

SECOND QUARTER REPORT June 30th, 2018

Performance

To June 30th, 2018 the performance of the **HughesLittle Value Fund** and the **HughesLittle Balanced Fund** was as follows:

	Value Fund	Balanced Fund (Registered)
Unit Price - June 30 th , 2018	\$ 36.49	\$ 20.76
Unit Price - December 31 st , 2017	\$ 32.17	\$ 18.67
Distributions Paid Per Unit Since Inception	\$ 2.46	\$ 7.60
Six Months	13.4 %	11.2 %
Annualized Return Since Inception	11.9 %	11.1 %

See attached Performance Summary for additional performance results.

This Second Quarter Report and Investment Review will focus entirely on our largest position - a Canadian consumer services company. This report will give a cursory update on this large holding; the real meat however, is in the Investment Review.

The Funds' unit prices jumped about 12 percent in the second quarter. This lift was largely due to a recent development that caused a step-change in our largest holding's earning power. Which in turn, resulted in a 40 percent share price gain for this holding. With a 19 percent and 14 percent weighting in the Value Fund and Balanced Fund **prior** to the recent jump in share price, the impact was material.

Our large weighting in a single company reflects our unconventional approach to risk. We have owned our largest holding for ten years. We know this company and its industry well. Its business fundamentals, management, and growth prospects are as good as it gets. Its downside risks have for years, appeared minimal, and upside return superb. As such, we think

it is less risky to own a lot of this one company than spread our money across several companies that we don't know or like as well.

We carry this thinking across all our portfolios: minimize risk by owning quality over quantity. We would much rather concentrate our effort and money on our top-ten ideas than spread it out over 30 or more names just to appear more "conventionally diversified." We question whether adding more names to our portfolios would be more "diversified" or just "di-worsified?"

Subsequent to this big share-price gain we have trimmed back what became an excessive weighting of this position. Happily though, it remains our largest position. The company's long-term prospects have never been better, as well, we estimate its current share price relative to a commensurately higher intrinsic value, is still sensible.

The ten-year annual return of this holding is 26 percent for the Value Fund and 22 percent for the Balanced Fund.

Portfolio Review

In the second quarter we were quite active. The most important transaction was the addition of a new holding in both Funds. Furthermore, the Value Fund purchased more shares in two existing holdings, reduced the weighting of its largest holding and eliminated one holding entirely. The Balanced Fund added to an existing holding and made partial sales of its three largest holdings, as their weightings were getting disproportionate.

As of June 30th, the Value Fund was 96 percent invested in the common shares of five Canadian companies, eight U.S. based companies, and three holdings based outside of North America. The Value Fund's top 10 positions make-up 85 percent of the Fund's assets.

The Balanced Fund is 78 percent invested in the common shares of five Canadian companies, seven U.S. companies, and five companies based outside of North America. The Balanced Fund's top 10 positions make-up 68 percent of the Fund's assets.

Miscellaneous

Enclosed with this report for clients are:

1. The 2018 Mid-Year Investment Review
2. Performance Summary
3. Your Client Statement

Kind Regards,

Joe Little

July 7th, 2018

Mark Hughes