

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. The Fund may invest in equity and debt instruments of U.S. and foreign businesses. The Fund's investments may also include common and preferred shares, convertible debentures, government and corporate bonds and short-term debt.

The 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 year ended December 31, 2014, there were no material changes that affected the Fund's overall level of risk.

Results of Operations

For the year ended December 31, 2014, the Fund returned 14.2% for Series A units and 14.8% for Series F units, after fees and expenses, while the S&P/TSX Total Return Index returned 10.6% in Canadian dollars. In U.S. dollars, the Fund returned 4.6% for Series A units and 5.2% for Series F units, while the S&P/TSX Total Return Index returned 1.2%.

The weakness of the Canadian dollar against the U.S. dollar had a large positive impact on the results of the Fund. The difference in performance results between the net asset value per unit (NAVPU) priced in Canadian dollars, versus U.S. dollars, is attributable to the fact that on December 31, 2013, one U.S. dollar was worth approximately \$1.06 Canadian, whereas one year later, on December 31, 2014, one U.S. dollar was worth approximately \$1.16 Canadian.

Torstar Corporation⁽¹⁾, Interfor Corporation, Resolute Forest Products, Ridley Inc., Blackberry Limited and Canfor Pulp Products Inc. were major positive contributors to the Fund's performance.

The largest equity decliners for the year ended December 31, 2014 were TVA Group Inc., Danier Leather Inc. and Overstock.com Inc..

During 2014, the Fund increased its holdings in Reitmans Canada. MEGA Brands Inc. was acquired through a wholly-owned subsidiary of Mattel Inc. in April 2014 and the Fund received \$17.75 per common share

International Forest Products Limited changed its name to Interfor Corporation, and Clublink Enterprises Limited changed its name to TWC Enterprises Ltd.

In 2014, the Fund received \$77,779 in income from its securities lending program.

The Fund has no covered call options in its portfolio as at December 31, 2014.

The Fund did not enter into any foreign currency contracts during the year ended December 31, 2014.

⁽¹⁾In the Annual Management Discussion of Fund Performance for the year ended December 31, 2013, it was incorrectly reported that we had decreased our holdings in Torstar Corporation when in fact we increased our holdings by 4,700 shares, or 0.37%.

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The Fund's net redemptions for the year ended December 31, 2014 were approximately \$10,746,000 for Series A units and \$122,000 for Series F units. The Fund's average month-end cash position for the year was 26.3% 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 influence on the portfolio of the Fund when compared to its benchmark.

Adoption of International Financial Reporting Standards

These are the Fund's first annual financial statements during the first year of reporting in accordance with International Financial Reporting Standards ("IFRS"), and accordingly, First-time Adoption of International Financial Reporting Standards ("IFRS 1") has been applied.

Previously, the Fund prepared its financial statements in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). The Fund has consistently applied the accounting policies used in the preparation of its opening IFRS statement of financial position at January 1, 2013 and throughout all periods presented, as if these policies had always been in effect. Note 10 to the financial statements discloses the impact of the transition to IFRS on the Fund's reported financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Fund's financial statements for the year ended December 31, 2013 previously prepared under Canadian GAAP.

Any mention of net assets or net asset value for years starting on or after January 1, 2013 is referring to net assets attributable to holders of redeemable units as reported under IFRS.

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 Funds from time to time in the normal course of business. All transactions with the Manager are measured at the exchange amounts.

During the year ended December 31, 2014, there were no transactions with related parties except in the capacities and instances set out above.

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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 year ended December 31, 2014, and for each of the past four years ended December 31, as applicable.

The Fund's Net Asset Value (NAV) per unit Series A

The Fund's Net Assets per unit ⁽¹⁾⁽⁸⁾

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Net assets, beginning of period	\$ 30.92	\$ 25.74	\$ 19.10	\$ 24.56	\$ 17.03
<i>Increase (decrease) from operations:</i>					
Total revenue	\$ 0.69	\$ 0.91	\$ 0.59	\$ 0.65	\$ 0.98
Total expenses	(0.61)	(0.55)	(0.40)	(0.42)	(0.39)
Realized gains (losses) for the period	1.98	9.20	0.08	0.76	(2.63)
Unrealized gains (losses) for the period	2.34	(4.08)	6.20	(6.10)	10.24
Total increase (decrease) from operations ⁽²⁾	\$ 4.40	\$ 5.48	\$ 6.47	\$ (5.11)	\$ 8.20
<i>Distributions:</i>					
From income (excluding dividends)	\$ -	\$ -	\$ -	\$ -	\$ 0.46
From dividends	-	0.28	0.10	0.30	0.16
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
Total annual distributions ⁽³⁾	\$ -	\$ 0.28	\$ 0.10	\$ 0.30	\$ 0.62
<i>Net assets at end of period shown</i>	\$ 35.29	\$ 30.92	\$ 25.62	\$ 19.10	\$ 24.56
<i>Net assets at end of period shown in \$US</i>	\$ 30.41	\$ 29.08	\$ 25.76	\$ 18.78	\$ 24.71

Ratios and Supplemental Data Series A

Ratios and Supplemental Data

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Total net asset value (000's) ⁽⁴⁾	\$ 123,181	\$ 117,929	\$ 110,170	\$ 98,536	\$ 145,840
Number of units outstanding	3,486,572	3,811,998	4,279,790	5,114,462	5,910,060
Management expense ratio ⁽⁵⁾	1.81%	1.82%	1.87%	1.83%	1.80%
Management expense ratio before waivers or absorptions	1.81%	1.82%	1.87%	1.83%	1.80%
Trading expense ratio ⁽⁶⁾	0.03%	0.08%	0.06%	0.03%	0.08%
Portfolio turnover rate ⁽⁷⁾	4.77%	11.50%	1.43%	2.96%	9.94%
Net asset value per unit	\$ 35.29	\$ 30.92	\$ 25.74	\$ 19.27	\$ 24.68

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The Fund's Net Asset Value (NAV) per unit Series F

The Fund's Net Assets per unit ⁽¹⁾⁽⁸⁾

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Net assets, beginning of period	\$ 30.77	\$ 25.75	\$ 19.09	\$ 24.54	\$ 17.03
Increase (decrease) from operations:					
Total revenue	\$ 0.70	\$ 0.92	\$ 0.59	\$ 0.65	\$ 0.98
Total expenses	(0.43)	(0.39)	(0.28)	(0.29)	(0.27)
Realized gains (losses) for the period	2.07	9.11	0.08	0.72	(2.68)
Unrealized gains (losses) for the period	2.12	(3.94)	6.23	(6.14)	10.28
Total increase (decrease) from operations ⁽²⁾	\$ 4.46	\$ 5.70	\$ 6.62	\$ (5.06)	\$ 8.31
Distributions:					
From income (excluding dividends)	\$ -	\$ -	\$ -	\$ -	\$ 0.55
From dividends	-	0.56	0.23	0.43	0.19
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
Total annual distributions ⁽³⁾	\$ -	\$ 0.56	\$ 0.23	\$ 0.43	\$ 0.74
Net assets at end of period shown	\$ 35.30	\$ 30.77	\$ 25.59	\$ 19.09	\$ 24.54
Net assets at end of period shown in \$US	\$ 30.42	\$ 28.94	\$ 25.73	\$ 18.77	\$ 24.69

Ratios and Supplemental Data Series F

Ratios and Supplemental Data

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Total net asset value (000's) ⁽⁴⁾	\$ 5,325	\$ 4,763	\$ 2,675	\$ 2,582	\$ 3,766
Number of units outstanding	150,658	154,729	104,004	134,107	152,729
Management expense ratio ⁽⁵⁾	1.25%	1.26%	1.31%	1.27%	1.26%
Management expense ratio before waivers or absorptions	1.25%	1.26%	1.31%	1.27%	1.26%
Trading expense ratio ⁽⁶⁾	0.03%	0.08%	0.06%	0.03%	0.08%
Portfolio turnover rate ⁽⁷⁾	4.77%	11.50%	1.43%	2.96%	9.94%
Net asset value per unit	\$35.34	\$ 30.79	\$ 25.72	\$ 19.25	\$ 24.66

⁽¹⁾ This information is derived from the Fund's audited annual financial statements. For financial reporting purposes, prior to January 1, 2013, under Canadian GAAP, the net assets per security presented in the financial statements differ from the net asset value calculated for fund pricing purposes.

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

⁽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.

⁽⁸⁾ Information from 2014 and 2013 is in accordance with IFRS. Information for years prior to 2013 is reported under Canadian GAAP.

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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

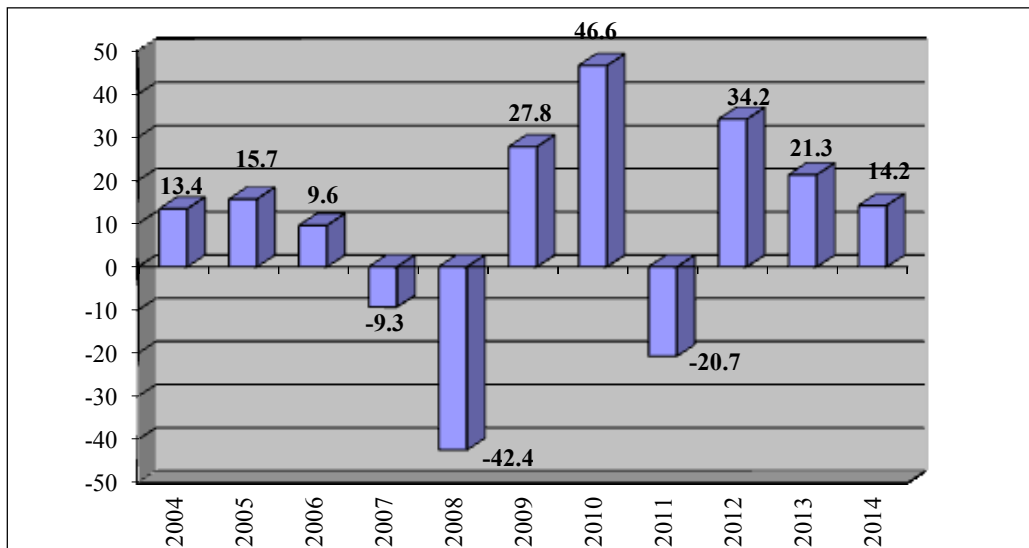
General

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

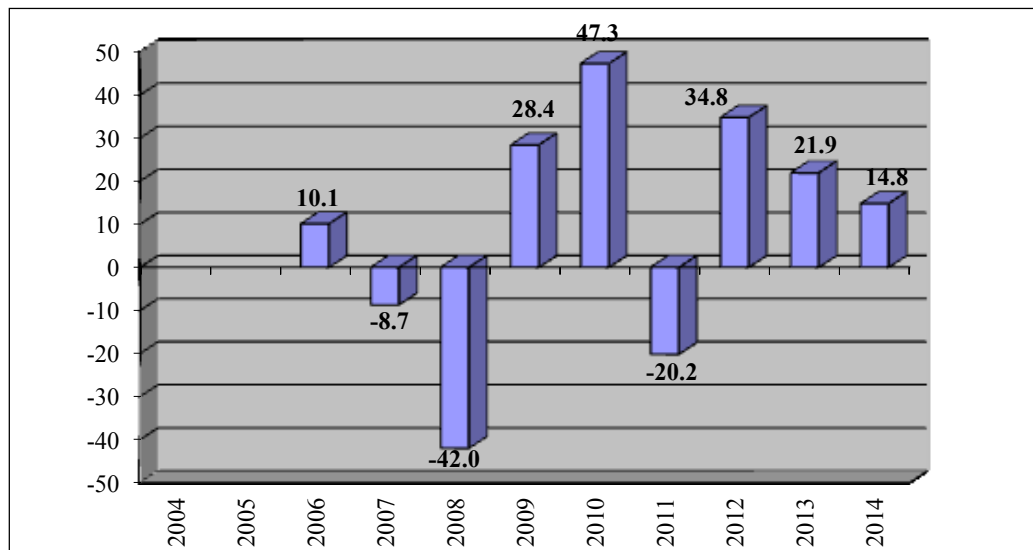
The following bar charts show the annual performance for each of the Series A and Series F units of the Fund for each of the years shown. Each chart shows, in percentage terms, how an investment on January 1 would have increased or decreased by December 31 for each of the years, and how the performance of the Fund varied from year to year. The return for 2014 is for the 12-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- and ten-year periods ended on December 31, 2014 for Series A units and since inception, and for the one-, three- and five-year periods ended on December 31, 2014 for Series F units. Also shown for the same periods are the respective historical annual compound total returns or changes 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

December 31, 2014	Past Year	Past 3 Years	Past 5 Years	Past 10 Years
Chou RRSP Fund	14.2%	22.9%	16.6%	6.2%
S&P/TSX (\$CAN)	10.6%	10.2%	7.5%	7.6%

Series F

December 31, 2014	Past Year	Past 3 Years	Past 5 Years	Since Inception
Chou RRSP Fund	14.8%	23.5%	17.3%	6.0%
S&P/TSX (\$CAN)	10.6%	10.2%	7.5%	6.4%

⁽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 December 31, 2014.

Sector Mix	% of Fund's Net Assets
Consumer Services	33.2%
Basic Materials	30.3%
Financials	6.3%
Information Technology	5.2%
Net Cash & Equivalents	<u>25.0%</u>
Total Portfolio	<u><u>100.0%</u></u>

Total Issuers (excluding cash equivalents)	% of Fund's Net Assets
Equities - Long	
Resolute Forest Products Inc.	9.9%
Interfor Corporation ⁽¹⁾	9.0%
Ridley Inc.	7.4%
Torstar Corporation, Class B	6.4%
Canfor Pulp Products Inc.	5.6%
Blackberry Limited	5.2%
TVA Group Inc., Class B	4.4%
Reitmans (Canada) Limited	3.8%
Overstock.com Inc.	3.3%
Danier Leather Inc.	3.2%
Sears Canada Inc.	2.5%
TWC Enterprises Limited ⁽²⁾	1.7%
Dundee Corporation	1.0%
Rainmaker Entertainment Inc.	<u>0.3%</u>
Total Equities - Long	63.7%

Held for Trading - Long	
Bank of America Corporation warrants, Class A	5.3%

Bonds - Long	
Taiga Building Products Limited shares & debts	<u>5.8%</u>

Total Holdings	<u><u>74.8%</u></u>
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⁽¹⁾International Forest Products Limited changed its name to Interfor Corporation.

⁽²⁾Clublink Enterprises Limited changed its name to TWC Enterprises Limited.

The summary of the Fund's investment portfolio may change due to ongoing portfolio transactions of the Fund. The next quarterly update as at March 31, 2015 will be in the Quarterly Portfolio Disclosure and will be posted on our website www.choufunds.com on or before May 31, 2015.