

Form ADV Part 2A Brochure

Cardinal Investment Advisors, LLC

March 30, 2020

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Item 1: Cover Page

March 30, 2020

A Brochure On Cardinal Investment Advisors, LLC

- This brochure provides information about the qualifications and business practices of Cardinal Investment Advisors.
- If you have any questions about the contents of this brochure, please contact us at (312) 212-4000.
- The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.
- Additional information about Cardinal Investment Advisors also is available on the SEC's website at www.adviserinfo.sec.gov.



Item 2: Material Changes

March 30, 2020

Material Changes

- The following changes have occurred since our last annual filing (3/30/2020):
 - Cardinal named two new Member-Owners bringing the total to thirteen equal-owners. See page 4 for additional information.
 - Cardinal's Florida office has been removed from our ADV filing.



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March 18, 2021

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Item 4: Advisory Business

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Our Firm

- Cardinal began business on September 4, 2001.
- As of March 30th, 2021, Cardinal has forty-one employees.
 - Thirty-nine of whom are investment professionals.
 - Additionally, two administrative assistants help in the operation of the firm.
- Cardinal operates two offices: Chicago, and Saint Louis. Our Chicago office serves as our headquarters.
- Thirteen active employees are member-owners:
 - Carolyn Ann Carollo,
 - Keith Eugene Chambers
 - Michael Patrick Dziadus
 - Stephanie Amber Hebron,
 - Edward Anthony Jacobs, (new Member as of 1/1/2021)
 - Sean Michael Kane,
 - Jacob Anthony Meese, (new Member as of 1/1/2021)
 - Danielle Renee Natanson,
 - Matthew John Padberg,
 - Cynthia JoAnn Potter,
 - Scott Gregory Skornia,
 - Marc Andrew Tourville, and
 - Ann Marie Wiesler.

Our Investment Consulting Services

- Cardinal Investment Advisors offers a range of investment consulting services to institutional clients.
- We help our clients develop, implement, and sustain investment strategies using targeted research.
- This is our only business. We customize these services for each client based on their objectives, risk aversion, tax situation, regulatory constraints, time horizon, and unique requirements.
- Sample deliverables appear in a subsequent section of this brochure. Additional examples are available on request.

Develop



With Clarity and Oversight

Unparalleled objectivity and accountability

Implement



We Guide

Customized solutions to achieve your version of success

Sustain



and Protect

Safeguard and work to reduce risk for what is yours

Research



Your Mission

Recognizing your mission and goals as though they are our own



Item 5: Fees and Compensation

March 30, 2020

Our Fees

- Cardinal's only line of business and only source of revenue is hard-dollar consulting fees from our institutional clients.
- We do not have a fee schedule.
- Cardinal bases its fees on the scope of services requested, the time and effort required to deliver the services requested, our experience in delivering the services requested, and the value of those services in a competitive marketplace.
- The fee may be either a fixed dollar amount or on a percentage of assets under advisement. The letter of agreement between our clients and Cardinal clearly outlines the fee arrangement. This contract further indicates that the fee relationship cannot change without mutual consent of the client and Cardinal.
- We invoice quarterly in arrears.
- A client may terminate our relationship with 30 days written notice. If a relationship terminates, we invoice for a pro-rata portion of the quarter.
- Our fees are negotiable.



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Item 6: Performance-Based Fees

March 30, 2020

Performance-Based Fees

- Cardinal does not have any performance-based fee relationships with its clients.



Item 7: Types of Clients

March 30, 2020

Cardinal's Clients

- Cardinal provides investment consulting services to the following types of clients:
 - Corporate Pension and Post-Retirement Benefit Plans
 - Hospital Foundations
 - Hospital Operating Funds
 - Insurance Companies
 - Foundations
 - Taft-Hartley Benefit Plans
 - University Endowments

Our Approach to Investment Strategy

- Each of our clients follows a unique investment strategy. We work with each client to customize their strategy based on multiple factors. We also help our clients understand and measure the risks they are taking within their strategy. To illustrate how Cardinal serves our clients, we would like to share details of our methodology and sample deliverables.

Develop



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Unparalleled objectivity and
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Customized solutions to achieve
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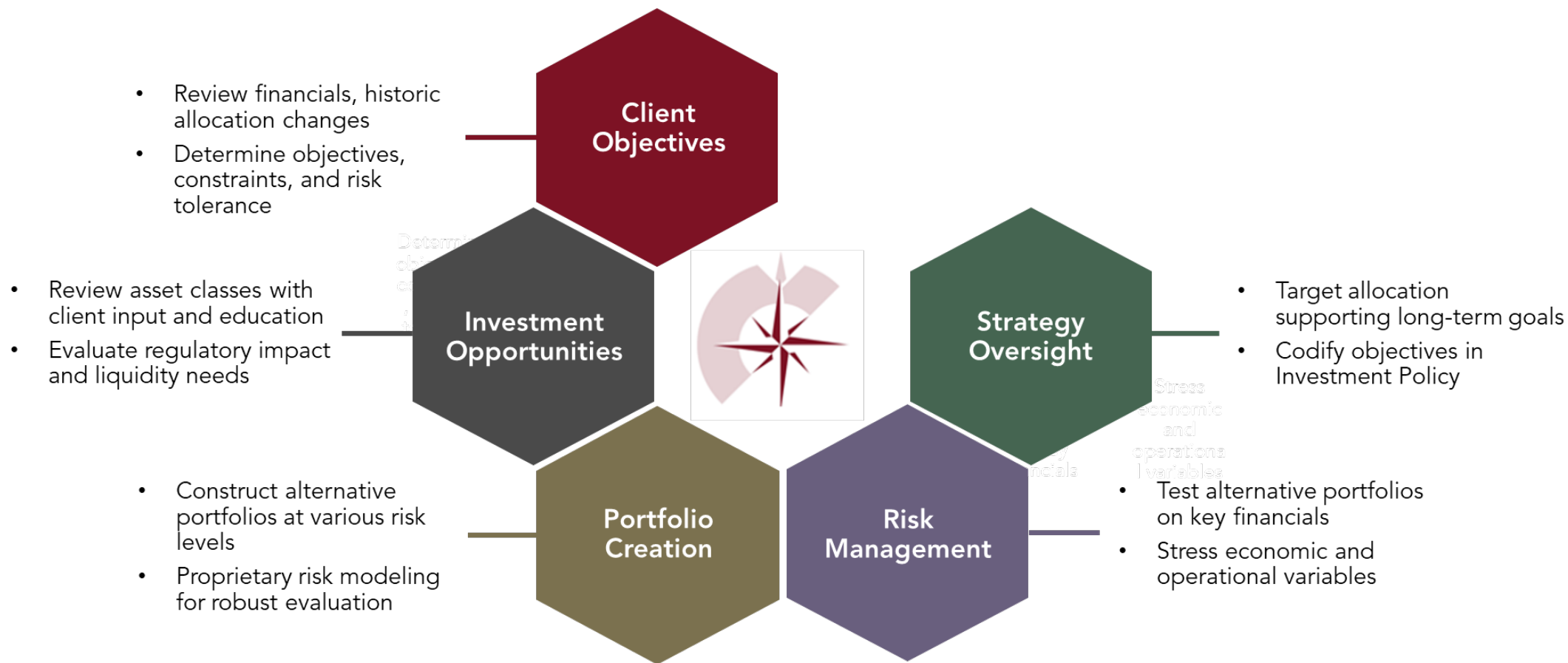
CARDINAL

Item 8: Methods of Analysis, Investment Strategies, and Risk of Loss

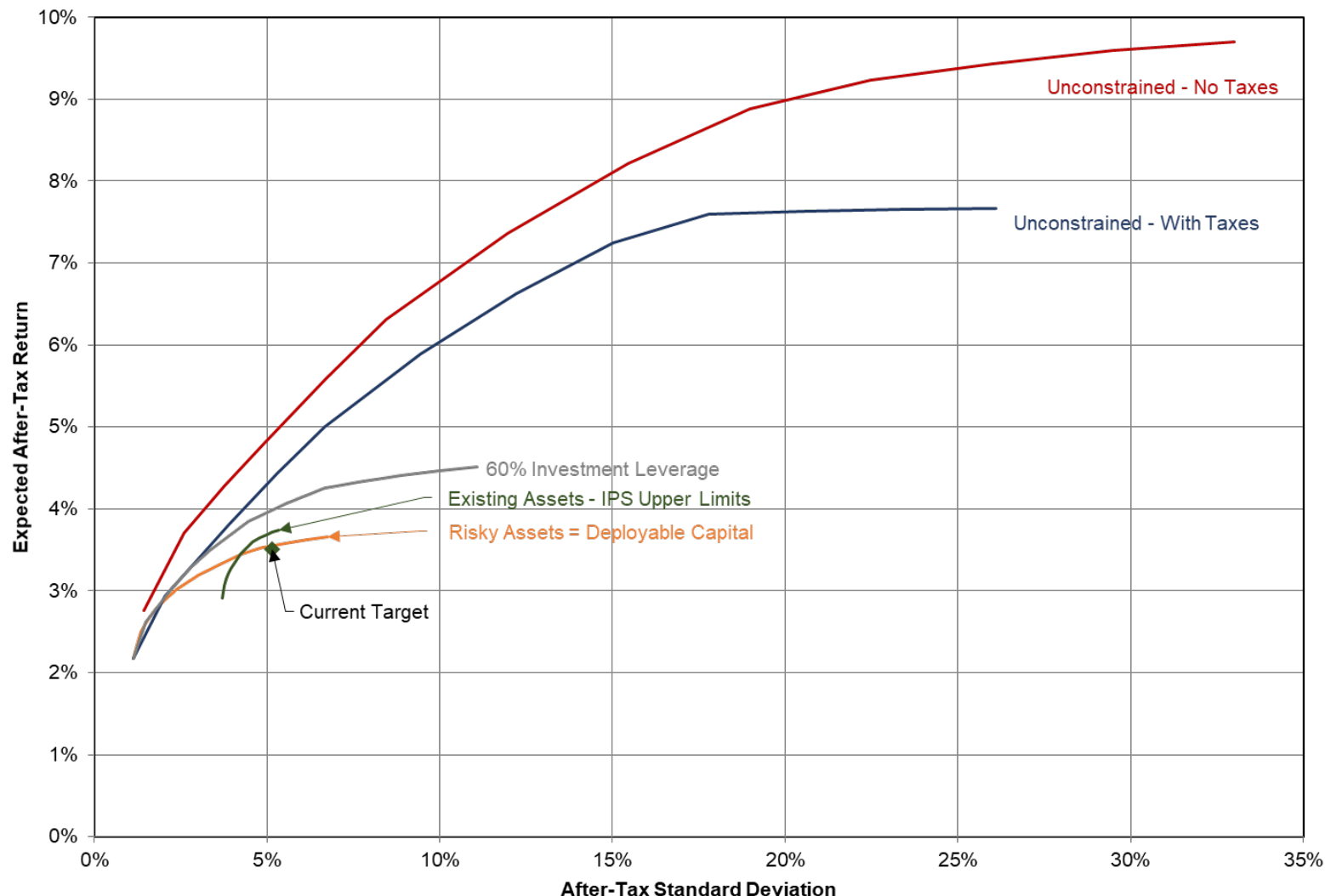
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Developing Investment Strategy

- We develop customized investment solutions, client by client



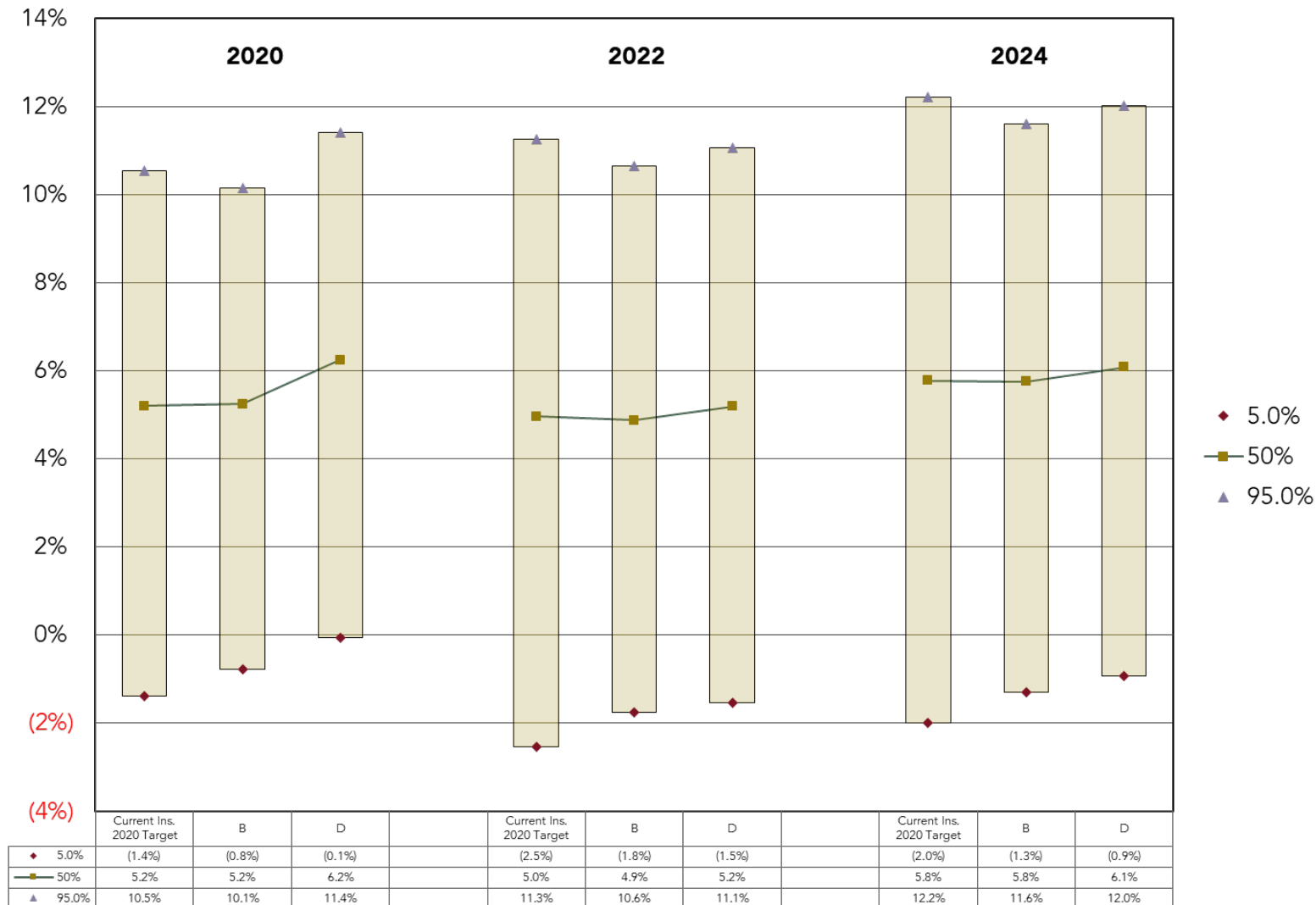
Impact of Constraints



- Insurance companies have many stakeholders overlaying numerous constraints on their investment strategies. We explicitly model the impact of these constraints to find optimal solutions within these boundaries.
- Portfolio construction is dependent on available asset classes
- Multiple efficient frontiers may be needed depending on exposure to multi-state limitations
- Higher return and equal or lower risk portfolios will pass through to dynamic financial analysis

Economic Capital Model

Return on Required Capital (%)



- Our Economic Capital Model tracks premium dollars over five years as they flow through company financials, translating relative differences between portfolio strategies into meaningful financial or operational metrics.
- Categories of metrics we model link portfolio performance with enterprise and investment objectives.
 - Investment performance
 - Profitability
 - Surplus
 - Leverage
 - Liquidity and cash flow
 - Capital adequacy
 - Customized metrics by client



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Item 8: Methods of Analysis, Investment Strategies, and Risk of Loss

March 30, 2020

Implementing Investment Strategy

- We will help guide your investment strategy implementation in a comprehensive manner

Asset Management Selection

- Outsource vs Internal
- Manager search and selection
- Customized benchmarks
- Detailed guidelines



Actuarial Collaboration

- Understanding the liability
- Evaluate operational risk
- Asset class assumption support

Accounting Execution

- Outsource vs Internal
- Vendor search and selection
- Technology assessment
- OTTI Policy
- Audit support

Custody Bank Review

- Compliance
- Rating agency assistance
- ORSA implementation
- Regulatory support
- General investment research

Risk Management

- Vendor search and selection
- Transition management
- Treasury management
- Decision support tools



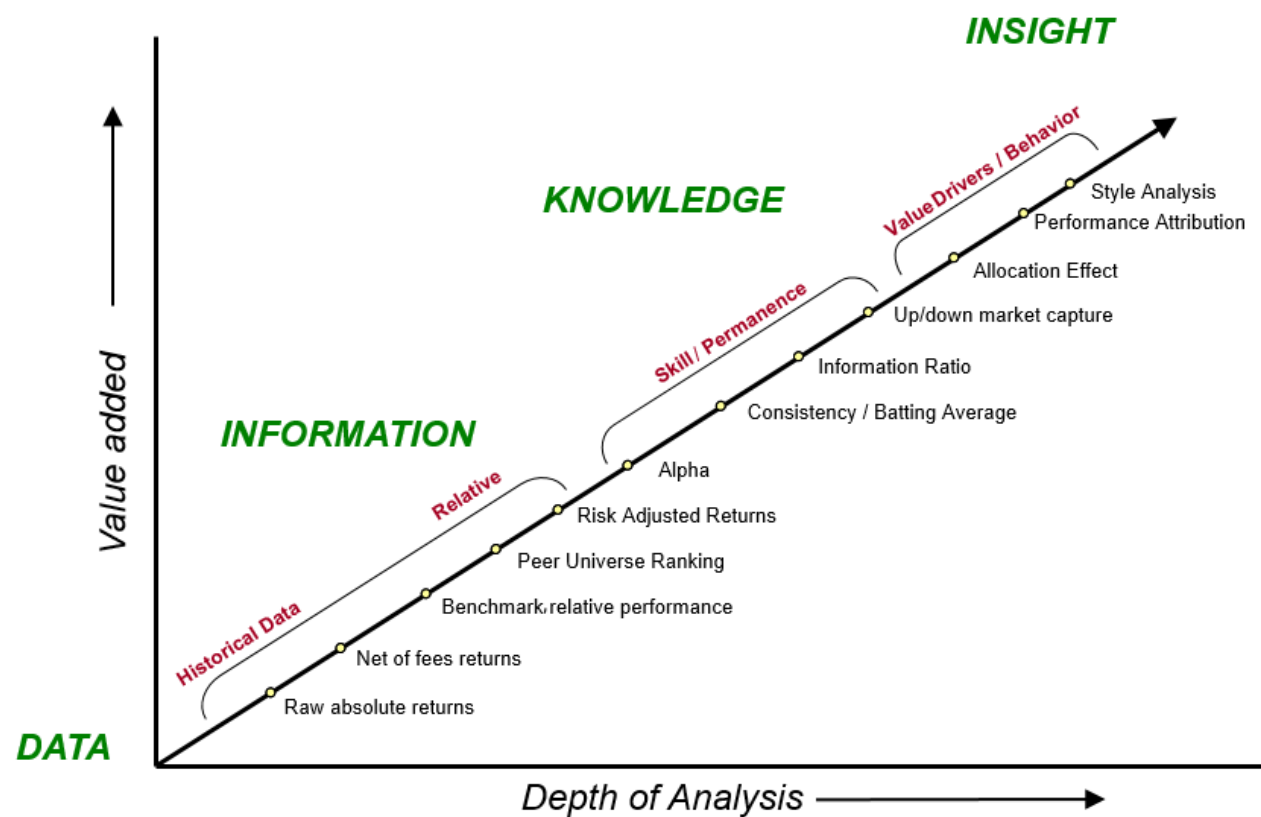
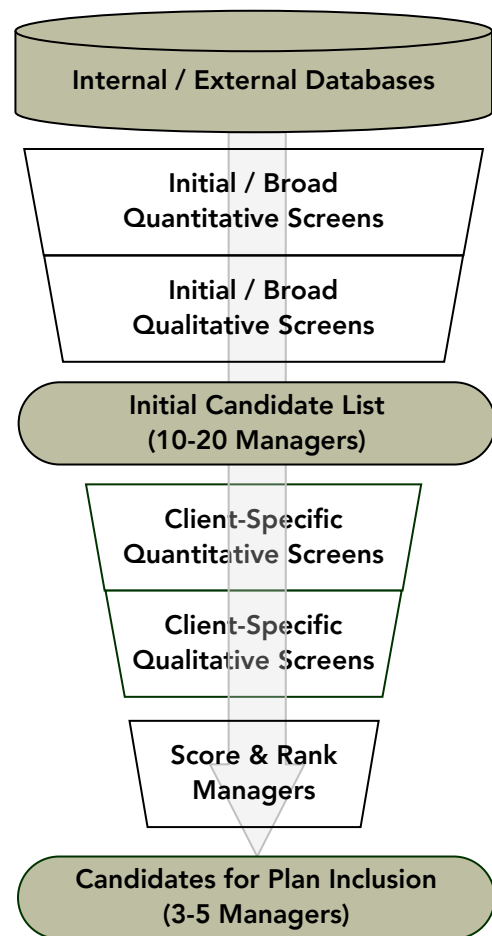
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Item 8: Methods of Analysis, Investment Strategies, and Risk of Loss

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Cardinal's Manager Research Process

- Our multi-step process to cull the manager universe emphasizes deep research to understand underlying drivers of success.



Quantitative Analysis

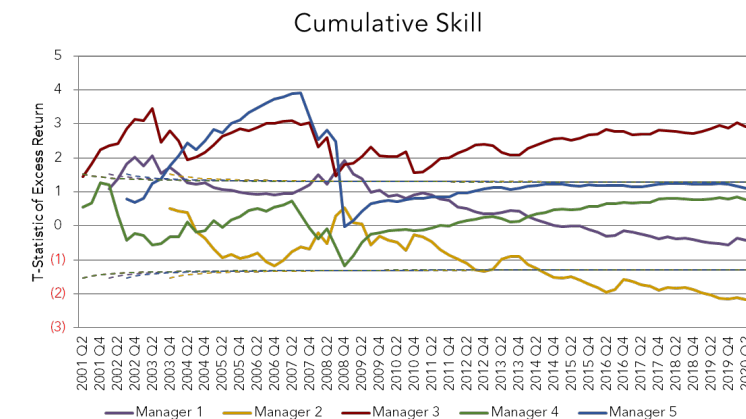
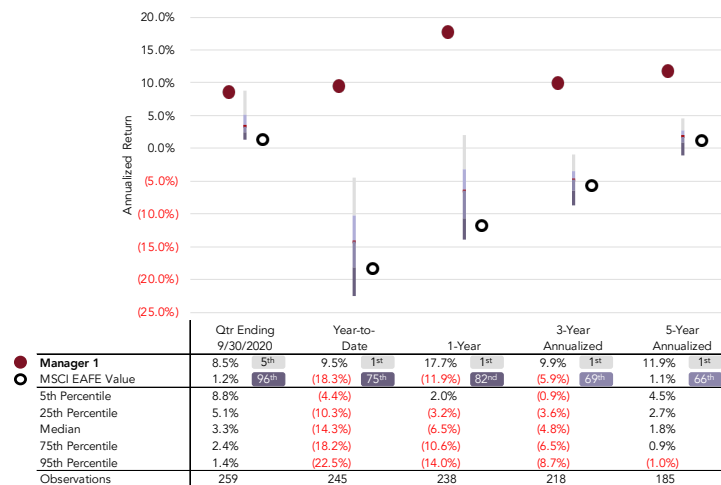
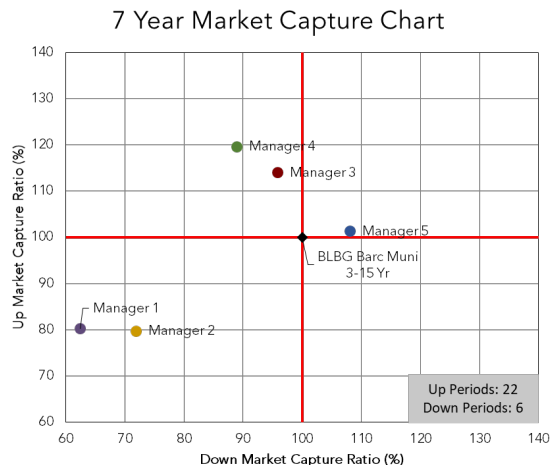
- Cardinal's proprietary Manager Skill Model quickly and efficiently analyzes historical data to identify value drivers in manager returns to assess their permanence.

Performance Review for Periods Ending 2020 Q2

Firm Name	Organization	Stability			Rolling Return vs Benchmark			Rolling Return vs Peer Group Median			Risk Adjusted Return vs Benchmark			Quarters
		Personnel	Litigation		7 Years	5 Years	3 Years	7 Years	5 Years	3 Years	7 Years	5 Years	3 Years	
Manager 1	●	●	●		32% ●	34% ●	29% ●	62% ●	52% ●	35% ●	46% ●	38% ●	26% ●	77
Manager 2	●	●	●		0% ●	8% ●	15% ●	53% ●	43% ●	31% ●	88% ●	75% ●	61% ●	70
Manager 3	●	●	●		100% ●	100% ●	99% ●	100% ●	100% ●	99% ●	43% ●	57% ●	54% ●	80
Manager 4	●	●	●		62% ●	72% ●	67% ●	92% ●	84% ●	77% ●	45% ●	64% ●	62% ●	80
Manager 5	●	●	●		94% ●	84% ●	77% ●	100% ●	96% ●	95% ●	46% ●	61% ●	69% ●	75

Values show the percentage of quarters that the strategy exceeded benchmark or peer group median on a rolling multi-year basis.

Risk Adj Return columns show rolling Sharpe ratio compared to benchmark.





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Item 8: Methods of Analysis, Investment Strategies, and Risk of Loss

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Sustaining Investment Strategy

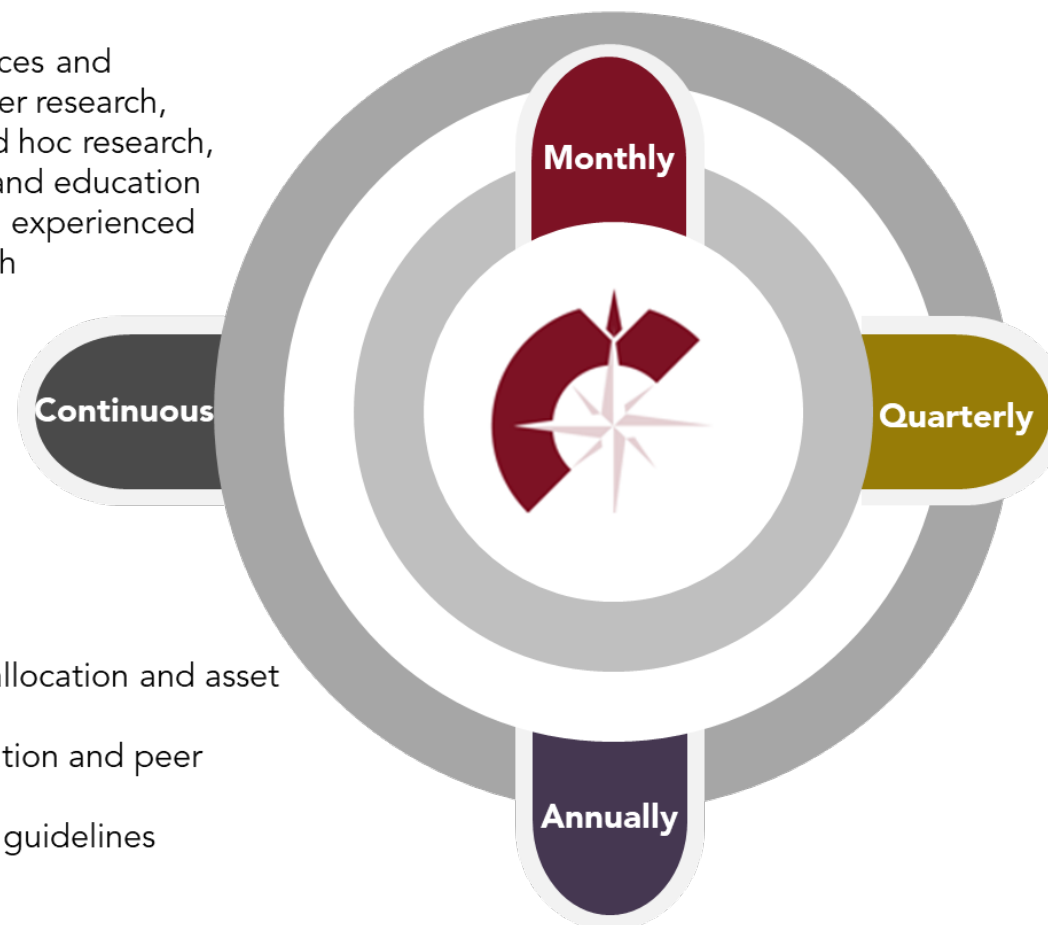
- Investment strategies are sustained through on-going customized monitoring, research, and review

Continuous

- Provide additional resources and analysis including manager research, outside vendor review, ad hoc research, capital market research, and education
- Answer all questions with experienced staff and detailed research

Annually

- Conduct strategic asset allocation and asset liability modeling
- Present asset class education and peer analysis
- Review IPS and manager guidelines



Monthly

- Reconcile holdings and transactions with custodian, managers, and/or investment accounting within our proprietary performance software CarMel.
- Calculate monthly performance

Quarterly

- Provide customized performance report including capital markets, asset allocation, scorecard, attribution, and characteristics
- Review manager performance relative to benchmarks and peers
- Monitor risk, guideline compliance, and adherence to IPS



Item 8: Methods of Analysis, Investment Strategies, and Risk of Loss

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Performance Reporting

Portfolio	Pretax Return vs. Benchmark					Peer Group Decile					Sharpe Ratio		Qualitative		Overall
	Quarter	YTD	One Year	Three Years	Five Years	Quarter	YTD	One Year	Three Years	Five Years	One Year +/- Index	Three Years +/- Index	Firm	Team/Strategy	
Combined P&C²	3.11%	3.85%	5.66%	7.67%	5.40%						(0.14)	(0.01)			
P&C Composite Benchmark ³	1.98%	4.37%	6.25%	7.50%	4.67%						●	●			
Combined P&C Fixed Income	2.47%	4.48%	5.22%	8.30%	5.06%	27th	53rd	55th	23rd		(0.22)	0.03	●	●	●
P&C Blended Fixed Inc Benchmark ⁴	1.12%	5.17%	5.95%	8.12%	4.11%	●	●	●	●		●	●			
Combined P&C Equity	7.84%	0.86%	9.55%	5.42%	9.57%	48th	50th	50th	42nd		0.02	0.02	●	●	●
Blended Benchmark ³	7.71%	0.16%	8.91%	5.03%	10.02%	●	●	●	●		●	●			
Combined P&C Cash	0.02%	0.86%	1.32%	1.84%	1.45%										

Cardinal

- We produce monthly scorecards as a snapshot of the entire portfolio's performance at a point in time.
- This is created in a roll-up fashion:
 - Each manager has a benchmark;
 - Each asset class composite is a roll-up of the underlying managers and benchmarks; and
 - The total portfolio is a roll-up of the underlying composite and benchmark returns.
 - Composite benchmarks can be dynamic, or target weighted.



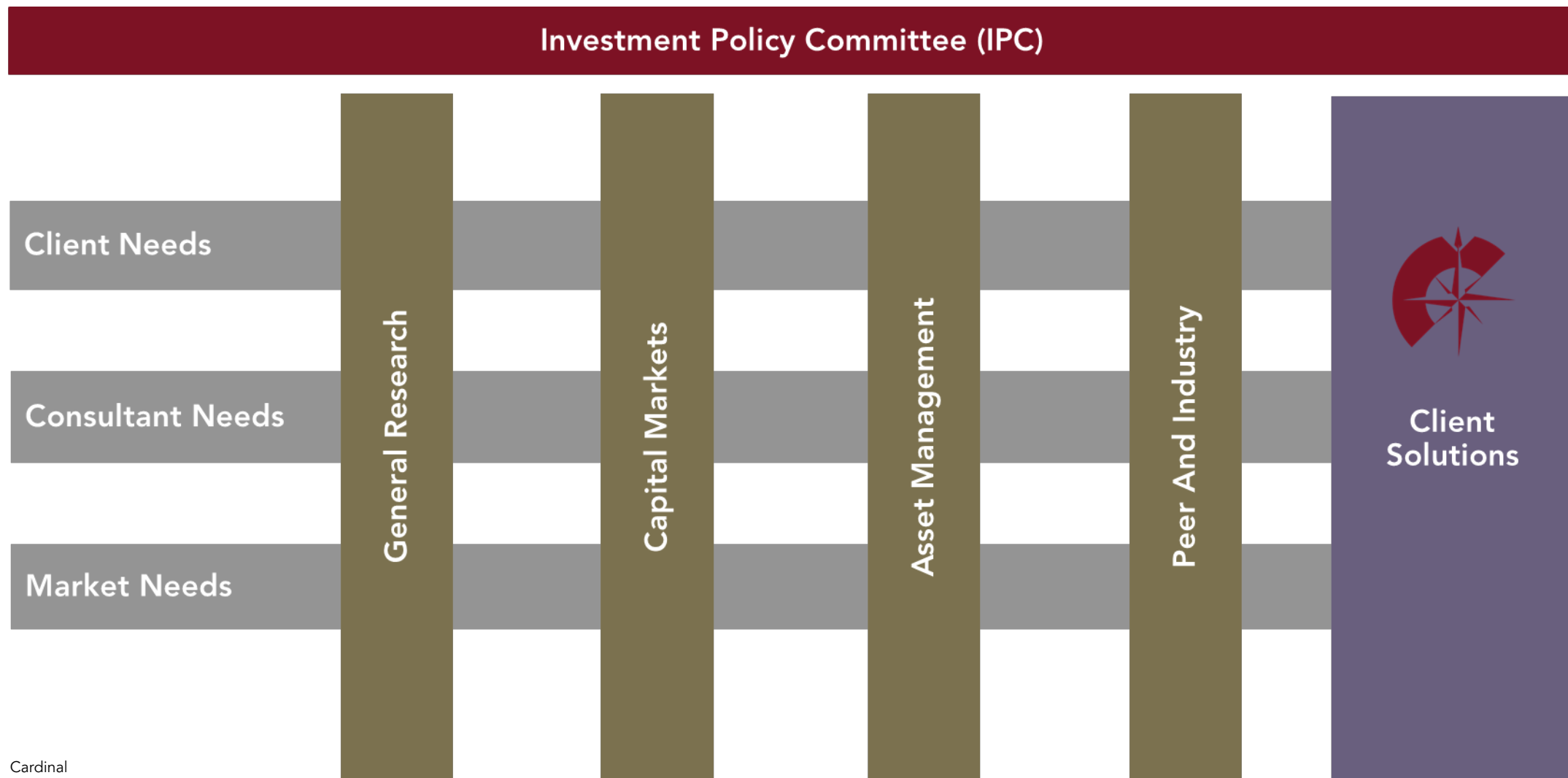
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Item 8: Methods of Analysis, Investment Strategies, and Risk of Loss

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Cardinal's Research Platform

- Our Investment Policy Committee meets quarterly combining capital markets with internal research to provide client solutions





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Item 9: Disciplinary Information

March 30, 2020

Litigation, SEC Actions, and Other Disciplinary Information

- Cardinal and its employees have not been the subject of any disciplinary action.
- A Cardinal client was named in a lawsuit related to their 401k plan.
 - As a service provider to the client, Cardinal was subsequently added to the action in 2016.
 - Cardinal and our counsel saw no merit in the claims and filed a Motion to Dismiss.
 - Cardinal was removed from the lawsuit in 2017: The Court approved the Motion to Dismiss in April of 2017 and again when the Court denied Plaintiff's request for relief of the Motion to Dismiss in August of 2017.
- Besides the above, neither Cardinal nor any of its employees have been
 - Involved in any litigation,
 - Brought before or the subject of an SEC or other regulatory agency administrative proceeding,
 - Involved in any criminal activity, or
 - Received any other disciplinary action related to the conduct of our business.



Item 10: Other Financial Industry Activities and Affiliations

March 30, 2020

Cardinal's Place in the Financial Industry

- Cardinal Investment Advisors is an independent, employee-owned company.
- Thirteen active employees own the company outright.
- Cardinal and its employees neither own nor have an affiliation with a registered representative or broker dealer.
- We register with the Securities and Exchange Commission and comply with the Investment Advisers Act of 1940, as amended.
- Cardinal operates as an Investment Adviser for the purpose of delivering investment consulting services to our institutional clients. We do not transact or recommend individual securities.



Item 11: Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading

March 30, 2020

Cardinal's Code of Ethics

- Each employee signs a code of ethics which covers:
 - Professionalism,
 - Duty to clients,
 - Duty to Cardinal,
 - Conflicts of interest,
 - Compliance with applicable federal securities laws,
 - Personal securities transactions,
 - Preclearance for any political contributions, and
 - Reporting any violations of the code.
- A copy of Cardinal's code of ethics is available upon request. Please contact the compliance officer, Marc Tourville, at (314) 726-9911 to obtain a copy.
- Cardinal does not participate or take a financial interest in client transactions.
- Our compliance officer monitors personal trading.



Item 12: Brokerage Practices

March 30, 2020

Cardinal's Brokerage Activities

- Cardinal does not transact securities nor engage in any brokerage practices.
- Specifically, Cardinal does not:
 - Buy or sell individual securities or derivatives;
 - Opine on individual securities, with the exception of mutual funds or ETFs that may provide an appropriate vehicle to implement a client's strategy;
 - Own, operate, or affiliate with a broker-dealer;
 - Accept "soft" dollars, even if requested by a client; or
 - Recommend brokers or agents to our clients.
- We assist our clients in the selection of investment advisers who can manage a portfolio of securities within a specific asset class.
 - Sometimes the most efficient means to access this manager will be through the manager's commingled fund, such as a mutual fund or partnership structure.
 - From time-to-time, when the situation mandates, Cardinal may recommend a specific index-like exchange-traded fund to securitize cash during a transition until a new manager can be found.



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Item 13: Review of Accounts

March 30, 2020

Review of Our Clients' Portfolios

- Cardinal reviews our client accounts at least quarterly through a performance review process. The client receives a quarterly performance report that we customize to their specifications. Example quarterly performance reports are available on request.
- We conduct a formal asset allocation review for our insurance clients every one to three years. For pension and benefit plan clients, the frequency may be once every two to five years, depending on client preference.
 - However, if market or client operating conditions warrant, the asset allocation review can occur more frequently.
 - We provide a formal report outlining the methodology followed in conducting the asset allocation review. The report includes supporting analysis. An example asset allocation review for both benefit plans and insurance companies is available on request.
- Whenever a market calamity occurs, Cardinal accesses our clients' security level holdings data through our performance measurement system, CARMEL, to determine which of our clients has exposure. We use this information to alert our clients to the problem.
- For the quarterly performance reports and the asset allocation review, the primary consultant assigned to each client relationship is responsible to both Cardinal and the client for the quality of that deliverable.
- In addition, Cardinal's internal Investment Policy Committee (IPC) reviews and compares all client portfolio allocations annually to identify, discuss, and remedy any outliers.



Item 14: Client Referrals and Other Compensation

March 30, 2020

Client Referrals and Other Compensation

- We do not compensate anyone, either internally or to a third party, for a referral or sale.
- Internally, Cardinal rewards our staff for the value of the service they render to our clients and to our company.
- Cardinal does not receive compensation from any third party other than our institutional consulting clients.
- We do not receive compensation from other Investment Advisors.
- In the table below, we highlight typical consultant conflicts and explain how Cardinal avoids these problems.

Ancillary Business	Source of Conflict	Cardinal's Position
Brokerage	Investment managers direct commission dollars to consultants' affiliated brokerage unit to curry favor.	Cardinal does not have any brokerage relationships.
Fund of Funds, Manager of Managers, Consultant "Solutions"	This is a reasonable alternative for institutions smaller than \$50 million. However, the investment managers embedded within the consultant's fund structure are possibly the best deal for the consultant, but not necessarily the client.	Cardinal does not have fund of funds or manager of managers options.
Consultant "Institutes" or "Foundations"	Investment managers pay annual membership fees to gain access to senior consultants. Member firms are far more likely to see search activity than non-member firms.	Cardinal does not have an institute or foundation.
Research or Information Services Targeted to Money Managers	Investment managers pay for consulting-firm services in order to gain access to searches. Firms that do not pay often do not get "to play."	We serve only institutional plan sponsors and insurers. We do not sell services to managers.
Direct Access to Alternative Asset Class Partnerships	Some consultants generate a "cost savings" to their clients by providing direct access to alternative asset class limited partnerships for a fee. This creates a conflict when the consultant recommends increasing the allocation to these asset classes.	We do not have a business providing access to alternative asset class partnerships



Item 15: Custody

March 30, 2020

Custody

- Cardinal Investment Advisors does not serve as a custodian to our clients. We do not accept client assets.
- Cardinal does assist our clients in the review of their custody relationships.
 - We can examine our clients' custodial services in terms of cost, breadth, and quality.
 - If necessary, we can assist our clients in the search for and selection of another custody service provider.



Item 16: Investment Discretion

March 30, 2020

Investment Discretion

- Cardinal Investment Advisors does not exercise discretionary decision-making authority over the investment of our clients' portfolios.
 - Our clients' either manage the assets internally or retain external managers to exercise discretion over portfolios within separate asset classes.
- Cardinal's clients exercise final discretion over the asset allocation decision and over which investment advisors or products/funds to utilize, retain, or terminate.
 - We help our clients through these two types of decisions by:
 - Conducting research and generating analysis to evaluate alternative strategies and managers and by
 - Facilitating the decision-making process.



Item 17: Voting Client Securities

March 30, 2020

Voting Client Securities

- Cardinal Investment Advisors does not accept authority to vote client securities.
- Our clients receive their proxy materials directly from their custodian or transfer agent.



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Item 18: Financial Information

March 30, 2020

Cardinal's Financials

- Because Cardinal does not require or solicit prepayment of more than \$1,200 in fees per client six months or more in advance, we are not required to disclose our balance sheet.
- Cardinal is a privately-held company. We elect not to publicly disclose our financial statements.
- However, we are happy to discuss our financial condition with our clients or prospective clients.
- Cardinal does not carry any debt on its balance sheet. Our only significant liability at any point in time is our upcoming payroll. We maintain sufficient cash to meet this and other obligations throughout the year.
- Cardinal has never been the subject of a bankruptcy petition.