

THIRD QUARTER REPORT September 30th, 2013

Performance

To September 30th, 2013 the performance of the **HughesLittle Value Fund** and the **HughesLittle Balanced Fund** was as follows:

	Value Fund <i>(non-RSP)</i>	Balanced Fund <i>(RSP)</i>
Unit Price - September 30 th , 2013	\$ 16.94	\$12.91
Unit Price - December 31 st , 2012	\$ 14.76	\$11.45
Distributions Paid Per Unit Since Inception	\$ 1.34	\$ 3.93
 Nine Months	 14.8 %	 12.8 %
 Annualized Return Since Inception	 8.1 %	 8.2 %
Annualized Return S&P/TSX	6.0 %	5.2 %
Annualized Return S&P 500 CDN\$	4.3 %	4.4 %
Annualized Return 50/50 Benchmark	5.2 %	4.8 %

Notes:

- *HughesLittle performance results are in Canadian dollars and are after all fees and expenses.*
- *HughesLittle Value Fund commenced operations June 30, 2005.*
- *HughesLittle Balanced Fund commenced operations August 31, 2005.*
- *S&P/TSX and S&P 500 are total return in Canadian dollars.*
- *Benchmark is 50% S&P TSX total return and 50% S&P 500 total return in Canadian dollars.*
- *Past performance is not a guarantee of future performance.*

Share prices go up...and down. This year, more are up than down. That won't always be the case. Nevertheless, fluctuating share prices are an inevitable part of the environment in which we operate every day, quarter, and year. Over the past 21 years, we have owned many companies whose share prices fell in a single year by 30 percent and more. On the plus side, we've also enjoyed a few doubles and triples over short periods.

Even though we are buy-and-hold investors, how we think about and behave towards short-term share price movements is critical to our long-term returns - ranking second to owning the right companies. Below, are a few of our thoughts on this important topic.

Firstly, we expect share prices to bounce up and down. Market prices of common stocks are influenced by a tangled web of conflicting factors day-to-day, year-to-year. Some of these factors are rational, some irrational. This web constitutes 'the market.' And it is made up of the views and emotions of thousands of short-term traders and long-term investors, as well as the growing impact of computer generated trading programs. Each trader or investor has a positive or negative view of a stock, as well as, their own time horizon. They differ from each other, often differ from fundamental reality, and they surely differ from us.

In practice, we try to ignore daily changes of stock prices. On most days, the stock market's gyrations are "a sideshow of a sideshow."¹ We never buy shares because the price is up or sell because the price is down. The market quote of a company's shares is only there for our convenience. If prices do fluctuate, we try to be opportunistic: buy wisely when prices fall, sell wisely when prices rise. The obvious example is investing in companies we know and like at prices that are low enough to represent a discount to the company's intrinsic value.

Over the past three months common stock prices have been quite volatile. As such, we took advantage of some lower prices and invested in the shares of several existing holdings.

Portfolio Review

Both Funds have grown in size this year due to market value gains and new money invested. The Value Fund now has assets of about \$67 million and the Balanced Fund \$36 million.

During the third quarter the Funds invested in five existing positions. The Funds also made a partial sale of one holding.

We include a full list of the quarter's buy and sell activity in the attached Investment Review.

¹ The original quote was from British Army General Murray on the Arab Revolt in WWI. It's also a good metaphor for the stock market: "It's a storm in a tea cup. If you want my own opinion, this whole theater of operations is a sideshow! The real war's not being fought against the Turks, but the Germans. And not here, but on the Western front in the trenches! Your Bedouin Army - or whatever it calls itself - would be a sideshow OF a sideshow!"

As of September 30th, the Value Fund is 92 percent invested in 18 companies. The Fund owns eight Canadian companies, six U.S. based companies, and four holdings based outside of North America. The Value Fund's top ten positions make-up 70 percent of the Fund's assets.

The Balanced Fund is 85 percent invested in the common shares of seven Canadian companies, six U.S. companies, and five companies based outside of North America. The Balanced Fund's top ten positions make-up 62 percent of the Fund's assets.

2013 Distribution

The distribution per unit for the HughesLittle Value Fund is estimated to be \$0.27 cents per unit; \$0.11 cents per unit being the capital gains portion.

If you would like to receive your distribution in cash please let us know by mail, email or fax by December 15th.

The distribution for the HughesLittle Balanced Fund is non-taxable for unit holders.

Miscellaneous

Enclosed with this report for clients are:

1. The 2013 Third Quarter Investment Review
2. Your Client Statement.

Kind Regards,

Joe Little
October 9th, 2013

Mark Hughes