2006 Annual Report

December 31st, 2006

Performance

To December 31st, 2006 the performance of the **HughesLittle Value Fund** and **HughesLittle Balanced Fund** was as follows:

	Value Fund *(Non-RSP)*	**Balanced Fund** *(RSP)*
Pre-Distribution Unit Price	$12.00	$11.78
2006 Distribution	$ 0.30	$ 0.63
Post-Distribution Unit Price	$11.70	$11.15
One Year	+19.6 %	+18.6 %
Return since Inception	+20.2 %	+18.2 %

Notes: The Value Fund commenced operations June 30th, 2005 at a unit value of $10.00
The Balanced Fund commenced operations August 31st, 2005 at a unit value of $10.00
Performance results are net of investment management fees and Fund expenses.

2006 was a good year. Not due solely to our unit price gains, more so because we think we've found more than a few good long-term investments. Over the year we invested in several new operating companies and added to most of our existing positions when prices made sense. The attached "Investment Review" section lists the new companies we've invested in.

It was also a good year because our companies *stayed-their-course*. We have ample evidence our companies' competitive positions continue to strengthen. Furthermore, most of our companies seemingly have years of natural, high return reinvestment opportunities for their profits. As a result, the earning power of our holdings is solid and growing.

Gains in our unit prices were to some degree elevated by rising North American stock markets. Tides raise and lower all boats. The Canadian S&P/TSX Composite Index rose by 17 percent and the U.S. S&P 500 Index rose by 15 percent in 2006.

Our investments are so far performing well. In any given year there are however, many good one-year performance records. Mistakes often take time to surface. Five years is a better test as to whether our investment decisions are adding value or not.

Portfolio Review

	Value Fund *(Non-RSP)*	Balanced Fund *(RSP)*
By Asset Class		
Canadian Equities	25 %	22 %
Canadian Business Trusts	18 %	22 %
U.S. Equities	25 %	35 %
Foreign Equities	4 %	4 %
Canadian Fixed Income	28 %	17 %
By Industry		
Business Services	26 %	24 %
Oil & Gas	11 %	12 %
Consumer Products	15 %	23 %
Consumer Services	18 %	22 %
Computer Software	2 %	2 %
Canadian Fixed Income	28 %	17 %

The charts above shows that the Value Fund and the Balanced Fund are 70 percent and 80 percent invested in operating companies, respectively. The remaining assets are invested in short-term Canadian fixed income securities. The difference in asset mix between the two Funds is the result of an influx of cash into the Value Fund in the fourth quarter.

At year-end the Value Fund owned shares or units in 17 companies and the Balanced Fund in 16 companies. More specifically, the Funds own four business trusts, one private oil exploration company, and the rest are publicly traded common stocks. Both Funds' five largest holdings comprise about 40 percent of each Fund's assets.

We increased our investments in business trusts following the October 31st announcement of the new Federal tax on public income trust distributions starting in 2011. All else being equal, we estimate that the new tax lowered the economic value of all income trusts by 15 to 20 percent. Subsequent to the announcement, the market prices of three of our business trusts' units fell by more than 20 percent. We took advantage of the lower unit prices and purchased more units in these three business trusts.

The decline and subsequent recovery of the unit prices of the Fund's business trusts have so far generated higher gains on our trusts since October 31st than prior to that date. Our small asset size allowed us to acquire meaningful blocks of units in these smaller companies at bargain prices.

Although we are obviously not thrilled about anything that lops-off 20 percent of the value of any of our companies, the tax change is not catastrophic. All of our investments are based on the strength of their underlying businesses, management, and attractive market values - not tax structure. The enclosed "Investment Review" discusses two of our business trust holdings.

Annual Distribution

The Funds distribute their net income and realized capital gains to unit holders annually. The Funds do this so the Funds themselves do not pay tax.

This year's distributions are 30 cents per unit for the Value Fund and 63 cents per unit for the Balanced Fund. Distributions are automatically reinvested in additional units of the Funds for each unit holder.

Unit holders in the Value Fund will receive a confirmation of their distribution over the next few weeks. Value fund unit holders will also receive on or before February 28th, 2007 a T3 Supplementary. Both the confirmation statement and the T3 Supplementary give a breakdown of the types of income that made up the distribution. The T3 Supplementary form is necessary for income tax purposes.

Unit holders in the Balanced Fund will not be sent a T3 Supplementary because the distribution is non-taxable for RRSPs and RRIFs.

Fund Expenses

The 2005 and the expected 2006 Management Expense Ratios (MER's) for the funds are as follows:

	2006	2005
HughesLittle Value Fund	1.6 %	2.0 %
HughesLittle Balanced Fund	1.4 %	1.7 %

The MER reflects all expenses charged to the Fund throughout the year. These expenses include: investment management fees, audit, trustee, custodian, administration, and GST. Details of these expenses are disclosed in the Fund's year-end financial statements.

The MER is expressed as a percentage of the average assets within each Fund over an entire year. The performance results we report to you are *after* deducting these fund expenses. We expect the MER will decline as the Fund's assets grow.

We estimate 2007's MER will be 1.4 percent for the Value Fund and 1.3 percent for the Balanced Fund. We will update this estimate at mid-year.

Financial Statements

The Fund's auditors, Berris Mangan Chartered Accountants, will send audited Financial Statements for each Fund separately to all clients no later than March 31st, 2007. The audited financial statements include a complete list of each Fund's portfolio investments as of December 31st, 2006.

2007

Our emphasis this year will be the same as last year. On the investment side furthering our research is always our top priority. We are constantly learning more about what drives the value of our companies as well as looking for new opportunities.

We fully realize and appreciate that you have entrusted us with your financial assets. As such, we will continue to do our best to take proper care in the work we do for you. With our money invested along side yours, we continue to work hard to achieve our long-term investment goals.

We wish all of you the best in your various endeavours over the coming year. Please do not hesitate to contact either of us if you have any questions or comments.

Kind Regards,

Joe Little Mark Hughes

January 16th, 2007