

FIRST QUARTER REPORT March 31st, 2022

Performance

To March 31st, 2022 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>
Unit Price - March 31 st , 2022	\$ 51.18	\$ 19.52
Unit Price - December 31 st , 2021	\$ 56.49	\$ 21.36
Distributions Paid Per Unit Since Inception	\$ 5.96	\$ 15.72
Three Months	- 9.4 %	- 8.6 %
Annualized Return Since Inception¹	11.8 %	10.5 %

See attached Performance Summary for additional performance results.

Market Price vs. Business Value

Over the past ten years, the Funds have experienced five separate quarters where their unit prices fell. The first quarter of 2022 was one of those times. The cause of those down quarters was a dip in the share prices of some of the Funds' portfolio companies.

The *ups* and *downs* of share prices in the stock market have a few lessons to teach us. Firstly, periodic share price declines are inevitable. Expect more. Secondly, and maybe more importantly, is that short-term changes in a company's share price, are not the best indicator of the health and prospects of the company itself. In order to properly assess the health of any business, we are better off focusing on the underlying value of the company.

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

This idea of focusing on a businesses' value, not its share price, is a key component of our investment approach. *Price* is the market price of a company's common shares as quoted on a stock exchange. *Value* on the other hand, has no quoted number. It's an estimate of the underlying worth of a company and is based on the cash earnings a company will generate over its lifetime.

Over the short-term, *market prices* reflect both the positive and negative opinions of all market participants - some of them rational, some irrational. These views are subjective and can change unpredictably depending on the state of the world. Things like wars, recessions, and pandemics, amongst others, impact investors' opinions and buy/sell decisions, which in turn cause share prices to gyrate.

Business value on the other hand, rarely changes much over the short-term. Because it's an estimate of a company's *lifetime* earnings, the earnings in any given year represent only a small fraction of a company's overall value. In a year of difficult economic conditions for instance, the world may look a little scary, share prices may fall, and a company's earnings may even take a short-term hit - but its long-term earnings may be unaffected. As a result, business value would not be affected.

These difficult periods often create short-term differences between market prices and business values. Importantly, these conditions allow us to invest in high-quality businesses at prices well below fair value. Some of our greatest opportunities have come in times when market prices are falling, but we estimate that business values are stable, maybe even rising.

First Quarter Investment Review

As of March 31st, the Value Fund was 99 percent invested in 14 operating companies. The Fund owns four Canadian companies, eight U.S. companies and two holdings based in other countries. The Value Fund's top ten positions make up 82 percent of the Fund's assets.

The Balanced Fund is 82 percent invested in the common shares of three Canadian companies, eight U.S. companies and three companies based in other countries. The Balanced Fund's top ten positions make up 70 percent of the Fund's assets. As of March 31st, the Balanced Fund had 18 percent of its assets in cash and investment-grade bonds.

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

Regards,

Joe Little

Mark Hughes

Shafaz Jivani

Kevin Greig

April 8th, 2022