ANNUAL REPORT
December 31st, 2016

2016 Performance

To December 31st, 2016 the change in unit prices of the **HughesLittle Value Fund** and **HughesLittle Balanced Fund** were as follows:

	Value Fund *(non-RSP)*	Balanced Fund *(RSP)*
Post-Distribution Unit Price	$26.18	$16.32
2016 Distribution	$ 0.10	$ 0.47
Pre-Distribution Unit Price	$26.28	$16.79
Unit Price on December 31st, 2015	$24.59	$15.82
Total Distributions Since Inception	$ 2.41	$ 6.77
One Year Return	**6.9 %**	**6.1 %**
Annualized Return Since Inception[1]	**10.3 %**	**9.8 %**

See attached Performance Summary for additional performance results.

The Funds' portfolio holdings at the end of 2016 and 2015 were almost identical. We did sell three holdings and add two new ones last year, but these transactions only made-up about five percent of each Fund. By far, our most important decisions of the year were 'holding' what we currently own and buying more shares of several of these companies.

Our decisions to hold and/or buy more, reflects the competitive strengths, sound fundamentals, and prospects for continued growth of our portfolio companies. All of our companies sell products and services that cater to the basic 'needs and desires' of people and the societies in which we live. Not much happened in 2016 to challenge this thesis.

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[1] Inception dates: Value Fund June 30th, 2005. Balanced Fund August 31st, 2005.

We cannot overstate the importance of ‘the hold’ to successful investing. It is where the big money is. For sure, we have to choose the right companies and ‘buying’ at the right price helps. But having the good sense and temperament to hold onto your investments can be THE difference between profit and loss or a good return versus a great return.

The ‘prudence of holding’ is most obvious with positions that experience share price declines even though the company’s fundamentals and our reasons for owning it remain sound. Selling just because of a share price decline makes no sense. We have many many examples where we were well rewarded for holding common shares through a price trough that eventually rebounded. 2016 was no exception.

The more interesting examples of the ‘profits from holding’ however have come from companies with rising rather than falling share prices. For many investors, holding your winners can be much tougher than holding your losers.

To illustrate, we’ll use our largest position, a consumer services company. We have owned this company for about eight years. In the first four years, despite ups and downs in its share price, we more than doubled our money. At that time, we had ample opportunity to ‘cash-in’ with a nice profit. We would have looked pretty smart with a *good buy* and a *good sell*. Had we done that, we would have missed out on a *great-hold*. Over the next four years, the share price doubled again*, twice*.

This idea that “the big money is in the hold” applies to you, the client, as well. A few years ago, Fidelity Investments, a large U.S. fund management company, released a study describing which of their clients had the highest returns since the firm’s inception in 1946. Their biggest winners, by far, were those clients who had forgotten they even had a Fidelity account.

Portfolio Review

During the fourth quarter the Value Fund added money to one existing common stock holding and made no sales.

During the fourth quarter the Balanced Fund added money to two existing common stock holdings and made no sales.

We include a full list of the quarter’s buy and sell activity in the attached Investment Review.

As of December 31st, the Value Fund was 96 percent invested in 16 operating companies. The Fund owns four Canadian companies, seven U.S. companies, and five holdings based outside of North America. The Value Fund's top ten positions make-up 83 percent of the Fund's assets.

The Balanced Fund is 82 percent invested in the common shares of four Canadian companies, six U.S. companies, and six companies based outside of North America. The Balanced Fund's top ten positions make up 69 percent of the Fund's assets. At year-end the Balanced Fund had 18 percent of its assets in cash and investment grade bonds.

2016 Distribution

The Funds distribute their net income and realized capital gains to unit holders annually. This occurs so the Funds themselves do not pay tax.

Distributions for 2016 are $0.10 per unit for the Value Fund and $0.47 per unit for the Balanced Fund. The Value Fund's distribution is entirely dividend income, *no capital gains portion*. There are no capital gains included in the 2016 distribution due to the Value Fund's eligibility to use something called the Capital Gains Refund.

If you are a Value Fund unit holder, it is easily possible to live a fulfilled, happy life not knowing anything about how the Capital Gains Refund impacts you beyond allowing you to defer some of your capital gains taxes to a later date. You do not have to do anything different on your tax return. If however you are fascinated by the Fund's tax accounting, there is a description of it in the Investment Review. And if you are still not satiated, set aside an hour, and call Mark.

Distributions are automatically reinvested in additional units of the Funds for each unit holder (unless we were instructed otherwise for Value Fund unit holders only).

In a separate mail-out, unit holders of both Funds will receive a confirmation of your distribution. We will also send Value Fund unit holders a T3 Supplementary in February. Both the Value Fund confirmation and the T3 Supplementary give a breakdown of the types of income that made up the distribution. The T3 Supplementary form is necessary for income tax purposes.

Unit holders in the Balanced Fund are not sent a T3 Supplementary because the distribution is non-taxable for RSPs and RIFs.

Fund Expenses

The 2010 to 2016 Management Expense Ratios (MER's) for the Funds were as follows:

	2016	2015	2014	2013	2012	2011	2010
HughesLittle Value Fund	**1.16%**	1.17%	1.18%	1.23%	1.28%	1.29%	1.29%
HughesLittle Balanced Fund	**1.23%**	1.24%	1.25%	1.33%	1.38%	1.42%	1.40%

The MER reflects all expenses charged to the Funds throughout the year. These expenses include: investment management fees, audit, trustee, custodian, administration, and GST/HST. Details of these expenses are disclosed in the Funds' year-end financial statements.

The MER is expressed as a percentage of the average assets within each Fund over the entire year. The performance results we report to you are after deducting these Fund expenses.

Financial Statements

The Funds' auditors are KPMG. KPMG will send audited Financial Statements for each Fund separately to all clients no later than March 31st, 2017. The audited financial statements include a complete list of each Fund's portfolio investments as of December 31st, 2016.

Investment Performance Report

Also in a separate mailout unit holders of both Funds will receive a new report called the Investment Performance Report. This report will be sent to you annually. It summarizes the performance of your account. It is now a regulatory requirement of all Funds. We will have more to say about it in future reports.

RSP Contributions

You may now make your RSP contributions to the HughesLittle Balanced Fund via online personal banking. Simply add "Canadian Western Trust Contributions" as a bill payee and use your 8 digit CWT account number. Please let us know if you make an on-line transfer so we know to watch out for it.

If you need any assistance please send Barb an e-mail at barb@hugheslittle.com or call her at 1 877 696 9799.

The final date for accepting 2016 RRSP contributions is March 1st, 2017.

Cheques payable reminder:	The Value Fund	**"RBC Investor Services"**
	The Balanced Fund	**"Canadian Western Trust"**

Please have cheques delivered to our office by noon on the day prior to valuation day.

If you have any questions or comments we welcome your calls or visits.

Regards;

Joe Little Mark Hughes

January 12th, 2017