quarter, the valuation of small capitalization stocks is modestly more expensive in absolute terms. However, relative to large capitalization stocks, it is near its lowest level ever. Indeed, the market capitalization of Apple Inc. alone exceeds that of the entire small cap market.

Fourth Quarter Performance Commentary

The fourth quarter return of Cardinal's Small Cap Value Fund, at 12.79% net of fees, lagged the Russell 2000 Value Index[®] return of 15.26%. The primary detractors from relative performance were a higher weighting and stock selection in the poorly performing communication services sector, a lower weighting and stock selection in the better-performing consumer discretionary sector, stock selection in the consumer staples and health care sectors, and holding cash in a rising market. The main contributors were stock selection in the information technology and energy sectors and not owning poorly performing utilities. In communication services, the share price of WideOpenWest fell after the cable service provider announced that it expected to lose subscribers after a recent price increase led to greater--expected subscriber churn. In consumer discretionary, the stock price shares of Everi Holdings fell after the casino gaming

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and fintech solutions provider lowered guidance as they expect to lose share in gaming operations until their new gaming content is available in early 2024. In consumer staples, the share price of Spectrum Brands lagged after the provider of home and garden and global pet care issued weaker-than-expected guidance due to the challenging macroeconomic conditions and its plans to reinvest in its business through additional hiring and promotions to accelerate growth. In health care, the stock price of LivaNova trailed its peers, despite raising guidance due in part to a competitor's supply problems, because the medical technology provider had a disruptive cybersecurity breach in the quarter, which has subsequently been remedied.

2023 Performance Commentary

The full-year return for Cardinal's Small Cap Value Fund, at 6.88% net of fees, lagged the Russell 2000 Value Index return of 14.65%. The primary detractors from relative performance were stock selection in the communication services, real estate, materials, information technology, and health care sectors. Relative contributors included a higher weighting and stock selection in the better performing industrials sector, stock selection in the consumer staples sector and not owning poorly performing utilities. In the communications services sector, Cardinal continues to own shares of WideOpenWest, highlighted above, as management addresses its pricing issue and its ongoing business value is well above the current market price. In the real estate sector, the share price of Medical Properties Trust fell significantly after its largest hospital operator tenants developed liquidity issues after having to repay COVID-related government loans before their operations had fully normalized. The position was sold when it became clear to us that management was not acting decisively enough to address these issues. In materials, the stock price of Silgan Holdings fell after the packaging company reduced earnings guidance due to temporary labor cost issues, new business was pushed out, and unexpected destocking reduced sales due to customers managing their working capital investment. Cardinal continues to hold Silgan as these issues are unlikely to impact the business going forward, and the company aggressively repurchased its stock in response to the lower share price. In information technology, the share price of Verint Systems fell after the provider of customer engagement software lowered revenue guidance due to macro-driven deal slippage. The portfolio retained this position as the company is maintaining market share and aggressively repurchasing shares in response to the lower valuation. In health care, the stock price of ModivCare fell on concerns about the impact of Medicaid redetermination on the company's non-emergency transportation business and the delay in free cash flow generation as the company restructures its client contracts to better insulate it from usage volatility. Cardinal continues to own ModivCare shares despite its financial leverage as the company was solidly cash flow positive in the third quarter and showed margin improvement as its cost savings programs are taking hold. The Chairman of the Board of the company and largest shareholder has also added significantly to his ownership at these lower prices.

Market & Portfolio Outlook

Cardinal's near-term outlook for equities is cautiously optimistic. The Federal Reserve appears to be finished raising interest rates while the consumer and job market have remained resilient. While a mild recession is still possible in 2024, this could provide a buying opportunity as the market will benefit from inflation and interest rates continuing to fall. Financing conditions have already improved, as has merger and acquisition activity. Regardless, Cardinal continues to prefer investments whose success is dependent on company-specific drivers with as many as possible under management control rather than relying solely on near-term economic growth to produce sustainable growth in free cash flow.

Net Performance as of December 31, 2023

	Cardinal Small Cap Value Fund %	Russell 2000 Value Index %
Annualized Inception to Date (April 1, 2014)	4.85	6.61
5-Year	5.93	10.00
3-Year	3.48	7.94
1-Year	6.88	14.65
Year to Date	6.88	14.65
4 th Quarter 2023	12.79	15.26

Net Expense Ratio: 1.00%, Gross Expense Ratio: 1.02% - Fee waivers are contractual through February 28, 2024.

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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 12/31/23 are listed below:

Apple Inc. (AAPL): 0.00%, WideOpenWest (WOW): 0.53%, Everi Holdings (EVRI): 1.00%, Spectrum Brands (SPB): 3.65%, LivaNova (LIVN): 1.45% Medical Properties Trust (MPW): 0.00%, Silgan Holdings (SLGN): 3.67%, Verint Systems (VRNT): 1.33%, ModivCare (MODV): 1.30%,

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, 2024. 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.