

**INTERIM MANAGEMENT REPORT
OF FUND PERFORMANCE**

June 30 2018

CHOU RRSP FUND

CHOU ASSOCIATES MANAGEMENT INC.

This interim management report of fund performance contains financial highlights but does not contain the complete financial statements of the Fund. You can get a copy of the interim or annual financial statements at your request, and at no cost, by calling Toll-free: 1-888-357-5070, by writing to us at 110 Sheppard Ave. East, Suite 301, Box 18, Toronto, Ontario M2N 6Y8 or by visiting our website at www.choufunds.com and SEDAR at www.sedar.com.

Unitholders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

This document may contain forward-looking statements relating to anticipated future events, results, circumstances, performance, or expectations that are not historical facts but instead represent our beliefs regarding future events. By their nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions and other forward-looking statements will not prove to be accurate. We caution readers of this document not to place undue reliance on our forward-looking statements as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed or implied in the forward-looking statements.

Actual results may differ materially from management expectations as projected in such forward-looking statements for a variety of reasons including, but not limited to, market and general economic conditions, interest rates, regulatory and statutory developments, the effects of competition in the geographic and business areas in which the Fund may invest, and the risks detailed from time to time in the Fund's Simplified Prospectus. We caution that the foregoing list of factors is not exhaustive, and that when relying on forward-looking statements to make decisions with respect to investing in the Fund, investors and others should carefully consider these factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements. Due to the potential impact of these factors, the family of Chou Funds does not undertake, and specifically disclaims, any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable law.

Chou Associates Management Inc. ("the Manager") manages the overall business of the Fund, including the selection of the securities in the Fund's portfolio and promoting sales of the Fund's units. For the purposes of this document, the terms Chou Associates Management Inc. and "the Manager" are interchangeable. Full contact information for the Manager is located at the end of this report.

CHOU RRSP FUND

Management Discussion of Fund Performance

Investment Objective and Strategies

The Chou RRSP Fund's ("the Fund") objective is to provide long-term growth of capital by investing in equity and debt instruments of primarily Canadian businesses considered by Chou Associates Management Inc. (the "Manager") to be undervalued. The Fund may invest in equity and debt instruments of U.S. and foreign businesses. The Fund's investments may include common and preferred shares, convertible debentures, warrants, government and corporate bonds and short-term indebtedness.

The Fund's investment strategy follows a strong discipline with regard to the prices paid to acquire portfolio investments. The level of investments in a particular entity's securities is generally commensurate with the current price of the company's securities in relation to the Manager's assessment of such entity's intrinsic value as determined by various factors. This approach is designed to provide an extra margin of safety, which in turn, serves to reduce the Fund's overall portfolio risk.

Risk

The risks of investing in the Fund are disclosed in the Fund's most recently filed Simplified Prospectus which can be found on the Fund's website at www.choufunds.com and SEDAR at www.sedar.com.

During the first half of 2018, there were no material changes that affected the Fund's overall level of risk.

Market Review

Canadian equity and bond markets delivered a mildly positive return in the first half of 2018. Concerns over trade issues, weak domestic energy prices and highly indebted consumers facing heightened borrowing costs and tighter mortgage rules have taken their toll on the Canadian market. On June 1, the U.S. imposed tariffs on imports of steel and aluminum from Canada, Mexico and the European Union. Furthermore, NAFTA negotiations and the U.S. trading relationship with China remain contentious. The Canadian dollar fell over 4% versus the US dollar.

The financials sector continued to lag as concerns over a slowing domestic housing market outweighed financial results from the banks. The housing market appears to have slowed, responding to the recent increase in interest rates and the government's new mortgage rules. The Bank of Canada left the overnight rate at 1.25% in May, only to increase further to 1.5% in July. Interest rate sensitive sectors such as utilities and telecom suffered from the rise in North American bond yields.

Results of Operations

For the period ended June 30, 2018, the Fund increased 7.3% for Series A units and 7.6% for Series F units, after fees and expenses, while the S&P/TSX Total Return Index returned 2.0% in Canadian dollars. In U.S. dollars, the Fund increased by 2.6% for Series A units and 2.9% for Series F units, while the S&P/TSX Total Return Index decreased 2.9%.

The equity holdings of Canfor Pulp Products, Interfor Corporation and Valeant Pharmaceuticals were the major positive contributors to the Fund's performance in the first half of 2018.

The largest decliners in the same period were equities of TVA Group, Torstar Corp., Overstock preferred shares, and EXCO Resources 1.75 lien term loan.

CHOU RRSP FUND

During the first half of the year, the Fund increased its equity holding in Valeant Pharmaceuticals, and sold equity positions in Taiga Building Products.

The Fund also sold call options of Resolute Forest Products equity expiring in January 2019 with a strike price of \$12.50.

In the first half of 2018, the Fund received \$8,418 in income from its securities lending program.

The Fund did not enter into any foreign currency contracts during the period ended June 30, 2018.

The Fund's net redemptions for the first half of 2018 were approximately \$4,478,932 for Series A units and approximately \$323,177 for Series F units. The Fund's average month-end cash position for the period was 15.4% of the Fund's net assets.

Recent Developments

There have been no recent market developments of particular note, aside from the normal fluctuations of the markets that are expected to have an undue influence on the portfolio of the Fund when compared to its benchmark.

Related Party Transactions

The Manager manages the overall business of the Fund, including selection of the securities in the Fund's portfolio, and promoting the sale of the Fund's units.

The Manager is also the trustee of the Fund. Investors receive units of a trust when they invest in the Fund. The Manager, as trustee, holds actual title to the property in the Fund, the cash and portfolio securities, on behalf of the Fund's investors.

The Manager, its officers and directors invest in units of the Fund from time to time in the normal course of business. All transactions with the Manager are carried out at the Fund's net asset value as at the transaction date. As of June 30, 2018, the Manager does not hold any units of the Fund.

CHOU RRSP FUND

Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the period ended June 30, 2018, and for each of the past five years ended December 31, as applicable.

The Fund's Net Assets per Unit¹ - Series A Units

	<u>Jun 2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Net Assets, beginning of period	\$ 32.55	\$ 27.48	\$ 29.40	\$ 35.29	\$ 30.92	\$ 25.74
Increase (decrease) from operations:						
Total revenue	\$ 0.35	\$ 1.37	\$ 1.25	\$ 0.99	\$ 0.69	\$ 0.91
Total expenses	\$ (0.33)	\$ (0.59)	\$ (0.52)	\$ (0.63)	\$ (0.61)	\$ (0.55)
Realized gains (losses) for the period	\$ 1.37	\$ (0.97)	\$ 0.65	\$ 4.38	\$ 1.98	\$ 9.20
Unrealized gains (losses) for the period	\$ 0.94	\$ 5.65	\$ (2.78)	\$ (9.20)	\$ 2.34	\$ (4.08)
Total increase (decrease) from operations²	\$ 2.33	\$ 5.46	\$ (1.40)	\$ (4.46)	\$ 4.40	\$ 5.48
Distributions:						
From income (excluding dividends)	\$ -	\$ 0.82	\$ (0.63)	\$ 0.37	\$ -	\$ -
From dividends	\$ -	\$ 0.18	\$ (0.23)	\$ -	\$ -	\$ 0.28
From capital gains	\$ -	\$ -	\$ -	\$ 1.03	\$ -	\$ -
Return of capital	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Distributions³	\$ -	\$ 1.00	\$ (0.86)	\$ 1.40	\$ -	\$ 0.28
Net Assets, end of period	\$ 34.94	\$ 32.55	\$ 27.48	\$ 29.40	\$ 35.29	\$ 30.92
Net Assets, end of period (USD)	\$ 26.58	\$ 25.90	\$ 20.47	\$ 21.24	\$ 30.41	\$ 29.08

Ratios and Supplemental Data - Series A Units

	<u>Jun 2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Total Net Asset Value (000s)⁴	\$ 73,686	\$ 73,105	\$ 82,833	\$ 99,334	\$ 123,181	\$ 117,929
Number of Redeemable Units Outstanding	2,109,057	2,245,919	3,013,777	3,379,086	3,486,572	3,811,998
Management Expense Ratio ⁵	1.99%	1.92%	1.93%	1.84%	1.81%	1.82%
Management Expense Ratio before waivers or absorptions ⁶	1.99%	1.92%	1.93%	1.84%	1.81%	1.82%
Trading Expense Ratio ⁷	0.03%	0.12%	0.05%	0.04%	0.03%	0.08%
Portfolio Turnover Rate	4.45%	23.45%	7.22%	16.76%	4.77%	11.50%
Net Asset Value per Unit	\$ 34.94	\$ 32.55	\$ 27.48	\$ 29.40	\$ 35.29	\$ 30.92

CHOU RRSP FUND

The Fund's Net Assets per Unit¹ - Series F Units

	<u>Jun 2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Net Assets, beginning of period	\$ 32.74	\$ 27.70	\$ 29.42	\$ 35.30	\$ 30.77	\$ 25.75
Increase (decrease) from operations:						
Total revenue	\$ 0.36	\$ 1.28	\$ 1.26	\$ 1.00	\$ 0.70	\$ 0.92
Total expenses	\$ (0.24)	\$ (0.44)	\$ (0.38)	\$ (0.45)	\$ (0.43)	\$ (0.39)
Realized gains (losses) for the period	\$ 1.39	\$ (2.18)	\$ 0.65	\$ 4.39	\$ 2.07	\$ 9.11
Unrealized gains (losses) for the period	\$ 0.86	\$ 7.62	\$ (1.66)	\$ (9.20)	\$ 2.12	\$ (3.94)
Total increase (decrease) from operations²	\$ 2.37	\$ 6.28	\$ (0.13)	\$ (4.26)	\$ 4.46	\$ 5.70
Distributions:						
From income (excluding dividends)	\$ -	\$ 1.03	\$ (0.61)	\$ 0.55	\$ -	\$ -
From dividends	\$ -	\$ 0.23	\$ (0.22)	\$ -	\$ -	\$ 0.56
From capital gains	\$ -	\$ -	\$ -	\$ 1.02	\$ -	\$ -
Return of capital	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Distributions³	\$ -	\$ 1.26	\$ (0.83)	\$ 1.57	\$ -	\$ 0.56
Net Assets, end of period	\$ 35.24	\$ 32.74	\$ 27.70	\$ 29.42	\$ 35.30	\$ 30.77
Net Assets, end of period (USD)	\$ 26.81	\$ 26.05	\$ 20.63	\$ 21.26	\$ 30.42	\$ 28.94

Ratios and Supplemental Data - Series F Units

	<u>Jun 2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Total Net Asset Value (000s)⁴	\$ 7,469	\$ 7,279	\$ 5,932	\$ 4,750	\$ 5,325	\$ 4,763
Number of Redeemable Units Outstanding	211,960	222,317	214,149	161,443	150,685	154,729
Management Expense Ratio ⁵	1.43%	1.39%	1.38%	1.29%	1.25%	1.26%
Management Expense Ratio before waivers or absorptions ⁶	1.43%	1.39%	1.38%	1.29%	1.25%	1.26%
Trading Expense Ratio ⁷	0.03%	0.12%	0.05%	0.04%	0.03%	0.08%
Portfolio Turnover Rate	4.45%	23.45%	7.22%	16.76%	4.77%	11.50%
Net Asset Value per Unit	\$ 35.24	\$ 32.74	\$ 27.70	\$ 29.42	\$ 35.34	\$ 30.79

(1) This information is derived from the Fund's audited annual and unaudited semi-annual financial statements.

(2) Net assets and distributions are based on the actual number of redeemable units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of redeemable units outstanding over the financial period.

(3) Distributions were reinvested in additional units of the Fund or paid in cash upon request.

(4) This information is provided as at year end shown and is rounded to the nearest thousand.

(5) Management expense ratio ("MER") is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of weekly average net asset value during the period. The Manager may, at its discretion, waive or absorb certain operating expenses. MER includes the waiver or absorption by the Manager of certain operating expenses, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by the Manager.

(6) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of weekly average net asset value during the year.

(7) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

CHOU RRSP FUND

Management Fees

The Manager manages the Fund. The Manager is entitled to an investment management fee calculated daily as a percentage of the market value of the net assets equal to 1.5% per annum for Series A units and 1.0% per annum for Series F units, payable monthly. The Manager pays 50 basis points per year trailer fees to dealers out of management fees for Series A units. There is no trailer fee paid out for Series F units.

Past Performance

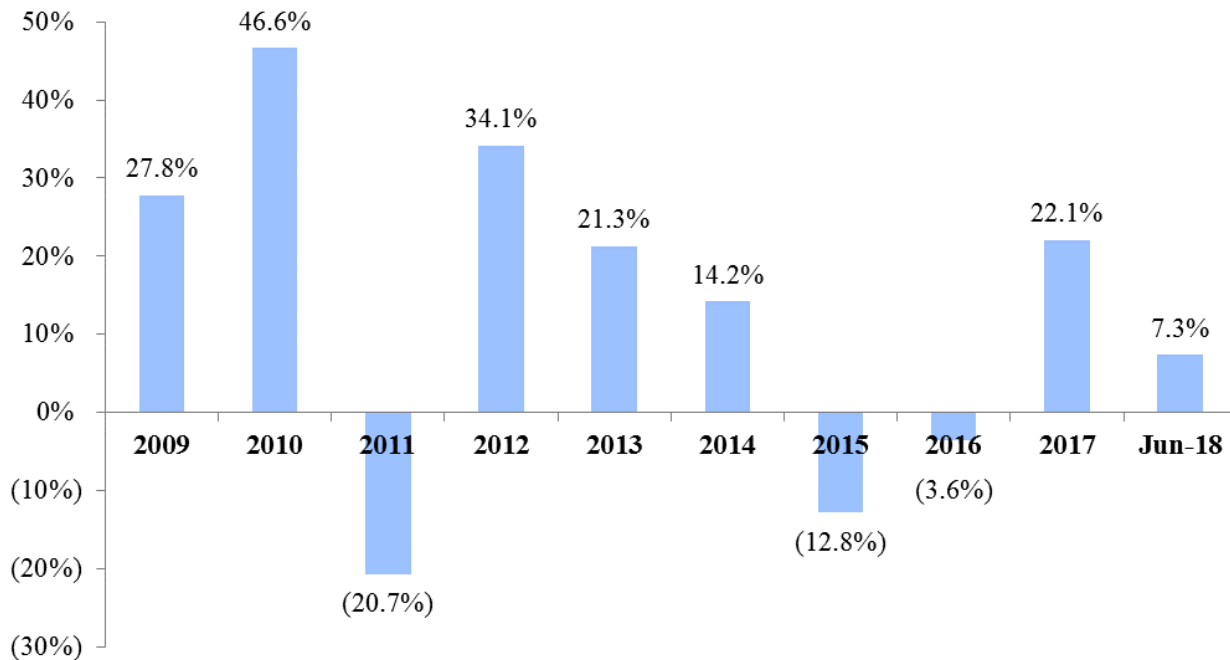
General

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

Year-by-Year Returns

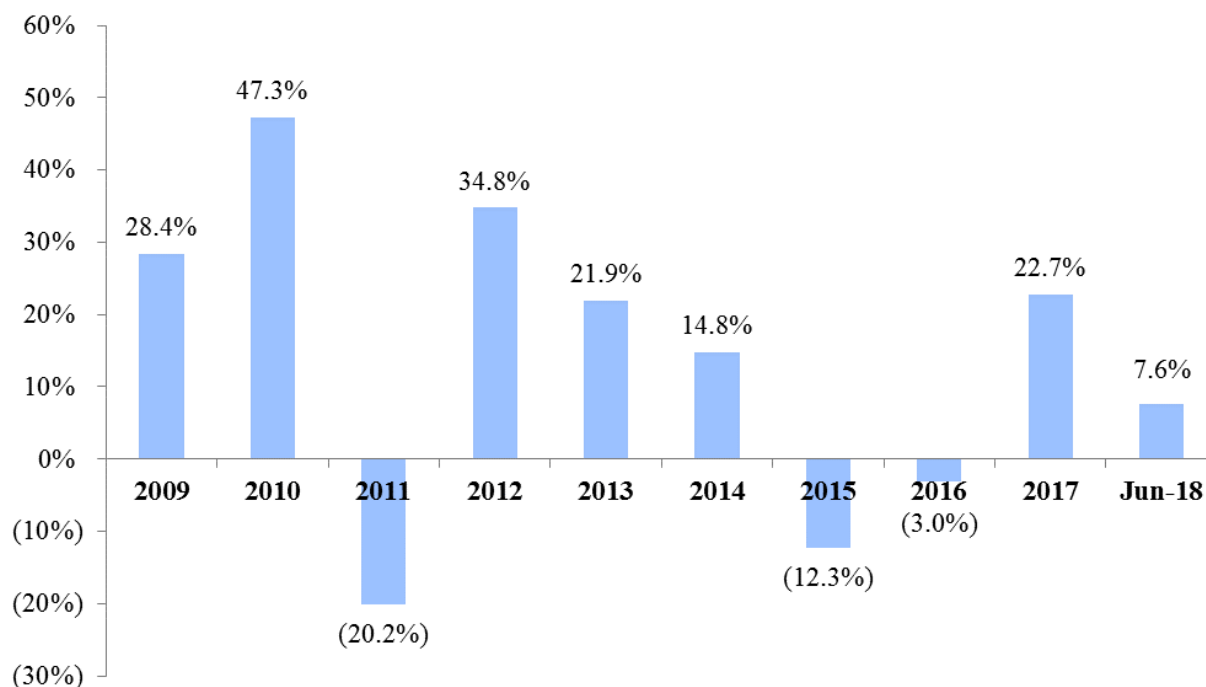
The following bar charts show the annual performance for each of the Series A and Series F units of the Fund for each of the years shown. Each chart shows, in percentage terms, how an investment on January 1 would have increased or decreased by December 31 for each of the years, and how the performance of the Fund varied from year to year. The return for 2018 is for the six-month period from January 1 to June 30.

Series A



CHOU RRSP FUND

Series F



Annual Compound Returns

The following tables⁽¹⁾ show the annual compound total return for each of the Series A and Series F units of the Fund. The tables outline the Fund's past performance for the one-, three-, five-, ten-, and fifteen-year periods ended on June 30, 2018 for Series A units and since inception and for the one-, three-, five- and ten-year periods ended on June 30, 2018 for Series F units. Also shown for the same periods are the respective historical annual compound total returns of the S&P/TSX (the "Index"). The Index is the headline index for the Canadian equity market. The Toronto Stock Exchange serves as the distributor of this index. The benchmark Index is calculated without the deduction of management fees and fund expenses, whereas the performance of the Fund is calculated after deducting such fees and expenses.

Series A

June 30, 2018	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Past 15 Years
Chou RRSP Fund	26.28%	4.33%	6.38%	7.39%	6.11%
S&P/TSX (\$CAN)	10.39%	6.95%	9.23%	4.23%	8.66%

Series F

June 30, 2018	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Chou RRSP Fund	26.95%	4.91%	6.96%	7.97%	5.24%
S&P/TSX (\$CAN)	10.39%	6.95%	9.23%	4.23%	6.08%

⁽¹⁾ Tables assume the reinvestment of all dividends.

CHOU RRSP FUND

Summary of Investment Portfolio

The following tables provide a summary of the Fund's portfolio as at June 30, 2018.

<u>Sector Mix</u>	<u>% of Fund's Net Assets</u>
Materials	36.4%
Consumer Discretionary	14.2%
Health Care	11.3%
Oil & Gas	9.1%
Information Technology	8.3%
Financials	4.5%
Industrials	4.0%
Net Cash & Equivalents	12.2%
Total Portfolio	100.0%

<u>Total Issuers</u>	<u>% of Fund's Net Assets</u>
----------------------	-------------------------------

(excluding cash equivalents)

Equities

Resolute Forest Products Inc.	20.4%
Canfor Pulp Products Inc.	12.3%
Valeant Pharmaceuticals International Inc.	11.3%
Blackberry Ltd.	8.3%
Interfor Corporation	3.9%
Reitmans (Canada) Limited, Class 'A'	3.5%
TVA Group Inc.	3.2%
TWC Enterprises Limited	3.1%
Torstar Corporation, Class 'B'	1.7%
Reitmans (Canada) Limited	1.7%
Overstock.com Inc., Class 'B'	0.8%
Dundee Corporation, Class 'A'	0.6%
Wow Unlimited Media Inc.	0.2%
Total Equities	71.0%

Warrants

Bank of America Corporation Warrants, January 16, 2019	3.9%
--------------------------------------------------------	------

Bonds

Exco Resources Inc., 1.75 Lien Term Loans, October 26, 2020	9.1%
Taiga Building Products Limited, 7.000%, November 17, 2022	4.0%
Total Bonds	13.1%

Written Call Options - Short

Resolute Forest Products Inc.	(0.2%)
-------------------------------	--------

Total Holdings	87.8%
-----------------------	--------------

The summary of the Fund's investment portfolio may change due to ongoing portfolio transactions of the Fund. The next quarterly update as at September 30, 2018 will be in the Quarterly Portfolio Disclosure and will be posted on our website www.choufunds.com on or before October 31, 2018.

Chou Associates Management Inc.

110 Sheppard Ave. East
Suite 301, Box 18
Toronto, Ontario
M2N 6Y8

Tel: 416-214-0675
Toll Free: 1-888-357-5070
Fax: 416-214-1733
Web: www.choufunds.com
E-mail: admin@choufunds.com

Recordkeeping and Custodian

CIBC Mellon
1 York Street, Suite 900
Toronto, Ontario
M5J 0B6

Tel: 416-643-5540
Toll Free: 1-866-379-3266
Fax: 1-855-884-0493

Auditors

Grant Thornton LLP
15 Allstate Parkway, Suite 200
Markham, Ontario
L3R 5B4

Legal Counsel

Owens Wright LLP
20 Holly Street
Suite 300
Toronto, Ontario
M4S 3B1