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Cardinal Capital Management: Increase Rewards, Reduce Risk

Established in 1992, Cardinal Capital Management is an independent, SEC registered financial advisory firm, dedicated to providing their clients high quality investment management services. The firm is 100% employee owned and has approximately \$115 million in assets under management. It primarily focuses on the creation and management of U.S. and non-U.S. equity, fixed income, and balanced portfolios. Cardinal Capital Management believes that their well-developed relative valuation investment approach, a partnership with their customers, as well as enabling their clients to have direct access to them as the decision-makers, is what sets them apart from other investment management firms.

Glenn Andrews is the President of Cardinal Capital Management, and brings over 30 years of financial management and investment experience to his position. Prior to joining Cardinal Capital Management, Glenn served as Executive Vice President, Finance and Administration and CFO at both Medco Research and BioStratum, and served as Treasurer at Burroughs-Wellcome. Glenn is a CFA charterholder, a member of the CFA Institute and a member and past president of the North Carolina Society of Financial Analysts. He currently serves as a Director of the Triangle Educational Advancement Foundation, and is a member of the Duke Heart Center Board of Advisors.

<http://www.cardinalcapitalmanagement.com/>

Focused Objectives and Investment Philosophy

Cardinal Capital Management's client base ranges from high net-worth individuals and trusts to corporations, foundations, and endowments. The firm'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."

The building blocks of Cardinal Capital Management's philosophy are: Create value, Minimize risk, Maintain client focus, Pursue a disciplined analytical approach, Monitor performance, and Promote a culture of teamwork and integrity. The firm follows a "valuation based approach," selecting stocks that are selling at a low price compared to their observable metrics (e.g.

cash flow, earnings). The firm addresses portfolio construction with a long-term investment strategy in mind.

Robust Database and Desktop Tool Needed

Cardinal Capital Management tailors each portfolio to a specific client, and does so from a long-term investment strategy. Consequently, it is important to have a database that offers the depth of history



Summary

Customer Profile: Glenn Andrews is the President of Cardinal Capital Management, and brings over 30 years of financial management and investment experience to his position.

Established in 1992, Cardinal Capital Management focuses on the creation and management of U.S. and non-U.S. equity, fixed income and balanced portfolios.

Background: Cardinal Capital Management follows a "valuation based approach," selecting stocks that are selling at a low price compared to their observable metrics. It addresses portfolio construction with a long-term investment strategy in mind.

Challenge: Cardinal Capital Management needed a database that offered the depth of history and breadth of company population that could support its screening models and return a viable investment population of stocks to build a portfolio. Additionally, the firm needed the same high-quality, comprehensive database for the international marketplace as it expanded its portfolio offerings into non-U.S. composite portfolios.

Solution: The Compustat databases provided a solid foundation of thorough, standardized data, as well as an extensive company population that the firm needed in order to find and qualify companies for their clients' portfolios.

The deep history available through the Compustat databases enabled thorough backtesting of the firm's theories and models before committing the investment strategy. The agile and powerful Standard & Poor's Research Insight® platform enabled Cardinal Capital Management to easily and quickly screen the database for companies that meet the particular investment criteria.

This individualized assistance and customer support of Compustat's Account Consultants enabled the Cardinal Capital Management team to set up specific backtest models for their non-U.S. portfolios when they embarked on that investment expansion.

Results: For 2008, Cardinal Capital Management's U.S. taxable equity portfolio composite was ranked in the top 1% of comparable managers and the Non-U.S. Composite equity portfolio composite was ranked in the top 4% of comparable managers. The Compustat database, Research Insight platform, and individualized technical model building support, helped to make that security selection effective, efficient and painless.



and breadth of company population from which to draw and create a portfolio that measures up to the needs of the client and the standards of the firm.

Additionally, in 2006, after enjoying success with the portfolios created and managed based upon the U.S. market, the firm wanted to branch out into the non-U.S. marketplace and needed the tools and resources to be able to do so. This would require a global database and platform that would provide the depth and breadth of company information.

The expansion of portfolio creation into the international marketplace, as well as the market turbulence that has been felt worldwide over the past several months, has made it critical to have clean, consistent data that can be accessed via a robust platform to build and test theories and models.

Compustat Enabled Thorough Screening and Testing of Theories and Models

Cardinal Capital Management has subscribed to the Compustat North America database since 1992. The Compustat databases have provided a solid foundation of thorough, standardized data that the firm can trust. The extensive company population available through the Compustat databases provided the data history and breadth that the firm needed in order to find companies that met their criteria and qualified for their clients' portfolios.

The deep history available through the Compustat databases enabled thorough backtesting of the firm's theories and models before committing the investment strategy. The agile and powerful Standard & Poor's Research Insight® platform enabled Cardinal Capital Management to easily and quickly screen the database for companies that meet the particular investment criteria. Screening can be done at both a general and a granular level, making it possible to tailor a company set for a specific client or model, and criteria can also be saved for future use. Additionally, a client's proprietary data can be used in conjunction with the Research Insight platform.

Compustat has a team of Account Consultants who work closely with clients to create custom models and templates. This individualized assistance and customer support enabled the Cardinal Capital Management team to set up specific backtest models for their non-U.S. portfolios when they embarked on that investment expansion. The support provided enabled the firm to build their portfolios based upon the same value-oriented methodology as their U.S. portfolios.

High-Ranking and Award-Winning Portfolios

For 2008, Cardinal Capital Management's U.S. taxable equity portfolio composite was ranked in the top 1% of comparable managers and the Non-U.S. equity portfolio composite was ranked in the top 4% of comparable managers. Given the investment marketplace over the past several months, this was no easy feat, or merely a stroke of luck. The firm believes that the 2008 outperformance was attributable to their security selection and their philosophy of "using relative value concepts in their multi-factor model and resulted in portfolios with solid long-term performance and very low volatility compared to the market, as well as comparisons to other comparable managers." The Compustat database, Research Insight platform, and individualized technical model building support, helped to make that security selection effective, efficient and painless.

Specific results are that the Cardinal U.S. Tax Deferred Composite and U.S. Taxable Composite both have exceeded returns compared to the S&P 500 Index cumulatively since inception. The Cardinal Non-U.S. Composite also showed better returns compared to the MSCI EAFE Index cumulatively since inception.

According to PSN by Informa Investment Solutions, over the past 15 year period, Cardinal Capital Management's U.S. Tax-Deferred Composite has ranked in the top 17% in the large cap category. Additionally, over the past 10 years, it has outperformed 89% of the large cap core managers in the U.S. but with less risk than 94% of those managers.

The PSN database also ranked Cardinal Capital Management's Non-U.S. Composite in the top 4% of all non-U.S. managers and ranked 4th in the Third Annual Emerging Manager Monthly "Emerging Manager Awards."

"The beginning point with any process is the statistical analysis. CCM could not have done it without the tools and service provided by Compustat."

*~ Glenn Andrews, CFA,
President of CCM*

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