

**MID-YEAR REPORT**  
**June 30<sup>th</sup>, 2019**  
*(Potential Clients)*

This report is intended for people interested in making an initial investment in either the **HughesLittle Value Fund** or the **HughesLittle Balanced Fund**. It contains information you should understand when assessing making an investment with us. Reports from previous quarters can be found on our web site.

If you do not wish to receive these reports or have any questions, call us at 1 877 696 9799.

**Performance**

To June 30<sup>th</sup>, 2019 the change in unit prices of the **HughesLittle Value Fund** and **HughesLittle Balanced Fund** were as follows:

	<b>Value Fund</b> <i>(non-RSP)</i>	<b>Balanced Fund</b> <i>(RSP)</i>
Unit Price - June 30 <sup>th</sup> , 2019	<b>\$ 40.64</b>	<b>\$ 21.14</b>
Unit Price - December 31 <sup>st</sup> , 2018	\$ 35.13	\$ 18.91
Distributions Paid Per Unit Since Inception	\$ 2.48	\$ 8.67
<b>Six Months</b>	<b>15.7 %</b>	<b>11.8 %</b>
<b>Annualized Return Since Inception<sup>1</sup></b>	<b>11.9 %</b>	<b>10.8 %</b>

*See attached Performance Summary for additional performance results.*

---

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

## **Commentary**

2019 has been productive beyond what our results show. Most of our companies continue to make progress in increasing their underlying or intrinsic values. This was evident in several announcements of new business developments as well as higher financial results. In addition, both Funds made significant investments in several existing holdings as well as two new positions. One of the new companies is involved in consumer services/information and the other consumer products/services. Both are large companies we have studied for a long time, that recently experienced share price declines to levels that merit purchase.

Currently, the Funds own several positions with share prices that offer a favourable risk/reward proposition. Both Funds are fully invested.

## **Minimum Initial Investment for New Clients**

As of July 1<sup>st</sup>, 2019 the minimum initial investment for a new investor in either Fund is \$500,000. New clients must also qualify as an “accredited investor.” An accredited investor is defined by Securities Regulators as someone who has:

- Minimum financial assets of \$1 million,<sup>2</sup> or
- Personal annual income of \$200,000 or more, or
- A household income of \$300,000 or more.

## **Portfolio Review**

As of June 30<sup>th</sup>, 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 88 percent of the Fund’s assets.

The Balanced Fund is 82 percent invested in the common shares of four Canadian companies, eight U.S. companies, and three companies based in other countries. The Balanced Fund’s top ten positions make up 71 percent of the Fund’s assets. At quarter-end the Balanced Fund had 18 percent of its assets in cash and investment grade bonds.

---

<sup>2</sup> An individual’s ‘primary residence’ cannot be used as part of the \$1 million.

## Fund Expenses

The 2013 to 2019 Management Expense Ratio (MER) for each Fund was as follows:

	2019*	2018	2017	2016	2015	2014	2013
HughesLittle Value Fund	1.17%	1.15%	1.15%	1.16%	1.17%	1.18%	1.23%
HughesLittle Balanced Fund	1.21%	1.21%	1.23%	1.23%	1.24%	1.25%	1.33%

*\*Note: 2019 is an estimate based on the MER incurred for the first six-months of the year.*

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. The MER is a percentage of the average assets in the Funds over one year. Lower is better.

## Miscellaneous

If you are planning on making an investment in either HughesLittle Fund, call us and we will assist you with the application and transfer documents. Our toll-free number is: **1 877 696 9799**

Regards,

Joe Little

July 9<sup>th</sup>, 2019

Mark Hughes

Shafaz Jivani