

ANNUAL REPORT

December 31st, 2020

2020 Performance

To December 31st, 2020 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>
Post-Distribution Unit Price	\$ 47.37	\$ 21.02
2020 Distribution	\$ 1.83	\$ 0.93
Pre-Distribution Unit Price	\$ 49.20	\$ 21.95
Unit Price on December 31 st , 2019	\$ 43.36	\$ 19.69
Total Distributions since Inception	\$ 5.05	\$ 12.28
One Year Return	13.5 %	11.5 %
Annualized Return since Inception¹	12.2 %	10.9 %

See attached Performance Summary for additional performance results.

2020 Year-End Commentary

2020 was difficult beyond words. The impact of Covid-19 on so many people, their jobs, their businesses and dreams, is unfathomable. Walking the streets of Vancouver, one experiences a wide range of emotions. It is sad to see so many businesses shuttered, yet inspiring to see others adapting. We felt the need to say something, because the scope of this letter does not acknowledge so many real tragedies all around us.

Our experience in 2020 was a valuable reminder what we really do, and why. We don't invest in stock markets and our results are not ultimately decided by the short-term fickleness of stock

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

prices. Stock markets only provide a conduit to what we really do: invest in operating companies.

The reasons *why* we invest in operating companies often gets lost in what's happening in the moment. Operating companies - the best ones anyway - are living, breathing, changing organizations run by capable, honest people. Every year, economic conditions or the GOP, or pandemics or something else, disrupts and challenges us. Yet businesses keep moving forward; innovating, investing and selling more of their products and services in creative ways.

There has been no better example of this than during 2020. Covid-19 caused unprecedented disruption that touched every country, government, business and person. In spite of this, we witnessed impressive achievements at many of our portfolio companies that will enhance these business's value for years to come.

This discussion points to *why* we invest - and stay invested - in operating companies regardless of what else is happening in the world. Investing in operating companies allows us to participate financially, in some of the world's greatest innovations.

Our 'stay invested' approach means that we will periodically bear the sting of recurring downswings in share prices, such as the 25 percent drop early last year. It's worth it. Trying to jump out of the way of share price declines means we'd have to cash-out of, and abandon, the most important reasons we invest. Not surprisingly, our biggest gains last year came from positions we didn't touch, but held for the entire year.

2020 Investment Review

As of December 31st, the Value Fund was 97 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 85 percent of the Fund's assets.

The Balanced Fund is 80 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 72 percent of the Fund's assets. At year-end, the Balanced Fund had 20 percent of its assets in cash and investment grade bonds.

Great Canadian Gaming Corp.

On December 23rd, Great Canadian's shareholders voted 'yes' to a buyout offer from a New York based investment firm. The planned closing date is in the second quarter and if the deal is completed, all shareholders will receive \$45 per share. The Funds have owned Great Canadian shares for 12 years and have earned an annual return of approximately 14 percent.

Had we predicted a final outcome for this investment a year ago, we would have said a buyout is possible, but a price of \$45 is improbable. We would have expected much higher.

Then Covid hit, the world changed...and so did we.

Essentially, the pandemic has introduced scenarios for Great Canadian that we had not previously contemplated in our analysis. Some of those scenarios are laden with risks we'd prefer to avoid. \$45 a share in cash is a good outcome for us.

Fund Expenses

The 2014 to 2020 Management Expense Ratio (MER) for each Fund was as follows:

	2020	2019	2018	2017	2016	2015	2014
HughesLittle Value Fund	1.13 %	1.16 %	1.15%	1.15%	1.16%	1.17%	1.18%
HughesLittle Balanced Fund	1.20 %	1.20 %	1.21%	1.23%	1.23%	1.25%	1.25%

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. Details of these expenses are disclosed in the Funds' year-end financial statements.

The MER is expressed as a percentage of the average assets within each Fund over the entire year. The performance results reported to you have the Fund expenses already deducted.

If you have any questions or comments, we welcome your calls at 1-877-696-9799.

Kind Regards,

Joe Little

Joe Little

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Mark Hughes

Shafaz Jivani

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