

FIRST QUARTER REPORT March 31st, 2016

Performance

To March 31st, 2016 the performance of the **HughesLittle Value Fund** and the **HughesLittle Balanced Fund** was as follows:

	Value Fund	Balanced Fund <i>(Registered)</i>
Unit Price - March 31 st , 2016	\$ 24.04	\$ 15.52
Unit Price - December 31 st , 2015	\$ 24.59	\$ 15.82
Distributions Paid Per Unit Since Inception	\$ 2.31	\$ 6.30
Three Months	- 2.2 %	- 1.9 %
Annualized Return Since Inception	10.2 %	9.8 %

See attached Performance Summary for additional performance results.

We've had a good start to the year. All of our companies reported decent-to-excellent 2015 results. And our companies' underlying fundamentals and growth prospects point to favourable risk/return potential.

Our companies' fundamentals continue to be quite stable. This stability gives us confidence in our estimates of our companies' intrinsic values. So as market prices swooned in January and February we took advantage of steeper discounts of price-to-value and bought additional shares of many of our holdings.

This idea of 'certainty of value' is one of the reasons why so many financial firms went bust in 2008/2009. Looking back, a large portion of the financial assets owned by many firms were new, untested, and complex. Many people, including those in finance, didn't even know the proper names of these assets, only their acronyms: MBS, ABS, CDO, CLO, CDS, etc...

So in 2008, when prices of these assets started to fall from 100 cents on the dollar to 90 cents then to 80 cents, few, very few people knew what these assets were actually worth. Fear, fueled by uncertainty, set prices; 15 cents on the dollar was as plausible as 75 cents on the dollar.

The companies we own tend to be simpler, less esoteric, easier to understand, and easier to value. Our companies have history, they've been tested. We own companies that lend themselves to be valued. So we have confidence that a dollar's worth of our companies' shares are worth a dollar, or thereabouts.

In practice, the more you know the worth of your assets the more rational you can be when prices gyrate. So when share prices fall, as they frequently do, you have some sense of whether you are looking at opportunity or oblivion? And over time, price volatility will help your returns, not hurt them.

Portfolio Review

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

As of March 31st, the Value Fund was 96 percent invested in the common shares of three Canadian companies, eight U.S. based companies, and five holdings based outside of North America. The Value Fund's top 10 positions make-up 80 percent of the Fund's assets.

The Balanced Fund is 80 percent invested in the common shares of three Canadian companies, six U.S. companies, and six companies based outside of North America. The Balanced Fund's top 10 positions make-up 67 percent of the Fund's assets.

We recently sold our shares in *The Hershey Company*. Both Funds made a small profit of less than 10 cents per unit. Although Hershey has a strong position in North America, management has been less than forthright on how much shareholder capital they have wasted trying to buy their way into foreign markets and new product categories. We have better options. We reinvested the proceeds in other existing holdings.

Miscellaneous

Enclosed with this report for clients are:

1. A Final Note on 2015
2. The First Quarter 2016 Investment Review
3. Performance Summary
4. Your Client Statement

Kind Regards,

Joe Little
April 10th, 2016

Mark Hughes

A Final Note on 2015

Subsequent to mailing out the Funds' 2015 Annual Report we received the *RBC Investor Services Pooled Fund Performance Survey*. This survey measures the performance of 87 Canadian Balanced Pooled Funds, including the *HughesLittle Balanced Fund*. Most of Canada's investment firms are represented.

At the risk of hexing ourselves, here are the survey results for the *HughesLittle Balanced Fund* to December 31st, 2015:¹

Period	Annual Return	Rank	Value of an Initial \$500,000 Investment
Three-Months	7.1 %	1	\$535,500
One-Year	16.7 %	1	\$583,500
Two-Years	15.0 %	1	\$661,250
Three-Years	18.8 %	1	\$838,338
Five-Years	17.3 %	1	\$1,110,350
Ten-Years	11.9 %	1	\$1,539,114

Rolling Four-Year Periods to the End of:

2015	18.4 %	1	\$982,600
2014	17.4 %	1	\$949,822
2013	16.0 %	1	\$905,320
2012	16.7 %	1	\$927,371

The ranking appeals to our competitive spirits, but by far, the double-digit returns are more gratifying. In fact, it is a certainty that we will not continue our 'clean-sweep' of all measurement periods. That has never been our goal anyways.

Our goal is double-digit returns.

That ten-year number is a good start, but we hope your real gains are yet to come: (again, using an initial investment of \$500,000)

Twenty-Years	10 %	\$3,363,750
Thirty-Years	10 %	\$8,724,701
Forty-Years	10 %	\$22,629,628

¹ Returns are measured and presented in the survey 'pre-fees.' All multi-year returns are annualized.