



**CARDINAL<sup>®</sup>**

**CAPITAL MANAGEMENT**

*Since 1992*

# 2010 Year End Performance Report

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## I. Company Overview

# Introduction

**Founded in 1992, Cardinal Capital Management is an independent, SEC registered advisory firm committed to providing our clients the highest quality investment management services**

## Who We Are

- ◆ Ashland Partners has **verified the compliance** of Cardinal Capital with the requirements of the Global Investment Performance Standards (**GIPS®**) from April 1, 1992 through December 31, 2010<sup>1</sup>
- ◆ Cardinal is a **fiduciary** which means we have a legal and moral obligation to put our clients' interests first
- ◆ **Our primary business** is the management of separate U.S. and non-U.S. equity and fixed income portfolios for individuals, trusts, corporations, foundations and endowments
- ◆ We create and manage **separate accounts**
- ◆ **Ownership:** 100% employee owned

## Investment Approach

- ◆ **Objective:** Exceed the relevant benchmark index return net of fees at significantly reduced risk
- ◆ **Strategy:** Our value oriented investment approach seeks to identify solid companies with growth potential and lower trading volatilities ("beta")
- ◆ **Valuation Oriented Approach** that utilizes Cardinal's Multifactor Model to identify assets that are statistically undervalued

## Strategies

- ◆ **U.S. Large Cap Core** consists of high-quality, dividend paying stocks that enhance overall portfolio returns with significantly reduced risk
- ◆ **Non-U.S.** is constructed on the same value oriented methodology as Cardinal's U.S. composite. Geographically Cardinal's Non-U.S. composite allows for up to 20% non-EAFE country exposure
- ◆ **Balanced** is a blend of high quality U.S. Large Cap Core stocks and bonds at attractive valuations
- ◆ **Small Cap** equity portfolio seeks long-term capital appreciation by investing in relatively small U.S. companies with strong balance sheets and positive earnings at attractive valuations

## Performance Summary

At 12/31/10, gross of fees	Returns (%)					
	2010	2009	3-Yr	5-Yr	10-Yr	15-Yr
Cardinal U.S. Large Cap	+13.31	+20.41	-0.56	+3.40	+4.55	+8.53
S&P 500	+15.06	+26.46	-2.85	+2.29	+1.41	+6.76
Cardinal Balanced Composite	+10.83	+14.99	+1.00	+4.15	+5.03	+7.87
Blended Index <sup>3</sup>	+12.03	+19.84	-0.62	+3.09	+2.47	+6.31
Cardinal Non-U.S. Composite	+7.85	+37.29	-0.98			
MSCI EAFE Net Index	+7.75	+31.78	-7.02			

<sup>1</sup> Ashland Partners, LLC has issued their verification letter following their examination of Cardinal Capital Management's performance calculation processes at the end of the fourth quarter 2010. This verification encompasses the entire firm's operations regarding compliance with Global Investment Performance Standards (GIPS®).

<sup>2</sup> Blended Benchmark = S&P 500 Index 70%, Barclays Int Govt/Credit 25%, 90-day T-Bill 5%

# The Team

**Cardinal Capital Management works as an integrated team of highly qualified and experienced professionals to meet our clients' investment objectives**

## Glenn C. Andrews, CFA

### President, Co-Chief Investment Officer

- 30+ years of financial management and investment experience
  - Former Executive Vice President & Chief Financial Officer of Medco Research and BioStratum
    - Former Treasurer of Burroughs-Wellcome, Co.
    - Past President of the NC Society of Financial Analysts
    - MBA, BS in Finance from the University of Tennessee
  - Completed executive management program, London Business School
- [gandrews@cardinalcapitalmanagement.com](mailto:gandrews@cardinalcapitalmanagement.com)

## Joel A. Millikan, CFA

### Co-Chief Investment Officer

- 40+ years of financial management and investment experience
  - Former Senior Vice President & Chief Investment Officer of Durham Life Insurance Company
  - Former Portfolio Manager and Director of Research for Travelers Investment Management Company in Hartford, CT
  - Past President of both the NC and Hartford Societies of Financial Analysts
    - MBA in Finance from the University of Chicago
- [jmillikan@cardinalcapitalmanagement.com](mailto:jmillikan@cardinalcapitalmanagement.com)

## Wes Andrews

### Vice President

- 10+ years of financial services experience
- Former VP in Equity-Linked & Hybrid Origination at Lehman Brothers
- Former VP in Fixed Income Capital Markets at Citigroup
  - MBA in Finance from Georgetown University
  - JD from University of Miami
  - FINRA / NASD License: Series 65

[wandrews@cardinalcapitalmanagement.com](mailto:wandrews@cardinalcapitalmanagement.com)

## Kathleen Warren

### Vice President

- 5+ years of financial services experience
- Former Associate in Private Banking at Credit Suisse
- Former Sales Assistant at Thomas Weisel Partners
- MBA in Finance from UNC Kenan-Flagler School of Business
  - BA from Wake Forest University
  - FINRA / NASD License: Series 65

[kwarren@cardinalcapitalmanagement.com](mailto:kwarren@cardinalcapitalmanagement.com)

## Jeannine Newton

### Business Analyst

- 18+ years of financial services experience
- Formerly with Wachovia Securities managing compliance, operations and HR for the NC Priv. Client Group Retail Branch
- Primary responsibilities include trading, verification of performance reporting and compliance support
- FINRA / NASD Licenses: Series 7, 63, 65 & 9/10

[jnewton@cardinalcapitalmanagement.com](mailto:jnewton@cardinalcapitalmanagement.com)

## Sharon Sowell

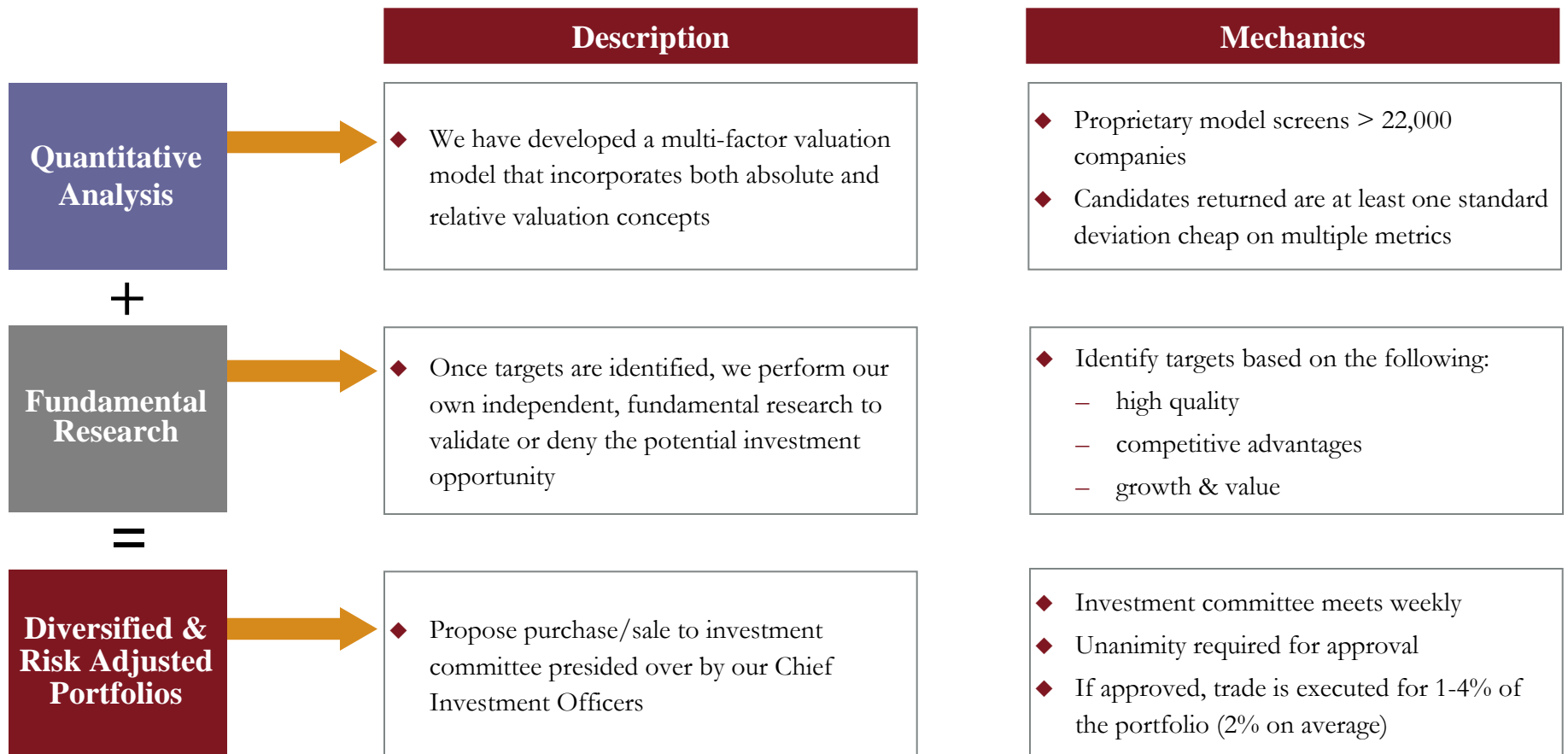
### Business Analyst

- 11+ years of financial services experience
- Formerly with Morgan Stanley Smith Barney as senior assistant operations manager
- Primary responsibilities include daily account activity monitoring, trading, client performance reporting and compliance support
- FINRA / NASD Licenses: Series 7, 63, 65, 9/10 & 31

[ssowell@cardinalcapitalmanagement.com](mailto:ssowell@cardinalcapitalmanagement.com)

# Investment Approach

**Cardinal Capital employs a value approach that is predicated on selecting stocks for investment from those selling at low prices versus observable metrics such as cash flow and earnings**



**Cardinal Capital's objective is to construct portfolios that are high quality and well diversified by industry sector with excellent long-term absolute and risk adjusted returns**

# Cardinal Capital's Multifactor Model

Cardinal Capital's Multifactor Model is systematic and unbiased in identifying stocks trading at significant discounts or premiums to their normal price value relationships

## R&D and Process

- ◆ **Research & Development:** Cardinal's Model is grounded in solid academic research, with extensive back-testing to ensure effective use of its output, and applied on a consistent basis over time
- ◆ **Process:** Each week we run the model against the *Compustat* data base of more than 22,000 operating companies in order to identify stocks trading at >1 standard deviation cheap or rich across multiple metrics

## Implicit Assumption

- ◆ **Regression to the mean:** Our valuation model implicitly assumes that a stock's price changes more than the company, and that price value relationships will return to normal
- ◆ **Low Turnover:** Process generally takes several years to reach >1 standard deviation rich; resulting in a turnover rate of less than 20%

## Buy / Sell Signals

- ◆ **1 Standard Deviation:** Stocks > 1 standard deviation above or below normal price relationships are at levels seen 17% of the time or less – so *ceterus paribus* we expect those stocks to revert to the mean
- ◆ **Correlation:** Our model is based on observed price / value relationships; through the use of statistical correlation we can determine which ones are most significant

## Benefits

- ◆ **Bottom Up:** Our valuation model does not depend on explicit forecasts of future earnings growth rates, etc.
- ◆ **Management by Exception:** The model directs attention to stocks of opportunity so less time is spent on maintenance research
- ◆ **Unbiased:** The model casts a broad net without prejudice or preconceptions, which allows for new understandings of changing companies and situations to emerge

## Limitations

- ◆ **Backward Looking:** Our model is based on observed data
- ◆ **Factors** may not correlate well with stock price movements for specific companies or industries; thus we use statistical correlations to understand which factors most influence performance
- ◆ **Absolute valuations** may lead to selling biggest winners in a portfolio prematurely; however, adjusting for market levels and peer comparison helps avoid this situation

# Fundamental Research

**Cardinal Capital's approach is systematic, micro economic rather than macro in character and relies on business analysis skills rather than precise estimates of earnings or growth rates**

## Using the Output of the Model

- ◆ The output is sorted into **industry groups**
- ◆ If for instance the Model produces a total of 100 stocks not presently owned with 70% from financial services, this would lead us to conclude that the market concerns are much more related to industry matters than specific company events
- ◆ Conversely, if only three pharmaceuticals make the list, this observation may help guide inquiry into whether industry or company specific events are the principal cause of the low valuation

## The Future Will Look Like the Past

- ◆ **What is the cause of the stock's low price?** Is the cause of the valuation decline due to a transitory issue or has the company's profitability and growth prospects entered secular decline?
- ◆ This is where company and **business analysis begins**
- ◆ **Cardinal seeks to profit** from resolution of transitory issues and avoid cases of secular decline

## Objective Decision Rules

- ◆ A number of objective decision rules have been developed to identify the stocks most likely to be attractive for further analysis and ultimate purchase
- ◆ **Market Cap:** large cap: >\$5.0 billion; & small cap: <\$2.0 billion
- ◆ **Position Size:** assuming that alpha opportunities are the same for all stocks that pass the 1 standard deviation screen, we do not typically exceed 4% for any one position
- ◆ Bias for **dividend paying stocks**
- ◆ The following considerations are closely scrutinized:
  - ◆ **Changed Business Conditions,**
  - ◆ **Insider Trading,**
  - ◆ **Financial Strength, and**
  - ◆ **Size and Duration of Oligopolistic Moat**
- ◆ We exclude **non-operating companies** such as REITs
- ◆ Companies or industries in **secular decline** or with **negative earnings** are eliminated from consideration

# U.S. Large Cap Core Composite

Cardinal's U.S. Large Cap Core Composite consists of high-quality, predominately dividend paying companies that enhance overall portfolio returns with significantly reduced volatility

## U.S. Portfolio (as of 12/31/2010)








Portfolio at a Glance	Cardinal	S&P 500
Holdings:	43	500
Holdings Paying Dividends:	39	371
Holdings Increasing Dividends:	30	98

Portfolio Composition (%)	Cardinal	S&P 1500
Large Cap	83	88
Mid Cap	17	8
Small Cap	0	4





Portfolio Measures (%)	Cardinal	S&P 500
P/E Ratio	16	17
Volatility or "Beta"	0.8	1.0
Yield	2.1	1.9

Sector Allocation (%)	Cardinal	S&P 500
Consumer Discretionary	2	10
Consumer Staples	16	10
Energy	8	12
Financial	8	16
Healthcare	19	11
Industrial	13	11
Materials	2	3
Info. Technology	15	18
Telecommunications	0	3
Utilities	7	3

## Largest Holdings (as of 12/31/2010)

	Actual Weight (%)	Return (%)	
		Trailing 12 Months	Cumulative
	3.9	4.39	22.32
	3.8	51.88	128.01
	3.8	7.23	566.55
	3.7	12.12	67.71
	3.3	6.10	579.3
	3.1	53.54	153.74
	2.8	29.5	979.88

## Additions to the Portfolio in 2010

	Actual Weight (%)	Return (%)	Date Added
	2	19.48	Mar-10
	2	18.64	Jul-10
	2	3.74	Nov-10
	2	6.53	Mar-10

Supplemental information, please see full disclosure on page 22.

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## II. Performance

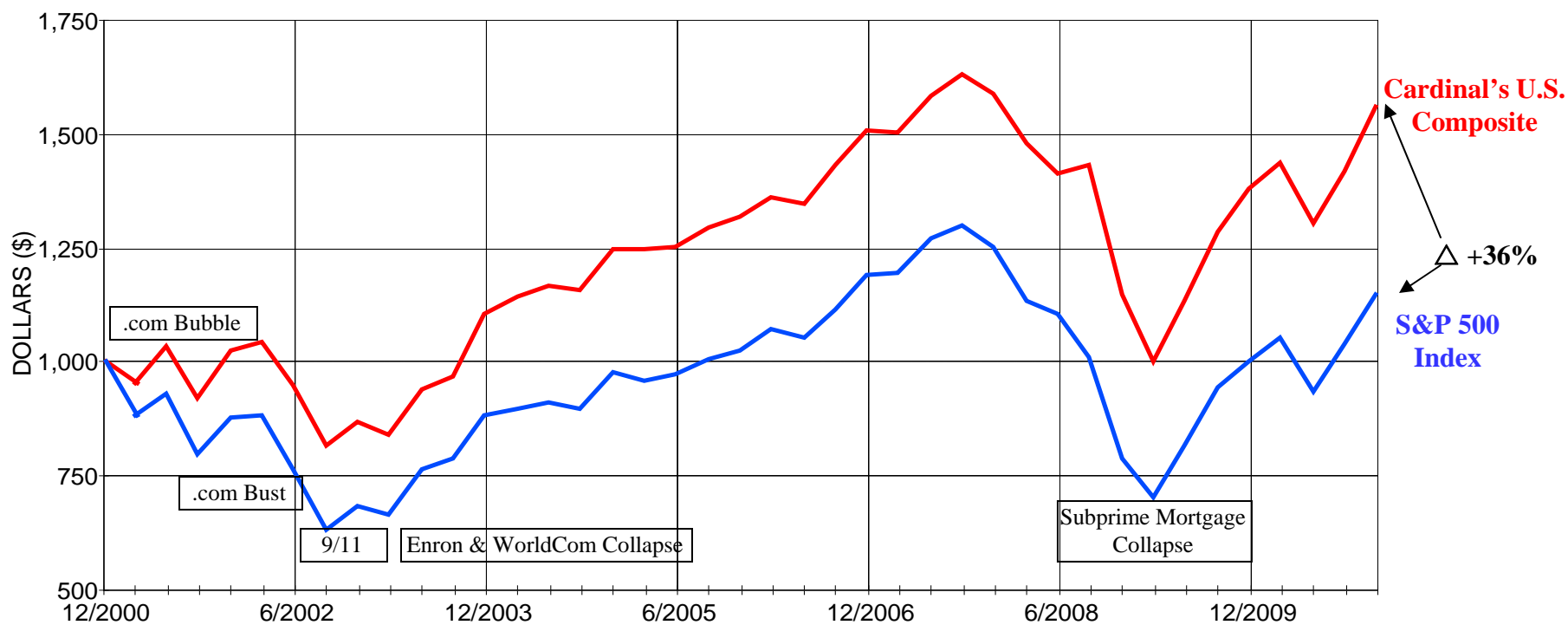
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## A. U.S. Composite

# Growth of an Investment

**Cardinal Capital's U.S. Large Cap Core Composite has returned 36% more than the Standard & Poor's 500 Index over the past decade<sup>1</sup>**

**Growth of a \$1,000 investment in Cardinal Capital's U.S. composite versus the S&P 500 Index  
December 31, 2000 to December 31, 2010**



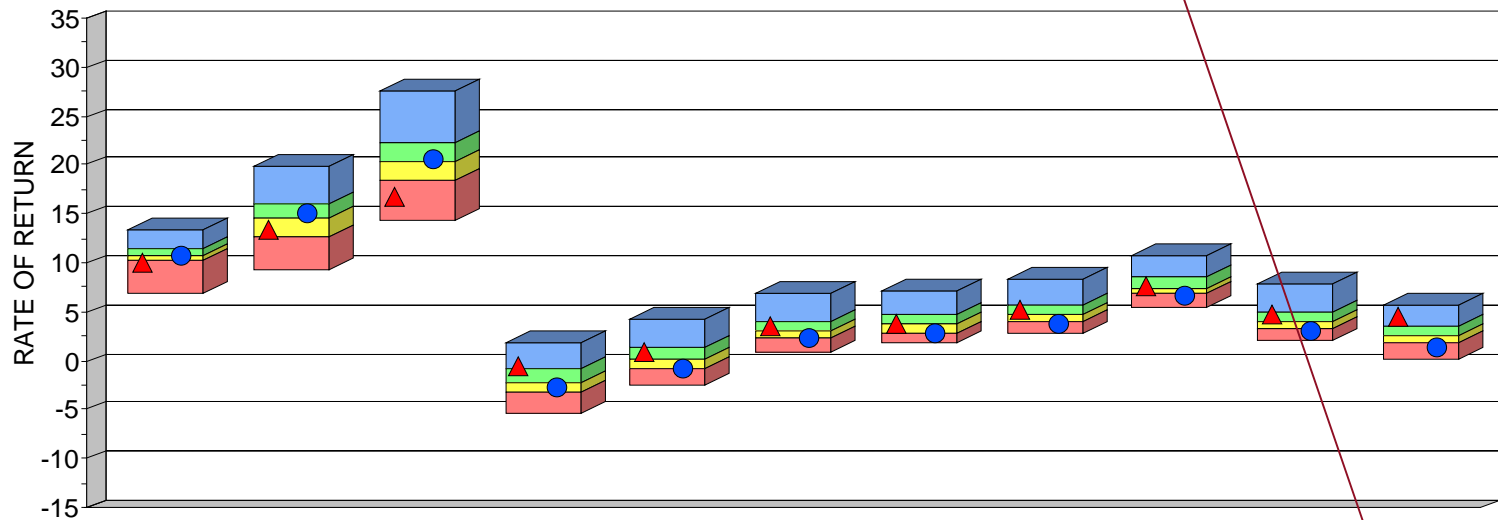
	1 Year	2 Years	3 Years	4 Years	5 Years	6 Years	7 Years	8 Years	9 Years	10 Years
Cardinal Cap Inc US Equity	1,133	1,362	983	1,036	1,183	1,250	1,414	1,796	1,525	1,562
Standard & Poor's 500	1,151	1,455	917	967	1,120	1,175	1,303	1,676	1,306	1,151

<sup>1</sup> The above-referenced Cardinal Capital Management ten-year performance results are gross of fees. Supplemental information, please see full disclosure on page 22. Rankings are not indicative of future performance.

# Cardinal's U.S. Composite vs. PSN Large Cap Core Universe

Over the last 10-year period, Cardinal's U.S. Composite has outperformed 89% of the large cap core managers in the country per PSN<sup>1</sup>

**Quartile Ranking Bar**  
December 31, 2000 to December 31, 2010

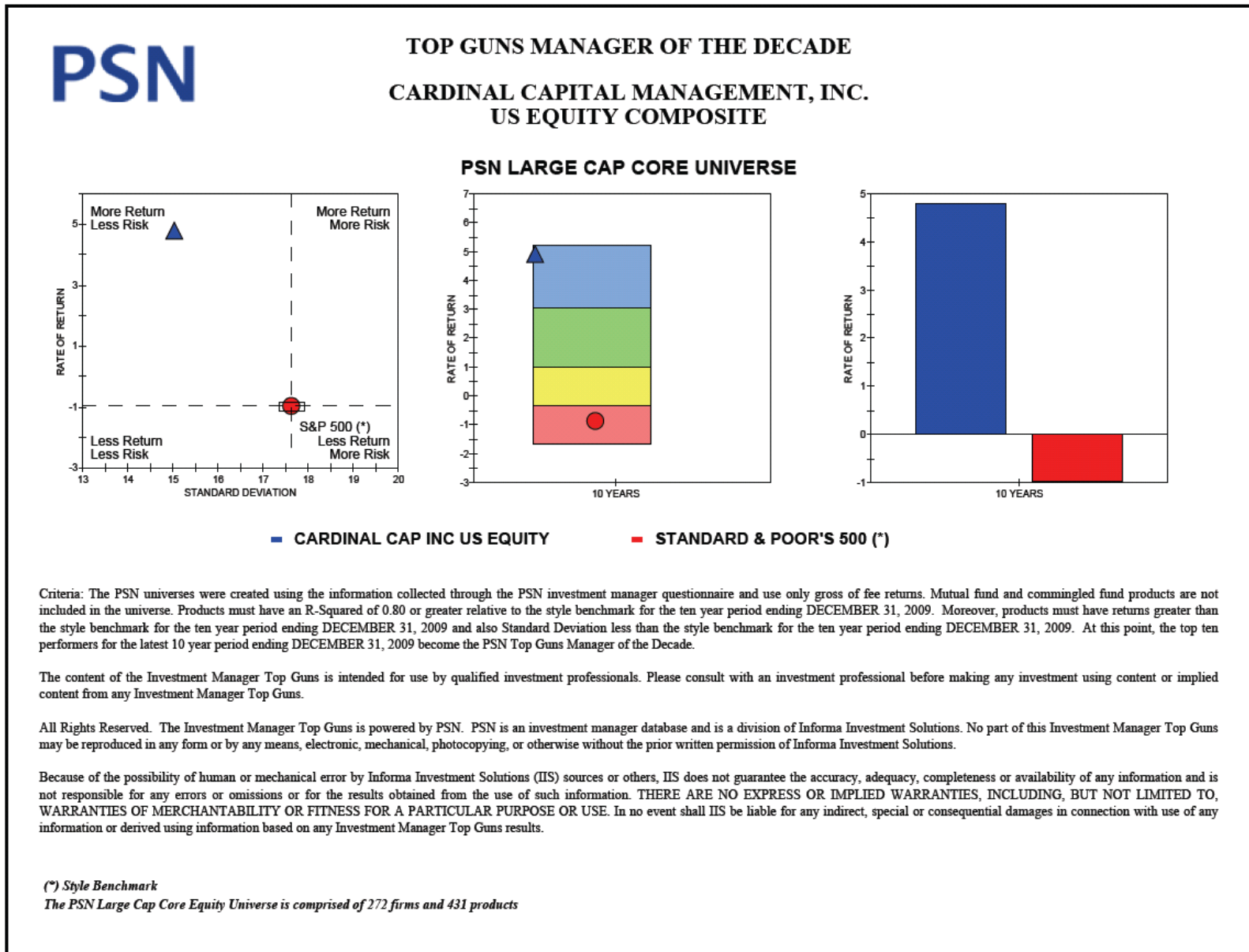


	Latest Quarter	1 Year	2 Years	3 Years	4 Years	5 Years	6 Years	7 Years	8 Years	9 Years	10 Years
HIGH (0.05)	13.36	19.81	27.50	1.72	4.25	6.86	7.03	8.25	10.73	7.75	5.67
FIRST QUARTILE	11.46	15.94	22.20	-0.88	1.42	4.03	4.67	5.77	8.46	4.86	3.61
MEDIAN	10.84	14.62	20.27	-2.24	0.09	2.96	3.76	4.76	7.43	4.00	2.63
THIRD QUARTILE	10.17	12.74	18.46	-3.18	-0.88	2.22	2.84	4.08	6.77	3.31	1.75
LOW (0.95)	6.86	9.21	14.32	-5.27	-2.61	0.80	1.76	2.82	5.45	2.09	0.23
MEAN	10.72	14.48	20.35	-2.01	0.28	3.17	3.84	4.98	7.66	4.20	2.76
VALID COUNT	355	355	350	345	334	321	301	280	264	246	219

	Latest Quarter		1 Year		2 Years		3 Years		4 Years		5 Years		6 Years		7 Years		8 Years		9 Years		10 Years	
	VALUE	RANK	VALUE	RANK	VALUE	RANK	VALUE	RANK	VALUE	RANK	VALUE	RANK	VALUE	RANK	VALUE	RANK	VALUE	RANK	VALUE	RANK	VALUE	RANK
▲ Cardinal Cap Inc US Equity	10.03	79	13.26	70	16.71	91	-0.56	18	0.89	32	3.42	37	3.79	48	5.08	41	7.60	45	4.80	26	4.56	11
● Standard & Poor's 500	10.76	52	15.06	40	20.63	44	-2.86	68	-0.83	72	2.29	72	2.72	80	3.85	83	6.67	79	3.01	86	1.41	86

<sup>1</sup> PSN is the largest separately managed account database available and contains data on over 2,000 investment management firms and more than 10,000 investment products. On a quarterly basis, all products are reviewed quantitatively and ranked against other managers in the same asset class. Supplemental information, please see full disclosure on pages 22. The above-referenced Cardinal Capital Management performance results are gross of fees. Rankings are not indicative of future performance.

# Cardinal Capital Named “Top Guns Manager” of the Decade

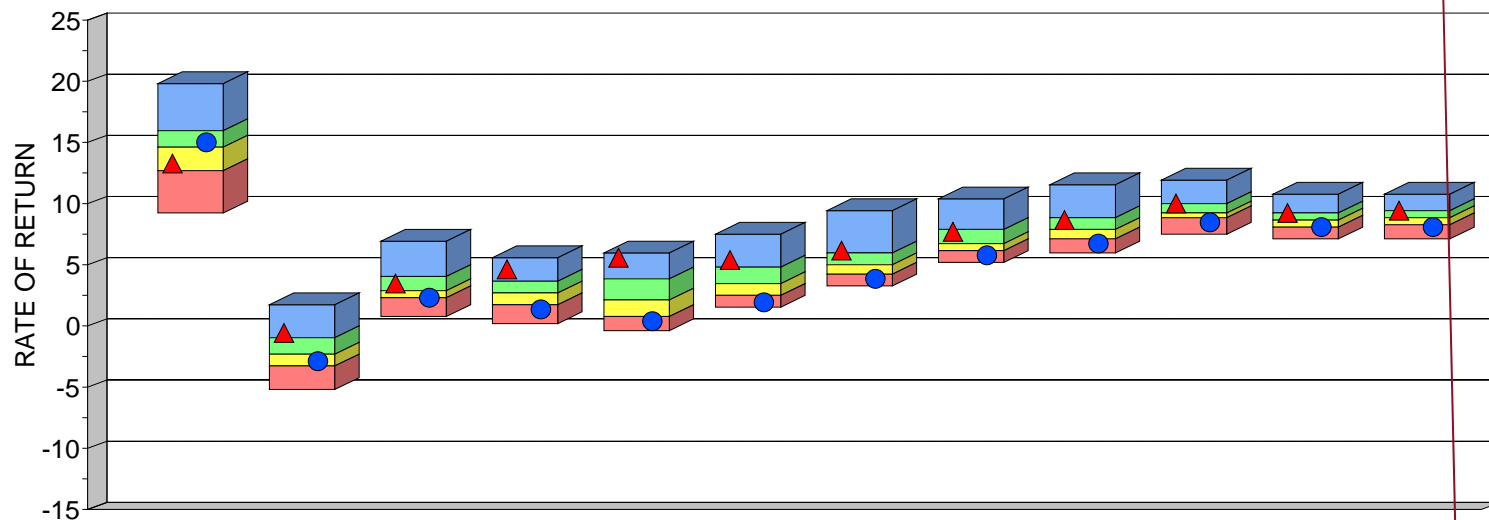


PSN is the largest separately managed account database available and contains data on over 2,000 investment management firms and more than 10,000 investment products. On a quarterly basis, all products are reviewed quantitatively and ranked against other managers in the same asset class.

# An independent third party examination of the U.S. composite has been conducted since 4/30/1992

Over the last 18-year period, Cardinal's U.S. Large Cap Core Composite has ranked in the **top 23%** of large cap core managers in the country per PSN<sup>1</sup>

**Quartile Ranking Bar**  
December 31, 1992 to December 31, 2010



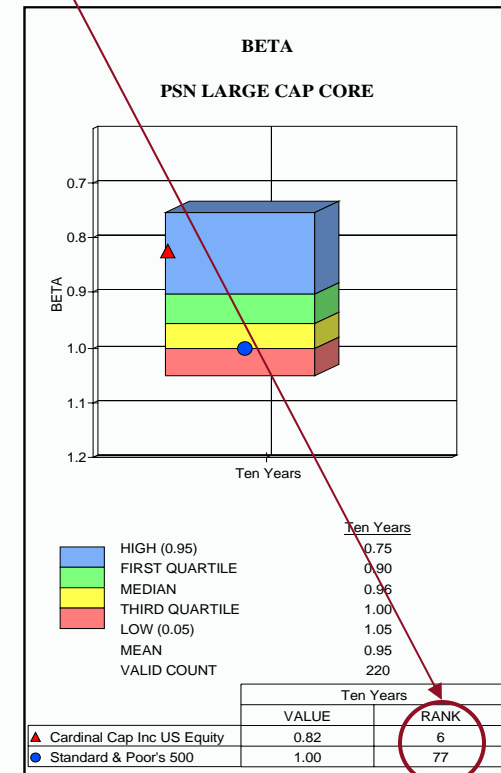
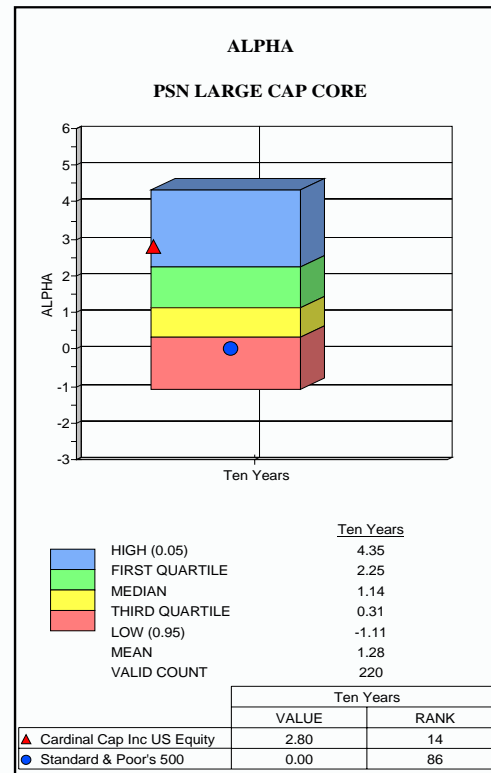
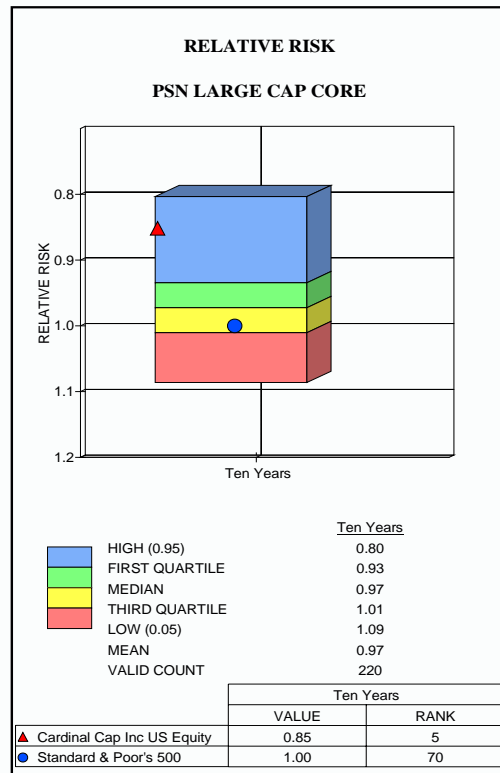
	1 Year	3 Years	5 Years	10 Years	11 Years	12 Years	13 Years	14 Years	15 Years	16 Years	17 Years	18 Years
HIGH (0.05)	19.81	1.72	6.86	5.67	5.88	7.50	9.38	10.29	11.47	11.88	10.86	10.83
FIRST QUARTILE	15.94	-0.88	4.03	3.61	3.88	4.84	6.03	7.83	8.87	10.03	9.28	9.47
MEDIAN	14.62	-2.24	2.96	2.63	2.10	3.37	4.95	6.76	7.84	9.26	8.64	8.81
THIRD QUARTILE	12.74	-3.18	2.22	1.75	0.80	2.41	4.17	6.07	7.03	8.75	8.10	8.32
LOW (0.95)	9.21	-5.27	0.80	0.23	-0.45	1.45	3.29	5.16	6.02	7.57	7.05	7.21
MEAN	14.48	-2.01	3.17	2.76	2.36	3.69	5.21	6.98	8.05	9.47	8.80	8.93
VALID COUNT	355	345	321	219	199	177	159	144	133	111	95	85

	1 Year	3 Years	5 Years	10 Years	11 Years	12 Years	13 Years	14 Years	15 Years	16 Years	17 Years	18 Years												
	VALUE	RANK	VALUE	RANK	VALUE	RANK	VALUE	RANK	VALUE	RANK	VALUE	RANK												
▲ Cardinal Cap Inc US Equity	13.26	70	-0.56	18	3.42	37	4.56	11	5.52	2	5.38	18	6.21	21	7.79	26	8.63	29	10.03	25	9.28	26	9.48	23
● Standard & Poor's 500	15.06	40	-2.86	68	2.29	72	1.41	86	0.41	88	1.99	91	3.82	90	5.69	89	6.76	89	8.47	86	8.04	82	8.15	84

<sup>1</sup> PSN is the largest separately managed account database available and contains data on over 2,000 investment management firms and more than 10,000 investment products. On a quarterly basis, all products are reviewed quantitatively and ranked against other managers in the same asset class. Supplemental information, please see full disclosure on pages 22. The above-referenced Cardinal Capital Management performance results are gross of fees. Rankings are not indicative of future performance.

# Cardinal's U.S. Composite vs. PSN Large Cap Core Universe

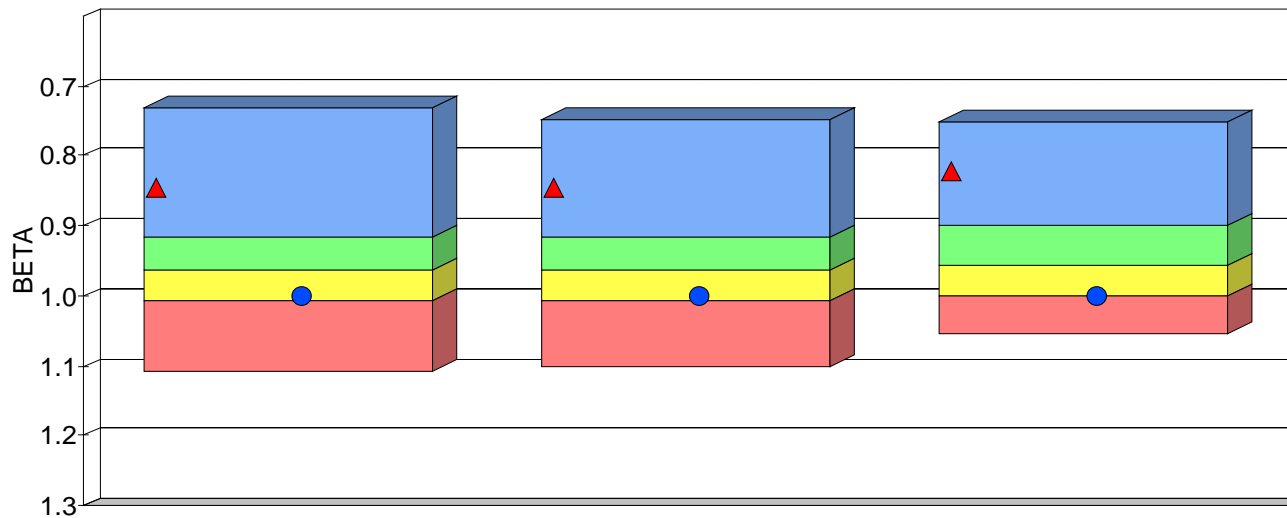
Over the last 10 years, Cardinal's U.S. Composite has outperformed 89% of the large cap core managers in the country per the PSN database but with less risk than 94% of those same managers



Value added or “Alpha” is not just about providing superior results but about doing so while managing risk

# Beta: 3, 5 and 10-Year Periods

Cardinal's Beta over the 3, 5 and 10-year periods has ranked within the top decile (lowest risk)



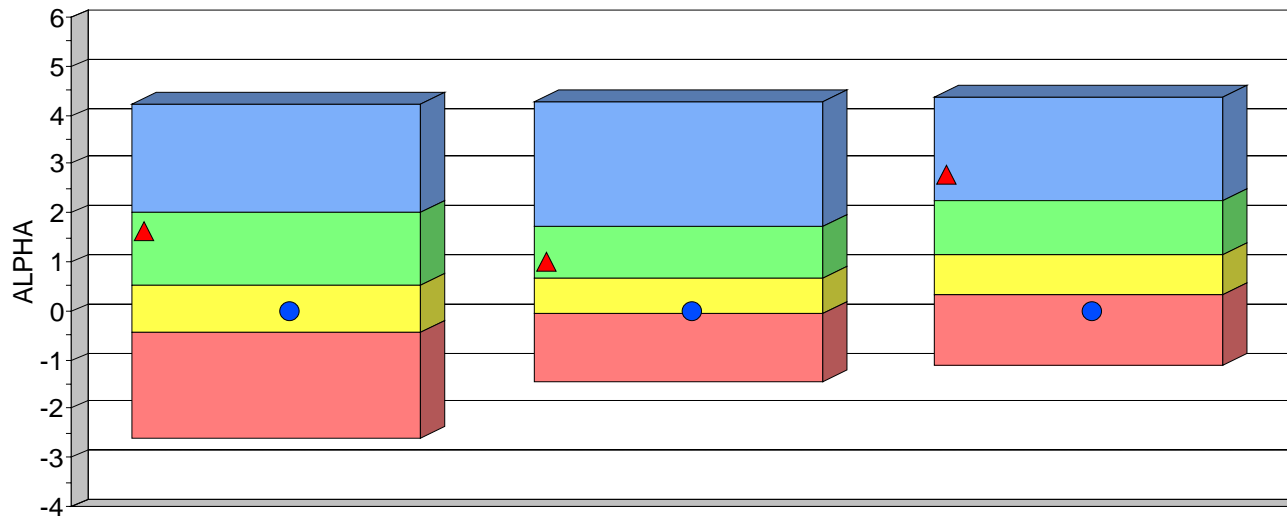
	3 Years	5 Years	10 Years
HIGH (0.95)	0.73	0.75	0.75
FIRST QUARTILE	0.91	0.91	0.90
MEDIAN	0.96	0.96	0.96
THIRD QUARTILE	1.01	1.01	1.00
LOW (0.05)	1.11	1.10	1.05
MEAN	0.96	0.96	0.94
VALID COUNT	345	321	219

	3 Years		5 Years		10 Years	
	VALUE	RANK	VALUE	RANK	VALUE	RANK
▲ Cardinal Cap Inc US Equity	0.85	10	0.85	10	0.82	6
● Standard & Poor's 500	1.00	73	1.00	72	1.00	77

Cardinal's low Beta is consistent with our objective to deliver superior returns at significantly reduced risk

# Alpha: 3, 5 and 10-Year Periods

Cardinal's Alpha over the 10-year period is significant, ranking in the top 14 percentile



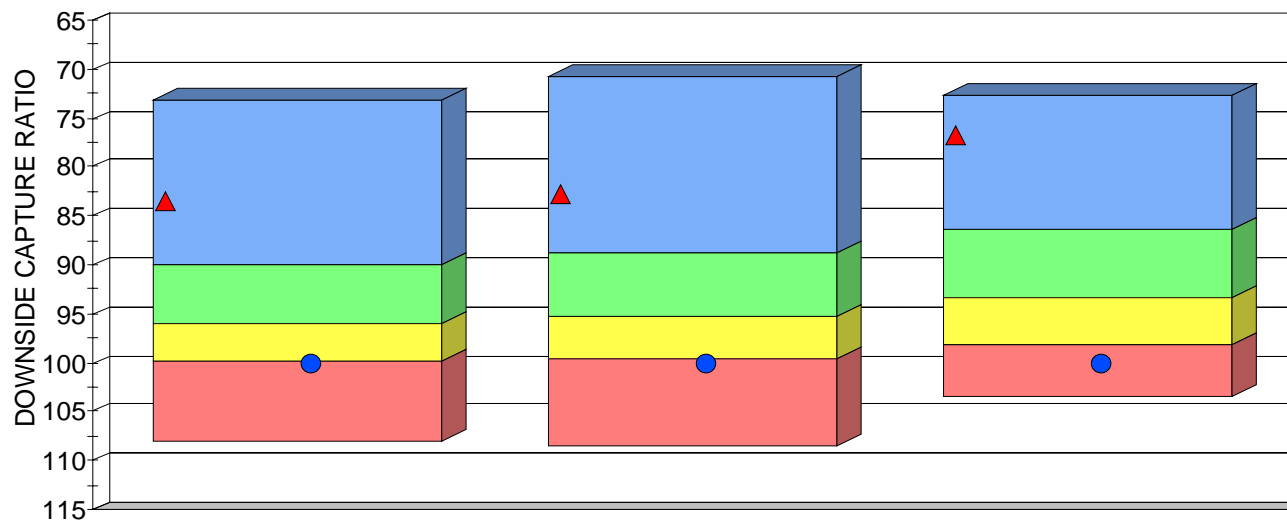
	3 Years	5 Years	10 Years
HIGH (0.05)	4.21	4.28	4.35
FIRST QUANTILE	1.99	1.71	2.25
MEDIAN	0.52	0.67	1.14
THIRD QUANTILE	-0.45	-0.04	0.31
LOW (0.95)	-2.59	-1.47	-1.11
MEAN	0.71	0.89	1.28
VALID COUNT	345	321	219

	3 Years		5 Years		10 Years	
	VALUE	RANK	VALUE	RANK	VALUE	RANK
▲ Cardinal Cap Inc US Equity	1.62	31	1.00	40	2.80	14
● Standard & Poor's 500	0.00	65	0.00	73	0.00	86

Cardinal's valuation approach has historically produced superior returns as measured by Alpha

# Downside Capture Ratio: 3, 5 and 10-Year Periods

Cardinal's Downside Capture Ratio ranked in the best or least risky 9, 12 and 7 percentiles over the 3, 5 and 10-year periods, respectively



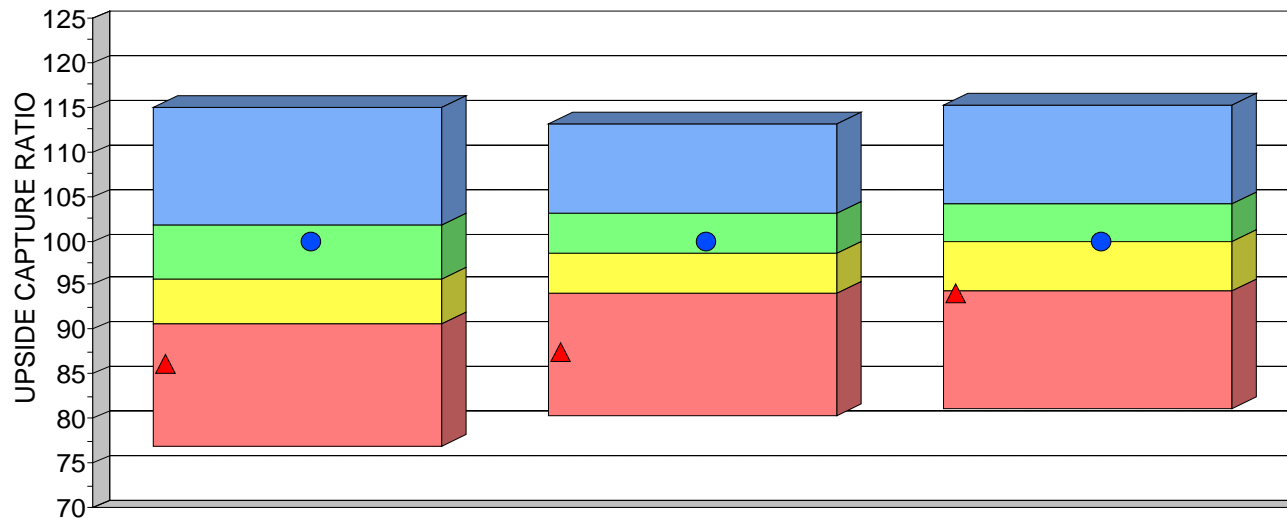
	3 Years	5 Years	10 Years
HIGH (0.95)	73.17	70.69	72.65
FIRST QUARTILE	90.00	88.72	86.45
MEDIAN	96.12	95.17	93.43
THIRD QUARTILE	99.87	99.63	98.28
LOW (0.05)	108.05	108.41	103.55
MEAN	94.72	93.71	91.72
VALID COUNT	345	321	219

	3 Years		5 Years		10 Years	
	VALUE	RANK	VALUE	RANK	VALUE	RANK
▲ Cardinal Cap Inc US Equity	83.41	9	82.80	12	76.71	7
● Standard & Poor's 500	100.00	76	100.00	79	100.00	89

**Cardinal's 10-year Downside Ratio indicates that on average our U.S. Large Cap Core Composite avoided nearly a quarter of market downdrafts; a valuable feature in periods of high volatility**

# Upside Capture Ratio: 3, 5 and 10-Year Periods

Cardinal's 10-year Upside Capture Ratio demonstrates that we participated in approximately 94% or more of up-markets over the past 10-years



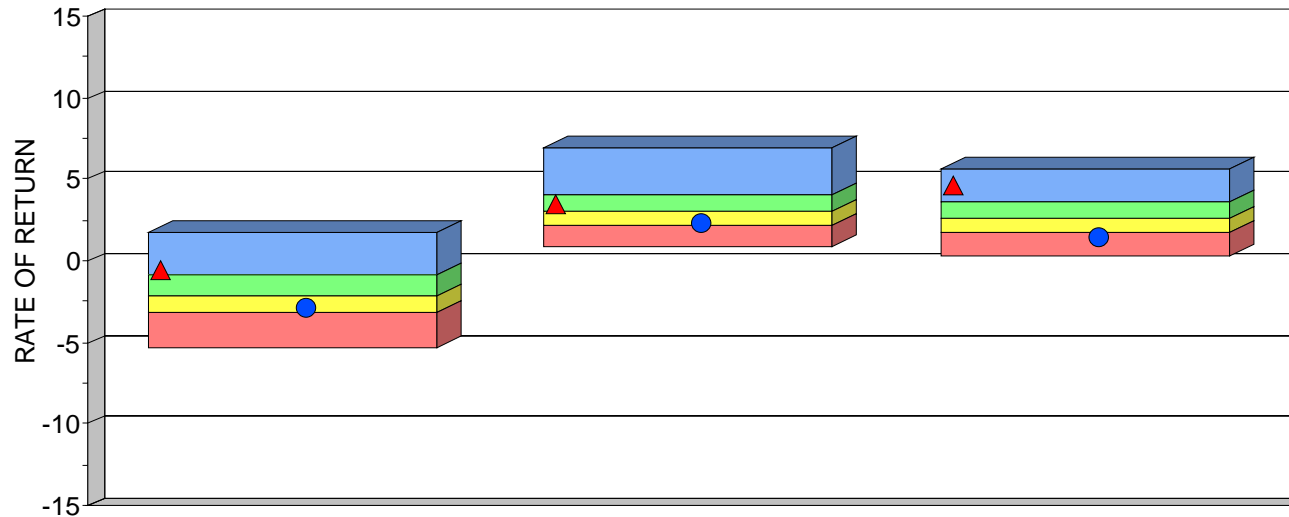
	3 Years	5 Years	10 Years
HIGH (0.05)	114.94	113.01	115.13
FIRST QUARTILE	101.65	103.09	104.01
MEDIAN	95.75	98.52	100.00
THIRD QUARTILE	90.60	94.13	94.31
LOW (0.95)	76.83	80.20	81.03
MEAN	95.90	98.37	99.45
VALID COUNT	345	321	219

	3 Years		5 Years		10 Years	
	VALUE	RANK	VALUE	RANK	VALUE	RANK
▲ Cardinal Cap Inc US Equity	86.22	85	87.49	93	94.15	75
● Standard & Poor's 500	100.00	32	100.00	40	100.00	49

While our Downside Ratio indicates that our US Composite falls much less than the market, Cardinal's Upside Capture Ratio demonstrates that we "capture" substantially all of the market's advances

# Rate of Return: 3, 5 and 10-Year Periods

**Rate of Return is the bottom line, and Cardinal's U.S. Large Cap Core Composite has performed well; ranked in the top 11 percentile for the 10-year period**



	3 Years	5 Years	10 Years
HIGH (0.05)	1.72	6.86	5.67
FIRST QUARTILE	-0.88	4.03	3.61
MEDIAN	-2.24	2.96	2.63
THIRD QUARTILE	-3.18	2.22	1.75
LOW (0.95)	-5.27	0.80	0.23
MEAN	-2.01	3.17	2.76
VALID COUNT	345	321	219

	3 Years		5 Years		10 Years	
	VALUE	RANK	VALUE	RANK	VALUE	RANK
▲ Cardinal Cap Inc US Equity	-0.56	18	3.42	37	4.56	11
● Standard & Poor's 500	-2.86	68	2.29	72	1.41	86

**Cardinal's Rate of Return reflects our stated objective to construct portfolios that deliver superior returns, net of fees, at significantly reduced risk relative to the broader equity market**

Supplemental information, please see full disclosure on page 22. Rankings are not indicative of future performance. The above-referenced Cardinal Capital Management performance results are gross of fees. Rankings are not indicative of future performance.

# Cardinal's U.S. Large Cap Core Composite Returns

## Returns on Cardinal's U.S. Large Cap Core Composite versus those of the S&P 500 Index



VERIFIED

	QTR	At 12/31/10, annualized net of fees				
		1 Year	5 Years	7 Years	10 Years	15 Years
<b>Cardinal Capital Large Cap Core</b>	<b>9.80%</b>	<b>12.31%</b>	<b>2.44%</b>	<b>4.07%</b>	<b>3.58%</b>	<b>7.54%</b>
S & P 500 Index	10.76%	15.06%	2.29%	3.85%	1.41%	6.77%

### Annual Net Results

#### Cardinal Capital Large Cap Core Composite

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Cardinal Capital Large Cap Core Composite</b>	<b>14.71%</b>	<b>1.56%</b>	<b>-15.88%</b>	<b>25.86%</b>	<b>12.03%</b>	<b>4.64%</b>	<b>13.15%</b>	<b>4.24%</b>	<b>-28.64%</b>	<b>19.30%</b>	<b>12.31%</b>

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
S&P 500 Index	-9.10%	-11.88%	-22.10%	28.69%	10.88%	4.89%	15.80%	5.49%	-37.00%	26.46%	15.06%
Total Firm Assets \$Mil (period end)	54.8	58.6	59.8	84.5	103.5	113.4	127.4	139.6	107.6	133.4	160.4
Composite Statistics:											
Assets \$Mil (period end)	15.3	11.3	12.3	17.6	23.6	29.2	36.6	44.9	34.1	48.6	55.7
Portfolios at period end	27	27	34	39	47	65	70	93	94	96	96
Dispersion	2.88%	3.05%	2.51%	3.52%	1.54%	1.38%	0.86%	1.60%	1.67%	2.00%	1.51%

- 1) Cardinal Capital Management Inc. is an independent registered investment management firm established in 1992, that manages equity, fixed income and balanced assets for U.S. clients.
- 2) The Large Cap Core Composite includes equity investments and cash for taxable and tax-deferred accounts meeting minimum requirements.
- 3) The Large Cap Core Composite is a combination of the Equity Taxable and Equity Tax Deferred Composites.
- 4) Return calculations are for all discretionary fee-paying equity portfolios in excess of \$125,000 managed in this style. Minimum account balance established October 1, 1997. Calculations are time-weighted total rate of return and reflect the reinvestment of dividends and other earnings. Trade date accounting is used. All reporting is in U.S. Dollars. Results for timeperiods less than 1 year are not annualized.
- 5) The composite was created June 30, 2009. The Large Cap Core Composite has an inception date of 4/30/1992.
- 6) Composite Dispersion is asset-weighted standard deviation.
- 7) A complete list and description of composites and additional information regarding policies for calculating and reporting returns is available upon request.
- 8) Performance results are net of management fees and transaction costs. Management fees are 1% on the first \$2 million per annum, .8% on the next \$3 million per annum, over \$5 million negotiable.
- 9) No inference should be drawn that similar investment returns will be achieved in future periods. Past performance is no guarantee of future results.
- 10) Cardinal Capital Management Inc.'s compliance with the GIPS® standards has been verified for the period 4/1/1992 through 12/31/2010 by Ashland Partners & Company LLP. In addition, a performance examination was conducted on the Large Cap Core Composite beginning 4/30/1992. Copies of the verification reports are available upon request.
- 11) Accounts moved to new custodian in the 4Q09 and up until 2/15/2010, had commissions waived through 6/30/2010.

Cardinal Capital Management Inc. has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®).

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## **B. Non-U.S. Composite**







# Non-U.S. Equity Composite

**Cardinal's Non-U.S. Composite is constructed on the same value-oriented methodology as our U.S. Composites**

## Non-U.S. Portfolio (as of 12/31/2010)

<b>Portfolio at a Glance</b>	<b>Cardinal</b>	
Holdings:	<b>33</b>	
Holdings Paying Dividends:	<b>30</b>	
Holdings Increasing Dividends:	<b>16</b>	
<b>Portfolio Measures (%)</b>	<b>Cardinal</b>	<b>EAFE</b>
P/E Ratio	<b>18.0</b>	<b>16.7</b>
Volatility or "Beta"	<b>1.0</b>	<b>1.0</b>
Yield	<b>3.0</b>	<b>2.7</b>
<b>Country/ Geographic Concentration* (%)</b>	<b>Cardinal</b>	<b>EAFE</b>
Europe	<b>52</b>	64
Australia / New Zealand	<b>5</b>	9
Japan	<b>11</b>	22
Hong Kong / Singapore	<b>0</b>	5
Mexico	<b>5</b>	0
Canada	<b>8</b>	0
Brazil	<b>2</b>	0
Israel	<b>3</b>	0
Cash / other	<b>14</b>	0

## Largest Holdings (as of 12/31/2010)

	Actual Weight (%)	Return (%)	
		12 Months	Cumulative
 bhpbilliton resourcing the future	6.1	21.3	64.1
 NOVARTIS	4.1	8.3	7.8
 Unilever	4.0	-3.2	2.2
 sanofi aventis Because health matters	3.5	-17.9	-28.3
 Nestlé	3.4	21.5	88.3
 AIR LIQUIDE	3.3	6.3	30.2
<b>Sector Allocation (%)</b>	<b>Cardinal</b>	<b>EAFE</b>	
Consumer Discretionary	<b>7</b>	11	
Consumer Staples	<b>13</b>	10	
Energy	<b>10</b>	8	
Financial	<b>16</b>	24	
Healthcare	<b>10</b>	8	
Industrial	<b>10</b>	13	
Materials	<b>9</b>	12	
Technology	<b>5</b>	5	
Telecommunications	<b>5</b>	5	
Utilities	<b>0</b>	5	

\* Geographically, Cardinal's Non-U.S. Composite allows for up to 20% non-EAFE country exposure. Supplemental information, please see full disclosure on page 27. The above-referenced Cardinal Capital Management performance results are gross of fees.

# Cardinal's Non-U.S. Equity Composite

In 2008, our Non-U.S. Composite ranked in the top 4% of all Non-U.S. managers per the PSN database and 4<sup>th</sup> in the Third Annual Emerging Manager Monthly "Emerging Manager Awards"

## Emerging Manager monthly

A Publication of  
Financial Investment News

February 2009

www.emergingmanagermonthly.com

Vol. IV, Issue 2

### Emerging Manager Awards

#### 21 Nominees Vie For Third Annual Awards

*Emerging Manager Monthly*, in association with *eVestment Alliance*, is proud to present the nominees for the 3rd Annual Emerging Manager Awards.

Nominees in seven categories were ranked based on the following criterion: excess returns, performance versus peers, asset growth, asset percentage growth and standard deviation.

The categories are large-cap equity, small-cap equity, small-to mid-cap equity, mid-cap equity, all-cap equity, international equity and core fixed-income. Overall, over 489 products were considered.

The top three managers in each category will now be handed over to a committee made up of industry experts in the plan

sponsor and emerging managers-of-managers communities. The committee will evaluate the merits of each firm based on quantitative and qualitative measures before selecting the winners, who will then be announced in the April issue of *Emerging Manager Monthly*.

The committee will remain anonymous during the selection stage to maintain the integrity of the process.

To be eligible for the awards, managers must have submitted year-end 2008 data to *eVestment Alliance* by Jan. 30, have less than \$2 billion in assets under management and have full-year 2008 performance figures.

Only separately managed accounts were considered.

#### INTERNATIONAL

RANK	FIRM
1	Metterhorn Capital Management, LLC
2	Boston Common Asset Management, LLC
3	WCM Investment Management
4	<b>Cardinal Capital Management, Inc.</b>
5	Hexavest Inc.
6	Johnston Asset Management Corp
7	Strategic Global Advisors, LLC
8	Strategic Development Investments
9	Cheswold Lane Asset Management, LLC
10	Ativo Capital Management

#### PRODUCT

International Equity
Boston Common International Equity SRI
Focused Growth International
<b>Non-US Equity</b>
International Equity
International
International Country Allocation Equity
SDI International Equity
Cheswold Lane International High Dividend Strategy
International

Glenn Andrews, CFA  
President  
919-532-7500  
www.cardinalcapitalmanagement.com



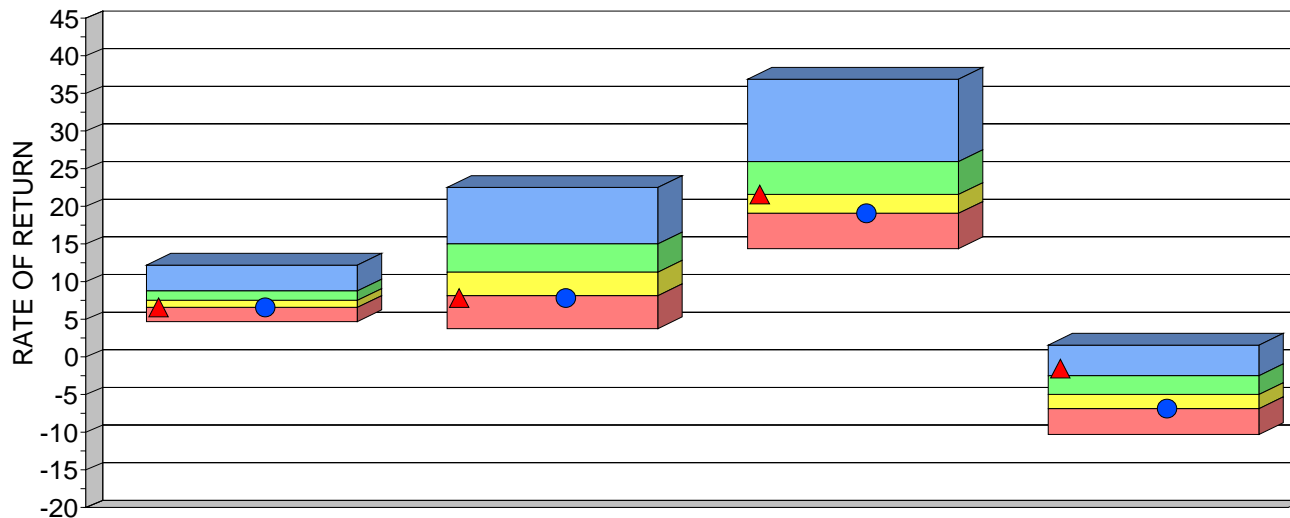
Reprinted With Permission of Emerging Manager Monthly

*Emerging Manager Monthly*, in association with *eVestment Alliance*, Vol. IV, Issue II, February 2009.  
Rankings are not indicative of future performance.

# Cardinal's Non-U.S. Composite vs. PSN EAFE Universe

Since its inception, Cardinal's Non-U.S. composite has ranked in the top sixteen percentile of Non-U.S. managers by PSN

**Quartile Ranking Bar**  
July 31, 2007 to December 31, 2010



	Latest Quarter		1 Year		2 Years		Since Inception	
	VALUE	RANK	VALUE	RANK	VALUE	RANK	VALUE	RANK
▲ Cardinal Cap Inc Eq: Non-US	6.42	77	7.74	80	21.63	49	-1.68	16
● MSCI EAFE Net	6.61	74	7.75	80	19.16	72	-7.00	78

	High (0.05)	First Quartile	Median	Third Quartile	Low (0.95)	Mean	Valid Count
Latest Quarter	12.30	8.63	7.52	6.56	4.56	7.66	266
1 Year	22.41	14.94	11.25	8.19	3.83	11.73	266
2 Years	36.93	25.86	21.54	19.02	14.26	22.57	261
Since Inception	1.41	-2.59	-5.01	-6.78	-10.46	-4.73	253

Supplemental information, please see full disclosure on page 27. The above-referenced Cardinal Capital Management performance results are gross of fees. Rankings are not indicative of future performance.

# Cardinal's Non-U.S. Composite Investment Returns

Since its inception, Cardinal's Non-U.S. Composite has outperformed the EAFE Index



	At 12/31/10, annualized net of fees				
	QTR	1 Year	2 Year	3 Year	Since Inception
<b>Cardinal Capital Non-US Composite Net</b>	<b>6.09%</b>	<b>6.61%</b>	<b>20.41%</b>	<b>-2.00%</b>	<b>-1.42%</b>
MSCI EAFE NET	6.61%	7.75%	19.15%	-7.02%	-5.70%

## Annual Net Results

Cardinal Capital Non-US Equity Portfolio Composite	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-35.07%	36.00%	6.61
MSCI EAFE NET									-43.43%	31.78%	7.75%
Total Firm Assets \$Mil (period end)	54.8	58.6	59.8	84.5	103.5	113.4	127.4	139.6	107.6	133.4	160.4
Composite Statistics:											
Assets \$Mil (period end)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	5.5	4.4	6.4	14.0
Portfolios at period end	N/A	N/A	N/A	N/A	N/A	N/A	N/A	26	30	30	55
Dispersion	N/A	N/A	N/A	N/A	N/A	N/A	N/A	n/a	2.23%	4.85%	2.68%

- 1) Cardinal Capital Management Inc. is an independent registered investment management firm established in 1992, that manages equity, fixed income and balanced assets for U.S. clients.
- 2) The Non-US Equity Portfolio Composite includes Non-US equity investments and cash.
- 3) Return calculations are for all discretionary fee-paying equity portfolios in excess of \$125,000 managed in this style. Calculations are time-weighted total rate of return and reflect the reinvestment of dividends and other earnings. Trade date accounting is used. All reporting is in U.S. Dollars. Results for timeperiods less than 1 year are not annualized.
- 4) Composite performance is presented net of foreign withholding taxes on dividends, interest, and capital gains. Withholding taxes may vary according to the investor's domicile. As of June 2007 the MSCI EAFE Index consisted of the following 21 developed market country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and the United Kingdom.
- 5) The composite was created July 31, 2007.
- 6) Composite Dispersion is asset-weighted standard deviation.
- 7) A complete list and description of composites and additional information regarding policies for calculating and reporting returns is available upon request.
- 8) Performance results are net of management fees, transaction costs, and foreign tax withheld. Management fees are 1.5% on the first \$2 million per annum, 1.2% on the next \$3 million per annum, over \$5 million negotiable.
- 9) No inference should be drawn that similar investment returns will be achieved in future periods. Past performance is no guarantee of future results.
- 10) Cardinal Capital Management Inc.'s compliance with the GIPS® standards has been verified for the period 4/1/1992 through 12/31/2010 by Ashland Partners & Company LLP.
- 11) Accounts moving to new custodian in the 4Q09 and up until 2/15/2010, had commissions waived through 6/30/2010.

Cardinal Capital Management Inc. has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®).

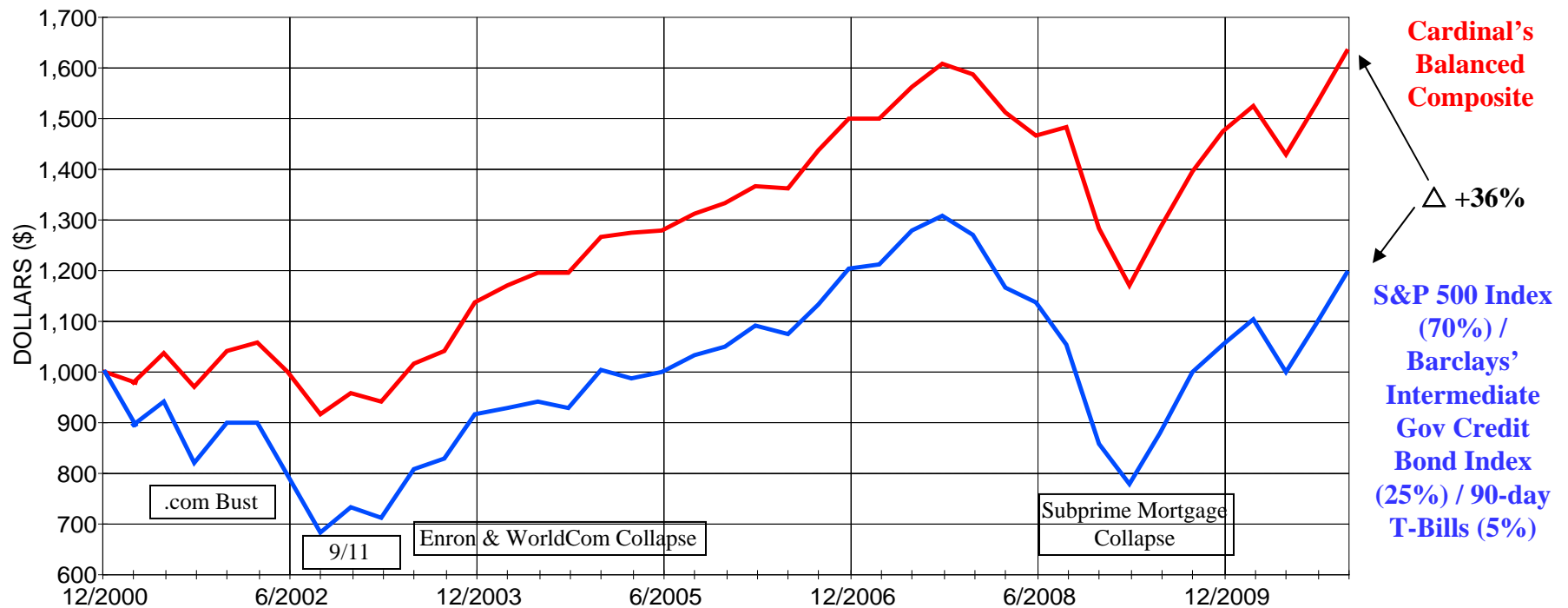
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## C. Balanced Composite

# Balanced Composite Performance

Cardinal Capital's Balanced Composite has returned 36% more than a blend of 70% Standard & Poor's 500 Index and 25% Barclays Intermediate Gov't Credit Bond Index over the past decade<sup>1</sup>

**Growth of a \$1,000 investment in Cardinal Capital's Balanced Composite  
December 31, 2000 to December 31, 2010**

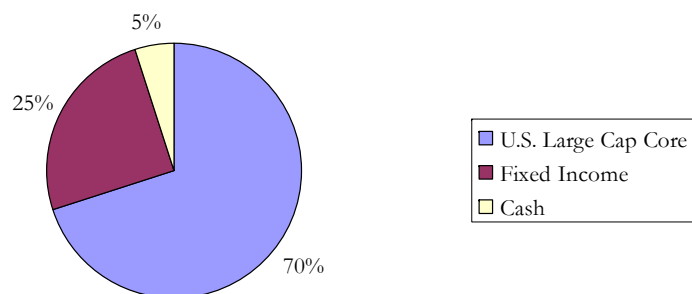


	1 Year	2 Years	3 Years	4 Years	5 Years	6 Years	7 Years	8 Years	9 Years	10 Years
— Cardinal Cap Inc US Balanced	1,108	1,274	1,030	1,090	1,225	1,288	1,435	1,707	1,569	1,633
— 70% S&P 500 / 25% Barclays Int Gov Crdt / 5%	1,137	1,398	942	995	1,139	1,191	1,308	1,635	1,330	1,197

<sup>1</sup> The above-referenced Cardinal Capital Management ten-year performance results are gross of fees. Supplemental information, please see full disclosure on page 32. Rankings are not indicative of future performance.

# Balanced Composite

Cardinal Capital's Balanced Composite is comprised of approximately 70% of our U.S. Large Cap Core Composite, 25% high-quality bonds of laddered maturities and 5% cash



## Approach to Fixed Income Investing

- ◆ Cardinal Capital builds a ladder of short to intermediate term bonds (10 year maximum maturity) to meet client cash flow requirements and purchase with the intention of holding these quality bonds until maturity
- ◆ To maximize the risk reduction and cash flow attributes of bond investments, Cardinal Capital focuses on individual, marketable, high quality bonds in constructing client portfolios

## Representative Taxable Fixed Income Portfolio

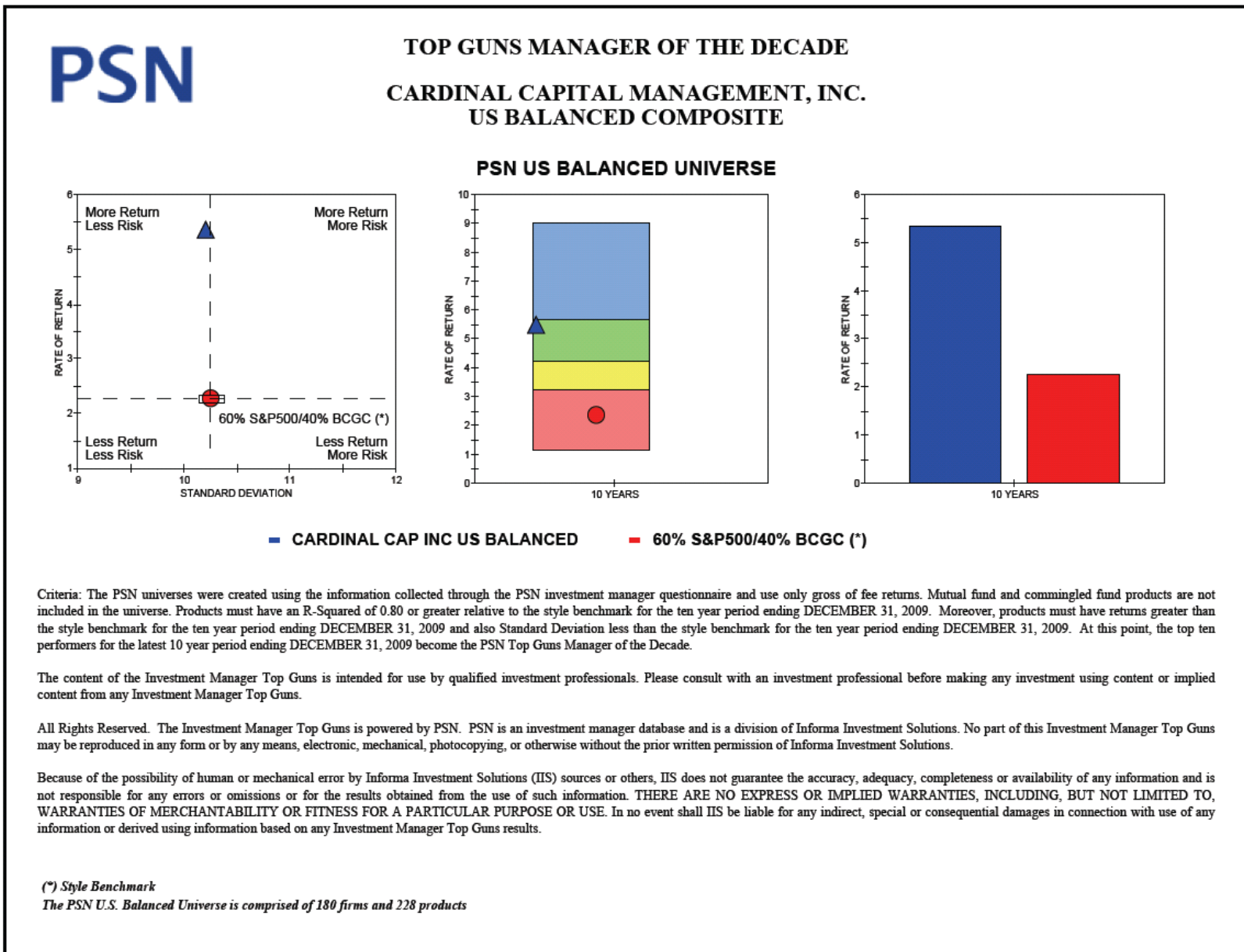
Issuer	Maturity	Coupon	Moody's Rating	S&P Rating
Shell International Finance	9/22/2011	1.30%	Aa1	AA
Manitoba (Province)	2/15/2012	5.00%	Aa1	AA
National Rural Utilities	7/1/2013	5.50%	A1	A+
Caterpillar Finance	2/17/2014	6.13%	A2	A
JP Morgan Chase	10/1/2015	5.15%	Aa3	A+

## Objective Decision Rules for Fixed Income

- ◆ A number of objective decision rules have been developed to guide our approach to fixed income investing
- ◆ For **taxable investments**, we seek bonds **rated A or better** from issuers with low business and event risk
- ◆ For **tax exempt** bonds, we confine our interest to issues **backed by taxing power or essential service revenues**. We require an underlying single A rating or better regardless of the existence of bond insurance
- ◆ Stretching for yield, using leverage or lowering credit quality undermines the primary attributes of fixed income investments: **low risk and cash flow assurance**
- ◆ Similarly, we **do not invest in high yield or junk bonds** since they are full of equity risk. We prefer to invest directly in equities with funds that can accept equity risk
- ◆ Bond funds, packaged products or pooled securities are generally avoided since we prefer to more closely match the bond portfolio's characteristics with the needs of our clients
- ◆ **We make active use of the secondary market.** This frequently allows us to acquire high quality bonds at more attractive yields than the new issue market provides

Supplemental information, please see full disclosure on page 32. Rankings are not indicative of future performance.

# Cardinal Capital Named “Top Guns Manager” of the Decade



PSN is the largest separately managed account database available and contains data on over 2,000 investment management firms and more than 10,000 investment products. On a quarterly basis, all products are reviewed quantitatively and ranked against other managers in the same asset class.

# Cardinal's Balanced Composite Investment Returns

Since its inception, Cardinal's Balanced Composite has outperformed its blended index



	QTR	At 12/31/10, net of fees				
		1 Year	5 Years	7 Years	10 Years	15 Years
<b>Cardinal Capital Balanced Composite Net</b>	<b>6.76%</b>	<b>10.00%</b>	<b>3.37%</b>	<b>4.51%</b>	<b>4.27%</b>	<b>7.13%</b>
Blended Benchmark	7.17%	12.43%	3.55%	4.30%	2.91%	6.74%

Blended Benchmark = S&P500 70%, Barclays Int Govt/Credit 25%, 90day Tbill 5%

## Cardinal Capital Balanced Composite

	Annual Net Results										
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Cardinal Capital Balanced Composite</b>	<b>12.02%</b>	<b>3.41%</b>	<b>-8.70%</b>	<b>18.13%</b>	<b>10.63%</b>	<b>4.33%</b>	<b>11.62%</b>	<b>4.97%</b>	<b>-19.76%</b>	<b>14.11%</b>	<b>10.00%</b>
BLENDED INDEX NET	-3.74%	-5.57%	-13.17%	21.02%	8.49%	3.99%	12.25%	5.99%	-25.84%	20.00%	12.43%
Total Firm Assets \$Mil (period end)	54.8	58.6	59.8	84.5	103.5	113.4	127.4	139.6	107.6	133.4	160.4
Composite Statistics:											
Assets \$Mil (period end)	21.5	22	22.8	29.2	40.4	43.6	47.8	44.6	35.1	49.4	50.4
Portfolios at period end	29	31	46	47	53	62	72	66	70	76	81
Dispersion	2.03%	2.47%	2.82%	3.94%	2.20%	1.40%	2.02%	2.19%	4.22%	2.34%	2.14%

1) Cardinal Capital Management Inc. is an independent registered investment management firm established in 1992, that manages equity, fixed income and balanced assets for U.S. clients.

2) The Balanced Composite includes U.S. equity investments, U.S. fixed income investments and cash.

3) Return calculations are for all discretionary fee-paying equity portfolios in excess of \$125,000 managed in this style. Calculations are time-weighted total rate of return and reflect the reinvestment of dividends and other earnings. Trade date accounting is used. All reporting is in U.S. Dollars.

Results for timeperiods less than 1 year are not annualized.

4) The management fee schedule is as follows: 1% on the first \$2 million per annum, .8% on the next \$3 million per annum, over \$5 million negotiable, all paid quarterly in arrears. Actual investment advisory fees incurred by clients may vary.

5) The composite was created January 31, 1993.

6) Composite Dispersion is asset-weighted standard deviation.

7) A complete list and description of composites and additional information regarding policies for calculating and reporting returns is available upon request.

8) Performance results are net of management fees and transaction costs.

9) Blended Benchmark is reviewed and rebalanced on a Quarterly basis if necessary.

10) No inference should be drawn that similar investment returns will be achieved in future periods. Past performance is no guarantee of future results.

11) Accounts moving to new custodian in the 4Q09 and up until 2/15/2010, had commissions waived through 6/30/2010.

Cardinal Capital Management Inc. has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®).

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## **D. Small Cap Composite**

# Small Capitalization Composite

**Launched in December 2010, Cardinal Capital's Small Cap Composite is constructed on the same value-oriented methodology as our U.S. and Non-U.S. Composites**

## Cardinal Capital's Small Cap

- ◆ **Cardinal Capital** constructed on the same value-oriented methodology, which utilizes Cardinal Capital's multifactor model
- ◆ **Benchmark:** Russell 2000 Index ("R2K") measures the performance of the small cap segment of the U.S. equity market.
- ◆ **Date of Inception:** December 31, 2010

Comparative Statistics	Cardinal	R2K
Holdings:	55	2000
Median Market Cap:	\$1.5B	\$442MM
Largest Company by Market Cap:	\$3.4B	\$3.2B

## Small Cap Portfolio (as of 12/31/2010)

Portfolio at a Glance	Cardinal	R2K
Holdings:	55	2,000
Holdings Paying Dividends:	33	371
Holdings Increasing Dividends:	19	98
Portfolio Composition (%)	Cardinal	R2K
Large Cap	0	0
Mid Cap	35	0
Small Cap	65	100
Portfolio Measures (%)	Cardinal	R2K
P/E Ratio	18	17
Volatility or "Beta"	0.69	1.0
Yield	1.3	1.1
Sector Allocation (%)	Cardinal	R2K
Consumer Discretionary	13	10
Consumer Staples	4	10
Energy	6	12
Financial	10	16
Healthcare	11	11
Industrial	17	11
Materials	6	3
Info. Technology	13	18
Telecommunications	0	3
Utilities	6	3

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### III. Compliance

# Compliance Overview

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## **Cardinal Capital maintains a written compliance program that adheres to all federal and state statutes as well as the CFA Institute’s “Standards of Practice” and “Code of Ethics”**

- ◆ Cardinal Capital registered with the Securities and Exchange Commission (“SEC”) on January 30, 1992
  - Date of Last SEC Annual Compliance Review: April 15, 2011 (previous year completed March 29, 2010)
  - Date of Last On-Site SEC Audit: September 2002
  - Our external SEC Counsel is Stark & Stark LLC located in Princeton, NJ
- ◆ Cardinal Capital’s two owners, Joel A. Millikan and Glenn C. Andrews, are Chartered Financial Analyst (“CFA”) charterholders and past presidents of the North Carolina Society of Financial Analysts <sup>1</sup>
- ◆ Cardinal’s compliance with GIPS® has been verified for the period 04/01/1992 through 12/31/2010 by Ashland Partners & Company, LLP
  - A copy of the verification report is included herein on page 38
- ◆ Pursuant to Rule 17j-1 of the Investment Company Act and Section 204A-1 of the Investment Advisers Act of 1940, Cardinal Capital has adopted and implemented the “Cardinal Capital Management, Inc. Policies and Procedures Manual and Code of Ethics”, which is applicable to all Cardinal employees.
- ◆ The Policies and Procedures, based on the CFA Institute’s “Standards of Practice” and “Code of Ethics”, outline the means, rules and guidelines for investment advisory services based on the recognition that a fiduciary relationship exists between Cardinal Capital and its clients.
  - All “Access Persons” are required to annually complete and sign a Professional Conduct Statement, certifying compliance with the CFA’s Code of Ethics and Standards of Professional Conduct and disclosing any allegations of professional misconduct.
  - The Professional Conduct Statement is submitted to the CFA Institute<sup>1</sup>, a copy of which is stored at Cardinal Capital’s place of business.
  - The list of Access Persons is maintained and updated as necessary.

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<sup>1</sup> As a policy, all Cardinal Capital marketing materials must include applicable disclosures that are required by the CFA Institute and the SEC. Cardinal Capital Management, Inc. has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®).

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## **IV. Independent Verifier's Report**

# Independent Verifier's Report

**Ashland Partners has verified the compliance of Cardinal with the requirements of the Global Investment Performance Standards (GIPS®) from April 1, 1992 through December 31, 2010**

*Ashland Partners & Company LLP*



525 Bigham Knoll, Suite 200  
Jacksonville, OR 97530  
541.857.8800  
Fax: 503.213.7245  
www.ashlandpartners.com

## Independent Verifier's Report

Board of Directors  
Cardinal Capital Management, Inc.  
2626 Glenwood Avenue, Suite 380  
Raleigh, NC 27608

We have verified the compliance of Cardinal Capital Management, Inc. (the "Company"), as defined in their composite investment returns presentations, with the requirements of the Global Investment Performance Standards (GIPS®) on a firm-wide basis from April 1, 1992 through December 31, 2010 and whether the Company's processes and procedures are designed to properly construct composites, calculate performance results and present composite information in compliance with the GIPS standards. The Company's management is responsible for compliance with the GIPS standards, the design of its processes and procedures and for their composite investment returns presentations. Compliance with the Standards does not obviate the need for due diligence on the part of prospective or current clients or consultants in evaluating performance data and other important qualitative research on investment managers. Our responsibility is to express an opinion based on our verification.

Our verification was conducted in accordance with verification procedures as set forth in the GIPS standards, which includes examining, on a test basis, evidence about the Company's compliance with GIPS, evaluating the design of the Company's processes and procedures referred to above and performing any other procedures we considered necessary in the circumstances. Verification is not an audit of financial statements and is substantially less in scope than such. It does not involve forensic testing of every transaction in every account and does not ensure the absolute accuracy of performance information or guarantee against fraudulent activity. We believe that the procedures completed provide a reasonable basis for our opinion.

In our opinion, the Company, in all material respects, has complied on a firm-wide basis with the composite construction requirements of the GIPS standards as adopted by the CFA Institute. Additionally, the Company's processes and procedures are designed to calculate and present performance results in compliance with the GIPS standards.

*Ashland Partners & Company LLP*

Ashland Partners & Company LLP  
March 29, 2011



GIPS® Verification & Compliance Consultation

# Disclaimer

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Cardinal Capital Management, Inc.®  
2626 Glenwood Avenue, Suite 380  
Raleigh, NC 27608

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**Performance results** represent composite results for the Non-US equity strategy, and the Domestic tax exempt/tax deferred and/or taxable equity strategy managed by Cardinal Management, Inc. (“Cardinal”) during the corresponding time periods. The performance results reflect the reinvestment of dividends and other account earnings, and are net account transaction and custodial charges, and Cardinal’s investment management fee **except** for those performance returns that are compared to other similarly benchmarked managers (for example, managers whose performance is compared to the S&P 500 Composite Index – **see description below**) in charts which results were prepared utilizing investment managers database and the eVestment Alliance investment managers database which are reported **gross** of investment management fees, including Cardinal management fee- (**see Gross of Fees disclosure below**).

**Past performance** may not be indicative of future results. Therefore, no current or prospective client should assume that future performance will be profitable, or equal either the Cardinal performance results reflected or any corresponding historical benchmark index. The S&P 500 Composite Index (the “S&P”) is a market capitalization-weighted index of 500 widely held stocks often used as a proxy for the stock market. Standard & Poor’s chooses the member companies for the S&P based on the market size, liquidity, and industry group representation. Included are the common stocks of industrial, financial, utility, and transportation companies. The historical performance results of the S&P (and those of or all indices) do not reflect the deduction of transaction and custodial charges, nor the deduction of an investment management fee, the incurrence of which would have the effect of decreasing indicated historical performance results. The historical S&P performance results (and those of all other indices) are provided exclusively for comparison purposes only, so as to provide general comparative information to assist an individual client or prospective client in determining whether the performance of a Cardinal portfolio meets, or continues to meet, his/her investment objective(s). **It should not** be assumed that Cardinal account holdings will correspond directly to the S&P or any other comparative index. The Cardinal performance results do not reflect the impact of taxes.

**For reasons including** variances in portfolio account holdings, variances in the investment management fee incurred, market fluctuation, the date on which a client engaged Cardinal’s investment management services, and account contributions or withdrawals, the performance of a specific client’s account may have varied substantially from the indicated Cardinal portfolio performance results.

Cardinal Capital Management’s compliance with the GIPS standards has been verified for the period April 1, 1992 through December 31, 2010 by Ashland Partners & Company LLP. In addition, a performance examination was conducted on the Non-US Equity Portfolio Composite beginning July 31, 2007, the Large Cap Core Equity Portfolio Composite beginning April 30, 1992 through December 31, 2010. A copy of the verification report is available upon request.

Information pertaining to Cardinal’s advisory operations, services, and fees is set forth in Cardinal’s current disclosure statement a copy of which is available from Cardinal upon request.

**Gross of Fees (charts from PSN and eVestment Alliance investment managers database)** Comparative managers’ investment performance is shown in these charts gross of their management fees and Cardinal’s investment performance is shown gross of Cardinal’s investment management fees (as described in Cardinal’s written disclosure statement), the incurrence of which will have the effect decreasing the composite performance results (for example: an advisory fee of 1% compounded over a 10-year period would reduce a 10% return to a 9% annual return).