

THIRD-QUARTER REPORT
September 30th, 2019
(Potential Clients)

This report is intended for people interested in making an initial investment in either the **HughesLittle Value Fund** or the **HughesLittle Balanced Fund**. It contains information you should understand when assessing making an investment with us. Reports from previous quarters can be found on our web site.

If you do not wish to receive these reports or have any questions, call us at 1 877 696 9799.

Performance

To September 30th, 2019 the performance of the **HughesLittle Value Fund** and **HughesLittle Balanced Fund** was as follows:

	Value Fund <i>(non-RSP)</i>	Balanced Fund <i>(RSP)</i>
Unit Price - September 30 th , 2019	\$ 41.43	\$ 21.40
Unit Price - December 31 st , 2018	\$ 35.13	\$ 18.91
Distributions Paid Per Unit Since Inception	\$ 2.48	\$ 8.67
Nine Months	17.9 %	13.2 %
Annualized Return Since Inception¹	11.8 %	10.7 %

See attached Performance Summary for additional performance results.

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

Commentary

2019 has been productive beyond what our results show. The Funds' portfolio companies continue to make progress in increasing their underlying or intrinsic values. This has been evident in several announcements of new business developments as well as higher financial results. In addition, both Funds have made significant investments in several existing holdings as well as two new positions this year. One of the new companies is involved in consumer services/information and the other consumer products/services. Both are large U.S. based companies we have studied for a long time, that experienced share price declines to levels that merit purchase.

Currently, the Funds own several positions with share prices that offer favourable risk/reward prospects. Both Funds are fully invested.

Minimum Initial Investment for New Clients

As of July 1st, 2019 the minimum initial investment for a new investor in either Fund is \$500,000. New clients must also qualify as an "accredited investor." An accredited investor is defined by Securities Regulators as someone who has:

- Minimum financial assets of \$1 million,² or
- Personal annual income of \$200,000 or more, or
- A household income of \$300,000 or more.

Portfolio Review

As of September 30th, the Value Fund was 99 percent invested in 14 companies. The Fund owns four Canadian companies, eight U.S. based companies, and two holdings based in other countries. The Value Fund's top ten positions make-up 88 percent of the Fund's assets.

The Balanced Fund was 81 percent invested in the common shares of four Canadian companies, eight U.S. companies, and three companies based in other countries. The

² An individual's 'primary residence' cannot be used as part of the \$1 million.

Balanced Fund's top ten positions make-up 72 percent of the Fund's assets. At quarter-end the Balanced Fund had 19 percent of its assets in cash and investment grade bonds.

Fund Expenses

The 2013 to 2019 Management Expense Ratio (MER) for each Fund was as follows:

	2019*	2018	2017	2016	2015	2014	2013
HughesLittle Value Fund	1.15%	1.15%	1.15%	1.16%	1.17%	1.18%	1.23%
HughesLittle Balanced Fund	1.19%	1.21%	1.23%	1.23%	1.24%	1.25%	1.33%

**Note: 2019 is an estimate based on the MER incurred for the first nine-months of the year.*

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. The MER is a percentage of the average assets in the Funds over one year. Lower is better.

Miscellaneous

If you are planning on making an investment in either HughesLittle Fund, call us and we will assist you with the application and transfer documents. Our toll-free number is: **1 877 696 9799**

Please note, the last day for contributions or redemptions is December 15th, 2019.

Kind Regards,

Joe Little

Mark Hughes

Shafaz Jivani

October 10th, 2019