ANNUAL REPORT
December 31st, 2011

Performance

To December 31st, 2011 the performance of the **HughesLittle Value Fund** and the **HughesLittle Balanced Fund** was as follows:

	HughesLittle Value Fund	**HughesLittle Balanced Fund**	**S&P/TSX Composite**	**S&P 500**
One Year	**13.4%**	**11.4%**	- 8.7%	4.4%
Three years	**16.8%**	**15.1%**	13.2%	7.5%
Inception – Value Fund	**5.5%**	Na	5.7%	0.1%
Inception – Balanced Fund	Na	**6.0%**	4.6%	0.1%
Inception – Benchmark 50/50	2.9%	2.4%	Na	Na

One Year results to December 31st:

	2011	**2010**	**2009**	**2008**	**2007**	**2006**
HughesLittle Value Fund	**13.4%**	**4.4%**	**34.5%**	**-27.6%**	**1.8%**	**19.6%**
HughesLittle Balanced Fund	**11.4%**	**6.4%**	**28.6%**	**-23.5%**	**5.3%**	**18.6%**
S&P/TSX Composite	-8.7%	17.6%	35.1%	-33.0%	9.8%	17.3%
S&P 500	4.4%	9.3%	8.7%	-22.6%	-10.3%	16.0%
Benchmark 50/50	-2.1%	13.5%	21.9%	-26.8%	-0.2%	16.6%

- HughesLittle Value Fund’s inception was June 30, 2005
- HughesLittle Balanced Fund’s inception was August 31, 2005
- S&P/TSX and S&P 500 are total return in Canadian dollars
- Benchmark is 50% S&P TSX total return and 50% S&P 500 total return in Canadian dollars
- HughesLittle performance results are after all fees and expenses

Performance

2011 was a good year. In categories that to us, matter, we were satisfied with last year's performance:

Company Results

The vast majority of our portfolio companies continue to possess solid fundamentals and strong competitive strengths. Balance sheets are healthy. Our companies delivered good to very good gains in revenues and profits. And returns on capital employed are well above the average business. Our companies continue to deliver good results despite generally sluggish economic conditions in the United States and throughout much of Europe.

Absolute Performance

Our long-term investment performance objective continues to be 10 to 12 percent per year. We are pleased with any year we hit that mark. To be clear though, it is the long-term 'compound average return' that matters to us most. Our six year number is still short of our objective. Based on 20 years' experience, our assessment of our companies' prospects, and the inherent value in their current shares prices, we are confident we will achieve it.

Relative Performance

Both Funds' performance exceeded all major stock indices last year. In addition to the indices reported above, the MSCI All World Share Index also lost three percent in 2011. We expect to outperform these indices in most, but not all years. As well, we don't expect our 'long-term margin of outperformance' to be as wide as in 2011.

The performance of The HughesLittle Balanced Fund is independently measured amongst 82 Canadian 'Balanced' Funds.[1] The HughesLittle Balanced Fund currently ranks first in this category for its results in 2011, fifth over the past two years, and seventh over the past four years. Our Fund has received the top 'one-year' performance award twice (2006 and 2011) since the inception of HughesLittle Investment Management Ltd.

Manager Performance

'Bravado' of any kind has no place in the business of investment management. Good or bad year, first or last place, we favor a mix of self-efficacy, curiosity, paranoia, and alertness.

[1] The HughesLittle Balanced Fund is measured in The API Institutional Balanced Fund Survey. API measures periods of one year, two years and four years only.

Looking back on the year however we did a couple of things that so far, don't appear to be entirely foolhardy. Firstly, some of our best performing stocks in 2011 were laggards in 2010 – but we held onto them, purchased more shares at opportune prices, and as a result we've been well rewarded. Our biggest position for instance was down 20 percent in 2010 but up 50 percent last year. Over the past three years, it's up 60 percent

The cash we carried in the Funds (particularly the Value Fund) into the last half of the year was mostly invested in three days in August when many share prices hit low points for the year. The prices we paid had a low risk-of-loss and provided excellent returns to the end of the year.

We've had some 'stinkers' as well. Meaning, more than a few of our positions were down in price last year, some by more than 20 percent. The financial results and fundamentals of these companies however were anything but foul. The 'intrinsic values' of these businesses continue to grow and consequently we have been buying more shares.

The turnover of positions in the Value Fund continues to be low. 2011 is the Value Fund's fourth year in a row without a distribution of realized capital gains. As such, the gap between pre-tax and after-tax returns for Value Fund unit holders continues to be narrow.

Portfolio Review	Value Fund (Non-RSP)	Balanced Fund (RSP)
By Asset Class		
Canadian Equities	33 %	27 %
U.S. Equities	38 %	31 %
Foreign Equities	28 %	25 %
Canadian Fixed Income	1 %	17 %
By Industry		
Business Services	11 %	11 %
Consumer Products	23 %	20 %
Financial Services	31 %	24 %
Agriculture	6 %	5 %
Oil & Gas	13 %	11 %
Consumer Services	15 %	12 %
Canadian Fixed Income	1 %	17 %

During the fourth quarter The Value Fund added money to four existing holdings in agriculture, oil and gas production, energy services, and financial services. The Value Fund also sold one position entirely. The Balanced Fund made no purchases or sales in the fourth quarter.

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

As of December 31st, the Value Fund was 99 percent invested in 16 operating companies. The Fund owns seven Canadian companies, four U.S. companies, and five holdings based outside of North America. The Value Fund's top five positions make-up 56 percent of the Fund's assets.

The Balanced Fund is 83 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.

2011 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 2011 are $0.03 per unit for the Value Fund and $0.13 per unit for the Balanced Fund. The Value Fund's 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. We will send Value Fund unit holders a T3 Supplementary over the next few weeks. Both the Value Fund confirmation 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 2006 to 2011 Management Expense Ratios (MER's) for the funds were as follows:

	2011	2010	2009	2008	2007	2006
HughesLittle Value Fund	1.29%	1.29%	1.33%	1.28%	1.30%	1.61%
HughesLittle Balanced Fund	1.42%	1.40%	1.41%	1.36%	1.36%	1.40%

The MER reflects all expenses charged to the Fund throughout the year. These expenses include: investment management fees, audit, trustee, custodian, administration, and HST. 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 performance results we report to you are after deducting these Fund expenses.

Financial Statements

The Funds' auditors, Berris Mangan Chartered Accountants, were acquired by KPMG last year. For now, KPMG is the auditors of both Funds. KPMG will send audited Financial Statements for each Fund separately to all clients no later than March 31st, 2012. The audited financial statements include a complete list of each Fund's portfolio investments as of December 31st, 2011.

2012

Over the long-term, a company's share price should not outperform or underperform its underlying corporate performance. As such, we're focused on ensuring our companies' drivers of intrinsic value remain healthy and capable of generating acceptable returns. Company results in 2011 indicated that *intrinsic value growth* met or exceeded our objectives; 2012 should be much the same.

Another important part of our analysis is properly assessing *risk versus return*. This involves comparing the market price of every investment versus what we think it is worth – or the investment's intrinsic value. We call this the price-to-value discount. So, all else being equal, the bigger the discount of price-to-value, the lower the risk of loss and the higher the potential return.

Currently in the Funds, 40 percent of our positions have market prices at a 40 percent discount to fair value and two-thirds are at a 25 percent discount. These price-to-value discounts are about the same as a year ago and in our view make for a favourable risk/return proposition.

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 with yours, we are working hard to achieve good results.

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

Regards;

Joe Little   Mark Hughes

January 12th, 2012