

QUARTERLY REPORT September 30th, 2010

Performance

To September 30th, 2010 the performance of the **HughesLittle Value Fund** and the **HughesLittle Balanced Fund** was as follows:

	Value Fund <i>(non-RSP)</i>	Balanced Fund <i>(RSP)</i>
Unit Value - September 30, 2010	\$ 10.85	\$ 9.91
Unit Value - December 31, 2010	\$ 10.68	\$ 9.64
Distributions Paid Per Unit Since Inception	\$ 1.23	\$ 2.45
Nine Months	1.6 %	2.8 %
Annualized Return Since Inception	3.7 %	4.9 %
Annualized Return S&P/TSX	7.2 %	5.8 %
Annualized Return S&P 500 CDN\$	-2.0 %	-2.0 %

Annual Returns to September 30th

	2010	2009	2008	2007	2006
Value Fund	11.2 %	4.3 %	-14.0 %	7.2 %	13.1 %
Balanced Fund	11.7 %	4.4 %	-12.2 %	10.3 %	11.9 %
S&P/TSX Index	11.6 %	0.5 %	-14.4 %	22.8 %	9.2 %
S&P 500 CDN\$	5.8 %	-6.2 %	-16.5 %	3.6 %	6.5 %

*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\$.*

Since June 30th the Value Fund is up 17 percent and the Balanced Fund 15 percent. Continued good corporate results from our holdings have helped to boost share prices. Stock markets in general are also up. We've had an additional lift: Potash Corp., our third largest holding, received a takeover offer by Australian mining company, BHP Billiton (BHP).

Reported financial results so far this year of all our largest holdings have ranged from good to excellent - earnings gains between 10 to 25 percent. The share prices of some of our companies have started to move up in response, some have not. Not yet. Many of our common stock holdings, including several large ones, remain significantly undervalued.

As for the Potash Corp. take-over offer, BHP is offering to buy 100 percent of Potash Corp. for usd\$130 a share, all cash. This equates to about \$134 a share in Canadian dollars (cad). The Fund's have a cost base of about cad\$108 a share. Just prior to the BHP offer, the Value Fund's weighting in Potash Corp. was 12 percent. The Balance Fund's was 10 percent.

Subsequent to the offer (announced August 16th), shares of Potash Corp. *sprouted* to as high as cad\$160 a share. Investor's willingness to buy Potash shares above the usd\$130 offer price means there is speculation a take-over will occur, but at a higher price. The current price for Potash shares is usd\$146 (cad\$148) a share.

After Potash Corp.'s share price *blossomed* we *harvested* and *brought to market* about 80 percent of our shares. Our average selling price was about cad\$157 a share for a 45 percent gain. A portion of this capital gain will be offset with capital gains losses from the current and previous years.

Our Potash share sales were based on our best guess of possible outcomes. We think the most probable scenarios are: no takeover and Potash Corp. remains a publically traded company. Or, BHP's \$130 a share offer is not accepted by enough shareholders and BHP makes a higher offer that is accepted, forcing all shareholders to tender their shares.

As of the date of this report the BHP offer has been sent to all Potash Corp. shareholders. The deadline to tender our remaining Potash shares for usd\$130 a share is November 18th. In the meantime the Saskatchewan and Federal Governments are reviewing BHP's offer. It is our understanding that the Federal Government must approve all takeovers of Canadian public companies by foreigners. We think the probability of the Government's approval of this transaction is less than certain.

We do not intend to sell our remaining Potash shares at the current market price nor tender our shares to BHP at their current offer price. Potash Corp.'s potash reserves are unmatched and highly valuable. Based on our estimates of Potash Corp.'s earning power and to a certain extent the uniqueness of their assets, we think it is unlikely BHP will get Potash Corp. for usd\$130 a share - it's too low. We would be surprised if (m)any Potash shareholders tendered their shares to BHP at the current offer price. We are guessing that BHP management share our views and will be willing to pay more. Stay tuned.

If Potash Corp. is taken over, it will be our sixth company that has been purchased outright. The others were Pan Ocean Energy, Gateway Casinos, Wrigley, Golf Town, and Master's Energy. Excluding the Master's *takeunder*, the others were purchased from us at premiums to our cost base ranging from 20 to 90 percent. There will be more.

Portfolio Review

During the third quarter the Funds invested money in four existing holdings, started building a new position, and made a few sales.

A full list of the quarter's buy and sell activity is in the attached Investment Review.

As of September 30th, the Value Fund is 96 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 53 percent of the Funds' assets.

The Balanced Fund is 80 percent invested in operating companies, 16 percent in short-term bonds and four percent cash. The Balanced Fund is invested in 10 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 37 percent of the Funds' assets.

2010 Distribution

The expected distribution per unit for the HughesLittle Value Fund will range from \$0.08 to \$0.25 cents per unit depending on the outcome of capturing current year tax losses. At the upper end of the range, the amount is expected to be three-quarters capital gains. At the lower end of the range, the expected amount will be three quarters investment income. If you would like to receive your distribution in cash please let us know by mail, email or fax by December 15th.

The distribution for the HughesLittle Balanced Fund is non-taxable for unit holders.

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

Regards;

Joe Little
October 14th, 2010

Mark Hughes