Relationship Disclosure Information

In this document "we", "us", "our" and "Manager" mean Chou Associates Management Inc., and the "Funds" or "Chou Funds" means the mutual funds. "You" means purchasers of the Funds.

This document will be provided to you at the time you open your account with us or before we begin providing advice or trading services to you. If there is a significant change to the information contained in this document, we will provide you with updated information.

Chou Funds uses its website www.choufunds.com as its repository for its relationship disclosure information ("**RDI**"). All new and existing clients can rely on its delivery via the Manager's website, as per Section 14.2 of National Instrument 31-103.

Your signature on the subscription form confirms you have received this document and understand its contents. It also acknowledges your consent to the disclosure of information as described herein.

Please direct any questions about this document to the Manager's Chief Compliance Officer at compliance@choufunds.com or by telephone at (416) 214-0675 in Greater Toronto or toll-free 1-888-357-5070 outside Greater Toronto.

Know Your Client ("KYC"):

Units of the Chou Funds are offered to investors in all provinces of Canada (excluding territories). The Manager is a portfolio manager for individuals, corporations, trusts, estates, institutions, pension funds, and non-for-profit organizations.

We are required to obtain certain KYC information from you before executing any transactions so that we can determine whether investments in the Funds are suitable for your situation in relation to your investment objectives, risk profile, and other personal and financial circumstances. We are required to put your interests first, ahead of our own interests and any other competing considerations, when making any recommendations or taking any investment action in your account.

KYC Information includes details:

- to establish your identity
- concerning your investment needs and objectives
- to understand your personal circumstances
- to establish your investment time horizon
- to note your investment knowledge
- to assess your financial circumstances, and
- to determine your risk profile (willingness and ability to take on risk)
- Any other additional information, where relevant to your particular circumstance

The clients must keep Chou Funds apprised of any significant changes that could impact the operation of the account, including changes to marital status, employment income, or other changes.

Chou Funds will contact clients at least every 12 months to ensure that any changes are noted on file, and any relevant changes are made, if necessary.

Services:

Chou Associates Management Inc. is the manager of the Funds. The Manager provides management of the overall business of the Funds, including selection of the securities in each Fund's portfolio, and promoting sales of the Fund's units. The Manager is also the trustee of the Funds. When you invest in one of the Funds, you are buying units of a trust. The trustee holds actual title to the property in the Fund - the cash and portfolio securities - on your behalf. The Manager is also the portfolio advisor. The portfolio advisor carries out all research, purchases and sales of the Funds' portfolio securities.

A mutual fund is an investment vehicle created to permit people with similar investment objectives to pool their money. People who contribute money become investors or unitholders of the mutual fund. The units represent the proportionate interest the unitholders have in a fund's income and expenses and in gains or losses a fund makes on its investments. Mutual fund unitholders share the mutual fund's income, expenses and the gains and losses of the mutual fund in proportion to the units they own.

Account Types:

For Units held in a Registered Plan

Generally, you pay no tax on earnings we distribute to you from Funds held in a registered tax plan such as a Registered Retirement Savings Plan (RRSP), Registered Retirement Income Fund (RRIF), Registered Disability Savings Plan (RDSP), Deferred Profit Sharing Plan (DPSP), Registered Education Savings Plan (RESP) or held in a Tax Free Savings Account (TFSA) (referred to individually as a "**Registered Plan**" and collectively as "**Registered Plans**"), nor on any capital gains the plan makes from redeeming units or switching between Funds, as long as the proceeds remain in the plan. However, even when units of the Fund are a qualified investment for your Registered Plans, you may be subject to tax if a unit held in your RRSP, RRIF, RDSP, RESP or TFSA is a "prohibited investment". Generally, units of a Fund will not be a "prohibited investment" for your RRSP, RRIF, RDSP, RESP or TFSA if you, your family (including your parents, spouse, children, siblings and in-laws) and other people or entities that do not deal at arm's length with you, in total, own directly or indirectly less than 10% of the value of the Fund. Distributions from a Fund may affect the tax costs of units of a Fund held by a Registered Plan under the Tax Act.

Any amount withdrawn from a Registered Plan (other than an RESP, RDSP or TFSA) is fully taxable. Generally, amounts withdrawn from a RESP or RDSP are taxable to the extent they are not refunds of contributions. Amounts withdrawn from a TFSA are not taxable. You should consult your tax advisor regarding specific rules relating to withdrawals of amounts rolled into a RDSP from certain other Registered Plans, as well as regarding the impact of TFSA withdrawals on TFSA contribution room.

In the case of a Fund, if any, that would not qualify as a mutual fund trust for a particular period, we intend to file an election for the fund to be a registered investment under the Tax Act.

You should consult your tax advisor about the special rules that apply to each particular Registered Plan, including whether or not an investment in a Fund would be a "prohibited investment" for your RRSP, RRIF, TFSA, RESP or RDSP.

For Units not held in a Registered Plan

You must report for income tax purposes all distributions paid to you during the year, whether you receive these distributions as cash or whether reinvested in additional units of the Fund. Distributions paid by a Fund may consist of capital gains, ordinary Canadian dividends, foreign source income, other income and/or returns of capital. Amounts paid on the redemption of units may be treated by a Fund as a payment of net income and/or net capital gains to the unitholder, rather than as proceeds of redemption.

One-half of a capital gain distribution is included in income. You may be entitled to offset any capital losses you have incurred against these or other capital gains. A change between series of units of the same Fund will not result in a capital gain or loss.

Ordinary Canadian dividends are subject to the dividend gross-up and tax credit rules. Steps will be taken to pass on to you the benefit of the enhanced dividend tax credit when it is available. You may be eligible for foreign tax credits in respect of foreign taxes paid by a Fund. Returns of capital are not immediately taxable to you but will reduce the adjusted cost base of your units in the Fund. If the adjusted cost base of your units is reduced to a negative amount while you continue to hold them, you will be deemed to realize an immediate capital gain equal to the negative amount and your adjusted cost base will be increased to zero.

If you buy Fund units just before the distribution date (typically in December of each year), you will be taxed on the distribution you receive in cash or units. The adjusted cost base of your units will be generally increased by the amount of the distribution, if the distribution is satisfied by the issuance of additional units, to reduce any capital gains when you redeem. If you purchase your units in U.S. dollars, you must convert the purchase price into Canadian dollars at the exchange rate in effect at the time of purchase. The adjusted cost base of your units is equal to:

the cost of your initial investment

plus

the cost of any additional investments

plus

the amount of any distributions that were reinvested

less

the amount of any return of capital

less

the adjusted cost base of any previously switched or redeemed units.

For tax purposes, your capital gain or loss when you redeem your units is generally the difference between the amount you receive for units, less the adjusted cost base of your units and any reasonable costs you incurred to redeem your units. Reclassification of units of one class to another class will not be a disposition for tax purposes.

If you pay management fees directly in respect of units of a Fund held outside a registered plan, you should consult your own tax advisor with respect to the deductibility of such management fees in your own particular circumstances.

Know Your Product:

The Chou group of mutual funds is currently made up of five Funds

- Chou Associates Fund ("**Associates Fund**");
- Chou RRSP Fund ("**RRSP Fund**");
- Chou Europe Fund ("**Europe Fund**");
- Chou Asia Fund ("**Asia Fund**"); and
- Chou Bond Fund ("**Bond Fund**")

All the Chou Funds issue securities in more than one series. A series of securities may be viewed as a subdivision of the Fund for certain purposes (e.g., calculation of fees), but for other purposes (e.g., investment activity), the Fund remains undivided.

Series A securities of all the Funds are available to all investors. Series F securities are available to investors who participate in fee-based programs through their dealer and whose dealer has signed a Series F agreement with us. Instead of paying sales charges, these investors pay an annual fee to their dealer for investment advice and other services. We do not pay any commission to a dealer who sells Series F securities which means that we can charge a lower management fee. Series F securities are also available to other groups of investors for whom we do not incur distribution costs.

Your first purchase of units of each of the Funds, unless otherwise agreed by the Manager, must be at least $5,000. Each purchase thereafter must be at least $500.

Proprietary Products:

We distribute only securities of the five Funds managed by us. As we offer only proprietary products, this could raise a conflict of interest in which we may have an incentive to recommend our Funds over other third-party funds with similar features to our clients.

The following have been taken to mitigate potential conflicts of interest (additional steps may be taken when suitable):

- A review process of similar funds is conducted on an annual basis and documents related to the proprietary products are updated;

- A suitability assessment is conducted for each client accepted into the Funds to ensure that the Funds are appropriate for the clients (certain types of clients may be able to waive this requirement); and
- Legal and regulatory counsel is retained to provide ongoing training regarding suitability requirements for our clients.

Risks:

All mutual funds involve some level of risk. Risk is the possibility you will either lose money or make no money on your investment. Generally, the higher an investment's anticipated return, the greater its risk. You should carefully review your tolerance for risk when reviewing an investment's anticipated return.

Below are some of the specific risks that may affect the value of your investment in a Fund.

Below-Investment Grade Securities Risk

Investments in securities rated below investment grade, or "junk bonds," generally involve significantly greater risks of loss of your money than an investment in investment grade bonds. Issuers of high-yield securities are not as strong financially as those with higher credit ratings, so the securities are usually considered speculative investments. These issuers are more vulnerable to financial difficulties and weak economic periods than more creditworthy issuers, which may impair their ability to make interest and principal payments. Rising interest rates may compound these difficulties and reduce an issuer's ability to repay principal and interest obligations. Issuers of lower-rated securities also have a greater risk of default or bankruptcy. Additionally, due to the greater number of considerations involved in the selection of a Fund's securities, the achievement of the Fund's objective depends more on the skills of the portfolio manager than investing only in higher rated securities. Therefore, your investment may experience greater volatility in price and yield. High-yield securities may be less liquid than higher quality investments. A security whose credit rating has been lowered may be particularly difficult to sell.

Borrowed Money

Using borrowed money to finance the purchase of securities (units of the funds) involves greater risk than a purchase using cash resources only. Securities (units of the funds) may be purchased using available cash or a combination of available cash and borrowed money. If cash is used to pay for the securities (units of the funds) in full, the percentage gain or loss will equal the percentage increase or decrease in value of the securities (units of the funds). Using borrowed money to purchase securities can magnify the gain or loss on the cash invested. The effect of this is called leveraging.

If you are considering borrowing money to make investments, you should be aware that a leveraged purchase involves greater risk than a purchase using available cash resources only. To what extent a leveraged purchase involves undue risk is a decision that needs to be made by you and will vary depending on your personal circumstances, your risk and return objectives, and the securities (units of the funds) or other investments purchased. The use of leverage may not be suitable for all investors.

It is also important that you are aware of the terms of any loan that is secured by securities (units of the funds) or other investments. The lender may require that the amount outstanding on the loan does not rise above an agreed percentage of the market value of the securities (units of the funds) or other investments. Should this occur, you will be required to pay down the loan or sell the investments so as to return the loan to the agreed percentage relationship. Money is also required to pay interest on a loan. Under these circumstances, investors who leverage their investments are advised to have adequate financial resources available both to pay interest and also to reduce the loan if borrowing arrangements require such a payment. In addition, if you borrow money to purchase securities (units of the funds), your responsibility to repay the loan and pay interest as required by its terms remains the same even if the value of the securities purchased decline.

Credit Risk

The financial condition of an issuer of a debt security may cause it to default or become unable to pay interest or principal due on the security. If an issuer defaults, the affected security could lose all of its value, be renegotiated at a lower interest rate or principal amount, or become illiquid. Higher yielding debt securities of lower credit quality have greater credit risk than lower yielding securities with higher credit quality. The Funds may invest in debt securities that are issued by U.S. Government sponsored entities. Investments in these securities involve credit risk as they are not backed by the full faith and credit of the U.S. Government. The Funds may invest in Collateralized/Guaranteed Mortgage Obligations ("**CMOs**"). CMOs are divided into classes (often referred to as "tranches") and certain tranches of CMOs have priority over other classes. No payment of principal will be made on any tranche until all other tranches with earlier stated maturity or distribution dates have been paid in full.

Concentration Risk

A Fund may hold more than 10% of its net assets in securities of a single issuer. In this situation, the Fund’s assets may be less diversified. In addition, such concentration may make the Fund’s unit price more volatile and may reduce the liquidity of the Fund’s portfolio, which may make it more difficult for the Fund to satisfy a redemption request.

Covered Call Option Risk

Because the Funds may write covered call options, the Funds may be exposed to risk stemming from changes in the value of the stock that the option is written against. While call option premiums may generate incremental portfolio income, they also can limit gains from market movements. When the Fund writes covered calls on existing positions, it is limiting the potential upside in those particular stocks.

Cyber Security Risk

As the use of technology has become more prevalent in the course of business, the Funds have become potentially more susceptible to operational risks through breaches in cyber security. A breach in cyber security refers to both intentional and unintentional events that may cause the Fund to lose proprietary information, suffer data corruption, or lose operational capacity. This in turn could cause the Funds to incur regulatory penalties, reputational damage, additional compliance costs associated with corrective measures, and/or financial loss. Cyber security breaches may involve unauthorized access to the Funds' digital information systems (e.g., through "hacking" or malicious software coding), but may also result from outside attacks such as denial-of-service attacks (i.e., efforts to make network services unavailable to intended users). In addition, cyber security breaches of the Funds' third-party service providers (e.g., administrators and custodians) or issuers that the Funds invest in can also subject the Funds to many of the same risks associated with direct cyber security breaches.

Derivatives Risk

Derivatives risk occurs when a Fund enters into a derivatives transaction. A derivative is a contract between two parties, the value of which is based on the performance of other investments, such as equities, bonds, currencies or a market index. Derivatives may be traded in the over-the-counter market or on a stock exchange. A derivative is commonly a future or a forward contract or an option, but there are other types of derivative instruments as well. Futures or forward contracts are agreements to buy or sell a security, commodity, or currency for a certain price on a certain future date. Options give the buyer the right to buy or sell a security, commodity, or currency for a certain price on a certain future date. Derivatives may be used to limit, or hedge against, losses that may occur because of a Fund's investment in a security or exposure to a currency or market. This is called hedging. Derivatives may also be used to obtain exposure to financial markets, reduce transaction costs, create liquidity, or increase the speed of portfolio transactions. These investments are made for non-hedging purposes. The following risks are associated with using derivatives:

- a premium paid for the derivatives erodes over time and may expire worthless;
- the use of derivatives for hedging may not be effective;
- a derivative contract may not be obtained when desired by a Fund because: (i) there may be a lack of parties wanting to buy or sell a derivative contract; or (ii) the exchanges on which some derivatives are traded may set daily trading limits on future contracts, preventing the Fund from closing a contract;
- the other party to the derivative contract may not be able to meet its obligations and may default;
- if an exchange halts trading in a certain stock option, a Fund may not be able to close its position in an option;
- the cost of the derivative contract may increase;
- the price of a derivative may not accurately reflect the value of the underlying security or index;

- the Income Tax Act (Canada), or its interpretation, may change in respect of the tax treatment of derivatives; and
- a large percentage of the assets of the Fund may be placed on deposit with one or more counterparties which exposes the Fund to the credit risk of those counterparties.

Distressed Securities Risk

Distressed securities frequently do not produce income while they are outstanding. A Fund may be required to incur certain extraordinary expenses in order to protect and recover its investment. Therefore, to the extent that a Fund seeks capital appreciation through investment in distressed securities, the Fund's ability to achieve current income may be diminished. A Fund also will be subject to significant uncertainty as to when, in what manner and for what value the obligations evidenced by the distressed securities will eventually be satisfied (e.g., through a liquidation of the obligor's assets, an exchange offer or plan or reorganization involving the distressed securities or a payment of some amount in satisfaction of the obligation). In addition, even if an exchange offer is made or a plan of reorganization is adopted with respect to the distressed securities held by a Fund, there can be no assurance that the securities or other assets received by the Fund in connection with such exchange offer or plan of reorganization will not have a lower value or income potential that may have been anticipated when the investment was made. Moreover, any securities received by a Fund upon completion of an exchange offer or plan of reorganization may be restricted as to resale. As a result of the Fund's participation in negotiations with respect to any exchange offer or plan of reorganization with respect to an issuer of distressed securities, a Fund may be restricted from disposing of such securities.

Emerging Markets Risk

Emerging markets risk occurs because emerging markets are generally smaller, less developed, less liquid, and more volatile than securities markets in Canada and the U.S. The risk of political or social upheaval is greater in emerging securities markets. Inflation and rapid fluctuations in inflation rates have had and may continue to have negative effects on the economies and securities markets of certain emerging market countries. Moreover, many of the emerging securities markets are relatively small, have low trading volumes, suffer periods of relative illiquidity, and are characterized by significant price volatility and high transaction costs.

Equity Risk

Funds which concentrate on equity investments are affected by specific company developments, by stock market conditions and by general economic and financial conditions in those countries where the investments are listed for trading. Equity funds generally tend to be more volatile than fixed income funds, and the value of their units may vary more widely than fixed income funds.

Foreign Currency Risk

Currency risk occurs when the Funds invest in securities denominated or traded in currencies other than the Canadian dollar (or the U.S. dollar for those investors who have purchased U.S. dollar denominated units). Changes in foreign currency exchange rates will affect the value of these securities.

Foreign Market Risk

The economic environment or the particular economic and political factors of the country or geographic region in which the foreign issuer operates may impact the value of its securities. There is often less available information about foreign companies than their North American counterparts due to less stringent reporting standards, government regulation and other disclosure requirements. This may make the price changes of investments in those companies increase or decrease more rapidly. Foreign stock markets may also be less liquid and more volatile, and may be subject to different financial, political or social factors which could negatively impact the value of a fund's investments. As a result, funds which specialize in foreign portfolio investments tend to be the most volatile funds in the short term but may offer the potential of higher returns over the long term.

General Market Risk

General market risk occurs when markets go down in value on the basis of economic developments, political changes, changes in economic policy or catastrophes.

Interest Rate Risk

Interest rate risk is the risk that the value of the Fund’s investments in fixed income securities will fall when interest rates rise. The effect of increasing interest rates is more pronounced for any intermediate-term or longer-term fixed income obligations owned by the Fund. In addition, spreads on certain fixed income investments can widen suddenly and sharply, negatively impacting the value of the underlying security. This can occur in both investment and non-investment grade securities.

Issuer Risk

Issuer risk is the risk that the value of a security may decline for reasons that directly relate to the issuer of the security.

Legal and Regulatory Risk

Legal and regulatory risk occurs as a result of the costs of complying with laws and regulations of governmental authorities or legal actions.

Liquidity Risk

Liquidity risk occurs when a fund is not able to sell securities in a timely manner. This could be the result of an insufficient number of buyers in the market for a particular security. Investments with lower liquidity generally will be more volatile.

Political Risk

Political risk is the risk that a certain industry or company within that industry may be negatively impacted by the current legislative environment. Examples of political risk include increased regulation and windfall taxes.

Prepayment Risk

Prepayment risk is the risk that, when interest rates decline, security issuers may experience an acceleration in prepayments of mortgage loans or other receivables which can shorten the maturity of the security and reduce the Fund's return. Issuers may also prepay their obligations on fixed rate debt securities when interest rates fall, forcing the Fund to invest in securities with lower interest rates.

Regional Risk

Regional risk occurs because adverse conditions in a certain region or country can adversely affect securities of issuers in other countries whose economies appear to be unrelated. To the extent that a Fund invests a significant portion of its assets in a specific geographic region or a particular country, the Fund will generally have more exposure to the specific regional or country economic risks. In the event of economic or political turmoil or a deterioration of diplomatic relations in a region or country where a substantial portion of the Fund's assets are invested, the Fund may experience substantial illiquidity or reduction in the value of the Fund's investments.

Refinancing Risk

Refinancing risk is the risk that a company will not be able to refinance its existing debt prior to the maturity date of that debt. Principal reasons this would occur include significant deterioration in the fundamentals of the issuer as well as economic and financial shocks that impact the ability of the capital markets to function properly.

Securities Lending, Repurchase and Reverse Repurchase Risk

Repurchase and reverse repurchase transactions and securities lending risk may occur if the Funds enter into repurchase and reverse repurchase transactions and/or securities lending agreements. Investors will be given 60 days' prior written notice before a Fund starts to enter into these types of transactions.

A repurchase transaction is where a Fund sells portfolio securities that it owns to a third party for cash and simultaneously agrees to buy back the securities at a later date at a specified price using the cash received by the Fund from the third party. While the Fund retains its exposure to changes in the value of the portfolio securities, it also earns fees for participating in the repurchase transaction.

A reverse repurchase transaction is where a Fund purchases securities from a third party and simultaneously agrees to sell the securities back to the third party at a later date at a specified price. The difference between the Fund's purchase price for the securities and the resale price provides the Fund with additional income.

A securities lending agreement is similar to a repurchase agreement except that instead of selling the securities and agreeing to buy them back later, the Fund loans the securities for a fee and can demand the return of the securities at any time. While the securities are on loan, the borrower provides the Fund with collateral consisting of cash and/or securities.

The risks associated with these types of transactions arise if the other party to the agreement defaults or goes bankrupt and the Fund experiences losses or delays in recovering its investment. In a repurchase or securities lending transaction, the Fund could incur a loss if the value of the securities sold or loaned has increased in value relative to the value of the cash or collateral held by the Fund. In the case of a reverse repurchase transaction, the Fund could incur a loss if the value of the securities purchased by the Fund decreases in value relative to the value of the collateral held by the Fund.

To minimize these risks, a Fund will not enter into these types of transactions unless it is, at a minimum, fully collateralized by liquid securities with a value of at least 102% of the market value of the securities sold, purchased or loaned, as the case may be. A Fund will not enter into a repurchase or securities lending agreement if, immediately thereafter, the aggregate market value of all securities loaned by the Fund and not yet returned to it or sold by the Fund and not yet repurchased would exceed 50% of the total assets of the Fund, exclusive of cash held by the Fund. To minimize the risk of loss to the Fund, these transactions will only be entered into with parties that have adequate resources and financial strength to meet their obligations under the agreement.

Series Risk

Series risk occurs in all of the Funds that issue units in series. Each series has its own fees and expenses, which the Fund tracks separately. If, for any reason, a Fund cannot pay the expenses of one series using its proportionate share of the Fund's assets, the Fund will be required to pay those expenses out of the other series' proportionate share of the assets. This could lower the investment return of the other series.

Short Selling Risk

As one of their respective investment strategies, the Funds may engage in short selling securities. A short sale of a security may expose a Fund to losses if the price of the security sold short increases because the Fund may be required to purchase such securities in order to cover its short position at a higher price than the price at which such securities were sold short. The potential loss on the short sale of securities is unlimited. In addition, a short sale entails the borrowing of the security in order that the short sale may be transacted. There is no assurance that the lender of the security will not require the security to be repaid before the relevant Fund wishes to do so, thereby requiring the Fund to borrow the security elsewhere or purchase the security in the market at an unattractive price. In addition, there is no assurance that the security sold short can be repurchased due to supply and demand constraints in the marketplace.

Small Capitalization Risk

Securities of smaller companies are usually traded less frequently and in smaller volumes than those of large companies. Funds that invest a significant portion of their assets in small companies are subject to small capitalization risk and may find it more difficult to buy and sell securities and tend to be more volatile than Funds that focus on larger capitalization companies.

Value Stock Risk

Value stock risk occurs when value securities do not increase in price as anticipated by us and may decline further in value if other investors fail to recognize the company's value or favour investing in faster-growing companies, or if the events or factors that we believe will increase a security's market value do not occur.

Investment Risk Level

Risks specific to individual Funds are identified as below. The investment risk level of each mutual fund is required to be determined in accordance with a standardized risk classification methodology that is based on the mutual fund’s historical volatility as measured by the 10-year standard deviation of the returns of the mutual fund.

Fund Name	Investment Risk Level
Chou Associates Fund	Medium to High
Chou RRSP Fund	Medium to High
Chou Europe Fund	High
Chou Asia Fund	Medium to High
Chou Bond Fund	Medium

We review the risk levels on an annual basis. Historical performance may not be indicative of future returns and a fund's historical volatility may not be an indication of its future volatility.

Investment Suitability:

The Manager is required to use due diligence to evaluate the suitability of any order the firm accepts or recommendation the firm makes based on factors such as clients' financial circumstances, investment knowledge, investment objectives, risk tolerance and time horizon.

Clients will be asked to provide their total assets under management ("**AUM**") and sector breakdown of their entire portfolio at account opening and updated on an annual basis. However, as the Canadian Securities Administrators recognize, sometimes clients may not provide a full picture, or keep Chou Funds informed of all portfolio changes.

We reserve the right not to accept an order to purchase if it is not suitable for the client's investment or risk objectives. Suitability assessments are also triggered when there is a change in the registered representative or when there is a material change to your "know your client" information.

Performance Benchmarks:

Investment benchmarks are a standard against which the performance of a security, mutual fund or portfolio can be measured. Generally, broad market stock and bond indices are used for this purpose. There are dozens of indices that can be used to gauge the performance of any given investment including the S&P/ TSX Composite, the S&P 500 and the Dow Jones Industrial Average. When evaluating the performance of investments, it is important for clients to compare returns against a pre-selected and appropriate benchmark.

Temporary Holds:

We may place a temporary hold on the purchase or sale of securities (units of the funds) on your behalf or on the withdrawal or transfer of cash or securities (units of the funds) from your account, where we reasonably believe that you might have an illness, impairment, disability or aging-process limitation that places you at risk of financial exploitation, and we believe that you are, or may be exploited financially, or if we believe you do not have the mental capacity to make decisions involving financial matters.

If we place a temporary hold on your account in either of these situations, a notice of the temporary hold and the reasons for the temporary hold will be provided to you as soon as possible after placing the temporary hold. Unless the hold is revoked, a notice of the decision to continue the hold and the reasons for that decision will be provided to you within 30 days of placing the temporary hold, and within every subsequent 30-day period.

Conflicts of Interest:

Canadian securities laws require us to take reasonable steps to identify and respond to existing and reasonably foreseeable relevant conflicts of interest in our clients' best interests and inform clients about them, including how the conflicts might impact clients and how we plan to address them in the best interests of our clients.

A conflict of interest may arise where:

(a) the interests of different parties are inconsistent or divergent;
(b) a party may be influenced to put their interests ahead of their client's interests; or
(c) monetary or non-monetary benefits may compromise the trust that a reasonable client has.

A conflict of interest is considered material in the circumstances when it may be reasonably expected to affect either or both of (i) the decisions of the client and/or (ii) the recommendations or decisions of the Manager.

Managing Conflicts of Interest

Generally, we deal with and manage conflicts as follows:

(a) Avoidance: We address existing or reasonably foreseeable material conflicts of interest in its client's best interest. If a conflict of interest cannot be addressed in this manner, it is avoided.
(b) Control: For conflicts of interest that cannot be avoided, we will consider what internal structures or policies and procedures to reasonably address them.
(c) Disclosure: We will consider whether effective disclosure of material conflicts of interest is being provided to clients and determine what, if any, additional controls are required to sufficiently address the conflict. We provide you with information about conflicts, enabling you to assess their significance when evaluating our services.

We will try to avoid conflict(s) where possible, and in all other cases either disclose the conflict, or manage it through our policies and procedures. Our employees are familiar with our policies and procedures and are required to conduct their responsibilities in compliance with such policies and procedures. We review our internal controls and responses to all conflicts on a period basis to ensure conflicts are avoided and mitigated wherever possible.

Conflicts deemed too significant to be addressed through controls or disclosures will be avoided. Disclosures will be made in a timely and meaningful manner. We strive to address conflicts of interests in a fair, equitable, and transparent manner with the best interests of the client or clients in mind. In applying this, it is recognized that it is not always possible or practical for us to address all conflicts of interests of each client when the conflict of interest involves multiple clients and competing interests.

The following information is intended to assist you in understanding and assessing relevant potential and actual conflicts of interest, including how we address them. The below table is a summary of potential conflicts of interest and how we address them by primarily avoiding those potential conflicts, and then for those conflicts that do apply, how we manage them. If you have any questions regarding these potential conflicts of interest or how we avoid or manage them, please feel free to contact us.

Potential Conflict of Interest	Addressed By	Management of the Potential Conflict of Interest
Conflicts arising from Related Offerings	Control and Disclosure	We manage this conflict of interest by having these offerings available to clients, though in no way are clients obliged to use these offerings. We provide disclosure to clients of the nature of the relationship between the Manager and any related offering and obtain client consent prior to the sharing of information, as applicable. For clarity, the Manager currently distributes five prospectus qualified funds that are related issuers.
Allocation of Securities	Control and Disclosure	We may need to select which clients will be offered securities if availability is limited. We have policies and procedures to ensure that client interest must be exhausted before participation by our employees is permitted. We have internal policies and systems to track and evidence this procedure.
Addressing conflicts between clients	Avoidance, Control and Disclosure	We avoid this conflict as cross trading of securities between client accounts is prohibited. We manage this conflict by implementing a fair allocation of investment opportunities policy which is disclosed to clients.
Individuals who have outside business activities and serve on the board of public companies	Control and Disclosure	We manage this conflict as all outside business-related roles or relationships, such as directorships or trusteeships of any kind, or paid or unpaid roles with charitable organizations, must be approved, in advance, by the Manager. Any outside business activities are disclosed to clients in a timely manner. For clarity, the firm has a substantial ownership interest in Stonetrust Commercial Insurance Company. Mr. Francis Chou is currently on their board of directors and Ms. Tracy Chou serves as an officer.
Trading and Pricing Errors	Control	We manage this by having its policy that in the event that there is a material trading or pricing error, the error will be corrected for the benefit of our client.
Personal Trading, Inside Information and Gifts and Entertainment	Avoidance and Control	We avoid the use of inside information and material non-public information for personal gain. We manage the personal trading conflict as we require pre-approval of all personal trades. We manage the gifts and entertainment conflict and set limits on the value of gifts and entertainment received by our personnel.
Outsourcing to third-party service providers	Control and Disclosure	We use third party service providers as its custodian bank and registrar. We use third party service providers for fund valuation and accounting services. It is possible for there to be errors in the valuation and accounting provided by such third parties. We manage this conflict by providing prompt disclosure of any errors and resolving the conflict in the best interest of our clients.
Sales and Fees	Disclosure	We seek to be fully transparent in disclosing any related fees and commission and inform our clients in advance of any fees, commissions or charges. We have valuation policies and procedures in place designed to mitigate any potential conflicts of interest. We manage any changes by providing prompt disclosure to our clients.
Capacity Issues	Avoidance and Control	We avoid this conflict by ensuring that we remain adequately staffed to process all client requests in a timely and efficient manner. We control this conflict by relying on advice and guidance from third party advisors on staffing controls and client relations.
Best Execution	Control	We always seek to achieve the best execution for our clients. We employ trading technique, methods, and venues to get the best overall price in the most efficient manner possible.

Late trading	Avoidance and Control	We consider the practice of late trading is not acceptable as it violates the provisions of the Simplified Prospectus – If we receive proper instructions after 4:00 p.m. (Eastern Time), we will process the order on the next valuation date. Consequently, subscriptions, conversions, and redemptions of any units for all five funds shall be dealt with at the next Net Asset Value determined following the cut off time.
Client complaints	Control and Disclosure	We manage this conflict of interest through adherence with Complaint Handling Procedure section. Please refer to page 23 for more details. Upon receipt of a complaint, we will send an acknowledgement letter within 5 business days and generally provide a decision within 90 days. The procedure includes the services of Ombudsman for Banking Services and Investments ("OBSI"), an independent dispute resolution mechanism, and the name and contact information for OBSI.
Self-dealing	Avoidance	We follow our compliance policy of prohibited transactions for any self-dealing transactions. No purchase or sale of any security in which the Manager or any partner, officer or associate thereof has a direct or indirect beneficial interest shall be made from or to any fund managed by the Manager.

From time to time, other conflicts of interest may arise. The Manager will continue to take appropriate measures to identify and respond to such situations fairly and reasonably. We will update this policy if there is any material change.

The Manager has no written policies, practises or guidelines relating to business practises, sales practises, risk management controls except with respect to Policies Regarding Derivatives, Policies Regarding Short Selling, Policies Regarding Securities Lending and Repurchase and Reverse Repurchase Transactions and Proxy Voting Policies which are summarized below. The Funds have also established a conflicts of interest policy that they must follow before proceeding with a conflict-of-interest matter or any other matter that securities legislation requires the Funds to refer to the Independent Review Committee ("**IRC**") established by the Manager, as further described below. While the Manager does not expect that any conflicts of interest matters will have to be referred to the IRC, examples of conflicts that may arise are as follows:

(a) the purchase or sale of a security of any issuer from or to another investment fund managed by the Manager or an affiliate of the Manager;
(b) the purchase or sale of a security of any issuer from an entity related to the Manager or an affiliate of the Manager;
(c) the making or holding of an investment in a security of an issuer related to the investment fund, the Manager or an entity related to the Manager;
(d) an investment in a class of securities of an issuer underwritten by an entity related to the Manager;
(e) a change in the auditors of the investment fund; and
(f) the reorganization of the investment fund with or the transfer of its assets to another mutual fund.

If you have any questions regarding these potential conflicts of interest or how we can avoid or manage them, please contact us at compliance@choufunds.com.

Independent Review Committee

In accordance with NI 81-107 respecting Independent Review Committee for Investment Funds, the Manager has established an IRC to provide impartial judgement on conflicts of interest matters related to the operations of the Funds. The IRC is composed of persons who are independent of the Manager, the Funds and entities related to the Manager. The IRC has adopted a written charter that includes its mandate, responsibilities and functions, and the policies and procedures it will follow when performing its functions. The IRC will prepare, at least annually, a report of its activities for unitholders which will be available on our website at www.choufunds.com, at your request and at no cost, by calling toll-free 1 (888) 357-5070 or by e-mail at admin@choufunds.com. Currently, the members of the IRC are Sandford F. Borins, Joe Tortolano and Peter Gregoire. Sandford F. Borins acts as chair of the IRC. The costs of the IRC will be allocated among the Funds in a manner that is considered by the IRC to be fair and reasonable to the Funds. The composition of the IRC may change from time to time. Each member of the IRC receives an annual retainer of $8,000 plus $1,000 per meeting. The chair receives an additional annual retainer of $3,000. The compensation paid to the members of the IRC for the year ended December 31, 2020 was, in the aggregate, $33,300 and individually as follows: Sandford F. Borins (Chair): $13,100; Joe Tortolano: $10,100; and Peter Gregoire: $10,100.

Policies Regarding Derivatives

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

Although the Funds do not currently invest in CDS's, the required 60 day notice has been given to investors and the Funds may invest in CDS's in the future. No Fund will invest more than 5% of its assets, at the date of purchase, in CDS's. However, the Funds may enter into other forms of derivative transactions in the future as described in the Simplified Prospectus of the Funds after giving investors 60 days prior written notice. The Funds may enter into these transactions only as permitted under securities law.

Policies Regarding Short Selling

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

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

Policies Regarding Securities Lending and Repurchase and Reverse Repurchase Transactions

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

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

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

Trade allocation among funds and related entities

The Manager allows side-by-side management of the Funds and with related entities. Its allocation procedures seek to allocate investment opportunities among the Funds in the fairest possible way, taking into account the Funds' best interests. Its policy is to ensure that allocations do not involve a practice of favoring or discriminating against any fund or group of funds. Fund performance is not to be considered as a factor in trade allocations.

Investment decisions are the product of many factors, including basic suitability for the particular fund involved. Likewise, a particular security may be bought or sold for certain funds even though it could have been bought or sold for other Funds at the same time. Likewise, a particular security may be bought for one or more Funds or clients when one or more Funds or clients are selling the security. There may be circumstances when purchases or sales of a portfolio security for one fund could have an adverse effect on another fund that has a position in that security. In addition, when purchases or sales of the same security for the funds and other affiliate accounts managed by the Manager occurs contemporaneously, the purchase or sale orders may be aggregated in order to obtain any price advantages available to large-denomination purchases or sales.

The Manager will ensure that no trade allocation is recommended that would unfairly advantage one Fund over another, taking into account any side-by-side management of its Funds, and that over time Funds are treated equitably, even though specific allocations may have the effect of benefiting one Fund against another when viewed in isolation. Trade allocations shall be done at the average price. These procedures are designed to minimize the risk that any particular Fund would be systematically advantaged or disadvantaged by the allocation or aggregation of orders and to promote fairness and equity for all Funds.

Each Fund is treated individually, and each Fund has different investment objectives, policies and restrictions to which the Manager must adhere in managing the Fund. Therefore, the investment policies and restrictions of a fund must first be observed before making an allocation of securities into any fund. In addition, the following other factors may be considered by the Manager:

- Tax consequences of the transactions
- Cash available for investment
- Asset mix of the fund
- Investment objectives of the fund
- Size of execution versus the total order size
- Partial positions versus full positions

The Manager may not systematically recommend allocations and may not allocate investment opportunities or securities trades in a manner that would be unfairly preferential over the long term to:

- Funds that are beneficially owned by the Manager's officers or employees or their immediate family members or affiliates of the Manager
- Accounts (either the Funds or related entities) with poor performance

Orders Filled as Intended. If a trade order is filled as intended, the trade is allocated to the participating Funds under the initial goal/allocation, subject to cash restrictions and other special factors.

Partial Fills. If an order is only partially filled, the trade generally is allocated pro rata based on the initial goal/allocation if this would be reasonable, subject to cash restrictions and other special factors.

Adjustments. Any allocation made pursuant to these procedures may be adjusted to eliminate fractional shares, odd lots, or de minimis allocations.

The Manager shall monitor its proprietary fund trading versus the side-by-side managed accounts and shall conduct annual reviews of the respective trade blotters and evidence such review by the Manager's initial and any applicable notes or actions resulting from such review to the board of directors.

Proxy Voting Policies

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

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

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

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

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

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

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

Short-Term Trading

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

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

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

Fees and Services Charges:

Management Fees

Each Fund pays the Manager an annual management fee which is unique to each Fund. The following services are provided to clients in exchange for this annual management fee, including but not limited to:

- the day-to-day management of each Fund;
- making investment portfolio decisions and arranging for the execution of portfolio transactions;
- providing for or arranging for advice and assistance in connection with investment programmes;
- dealing with the purchase and redemption of units of each Fund;
- negotiating contractual arrangements with, and supervising, third-party service providers, including the custodian, auditors and legal counsel;
- providing office accommodation, personnel, office supplies and internal accounting services in respect of each Fund; and
- monitoring compliance with applicable laws.

The fee is calculated and accrued daily and paid monthly based on the average NAV of the Fund. The fee differs among series of securities. The Fund is required to pay HST on the fees paid to the Manager.

As part of the account opening process, all clients are provided the Management Expense Ratio at www.choufunds.com which is based on total expenses for the stated period and is expressed as an annualized percentage of weekly average net assets during the period.

Sales Charges

If you purchase units through your broker or dealer, you negotiate the sales charge you pay with such broker or dealer. The range for sales charges is generally from 0% to 2% of the purchase order. Your broker or dealer will generally deduct the sales charge and forward the net amount of the order to be invested in the Fund or Funds selected.

Switch Fees

A dealer may charge from 0% to 2% for switches between Funds.

Short-Term Trading

Short-Term trading activities in the Funds may adversely affect unitholders. Frequent trading can hurt a Fund's performance by forcing the Portfolio Advisor to keep more cash in a Fund that would otherwise be needed, or to sell investments at an inappropriate time. It may also increase a Fund's transaction costs. A Fund will charge you 2% of the value of the units you redeem within 90 days of purchase. This fee is paid to the Fund and is retained for the benefit of unitholders of the Fund.

Account Reporting:

A record of the number of units you own, and their value will appear on your account statement. You will also receive account statements when there is a transaction during the month and on a quarterly basis regardless of account activity.

In addition, an annual account report for the previous calendar year will be issued to show how the investments performed over the last year.

These client account statements and annual account reports are provided by our custodian bank and are in accordance with the regulatory requirements.

Complaint Handling Procedures:

Clients can submit written complaints either via email to compliance@choufunds.com or via mail to the Designated Complaints Officer of Chou Funds.

> **Chief Compliance Officer**
>
> **110 Sheppard Ave E, Suite 301, Box 18**
>
> **Toronto, Ontario**
>
> **M2N 6Y8**

Within five (5) business days of the receipt of your complaint, you will be sent an acknowledgement letter. In this acknowledgement letter, Chou Funds may request additional information in order to investigate your complaint.

Within ninety (90) days of the receipt of the complaint, Chou Funds normally provide our decision in writing including a summary of the complaint, the results of our investigation, our offer to resolve or deny it, and an explanation of our decision. In case our decision is delayed and Chou Funds cannot provide you with our decision within the time frame, we will inform you of the delay, explain why our decision is delayed and give you a new date for our decision.

If you are not satisfied with our decision you may be eligible for the independent dispute resolution service offered by the Ombudsman for Banking Services and Investments ("**OBSI**") (www.obsi.ca) by email at ombudsman@obsi.ca, by phone at 1-888-451-4519 or by fax at 1-888-422-2865. OBSI's recommendations are not binding on you or us. You may only file with OBSI following the expiry of 90 days from the time the complaint was first raised with Chou Funds directly and within 180 days following Chou Fund's response to your complaint.

For Quebec clients only

If you are dissatisfied with our Complaint Handling Procedures or its outcomes, you may request Chou Funds to forward a copy of your complaint file to the Autorité des marchés financiers, which may, if it considers it appropriate, act as a mediator if both you and Chou Funds agree.