

ANNUAL INFORMATION FORM

**Chou Associates Fund
Chou RRSP Fund
Chou Europe Fund
Chou Asia Fund
Chou Bond Fund**

SERIES A UNITS AND SERIES F UNITS

September 14, 2019

No securities regulatory authority has expressed an opinion about these units and it is an offence to claim otherwise.

The filing of this Annual Information Form has been made in each of the Provinces of Canada (excluding the Territories).

The Funds and units of the Funds described in this Annual Information Form are not registered with the United States Securities and Exchange Commission and they are sold in the United States only in reliance on exemptions from registration.

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1. NAME, FORMATION AND HISTORY OF THE FUNDS

This Annual Information Form contains information about the five Chou mutual funds listed on the front cover. We refer to the Chou mutual funds described in this document as the "Funds." "We", "us", "our" and "Manager" means Chou Associates Management Inc. "You" means purchasers of the Funds.

The Funds are governed by the laws of the Province of Ontario.

Chou Associates Management Inc. is the manager of the Funds.

The head office of the Manager is located at 110 Sheppard Avenue East, Suite 301, P.O. Box 18, Toronto, Ontario, M2N 6Y8.

Chou Associates Fund ("Associates Fund"), Chou RRSP Fund ("RRSP Fund"), Chou Europe Fund ("Europe Fund"), Chou Asia Fund ("Asia Fund") and Chou Bond Fund ("Bond Fund") are unincorporated open-ended unit trusts and are governed by a declaration of trust dated August 10, 2005 and amended on September 7, 2007. Chou Associates Fund began on July 1, 1981 as a private investment club, initiated and managed by Francis S.M. Chou, C.F.A. It was established by an initial declaration of trust dated July 17, 1985.

The following chart sets out the dates upon which the units of each Fund were first offered to the public:

Fund	Dates Units Offered
Associates Fund	October 10, 1986
RRSP Fund	October 10, 1986
Europe Fund	September 15, 2003
Asia Fund	September 15, 2003
Bond Fund	September 16, 2005

The registered head office of each Fund is located at 110 Sheppard Avenue East, Suite 301, P.O. Box 18, Toronto, Ontario, M2N 6Y8.

2. INVESTMENT RESTRICTIONS

Standard Restrictions and Practices

Each Fund has adopted the standard mutual fund investment restrictions and practices contained in securities legislation, including National Instrument 81-102 - Investment Funds and National Instrument 81-107 - Independent Review Committee for Investment Funds ("NI 81-107"). These restrictions are designed in part to ensure that the investments of the Funds are diversified and relatively liquid and to ensure the proper

administration of the Funds. The Funds are managed in accordance with these restrictions and practices.

A Fund will not mix its investments with investments of other persons. The investments of the Fund will be kept separate from the investments of and from all other property belonging to or in the custody of CIBC Mellon Trust Company ("CIBC Mellon").

Investment Objectives and Strategies

The Funds provide investors with the opportunity to participate with others who share a common investment objective by buying units of a Fund. By pooling your capital with others, you gain access to diversified portfolios of professionally managed investments with clearly stated goals. Each Fund is designed to meet the investment objectives of different investors and employs different strategies to achieve these objectives.

We must first obtain the approval of the holders of a majority of the units of the Fund at a meeting where (a) the basis of the calculation of fees or expenses charged to a Fund or directly to its unitholders by the Fund or the manager are changed in a way that could result in an increase in charges to the Fund or its unitholders, or a fee or expense to be charged to the Fund or directly to its unitholders by the Fund or the manager is introduced that could result in an increase in charges to the Fund or its unitholders; (b) the manager of the Funds is changed; (c) the fundamental investment objectives of the Fund are changed; (d) the frequency of the net asset value calculation of a Fund is decreased; (e) a Fund undertakes a reorganization or transfers its assets or acquires assets from another mutual fund; or (f) any restructuring of a Fund into a non-redeemable investment fund or into an issuer which is not an investment fund. We can make other changes to the investment strategies and activities of a Fund without the consent of unitholders, subject to any required approval of Canadian securities authorities and/or the Independent Review Committee.

The investment objectives and strategies of each of the Funds are summarized in our Simplified Prospectus.

Derivatives

Each of the Funds may use derivatives as permitted by Canadian securities regulators. The risk factors associated with the use of derivatives are disclosed in the Simplified Prospectus. Derivatives may be used to participate in changes to a particular market or group of securities without purchasing the securities directly or to temporarily reduce participating in a particular market in which a Fund has already invested. The types of derivatives a Fund may use include forward contracts, futures contracts, warrants, options, options on futures, swaps and similar instruments.

Short Selling

Each of the Funds may engage in short selling as permitted by Canadian securities regulators. The risk factors associated with the use of short selling are disclosed in the Simplified Prospectus.

Securities Lending and Repurchase

The Funds may engage in securities lending and repurchase transactions consistent with the investment objectives and in accordance with the standard practices and restrictions.

Eligibility for Investment

Each of the Funds currently qualifies and expects to continue to qualify as a mutual fund trust under the *Income Tax Act* (Canada) ("Tax Act"). These Funds will therefore not engage in any undertaking other than the investment of its property for the purposes of the Tax Act. No Fund has deviated from the requirements to be a mutual fund in the last year. A Fund will not engage in certain other transactions if it would have to pay tax under Part I of the Tax Act. The RRSP Fund is a "registered investment" under the Tax Act. As long as qualification as a mutual fund trust or registration as a registered investment continues, units of the Funds are or are expected to be a "qualified investment" under the Tax Act for registered retirement savings plans (RRSPs), registered retirement income funds (RRIFs), tax-free savings accounts (TFSA), registered education savings plans (RESPs), registered disability savings plans (RDSPs) and deferred profit-sharing plans (DPSPs). See **Income Tax Considerations – Taxation of Registered Plans** on page 19.

Units of a Fund may be a prohibited investment under the Tax Act for an RRSP, RRIF or TFSA even when the units are a qualified investment. Units of a Fund will generally not be a "prohibited investment" for an RRSP, RRIF or TFSA for a planholder if the planholder and persons (and partnerships) who do not deal at arm's length with the planholder do not, in total, own directly or indirectly 10% or more of the fair market value of that Fund. Pursuant to tax amendments released on March 22, 2017, the rules in respect of "prohibited investments" also apply to (i) RDSPs and the holders thereof and (ii) RESPs and the subscribers thereof.

There can be no assurance that the Canadian federal and provincial income tax laws respecting the treatment of mutual funds will not be changed in a manner that will adversely affect the unitholders. In addition, there can be no assurance that Canada Revenue Agency ("CRA") will agree with the tax treatment adopted by any of the Funds in filing its tax return (e.g. deduction of expenses or recognition of income) and CRA could reassess the Fund on a basis that results in tax being payable by the Fund or additional tax being paid by a unitholder.

Although each Fund expects to maintain its status as a "registered investment" and remain qualified as a "mutual fund trust" under the Tax Act, if any Fund ceases to maintain its status or maintain its qualification, the Units of such Fund will not be qualified investments or will cease to be qualified investments for RRSPs, RRIFs and TFSA. In addition, the Fund will then be required to pay a tax under Part XII.2 of the Tax Act. The payment of Part XII.2 tax by the Fund may have adverse income tax consequences for certain unitholders including non-resident persons and RRSPs, RRIFs and TFSA that acquired an interest in the Fund directly or indirectly from another unitholder. Each Fund will endeavour to ensure that the Units constitute and continue to be qualified

investments for RRSPs, RRIFs and TFSAs. The Tax Act imposes penalties for the acquisition or holding of non-qualified or ineligible investments and there is no assurance that the conditions prescribed for such qualified or eligible investments will be adhered to at any particular time.

Investors should consult their own tax advisor for advice on whether or not units of a Fund would be a prohibited investment or whether a particular transaction constitutes a prohibited advantage under the Tax Act for their registered plans.

3. UNITS OF THE FUNDS

Each Fund is divided into units, which may be divided into an unlimited number of series. All of the Funds offer Series A and Series F units of participation of equal value. The interest of each unitholder in a Fund is shown by how many units are registered in the name of such unitholder. There is no limit to the number of units of each Fund that can be issued and there is no fixed issue price. No unit in a Fund has any preference or priority over another unit of the Fund.

No unitholder holds any assets of a Fund. Unitholders have only those rights mentioned in this Annual Information Form, in the Custodian Agreement (defined below), in the Simplified Prospectus and as created in the declaration of trust for each Fund.

Units of each of the Funds have the following attributes:

1. all distributions from the Funds are automatically reinvested unless requested otherwise by unitholder;
2. the units have no voting rights except as described below;
3. on the termination of a Fund, the assets of the Fund will be distributed and all unitholders in the Fund will share in the value of the Fund;
4. there are no conversion rights;
5. there are no pre-emptive rights;
6. the units of a Fund may be redeemed as described below;
7. there is no liability for further calls or assessments; and
8. fractional units may be issued with all the rights in proportion to a whole unit.

Subject to certain exceptions, the following changes cannot be made to a Fund unless approved by the holders of a majority of the units of the Fund:

1. a change in the basis of calculation of a fee or expense that is charged to the Fund or its unitholders in a way that could result in an increase in charges to the Fund or its unitholders;
2. a change in the manager of the Fund (other than to an affiliate of the Manager);
3. a change in the fundamental investment objectives of the Fund;
4. any decrease in the frequency of calculating the net asset value of the units of a Fund;
5. in certain cases, the Fund undertakes a reorganization with, or transfer of its assets to, another fund or acquires another fund's assets;
 - (i) the Fund ceases to continue after the reorganization or transfer of assets; and
 - (ii) the transaction results in the unitholders of the Fund becoming unitholders in the other mutual fund; or
 - (iii) the Fund continues after the reorganization or acquisition of assets; and
 - (iv) the transaction results in the unitholders of the other mutual fund becoming unitholders in the Fund; and
 - (v) the transaction would be a significant change to the Fund; or
6. any other matter which is required by the Declaration of Trust or applicable legislation or by any agreement to be submitted to a vote of unitholders of the Fund.

The Funds do not hold regular meetings of unitholders. At any meeting of unitholders, each unitholder will be entitled to one vote for each whole unit registered in the unitholder's name. Where meetings of more than one class of a Fund are convened jointly, classes of that Fund shall be voted separately on any matter that requires a class vote.

The Manager, as trustee of the Funds, will give unitholders of each such Fund 30 days' notice of any other amendment to the declarations of trust proposed by the Manager, except that the Manager may amend the declaration of trust without approval of or notice to unitholders of the relevant Fund, if the proposed amendment:

- is intended to ensure compliance with applicable laws, regulations, rules or policies;

- is intended to remove conflicts or inconsistencies or to correct typographical, clerical or other errors; or
- is intended to facilitate administration of the Fund in conformity with current industry practice.

Under NI 81-107, which came into force November 1, 2006, all mutual funds in existence on May 1, 2007 must have an independent review committee ("IRC") in place to achieve independent oversight over the management of real and perceived conflicts of interest in their day-to-day management. The Funds have an operating IRC which has the ability to make the following changes without the approval of unitholders, subject to compliance with the terms of the Declaration of Trust:

- (a) change the auditor of a Fund, provided that IRC has approved the change and unitholders are sent a written notice at least 60 days prior to the change; and
- (b) undertake a reorganization of a Fund with, or transfer its assets to, another mutual fund managed by the Fund's manager or its affiliate, provided that the IRC has approved the transaction and unitholders are sent a written notice at least 60 days prior to the change and certain other conditions are met.

We will give unitholders 60 days written notice of any change to the basis of the calculation of the fees or expenses that are charged to a Fund or its unitholders by an arm's length party that could result in an increase in charges, or the introduction of a fee or expense to be charged to a Fund or its unitholders, that could result in an increase in charges. The provisions of such notice will obviate the need to obtain unitholder approval of such increase at a meeting of unitholders.

4. VALUATION OF PORTFOLIO SECURITIES

In determining the market value of the assets of any Fund the following rules apply:

- (a) liquid assets (which term includes cash, bills and demand notes, accounts receivable, prepaid expenses, cash dividends, and interest accrued and not yet received) will be valued at their face value unless the Manager determines an otherwise fair value;
- (b) securities listed on a public securities exchange will be valued at their current market value, being the last sale price on that valuation date or, if no sales are reported, at the average between the closing bid and the closing ask price on the day which the net asset value of the securities is being determined;

- (c) fixed-income securities (including term loans) listed on a public securities exchange or an over-the-counter market will be valued at their current market value, being the last sale price on that valuation date or, if no sales are reported, at the average between the closing bid and the closing ask price on the day;
- (d) unlisted securities (other than fixed-income securities) will be valued at their current market value, being the closing bid price;
- (e) securities and other assets for which market quotations are not readily available will be valued at their estimated fair value, as determined by the Manager;
- (f) restricted securities are valued at the lesser of:
 - (i) the value thereof based on reported quotations in common use; and
 - (ii) that percentage of the market value of securities of the same class, the trading of which is not restricted or limited by reason of any representation, undertaking or agreement or by law, equal to the percentage that the Fund's acquisition cost was of the market value of such securities at the time of acquisition, provided that a gradual taking into account of the actual value of the securities may be made where the date on which the restrictions will be lifted is known;
- (g) commodity futures contracts and commodity futures options entered into for hedging foreign currency exposure will be valued at the market value thereof on the day as of which the net asset value of the Fund is being determined; any difference resulting from revaluation will be treated as an unrealized gain or loss on foreign exchange transactions;
- (h) clearing corporation options will be valued at their current market value, being the last sale price on that valuation date or, if no sales are reported, at the average between the closing ask price and the closing bid price;
- (i) the premium received on clearing corporation options written by a Fund will be treated as a deferred credit which will be valued at the current market value of an option which would have the effect of closing the position; any difference resulting from revaluation shall be treated as an unrealized gain or loss on investment; the deferred credit shall be deducted in arriving at the net asset value of the Fund; the portfolio securities which are the subject of a clearing corporation option written by the Fund will continue to be valued in the manner described above for listed securities;

- (j) if securities are interlisted or traded on more than one exchange or market the Manager shall use the last sale price or the closing bid price, as the case may be, updated on the exchange or market determined by the Manager to be the principal exchange or market for such securities; and
- (k) liquid assets and securities quoted in foreign currencies will be translated to Canadian dollars to reflect the exchange rate existing on that valuation date.

If the valuation principles described above cannot be applied, the Manager will determine a value, although it has not been required to do so in the past three years. For more information, including significant accounting policies, see the audited financial statements of the Funds.

5. CALCULATION OF NET ASSET VALUE

The net asset value of each series of units of the RRSP Fund, the Europe Fund and the Asia Fund is determined daily after The Toronto Stock Exchange ("TSX") closes. The net asset value of the Associates Fund is determined daily after the New York Stock Exchange ("NYSE") closes. The net asset value of the Bond Fund is determined daily. In some circumstances, we may calculate net asset value at another time or more frequently. We may begin calculating the net asset value daily on each business day.

The net asset value per unit for a given series is computed by dividing the net assets attributable to that series by the total number of units of the series outstanding at the time.

The net asset value is the price for all sales of units (including on the reinvestment of distributions) and for redemptions. The issue and redemption price of units of a Fund is based on the series' net asset value next determined after the receipt of a purchase order and a redemption order.

The Funds have the Canadian dollar as their reporting currency but express their net asset values in both U.S. and Canadian dollars. The U.S. dollar net asset value per series unit is determined by converting the Canadian dollar net asset value per series unit into U.S. dollars using the applicable exchange rate utilized by the Manager, on the valuation date.

You can get the net asset value per unit of each series of the Fund, at no cost, by sending an email to admin@choufunds.com on the Manager's website at www.choufunds.com, by calling toll-free 1 (888) 357-5070 or by asking your dealer.

6. PURCHASES AND SWITCHES

Purchasing Units

Unless otherwise agreed by the Manager, you must invest and maintain a balance of \$5,000 for each of the Funds and each subsequent investment must be at least \$500.

Subject to its right of rejection of any purchase order, a purchase order for units which is received by the Manager prior to 4:00 p.m. Eastern Standard Time on a valuation date will be priced that day. If a purchase order is received after 4:00 p.m. Eastern Standard Time on a valuation date or a day which is not a valuation date, it will be priced on the next valuation date. If the Trustee decides to calculate unit value at a time other than after the usual closing time of the TSX or the NYSE, the unit price paid or received will be determined relative to that time. We must receive payment for the purchase order within three business days of the valuation date (or before such other deadline as we may establish from time to time in accordance with applicable securities laws), or the units will be redeemed in accordance with the procedure described in the Simplified Prospectus and you may have to compensate your broker or dealer for any losses suffered by it in connection with the failed settlement.

We do not issue a certificate when you buy units of a Fund, but we will send you a confirmation which is proof of your purchase. A record of the number of units you own and their value will appear on your next account statement.

Units of all of the Funds are available for purchase in both U.S. and Canadian dollars. The U.S. dollar purchase option is meant to be a convenient way to use U.S. dollars and should not be considered a hedge against currency fluctuations between the Canadian and U.S. dollars.

If you purchase units from your broker or dealer, you may have to pay a sales commission as described in the Simplified Prospectus.

Switches of Units

You can switch units from one Fund to another or from one series to another within the same Fund. When we receive your order to switch, we will sell units of the current Fund and use the proceeds to buy units of the new Fund. Your new units will come with the same redemption charge schedule as your old units. Switching units from one Fund to another may result in a gain or loss for tax purposes. Switching units of one series of a Fund to another series of the same Fund is not a disposition for tax purposes. See **Income Tax Considerations** below.

7. REDEMPTION OF UNITS

Before proceeding with any redemption, it is important that you discuss the proposed redemption with your dealer as well as your tax advisor so that you are fully aware of all of the implications of making the redemption. We will process redemption orders on the same day that instructions are received if we are properly notified by 4:00 p.m. (Eastern Standard Time) on any valuation date. If we receive proper instructions after 4:00 p.m. (Eastern Standard Time), we will process the order on the next valuation date.

You must provide us with a written redemption request within two business days of placing your order. If a unit certificate was issued to you when you bought the units, you must also provide that certificate to us.

Your dealer is required, whenever practicable, to transmit your redemption request to the Trustee on the same day. If within 10 business days, we still have not received all the documentation, we are required to repurchase your units. If the repurchase amount is less than the redemption proceeds, the Fund will keep the difference. If the repurchase amount is greater than the redemption proceeds, we must pay the Fund the difference, and we will collect this amount from your broker or dealer. Your broker or dealer may have the right to collect it from you.

Within two business days (assuming we have received the information described above) following each valuation date, the trustee will pay to each unitholder who has requested a redemption the value of the units determined on the date the redemption request was treated as received. You will receive U.S. dollars when you redeem U.S. dollar denominated units. If a unitholder requests redemption of units representing more than 10% of the outstanding units, with the prior written consent of the unitholder, payment of the redemption price may be made by transfer of a proportionate number of securities in lieu of cash. If all of a unitholder's units in a Fund are redeemed, any net income and net realized capital gains relating to the units which have been made payable prior to the valuation date will also be paid to the unitholder. If a unitholder redeems only some of its units in a Fund, the proceeds will be paid as described above and net income and net realized capital gains attributable to the units will be paid to the unitholder in accordance with the Fund's distribution policy, as described in the Simplified Prospectus. Payments will be considered made upon the mailing of a cheque addressed to the unitholder unless the cheque is not honoured for payment. For redemption orders received electronically, the redemption proceeds will be paid electronically to the broker through the clearing and settlement services system.

If the balance of an account is less than \$3,000, the Fund may redeem your units and pay such amount less relevant sales charges to your account. Before taking any action, we will give you 30 days to bring the value of your account up to the minimum level.

The Manager, on behalf of a Fund, may suspend your right to request a redemption for all or part of a period when normal trading is suspended on a stock, options or futures exchange in Canada or outside Canada in which securities or derivatives that make up more than 50% of the value or underlying exposure of the Fund's total assets are traded; and those securities or derivatives are not traded on any other exchange that represents a reasonable alternative for the Fund.

If you redeem units of any Fund within 90 days of the purchase of the units, you will be charged a short-term trading fee of 2% of the value of the units. This fee is paid to the Fund and not to us.

8. RESPONSIBILITY FOR OPERATIONS OF THE FUNDS

Manager

Chou Associates Management Inc. is the manager of the Funds. The address and phone number of the Manager is 110 Sheppard Avenue East, Suite 301, P.O. Box 18, Toronto, Ontario, M2N 6Y8, (416) 214-0675, admin@choufunds.com.

The Manager is the manager of the Funds under an amended and restated management agreement dated August 10, 2005 (the "Management Agreement"). The Manager provides or arranges for the Funds' day-to-day business administration and also provides investment counselling and portfolio management services. The Manager provides or coordinates all other services required by the Funds. The Manager has retained CIBC Mellon Global Securities Services Company to perform certain of the custodial and recordkeeping services.

The Management Agreement will automatically terminate on the insolvency or bankruptcy of the Manager.

Each Fund pays the Manager a management fee, calculated daily and payable monthly. The management fee for each of the Funds is calculated based on the annual rates described in the Simplified Prospectus.

In addition to its management fee, each Fund bears its proportionate operating expenses. The total of all fees and expenses (excluding HST) charged to a Fund during any year (including the management fee), as a percentage of the net assets of the Fund is referred to as the management expense ratio ("MER") of the Fund. From time to time, we may reduce the management fees or pay some operating expenses directly, at our discretion.

The name and municipality of residence, position and office held with the Manager and current principal occupation of each of the directors and executive officers of the Manager are as follows:

Name and Municipality of Residence	Position Held with Manager and Principal Occupation
Francis S.M. Chou, C.F.A. Toronto, Ontario	President, Chief Executive Officer, Ultimate Designated Person, Chief Compliance Officer and Director, Investment Counsel at the Manager from July 1985 to present.
Sewan Chou Toronto, Ontario	Chief Financial Officer and Director at the Manager from October, 1992 to present.
Tracy Chou Toronto, Ontario	Director, Engineer

Each of the individuals identified above has held their current position or other executive office with the Manager or its affiliates as at the date of this Annual Information Form.

During the past five years, the individuals identified above have held their present principal occupations.

Brokerage Arrangements

The Manager makes decisions as to the purchase and sale of portfolio securities and other assets of the Funds such as cash and term deposits as well as decisions regarding the execution of portfolio transactions of a Fund. The Manager seeks to obtain the best execution of securities transactions when arranging or executing trades on behalf of the Funds. Trades are generally allocated to brokers based on a number of factors, including the value of research provided, as well as execution capability, commission rate, financial responsibility and responsiveness. The dealers do not charge any amount in addition to the brokerage commission for the research, statistical and other services. These arrangements are referred to in the industry as "soft-dollar" arrangements. Any commission rebates received by the Manager will be paid to the relevant Fund.

Since the date of the last Annual Information Form, the following companies have provided or paid for investment decision-making services in the nature of research, statistical and other services or have furnished commission rebates to the Manager or the Portfolio Adviser in return for the allocation of portfolio transactions:

STIFEL
Raymond James
Cowen Inc.
Citigroup Global Markets

BTIG, LLC
Imperial Capital LLC
H. Rivkin & Co.

Trustee

The Manager is also the trustee of each of the Funds. We have entered into Declarations of Trust with these Funds. The Declarations of Trust may be amended in the manner described under **Units of the Funds**. The trustee holds the property of each Fund on behalf of the unitholders of the Funds. The trustee receives no fees from the Funds. The trustee may resign as trustee by giving 90 days' notice to unitholders.

Custodian

As the custodian of the Funds, CIBC Mellon of Toronto, Ontario holds the cash and securities of the Funds pursuant to a Custodial Services Agreement dated October 26, 2015 (the "Custodian Agreement") between CIBC Mellon and the Manager. CIBC Mellon receives and holds cash, portfolio securities and other financial assets of the Funds for safekeeping. Under the terms of the Custodian Agreement and subject to applicable securities legislation, CIBC Mellon may appoint one or more sub-custodians to hold assets and effect portfolio transactions. CIBC Mellon or the sub-custodians may use the facilities of any domestic or foreign depository or clearing agency authorized to operate a book-based system. The Custodian Agreement may be terminated by either party upon 90 days' written notice and may be terminated immediately upon the bankruptcy or insolvency of either party. CIBC Mellon is independent of the Manager.

Auditors

The auditor of the Funds is Grant Thornton LLP, Chartered Professional Accountants. The office of the auditor is located at 15 Allstate Parkway, Suite 200, Markham, Ontario, L3R 5B4.

Registrar

CIBC Mellon Global Securities Services Company provides or arranges for keeping a record of and acting as recordkeeper to all units purchased pursuant to a Fund Administration Services Agreement dated October 26, 2015 between the Manager, in its own capacity and on behalf of the Funds, and CIBC Mellon Global Securities Services Company. The register of unitholders of the Funds is kept in Toronto, Ontario. CIBC Mellon Global Securities Services Company provides fund valuation and accounting services pursuant to this agreement.

Securities Lending Agent

The Bank of New York Mellon ("BNY Mellon") acts a securities lending agent for the Funds pursuant to a securities lending authorization agreement dated October 26, 2015 (the "Securities Lending Authorization Agreement") among the Manager, CIBC Mellon Global Securities Services Company, CIBC Mellon Trust Company, Canadian Imperial Bank of Commerce and BNY Mellon. The collateral required to be delivered in connection with a securities lending transaction is required to have a value of not less than 102% of the market value of the loaned securities. The Securities Lending Authorization Agreement includes reciprocal indemnities by (i) the Funds and the Manager, and (ii) CIBC Mellon Global Securities Services Company, CIBC Mellon Trust Company, Canadian Imperial Bank of Commerce and BNY Mellon, for failure to perform the obligations under the Securities Lending Authorization Agreement, inaccuracy of representations in the Securities Lending Authorization Agreement, or fraud, bad faith, wilful misconduct or reckless disregard of duties. The Securities Lending Authorization Agreement may be terminated by any party upon 90 days' prior notice. The principal office of BNY Mellon is located in New York, New York. BNY Mellon is independent of the Manager.

Independent Review Committee

The Independent Review Committee reviews conflicts of interest matters referred to it by the Manager and provides the Manager with either a recommendation or approval relating to these matters.

9. CONFLICTS OF INTEREST**Principal Holders of Units****(a) Funds**

Except as stated below, as at August 31, 2019, no person or company owns of record or, to the knowledge of the relevant Fund or the Manager, beneficially, directly or indirectly, more than 10% of the outstanding units of any of the Funds.

Name of Fund	Name	Type of Ownership	Number of Units Owned	Percentage of Outstanding Units
Chou Associates Fund	Fairfax Financial Holdings	of record and beneficially	748,924 Series A	34.6%
Chou Bond Fund	Chou Associates Management Inc.	of record and beneficially	55,137 Series A	3.8%

Fairfax Financial agreed in 2002 that it would not exercise any voting rights attaching to units of Chou Associates Fund or otherwise in any manner attempt to influence the affairs of the Chou Funds. This agreement remains in full force and effect and has been complied with by Fairfax Financial to date.

(b) Manager

The Manager is authorized to issue common shares of which 100 common shares, being all of the outstanding shares of the Manager, are owned by Francis S. M. Chou.

(c) Independent Review Committee

As at August 31, 2019, no members of the IRC (defined below) owned, directly or indirectly, in the aggregate,

- any class of voting or equity securities of the Manager;
- or any class of voting securities of any person that provides services to the Manager; or
- more than 10% of the units of a Fund.

(d) Affiliated Entities

No person or company that provides services to the Funds or Manager in relation to the Funds is an affiliated entity to the Manager.

10. FUND GOVERNANCE

The President of the Manager is responsible for the overall governance of the Funds. The Manager has no written policies, practises or guidelines relating to business practises, sales practises, risk management controls except with respect to **Policies Regarding Derivatives, Policies Regarding Short Selling, Policies Regarding Securities Lending and Repurchase and Reverse Repurchase Transactions and Proxy Voting Policies** which are summarized below.

The Funds have also established a conflicts of interest policy that it must follow before proceeding with a conflict of interest matter or any other matter that securities legislation

requires the Funds to refer to the Independent Review Committee ("IRC") established by the Manager, as further described below.

Independent Review Committee

In accordance with NI 81-107 respecting Independent Review Committee for Investment Funds, the Manager has established an IRC to provide impartial judgement on conflicts of interest matters related to the operations of the Funds. The IRC is composed of persons who are independent of the Manager, the Funds and entities related to the Manager. The IRC has adopted a written charter that includes its mandate, responsibilities and functions, and the policies and procedures it will follow when performing its functions. The IRC will prepare, at least annually, a report of its activities for unitholders which will be available on our website at www.choufunds.com, at your request and at no cost, by calling toll-free 1 (888) 357-5070 or by e-mail at admin@choufunds.com. Currently, the members of the IRC are Sandford F. Borins, Joe Tortolano and Peter Gregoire. Sandford F. Borins acts as chair of the IRC. The costs of the IRC will be allocated among the Funds in a manner that is considered by the IRC to be fair and reasonable to the Funds. The composition of the IRC may change from time to time. Each member of the IRC receives an annual retainer of \$8,000 plus \$1,000 per meeting. The chair receives an additional annual retainer of \$3,000. The compensation paid to the members of the IRC for the year ended December 31, 2018 was, in the aggregate, \$34,000 and individually as follows: Sandford F. Borins (Chair): \$14,000; Joe Tortolano: \$10,000; and Peter Gregoire: \$10,000.

Policies Regarding Derivatives

All Funds utilize derivative instruments for both hedging and non-hedging strategies in a manner which is consistent with the investment objectives of each Fund. The use of such derivatives by the Funds is to hedge risks associated with existing investments or groups of investments. The Funds use covered call options which would guarantee a minimum sale price and, therefore, minimize downside risk. Since the call options are used only in conjunction with securities the Funds have determined to sell, and are covered by securities already owned by the Funds, Management takes no unusual steps to manage risks from the use of such derivatives. The Funds may invest in Credit Default Swaps ("CDS") to hedge against market risks. A CDS may offer the Funds higher returns for assuming very similar credit risk positions as an alternative to a direct investment. A CDS can offer the Funds an opportunity to invest in credits that trade in foreign markets without bearing unwanted currency risks to the Funds. There are no written policies or procedures in place that set out the objectives and goals for derivatives trading. The President of the Manager is responsible for all trading authorizations and determines the limits or controls on trading. No risk measurement procedures or simulations are used to test the portfolio under stress conditions.

Although the Funds do not currently invest in CDS's, the required 60 day notice has been given to investors and the Funds may invest in CDS's in the future. No Fund will invest more than 5% of its assets, at the date of purchase, in CDS's. However, the Funds may enter into other forms of derivative transactions in the future as described in the

Simplified Prospectus of the Funds after giving investors 60 days prior written notice. The Funds may enter into these transactions only as permitted under securities law.

Policies Regarding Short Selling

The Funds may engage in short selling. The objectives and goals for short selling are described in the Simplified Prospectus and risk management procedures in connection therewith are regularly reviewed by management. The Funds follow the investment restrictions and practices set out in NI 81-102 with respect to the use of short selling. The Manager monitors short selling activities and is responsible for applying limits, if any, and other controls, if required. There are no written policies or procedures in place that set out the objectives and goals for short selling. The Manager is responsible for all short sale authorizations and determines the limits or controls on short selling. No risk measurement procedures or simulations are used to test the portfolio under stress conditions. The risk exposure of a Fund's short sales are not generally independently monitored.

Although the Funds do not currently engage in short selling, the required 60 day notice has been given to investors and the Funds may engage in short selling at any time.

Policies Regarding Securities Lending and Repurchase and Reverse Repurchase Transactions

All of the Funds may enter into securities lending agreements as permitted under applicable securities laws. The Fund's custodian or sub custodian shall act as the agent for the Fund in administering the securities lending transactions of the Fund. The risks associated with these transactions will be managed by requiring that the Fund's agent enter into such transactions for the Fund with reputable and well-established Canadian and foreign brokers, dealers and institutions. The agent will be required to maintain internal controls, procedures and records, including a list of approved third parties based on generally accepted creditworthiness standards, transaction and credit limits for each third party and collateral diversification standards.

The Manager has established certain policies and procedures to ensure that the risks associated with securities lending agreements will be properly managed. The policies specify that all securities lending transactions must be done in accordance with securities lending rules outlined in applicable securities legislation. The Manager will monitor, on a daily basis, the Fund's securities lending activities. The policies and procedures relating to securities lending transactions will be reviewed and updated on a regular basis.

Currently, the Funds do not enter into repurchase or reverse repurchase transactions. However, the Funds may enter into repurchase or reverse repurchase agreements in the future as described in the Simplified Prospectus of the Funds after giving investors 60 days prior written notice. The Funds may enter into these transactions only as permitted under securities law. In the event the Funds commence repurchase or reverse repurchase transactions, similar controls, policies and procedures will be put in place for those transactions as described above for securities lending agreements.

Proxy Voting Policies

The Manager is responsible for directing how proxies relating to any securities of a Fund are to be voted. The Manager has adopted written policies and procedures (the "Proxy Voting Policy") aimed at ensuring that all votes in respect of securities held by a Fund are exercised in accordance with the best interests of the Fund.

The Manager is required to follow the guidelines set forth in the Proxy Voting Policy. However, the Proxy Voting Policy provides that the Manager review the terms of each proxy vote on its own merits. Consequently, the Manager may deviate from guidelines in the Proxy Voting Policy in situations which will protect or enhance the investment value of a security.

The Proxy Voting Policy provides that the Manager will generally cause the Funds to vote in favour of management proposals on routine matters such as the election of directors, appointment of auditors, indemnification of directors and receipt and approval of financial statements, provided it is in line with the guidelines set forth in the Proxy Voting Policy.

With respect to non-routine matters, such as take-over defence measures and changes in capital structure, the Manager will examine proxies and recommendations for special proposals to assess the impact on the value of the securities, generally voting in favour of proposals that would enhance the investment value of the relevant security in the long term and against proposals that increase the risk level and reduce the investment value of the relevant security in the long term. Other issues, including those business issues specific to the issuer or those raised by shareholders of the issuer, are addressed on a case-by-case basis with a focus on the potential impact of the vote on shareholder value.

The Board of Directors of the Manager oversees the proxy voting process and reviews proxy voting results, policies and procedures on an annual basis to ensure that securities held by the Funds are voted in accordance with the Proxy Voting Policy. When the Manager becomes aware of any vote that presents a conflict of interest, the conflict is reported to the Board of Directors of the Manager and proxies are voted in a manner consistent with the best interests of the Fund, without regard to any other business relationship that may exist.

The Proxy Voting Policy is available on request, at no charge, by calling (416) 214-0675 or by writing to the Manager at 110 Sheppard Avenue East, Suite 301, P.O. Box 18, Toronto, Ontario, M2N 6Y8.

The proxy voting record for each Fund for the most recent twelve month period ended June 30 of each year, will be available free of charge to any unitholder of the Fund upon request at any time after August 31 of that year. A Fund's proxy voting record is also available on our internet site at www.choufunds.com.

Short-Term Trading

Short-term trading activities in the Fund may adversely affect unitholders. Frequent trading can hurt the Fund's performance by forcing the Manager to keep more cash in the Fund that would otherwise be needed, or to sell investments at an inappropriate time. It may also increase the Fund's transaction costs. While the Manager will actively take steps to monitor, detect and deter short-term trading, it cannot ensure that such trading activity will be completely eliminated.

In order to protect the interest of the majority of unitholders in the Fund and discourage short-term trading in the Fund, unitholders that redeem their units within 90 days of purchasing such units will be charged a fee equal to 2% of the value of the units redeemed.

The Manager may also take such additional action as it considers appropriate to prevent further similar activity by the investor. These actions may include the delivery of a warning to the investor, placing the investor/account on a watch list to monitor his or her trading activity, the subsequent refusal of further trades by the investor if the investor continues to attempt such trading activity and/or closure of the investor's account.

11. INCOME TAX CONSIDERATIONS

This section describes the principal Canadian federal income tax considerations under the Tax Act as of the date hereof generally applicable to the Funds and to a prospective purchaser of units of a Fund who is a Canadian resident individual (other than a trust) holding units of the Funds as capital property, dealing at arm's length with the Funds and not affiliated with the Funds, each within the meaning of the Tax Act.

This summary is based on the current provisions of the Tax Act and the regulations thereunder, specific proposals to amend the Tax Act and the regulations thereunder announced by the Minister of Finance (Canada) prior to the date of this Annual Information Form and the current published administrative policies and assessing practices of the Canada Revenue Agency ("CRA"), all as publicly available on the date hereof. This summary does not take into account or anticipate any other changes in law whether by legislative, regulatory, administrative or judicial action.

It is intended that each Fund will qualify as a mutual fund trust under the Tax Act. This summary is based on the assumption that each Fund qualifies as a mutual fund trust under the Tax Act at all times. This summary does not constitute legal or tax advice to any particular investor.

This summary is not intended to be exhaustive of all possible income tax considerations. Investors should consult their own tax advisors for advice with respect to the tax consequences of an investment in the Funds in their particular circumstances.

Taxation of Funds

In each taxation year, the net income and net realized capital gains, if any, of the Funds that would otherwise be taxable in the Funds will be distributed to unitholders and paid by reinvestment in additional units or in cash. Consequently, these Funds will not be liable for income tax under Part I of the Tax Act. The Funds have a taxation year end of December 15.

Capital or income losses incurred by these Funds cannot be allocated to unitholders but may, subject to certain limitations, be deducted by a Fund from its capital gains or income realized in other years. In certain circumstances losses of the Fund may be suspended or restricted, and therefore would not be available to shelter capital gains or income. Foreign source income received by a Fund will generally be net of any taxes withheld in the foreign jurisdiction. The foreign taxes withheld will be included in the calculation of the Fund's income.

Generally, each Fund will include gains and deduct losses in connection with derivative activities used for non-hedging purposes on income account and will recognize such gains or losses for income tax purposes at the time they are realized by the Fund. Pursuant to recent amendments to the Tax Act, an election to realize gains and losses on "eligible derivatives" (as defined in such amendments) of the fund on a mark-to-market basis may be available. The Manager will consider whether such election, if available, would be advisable for the fund. Subject to the derivative forward agreement ("DFA") rules discussed below, where a Fund uses derivatives to closely hedge gains or losses underlying capital investments held by the Fund, such gains or losses may, depending on the circumstances, be recognized on capital account; otherwise, such gains or losses will be recognized on income account.

The DFA rules in the Tax Act target certain financial arrangements (described in the DFA rules as "derivative forward agreements") that seek to reduce tax by converting, through the use of derivative contracts, the return on investments that would have the character of ordinary income to capital gains. The Tax Act exempts application of the DFA rules on currency forward contracts or certain other that are entered into in order to hedge foreign exchange risk in respect of an investment held as capital property. Hedging, other than currency hedging on underlying capital investments, that reduces tax by converting the return on investments that would have the character of ordinary income to capital gains through the use of derivative contracts will be treated by the DFA Rules as on income account.

The Tax Act contains "loss restriction event" ("LRE") rules that could potentially apply to a Fund. In general, a LRE will occur to a Fund if a person (or group of persons) acquires units of the Fund worth more than 50% of the fair market value of all the units of the Fund. If a LRE occurs (i) the Fund will be deemed to have a year-end for tax purposes, (ii) any net income and net realized capital gains of the Fund at such year-end will be distributed to unitholders of the Fund to the extent required for the Fund not to be liable for income taxes, and (iii) the Fund will be restricted in its ability to use tax losses (including any unrealized capital losses) that exist at the time of the LRE. However, a

Fund will be exempt from the application of the LRE rules in most circumstances provided that the Fund is an "investment fund". An "investment fund" for this purpose includes a trust that meets certain conditions; including satisfying certain of the conditions for qualifying as a "mutual fund trust" under the Tax Act, as well as maintaining a reasonable level of asset diversification. It is expected that the Funds will qualify as an "investment fund" for purposes of the "loss restriction event" definition.

Taxation of Individual Unitholders Resident in Canada

Generally, if units are held in a registered tax plan (such as an RRSP, RESP, RRIF, RDSP or DPSP) or in a TFSA, income and capital gains received from the Funds, and capital gains realized on selling or transferring the units of the Funds, will not be taxable in such registered plans, but will be taxable when investors withdraw these amounts from the registered plans (other than a return of contributions from an RESP or certain withdrawals from an RDSP). Withdrawals from a TFSA are not taxable. A unitholder of a Fund will be subject to a penalty tax if the units are a "prohibited investment". Units of a Fund are a prohibited investment if the unitholder does not deal at arm's length with the Fund or if the unitholder alone, or together with other persons with whom the unitholder does not deal at arm's length, holds 10% or more of the value of the Fund. Investors should consult their own tax advisors regarding specific rules relating to withdrawals of amounts rolled into an RDSP from certain other registered plans, as well as regarding the impact of TFSA withdrawals on TFSA contribution room.

Generally, unitholders who hold units of a Fund directly (not in a registered tax plan or TFSA) will be required to include in their income all net income and net taxable capital gains, if any, payable to them, whether paid by reinvestment in additional units or in cash. To the extent applicable, each of the Funds intends to make designations to ensure that the maximum portion of its dividends, foreign income, net realized capital gains and foreign creditable tax will be received by unitholders as dividends, foreign income or taxable capital gains, as the case may be, or will be deemed to be paid by unitholders in the case of foreign creditable tax.

When unitholders purchase units of a Fund, a portion of the price paid may reflect income and capital gains of the Fund for the year. The amounts paid to unitholders must be included in their income for tax purposes subject to the provisions of the Tax Act, even though the Fund earned these amounts before the unitholders owned the units.

Unitholders are generally required to include in their income any repayment of management fees paid by the Funds.

Where a unitholder redeems or otherwise disposes of, or is deemed to dispose of, units, including for the purpose of satisfying any negotiable switch fee or for any other reason, a capital gain (or a capital loss) will generally be realized to the extent that the proceeds of disposition of the unit exceeds (or is exceeded by) the aggregate of the adjusted cost base to the investor of the units and any costs of disposition. One-half of a capital gain must be included in computing the unitholder's income under the Tax Act. A switch of units of

one series of a Fund to another series of the same Fund will, not in itself, result in a disposition.

The adjusted cost base of units to a unitholder is, generally, the cost of your initial investment, plus the amount of any additional investments, plus the amount of any distributions that were reinvested, minus amount of any return of capital and minus the adjusted cost base of any previously redeemed units. Unitholders should keep detailed records of the purchase costs, sales charges and dividends or distributions related to their Fund units. Where a unitholder holds units purchased in U.S. dollars, any capital gain or capital loss for tax purposes on a disposition of such units will be determined by converting the adjusted cost base and proceeds of disposition into Canadian dollars using the applicable rate of exchange on the date of acquisition and disposition, respectively.

If dividends or distributions by a Fund (including management fee rebates) in any year exceed the Fund's net income and net realized capital gain for the year, the excess amount paid to the investor will not be included in their income. However, unitholders should reduce the adjusted cost base of their units by the excess amount.

Taxation of Registered Plans

A registered plan that holds units of a Fund and the planholder of that registered plan will not be subject to tax on the value of the units or the income or capital gains distributed by the Fund or a gain realized on the disposition of the units provided the units are: (i) a qualified investment under the Tax Act for the registered plan; (ii) in the case of an RRSP, RRIF, TFSA, RESP and RDSP, not a prohibited investment under the Tax Act for the registered plan and not used in a transaction that constitutes an advantage under the Tax Act in relation to the registered plan; and (iii) not used as security for a loan.

Investors should consult their own tax advisor for advice on whether or not units of a Fund would be a prohibited investment or whether a particular transaction constitutes a prohibited advantage under the Tax Act for their registered plans.

Exchange of Tax Information

Part XVIII of the Tax Act imposes due diligence and reporting obligations on "reporting Canadian financial institutions" in respect of their "U.S. reportable accounts". The Fund is a "reporting Canadian financial institution" and may be required to provide information to the CRA in respect of its unitholders who are "U.S. reportable accounts". Such information generally relates to citizenship, residency and, if applicable, a U.S. federal tax identification number or such information relating to the controlling person(s) in the case of certain entities. If unitholders hold their units of a Fund through a dealer, the dealers will be subject to due diligence and reporting obligations with respect to financial accounts they maintain for their clients. Accordingly, unitholders may be requested to provide information to the Fund or their dealer to identify U.S. persons holding units of the Fund. If a unitholder (or any controlling person of certain entities) is identified as a

U.S. person (including a U.S. citizen) or if a unitholder does not provide the requested information, Part XVIII of the Tax Act will generally require information about the unitholder's investments held in the financial account maintained by the Fund or the dealer to be reported to CRA, unless the investments are held within a RRSP, RRIF, DPSP, TFSA, RDSP or RESP. CRA is expected to provide that information to the U.S. Internal Revenue Service.

In addition, Part XIX of the Tax Act was recently enacted to implement the Organization for Economic Cooperation and Development Common Reporting Standard (the "CRS"), which will require the Fund to provide information to the CRA about accounts maintained for individuals and entities whose residency for tax purposes is in a jurisdiction country outside of Canada and the U.S. The CRA will then provide that information to foreign jurisdictions with which it has established a partnership in the context of the CRS. In 2018, it will report the information collected in 2017 (and other information, generally related to distributions from, and value of, the accounts) on any new holders whose residency for tax purposes is in a jurisdiction other than Canada. Any holders of pre-existing accounts whose residency for tax purposes is in a jurisdiction other than Canada will be reported to the CRA starting in 2019. Each subsequent year, the accounts of the preceding year will be reported.

12. REMUNERATION OF DIRECTORS, OFFICERS AND TRUSTEE

There are no directors or executive officers of any of the Funds. The Trustee will receive the compensation described under "Manager" above.

13. MATERIAL CONTRACTS

- (a) Amended and Restated Declaration of Trust dated as of August 10, 2005, amended on September 7, 2007, particulars of which may be found under **Name, Formation and History of the Funds**;
- (b) Amended and Restated Management Agreement between the Funds and the Manager, dated as of August 10, 2005, particulars of which may be found under **Responsibility for Operations of the Funds - Manager**;
- (c) Custodial Services Agreement with CIBC Mellon dated October 26, 2016, particulars of which may be found under **Responsibility for Operations of the Funds - Custodian**; and
- (d) Fund Administration Services Agreement between the Manager, in its own capacity and on behalf of the Funds, and CIBC Mellon Global Securities Services Company dated October 26, 2016, particulars of which may be found under **Responsibility for Operations of the Funds - Registrar**.

Copies of each of the material contracts of the Funds are available for inspection at the head office of the Manager during business hours.

14. CERTIFICATES

Certificate of the Funds, Manager and Promoter of the Funds

This Annual Information Form, together with the Simplified Prospectus and the documents incorporated by reference into the Simplified Prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by the Simplified Prospectus, as required by the securities legislation of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Prince Edward Island, Nova Scotia, New Brunswick and Newfoundland and Labrador and do not contain any misrepresentations.

DATED: September 14, 2019

Chou Associates Management Inc. as Trustee, Manager and
Promoter of Chou RRSP Fund, Chou Associates Fund,
Chou Europe Fund, Chou Asia Fund and Chou Bond Fund

"Francis S. M. Chou"

"Sewan Chou"

Francis S. M. Chou
Chief Executive Officer

Sewan Chou
Chief Financial Officer

On behalf of the Board of Directors of Chou Associates
Management Inc., as Trustee, Manager and Promoter of
Chou RRSP Fund, Chou Associates Fund, Chou Europe
Fund, Chou Asia Fund and Chou Bond Fund

"Tracy Chou"

Tracy Chou
Director

CHOU MUTUAL FUNDS

CHOU ASSOCIATES FUND

CHOU RRSP FUND

CHOU EUROPE FUND

CHOU ASIA FUND

CHOU BOND FUND

Chou Associates Management Inc.

110 Sheppard Avenue East

Suite 301, P.O. Box 18

Toronto, Ontario

M2N 6Y8

416 214-0675

Additional information about the Funds is available in the Fund Facts, management reports of fund performance and financial statements of the Funds.

You can get a copy of these documents at no cost by calling toll-free at 1-888-357-5070, or from your dealer or by e-mail at admin@choufunds.com.

These documents and other information about the Funds, such as information circulars and material contracts, are also available on the internet site at www.sedar.com.