ANNUAL REPORT
December 31st, 2009

Performance

To December 31st, 2009 the performance of the **HughesLittle Value Fund** and the **HughesLittle Balanced Fund** was as follows:

	Value Fund *(non-RSP)*	**Balanced Fund** *(RSP)*
Pre-Distribution Unit Price	$10.75	$10.13
2009 Distribution	$ 0.07	$ 0.49
Post-Distribution Unit Price	$10.68	$ 9.64
Distributions Since Inception	$ 1.23	$ 2.45
One Year	34.5 %	28.6 %
Annualized Return Since Inception	4.0 %	4.7 %
Annualized Return S&P/TSX	6.7 %	5.1 %
Annualized Return S&P 500 CDN$	- 2.8 %	- 2.8 %

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 $10.00
Performance results are net of investment management fees and Fund expenses.
Index returns correspond to Fund inception dates. S&P 500 Index return is converted to Cdn$.

Investment results should be judged in years not months. So we'll call 2009 for what it was: progress. No more, no less. We are making good progress towards restoring good longer-term performance numbers. We are working hard to get all unitholders to multi-year double digit annual returns.

Common stock prices hit a low point in March. In retrospect, March prices had very little fundamental basis. Rather, stock prices reflected massive forced selling by funds and widespread panic selling generally. So although our unit prices are up over 50 percent from March there are still large price-to-value discounts in most of our share prices. We expect these price-to-value gaps to narrow even further in time.

2005 to 2009 Performance

In previous reports we've shared with you a performance comparison of Canadian Balanced Pooled Funds conducted by API Asset Performance Inc. For the *four years* to December 31st, 2009 the HughesLittle Balanced Fund was the top performing fund in this group of 70 funds.

We are of two-minds of this achievement. On the one hand it is nice to have beaten our competitors over the past four years. Relative performance however is not our sole objective and of little consolation to those clients who have not achieved satisfactory results so far. The HughesLittle Balanced Fund's four year return is about five percent – half our longer-term objective for annual returns.

To be fair, 2005 to 2009 is a short time frame that encompasses the worst recession in 70 years and stock markets that fell 60 percent from the fall of 2007 to March of 2009. In that context, our results are decent. Having said that, we know we have a ways-to-go.

Business Risk versus Investment Risk

Throughout the final months of 2008 and early in 2009, most major economies and credit markets appeared to be moving towards a 'proverbial cliff.' Many once prominent businesses went bust. Few had answers to what was happening. Fewer knew what was yet to happen. Fundamental 'business risk' was perceived to be very high. Stock and bond prices plummeted in response.

Through that period most of our businesses did just fine. Operationally, the 'business risk' of our portfolio companies - the risk of going bust or anything close – changed little. Falling share prices however lowered the 'investment risk' of our portfolio.

Investment risk differs from business risk. Investment risk measures the risk of losing money on an investment. All else being equal, investment risk rises and falls along with share prices.

So when stock prices were falling in late 2008 and early 2009, and the risk to our investments felt like it was rising, the reality was, actually the reverse. Almost any company we looked at became available for purchase at *can't lose* prices. In other words, stock prices, save for companies that were actually going broke, will only go so low. We went 'all-in' and remained fully invested. We are confident that many of our 'buys' this year will prove to be some of our best.

Going into 2010 economies and credit markets seem to be farther away from any 'cliffs.' Overall business risk is lower. Investors are breathing again. But - with stock prices up over 50 percent over the past several months, 'investment risk' is actually rising. Our margin or error is shrinking. Meaning, we are being that much more critical towards all our assumptions that go into valuing our portfolio companies.

So although we own several companies still priced for extraordinary returns, we have trimmed a few positions that are more fully valued. The combined cash and bond weightings in both Funds ended the year at a high point. Details below.

Portfolio Review	Value Fund *(Non-RSP)*	Balanced Fund *(RSP)*
By Asset Class		
Canadian Equities	35 %	26 %
Canadian Income Trusts	5 %	5 %
U.S. Equities	30 %	27 %
Foreign Equities	20 %	20 %
Canadian Fixed Income	10 %	22 %
By Industry		
Business Services	11 %	10 %
Consumer Products	21 %	21 %
Financial Services	18 %	17 %
Agriculture	12 %	8 %
Oil & Gas	9 %	9 %
Consumer Services	19 %	13 %
Canadian Fixed Income	10 %	22 %

During the fourth quarter the Value Fund invested in one new energy services company. The Balanced Fund invested in three new energy services companies and added money to one existing holding. Both Funds now own the same three energy services companies.

The Value Fund made partial sales in four holdings, the Balanced Fund in five.

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

As of December 31st, the Value Fund is 90 percent invested in operating companies. The Fund owns 10 Canadian companies (including one business trust), four U.S. companies, and six holdings based outside of North America. The Value Funds' top five positions make up 48 percent of the Funds' assets.

The Balanced Fund is 78 percent invested in the common shares or units of nine Canadian companies (including one business trust), four U.S. companies, and six companies based outside of North America. The Balanced Funds' top five positions make up 39 percent of the Funds' assets.

The deviation in holdings between the two Funds is caused by differing net cash inflows into the Value Fund versus the Balanced Fund. Over time, we try to have the same holdings in each Fund.

2009 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.

Distributions for 2009 are seven cents per unit for the Value Fund and 49 cents per unit for the Balanced Fund. The Value Funds' distribution is dividend income only, no taxable capital gains. Distributions are automatically reinvested in additional units of the Funds for each unit holder (unless we are instructed otherwise for Value Fund unit holders only).

Enclosed for unit holders of both Funds is a confirmation of your distribution. Value Fund unit holders will also receive on or before February 28th, 2010 a T3 Supplementary. Both the Value Fund 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 are not sent a T3 Supplementary because the distribution is non-taxable for RRSPs, registered plans, and RRIFs.

Fund Expenses

The 2005 to 2009 Management Expense Ratios (MER's) for the funds were as follows:

	2009	2008	2007	2006	2005
HughesLittle Value Fund	1.33%	1.28%	1.30%	1.61%	2.04%
HughesLittle Balanced Fund	1.41%	1.36%	1.36%	1.40%	1.70%

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 the entire year. The increase in last year's MER's partially reflects lower market values of the Fund's assets in early 2009. The performance results we report to you are after deducting these fund expenses. We expect the MER's to decline as the Fund's assets grow.

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, 2010. The audited financial statements include a complete list of each Fund's portfolio investments as of December 31st, 2009.

2010

One goal every year for every investor should be fewer mistakes. Exclude our mistakes and our record looks brilliant. That's obviously not reality and it will never be. As hard as we try to avoid mistakes, picking a few losers is an inevitable part of finding winners. The only certain road to success is to fail along the way, so it seems. Perhaps an Olympic metaphor would be more to the point: only by delivering a few stones long, past the *hack line*, or short of the *house*, can the *skip* figure out how to hit the *centre tee* from the *hog line*. Go Canada!

We fully realize and appreciate that you have entrusted us with your financial assets. We continue to do our best to take proper care in the work we do for you. With our money invested along side yours, we are working hard to achieve much improved results.

If you have any questions or comments we welcome your calls or visits.

Regards;

Joe Little Mark Hughes

January 11th, 2010

The Impact of the Olympics

Investments in the Funds

The Olympics run from February 12th to the 28th. We do not know to what extent the games will impact our business operations. To be safe, those making RSP contributions to the Balanced Fund or investments in the Value Fund in the first 60 days of 2010, we encourage you to send in your cheques well before the February 15th valuation.

RSP contributions are made payable to **"Canadian Western Trust."**

Investments in the Value Fund are made payable to **"RBC Dexia Investor Services."**

Contact Information:

We don't know to what extent, if any, there will be restricted access to our downtown Vancouver offices. Just in case, here are our mobile telephone numbers:

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