

ANNUAL REPORT December 31st, 2021

2021 Performance

To December 31st, 2021 the change in unit prices of the **HughesLittle Value Fund** and **HughesLittle Balanced Fund** were as follows:

	Value Fund <i>(non-RSP)</i>	Balanced Fund <i>(RSP)</i>
Post-Distribution Unit Price	\$ 56.49	\$ 21.36
2021 Distribution	\$ 0.91	\$ 3.44
Pre-Distribution Unit Price	\$ 57.40	\$ 24.80
Unit Price on December 31 st , 2020	\$ 47.37	\$ 21.02
Total Distributions since Inception	\$ 5.96	\$ 15.72
One Year Return	21.2 %	18.0 %
Annualized Return since Inception¹	12.7 %	11.3 %

See attached Performance Summary for additional performance results.

2021 Year-End Commentary

2020 and 2021 were full of unusual, disruptive events that stressed companies in unprecedented ways. Attempting to convey resilience, many companies are choosing to compare their 2020/2021 financial results to 2019 - a “normal” year, relatively speaking. This looks at a company’s results during a disrupted period, relative to a more benign period - a telling measure of a company’s resilience.

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

When the pandemic hit, back in March 2020, we entered a period of unprecedented uncertainty. As investors, we were unsure of the coming severity and duration of the pandemic's impact on our companies, or on any company. There were a few predictable, yet unnerving consequences; businesses closed and we guessed that travel spending would evaporate,. Almost everything else was in question.

However, we approached the past two years the same as we do every year: We know that if our companies do well, so will the Funds. Periods of difficult economic conditions are inevitable - we just never know when or how severe. To successfully manage these disruptions, we favour *preparedness over prediction*. We make sure, as part of our research, that our companies' debt levels can weather the most severe storms, that they have the right people to manage disruption and seize opportunities, and that they have durable, competitive strengths.

The underlying performance of our portfolio companies over the past few years has overall been above average. The pandemic has benefitted some of our companies, but mostly we think the results over the past few years reflect our companies' many competitive strengths. If we are correct, the trends we saw in 2020 and 2021 will not end with the pandemic, but will continue to add value to our companies for years.

2021 Investment Review

As of December 31st, the Value Fund was 96 percent invested in 16 operating companies. The Fund owns five Canadian companies, nine U.S. companies, and two holdings based in other countries. The Value Fund's top ten positions make up 85 percent of the Fund's assets.

The Balanced Fund is 83 percent invested in the common shares of five Canadian companies, nine U.S. companies, and two companies based in other countries. The Balanced Fund's top ten positions make up 74 percent of the Fund's assets. At year-end, the Balanced Fund had 17 percent of its assets in cash and investment grade bonds.

Miscellaneous

2021 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 2021 are \$0.91 per unit for the Value Fund and \$3.44 per unit for the Balanced Fund. **Both Funds' 2021 distribution is made up entirely of capital gains.** The distribution from the Value Fund is taxable for Value Fund unit holders. The distribution from the Balanced Fund is not taxable for Balanced Fund unit holders.

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 slip in February. The T3 Supplementary slip is necessary for income tax purposes. Unit holders in the Balanced Fund are not sent a T3 Supplementary slip because the distribution is non-taxable for RSPs and RIFs.

Fund Expenses

The 2016 to 2021 Management Expense Ratio (MER) for each Fund was as follows:

	2021	2020	2019	2018	2017	2016
HughesLittle Value Fund	1.13 %	1.13 %	1.16 %	1.15%	1.15%	1.16%
HughesLittle Balanced Fund	1.18 %	1.20 %	1.20 %	1.21%	1.23%	1.23%

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 reported have the Fund expenses already deducted.

Financial Statements

The Funds' auditors are KPMG. KPMG will send audited Financial Statements for each Fund separately to all unit holders no later than March 31st, 2022. The audited financial statements include a complete list of each Fund's portfolio investments as of December 31st, 2021.

Investment Performance Report

Later this month in a separate mailout, unit holders of both Funds will receive a report called the **Investment Performance Report**. This report is sent annually. It summarizes the performance of your account. It is a regulatory requirement of all Funds.

Making an Investment

HughesLittle Value Fund:

You are now able to make an Investment in the Value Fund in two ways:

- For investments up to \$250,000 - you can send a cheque made payable to “RBC Investor Services” to our office. We now use a cheque scanner service to transfer the funds to RBC Investor Services.
- For investments over \$250,000 - you will need to wire transfer the funds to RBC Investor Services.

HughesLittle Balanced Fund:

To make an investment in the Balanced Fund, please contact us below. The transition to Olympia Trust has not been completed. We are awaiting information from Olympia Trust and will update our website when this information is available.

HughesLittle Contact Information

To make a contribution or redemption, or if you have questions about your account (Balanced or Value Fund), contact:

- Mark Hughes, mark@hugheslittle.com
- Thompa Tsering, thompa@hugheslittle.com
- Kitty Choi, kitty@hugheslittle.com
- Barb Rogers, barb@hugheslittle.com

To discuss portfolio holdings, contact:

- Mark Hughes, mark@hugheslittle.com
- Joe Little, joe@hugheslittle.com
- Shafaz Jivani, shafaz@hugheslittle.com

We can all be contacted toll free at 1-877-696-9799. If you have any questions or comments, we welcome your calls.

Kind Regards,

Joe Little

Mark Hughes

Shafaz Jivani

Kevin Greig

January 10th, 2022