

**INTERIM MANAGEMENT REPORT
OF FUND PERFORMANCE**

June 30 2019

CHOU RRSP FUND

CHOU ASSOCIATES MANAGEMENT INC.

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

June 30, 2019

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 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.

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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 2019, there were no material changes that affected the Fund's overall level of risk.

Market Review

For the first half of 2019, Canadian equities performed positively with the S&P/TSX Composite Index up 16%. Information technology, healthcare, and utilities all generated robust gains while telecommunications and energy performed modestly.

Although trade tensions continued to add volatility to the market, indications of progress in trade talks during the period bolstered markets. The U.S. Fed did not cut rates at its June meeting but signaled that there may be possible rate cuts ahead which was welcomed news to investors. The Bank of Canada has not been as dovish in its statements as the U.S. Fed.

After almost stalling in the first quarter, the Canadian economy improved in Q2 with GDP rising by 0.3% in April. Job creation was also strong with unemployment falling to almost 5.4% which is the lowest rate since 1976.

Results of Operations

For the period ended June 30, 2019, the Fund decreased 7.7% for Series A units and 7.5% for Series F units, after fees and expenses, while the S&P/TSX Total Return Index returned 16.2% in Canadian dollars. In U.S. dollars, the Fund decreased by 3.8% for Series A units and 3.5% for Series F units, while the S&P/TSX Total Return Index increased 20.9%.

The major positive contributors to the Fund's performance in the first half of 2019 were the equity holdings of Bausch Health Companies, TVA Group, and Bank of America Corporation.

The largest decliners in the same period were the equity holdings of Canfor Pulp Products, Reitmans (Canada) Limited, and the EXCO Resources 1.75 lien term loan.

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During the first half of the year, the Fund purchased Fortress Paper Limited's 7% bond, due on December 31, 2019.

The call options of Resolute Forest Products with a strike price of \$11.00 expired in January 2019. The Fund did not write any new covered call options during the first half of 2019.

The Fund did not enter into any foreign currency contracts during the period ended June 30, 2019.

In the first half of 2019, the Fund received \$8,694 in income from its securities lending program.

The Fund's net redemptions for the first half of 2019 were approximately \$4,953,581 for Series A units and approximately \$119,056 for Series F units. The Fund's average month-end cash position for the period was 5.2% 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. As of June 30, 2019, the Manager, its officers and directors held 1.8% of the Series A units of the Fund. All transactions with the Manager are carried out at the Fund's net asset value as at the transaction date.

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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, 2019, 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 2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Net Assets, beginning of period	\$ 30.08	\$ 32.55	\$ 27.48	\$ 29.40	\$ 35.29	\$ 30.92
Increase (decrease) from operations:						
Total revenue	\$ 0.22	\$ 1.89	\$ 1.37	\$ 1.25	\$ 0.99	\$ 0.69
Total expenses	\$ (0.29)	\$ (0.85)	\$ (0.59)	\$ (0.52)	\$ (0.63)	\$ (0.61)
Realized gains (losses) for the period	\$ 0.07	\$ 1.79	\$ (0.97)	\$ 0.65	\$ 4.38	\$ 1.98
Unrealized gains (losses) for the period	\$ (2.19)	\$ (4.90)	\$ 5.65	\$ (2.78)	\$ (9.20)	\$ 2.34
Total increase (decrease) from operations²	\$ (2.19)	\$ (2.07)	\$ 5.46	\$ (1.40)	\$ (4.46)	\$ 4.40
Distributions:						
From income (excluding dividends)	\$ -	\$ -	\$ 0.82	\$ (0.63)	\$ 0.37	\$ -
From dividends	\$ -	\$ 0.15	\$ 0.18	\$ (0.23)	\$ -	\$ -
From capital gains	\$ -	\$ -	\$ -	\$ -	\$ 1.03	\$ -
Return of capital	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Distributions³	\$ -	\$ 0.15	\$ 1.00	\$ (0.86)	\$ 1.40	\$ -
Net Assets, end of period	\$ 27.76	\$ 30.08	\$ 32.55	\$ 27.48	\$ 29.40	\$ 35.29
Net Assets, end of period (USD)	\$ 21.20	\$ 22.03	\$ 25.90	\$ 20.47	\$ 21.24	\$ 30.41

Ratios and Supplemental Data - Series A Units

	<u>Jun 2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Net Asset Value (000s)⁴	\$ 50,826	\$ 59,989	\$ 73,105	\$ 82,833	\$ 99,334	\$ 123,181
Number of Redeemable Units Outstanding	1,830,681	1,994,527	2,245,919	3,013,777	3,379,086	3,486,572
Management Expense Ratio ⁵	1.94%	2.01%	1.92%	1.93%	1.84%	1.81%
Management Expense Ratio before waivers or absorption ⁵	1.94%	2.01%	1.92%	1.93%	1.84%	1.81%
Trading Expense Ratio ⁶	0.00%	0.03%	0.12%	0.05%	0.04%	0.03%
Portfolio Turnover Rate ⁷	0.00%	14.08%	23.45%	7.22%	16.76%	4.77%
Net Asset Value per Unit	\$ 27.76	\$ 30.08	\$ 32.55	\$ 27.48	\$ 29.40	\$ 35.29

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

	Jun 2019	2018	2017	2016	2015	2014
Net Assets, beginning of period	\$ 30.21	\$ 32.74	\$ 27.70	\$ 29.42	\$ 35.30	\$ 30.77
Increase (decrease) from operations:						
Total revenue	\$ 0.22	\$ 1.92	\$ 1.28	\$ 1.26	\$ 1.00	\$ 0.70
Total expenses	\$ (0.21)	\$ (0.66)	\$ (0.44)	\$ (0.38)	\$ (0.45)	\$ (0.43)
Realized gains (losses) for the period	\$ 0.06	\$ 1.81	\$ (2.18)	\$ 0.65	\$ 4.39	\$ 2.07
Unrealized gains (losses) for the period	\$ (2.31)	\$ (5.09)	\$ 7.62	\$ (1.66)	\$ (9.20)	\$ 2.12
Total increase (decrease) from operations²	\$ (2.24)	\$ (2.02)	\$ 6.28	\$ (0.13)	\$ (4.26)	\$ 4.46
Distributions:						
From income (excluding dividends)	\$ -	\$ -	\$ 1.03	\$ (0.61)	\$ 0.55	\$ -
From dividends	\$ -	\$ 0.36	\$ 0.23	\$ (0.22)	\$ -	\$ -
From capital gains	\$ -	\$ -	\$ -	\$ -	\$ 1.02	\$ -
Return of capital	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Distributions³	\$ -	\$ 0.36	\$ 1.26	\$ (0.83)	\$ 1.57	\$ -
Net Assets, end of period	\$ 27.96	\$ 30.21	\$ 32.74	\$ 27.70	\$ 29.42	\$ 35.30
Net Assets, end of period (USD)	\$ 21.35	\$ 22.13	\$ 26.05	\$ 20.63	\$ 21.26	\$ 30.42

Ratios and Supplemental Data - Series F Units

	Jun 2019	2018	2017	2016	2015	2014
Total Net Asset Value (000s)⁴	\$ 5,656	\$ 6,233	\$ 7,279	\$ 5,932	\$ 4,750	\$ 5,325
Number of Redeemable Units Outstanding	202,298	206,334	222,317	214,149	161,443	150,685
Management Expense Ratio ⁵	1.37%	1.44%	1.39%	1.38%	1.29%	1.25%
Management Expense Ratio before waivers or absorption ⁵	1.37%	1.44%	1.39%	1.38%	1.29%	1.25%
Trading Expense Ratio ⁶	0.00%	0.03%	0.12%	0.05%	0.04%	0.03%
Portfolio Turnover Rate ⁷	0.00%	14.08%	23.45%	7.22%	16.76%	4.77%
Net Asset Value per Unit	\$ 27.96	\$ 30.21	\$ 32.74	\$ 27.70	\$ 29.42	\$ 35.34

(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.

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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

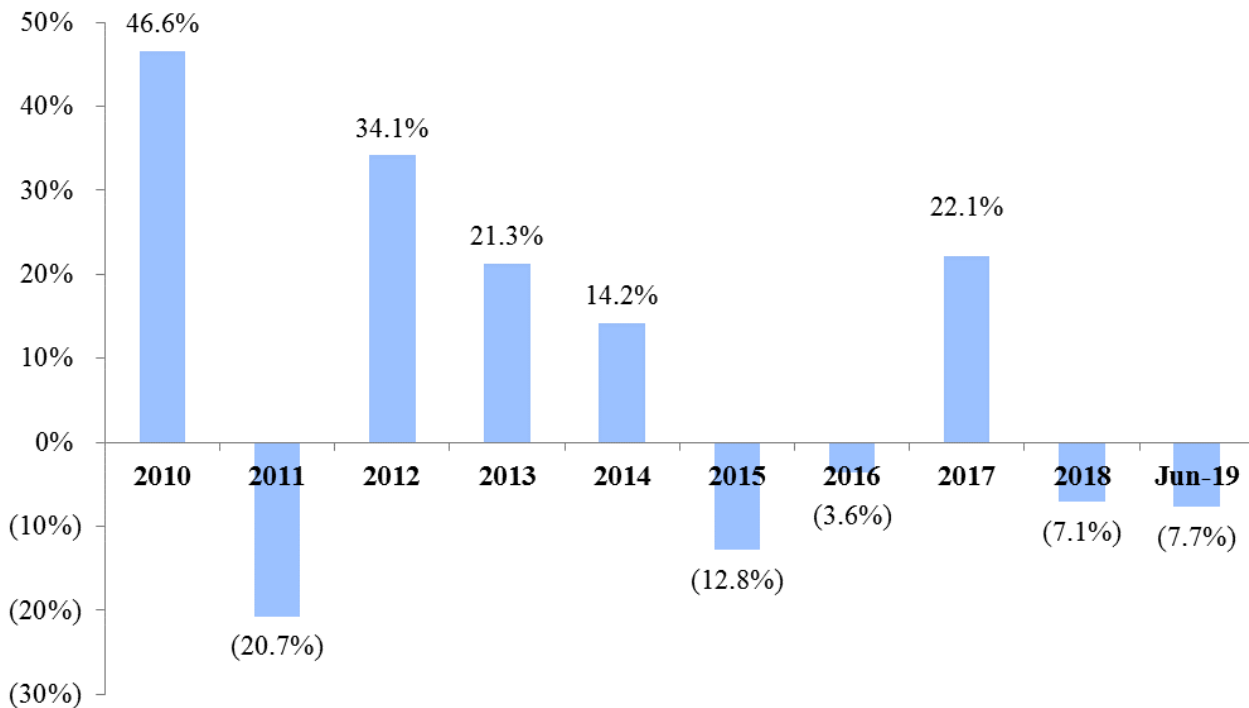
General

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

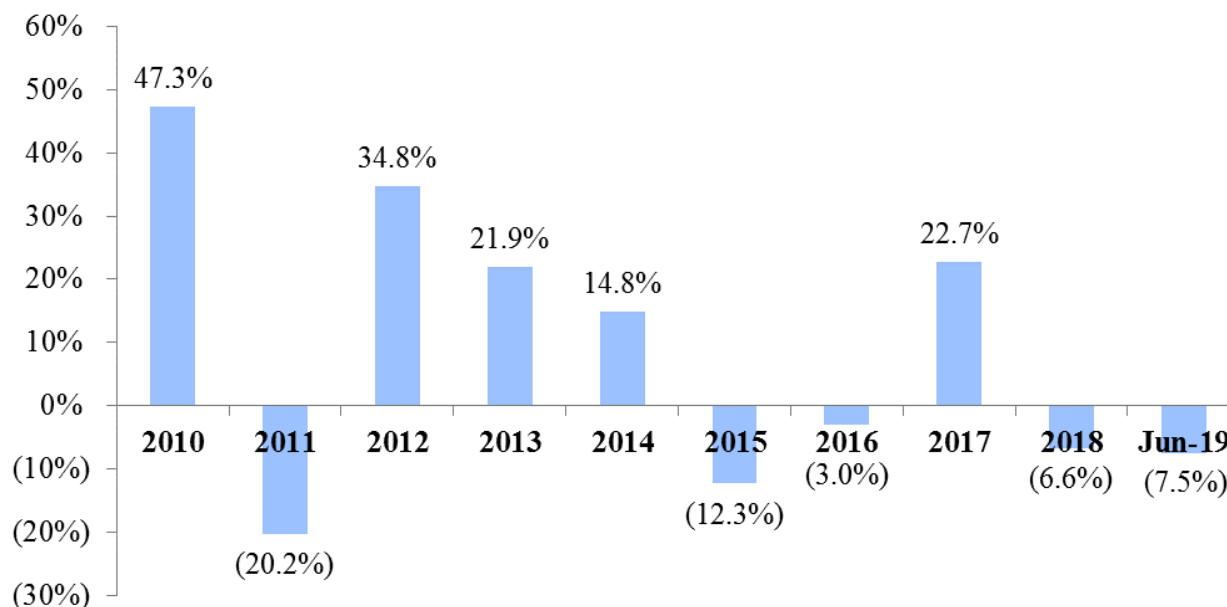
The following bar charts show the annual performance for each of the Series A and Series F units of the Fund for each of the years shown. Each chart shows, in percentage terms, how an investment on January 1 would have increased or decreased by December 31 for each of the years, and how the performance of the Fund varied from year to year. The return for 2019 is for the six-month period from January 1 to June 30.

Series A



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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, 2019 for Series A units and since inception and for the one-, three-, five- and ten-year periods ended on June 30, 2019 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, 2019	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Past 15 Years
Chou RRSP Fund	(20.16%)	6.83%	(1.35%)	9.30%	3.67%
S&P/TSX (\$CAN)	3.85%	8.40%	4.66%	7.78%	7.36%

Series F

June 30, 2019	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception
Chou RRSP Fund	(19.72%)	7.41%	(0.81%)	9.88%	3.19%
S&P/TSX (\$CAN)	3.85%	8.40%	4.66%	7.78%	5.92%

⁽¹⁾ Tables assume the reinvestment of all dividends.

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Summary of Investment Portfolio

The following tables provide a summary of the Fund's portfolio as at June 30, 2019.

<u>Sector Mix</u>	<u>% of Fund's Net Assets</u>
Materials	35.8%
Consumer Discretionary	19.3%
Health Care	17.5%
Information Technology	9.1%
Financials	9.1%
Oil & Gas	7.9%
Net Cash & Equivalents	1.3%
Total Portfolio	100.0%

<u>Total Issuers</u>	<u>% of Fund's Net Assets</u>
<i>(excluding cash equivalents)</i>	
Equities	
Resolute Forest Products Inc.	20.4%
Bausch Health Companies Inc.	17.5%
BlackBerry Limited	9.1%
Bank of America Corporation	6.3%
Canfor Pulp Products Inc.	5.6%
TWC Enterprises Limited	5.0%
Reitmans (Canada) Limited, Class 'A'	3.5%
Interfor Corporation	3.1%
TVA Group Inc.	2.6%
Magna International Inc., Class 'A'	2.3%
Fairfax Financial Holdings Limited	2.3%
Linamar Corporation	2.1%
Reitmans (Canada) Limited	1.7%
Torstar Corporation, Class 'B'	1.5%
Dundee Corporation, Class 'A'	0.5%
Overstock.com Inc., Class 'B'	0.4%
Wow Unlimited Media Inc.	0.2%
Total Equities	84.1%
Bonds	
Exco Resources Inc., 1.75 Lien Term Loans, October 26, 2020	7.9%
Taiga Building Products Limited, 7%, November 17, 2022	5.7%
Fortress Paper Limited, 7%, December 31, 2019	1.0%
Total Bonds	14.6%
Total Holdings	98.7%

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, 2019 will be in the Quarterly Portfolio Disclosure and will be posted on our website www.choufunds.com on or before October 31, 2019.

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