FIRST QUARTER REPORT
March 31st, 2012

Performance

To March 31st, 2012 the performance of the **HughesLittle Value Fund** and the **HughesLittle Balanced Fund** was as follows:

	Value Fund *(non-RSP)*	**Balanced Fund** (*RSP*)
Unit Price – March 31, 2012	$13.80	$11.00
Unit Price – December 31, 2011	$12.58	$10.13
Distributions Paid Per Unit Since Inception	$ 1.29	$ 3.63
First Quarter	**9.7 %**	**8.6 %**
Since Inception	**6.7 %**	**7.1 %**
Since Inception – Benchmark	3.9 %	3.4 %

- 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
- Benchmark is 50% S&P TSX total return and 50% S&P 500 total return in Canadian dollars

Justin Cartwright's novel "Other People's Money" tells the story of Tubal & Company, a bank that served wealthy European families since 1671. For more than 300 years Tubal & Company safe-guarded deposits and lent money - *steady, boring, and profitable*. For eleven generations of Tubals, banking was about "dealing with things you understand and people you know." The twelfth generation had other plans, "there's money to be made in collateralized debt and hedge funds." And then the 2008 financial meltdown hit. Losses mounted, cover ups ensued, lives ruined, and the bank...we won't spoil the ending. Fiction?

Sticking to what you know. It's a nice moral to Cartwright's novel; it is also a reminder we never tire of. It keeps us from making too many really big mistakes...the ones you never recover from. We didn't understand 'tech' companies in the late 1990s; we missed the run-up in tech share prices, but avoided the disastrous fallout when the bubble burst. We avoid most banking related companies for the same reason - too complicated. In this case ignorance is bliss. The impact of the 2008 financial meltdown decimated short and long-term bank sector shareholder returns: The MSCI Banking Index annual returns for five and ten years is -14.5 percent and -2.4 percent respectively.

Staying within ones' comfort zone also means we have – and will continue to - miss seemingly obvious opportunities. Downtrodden banks shares for instance, will at some point move up – without us. Apple Inc., whose share price has run up from $100 a share in early 2009 to $625 today, also comes to mind. Having said that, we avoided owning Research in Motion (its share price has recently fallen 80 percent) for the same reasons we do not own Apple: The technological change in both companies' markets is highly unpredictable and their industry is intensely competitive.

We are prepared to forgo opportunities outside our 'comfort zone' because we believe there are plenty of investment opportunities inside it in which we will do just fine. This has proven to be the case in the past and we expect the future to be no different.

Our opportunity set includes, amongst others, dozens of consumer products and services companies. From that list we have, for years, invested in both tobacco and beverage companies. Through all economic environments these companies have produced steady operational results and excellent shareholder returns. Right through the recession in 2008/2009 for instance, most tobacco and beverage companies' results hardly skipped a beat. These stable operating results partially account for their superior share price performance for the four years from 2008 to 2011: the tobacco/beverage sector was up 50 percent versus the S&P 500's loss of 12 percent.

The tobacco and beverage sector's longer-term record is equally impressive. For the past ten years for instance, internationally focused tobacco and beverage companies have delivered mid-teens annual returns versus about flat for the S&P 500.

In this quarter's Investment review we discuss some of the reasons why we think companies in sectors like tobacco and beverages have and will continue to out-perform many other industries.

Portfolio Review

In terms of activity this quarter, we mostly held firm on our major positions. The fundamentals and prices of our holdings continue to be favourable. We did trim one outsized position, added to one existing position, and the Value Fund added one small position.

During the first quarter a takeover offer was made for one of the Value Fund's smaller holdings: Midway Energy. The offer was made by Calgary based Whitecap Resources and will include a combination of shares and cash. Whitecap has an excellent track record building value per share with its oil assets and seems to have good prospects.

We incur certain risks investing in oil and gas production companies that we do not with consumer products companies. Drilling for oil as an example comes with no guarantee of success; some dry holes are inevitable. As such, we only take small positions in production companies where the risk/return proposition looks to be in our favour. We look for an exceptional management track record and try to buy at a steep share price-to-intrinsic value discount.

We've done well with Midway, we've owned its shares for several years and have earned about a 300 percent return. Not all of our oil and gas investments have worked out this well, so Midway is a nice offset.

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 is 90 percent invested in 17 companies. The Fund owns eight Canadian companies, four U.S. companies, and five holdings based outside of North America. The Value Fund's top five positions make-up 48 percent of the Fund's assets.

The Balanced Fund is 85 percent invested in the common shares of six Canadian companies, four U.S. companies, and five companies based outside of North America. The Balanced Fund's top five positions make-up 41 percent of the Fund's assets.

Miscellaneous

Enclosed with this report for clients are:

1. The First Quarter 2012 Investment Review
2. Your client Statement.

On your quarterly client statement we are now reporting your account's performance on an 'annualized' basis. This means that the "rate of return since the inception of your account" is now reported as a compound annual return. For accounts opened less than one year, your reported return is the same as a 'simple return.'

The methodology we use to calculate rates of return is the method required by the CFA Institute; a private, governing body for portfolio managers.

If you have any questions about our rate of return calculations do not hesitate to contact Mark; he will happily give you far more information than you will likely ever need about 'time weighted versus asset weighted returns.'

Kind Regards,

Joe Little Mark Hughes

April 10, 2012