

THIRD QUARTER REPORT

September 30th, 2022

Performance

To September 30th, 2022 the performance of the **HughesLittle Value Fund** and the **HughesLittle Balanced Fund** was as follows:

	Value Fund	Balanced Fund (Registered)
Unit Price - September 30 th , 2022	\$ 42.51	\$ 16.68
Unit Price - December 31 st , 2021	\$ 56.49	\$ 21.36
Distributions Paid Per Unit Since Inception	\$ 5.96	\$ 15.72
Nine Months	- 24.7 %	- 21.9 %
Annualized Return Since Inception	10.3 %	9.2 %

See attached Performance Summary for additional performance results.

Third Quarter Commentary

Based solely on share price movements, 2022 is looking like 1998, 2000/01, 2008/09, and 2020 which-all felt like *anni horribiles*. However, for investors who viewed their assets in the right way, those down-markets actually enhanced long-term returns. Over the past 30 years we have successfully (albeit not perfectly) navigated our way through many down markets and along the way, learned a few valuable lessons. One of the best is:

Evaluate what you own, little else matters.

Currently, the Funds own shares in 15 operating companies and in this report, we evaluate those companies in two ways that substantially impact long-term returns; firstly, by measuring *progress* and later in the *Investment Review (clients only)*, by considering *prospects*. To measure *progress* we'll look at our companies' 2022 operating results-to-date. Although this is only a snap-shot in time, measuring results during challenging and volatile periods is always instructive. When considering our companies' *prospects*, we look at some of their 2022

investments, where the same challenging environment is presenting some of the best opportunities they've seen in a long time.

So far this year we've observed higher inflation, rising interest rates, and the constrained supply of important inputs such as semiconductors and skilled people. These variables have disrupted operations at many companies. Operating in this environment however, can reveal a lot about a company's competitive strengths and their management's adaptation skills. The main point here, is many of the best companies continue to generate steady results in these tougher environments, whereas weaker companies often falter.

We have assessed our companies' operating results for the first half of 2022 and have also seen some later revenue numbers. Ideally, we like to see steady results through all conditions, and again this year, we've mostly had that with a few exceptions. For example, twelve of our fifteen portfolio companies have grown their revenues and profits in the first half of this year. The range, (for profit growth), has been between two percent and sixty percent versus the same period in 2021. These twelve companies represent about 80 percent of the common stock positions of both Funds

Three companies in our portfolios have shown mixed results this year. We understand and accept this volatility because it does not take away from their longer-term upward growth trends, nor their undeniable competitive strengths.

When assessing the future *prospects* of our companies, experience has clearly shown what *does*, and *does not* drive longer-term financial results. Today's news headlines for instance, won't matter to our companies' profitability five or ten years from now. Something that will matter though, is how and where our companies are investing their profits, which is often the largest driver of financial results tomorrow.

We recognize that the pay-off from our companies' investments can be years away and uncertain. It is our job to judge whether these investments will enhance the business's competitive position and ultimately grow its intrinsic value.

Portfolio Review

As of September 30th, the Value Fund was 99 percent invested in 15 companies. The Fund owns four Canadian companies, eight U.S. based companies, and three holdings based in other countries. The Fund's top ten positions make-up 81 percent of the Fund's assets.

The Balanced Fund was 82 percent invested in the common shares of three Canadian companies, eight U.S. companies, and four companies based in other countries. The Balanced Fund's top ten positions make-up 68 percent of the Fund's assets. At quarter-end the Balanced Fund had 18 percent of its assets in cash and investment grade bonds.

Kind Regards,

Joe Little

Mark Hughes

Shafaz Jivani

Kevin Greig

October 11th, 2022