

**CHOU ASSOCIATES FUND
CHOU ASIA FUND
CHOU EUROPE FUND
CHOU BOND FUND
CHOU RRSP FUND**

ANNUAL REPORT 2023

Illustration of an assumed investment of \$10,000 in Canadian dollars (unaudited)

CHOU ASSOCIATES FUND

Period ended	Total value of shares
Dec.31, 1986	\$10,000
Dec.31, 1987	10,502
Dec.31, 1988	12,001
Dec.31, 1989	14,244
Dec.31, 1990	12,722
Dec.31, 1991	15,681
Dec.31, 1992	18,817
Dec.31, 1993	21,863
Dec.31, 1994	21,300
Dec.31, 1995	27,904
Dec.31, 1996	34,235
Dec.31, 1997	48,035
Dec.31, 1998	59,187
Dec.31, 1999	53,489
Dec.31, 2000	57,967
Dec.31, 2001	70,397
Dec.31, 2002	91,504
Dec.31, 2003	94,773
Dec.31, 2004	103,319
Dec.31, 2005	117,462
Dec.31, 2006	139,511
Dec.31, 2007	125,258
Dec.31, 2008	88,553
Dec.31, 2009	114,854
Dec.31, 2010	136,916
Dec.31, 2011	113,776
Dec.31, 2012	144,446
Dec.31, 2013	204,142
Dec.31, 2014	228,754
Dec.31, 2015	212,854
Dec.31, 2016	206,905
Dec.31, 2017	214,775
Dec.31, 2018	197,699
Dec.31, 2019	200,244
Dec.31, 2020	181,288
Dec.31, 2021	276,407
Dec.31, 2022	302,056
Dec.31, 2023	\$304,090

NOTE: Rates of return are historical total returns, include changes in unit prices, and assume the reinvestment of all distributions. These annual compounded returns do not take into account any sales charges, redemption fees, other optional expenses or income taxes that you have to pay and that could reduce these returns. The returns are not guaranteed. The Fund's past performance does not necessarily indicate future performance.

The table is presented only to illustrate the effects of the compound growth rate and is not intended to reflect future values of the mutual funds or returns on the mutual funds. Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing.

PERFORMANCE OF THE FUNDS
(unaudited)

(Series A units)	December 31						
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Chou Associates Fund							
Total Return	0.67%	9.28%	52.47%	-9.47%	1.29%	-7.95%	3.80%
Management Expense Ratio (MER)	2.03%	2.02%	1.69%	1.85%	1.87%	2.03%	1.89%
Portfolio turnover rate	9.21%	15.76%	4.99%	0.03%	14.98%	31.61%	26.03%
Net Assets, end of the year (in millions)	\$ 153.6	\$ 162.2	\$ 164.6	\$ 153.2	\$ 209.0	\$ 285.8	\$ 376.8
Chou Asia Fund							
Total Return	16.98%	-6.58%	-1.70%	66.11%	1.02%	-12.72%	21.12%
Management Expense Ratio (MER)	2.26%	2.26%	1.76%	1.86%	1.90%	2.08%	1.92%
Portfolio turnover rate	0.14%	3.26%	7.00%	0.37%	15.55%	0.00%	0.96%
Net Assets, end of the year (in millions)	\$ 16.0	\$ 15.3	\$ 18.6	\$ 21.6	\$ 16.2	\$ 22.5	\$ 29.4
Chou Europe Fund							
Total Return	39.57%	8.00%	-4.46%	27.24%	-3.05%	-9.91%	3.59%
Management Expense Ratio (MER)	0.55%	1.24%	1.73%	2.04%	1.96%	2.21%	1.95%
Portfolio turnover rate	0.00%	13.76%	12.10%	32.94%	13.94%	9.01%	21.06%
Net Assets, end of the year (in millions)	\$ 3.3	\$ 2.4	\$ 3.5	\$ 5.5	\$ 6.8	\$ 7.4	\$ 7.6
Chou Bond Fund							
Total Return	-1.86%	7.96%	41.25%	24.88%	-25.10%	14.85%	-1.61%
Management Expense Ratio (MER)	1.76%	1.78%	1.37%	1.42%	1.60%	1.85%	1.56%
Portfolio turnover rate	0.00%	78.25%	44.47%	54.84%	11.84%	13.97%	36.79%
Net Assets, end of the year (in millions)	\$ 10.9	\$ 11.2	\$ 10.5	\$ 8.6	\$ 9.8	\$ 17.9	\$ 27.8
Chou RRSP Fund							
Total Return	-1.58%	-8.73%	55.98%	13.52%	-17.67%	-7.15%	22.09%
Management Expense Ratio (MER)	2.08%	2.04%	1.70%	1.88%	1.89%	2.01%	1.92%
Portfolio turnover rate	7.25%	33.81%	9.86%	0.05%	15.25%	14.08%	23.45%
Net Assets, end of the year (in millions)	\$ 34.4	\$ 37.3	\$ 45.2	\$ 37.5	\$ 42.8	\$ 66.2	\$ 80.4

Please note that 'Net Assets' include both Series A and Series F of the Fund.

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CHOU ASSOCIATES FUND

(unaudited)

March 15, 2024

Dear Unitholders of Chou Associates Fund,

The net asset value per unit (“NAVPU”) of a Series A unit of Chou Associates Fund at December 31, 2023 was \$156.08 compared to \$155.04 at December 31, 2022, an increase of 0.7%; during the same period, the S&P 500 Total Return Index increased 23.3% in Canadian dollars. In U.S. dollars, a Series A unit of Chou Associates Fund increased by 2.9% while the S&P 500 Total Return Index increased 26.3%.

The table shows our one-year, three-year, five-year, 10-year, 15-year and 20-year annual compound rates of return.

December 31, 2023 (Series A)	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years
Chou Associates Fund (\$CAN)	0.7%	18.8%	9.0%	4.1%	8.6%	6.0%
S&P 500 (\$CAN)	23.3%	11.3%	15.0%	14.5%	14.6%	9.8%
Chou Associates Fund (\$US)	2.9%	17.2%	9.6%	1.8%	8.0%	5.9%
S&P 500 (\$US)	26.3%	10.0%	15.7%	12.0%	14.0%	9.7%

Rates of return are historical total returns that include changes in unit prices, and assume the reinvestment of all distributions. These annual compounded returns do not take into account any sales charges, redemption fees, other optional expenses or income taxes that you have to pay and that could reduce these returns. The returns are not guaranteed. The Fund’s past performance does not necessarily indicate future performance. The table is used only to illustrate the effects of the compound growth rate and is not intended to reflect future values of the mutual funds or returns on the mutual funds. Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing.

Factors Influencing the 2023 Results

The major advancers in the year were the equity holdings of Ally Financial Inc., Bausch Health Companies Inc., Wells Fargo & Company, Synchrony Financial, Berkshire Hathaway Inc., and Citigroup Inc. The decliners in the year were the equity holdings of EXCO Resources Inc., Liberty Global PLC and the warrant holding of Hertz Global Holdings Inc. The Canadian currency appreciated against the US dollar, which also negatively affected the Fund.

During the year, a subsidiary of The Paper Excellence Group, finalized the purchase of Resolute Forest Products in March 2023. The transaction was completed by way of a merger between RFP and a newly created subsidiary of Domtar, providing for the conversion of each share of RFP common stock into the right to receive US\$20.50 per share, together with CVR (Contingent Value Rights) entitling the holder to a share of future softwood lumber duty deposit refunds. Each share, on a fully diluted basis at closing, is entitled to receive one CVR. The fund received the cash portion of the deal.

The Fund reduced its holding in EXCO Resources Inc. and increased its holding in Synchrony Financial.

The Fund also sold off its holdings in MBIA Inc. and Overstock.com Inc.

The Fund initiated investments in Navient Corporation.

DOES VALUE-INVESTING WORK OVER THE LONG TERM?

Over the years, I have been asked frequently whether value investing truly works over the long term. Prior to two years ago, that question was usually asked with great skepticism. In my mind, unequivocally, the answer is yes. It works because you are buying an asset for a far lower price than what it is worth.

As it happens, we have been managing five mutual funds over long periods, all in different market sectors. I thought perhaps if one of our five funds ranked in the top 5, I would be excited. So, we asked Fundata to supply the data and discovered that all five Chou Funds performed extremely well over the long term. Not only were our funds in the top 5, they were number 1 in several categories and performance periods! The results are presented below.

This strong performance is despite the fact that the results include the 2015 to 2020 period—a hellish time for value investing. In fact, the impact was so great, it even affected the 15-year and 20-year results.

Fundata fund rankings by category (as of December 31, 2023)

Fund category and rank	Performance period (number of years)							
	3	5	10	15	20	25	30	35
Global equity category:								
Chou Associates Fund (Series A), rank	3	917	786	267	102	4	1	1
Number of funds in this category	1,845	1,637	826	435	180	45	21	14
Canadian-focused small- and mid-cap equity:								
Chou RRSP Fund (Series A), rank	8	39	25	13	1	1	1	1
Number of funds in this category	53	44	25	17	< 10	< 10	< 10	< 10

Fund category and rank	Performance period (number of years)			
	3	5	10	15
Asia-Pacific equity (excluding Japan):				
Chou Asia Fund (Series A), rank	1	1	1	1
Number of funds in this category	46	46	40	18
Global fixed income, balanced:				
Chou Bond Fund (Series A), rank	2	2	2	2
Chou Bond Fund (Series F), rank	1	1	1	1
Number of funds in this category	813	705	324	133
European equity:				
Chou Europe Fund (Series A), rank	2	3	57	10
Chou Europe Fund (Series F), rank	1	1	47	7
Number of funds in this category	111	106	68	51

Note: Chou Asia Fund, Chou Europe Fund, and Chou Bond Fund do not have a 20-year performance history.
Source: All data courtesy of Fundata.

The market is so competitive that it is tough enough to get ranked in the top five for just one fund, but it is surreal to find that, looking at the various time periods, four of the five Chou Funds were frequently ranked number 1 against their peers.

Although we usually do not name other mutual funds, the ones that were ranked second in their category were frequently value funds. My fierce competitor and friend, Tim McElvaine, runs the McElvaine Value Fund, which was ranked second in the Canadian-focused small- and mid-cap equity category. I hope he retires soon so I do not have to compete with him; he has been snapping at my heels for the last 20 years.

So much for “Value investing is dead”

Do you have to be flawless in your stock selections to be ranked number 1? Absolutely not! Value investing gives you enough of a cushion to make mistakes and still get a decent rate of return. Let’s look at some of the errors we’ve made across all our funds over the last several years, excluding some truly dumb mistakes.

The key to value investing is appraisal: knowing the true value of a company. If that is not precise enough, everything falls apart.

Mistakes of Commission

We tend to fish in troubled waters; in some years, our appraisals of distressed companies were off the mark. For example, perhaps we thought a company was worth 100 cents, but it was worth closer to 60 cents. The tendency is to put a much higher weight on asset value and not enough weight on the value of the operating company. The problem is that asset value can be a **massive security blanket** that can make us blind to the deterioration of the worth of the operating company.

A case in point is Sears Holdings. We were correct that the company’s real estate plus the value of the brand names would afford some cushion against losses; however, we were inaccurate in our assumption that the former chief executive and chairman of the company, Eddie Lampert, would maximize returns for shareholders based on the real estate assets and the value of the operating retail company. Instead, he tried to reinvent the company, suffering huge losses along the way and almost wholly eroding the value of the considerable real estate assets that Sears held. Although the value of downside protection is important, most of the returns from an investment come from either the increase in the intrinsic value of the company, or the closing of the gap between the discounted purchase price and the full intrinsic value. When neither happens, then investors want to see the assets and the brand names divested or sold—sooner rather than later—for the benefit of the shareholders. Fortunately, we can say that in the case of Sears, we lost an insignificant amount of money on an actual dollar basis (as one Republican suggested, such amounts should be classified as “Trump change”). However, we did lose a tremendous amount in opportunity costs over that 10-year period. Trump change or not, it was still an unforced error. That was a mistake of commission.

Mistakes of Omission

We also made a number of mistakes of omission. Over the last 35 years, roughly half of our portfolio was invested in troubled companies, and the other half was in good companies, so we are well acquainted with investing in both types. But what happened in some years was that we spent too much time undervaluing the good companies. While our assessment showed that these investments were worth 100 cents, they were more accurately close to 150 cents, thus causing us to miss some good opportunities. These omissions, though they are unseen mistakes, are nevertheless as real as mistakes of commission. In summary, although the markets have been less kind to value investing, we can exacerbate the problem as practitioners, and I am the biggest culprit.

What about the next 35 years?

We believe value investing will continue to flourish over the next 35 years, and the Chou Funds will continue to do well, irrespective of the market sectors. After 35 years, we may not always be ranked number 1 against our peers in their respective categories, but we will be ranked relatively high. The long-term results of the Chou Funds have shown that we produce excellent results whether we are buying American, Canadian, Asian, or European equities or fixed-income instruments.

The point is this: how can anyone argue against the logic of buying something considerably cheaper than what a company is worth?

Portfolio Commentary

The Common Theme In New Purchases

We purchased shares in several new companies. They are half-decent companies that generate tons of free cash flow, sell at a low multiple of earnings, and have management that we can trust to make operating and capital allocation decisions wisely. But if there is a common theme in the new purchases, it is that they have been big buyers of their own stock over the last few years. We also believe that if their shares fall further, they will repurchase them in significant quantities in the market. What this entails is that their intrinsic value will increase on a per-share basis. That is music to my ears.

However, there is one caveat regarding companies buying back their shares. They should not be in a declining industry where new technology or processes will make their products less valuable. And as a corollary, the company should not buy back shares if it is a piece of CRAP (Cannot Realize A Profit). In this case, the remaining loyal shareholders are getting a larger piece of a crappy company.

EXCO Resources Inc. (“EXCO”)

In early July 2019, the company emerged from bankruptcy and the 1.75 lien term loans were converted to 28.38 equity shares for every US\$1,000 in par value, after netting out certain adjustments. The equivalent price was US\$9.51 per share of EXCO.

Since it is a private company, I am not at liberty to divulge the latest financial statements, but what I can tell you is that my calculation of its PV-10 value was more than US\$1.8 billion (roughly US\$35 per share) based on the New York Mercantile Exchange (NYMEX) forward pricing as of June 30, 2023, and the net proved reserves were 2.7 trillion cubic feet equivalent. Its number of outstanding shares as of June 30, 2023 was 51,584,500. We estimate its EBITDA for the year ending 2024 will be between US\$200 million and US\$250 million. As a comparison, in 2018, the PV-10 value was US\$750 million.

As of December 31, 2023, the share of EXCO was valued at \$16.86 by Kroll, an independent third-party valuator.

Caution to the Investors

Investors should be advised that we run a highly focused portfolio, frequently just three to five securities may comprise close to 50% of the assets of the Fund. In addition, the Fund has securities that are non-U.S. and could be subjected to geopolitical risks, which may trump or at least negatively influence the financial performance of the company. Also, we may enter into some derivative contracts, such as credit default swaps when we feel that the market conditions are right to use those instruments. Because of any or all of these factors, the net asset value of the Fund can be from time to time more volatile than at other times. However, we are not bothered by this volatility because our focus has always been, and continues to be, on how inexpensive we believe the Fund’s portfolio holdings are relative to what we believe to be their intrinsic value. Also, the Fund’s cash position was approximately 28.6% of net assets as at December 31, 2023.

Other Matters

FOREIGN CURRENCY CONTRACTS: None existed at December 31, 2023.

CREDIT DEFAULT SWAPS: None existed at December 31, 2023.

U.S. DOLLAR VALUATION: Any investor who wishes to purchase the Chou Funds in U.S. dollars may do so.

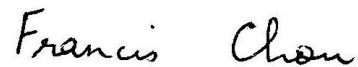
REDEMPTION FEE: We have a redemption fee of 2% if unitholders redeem their units in less than 3 months. None of this fee goes to the Fund Manager. It is put back into the Fund for the benefit of the remaining unitholders.

INDEPENDENT REVIEW COMMITTEE: The Manager has established an IRC as required by NI 81-107. The members of the IRC are Sandford Borins, Peter Gregoire and Joe Tortolano. The 2023 IRC Annual Report is available on our website www.choufunds.com.

As of March 15, 2024, the NAVPU of a Series A unit of the Fund was \$168.63 and the cash position was approximately 25.9% of net assets. The Fund is up 8.0% from the beginning of the year. In U.S. dollars, it is up 5.7%.

Except for the performance numbers of the Chou Associates Fund, this letter contains estimates and opinions of the Fund Manager and is not intended to be a forecast of future events, a guarantee of future returns or investment advice. Any recommendations contained or implied herein may not be suitable for all investors.

Yours truly,

A handwritten signature in cursive script that reads "Francis Chou".

Francis Chou
Fund Manager

Management's Responsibility for Financial Reporting

To the unitholders of the Chou Funds:

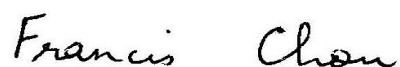
The accompanying financial statements have been prepared by the management of Chou Associates Management Inc. Management is responsible for the information and representations made in these financial statements.

Management has applied appropriate processes to ensure that the statements contain relevant and reliable financial information. The financial statements have been produced in accordance with International Financial Reporting Standards ("IFRS") and include certain amounts based on estimates and judgements. The significant accounting policies that management believes are appropriate for the Chou Funds are described in Note 2 to the financial statements.

The Trustee of each of the Trusts is responsible for reviewing and approving the financial statements, and for overseeing management's performance of its financial reporting responsibilities. The Trustee reviews the financial statements, the adequacy of internal controls, the audit process and the financial data with management and the external auditors.

The Board of Directors of Chou Associates Management Inc. is responsible for reviewing and approving the financial statements, and for overseeing management's performance of its financial reporting responsibilities. It reviews the financial statements, the adequacy of internal controls, the audit process and the financial data with management and the external auditors. Once satisfied, the Board approves the financial statements.

Grant Thornton LLP is the external auditor of the Chou Funds. They are appointed by the respective Boards and cannot be changed without the prior approval of the Independent Review Committee and on 60 days notice to the unitholders.



Francis Chou
Chou Associates Management Inc.
March 15, 2024

Independent auditor's report

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To the Unitholders of

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

Collectively referred to as “the Funds”

Opinion

We have audited the financial statements of the Funds, which comprise the statements of financial position as at December 31, 2023, and December 31, 2022 and the statements of comprehensive income (loss), statements of changes in net assets attributable to unitholders of redeemable units and statements of cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Funds as at December 31, 2023 and December 31, 2022, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Funds in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters – Supplementary Information

Our audit was conducted for the purposes of forming an opinion on the financial statements taken as a whole. The Fund Manager's letters on pages 1-5, 17-19, 27-29, 37-39, and 47-51 are presented for the purposes of additional information and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on it.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Funds' Management Reports of Fund Performance to be filed with the relevant Canadian Securities Commissions, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Funds ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Funds or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Funds financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Funds' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Funds' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Funds to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Grant Thornton LLP

Markham, Canada
March 27, 2024

Chartered Professional Accountants
Licensed Public Accountants

CHOU ASSOCIATES FUND

Statements of Financial Position

Years ended December 31, 2023 and 2022

	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 44,087,178	\$ 39,090,997
Investments (note 8)	105,445,185	117,244,713
Derivatives (note 8)	4,362,138	6,063,911
Receivable for redeemable units subscribed	-	39,697
Dividends receivable	43,818	44,775
Total assets	153,938,319	162,484,093
Liabilities		
Current liabilities:		
Accrued expenses	290,033	243,297
Payable for units redeemed	30,966	20,270
Total liabilities	320,999	263,567
Net assets attributable to unitholders of redeemable units	\$ 153,617,320	\$ 162,220,526
Net assets attributable to unitholders of redeemable units:		
Series A	\$ 107,940,581	\$ 119,424,698
Series F	45,676,739	42,795,828
	\$ 153,617,320	\$ 162,220,526
Number of redeemable units outstanding (note 4):		
Series A	691,639	770,337
Series F	294,530	279,359
Net assets attributable to unitholders of redeemable units per unit:		
Canadian dollars:		
Series A	\$ 156.07	\$ 155.04
Series F	155.08	153.20
U.S. dollars:		
Series A	117.78	114.50
Series F	117.04	113.15

The accompanying notes are an integral part of these financial statements.

Approved on behalf of the Board of Directors of Chou Associates Management Inc.:

Francis Chou



CHOU ASSOCIATES FUND

Statements of Comprehensive Income (Loss)

Years ended December 31, 2023 and 2022

	2023	2022
Income:		
Interest for distribution purposes and other	\$ 2,084	\$ -
Dividends	777,848	394,029
Securities lending income (note 7)	8,446	4,170
Foreign currency (loss) gain on cash and other net assets	(974,248)	809,906
Other net changes in fair value of financial assets and financial liabilities at fair value through profit or loss:		
Net realized gain on disposal of investments	7,769,240	39,515,158
Net realized gain on derivatives	-	89,374
Change in unrealized depreciation on investments	(1,265,665)	(23,711,380)
Change in unrealized (depreciation) appreciation on derivatives	(1,701,774)	470,348
	4,615,931	17,570,795
Expenses:		
Management fees (note 5(a))	2,470,089	2,492,165
Custodial fees	267,708	247,252
Audit fees (note 11)	133,751	146,701
Filing fees	29,664	79,540
Independent review committee fees	52,568	-
FundSERV fees	26,703	40,832
Legal fees	18,250	18,250
Transaction costs (note 6)	35,664	362,364
Foreign withholding taxes	114,383	60,411
Other	5,546	5,479
	3,154,326	3,452,994
Increase in net assets attributable to unitholders of redeemable units	\$ 1,461,605	\$ 14,117,801
Increase in net assets attributable to unitholders of redeemable units per series:		
Series A	\$ 920,266	\$ 9,600,252
Series F	541,339	4,517,549
	\$ 1,461,605	\$ 14,117,801
Average number of redeemable units outstanding for the year per the Series:		
Series A	741,951	862,783
Series F	274,316	230,026
Increase in net assets attributable to unitholders of redeemable units per unit:		
Series A	\$ 1.24	\$ 11.13
Series F	1.97	19.64

The accompanying notes are an integral part of these financial statements.

CHOU ASSOCIATES FUND

Statements of Changes in Net Assets Attributable to Unitholders of Redeemable Units

Years ended December 31, 2023 and 2022

	2023	2022
Series A		
Net assets attributable to unitholders of redeemable units, beginning of year	\$ 119,424,698	\$ 152,105,748
Increase in net assets attributable to unitholders of redeemable units	920,266	9,600,252
Proceeds from issue of redeemable units	528,370	323,941
Payments on redemption of redeemable units	(12,932,753)	(42,599,620)
Distributions of income to unitholders:		
Capital gains	-	(313,786)
Reinvested distributions	-	308,163
Net assets attributable to unitholders of redeemable units, end of year	\$ 107,940,581	\$ 119,424,698
Series F		
Net assets attributable to unitholders of redeemable units, beginning of year	\$ 42,795,828	\$ 12,507,480
Increase in net assets attributable to unitholders of redeemable units	541,339	4,517,549
Proceeds from issue of redeemable units	6,420,673	31,085,930
Payments on redemption of redeemable units	(4,081,101)	(5,267,767)
Distributions of income to unitholders:		
Capital gains	-	(855,856)
Reinvested distributions	-	808,492
Net assets attributable to unitholders of redeemable units, end of year	\$ 45,676,739	\$ 42,795,828
Total net assets attributable to unitholders of redeemable units, end of year	\$ 153,617,320	\$ 162,220,526

The accompanying notes are an integral part of these financial statements.

CHOU ASSOCIATES FUND

Statements of Cash Flows

Years ended December 31, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Increase in net assets attributable to unitholders of redeemable units	\$ 1,461,605	\$ 14,117,801
Adjustments for:		
Foreign currency loss (gain) on cash and other net assets	974,248	(809,096)
Net realized gain on disposal of investments and derivatives	(7,769,240)	(39,604,532)
Change in unrealized depreciation on investments and derivatives	2,967,439	23,241,032
Purchase of investments	(11,061,385)	(24,727,311)
Proceeds from sales of investments	29,364,487	82,407,421
Change in non-cash operating working capital:		
Decrease (increase) in dividends receivable	957	(2,944)
Increase (decrease) in accrued expenses	46,736	(35,416)
Net cash generated from operating activities	15,984,847	54,586,955
Cash flows from financing activities:		
Distributions paid to unitholders	-	(64,887)
Proceeds from redeemable units issued	6,988,740	31,370,674
Amount paid on redemption of redeemable units	(17,003,158)	(48,328,169)
Net cash used in financing activities	(10,014,418)	(17,022,382)
Foreign currency (loss) gain on cash and other net assets	(974,248)	809,096
Increase in cash and cash equivalents	4,996,181	38,373,669
Cash and cash equivalents, beginning of year	39,090,997	717,328
Cash and cash equivalents, end of year	\$ 44,087,178	\$ 39,090,997
Supplemental information:		
Interest received, net of withholding tax	2,084	-
Dividends received, net of withholding tax	664,422	330,674
Security lending income received	8,446	4,170

The accompanying notes are an integral part of these financial statements.

CHOU ASSOCIATES FUND

Schedule of Investments

December 31, 2023

	Number of securities	Cost	Fair value
Equities*			
Ally Financial Inc.	155,686	\$ 5,289,052	\$ 7,203,707
Bausch Health Companies Inc.	515,000	11,130,250	5,472,854
Berkshire Hathaway Inc., Class 'A'	80	8,437,290	57,520,421
Citigroup Inc.	57,695	1,457,677	3,932,524
EXCO Resources Inc.	781,244	19,296,711	17,448,083
Liberty Global PLC, Class 'A'	84,823	2,166,367	1,997,254
Navient Corporation	183,338	4,601,299	4,523,394
Synchrony Financial	120,000	5,457,935	6,072,439
Wells Fargo & Company	19,542	1,042,763	1,274,509
Total long		58,879,344	105,445,185
Derivatives			
Hertz Global Holdings Inc., warrants, June 30, 2051	600,740	7,072,368	4,362,138
Total investments		65,951,712	109,807,323
Transaction costs		(242,998)	-
Portfolio total		\$ 65,708,714	\$ 109,807,323

* Common shares unless indicated otherwise

The accompanying notes are an integral part of these financial statements.

CHOU ASSOCIATES FUND

Discussion of Financial Risk Management

Years ended December 31, 2023 and 2022

Investment objective and strategies:

Chou Associates Fund's objective is to provide long-term growth of capital by investing primarily in equity securities of U.S. and foreign businesses considered by the Manager to be undervalued. The Fund may also invest in the equity securities of Canadian businesses. Investments may include common and preferred shares, convertible debentures, government and corporate bonds and short-term debt. The Fund may also use derivatives such as, but not limited to, futures, options, swaps and forward contracts to gain exposure to securities and asset classes consistent with the objectives of the Fund, and to hedge portfolio exposure against losses from foreign currency and domestic currency exposure and changes in securities prices.

The investment process followed in selecting equity investments for the Fund is a value-oriented approach to investing. The level of investments in the Fund's securities is generally commensurate with the current price of the Fund's securities in relation to its intrinsic value. That approach is designed to provide an extra margin of safety, which in turn serves to reduce overall portfolio risk.

Financial risk management:

The Fund's investment activities expose it to various types of risk associated with the financial instruments and markets in which it invests. The Fund's risk management goals are to ensure that the outcome of activities involving risk is consistent with the Fund's objectives and risk tolerance.

(a) Other price risk:

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Approximately 60.12% (2022 – 53.46%) of the Fund's net assets held at December 31, 2023 were publicly traded equities and derivative investments. If equity and derivative prices on the exchange had increased or decreased by 5.00% as at December 31, 2023, the net assets of the Fund would have increased or decreased by approximately \$4,617,962 or 3.01% (2022 - \$4,336,947 or 2.67%) of the net assets, all other factors remaining constant.

In practice, the actual trading results may differ and the difference could be material.

(b) Foreign currency risk:

Currencies to which the Fund had exposure as at December 31, 2023 and 2022 expressed in CAD are as follows:

	Investments and derivatives	Cash and cash equivalents	Other assets and liabilities	Total	Percentage of net asset value
2023					
United States dollar (USD)	\$ 109,807,323	\$ 43,478,044	\$ 43,818	\$ 153,329,185	99.8%
2022					
United States dollar (USD)	\$ 123,308,624	\$ 39,045,555	\$ 44,775	\$ 162,398,954	100.1%

Financial risk management (continued):

(b) Foreign currency risk (continued):

The amounts in the above tables are based on the market value of the Fund's financial instruments. This includes cash and cash equivalents, investments, derivatives, dividends receivable, receivable for redeemable units subscribed and payable for units redeemed that are denominated in foreign currencies.

As at December 31, 2023, if the Canadian dollar had strengthened or weakened by 1.00% in relation to all currencies, with all other variables held constant, net assets would have decreased or increased by approximately \$1,533,292 (2022 - \$1,623,990).

In practice, the actual trading results may differ and the difference could be material.

CHOU ASIA FUND (unaudited)

March 15, 2024

Dear Unitholders of Chou Asia Fund

After the distribution of \$0.22, the net asset value per unit (“NAVPU”) of a Series A unit of Chou Asia Fund at December 31, 2023 was \$24.29 compared to \$20.95 at December 31, 2022, an increase of 17.0%; during the same period, the MSCI AC (Morgan Stanley Capital International All Country) Asia Pacific Total Return Index in Canadian dollars increased by 9.3%. In U.S. dollars, a Series A unit of Chou Asia Fund was up 19.5% while the MSCI AC Asia Pacific Total Return Index increased by 12.0%.

The table shows our one-year, three-year, five-year, 10-year and 15-year annual compound rates of return.

December 31, 2023 (Series A)	1 Year	3 Years	5 Years	10 Years	15 Years
Chou Asia Fund (\$CAN)	17.0%	2.4%	12.5%	8.2%	8.6%
MSCI AC Asia Pacific TR (\$CAN)	9.3%	-1.6%	5.2%	7.1%	8.0%
Chou Asia Fund (\$US)	19.5%	1.1%	13.2%	5.9%	8.0%
MSCI AC Asia Pacific TR (\$US)	12.0%	-2.7%	5.9%	4.8%	7.4%

Rates of return are historical total returns that include changes in unit prices, and assume the reinvestment of all distributions. These annual compounded returns do not take into account any sales charges, redemption fees, other optional expenses or income taxes that you have to pay and that could reduce these returns. The returns are not guaranteed. The Fund’s past performance does not necessarily indicate future performance. The table is used only to illustrate the effects of the compound growth rate and is not intended to reflect future values of the mutual funds or returns on the mutual funds. Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing.

Factors Influencing the 2023 Results

The major advancers in 2023 were the equity holdings of IDFC Limited and Shriram Finance Limited.

The largest decliners in the year were the equity holdings of Postal Savings Bank of China Co Limited, Alibaba Group Holding Limited and Tencent Holdings Limited.

The Canadian currency appreciated against the Hong Kong dollar, which negatively affected the Fund.

During the year, the Fund eliminated its holdings in Samsung Electronics Company Limited, Pyne Gould Corporation Limited, JD.com Inc. and Atlas Corporation. The Fund reduced its holdings in BYD Electronic (International) Company Limited.

The Fund did not enter into any foreign currency contracts during the year. The Fund also had no covered call options in its portfolio as at December 31, 2023.

How did Chou Asia Fund perform versus its peers over the long term?

Over the years, I have been asked frequently whether value investing truly works over the long term. Prior to two years ago, that question was usually asked with great skepticism. In my mind, unequivocally, the answer is yes. It works because you are buying an asset for a far lower price than what it is worth. So, we asked Fundata to supply the data and found the results of Chou Asia Fund to be a huge surprise over the long term! It is ranked 1st over the 15-year period.

Fund category and rank	Performance period (number of years)			
	3	5	10	15
Asia-Pacific equity (excluding Japan):				
Chou Asia Fund (Series A), rank	1	1	1	1
Number of funds in this category	46	46	40	18

Note: Chou Asia Fund does not have a 20-year performance history.
Source: All data courtesy of Fundata.

Portfolio Commentary

China

We invested in China several years ago and have been quite successful. Despite doing well, we have always been bothered by the communist and dictatorial nature of the regime. We have grappled with some of the issues listed below:

- 1) The Rule of Law does not properly exist in China. Unlike in the United States where your grievances can be addressed by the impartial judicial system, in China, it is controlled by the Communist Party, and political decisions take precedence over the facts of the case.
- 2) You cannot trust the local auditors even if they are independent. Under the guise of “National security concerns”, foreign international auditors cannot work-- or if they do perform the work – they have to toe the party line. Therefore, it is hard to be comfortable with the numbers.
- 3) One of the most irritating aspects is the ownership of securities. As a shareholder, you do not own the companies you invest in. You own a shell with the right to the earnings of the company you have supposedly invested in. It is called a “Variable Interest Entity”. If such a system existed in the United States or Canada, you would call it “A Total Bullshit System” that is meant to fleece the shareholders.
- 4) The Communist Party uses a provision that allows it to buy 1% of the company’s outstanding shares. This 1% share ownership has special rights and privileges (commonly called “Golden Shares”) and allows the Communist Party to influence and dictate what the companies can do.

The question is, how do we handicap the risk?

I believe the best way to handicap the risk is to buy excellent Chinese companies at a considerable discount to comparable American companies and to reduce our holdings in China to less than 20% at cost.

Caution to the Investors

Investors should be advised that we run a highly focused portfolio, frequently just three to five securities may comprise more than 50% of the assets of the Fund. In addition, the Fund has securities that are non-U.S. and could be subjected to geopolitical risks, which may trump or at least negatively influence the

financial performance of the company. Also, we may enter into some derivative contracts, such as credit default swaps when we feel that the market conditions are right to use those instruments. Because of any or all of these factors, the net asset value of the Fund can be from time to time more volatile than at other times. However, we are not bothered by this volatility because our focus has always been, and continues to be, on how inexpensive we believe the Fund's portfolio holdings are relative to what we believe to be their intrinsic value. Also, the Fund's cash position was approximately 32.9% of net assets as at December 31, 2023.

Other Matters

FOREIGN CURRENCY CONTRACTS: None existed at December 31, 2023.

CREDIT DEFAULT SWAPS: None existed at December 31, 2023.

U.S. DOLLAR VALUATION: Any investor who wishes to purchase the Chou Funds in U.S. dollars may do so.

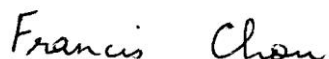
REDEMPTION FEE: We have a redemption fee of 2% if unitholders redeem their units in less than 3 months. None of this fee goes to the Fund Manager. It is put back into the Fund for the benefit of the remaining unitholders.

INDEPENDENT REVIEW COMMITTEE: The Manager has established an IRC as required by NI 81-107. The members of the IRC are Sandford Borins, Peter Gregoire and Joe Tortolano. The 2023 IRC Annual Report is available on our website www.choufunds.com.

As of March 15, 2024, the NAVPU of a Series A unit of the Fund was \$23.56 and the cash position was approximately 34.2% of net assets. The Fund is down 3.0% from the beginning of the year. In U.S. dollars, it is down 5.1%.

Except for the performance numbers of the Chou Asia Fund, this letter contains estimates and opinions of the Fund Manager and is not intended to be a forecast of future events, a guarantee of future returns or investment advice. Any recommendations contained or implied herein may not be suitable for all investors.

Yours truly,



Francis Chou
Fund Manager

CHOU ASIA FUND

Statements of Financial Position


December 31, 2023 and 2022

	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 5,263,238	\$ 4,969,307
Investments (note 8)	10,279,347	9,852,232
Receivable for redeemable units subscribed	-	52,710
Due from broker	528,875	498,600
Interest receivable	4,809	5,302
Dividends receivable	35,536	30,558
Total assets	16,111,805	15,408,709
Liabilities		
Current liabilities:		
Accrued expenses	126,171	83,525
Payable for units redeemed	-	-
Distributions payable	-	-
Total liabilities	126,171	83,525
Net assets attributable to unitholders of redeemable units	\$ 15,985,634	\$ 15,325,184
Net assets attributable to unitholders of redeemable units:		
Series A	\$ 7,408,382	\$ 6,914,008
Series F	8,577,252	8,411,176
	\$ 15,985,634	\$ 15,325,184
Number of redeemable units outstanding (note 4):		
Series A	305,074	330,014
Series F	344,150	391,855
Net assets attributable to unitholders of redeemable units per unit:		
Canadian dollars:		
Series A	\$ 24.28	\$ 20.95
Series F	24.92	21.47
U.S. dollars:		
Series A	18.32	15.47
Series F	18.81	15.85

The accompanying notes are an integral part of these financial statements.

Approved on behalf of the Board of Directors of Chou Associates Management Inc.:

Francis Chou



CHOU ASIA FUND

Statements of Comprehensive Income (Loss)

Years ended December 31, 2023 and 2022

	2023	2022
Income:		
Interest for distribution purposes and other	\$ 155,772	\$ 14,310
Dividends	391,882	291,731
Securities lending income (note 7)	213	5,071
Foreign currency (loss) gain on cash and other net assets	(133,163)	118,382
Other net changes in fair value of financial assets and financial liabilities at fair value through profit or loss:		
Net realized gain on disposal of investments	429,473	2,842,151
Change in unrealized appreciation (depreciation) on investments	2,046,731	(4,297,415)
	2,890,908	(1,025,770)
Expenses:		
Management fees (note 5(a))	224,380	224,086
Custodian fees	60,762	60,762
ADR Fees	564	817
Audit fees (note 11)	13,578	12,555
Filing fees	2,894	7,302
Independent review committee fees	5,044	-
FundSERV fees	2,572	3,778
Legal fees	536	2,258
Transaction costs (note 6)	2,909	13,321
Foreign withholding taxes	60,612	25,887
Other	552	508
	374,403	351,274
Increase (decrease) in net assets attributable to unitholders of redeemable units	\$ 2,516,505	\$ (1,377,044)
Increase (decrease) in net assets attributable to unitholders of redeemable units per series:		
Series A	\$ 1,117,545	\$ (1,886,323)
Series F	1,398,960	509,279
	\$ 2,516,505	\$ (1,377,044)
Average number of redeemable units outstanding for the year per series:		
Series A	317,943	437,639
Series F	366,740	291,223
Increase (decrease) in net assets attributable to unitholders of redeemable units per unit:		
Series A	\$ 3.51	\$ (4.31)
Series F	3.81	1.75

The accompanying notes are an integral part of these financial statements.

CHOU ASIA FUND

Statements of Changes in Net Assets Attributable to Unitholders of Redeemable Units

Years ended December 31, 2023 and 2022

	2023	2022
Series A		
Net assets attributable to unitholders of redeemable units, beginning of year	\$ 6,914,008	\$ 17,293,917
Increase (decrease) in net assets attributable to unitholders of redeemable units	1,117,545	(1,886,323)
Proceeds from issue of redeemable units	24	21,670
Payments on redemption of redeemable units	(622,450)	(8,515,256)
Distributions of income to unitholders:		
Investment income	(67,141)	-
Capital gains	-	(293,635)
Reinvested distributions	66,396	293,635
Net assets attributable to unitholders of redeemable units, end of year	7,408,382	6,914,008
Series F		
Net assets attributable to unitholders of redeemable units, beginning of year	8,411,176	1,279,386
Increase in net assets attributable to unitholders of redeemable units	1,398,960	509,279
Proceeds from issue of redeemable units	255,437	7,058,370
Payments on redemption of redeemable units	(1,485,070)	(417,467)
Distributions of income to unitholders:		
Investment income	(111,209)	-
Capital gains	-	(396,988)
Reinvested distributions	107,958	378,596
Net assets attributable to unitholders of redeemable units, end of year	8,577,252	8,411,176
Total net assets attributable to unitholders of redeemable units, end of year	\$ 15,985,634	\$ 15,325,184

The accompanying notes are an integral part of these financial statements.

CHOU ASIA FUND

Statements of Cash Flows

Years ended December 31, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Increase (decrease) in net assets attributable to unitholders of redeemable units	\$ 2,516,505	\$ (1,377,044)
Adjustments for:		
Foreign currency loss (gain) on cash and other net assets	133,163	(118,382)
Net realized gain on disposal of investments and derivatives	(429,473)	(2,842,151)
Change in unrealized (appreciation) depreciation on investments	(2,046,731)	4,297,415
Purchases of investments	(15,093)	(415,452)
Proceeds from sale of investments	2,033,907	4,895,402
Change in non-cash operating working capital:		
Decrease (increase) in interest receivable	493	(2,579)
Increase in dividends receivable	(4,978)	(8,547)
Increase in accrued expenses	42,646	28,352
Net cash generated from operating activities	2,230,439	4,457,014
Cash flows from financing activities:		
Distributions paid to unitholders	(3,996)	(132,738)
Proceeds from redeemable units issued	308,171	7,032,161
Amount paid on redemption of redeemable units	(2,107,520)	(8,943,065)
Net cash used in financing activities	(1,803,345)	(2,043,642)
Foreign currency (loss) gain on cash and other net assets	(133,163)	118,382
Increase in cash and cash equivalents	293,931	2,531,754
Cash and cash equivalents, beginning of year	4,969,307	2,437,553
Cash and cash equivalents, end of year	\$ 5,263,238	\$ 4,969,307
Supplemental information:		
Interest received	\$ 156,265	\$ 11,731
Dividends received, net of withholding tax	326,292	257,297
Security lending income received	213	5,071

The accompanying notes are an integral part of these financial statements.

CHOU ASIA FUND

Schedule of Investments

December 31, 2023

	Number of securities	Cost	Fair value
Equities*			
AJIS Company Limited	30,400	\$ 213,157	\$ 653,646
Alibaba Group Holding Limited, ADR	3,400	406,470	349,196
BYD Electronic (International) Company Limited	618,000	149,881	3,838,259
Capital A Berhad	650,000	670,997	154,637
China Yuchai International Limited	73,364	1,242,575	814,628
Consun Pharmaceutical Group Limited	279,000	209,880	225,833
IDFC Limited	1,010,000	750,376	2,036,872
Postal Savings Bank of China Company Limited	456,000	401,912	288,628
Shriram Transport Finance Company Limited	51,642	942,551	1,688,467
Tencent Holdings Limited	4,600	320,965	229,181
Total long		5,308,764	10,279,347
Total investments		5,308,764	10,279,347
Transaction costs		(12,913)	-
Portfolio total		\$ 5,295,851	\$ 10,279,347

* Common shares unless indicated otherwise

The accompanying notes are an integral part of these financial statements.

CHOU ASIA FUND

Discussion of Financial Risk Management

Years ended December 31, 2023 and 2022

Investment objective and strategies:

Chou Asia Fund's objective is to provide long-term growth of capital by investing primarily in equity securities of Asian businesses considered by the Manager to be undervalued. Investments may be made in securities other than equities and in businesses located outside of Asia. Investments may include common and preferred shares, convertible debentures, government and corporate bonds and short-term debt. The Fund may also use derivatives such as, but not limited to, futures, options, swaps and forward contracts to gain exposure to securities and asset classes consistent with the objectives of the Fund, and to hedge portfolio exposure against losses from foreign currency and domestic currency exposure and changes in securities prices.

The investment process followed in selecting equity investments for the Fund is a value-oriented approach to investing that focuses on the Asian market. The investment strategy follows strong disciplines with regard to price paid to acquire portfolio investments. The level of investments in the Fund's securities is generally commensurate with the current price of the company's securities in relation to its intrinsic value. That approach is designed to provide an extra margin of safety, which in turn serves to reduce overall portfolio risk.

Financial risk management:

The Fund's investment activities expose it to various types of risk associated with the financial instruments and markets in which it invests. The Fund's risk management goals are to ensure that the outcome of activities involving risk is consistent with the Fund's objectives and risk tolerance.

(a) Other price risk:

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Approximately 64.30% (2022 – 64.29%) of the Fund's net assets held at December 31, 2023 were publicly traded equities. If equity prices on the exchange had increased or decreased by 5.00% as at December 31, 2023, the net assets of the Fund would have increased or decreased by approximately \$513,967 or 3.22% (2022 - \$492,612 or 3.21%) of the net assets, all other factors remaining constant.

In practice, the actual trading results may differ and the difference could be material.

Financial risk management (continued):**(b) Foreign currency risk:**

Currencies to which the Fund had exposure as at December 31, 2023 and 2022 expressed in CAD are as follows:

2023	Investments	Cash and cash equivalents	Other assets and liabilities	Total	Percentage of net asset value
Hong Kong dollar (HKD)	\$ 4,581,901	\$ 172,017	\$ -	\$ 4,753,918	29.7%
United States dollar (USD)	\$ 1,163,824	\$ 3,777,013	\$ 40,053	\$ 4,980,890	31.2%
Indian Rupee (₹)	\$ 3,725,339	\$ 347,813	\$ -	\$ 4,073,152	25.5%
New Zealand dollar (NZD)	\$ -	\$ 753,031	\$ 528,875	\$ 1,281,906	8.0%
Japanese yen (¥)	\$ 653,646	\$ 74,792	\$ 205	\$ 728,643	4.6%
Malaysian Ringgit (RM)	\$ 154,637	\$ -	\$ -	\$ 154,637	1.0%

2022	Investments	Cash and cash equivalents	Other assets and liabilities	Total	Percentage of net asset value
Hong Kong dollar (HKD)	\$ 3,675,967	\$ 111,769	\$ -	\$ 3,787,736	24.6%
United States dollar (USD)	\$ 2,312,525	\$ 4,175,176	\$ 35,599	\$ 6,523,300	42.6%
Indian Rupee (₹)	\$ 2,507,656	\$ 182,514	\$ -	\$ 2,690,170	17.6%
New Zealand dollar (NZD)	\$ 542,781	\$ 274,230	\$ 498,600	\$ 1,315,611	8.6%
Japanese yen (¥)	\$ 688,431	\$ 60,783	\$ 146	\$ 749,360	4.9%
Malaysian Ringgit (RM)	\$ 124,872	\$ -	\$ -	\$ 124,872	0.8%

The amounts in the above tables are based on the market value of the Fund's financial instruments. This includes cash and cash equivalents, investments, dividends receivable, interest receivable, receivable for redeemable units subscribed, due from broker and payable for units redeemed that are denominated in foreign currencies.

As at December 31, 2023, if the Canadian dollar had strengthened or weakened by 1.00% in relation to all currencies, with all other variables held constant, net assets would have decreased or increased by approximately \$159,731 (2022 - \$151,900).

In practice, the actual trading results may differ and the difference could be material.

CHOU EUROPE FUND

(unaudited)

March 15, 2024

Dear Unitholders of Chou Europe Fund,

After the distribution of \$0.23, the net asset value per unit (“NAVPU”) of a Series A unit of Chou Europe Fund at December 31, 2023 was \$11.43 compared to \$8.34 at December 31, 2022, an increase of 39.6%; during the same period, the MSCI AC (Morgan Stanley Capital International All Country) Europe Total Return Index in Canadian dollars increased by 17.9%. In U.S. dollars, a Series A unit of Chou Europe Fund was up 42.6% while the MSCI AC Europe Total Return Index increased by 20.8%.

The table shows our one-year, three-year, five-year, 10-year and 15-year annual compound rates of return.

December 31, 2023 (Series A)	1 Year	3 Years	5 Years	10 Years	15 Years
Chou Europe Fund (\$CAN)	39.6%	12.9%	12.2%	3.3%	8.0%
MSCI AC Europe TR (\$CAN)	17.9%	6.8%	8.5%	6.7%	8.1%
Chou Europe Fund (\$US)	42.6%	11.4%	12.9%	1.1%	7.4%
MSCI AC Europe TR (\$US)	20.8%	5.6%	9.2%	4.4%	7.5%

Rates of return are historical total returns that include changes in unit prices, and assume the reinvestment of all distributions. These annual compounded returns do not take into account any sales charges, redemption fees, other optional expenses or income taxes that you have to pay and that could reduce these returns. The returns are not guaranteed. The Fund’s past performance does not necessarily indicate future performance. The table is used only to illustrate the effects of the compound growth rate and is not intended to reflect future values of the mutual funds or returns on the mutual funds. Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing.

Factors Influencing the 2023 Results

The largest decliners in 2023 were the equity holdings of Liberty Global PLC and Prosus NV.

The major advancers in 2023 were the equity holdings of Wizz Air Holdings Plc and Stellantis NV.

The euro depreciated against the Canadian currency during the period, which contributed negatively to the performance of the Fund.

During the period, the Fund reduced its holdings in Ryanair Holdings PLC. The Fund eliminated its holdings in JET2 PLC, Rolls-Royce Holdings PLC and Cairo Mezz PLC.

The Fund did not enter into any forward currency contracts for pounds sterling or euros in 2023. The Fund also had no covered call options in its portfolio as at December 31, 2023.

How did Chou Europe Fund perform versus its peers over the long term?

Over the years, I have been asked frequently whether value investing truly works over the long term. Prior to two years ago, that question was usually asked with great skepticism. In my mind, unequivocally, the answer is yes. It works because you are buying an asset for a far lower price than what it is worth. So, we asked Fundata to supply the data and found the results of Chou Europe Fund to be a huge surprise over the long term! Chou Europe Fund Series F is ranked 7th out of 51 funds over the 15-year period.

Fund category and rank	Performance period (number of years)			
	3	5	10	15
European equity:				
Chou Europe Fund (Series A), rank	2	3	57	10
Chou Europe Fund (Series F), rank	1	1	47	7
Number of funds in this category	111	106	68	51

Note: Chou Europe Fund does not have a 20-year performance history.
Source: All data courtesy of Fundata.

Portfolio Commentary

Prosus N V (“Prosus”)

Prosus trades on the Netherland Stock Exchange. Although it is engaged in e-commerce and internet businesses, the best way to understand the company is to visualize that it owns a portfolio of private and public companies. Its biggest asset is Tencent which comprises more than 75% of the net asset value of Prosus based on current prices. Tencent itself was undervalued but Prosus also sold at more than a 50% discount to its net asset value. This piqued our interest.

The Board of Directors of Prosus announced a share repurchase program on June 27, 2022:

“The repurchase program is expected to efficiently unlock immediate value for the shareholders of Prosus.

Prosus will begin selling small numbers of ordinary shares in Tencent Holdings Limited (“Tencent”) held by the Group (“Tencent Shares”) regularly and in an orderly manner, while concurrently purchasing Prosus Shares pursuant to the repurchase program, as long as the Group’s trading discount to net asset value is at elevated levels. Tencent is supportive of the withdrawal by Prosus of its voluntary restriction on the sale of its Tencent Shares.”

As of September 30, 2023, Prosus repurchased 210,413,966 shares at an average price of EUR 62.36 per share for a total consideration of EUR 13.1 billion (US\$13.9 billion).

Fiat Chrysler Automobiles (“FIAT”), now called Stellantis

We initiated a position in FIAT back in late 2018 since it was a cheap stock with good amounts of cash. It caught our attention when its controlling shareholders stated that it wanted to unlock value either by paying special dividends, buying back shares, or through strategic mergers and acquisitions. Since our purchase in December 2018, we have received US\$7.51 in regular and special dividends, accounting for over 51.8% of the original price paid. We expect the regular and special dividend payments to continue.

The company announced two years ago that they would have cost savings of EUR 5 billion a year for a total of EUR 25 billion in 5 years. The market capitalization of Stellantis is currently at approximately EUR 105 billion, with a lot of room for upside if some of those cost savings come to pass.

Stellantis is the biggest holding in the Fund. We are quite happy to hold this stock. Given the cash earnings potential from operations over the next few years, it sells at a low-earnings multiple. If management were wasting or misusing cash from operations, I would be concerned. But they are doing all the right things. The Board announced a share buyback program of up to Euro 1.5 billion on February 22, 2023. Following the completion of the first tranche of the program in May 2023 covering nearly EUR 500 million or 1.1% of the total outstanding ordinary shares, Stellantis announced the second tranche of up to EUR 500 million starting in June 2023 and ending in September 2023. In December, for the third tranche Stellantis announced the Company had purchased a total of 28,180,299 common shares for a total consideration of EUR 500 million.

Caution to the Investors

Investors should be advised that we run a highly focused portfolio, frequently just three to five securities may comprise close to 50% of the assets of the Fund. In addition, the Fund has securities that are non-U.S. and could be subjected to geopolitical risks, which may trump or at least negatively influence the financial performance of the company. Because of any or all of these factors, the net asset value of the Fund can be from time to time more volatile than at other times. However, we are not bothered by this volatility because our focus has always been, and continues to be, on how inexpensive we believe the Fund's portfolio holdings are relative to what we believe to be their intrinsic value.

Also, the Fund's cash position was approximately 31.3% of net assets as at December 31, 2023. This large cash position may depress returns for a while as we hunt for undervalued securities. Obviously, if there is a severe correction in the market in the near future, it will cushion the Fund against losses while providing us with the wherewithal to find good investment opportunities. But for now, it could be a drag on returns. If we cannot find any bargains, the large cash position may stay for a long time.

Other Matters

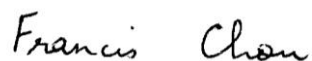
REDEMPTION FEE: We have a redemption fee of 2% if unitholders redeem their units in less than 3 months. None of this fee goes to the Fund Manager. It is put back into the Fund for the benefit of the remaining unitholders.

INDEPENDENT REVIEW COMMITTEE: The Manager has established an IRC as required by NI 81-107. The members of the IRC are Sandford Borins, Peter Gregoire and Joe Tortolano. The 2023 IRC Annual Report is available on our website www.choufunds.com.

As of March 15, 2024, the NAVPU of a Series A unit of the Fund was \$12.58 and the cash position was approximately 21.1% of net assets. The Fund is up 10.2% from the beginning of the year. In U.S. dollars, it is up 7.8%.

Except for the performance numbers of the Chou Europe Fund, this letter contains estimates and opinions of the Fund Manager and is not intended to be a forecast of future events, a guarantee of future returns or investment advice. Any recommendations contained or implied herein may not be suitable for all investors.

Yours truly,



Francis Chou
Fund Manager

CHOU EUROPE FUND

Statements of Financial Position

December 31, 2023 and 2022

	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,024,358	\$ 243,312
Investments (note 8)	2,257,827	2,191,679
Dividends receivable	-	491
Interest receivable	1,146	186
Receivable for redeemable units subscribed	5,000	-
Total assets	3,288,331	2,435,668
Liabilities		
Current liabilities:		
Accrued expenses	7,342	4,337
Total liabilities	7,342	4,337
Net assets attributable to unitholders of redeemable units	\$ 3,280,989	\$ 2,431,331
Net assets attributable to unitholders of redeemable units:		
Series A	\$ 1,299,064	\$ 1,102,160
Series F	1,981,925	1,329,171
	\$ 3,280,989	\$ 2,431,331
Number of redeemable units outstanding (note 4):		
Series A	113,823	132,133
Series F	169,026	155,116
Net assets attributable to unitholders of redeemable units per unit:		
Canadian dollars:		
Series A	\$ 11.41	\$ 8.34
Series F	11.73	8.57
U.S. dollars:		
Series A	8.61	6.16
Series F	8.85	6.33

The accompanying notes are an integral part of these financial statements.

Approved on behalf of the Board of Directors of Chou Associates Management Inc.:

Francis Chou



CHOU EUROPE FUND

Statements of Comprehensive Income (Loss)

Years ended December 31, 2023 and 2022

	2023	2022
Income:		
Interest for distribution purposes and other	\$ 25,149	\$ 8,038
Dividends	62,065	44,537
Securities lending income (note 7)	248	243
Other income (Note 5)	-	677,257
Foreign currency (loss) gain on cash and other net assets	(20,665)	11,179
Other net changes in fair value of financial assets and financial liabilities at fair value through profit or loss:		
Net realized gain on investments	478,847	315,234
Change in unrealized appreciation (depreciation) on investments	441,017	(1,058,845)
	986,661	(2,357)
Expenses:		
Management fees (note 5(a))	-	24,077
Custodian fees	9,342	8,960
Audit fees (note 11)	4,460	4,460
Filing fees	620	1,209
Independent review committee fees	1,114	-
FundSERV fees	730	730
Legal fees	118	382
Transaction costs (note 6)	2,098	1,962
Foreign withholding taxes	9,130	6,537
Other	925	85
	28,537	48,402
Increase (decrease) in net assets attributable to unitholders of redeemable units	\$ 958,124	\$ (50,759)
Increase (decrease) in net assets attributable to unitholders of redeemable units per series:		
Series A	\$ 415,379	\$ (275,476)
Series F	542,745	224,717
	\$ 958,124	\$ (50,759)
Average number of redeemable units outstanding for the year per series:		
Series A	129,289	174,199
Series F	169,492	95,759
Increase (decrease) in net assets attributable to unitholders of redeemable units per unit:		
Series A	\$ 3.21	\$ (1.58)
Series F	3.20	2.35

The accompanying notes are an integral part of these financial statements.

CHOU EUROPE FUND

Statements of Changes in Net Assets Attributable to Unitholders of Redeemable Units

Years ended December 31, 2023 and 2022

	2023	2022
Series A		
Net assets attributable to unitholders of redeemable units, beginning of year	\$ 1,102,160	\$ 2,733,000
Increase (decrease) in net assets attributable to unitholders of redeemable units	415,379	(275,476)
Proceeds from issue of redeemable units	300,719	375,001
Payments on redemption of redeemable units	(519,136)	(1,727,158)
Distributions of income to unitholders:		
Investment income	(25,608)	(300,965)
Reinvested distributions	25,550	297,758
Net assets attributable to unitholders of redeemable units, end of year	1,299,064	1,102,160
Series F		
Net assets attributable to unitholders of redeemable units, beginning of year	1,329,171	758,720
Increase in net assets attributable to unitholders of redeemable units	542,745	224,717
Proceeds from issue of redeemable units	968,568	1,138,176
Payments on redemption of redeemable units	(856,023)	(783,332)
Distributions of income to unitholders:		
Investment income	(38,712)	(378,083)
Reinvested distributions	36,176	368,973
Net assets attributable to unitholders of redeemable units, end of year	1,981,925	1,329,171
Total net assets attributable to unitholders of redeemable units, end of year	\$ 3,280,989	\$ 2,431,331

The accompanying notes are an integral part of these financial statements.

CHOU EUROPE FUND

Statements of Cash Flows

Years ended December 31, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Increase (decrease) in net assets attributable to unitholders of redeemable units	\$ 958,124	\$ (50,759)
Adjustments for:		
Foreign currency loss (gain) on cash and other net assets	20,665	(11,179)
Net realized gain on disposal of investments and derivatives	(478,847)	(315,234)
Change in unrealized (appreciation) depreciation on investments and derivatives	(441,017)	1,058,845
Purchases of investments and derivatives	-	(318,195)
Proceeds from sale and maturity of investments and derivatives	853,716	448,727
Change in non-cash operating working capital:		
(Increase) decrease in interest receivable	(960)	83
Decrease (increase) in dividends receivable	491	(491)
Increase (decrease) in accrued expenses	3,005	(1,655)
Net cash generated from operating activities	915,177	810,142
Cash flows from financing activities:		
Distributions paid to unitholders	(2,594)	(12,629)
Proceeds from redeemable units issued	1,264,287	1,513,177
Amount paid on redemption of redeemable units	(1,375,159)	(2,528,662)
Net cash used in financing activities	(113,466)	(1,028,114)
Foreign currency (loss) gain on cash and other net assets	(20,665)	11,179
Increase (decrease) in cash and cash equivalents	781,046	(206,793)
Cash and cash equivalents, beginning of year	243,312	450,105
Cash and cash equivalents, end of year	\$ 1,024,358	\$ 243,312
Supplemental information:		
Interest received, net of withholding tax	\$ 24,189	\$ 685,378
Dividends received, net of withholding tax	53,426	37,509
Security lending income received	248	243

The accompanying notes are an integral part of these financial statements.

CHOU EUROPE FUND

Schedule of Investments

December 31, 2023

	Number of securities	Cost	Fair value
Equities*			
Liberty Global PLC, Class 'A'	12,000	\$ 373,934	\$ 282,553
Prosus NV	7,410	319,086	292,497
Ryanair Holdings PLC, ADR	2,375	68,568	419,683
Stellantis NV	30,000	583,249	927,005
Wizz Air Holdings PLC	9,000	303,145	336,089
Total long		1,647,982	2,257,827
Total investments		1,647,982	2,257,827
Transaction costs		(4,099)	-
Portfolio total		\$ 1,643,883	\$ 2,257,827

* Common shares unless indicated otherwise

The accompanying notes are an integral part of these financial statements.

CHOU EUROPE FUND

Discussion of Financial Risk Management

Years ended December 31, 2023 and 2022

Investment objective and strategies:

Chou Europe Fund's objective is to provide long-term growth of capital by investing primarily in equity securities of European businesses considered by the Manager to be undervalued. Investments may be made in securities other than equities and in businesses located outside of Europe. Investments may include common and preferred shares, convertible debentures, government and corporate bonds and short-term debt. The Fund may also use derivatives such as, but not limited to, futures, options, swaps and forward contracts to gain exposure to securities and asset classes consistent with the objectives of the Fund, and to hedge portfolio exposure against losses from foreign currency and domestic currency exposure and changes in securities prices.

The investment strategy follows strong disciplines with regard to price paid to acquire portfolio investments. The level of investments in the Fund's securities is generally commensurate with the current price of the Fund's securities in relation to its intrinsic value. That approach is designed to provide an extra margin of safety, which in turn serves to reduce overall portfolio risk.

Financial risk management:

The Fund's investment activities expose it to various types of risk associated with the financial instruments and markets in which it invests. The Fund's risk management goals are to ensure that the outcome of activities involving risk is consistent with the Fund's objectives and risk tolerance.

(a) Other price risk:

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Approximately 68.83% of the Fund's net assets held at December 31, 2023 were publicly traded equities (2022 – 90.14%). If equity prices on the exchange had increased or decreased by 5.00% as at December 31, 2023, the net assets of the Fund would have increased or decreased by approximately \$112,891 or 3.44% (2022 - \$109,584 or 4.51%) of the net assets, all other factors remaining constant.

In practice, the actual trading results may differ and the difference could be material.

(b) Foreign currency risk:

Currencies to which the Fund had exposure as at December 31, 2023 and 2022 expressed in CAD are as follows:

2023	Investments	Cash and cash equivalents	Other assets and liabilities	Total	Percentage of net asset value
United States dollar (USD)	\$ 1,965,330	\$ 822,120	\$ 1,022	\$ 2,788,472	85.0%
Sterling pound (£)	\$ -	\$ 3,176	\$ -	\$ 3,176	0.1%
Euro currency (€)	\$ 292,497	\$ 2,815	\$ -	\$ 295,312	9.0%

Financial risk management (continued):

(b) Foreign currency risk (continued):

2022	Investments	Cash and cash equivalents	Other assets and liabilities	Total	Percentage of net asset value
United States dollar (USD)	\$ 1,628,061	\$ 46,328	\$ 58	\$ 1,674,447	68.8%
Sterling pound (£)	\$ 243,333	\$ 1,266	\$ 491	\$ 245,090	10.1%
Euro currency (€)	\$ 320,285	\$ 2,117	\$ -	\$ 322,402	13.3%

The amounts in the above tables are based on the market value of the Fund's financial instruments. This includes cash and cash equivalents, investments, interest receivable, dividend receivable, receivable for redeemable units subscribed and payable for units redeemed that are denominated in foreign currencies.

As at December 31, 2023, if the Canadian dollar had strengthened or weakened by 1.00% in relation to all currencies, with all other variables held constant, net assets would have decreased or increased by approximately \$30,870 (2022 - \$22,419).

In practice, the actual trading results may differ and the difference could be material.

CHOU BOND FUND

(unaudited)

March 15, 2024

Dear Unitholders of Chou Bond Fund,

After the distribution of \$0.50, the net asset value per unit (“NAVPU”) of a Series A unit of Chou Bond Fund at December 31, 2023 was \$8.66 compared to \$9.33 at December 31, 2022, a decrease of 1.9%; during the same period, Barclays U.S. Corporate High Yield Index (\$CAN) increased 10.4% in Canadian dollars. In U.S. dollars, a Series A unit of Chou Bond Fund returned 0.3% while Barclays U.S. Corporate High Yield Index increased 13.5%.

The table shows our one-year, three-year, five-year, 10-year and 15-year annual compound rates of return.

December 31, 2023 (Series A)	1 Year	3 Years	5 Years	10 Years	15 Years
Chou Bond Fund (\$CAN)	-1.9%	14.4%	7.0%	6.2%	9.6%
Barclays’ U.S. High Yield (\$CAN)	10.4%	3.2%	4.6%	6.9%	9.7%
Chou Bond Fund (\$US)	0.3%	12.9%	7.6%	3.9%	9.0%
Barclays’ U.S High Yield (\$US)	13.5%	2.0%	5.4%	4.6%	9.2%

Rates of return are historical total returns that include changes in unit prices, and assume the reinvestment of all distributions. These annual compounded returns do not take into account any sales charges, redemption fees, other optional expenses or income taxes that you have to pay and that could reduce these returns. The returns are not guaranteed. The Fund’s past performance does not necessarily indicate future performance. The table is used only to illustrate the effects of the compound growth rate and is not intended to reflect future values of the mutual funds or returns on the mutual funds. Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing.

Factors Influencing the 2023 Results

The major advancer in 2023 was the fixed income holding of Avation Capital SA, 8.250%, October 31, 2026. The decliners in the year were the equity holding of EXCO Resources Inc and the fixed income holdings of Bausch Health Companies, 14.000%, October 15, 2030; Bausch Health Companies, 11.000%, September 30, 2028; and MBIA Global Funding LLC, Zero Coupon, due December 15, 2031. The Canadian currency appreciated against the US dollar, which also negatively affected the Fund.

The Fund made a series of new investments as follows:

- B Riley Financial Inc., Preferred, 5.250%, due August 31, 2028;
- Federal Home Loan Mortgage Corporation., 5.125%, due August 22, 2025;
- Lumen Technologies Inc. 4.000%, due February 15, 2027;
- World Acceptance Corporation, 7.000%, due November 1, 2026.

The Fund did not enter into any foreign currency contracts during the period, and had no covered call options in its portfolio as at December 31, 2023.

How did Chou Bond Fund perform versus its peers over the long term?

Over the years, I have been asked frequently whether value investing truly works over the long term. Prior to two years ago, that question was usually asked with great skepticism. In my mind, unequivocally, the answer is yes. It works because you are buying an asset for a far lower price than what it is worth. So, we asked Fundata to supply the data and found the results of Chou Bond Fund to be a huge surprise over the long term! Chou Bond Fund Series F is ranked 1st and Chou Bond Fund is ranked 2nd versus 133 funds over the 15-year period.

Fund category and rank	Performance period (number of years)			
	3	5	10	15
Global fixed income, balanced:				
Chou Bond Fund (Series A), rank	2	2	2	2
Chou Bond Fund (Series F), rank	1	1	1	1
Number of funds in this category	813	705	324	133

Note: Chou Bond Fund does not have a 20-year performance history.

Source: All data courtesy of Fundata.

Portfolio Commentary

EXCO Resources Inc. (“EXCO”)

In early July 2019, the company emerged from bankruptcy and the 1.75 lien term loans were converted to 28.38 equity shares for every US\$1,000 in par value, after netting out certain adjustments. The equivalent price was US\$9.51 per share of EXCO.

Since it is a private company, I am not at liberty to divulge the latest financial statements, but what I can tell you is that my calculation of its PV-10 value was more than US\$1.8 billion (roughly US\$35 per share) based on the New York Mercantile Exchange (NYMEX) forward pricing as of June 30, 2023, and the net proved reserves were 2.7 trillion cubic feet equivalent. Its number of outstanding shares as of June 30, 2023 was 51,584,500. We estimate its EBITDA for the year ending 2024 will be between US\$200 million and US\$250 million. As a comparison, in 2018, the PV-10 value was US\$750 million.

As of December 31, 2023, the share of EXCO was valued at \$16.86 by Kroll, an independent third-party valuator.

Large Cash Position

Also, the Fund’s cash position was approximately 45.7% of net assets as at December 31, 2023. This large cash position may depress returns for a while as we hunt for undervalued securities. Obviously, if there is a severe correction in the market in the near future, it will cushion the Fund against losses while providing us with the wherewithal to find good investment opportunities. But for now, it could be a drag on returns. If we cannot find any bargains, the large cash position may stay for a long time.

Caution to the Investors

Investors should be advised that we run a highly focused portfolio, frequently just three to five securities may comprise close to 50% of the assets of the Fund. In addition, the Fund has securities that are non-U.S. and could be subjected to geopolitical risks, which may trump or at least negatively influence the financial performance of the company. Also, we may enter into some derivative contracts, such as credit default swaps when we feel that the market conditions are right to use those instruments. Because of any or all of these factors, the net asset value of the Fund can be from time to time more volatile than at other times.

However, we are not bothered by this volatility because our focus has always been, and continues to be, on how inexpensive we believe the Fund's portfolio holdings are relative to what we believe to be their intrinsic value.

Other Matters

FOREIGN CURRENCY CONTRACTS: None existed at December 31, 2023.

CREDIT DEFAULT SWAPS: None existed at December 31, 2023.

U.S. DOLLAR VALUATION: Any investor who wishes to purchase the Chou Funds in U.S. dollars may do so.

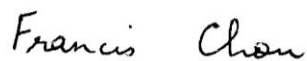
REDEMPTION FEE: We have a redemption fee of 2% if unitholders redeem their units in less than 3 months. None of this fee goes to the Fund Manager. It is put back into the Fund for the benefit of the remaining unitholders.

INDEPENDENT REVIEW COMMITTEE: The Manager has established an IRC as required by NI 81-107. The members of the IRC are Sandford Borins, Peter Gregoire and Joe Tortolano. The 2023 IRC Annual Report is available on our website www.choufunds.com.

As of March 15, 2024, the NAVPU of a Series A unit of the Fund was \$8.77 and the cash and cash equivalent position was approximately 45.9% of net assets. The Fund is up 1.3% from the beginning of the year. In U.S. dollars, it is down 0.9%.

Except for the performance numbers of the Chou Bond Fund, this letter contains estimates and opinions of the Fund Manager and is not intended to be a forecast of future events, a guarantee of future returns or investment advice. Any recommendations contained or implied herein may not be suitable for all investors.

Yours truly,



Francis Chou
Fund Manager

CHOU BOND FUND

Statements of Financial Position

Years ended December 31, 2023 and 2022

	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 819,383	\$ 8,089,756
Investments (note 8)	9,670,952	3,088,442
Receivable for redeemable units subscribed	882	11,283
Interest receivable	143,793	40,181
Total assets	10,635,010	11,229,662
Liabilities		
Current liabilities:		
Accrued expenses	52,606	37,812
Payable for units redeemed	19,611	-
Total liabilities	72,217	37,812
Net assets attributable to unitholders of redeemable units	\$ 10,562,793	\$ 11,191,850
Net assets attributable to unitholders of redeemable units:		
Series A	\$ 4,897,057	\$ 5,648,071
Series F	5,665,736	5,543,779
	\$ 10,562,793	\$ 11,191,850
Number of redeemable units outstanding (note 4):		
Series A	565,642	605,477
Series F	640,839	582,040
Net assets attributable to unitholders of redeemable units per unit :		
Canadian dollars:		
Series A	\$ 8.66	\$ 9.33
Series F	8.84	9.52
U.S. dollars:		
Series A	6.53	6.89
Series F	6.67	7.03

The accompanying notes are an integral part of these financial statements.

Approved on behalf of the Board of Directors of Chou Associates Management Inc.:

Francis Chou



CHOU BOND FUND

Statements of Comprehensive Income (Loss)

Years ended December 31, 2023 and 2022

	2023	2022
Income:		
Interest for distribution purposes and other	\$ 721,713	\$ 415,432
Dividends	56,565	-
Securities lending income (Note 7)	3,787	7,143
Other income	-	3,040
Foreign currency (loss) gain on cash and other net assets	(102,687)	339,319
Other net changes in fair value of financial assets and financial liabilities at fair value through profit or loss:		
Net realized loss on disposal of investments	-	(381,671)
Change in unrealized (depreciation) appreciation on investments	(681,944)	578,927
	(2,566)	962,190
Expenses:		
Management fees (note 5(a))	137,071	127,818
Custodial fees	25,240	25,240
Audit (note 11)	15,060	15,060
Filing fees	2,132	5,021
Independent review committee fees	3,616	-
FundSERV fees	3,285	3,285
Legal fees	405	1,577
Transaction costs	-	4,229
Other expenses	393	-
	187,202	182,230
(Decrease) increase in net assets attributable to unitholders of redeemable units	\$ (189,768)	\$ 779,960
(Decrease) increase in net assets attributable to unitholders of redeemable units per Series:		
Series A	\$ (94,603)	\$ 433,262
Series F	(95,165)	346,698
	\$ (189,768)	\$ 779,960
Average number of redeemable units outstanding for the year per the Series:		
Series A	566,807	709,320
Series F	619,083	403,525
(Decrease) increase in net assets attributable to unitholders of redeemable units per unit:		
Series A	\$ (0.17)	\$ 0.61
Series F	(0.15)	0.86

The accompanying notes are an integral part of these financial statements.

CHOU BOND FUND

Statements of Changes in Net Assets Attributable to Unitholders of Redeemable Units

Years ended December 31, 2023 and 2022

	2023	2022
Series A		
Net assets attributable to unitholders of redeemable units, beginning of year	\$ 5,648,071	\$ 9,235,249
(Decrease) increase in net assets attributable to unitholders of redeemable units	(94,603)	433,262
Proceeds from issue of redeemable units	204,639	428,288
Payments on redemption of redeemable units	(852,671)	(4,446,167)
Distribution of income to unitholders:		
Investment income	(267,284)	(98,715)
Reinvested distributions	258,904	96,154
Net assets attributable to unitholders of redeemable units, end of year	\$ 4,897,056	\$ 5,648,071
Series F		
Net assets attributable to unitholders of redeemable units, beginning of year	\$ 5,543,779	\$ 1,228,603
(Decrease) increase in net assets attributable to unitholders of redeemable units	(95,165)	346,698
Proceeds from issue of redeemable units	1,445,298	4,875,431
Payments on redemption of redeemable units	(1,208,784)	(902,822)
Distribution of income to unitholders:		
Investment income	(317,805)	(148,495)
Reinvested distributions	298,415	144,364
Net assets attributable to unitholders of redeemable units, end of year	\$ 5,665,738	\$ 5,543,779
Total net assets attributable to unitholders of redeemable units, end of year	\$ 10,562,794	\$ 11,191,850

The accompanying notes are an integral part of these financial statements.

CHOU BOND FUND

Statements of Cash Flows

Years ended December 31, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
(Decrease) increase in net assets attributable to unitholders of redeemable units	\$ (189,768)	\$ 779,960
Adjustments for:		
Foreign currency loss (gain) on cash and other net assets	102,687	(339,319)
Net realized (gain) loss on disposal of investments	-	381,671
Change in unrealized depreciation (appreciation) on investments	681,944	(578,927)
Interest accretion on bond	(159,732)	-
Purchase of investments	(7,104,721)	(3,861,017)
Proceeds from sales of investments	-	7,397,764
Change in non-cash operating working capital:		
(Increase) decrease in interest receivable	(103,612)	9,401
Increase in accrued expenses	14,794	13,363
Net cash (used in) generated from operating activities	(6,758,408)	3,802,896
Cash flows from financing activities:		
Distributions paid to unitholders	(27,772)	(23,792)
Proceeds from redeemable units issued	1,660,338	5,327,968
Amount paid on redemption of redeemable units	(2,041,844)	(5,357,750)
Net cash used in financing activities	(409,278)	(53,574)
Foreign currency (loss) gain on cash and other net assets	(102,687)	339,319
(Decrease) increase in cash and cash equivalents	(7,270,373)	4,088,641
Cash and cash equivalents, beginning of year	8,089,756	4,001,115
Cash and cash equivalents, end of year	\$ 819,383	\$ 8,089,756
Supplemental information:		
Interest received, net of withholding tax	\$ 618,101	\$ 424,833
Dividends received, net of withholding taxes	56,565	-
Security lending income received	3,787	7,143

The accompanying notes are an integral part of these financial statements.

CHOU BOND FUND

Schedule of Investments

December 31, 2023

	Number of shares		Cost		Fair value
Equities*					
B Riley Financial Inc, Preferred	40,000	\$	961,502	\$	710,227
EXCO Resources Inc.**	20,046		693,989		447,702
			1,655,491		1,157,929
Bonds					
1375209 BC Limited, 9.00%, January 30, 2028, Callable	183,000		348,350		236,629
Avation Capital SA, 8.250%, October 31, 2026, Callable	778,477		832,097		875,380
Bausch Health Companies Inc., 11.000%, September 30, 2028	326,000		508,751		315,111
Bausch Health Companies Inc., 14.000%, October 15, 2030, Callable	65,000		73,373		47,736
Federal Home Loan Mortgage Corporation, 5.125%, August 22, 2025, Callable	3,000,000		4,020,450		3,960,724
Fortress Global Enterprises Inc., 9.750%, December 31, 2024, Convertible Bonds, Callable	3,659,000		2,058,513		366
Lumen Technologies Inc., 4.000%, February 15, 2027, Convertible Bonds, Callable	1,000,000		1,042,617		856,393
MBIA Global Funding LLC, Zero Coupon, December 15, 2031	1,800,000		1,177,689		1,013,663
World Acceptance Corporation, 7.000%, November 1, 2026	1,000,000		1,061,998		1,207,021
			11,123,838		8,513,023
Total long			12,779,329		9,670,952
Total investments			12,779,329		9,670,952
Transaction costs			-		-
Portfolio total		\$	12,779,329	\$	9,670,952

* Common shares unless indicated otherwise

**Shares received from debt restructuring

The accompanying notes are an integral part of these financial statements.

CHOU BOND FUND

Discussion of Financial Risk Management

Years ended December 31, 2023 and 2022

Investment objective and strategies:

Chou Bond Fund's objective is to invest in securities that it believes are undervalued in order to achieve capital appreciation over the long-term. Conservation of principal and interest production will be fundamental considerations in this objective. The Fund invests primarily in Canadian and U.S. bonds. These bonds include, but are not limited to, Government of Canada, provincial, municipal and corporate issues, including convertibles and high yield bonds. Investments may be made in bonds outside of Canada and the U.S. The Fund may also use derivatives such as, but not limited to, futures, options, swaps and forward contracts to gain exposure to securities and asset classes consistent with the objectives of the Fund, and to hedge portfolio exposure against losses from foreign currency and domestic currency exposure and changes in securities prices.

The Fund will generally be fully invested. A combination of investment strategies will be utilized in managing the portfolio including relative value trades, yield enhancement strategies and interest rate anticipation traces. Investments made by the Fund are not guaranteed. Fixed income securities issued by governments may decrease in value as a result of changes in interest rates. Fixed income securities issued by corporations may decrease in value due to general market conditions or credit risks associated with the issuer.

Financial risk management:

The Fund's investment activities expose it to various types of risk associated with the financial instruments and markets in which it invests. The Fund's risk management goals are to ensure that the outcome of activities involving risk is consistent with the Fund's objectives and risk tolerance.

(a) Credit risk:

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge a commitment that it has entered into with the Fund. As at December 31, 2023, the Fund invested 34.99% of its net assets in non-investment grade debt instruments (2022 – 10.84%). Non-investment grade is the term applied to bonds rated below Baa3 on the Moody's credit rating scale and below BBB- on the equivalent ratings systems from Standard & Poor's and Fitch. The credit ratings could denote that the Company's financial position is weak and its bonds should be considered a speculative investment. As at December 31, 2023, the Fund invested approximately 11.84% (2022 – 11.65%) of its net assets in non-rated bonds.

(b) Interest rate risk:

Interest rate risk arises from the effect of changes in interest rates on future cash flows or the current value of financial instruments. The table below summarizes the Fund's exposure to interest rate risk by remaining term to maturity:

Debt instruments by maturity date:

	2023	2022
Less than 1 year	\$ -	\$ 366
1 - 3 years	6,043,491	-
3 - 5 years	1,408,133	814,098
Greater than 5 years	1,061,399	1,701,819

Financial risk management (continued):

(b) Interest rate risk (continued):

As at December 31, 2023, had interest rates decreased or increased by 0.25%, with all other variables remaining constant, the increase or decrease in net assets for the year would have amounted to approximately \$60,895 (2022 - \$66,428).

In practice, the actual trading results may differ and the difference could be material.

(c) Other price risk:

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Approximately 6.72% (2022 – 0.00%) of the Fund's net assets held at December 31, 2023 were publicly traded equities. If equity prices on the exchange had increased or decreased by 5.00% as at December 31, 2023, the net assets of the Fund would have increased or decreased by \$35,511 or 0.34% (2022 - \$nil or 0.00%) of the net assets, all other factors remaining constant.

In practice, the actual trading results may differ and the difference could be material.

(d) Foreign currency risk:

Currencies to which the Fund had exposure as at December 31, 2023 and 2022 expressed in CAD are as follows:

2023	Investments	Cash and cash equivalents	Other assets and liabilities	Total	Percentage of net asset value
United States dollar (USD)	\$ 9,670,586	\$ 623,587	\$ 143,655	\$ 10,437,828	98.8%

2022	Investments	Cash and cash equivalents	Other assets and liabilities	Total	Percentage of net asset value
United States dollar (USD)	\$ 3,088,077	\$ 5,524,523	\$ 38,573	\$ 8,651,173	77.3%

The amounts in the above tables are based on the market value of the Fund's financial instruments. This includes cash and cash equivalents, investments, interest receivable, receivable for units subscribed and payable for units redeemed that are denominated in foreign currencies.

As at December 31, 2023, if the Canadian dollar had strengthened or weakened by 1.00% in relation to all currencies, with all other variables held constant, net assets would have decreased or increased by approximately \$104,378 (2022 - \$86,512).

In practice, the actual trading results may differ and the difference could be material.

CHOU RRSP FUND

(unaudited)

March 15, 2024

Dear Unitholders of Chou RRSP Fund,

The net asset value per unit (“NAVPU”) of a Series A unit of Chou RRSP Fund at December 31, 2023 was \$35.66 compared to \$36.24 at December 31, 2022, a decrease of 1.6%; during the same period, the S&P/TSX Total Return Index increased by 11.9% in Canadian dollars. In U.S. dollars, a Series A unit of Chou RRSP Fund was up 0.6% while the S&P/TSX Total Return Index increased by 14.6%.

The table shows our one-year, three-year, five-year, 10-year, 15-year and 20-year annual compound rates of return.

December 31, 2023 (Series A)	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years
Chou RRSP Fund (\$CAN)	-1.6%	11.9%	5.5%	3.6%	8.6%	4.9%
S&P/TSX (\$CAN)	11.9%	9.7%	11.4%	7.6%	9.0%	7.8%
Chou RRSP Fund (\$US)	0.6%	10.4%	6.2%	1.4%	8.0%	4.8%
S&P/TSX (\$US)	14.6%	8.5%	12.1%	5.3%	8.5%	7.7%

Rates of return are historical total returns that include changes in unit prices, and assume the reinvestment of all distributions. These annual compounded returns do not take into account any sales charges, redemption fees, other optional expenses or income taxes that you have to pay and that could reduce these returns. The returns are not guaranteed. The Fund’s past performance does not necessarily indicate future performance. The table is used only to illustrate the effects of the compound growth rate and is not intended to reflect future values of the mutual funds or returns on the mutual funds. Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing.

Factors Influencing the 2023 Results

The major advancers in 2023 were the equity holdings of Onex Corp., Parex Resources Inc., Bausch Health Companies Inc. and Methanex Corporation.

The largest decliners in the period were the equity holdings of EXCO Resources Inc., TVA Group Inc., Hertz Global Holdings Inc. and Canfor Pulp Products Inc.

During the year, the Fund eliminated Home Capital Group Inc. Domtar, a subsidiary of Paper Excellence, completed the acquisition of Resolute Forest Products in 2023.

The Fund initiated investments in Reitmans (Canada) Limited, Class "A" in 2023.

The Fund had no covered call options in its portfolio as at December 31, 2023.

DOES VALUE-INVESTING WORK OVER THE LONG TERM?

Over the years, I have been asked frequently whether value investing truly works over the long term. Prior to two years ago, that question was usually asked with great skepticism. In my mind, unequivocally, the answer is yes. It works because you are buying an asset for a far lower price than what it is worth.

As it happens, we have been managing five mutual funds over long periods, all in different market sectors. I thought perhaps if one of our five funds ranked in the top 5, I would be excited. So, we asked Fundata to supply the data and discovered that all five Chou Funds performed extremely well over the long term. Not only were our funds in the top 5, they were number 1 in several categories and performance periods! The results are presented below.

This strong performance is despite the fact that the results include the 2015 to 2020 period—a hellish time for value investing. In fact, the impact was so great, it even affected the 15-year and 20-year results.

Fundata fund rankings by category (as of December 31, 2023)

Fund category and rank	Performance period (number of years)							
	3	5	10	15	20	25	30	35
Global equity category:								
Chou Associates Fund (Series A), rank	3	917	786	267	102	4	1	1
Number of funds in this category	1,845	1,637	826	435	180	45	21	14
Canadian-focused small- and mid-cap equity:								
Chou RRSP Fund (Series A), rank	8	39	25	13	1	1	1	1
Number of funds in this category	53	44	25	17	< 10	< 10	< 10	< 10

Fund category and rank	Performance period (number of years)			
	3	5	10	15
Asia-Pacific equity (excluding Japan):				
Chou Asia Fund (Series A), rank	1	1	1	1
Number of funds in this category	46	46	40	18
Global fixed income, balanced:				
Chou Bond Fund (Series A), rank	2	2	2	2
Chou Bond Fund (Series F), rank	1	1	1	1
Number of funds in this category	813	705	324	133
European equity:				
Chou Europe Fund (Series A), rank	2	3	57	10
Chou Europe Fund (Series F), rank	1	1	47	7
Number of funds in this category	111	106	68	51

Note: The Chou Asia Fund, Chou Europe Fund, and Chou Bond Fund do not have a 20-year performance history.

Source: All data courtesy of Fundata.

The market is so competitive that it is tough enough to get ranked in the top five for just one fund, but it is surreal to find that, looking at the various time periods, four of the five Chou Funds were frequently ranked number 1 against their peers.

Although we usually do not name other mutual funds, the ones that were ranked second in their category were frequently value funds. My fierce competitor and friend, Tim McElvaine, runs the McElvaine Value Fund, which was ranked second in the Canadian-focused small- and mid-cap equity category. I hope he retires soon so I do not have to compete with him; he has been snapping at my heels for the last 20 years.

So much for “Value investing is dead”

Do you have to be flawless in your stock selections to be ranked number 1? Absolutely not! Value investing gives you enough of a cushion to make mistakes and still get a decent rate of return. Let’s look at some of the errors we’ve made across all our funds over the last several years, excluding some truly dumb mistakes.

The key to value investing is appraisal: knowing the true value of a company. If that is not precise enough, everything falls apart.

Mistakes of Commission

We tend to fish in troubled waters; in some years, our appraisals of distressed companies were off the mark. For example, perhaps we thought a company was worth 100 cents, but it was worth closer to 60 cents. The tendency is to put a much higher weight on asset value and not enough weight on the value of the operating company. The problem is that asset value can be a **massive security blanket** that can make us blind to the deterioration of the worth of the operating company.

A case in point is Torstar. I remember a time 20 years ago when the newspaper industry was in decline because of the advent of the Internet. I thought it would take ten years before the newspaper industry faced a massive decline in advertising revenues. In a challenging industry, I was told a company goes bankrupt two ways; first slowly and then suddenly. But it is more like going quickly and then the bottom just falls out. That was a mistake of commission.

Mistakes of Omission

We also made a number of mistakes of omission. Over the last 35 years, roughly half of our portfolio was invested in troubled companies, and the other half was in good companies, so we are well acquainted with investing in both types. But what happened in some years was that we spent too much time undervaluing the good companies. While our assessment showed that these investments were worth 100 cents, they were more accurately close to 150 cents, thus causing us to miss some good opportunities. These omissions, though they are unseen mistakes, are nevertheless as real as mistakes of commission. In summary, although the markets have been less kind to value investing, we can exacerbate the problem as practitioners, and I am the biggest culprit.

What about the next 35 years?

We believe value investing will continue to flourish over the next 35 years, and the Chou Funds will continue to do well, irrespective of the market sectors. After 35 years, we may not always be ranked number 1 against our peers in their respective categories, but we will be ranked relatively high. The long-term results of the Chou Funds have shown that we produce excellent results whether we are buying American, Canadian, Asian, or European equities or fixed-income instruments.

The point is this: how can anyone argue against the logic of buying something considerably cheaper than what a company is worth?

Portfolio Commentary

The Common Theme In New Purchases

We purchased shares in several new companies. They are half-decent companies that generate tons of free cash flow, sell at a low multiple of earnings, and have management that we can trust to make operating and capital allocation decisions wisely. But if there is a common theme in the new purchases, it is that they have been big buyers of their own stock over the last few years. We also believe that if their shares fall further, they will repurchase them in significant quantities in the market. What this entails is that their intrinsic value will increase on a per-share basis. That is music to my ears.

However, there is one caveat regarding companies buying back their shares. They should not be in a declining industry where new technology or processes will make their products less valuable. And as a corollary, the company should not buy back shares if it is a piece of CRAP (Cannot Realize A Profit). In this case, the remaining loyal shareholders are getting a larger piece of a crappy company.

EXCO Resources Inc. (“EXCO”)

In early July 2019, the company emerged from bankruptcy and the 1.75 lien term loans were converted to 28.38 equity shares for every US\$1,000 in par value, after netting out certain adjustments. The equivalent price was US\$9.51 per share of EXCO.

Since it is a private company, I am not at liberty to divulge the latest financial statements, but what I can tell you is that my calculation of its PV-10 value was more than US\$1.8 billion (roughly US\$35 per share) based on the New York Mercantile Exchange (NYMEX) forward pricing as of June 30, 2023, and the net proved reserves were 2.7 trillion cubic feet equivalent. Its number of outstanding shares as of June 30, 2023 was 51,584,500. We estimate its EBITDA for the year ending 2024 will be between US\$200 million and US\$250 million. As a comparison, in 2018, the PV-10 value was US\$750 million.

As of December 31, 2023, the share of EXCO was valued at \$16.86 by Kroll, an independent third-party valuator.

Caution to the Investors

Investors should be advised that we run a highly focused portfolio, frequently just three to five securities may comprise close to 50% of the assets of the Fund. In addition, the Fund has securities outside of Canada and could be subjected to geopolitical risks, which may trump or at least negatively influence the financial performance of the company. Also, we may enter into some derivative contracts, such as credit default swaps when we feel that the market conditions are right to use those instruments. Because of any or all of these factors, the net asset value of the Fund can be from time to time more volatile than at other times. However, we are not bothered by this volatility because our focus has always been, and continues to be, on how inexpensive we believe the Fund’s portfolio holdings are relative to what we believe to be their intrinsic value. Also, the Fund’s net cash position was approximately 42% of net assets as at December 31, 2023.

Other Matters

FOREIGN CURRENCY CONTRACTS: None existed at December 31, 2023.

CREDIT DEFAULT SWAPS: None existed at December 31, 2023.

U.S. DOLLAR VALUATION: Any investor who wishes to purchase the Chou Funds in U.S. dollars may do so.

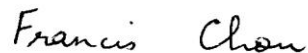
REDEMPTION FEE: We have a redemption fee of 2% if unitholders redeem their units in less than 3 months. None of this fee goes to the Fund Manager. It is put back into the Fund for the benefit of the remaining unitholders.

INDEPENDENT REVIEW COMMITTEE: The Manager has established an IRC as required by NI 81-107. The members of the IRC are Sandford Borins, Peter Gregoire and Joe Tortolano. The 2023 IRC Annual Report is available on our website www.choufunds.com.

As of March 15, 2024, the NAVPU of a Series A unit of the Fund was \$35.85 and the cash position was approximately 34.9% of net assets. The Fund is up 0.5% from the beginning of the year. In U.S. dollars, it is down 1.7%.

Except for the performance numbers of the Chou RRSP Fund, this letter contains estimates and opinions of the Fund Manager and is not intended to be a forecast of future events, a guarantee of future returns or investment advice. Any recommendations contained or implied herein may not be suitable for all investors.

Yours truly,

A handwritten signature in cursive script that reads "Francis Chou".

Francis Chou
Fund Manager

CHOU RRSP FUND

Statements of Financial Position

December 31, 2023 and 2022

	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 14,462,317	\$ 14,922,825
Investments (note 8)	18,935,765	20,971,845
Derivatives (note 8)	1,022,699	1,421,679
Interest receivable	16,744	18,357
Dividends receivable	5,740	5,166
Total assets	34,443,265	37,339,872
Liabilities		
Current liabilities:		
Accrued expenses	55,633	48,355
Total liabilities	55,633	48,355
Net assets attributable to unitholders of redeemable units	\$ 34,387,632	\$ 37,291,517
Net assets attributable to unitholders of redeemable units:		
Series A	\$ 18,173,036	\$ 20,165,056
Series F	16,214,596	17,126,461
	\$ 34,387,632	\$ 37,291,517
Number of redeemable units outstanding (note 4):		
Series A	509,615	556,521
Series F	449,653	467,565
Net assets attributable to unitholders of redeemable units per unit:		
Canadian dollars:		
Series A	\$ 35.66	\$ 36.24
Series F	36.06	36.63
U.S. dollars:		
Series A	26.91	26.76
Series F	27.21	27.05

The accompanying notes are an integral part of these financial statements.

Approved on behalf of the Board of Directors of Chou Associates Management Inc.:

Francis Chou



CHOU RRSP FUND

Statements of Comprehensive Income (Loss)

Years ended December 31, 2023 and 2022

	2023	2022
Income:		
Interest for distribution purposes and other	\$ 563,160	\$ 243,683
Dividends	222,335	114,649
Securities lending income (note 7)	6,288	996
Foreign currency loss on cash and other net assets	(283,891)	(232,614)
Other net changes in fair value of financial assets and financial liabilities at fair value through profit or loss:		
Net realized gain on disposal of investments	914,842	12,836,226
Net realized loss on disposal of derivatives	-	(1,398,760)
Change in unrealized depreciation on investments	(700,183)	(13,749,052)
Change in unrealized depreciation on derivatives	(398,979)	(829,447)
	323,572	(3,014,319)
Expenses:		
Management fees (note 5(a))	543,125	578,977
Custodial fees	78,740	75,692
Audit fees (note 11)	32,424	34,268
Filing fees	7,279	18,977
Independent review committee fees	12,715	-
FundSERV fees	6,122	10,110
Legal fees	2,476	5,664
Transaction costs (note 6)	2,858	180,066
Other	1,342	1,135
	687,081	904,889
Decrease in net assets attributable to unitholders of redeemable units		
	\$ (363,509)	\$ (3,919,208)
(Decrease) increase in net assets attributable to unitholders of redeemable units per series:		
Series A	\$ (221,962)	\$ (4,124,861)
Series F	(141,547)	205,653
	\$ (363,509)	\$ (3,919,208)
Average number of redeemable units outstanding for the year per series:		
Series A	533,035	697,436
Series F	461,443	369,877
(Decrease) increase in net assets attributable to unitholders of redeemable units per unit:		
Series A	\$ (0.42)	\$ (5.91)
Series F	(0.31)	0.56

The accompanying notes are an integral part of these financial statements.

CHOU RRSP FUND

Statements of Changes in Net Assets Attributable to Unitholders of Redeemable Units

Years ended December 31, 2023 and 2022

	2023	2022
Series A		
Net assets attributable to unitholders of redeemable units, beginning of year	\$ 20,165,056	\$ 42,647,812
Decrease in net assets attributable to unitholders of redeemable units	(221,962)	(4,124,861)
Proceeds from issue of redeemable units	63,049	337,006
Payments on redemption of redeemable units	(1,833,107)	(18,694,901)
Distributions of income to unitholders:		
Investment income	-	-
Reinvested distributions	-	-
Net assets attributable to unitholders of redeemable units, end of year	18,173,036	20,165,056
Series F		
Net assets attributable to unitholders of redeemable units, beginning of year	17,126,461	2,557,599
(Decrease) increase in net assets attributable to unitholders of redeemable units	(141,547)	205,653
Proceeds from issue of redeemable units	650,931	15,593,125
Payments on redemption of redeemable units	(1,414,689)	(1,229,916)
Distributions of income to unitholders:		
Investment income	(86,163)	-
Reinvested distributions	79,603	-
Net assets attributable to unitholders of redeemable units, end of year	16,214,596	17,126,461
Total net assets attributable to unitholders of redeemable units, end of year	\$ 34,387,632	\$ 37,291,517

The accompanying notes are an integral part of these financial statements.

CHOU RRSP FUND

Statements of Cash Flows

Years ended December 31, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Decrease in net assets attributable to unitholders of redeemable units	\$ (363,509)	\$ (3,919,208)
Adjustments for:		
Foreign currency loss on cash and other net assets	283,891	232,614
Net realized gain on disposal of investments and derivatives	(914,842)	(11,437,466)
Change in unrealized depreciation on investments and derivatives	1,099,162	14,578,499
Purchase of investments and derivatives	(1,705,883)	(13,726,345)
Proceeds from sale and maturity of investments and derivatives	3,956,623	31,090,651
Change in non-cash operating working capital:		
Decrease in interest receivable	1,613	10,806
Increase in dividends receivable	(574)	(5,166)
Increase (decrease) in accrued expenses	7,278	(15,780)
Net cash generated from operating activities	2,363,759	16,808,605
Cash flows from financing activities:		
Distributions paid to unitholders	(6,560)	(32,606)
Proceeds from redeemable units issued	713,980	15,930,131
Amount paid on redemption of redeemable units	(3,247,796)	(20,031,990)
Net cash used in financing activities	(2,540,376)	(4,134,465)
Foreign currency loss on cash and other net assets	(283,891)	(232,614)
(Decrease) increase in cash and cash equivalents	(460,508)	12,441,526
Cash and cash equivalents, beginning of year	14,922,825	2,481,299
Cash and cash equivalents, end of year	\$ 14,462,317	\$ 14,922,825
Supplemental information:		
Interest received, net of withholding tax	\$ 564,773	\$ 254,489
Dividends received, net of withholding tax	221,761	109,483
Security lending income received	6,288	996

The accompanying notes are an integral part of these financial statements.

CHOU RRSP FUND

Schedule of Investments

December 31, 2023

	Number of securities	Cost	Fair value
Equities*			
Bausch Health Companies Inc.	200,000	\$ 6,352,306	\$ 2,125,380
BlackBerry Limited	312,900	2,438,340	1,470,630
Canfor Pulp Products Inc.	293,900	836,324	529,020
CI Financial Corporation	28,700	375,660	426,482
EXCO Resources Inc.	114,371	2,373,080	2,554,330
Interfor Corporation	61,500	365,747	1,444,020
Linamar Corporation	24,000	1,332,040	1,536,480
Magna International Inc., Class 'A'	10,000	624,709	782,839
Methanex Corporation	4,000	198,000	250,720
Onex Corporation	13,900	925,774	1,286,167
Parex Resources Inc.	60,000	1,116,400	1,497,000
Reitmans (Canada) Limited	526,100	1,993,539	1,588,822
Reitmans (Canada) Limited, Class 'A'	17,200	38,442	40,420
TVA Group Inc.	53,028	766,721	71,588
TWC Enterprises Limited	202,539	1,168,826	3,331,767
		20,905,908	18,935,665
Bonds			
Fortress Global Enterprises Inc., 9.750%, December 31, 2024, Convertible Bonds, Callable	1,000,000	780,000	100
Derivatives			
Hertz Global Holdings Inc., warrants, June 30, 2051	140,843	1,663,135	1,022,699
Total investments		23,349,043	19,958,464
Transaction costs		(126,790)	-
Portfolio total		\$ 23,222,253	\$ 19,958,464

* Common shares unless indicated otherwise

The accompanying notes are an integral part of these financial statements.

CHOU RRSP FUND

Discussion of Financial Risk Management

Years ended December 31, 2023 and 2022

Investment objective and strategies:

The Fund's objective is to provide long-term growth of capital by investing primarily in equity and debt instruments of Canadian businesses considered by the Manager to be undervalued. The Fund may also invest in equity and debt instruments of U.S. and foreign businesses. Investments may include common and preferred shares, convertible debentures, government and corporate bonds and short-term debt. The Fund may also use derivatives such as, but not limited to, futures, options, swaps and forward contracts to gain exposure to securities and asset classes consistent with the objectives of the Fund, and to hedge portfolio exposure against losses from foreign currency and domestic currency exposure and changes in securities prices.

The investment strategy follows strong disciplines with regard to price paid to acquire portfolio investments. The level of investments in the Fund's securities is generally commensurate with the current price of the Fund's securities in relation to its intrinsic value. That approach is designed to provide an extra margin of safety, which in turn serves to reduce overall portfolio risk.

Financial risk management:

The Fund's investment activities expose it to various types of risk associated with the financial instruments and markets in which it invests. The Fund's risk management goals are to ensure that the outcome of activities involving risk is consistent with the Fund's objectives and risk tolerance.

(a) Credit risk:

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge a commitment that it has entered into with the Fund. As at December 31, 2023, the Fund did not invest any of its net assets in non-investment grade debt instruments (2022 - 0.0%). Non-investment grade is the term applied to bonds rated below Baa3 on the Moody's credit rating scale and below BBB- on the equivalent ratings systems from Standard & Poor's and Fitch. These credit ratings could denote that the company's financial position is weak and its bonds should be considered a speculative investment. As at December 31, 2023, the Fund did not invest any of its net assets in non-rated debt instruments (2022 - 0.00%).

(b) Interest rate risk:

Interest rate risk arises from the effect of changes in interest rates on future cash flows or the current value of financial instruments. The table below summarizes the Fund's exposure to interest rate risk by remaining term to maturity:

Debt instruments by maturity date:

	2023	2022
Less than 1 year	\$ 100	\$ 100
1 - 3 years	-	-
3 - 5 years	-	-
Greater than 5 years	-	-

As at December 31, 2023, had interest rates decreased or increased by 0.25%, with all other variables remaining constant, the increase or decrease in net assets for the year would have amounted to approximately \$nil (2022 - \$nil).

In practice, the actual trading results may differ and the difference could be material.

CHOU RRSP FUND

Discussion of Financial Risk Management (continued)

Years ended December 31, 2023 and 2022

Financial risk management (continued):

(c) Other price risk:

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Approximately 50.61% (2022 - 51.30%) of the Fund's net assets held at December 31, 2023 were publicly traded equities and derivative investments. If equity and derivative prices on the exchange had increased or decreased by 5.00% as at December 31, 2023, the net assets of the Fund would have increased or decreased by approximately \$870,202 or 2.53% (2022 - \$956,451 or 2.57%) of the net assets, all other factors remaining constant.

In practice, the actual trading results may differ and the difference could be material.

(d) Foreign currency risk:

Currencies to which the Fund had exposure as at December 31, 2023 and 2022 expressed in CAD are as follows:

2023	Investments and derivatives	Cash and cash equivalents	Other assets and liabilities	Total	Percentage of net asset value
United States dollar (USD)	\$ 6,485,248	\$ 12,330,411	\$ 15,413	\$ 18,831,072	54.8%

2022	Investments and derivatives	Cash and cash equivalents	Other assets and liabilities	Total	Percentage of net asset value
United States dollar (USD)	\$ 8,278,355	\$ 14,448,403	\$ 18,060	\$ 22,744,818	61.0%

The amounts in the above tables are based on the market value of the Fund's financial instruments. This includes cash and cash equivalents, investments, interest receivable, dividends receivable and derivatives that are denominated in foreign currencies.

As at December 31, 2023, if the Canadian dollar had strengthened or weakened by 1.00% in relation to all currencies, with all other variables held constant, net assets would have decreased or increased by approximately \$188,311 (2022 - \$227,448).

In practice, the actual trading results may differ and the difference could be material.

CHOU FUNDS

Notes to the Financial Statements

Years ended December 31, 2023 and 2022

Formation of the Chou Funds:

The individual funds comprising the family of Chou Funds (the "Chou Funds" or the "Funds") are open-ended investment mutual fund trusts formed pursuant to Declarations of Trust under the laws of the Province of Ontario. Chou Associates Management Inc. is the Manager and Trustee of the Chou Funds. The address of the Funds' registered office is: 110 Sheppard Avenue East, Suite 301, Box 18, Toronto, Ontario, M2N 6Y8.

The Funds were formed on the following dates:

Chou Associates Fund	September 1, 1986
Chou Asia Fund	August 26, 2003
Chou Europe Fund	August 26, 2003
Chou Bond Fund	August 10, 2005
Chou RRSP Fund	September 1, 1986

2. Material accounting policies:

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The policies applied in these financial statements are based on IFRS issued and outstanding as of December 31, 2023. The financial statements are presented in Canadian dollars, which is also the Chou Funds' functional currency. These financial statements were authorized for issue by the Manager on March 27, 2024.

The following is a summary of material accounting policies used by the Funds:

(a) Financial instruments:

The Funds apply IFRS 9, Financial Instruments ("IFRS 9"). The standard requires financial assets to be classified as amortized cost, fair value through profit or loss ("FVTPL"), or fair value through other comprehensive income ("FVOCI") based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of these assets. Assessment and decision on the business model approach used is an accounting judgement.

The Funds' investments and derivative assets and liabilities are classified and measured at FVTPL.

The classification and measurements of financial assets and liabilities are at amortized cost with the exception of financial assets and liabilities recorded at FVTPL. For financial liabilities, fair value changes attributable to changes in the entity's own credit risk are to be presented in other comprehensive income unless they affect amounts recorded in income. Under amortized cost, financial assets and liabilities reflect the amounts to be received or paid, discounted when appropriate at the financial instrument's effective interest rate. The fair value of the Funds' financial assets and liabilities that are not carried at FVTPL approximate their carrying amounts due to their short-term nature.

CHOU FUNDS

Notes to the Financial Statements

Years ended December 31, 2023 and 2022

2. Material accounting policies (continued):

(b) Recognition, initial measurement and classification:

Financial assets and financial liabilities at FVTPL are initially recognized on the trade date, at fair value, with transaction costs recognized in profit or loss. Other financial assets and financial liabilities are recognized on the date on which they are originated at fair value.

The Funds classify financial assets and financial liabilities into the following categories:

Financial assets at FVTPL:

- Derivatives: warrants and options; and
- Investments: debt securities and equity investments.

Financial liabilities at FVTPL:

- Derivatives: securities sold short, warrants, and options.

All other financial assets and financial liabilities are classified and measured at amortized cost. The amortized cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between the initial amount recognized and the maturity amount, minus any reduction for impairment. The Funds' obligations for net assets attributable to unitholders is measured at FVTPL, with fair value being the redemption amount as of the reporting dates.

(c) Fair value measurement:

When available, the Funds measure the fair value of a financial instrument using the quoted price in an active market for that instrument. The Funds measure instruments quoted in an active market at the last traded market price.

Bonds and debentures are valued at the mid-point of their last evaluated bid price and their last evaluated ask price received from recognized investment dealers and their last evaluated price for short positions.

If there is no quoted price in an active market, then the Funds use valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The Funds recognize transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred.

There are no differences between the Funds' method for measuring fair value for financial reporting purposes and that for the purposes of calculating net asset value for unitholder transactions.

CHOU FUNDS

Notes to the Financial Statements

Years ended December 31, 2023 and 2022

2. Material accounting policies (continued):

(c) Fair value measurement (continued):

Derecognition:

The Funds derecognize a financial asset when the contractual rights to the cash flows from the financial asset expire, or they transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Funds neither transfer nor retain substantially all of the risks and rewards of ownership and do not retain control of the financial asset.

The Funds derecognize a financial liability when their contractual obligations are discharged, cancelled, or expired.

(d) Critical accounting estimates and judgments:

The preparation of financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting judgments and estimates that the Funds have made in preparing the financial statements:

(i) Fair value measurement of derivatives and securities not quoted in an active market:

The Funds hold financial instruments that are not quoted in active markets, including derivative securities. Fair values of such instruments are determined using valuation techniques and may be determined using reputable pricing sources (such as pricing agencies) or indicative prices from market makers. Broker quotes as obtained from the pricing sources may be indicative and not executable or binding. Where no market data is available, the Fund may value positions using its own models, which are usually based on valuation methods and techniques generally recognized as standard within the industry. The models used to determine fair values are validated and periodically reviewed by experienced personnel of the Manager, independent of the party that created them. The models used for private equity securities are based mainly on earnings multiples adjusted for a lack of marketability, as appropriate.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require the Manager to make estimates. Changes in assumptions about these factors could affect the reported fair values of financial instruments. The Funds consider observable data to be market data that is readily available, regularly distributed and updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. Refer to note 8 for further information about the fair value measurement of the Fund's financial instruments.

CHOU FUNDS

Notes to the Financial Statements

Years ended December 31, 2023 and 2022

2. Material accounting policies (continued):

(d) Critical accounting estimates and judgments (continued):

- (ii) Classification and measurement of investments and application of the fair value option:

In classifying and measuring financial instruments held by the Funds, the Manager is required to make significant judgments in determining the most appropriate classification in accordance with IFRS 9. The Manager has assessed the Funds' business models, the manner in which all financial assets and financial liabilities are managed and performance evaluated as a group on a fair value basis, and concluded that FVTPL in accordance with IFRS 9 provides the most appropriate classification of the Funds' financial instruments.

(e) Cost of investments:

The cost of investments represents the amount paid for each security and is determined on an average cost basis excluding transaction costs. Investment transactions are accounted for as of the trade date.

(f) Offsetting financial instruments:

Financial assets and liabilities are offset and the net amount reported in the statements of financial position where the Funds have a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis for gains and losses from financial instruments at fair value through profit or loss and foreign exchange gains and losses.

(g) Transaction costs:

Transaction costs are incremental costs directly attributable to the acquisition, issue or disposal of an investment, which include fees and commissions paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges and transfer taxes and duties. In accordance with IFRS, transaction costs are expensed and are included in transaction costs in the statements of comprehensive income (loss).

(h) Cash and cash equivalents:

Cash and cash equivalents consist of cash on deposit and short-term debt instruments with terms to maturity less than 90 days. Cash and cash equivalents are reported at fair value which closely approximates their amortized cost due to the nature of being highly liquid and having short terms to maturity. Where cash and cash equivalents are in net bank overdraft positions, these are presented as current liabilities in the statements of financial position.

CHOU FUNDS

Notes to the Financial Statements

Years ended December 31, 2023 and 2022

2. Material accounting policies (continued):

(i) Investment transactions and income recognition:

All investment transactions are accounted for on the trade date.

Income from investments held is recognized on an accrual basis. Interest income is accrued as earned and dividend income and distributions from investment trusts are recognized on the ex-dividend dates.

Distributions received from investment trusts are recorded as income, capital gains or a return of capital, based on the best information available to the Manager. Due to the nature of these investments, actual allocations could vary from this information. Distributions from investment trusts that are treated as a return of capital for income tax purposes reduce the average cost of the underlying investment trust on the schedule of investments.

(j) Foreign exchange:

Securities and other assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rates prevailing on each valuation day. Purchases and sales of investments and derivatives, income and expenses are translated into Canadian dollars at the exchange rates prevailing on the respective dates of such transactions. Realized and unrealized foreign exchange gains (losses) on investments and derivatives are included in realized gain (loss) on sale of investments and derivatives and change in unrealized appreciation (depreciation) on investments and derivatives, respectively, in the statements of comprehensive income (loss).

(k) Derivative transactions:

Options:

The Manager may use options to offset potential losses from changes in the prices of the Funds' investments instead of buying and selling securities directly. There can be no assurance that the hedging strategies will be effective. Losses may also arise if the counterparty does not perform under the contract.

Warrants:

The cost of warrants is included in derivatives on the statements of financial position. The unrealized gain or loss is reflected in the statements of comprehensive income (loss) in unrealized gain (loss) on derivatives.

(l) Multi-series funds:

Where a Fund offers more than one series of redeemable units, the realized gains/losses from the sale of investments, changes in unrealized gains (losses) on investments, income and expenses that are common to the Fund as a whole, are allocated daily to each series based on the proportionate share of the net asset value of the series. The proportionate share of each series is determined by adding the current day's net unitholder subscriptions of the series to the prior day's net asset value of the series. Any income or expense amounts that are unique to a particular series (for example, management fees) are accounted for separately in that particular series so as to not affect the net asset value of the other series.

CHOU FUNDS

Notes to the Financial Statements

Years ended December 31, 2023 and 2022

2. Material accounting policies (continued):

(m) Valuation of Funds redeemable units:

The net assets attributable to holders of redeemable units of each Fund are computed by dividing the net assets attributable to holders of a series of redeemable units by the total number of redeemable units of the series outstanding at the time. The net assets attributable to holders of redeemable units are determined at the close of business each Friday.

(n) Securities lending income:

The Funds lend portfolio securities from time to time in order to earn additional income. Income from securities lending is included in the statements of comprehensive income (loss) of the Funds and is recognized on an accrual basis. Any securities on loan continue to be displayed in the schedule of investments and the market value of the securities loaned and collateral held is determined daily (note 7).

(o) Classification of redeemable units issued by the Fund:

The Funds' outstanding redeemable units' entitlements include a contractual obligation to distribute any net income and net realized gains annually in cash (at the request of the unitholder) and therefore the ongoing redemption feature is not the units' only contractual obligation. Consequently, the Funds' outstanding redeemable units are classified as financial liabilities in accordance with the requirements of IAS 32, *Financial Instruments: Presentation*. The Funds' obligation for net assets attributable to holders of redeemable units is measured at FVTPL, with fair value being the redemption amounts as of the reporting date.

(p) Impairments:

IFRS 9 requires that an entity recognize a loss allowance for expected credit losses on financial assets which are measured at amortized cost or FVOCI. Financial assets held by the Fund which are measured at FVTPL will not be subject to the impairment requirements.

With respect to financial assets classified and measured at cost, the Funds consider both historical analysis and forward-looking information in determining any expected credit loss. As at the financial statement date, financial assets classified and measured at cost are due to be settled within the short term. The Funds consider the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligation in the near term. Given the limited exposure of the Funds to credit risk, no loss allowance has been recognized as any such impairment will not have a significant impact on the financial statements.

CHOU FUNDS

Notes to the Financial Statements

Years ended December 31, 2023 and 2022

2. Material accounting policies (continued):

(q) Adoption of New Accounting Standards

Certain pronouncements were issued by the IASB or International Financial Reporting Interpretations Committee (IFRIC) and have been adopted in the current year. Many are not applicable or do not have a significant impact on the Funds, and have therefore been excluded:

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1);
- Deferred Tax related to Assets and Liabilities from a Single Transaction (Amendments to IAS12);
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2); and
- Definition of Accounting Estimates (Amendments to IAS 8).

(r) Future accounting policy changes

Certain pronouncements were issued by the IASB. Many are not applicable or do not have a significant impact on the Funds and have been excluded. The following amended standards and interpretations have not yet been adopted and are not expected to have a significant impact on the Funds' financial statements:

- Lack of Exchangeability (Amendments to IAS 21);
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7); and
- Non-current Liabilities with Covenants (Amendments to IAS 1).

3. Financial risk management:

Investment activities of the Funds expose them to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, other price risk and currency risk). The level of risk depends on each of the Funds' investment objectives and the type of securities each Fund invests in. Funds that invest in underlying funds are also exposed to indirect financial risks in the event that the underlying funds are exposed to these risks.

The Manager of the Funds seeks to minimize these risks by managing the security portfolios of the Funds on a daily basis according to market events and the investment objectives of the Funds. CPA Canada Handbook disclosures that are specific to each of the Funds are presented in the discussion of financial risk management under the schedule of investments. The sensitivity analysis shown in the discussion of financial risk management may differ from actual results and the difference could be significant.

The Manager maintains a risk management practice that includes monitoring compliance with investment restrictions to ensure that the Funds are being managed in accordance with the Funds' stated investment objectives, strategies and securities regulations. The risk positions noted below are monitored by the Manager on a regular basis.

CHOU FUNDS

Notes to the Financial Statements

Years ended December 31, 2023 and 2022

3. Financial risk management (continued):

(a) Credit risk:

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge a commitment that it has entered into with the Funds. The fair value of a financial instrument takes into account the credit rating of its issuer, and accordingly, represents the maximum credit risk exposure of a Fund. The Funds' main credit risk concentration is in debt securities and trading derivative instruments which are disclosed in the respective Funds' schedule of investments. All transactions in securities are settled or paid for upon delivery through brokers. As such, credit risk is considered minimal in the Funds on investment transactions, as delivery of securities sold is made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligations.

The Funds have provided the prime broker with a general lien over the financial assets held in custody as security for the prime broker's exposure relating to provision of custody services to the Funds. The terms under which the general lien is provided are usual and customary for prime broker agreements.

(b) Liquidity risk:

Liquidity risk is the risk that the Funds may not be able to settle or meet their obligations on time or at a reasonable price. The Funds are exposed to redemptions as units are redeemable on demand and unitholders may redeem their units on each valuation date. Therefore, in accordance with the Funds' Simplified Prospectus, the Funds invest their assets in investments that are traded in an active market and can be readily disposed. In addition, each Fund aims to retain sufficient cash and cash equivalent positions to maintain liquidity. The Funds may, from time to time, invest in securities that are not traded in an active market and may be illiquid.

(c) Market risk:

(i) Interest rate risk:

Interest rate risk is the risk that the fair value of the Funds' interest-bearing investments will fluctuate due to changes in the prevailing levels of market interest rates. The Funds' exposure to interest rate risk is concentrated in investments in debt securities (such as bonds and debentures or short-term instruments) and derivative instruments, if any. Other assets and liabilities are short-term in nature and are non-interest bearing. There is minimal sensitivity to interest rate fluctuations on cash and cash equivalents invested at short-term market interest rates.

(ii) Other price risk:

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. The Funds are exposed to market risk since all financial instruments held by the Funds present a risk of loss of capital. The maximum risk resulting from financial instruments is equivalent to their fair value, except for options written and future contracts where possible losses can be unlimited.

CHOU FUNDS

Notes to the Financial Statements

Years ended December 31, 2023 and 2022

3. Financial risk management (continued):

(c) Market risk (continued):

(iii) Currency risk:

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises from financial instruments (including cash and cash equivalents and foreign currency derivative instruments) that are denominated in a currency other than Canadian dollars, which represents the functional currency of the Funds. Therefore, the Funds' financial instruments that are denominated in other currencies will fluctuate due to changes in the foreign exchange rates of those currencies in relation to the Funds' functional currency.

4. Holders of redeemable units:

The Manager considers the Funds' capital to consist of the net assets attributable to holders of redeemable units. The Funds' capital is managed in accordance with each of the Funds' investment objectives, policies, and restrictions, as outlined in the Funds' Prospectus. Changes in the Funds' capital during the year are reflected in the statements of changes in net assets attributable to unitholders of redeemable units. The Funds have no specific restrictions or specific capital requirements on the subscriptions and redemptions of redeemable units, other than minimum subscription requirements. The Funds endeavor to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions. Holders of redeemable units are entitled to distributions when declared. Distributions on redeemable units of a Fund are reinvested in additional redeemable units of the Fund or at the option of the holders of redeemable units, paid in cash. Redeemable units of the Funds are redeemable at the option of the holders of redeemable units in accordance with the Prospectus.

	Series A		Series F	
	2023	2022	2023	2022
Chou Associates Fund				
Redeemable units outstanding, beginning of year	770,337	1,069,315	279,359	87,893
Add redeemable units issued during the year	3,360	2,196	41,206	222,551
Deduct redeemable units redeemed during the year	(82,058)	(303,162)	(26,035)	(36,363)
Redeemable units outstanding before income distribution	691,639	768,349	294,530	274,081
Add redeemable units issued on reinvested income	-	1,988	-	5,278
Redeemable units outstanding, end of year	691,639	770,337	294,530	279,359
Chou Asia Fund				
Redeemable units outstanding, beginning of year	330,014	738,334	391,855	53,316
Add redeemable units issued during the year	-	976	11,007	340,881
Deduct redeemable units redeemed during the year	(27,674)	(423,315)	(63,060)	(19,979)
Redeemable units outstanding before income distribution	302,340	315,995	339,802	374,218
Add redeemable units issued on reinvested income	2,734	14,019	4,348	17,637
Redeemable units outstanding, end of year	305,074	330,014	344,150	391,855

CHOU FUNDS

Notes to the Financial Statements

Years ended December 31, 2023 and 2022

4. Holders of redeemable units (continued):

	Series A		Series F	
	2023	2022	2023	2022
Chou Europe Fund				
Redeemable units outstanding, beginning of year	132,133	257,504	155,116	68,565
Add redeemable units issued during the year	29,566	50,551	92,366	113,342
Deduct redeemable units redeemed during the year	(50,114)	(211,618)	(81,541)	(69,850)
Redeemable units outstanding before income distribution	111,585	96,437	165,941	112,057
Add redeemable units issued on reinvested income	2,238	35,696	3,085	43,059
Redeemable units outstanding, end of year	113,823	132,133	169,026	155,116
Chou Bond Fund				
Redeemable units outstanding, beginning of year	605,477	1,050,115	582,040	135,676
Add redeemable units issued during the year	21,735	45,955	151,475	527,370
Deduct redeemable units redeemed during the year	(91,480)	(500,901)	(126,435)	(96,163)
Redeemable units outstanding before income distribution	535,732	595,169	607,080	566,883
Add redeemable units issued on reinvested income	29,910	10,308	33,759	15,157
Redeemable units outstanding, end of year	565,642	605,477	640,839	582,040
Chou RRSP Fund				
Redeemable units outstanding, beginning of year	556,521	1,074,198	467,565	64,041
Add redeemable units issued during the year	1,590	9,215	16,916	437,454
Deduct redeemable units redeemed during the year	(48,496)	(526,892)	(37,035)	(33,930)
Redeemable units outstanding before income distribution	509,615	556,521	447,446	467,565
Add redeemable units issued on reinvested income	-	-	2,207	-
Redeemable units outstanding, end of year	509,615	556,521	449,653	467,565

5. Related party transactions:

(a) Management fees:

The Manager manages the Funds under a management agreement dated August 10, 2005. The Manager is entitled to an annual investment management fee equal to 1.5% of the net asset value of Series A redeemable units and 1.0% of the net asset value of Series F redeemable units for all Funds other than the Chou Bond Fund on which the Manager is entitled to an annual investment management fee equal to 1.15% of the net asset value of Series A redeemable units and 1.0% of the net asset value of Series F redeemable units. All other expenses attributable to the Funds are also payable out of the assets of the Funds.

CHOU FUNDS

Notes to the Financial Statements

Years ended December 31, 2023 and 2022

5. Related party transactions (continued):

(a) Management fees (continued):

The Manager has elected to reduce the management fees for the Chou Europe Fund in August 2022 under the Simplified Prospectus. The management fee rates presented above relate to the contractual rates prior to any reduction. Management fees and related reductions are presented on a gross basis in the statements of comprehensive income (loss).

During the year, management fees for each Fund are as follows:

	2023	2022
Chou Associates Fund	\$ 2,470,089	\$ 2,492,165
Chou Asia Fund	224,380	224,086
Chou Europe Fund	-	24,077
Chou Bond Fund	137,071	127,818
Chou RRSP Fund	543,125	578,977

As at year end, included in accrued expenses of each Fund are the following amounts due to the Manager, for management fees payable:

	2023	2022
Chou Associates Fund	\$ 179,832	\$ 194,772
Chou Asia Fund	16,745	16,020
Chou Europe Fund	-	-
Chou Bond Fund	9,751	10,122
Chou RRSP Fund	37,524	41,471

(b) Investments by the Manager and related parties:

The Manager, its officers and directors invest in redeemable units of the Funds from time to time in the normal course of business. All transactions with the Manager are measured at the exchange amounts.

As at December 31, 2023, the following amounts of redeemable units were held by the Manager, its officers, and directors.

	2023	2022
Chou Associates Fund	74,721	74,598
Chou Asia Fund	-	-
Chou Europe Fund	19,188	18,810
Chou Bond Fund	-	-
Chou RRSP Fund	43,791	43,791

CHOU FUNDS

Notes to the Financial Statements

Years ended December 31, 2023 and 2022

5. Related party transactions (continued):

(b) Investments by the Manager and related parties (continued):

(i) Chou Associates Fund:

As at December 31, 2023, 7.6% of total redeemable units (2022 – 7.1%) were held by the Manager, its officers, and directors.

(ii) Chou Europe Fund:

As at December 31, 2023, 6.8% of total redeemable units (2022 – 6.5%) were held by the Manager, its officers, and directors.

(iii) Chou RRSP Fund:

As at December 31, 2023, 4.6% of total redeemable units (2022 – 4.3%) were held by the Manager, its officers, and directors.

(c) Sale of shares to related party:

In April 2023, Chou Associates Fund sold shares of EXCO Resources to Wintaai Holding Ltd. and Chou USA Inc., related parties under the control of Francis Chou. The sale price was based on the valuation as of December 31, 2022 performed by an external third-party valuator, which was the most recent price at the time of the transaction.

6. Brokers' commissions:

Total commissions paid to brokers in connection with portfolio transactions for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
Chou Associates Fund	\$ 35,664	\$ 362,364
Chou Asia Fund	2,909	13,321
Chou Europe Fund	2,098	1,962
Chou Bond Fund	-	-
Chou RRSP Fund	2,858	180,066

7. Securities lending:

The Funds have entered into a securities lending program with CIBC Mellon. The Funds receive collateral of at least 102% of the value of the securities on loan. Collateral may be comprised of cash and obligations of or guaranteed by, the Government of Canada or a province thereof, or by the United States Government or its agencies, but may include obligations of other governments with appropriate credit ratings. The aggregate dollar values of the securities that are on loan and the collateral received by the Funds as at December 31, 2023 and 2022 are as follows:

CHOU FUNDS

Notes to the Financial Statements

Years ended December 31, 2023 and 2022

7. Securities lending (continued):

	Market value of securities on loan	Market value of collateral received
2023		
Chou Associates Fund	\$ 40,351	\$ 42,379
Chou Asia Fund	-	-
Chou Europe Fund	387,921	408,543
Chou Bond Fund	-	-
Chou RRSP Fund	451,182	474,335

	Market value of securities on loan	Market value of collateral received
2022		
Chou Associates Fund	\$ 3,306,290	\$ 3,471,679
Chou Asia Fund	-	-
Chou Europe Fund	178,396	199,542
Chou Bond Fund	-	-
Chou RRSP Fund	1,449,422	1,521,926

The tables below present a reconciliation of the securities lending income as presented in the statements of comprehensive income (loss) for the years ended December 31, 2023 and 2022. It shows the gross amount of securities lending revenues generated from the securities lending transactions of the Fund, less any taxes withheld and amounts due to parties entitled to receive payments out of the gross amount as part of any securities lending agreements.

Chou Associates Fund:

	December 31, 2023	
Gross securities lending revenue	\$ 10,557	100 %
Withholding taxes	-	0%
Agent fees	(2,111)	(20)%
Securities lending revenue	\$ 8,446	80 %

	December 31, 2022	
Gross securities lending revenue	\$ 5,249	100 %
Withholding taxes	(37)	(1)%
Agent fees	(1,042)	(20)%
Securities lending revenue	\$ 4,170	79 %

CHOU FUNDS

Notes to the Financial Statements

Years ended December 31, 2023 and 2022

7. Securities lending (continued):

Chou Asia Fund:

	December 31, 2023	
Gross securities lending revenue	\$ 271	100%
Withholding taxes	(5)	(2)%
Agent fees	(53)	(20)%
Securities lending revenue	\$ 213	79%

	December 31, 2022	
Gross securities lending revenue	\$ 6,419	100%
Withholding taxes	(80)	(1)%
Agent fees	(1,268)	(20)%
Securities lending revenue	\$ 5,071	79%

Chou Europe Fund:

	December 31, 2023	
Gross securities lending revenue	\$ 310	100%
Withholding taxes	-	0%
Agent fees	(62)	(20)%
Securities lending revenue	\$ 248	80%

	December 31, 2022	
Gross securities lending revenue	\$ 320	100%
Withholding taxes	(17)	(5)%
Agent fees	(60)	(19)%
Securities lending revenue	\$ 243	76%

Chou Bond Fund:

	December 31, 2023	
Gross securities lending revenue	\$ 6,763	100%
Withholding taxes	(2,029)	(30)%
Agent fees	(947)	(14)%
Securities lending revenue	\$ 3,787	56%

	December 31, 2022	
Gross securities lending revenue	\$ 12,756	100%
Withholding taxes	(3,827)	(30)%
Agent fees	(1,786)	(14)%
Securities lending revenue	\$ 7,143	56%

CHOU FUNDS

Notes to the Financial Statements

Years ended December 31, 2023 and 2022

7. Securities lending (continued):

Chou RRSP Fund:

	December 31, 2023	
Gross securities lending revenue	\$ 7,859	100%
Withholding taxes	-	0%
Agent fees	(1,571)	(20)%
Securities lending revenue	\$ 6,288	80%

	December 31, 2022	
Gross securities lending revenue	\$ 1,261	100%
Withholding taxes	(16)	(1)%
Agent fees	(249)	(20)%
Securities lending revenue	\$ 996	79%

8. Fair value measurement:

Below is a classification of fair measurements of the Funds' investments based on a three level fair value hierarchy and a reconciliation of transactions and transfers within that hierarchy. The hierarchy of fair valuation inputs is summarized as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - inputs for the assets or liabilities that are not based on observable market data. Additional quantitative disclosures are required for Level 3 securities.

CHOU FUNDS

Notes to the Financial Statements

Years ended December 31, 2023 and 2022

8. Fair value measurement (continued):

(a) Chou Associates Fund:

2023	Level 1	Level 2	Level 3	Total
Financial Assets				
Equities	\$ 87,997,102	\$ -	\$ 17,448,083	\$ 105,445,185
Bonds	-	-	-	-
Options	-	-	-	-
Warrants	4,362,138	-	-	4,362,138
Total	\$ 92,359,240	\$ -	\$ 17,448,083	\$ 109,807,323
Financial Liabilities				
Equities	\$ -	\$ -	\$ -	\$ -
Bonds	-	-	-	-
Options	-	-	-	-
Total	\$ -	\$ -	\$ -	\$ -
2022	Level 1	Level 2	Level 3	Total
Financial Assets				
Equities	\$ 80,675,037	\$ -	\$ 36,569,676	\$ 117,244,713
Bonds	-	-	-	-
Options	-	-	-	-
Warrants	6,063,911	-	-	6,063,911
Total	\$ 86,738,948	\$ -	\$ 36,569,676	\$ 123,308,624
Financial Liabilities				
Equities	\$ -	\$ -	\$ -	\$ -
Bonds	-	-	-	-
Options	-	-	-	-
Total	\$ -	\$ -	\$ -	\$ -

The following table reconciles the Fund's Level 3 fair value measurement of financial instruments for as at December 31, 2023 and December 31, 2022.

	Equities	Bonds	Total
Balance, December 31, 2022	\$ 36,569,676	\$ -	\$ 36,569,676
Purchase of investments	-	-	-
Net transfers during the year	-	-	-
Proceeds from sales during the year	(14,189,475)	-	(14,189,475)
Net realized gain on sale of investments	1,839,485	-	1,839,485
Change in unrealized depreciation in value of investments	(6,771,603)	-	(6,771,603)
Balance, December 31, 2023	\$ 17,448,083	\$ -	\$ 17,448,083

CHOU FUNDS

Notes to the Financial Statements

Years ended December 31, 2023 and 2022

8. Fair value measurement (continued):

(a) Chou Associates Fund (continued):

	Equities	Bonds	Total
Balance, December 31, 2021	\$ 18,800,231	\$ -	\$ 18,800,231
Purchase of investments	-	-	-
Net transfers during the year	-	-	-
Proceeds from sales during the year	-	-	-
Net realized gain (loss) on sale of investments	-	-	-
Change in unrealized appreciation in value of investments	17,769,445	-	17,769,445
Balance, December 31, 2022	\$ 36,569,676	\$ -	\$ 36,569,676

For fiscal 2023 and 2022, there were no significant transfers between Level 1 and Level 2.

Financial instruments classified as Level 2 investments are valued based on the prices provided by an independent reputable pricing services company who prices the securities based on recent transactions and quotes received from market participants and through incorporating observable market data.

Level 3 additional disclosures:

The table below sets out information about significant unobservable inputs used at December 31, 2023 and 2022 in measuring financial instruments categorized as Level 3 in the fair value hierarchy.

December 31, 2023

Securities/Instruments	Line item on the hierarchy table	Fair value (\$)	Valuation technique	Unobservable input	Range of input value	Possible shift +/- (absolute value/%)	Change in valuation (\$) +/-
Equity - Private Company	Equity Security	17,448,083	Market Approach & Income Approach	Third party, WACC	N/A	10%	1,744,808/ (1,744,808)

December 31, 2022

Securities/Instruments	Line item on the hierarchy table	Fair value (\$)	Valuation technique	Unobservable input	Range of input value	Possible shift +/- (absolute value/%)	Change in valuation (\$) +/-
Equity - Private Company	Equity Security	36,569,676	Market Approach & Income Approach	Third party, WACC	N/A	10%	3,656,968/ (3,656,968)

Third party source

The price for this security was received from a third-party source whose valuation methodology was model driven and included proxy security to capture interest rate and credit risk. Significant unobservable inputs used by the third-party are discounted cash flow, EBITDA, weighted average cost of capital ("WACC") and growth rates. Although the Fund believes that its estimates of fair value are appropriate, different methodologies or assumptions could lead to different measurements of fair value.

CHOU FUNDS

Notes to the Financial Statements

Years ended December 31, 2023 and 2022

8. Fair value measurement (continued):

(b) Chou Asia Fund:

2023	Level 1	Level 2	Level 3	Total
Financial Assets				
Equities	\$ 10,279,347	\$ -	\$ -	\$ 10,279,347
Bonds	-	-	-	-
Options	-	-	-	-
Total	\$ 10,279,347	\$ -	\$ -	\$ 10,279,347

2022	Level 1	Level 2	Level 3	Total
Financial Assets				
Equities	\$ 9,309,452	\$ 542,780	\$ -	\$ 9,852,232
Bonds	-	-	-	-
Options	-	-	-	-
Total	\$ 9,309,452	\$ 542,780	\$ -	\$ 9,852,232

For fiscal 2023 and 2022, there were no significant transfers between Level 1 and Level 2.

Financial instruments classified as Level 2 investments are valued based on the prices provided by a reputable independent pricing services company who prices the securities based on recent transactions and quotes received from market participants and through incorporating observable market data.

(c) Chou Europe Fund:

2023	Level 1	Level 2	Level 3	Total
Financial Assets				
Equities	\$ 2,257,827	\$ -	\$ -	\$ 2,257,827
Bonds	-	-	-	-
Options	-	-	-	-
Total	\$ 2,257,827	\$ -	\$ -	\$ 2,257,827

2022	Level 1	Level 2	Level 3	Total
Financial Assets				
Equities	\$ 2,191,679	\$ -	\$ -	\$ 2,191,679
Bonds	-	-	-	-
Options	-	-	-	-
Total	\$ 2,191,679	\$ -	\$ -	\$ 2,191,679

For fiscal 2023 and 2022, there were no significant transfers between Level 1 and Level 2.

Financial instruments classified as Level 2 investments are valued based on the prices provided by an independent reputable pricing services company who prices the securities based on recent transactions and quotes received from market participants and through incorporating observable market data.

CHOU FUNDS

Notes to the Financial Statements

Years ended December 31, 2023 and 2022

8. Fair value measurement (continued):

(d) Chou Bond Fund:

2023	Level 1	Level 2	Level 3	Total
Financial Assets				
Equities	\$ 710,227	\$ -	\$ 447,702	\$ 1,157,929
Bonds	-	8,512,657	366	8,513,023
Options	-	-	-	-
Total	\$ 710,227	\$ 8,512,657	\$ 448,068	\$ 9,670,952

2022	Level 1	Level 2	Level 3	Total
Financial Assets				
Equities	\$ -	\$ -	\$ 572,159	\$ 572,159
Bonds	-	2,515,917	366	2,516,283
Options	-	-	-	-
Total	\$ -	\$ 2,515,917	\$ 572,525	\$ 3,088,442

The following table reconciles the Fund's Level 3 fair value measurement of financial instruments as at December 31, 2023 and December 31, 2022.

	Equities	Bonds	Total
Balance, December 31, 2022	\$ 572,159	\$ 366	\$ 572,525
Net transfers in during the year	-	-	-
Proceeds from sales during the year	-	-	-
Net realized gain (loss) on sale of investments	-	-	-
Change in unrealized depreciation in value of investments	(124,457)	-	(124,457)
Balance, December 31, 2023	\$ 447,702	\$ 366	\$ 448,068

	Equities	Bonds	Total
Balance, December 31, 2021	\$ 294,143	\$ 366	\$ 294,509
Net transfers in during the year	-	-	-
Proceeds from sales during the year	-	-	-
Net realized loss on sale of investments	-	-	-
Change in unrealized appreciation in value of investments	278,016	-	278,016
Balance, December 31, 2022	\$ 572,159	\$ 366	\$ 572,525

For fiscal 2023 and 2022, there were no significant transfers between Level 1 and Level 2.

Financial instruments classified as Level 2 investments are valued based on the prices provided by an independent reputable pricing services company who prices the securities based on recent transactions and quotes received from market participants and through incorporating observable market data.

CHOU FUNDS

Notes to the Financial Statements

Years ended December 31, 2023 and 2022

8. Fair value measurement (continued):

(d) Chou Bond Fund (continued):

Level 3 additional disclosures:

The table below sets out information about significant unobservable inputs used at December 31, 2023 and 2022 in measuring financial instruments categorized as Level 3 in the fair value hierarchy.

December 31, 2023

Securities/Instruments	Line item on the hierarchy table	Fair value (\$)	Valuation technique	Unobservable input	Range of input value	Possible shift +/- (absolute value/%)	Change in valuation (\$ +/-)
Equity - Private Company	Equity Security	447,702	Market Approach & Income Approach	Third party, WACC	N/A	10%	44,770/(44,770)
Convertible Bonds	Bonds	366	Market Approach	Market value of company	N/A	10%	37/(37)

December 31, 2022

Securities/Instruments	Line item on the hierarchy table	Fair value (\$)	Valuation technique	Unobservable input	Range of input value	Possible shift +/- (absolute value/%)	Change in valuation (\$ +/-)
Equity - Private Company	Equity Security	572,159	Market Approach & Income Approach	Third party, WACC	N/A	10%	57,216/(57,216)
Convertible Bonds	Bonds	366	Market Approach	Market value of company	N/A	10%	37/(37)

Third party source

The price for this security was received from a third-party source whose valuation methodology was model driven and included proxy security to capture interest rate and credit risk. Significant unobservable inputs used by the third-party are discounted cash flow, EBITDA, weighted average cost of capital (“WACC”) and growth rates. Although the Fund believes that its estimates of fair value are appropriate, different methodologies or assumptions could lead to different measurements of fair value.

(e) Chou RRSP Fund:

2023	Level 1	Level 2	Level 3	Total
Financial Assets				
Equities	\$ 16,381,335	\$ -	\$ 2,554,330	\$ 18,935,665
Bonds	-	-	100	100
Warrants	1,022,699	-	-	1,022,699
Total	\$ 17,404,034	\$ -	\$ 2,554,430	\$ 19,958,464
Financial Liabilities				
Equities	\$ -	\$ -	\$ -	\$ -
Bonds	-	-	-	-
Options	-	-	-	-
Total	\$ -	\$ -	\$ -	\$ -

CHOU FUNDS

Notes to the Financial Statements

Years ended December 31, 2023 and 2022

8. Fair value measurement (continued):

(e) Chou RRSP Fund (continued):

2022	Level 1	Level 2	Level 3	Total
Financial Assets				
Equities	\$ 17,707,331	\$ -	\$ 3,264,414	\$ 20,971,745
Bonds	-	-	100	100
Warrants	1,421,679	-	-	1,421,679
Total	\$ 19,129,010	\$ -	\$ 3,264,514	\$ 22,393,524
Financial Liabilities				
Equities	\$ -	\$ -	\$ -	\$ -
Bonds	-	-	-	-
Options	-	-	-	-
Total	\$ -	\$ -	\$ -	\$ -

The following table reconciles the Fund's Level 3 fair value measurement of financial instruments as at December 31, 2023 and December 31, 2022.

	Equities	Bonds	Total
Balance, December 31, 2022	\$ 3,264,414	\$ 100	\$ 3,264,514
Net transfers in during the year	-	-	-
Proceeds from sales during the year	-	-	-
Net realized gain (loss) on sale of investments	-	-	-
Change in unrealized depreciation in value of investments	(710,084)	-	(710,084)
Balance, December 31, 2023	\$ 2,554,330	\$ 100	\$ 2,554,430

	Equities	Bonds	Total
Balance, December 31, 2021	\$ 1,678,213	\$ 100	\$ 1,678,313
Net transfers in during the year	-	-	-
Proceeds from sales during the year	-	-	-
Net realized gain (loss) on sale of investments	-	-	-
Change in unrealized appreciation in value of investments	1,586,201	-	1,586,201
Balance, December 31, 2022	\$ 3,264,414	\$ 100	\$ 3,264,514

For fiscal 2023 and 2022, there were no significant transfers between Level 1 and Level 2.

Financial instruments classified as Level 2 investments are valued based on the prices provided by an independent reputable pricing services company who prices the securities based on recent transactions and quotes received from market participants and through incorporating observable market data.

CHOU FUNDS

Notes to the Financial Statements

Years ended December 31, 2023 and 2022

8. Fair value measurement (continued):

(e) Chou RRSP Fund (continued):

Level 3 additional disclosures:

The table below sets out information about significant unobservable inputs used at December 31, 2023 and 2022 in measuring financial instruments categorized as Level 3 in the fair value hierarchy.

December 31, 2023

Securities/Instruments	Line item on the hierarchy table	Fair value (\$)	Valuation technique	Unobservable input	Range of input value	Possible shift +/- (absolute value/%)	Change in valuation (\$ +/-)
Equity - Private Company	Equity Security	2,554,330	Market Approach & Income Approach	Third party, WACC	N/A	10%	255,433/ (255,433)
Convertible Bonds	Bonds	100	Market Approach	Market value of company	N/A	10%	10/ (10)

December 31, 2022

Securities/Instruments	Line item on the hierarchy table	Fair value (\$)	Valuation technique	Unobservable input	Range of input value	Possible shift +/- (absolute value/%)	Change in valuation (\$ +/-)
Equity - Private Company	Equity Security	3,264,414	Market Approach & Income Approach	Third party, WACC	N/A	10%	326,441/ (326,441)
Convertible Bonds	Bonds	100	Market Approach	Market value of company	N/A	10%	10/ (10)

Third party source

The price for this security was received from a third-party source whose valuation methodology was model driven and included proxy security to capture interest rate and credit risk. Significant unobservable inputs used by the third-party are discounted cash flow, EBITDA, weighted average cost of capital (“WACC”) and growth rates. Although the Fund believes that its estimates of fair value are appropriate, different methodologies or assumptions could lead to different measurements of fair value.

CHOU FUNDS

Notes to the Financial Statements

Years ended December 31, 2023 and 2022

9. Income taxes:

The Chou Funds qualify as mutual fund trusts under the provisions of the Income Tax Act (Canada). General income tax rules apply to the Chou Funds; however, no income tax is payable by the Chou Funds on investment income and/or net realized capital gains which are distributed to unitholders. In addition, income taxes payable on undistributed net realized capital gains are refundable on a formula basis when redeemable units of the Funds are redeemed. Sufficient net income and realized capital gains of the Chou Funds, have been, or will be distributed to the unitholders such that no tax is payable by the Chou Funds and, accordingly, no provision for taxes has been made in the financial statements.

Capital losses for income tax purposes may be carried forward indefinitely and applied against capital gains in future years.

The Funds have the following net realized capital losses available for utilization against net realized capital gains in future years:

	2023	2022
Chou Associates Fund:		
Capital loss carryforward	\$ -	\$ -
Chou Asia Fund:		
Capital loss carryforward	-	-
Chou Europe Fund:		
Capital loss carryforward	4,222,206	4,304,019
Chou Bond Fund:		
Capital loss carryforward	12,095,612	12,176,055
Chou RRSP Fund:		
Capital loss carryforward	11,983,249	12,414,964

10. Fund valuation adjustments:

The Chou Associates Fund identified an overstatement of investments in the amount of \$4,083,714 on July 18, 2022. This resulted in an overstatement of the Net Asset Value ("NAV") as at July 18, 2022. As a result, the Chou Associates Fund did not accurately reflect the NAV at the time of computation for transactional purposes for all capital stock transactions in the Fund with a trade date of July 18, 2022. No other transactions were impacted by this error.

On July 19, 2022, the error was retroactively corrected. Chou Associates Management Inc. reimbursed unitholders who transacted on July 18, 2022 and were impacted by the NAV error. Adjustments were made in accordance with the Chou Associates Fund's NAV error procedures. There is no impact on the NAV reported at December 31, 2023 and December 31, 2022.

CHOU FUNDS

Notes to the Financial Statements

Years ended December 31, 2023 and 2022

10. Fund valuation adjustments (Continued):

The following table illustrates the adjustments made to the NAV to reflect the correction in investments on July 18, 2022:

Class	Unadjusted Net Asset Value per Unit as at July 18, 2022	Adjustment to reflect the effects of over valuation	Adjusted Net Asset Value per Unit as at July 18, 2022
Canadian Dollars:			
Chou Associates (series A)	\$ 152.32	\$ 3.78	\$ 148.54
Chou Associates (series F)	152.85	3.79	149.06
U.S. Dollars:			
Chou Associates (series A)	117.64	2.92	114.72
Chou Associates (series F)	118.05	2.93	115.12

11. Audit fees

For the year ended December 31, 2023, fees paid or payable to Grant Thornton LLP for the audit of the financial statements of the Funds were \$196,673 (2022 - \$207,353). Fees paid to Grant Thornton LLP for other services were \$2,600 (2022 - \$5,691).

12. Post-reporting date events

No adjusting events have occurred between the reporting date and date of authorization.

NOTES
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Illustration of an assumed investment of \$10,000 in Canadian dollars (unaudited)

CHOU ASIA FUND

Period ended	Total value of shares
Dec.31, 2003	\$10,000
Dec.31, 2004	11,850
Dec.31, 2005	12,678
Dec.31, 2006	14,598
Dec.31, 2007	16,972
Dec.31, 2008	13,979
Dec.31, 2009	17,015
Dec.31, 2010	18,786
Dec.31, 2011	17,931
Dec.31, 2012	17,609
Dec.31, 2013	21,799
Dec.31, 2014	23,472
Dec.31, 2015	24,760
Dec.31, 2016	25,284
Dec.31, 2017	30,625
Dec.31, 2018	26,728
Dec.31, 2019	27,001
Dec.31, 2020	44,850
Dec.31, 2021	44,087
Dec.31, 2022	41,185
December 31, 2023	<u>\$48,176</u>

CHOU EUROPE FUND

Period ended	Total value of shares
Dec.31, 2003	\$10,000
Dec.31, 2004	11,361
Dec.31, 2005	12,650
Dec.31, 2006	14,002
Dec.31, 2007	11,881
Dec.31, 2008	6,655
Dec.31, 2009	8,962
Dec.31, 2010	8,885
Dec.31, 2011	8,451
Dec.31, 2012	10,753
Dec.31, 2013	15,199
Dec.31, 2014	15,342
Dec.31, 2015	15,629
Dec.31, 2016	12,705
Dec.31, 2017	13,161
Dec.31, 2018	11,856
Dec.31, 2019	11,495
Dec.31, 2020	14,626
Dec.31, 2021	13,973
Dec.31, 2022	15,090
December 31, 2023	<u>\$21,063</u>

CHOU BOND FUND

Period ended	Total value of shares
Dec.31, 2005	\$10,000
Dec.31, 2006	12,200
Dec.31, 2007	11,870
Dec.31, 2008	7,396
Dec.31, 2009	10,534
Dec.31, 2010	13,980
Dec.31, 2011	11,408
Dec.31, 2012	12,884
Dec.31, 2013	15,944
Dec.31, 2014	17,502
Dec.31, 2015	16,875
Dec.31, 2016	18,411
Dec.31, 2017	18,114
Dec.31, 2018	20,805
Dec.31, 2019	15,582
Dec.31, 2020	19,458
Dec.31, 2021	27,484
Dec.31, 2022	29,671
December 31, 2023	<u>\$29,120</u>

Illustration of an assumed investment of \$10,000 in Canadian dollars (unaudited)

CHOU RRSP FUND

Period ended	Total value of shares
Dec.31, 1986	\$10,000
Dec.31, 1987	10,818
Dec.31, 1988	12,281
Dec.31, 1989	14,350
Dec.31, 1990	12,722
Dec.31, 1991	13,284
Dec.31, 1992	14,500
Dec.31, 1993	16,727
Dec.31, 1994	14,961
Dec.31, 1995	17,808
Dec.31, 1996	21,735
Dec.31, 1997	32,741
Dec.31, 1998	38,806
Dec.31, 1999	36,217
Dec.31, 2000	42,188
Dec.31, 2001	49,370
Dec.31, 2002	65,095
Dec.31, 2003	72,658
Dec.31, 2004	82,362
Dec.31, 2005	95,294
Dec.31, 2006	104,479
Dec.31, 2007	94,817
Dec.31, 2008	54,629
Dec.31, 2009	69,818
Dec.31, 2010	102,367
Dec.31, 2011	81,150
Dec.31, 2012	108,860
Dec.31, 2013	132,029
Dec.31, 2014	150,763
Dec.31, 2015	131,417
Dec.31, 2016	126,719
Dec.31, 2017	154,716
Dec.31, 2018	143,655
Dec.31, 2019	118,267
Dec.31, 2020	134,262
Dec.31, 2021	209,422
Dec.31, 2022	191,136
Dec.31, 2023	\$188,116

NOTE: Rates of return are historical total returns, include changes in unit prices, and assume the reinvestment of all distributions. These annual compounded returns do not take into account any sales charges, redemption fees, other optional expenses or income taxes that you have to pay and that could reduce these returns. The returns are not guaranteed. The Fund's past performance does not necessarily indicate future performance.

The table is presented only to illustrate the effects of the compound growth rate and is not intended to reflect future values of the mutual funds or returns on the mutual funds. Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing.

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