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

SEMI-ANNUAL REPORT 2009

CHOU ASSOCIATES FUND
(Unaudited)

Illustration of an assumed investment of $10,000 in Canadian dollars

Period ended	Value of initial $10,000 investment	Value of cumulative reinvested capital distributions	Value of cumulative reinvested dividends	Total value of shares
Dec.31, 1986	$10,000	0	0	10,000
Dec.31, 1987	9,259	506	737	10,502
Dec.31, 1988	9,765	1,129	1,106	12,001
Dec.31, 1989	10,861	1,601	1,783	14,244
Dec.31, 1990	8,973	1,322	2,427	12,722
Dec.31, 1991	10,213	2,269	3,198	15,681
Dec.31, 1992	12,030	2,843	3,944	18,817
Dec.31, 1993	13,343	4,147	4,374	21,863
Dec.31, 1994	12,863	3,998	4,440	21,300
Dec.31, 1995	15,281	6,960	5,663	27,904
Dec.31, 1996	18,370	8,367	7,498	34,235
Dec.31, 1997	21,068	14,882	12,085	48,035
Dec.31, 1998	23,975	19,892	15,320	59,187
Dec.31, 1999	21,216	18,470	13,803	53,489
Dec.31, 2000	21,345	18,891	17,731	57,967
Dec.31, 2001	23,975	24,377	22,045	70,397
Dec.31, 2002	29,775	33,657	28,072	91,504
Dec.31, 2003	30,194	36,111	28,467	94,773
Dec.31, 2004	32,241	40,446	30,632	103,319
Dec.31, 2005	36,014	45,180	36,268	117,462
Dec.31, 2006	42,194	52,933	44,384	139,511
Dec.31, 2007	36,819	46,191	42,248	125,258
Dec.31, 2008	24,843	31,166	32,544	88,553
June 30, 2009				**99,197**

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

The table is used only to illustrate the effects of the compound growth rate and is not intended to reflect future values of the mutual funds or returns on the mutual funds.

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing.

CHOU FUNDS
PERFORMANCE OF THE FUNDS
FOR THE PERIOD ENDED JUNE 30, 2009
(Unaudited)

Chou Associates Fund

Series A $CAN	12.0%
Series A $US	17.5%
Series F $CAN	12.3%
Series F $US	17.7%

Chou Asia Fund

Series A $CAN	1.8%
Series A $US	6.8%
Series F $CAN	2.1%
Series F $US	7.1%

Chou Europe Fund

Series A $CAN	19.6%
Series A $US	25.4%
Series F $CAN	19.8%
Series F $US	25.7%

Chou Bond Fund

Series A $CAN	30.6%
Series A $US	36.9%
Series F $CAN	30.6%
Series F $US	37.0%

Chou RRSP Fund

Series A $CAN	-0.2%
Series A $US	4.6%
Series F $CAN	0%
Series F $US	4.9%

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CHOU ASSOCIATES FUND

August 17, 2009

Dear Unitholders of Chou Associates Fund,

The net asset value ("NAVPU" or "NAV") of a Series A unit of Chou Associates Fund at June 30, 2009 was $60.45 compared to $53.96 at December 31, 2008, an increase of 12.0%, while the S&P 500 Total Return Index was down 1.6%. In $US, a Series A unit of Chou Associates Fund returned 17.5% while the S&P 500 Total Return Index returned 3.1%.

The table shows our 6 month, 1 year, 3 year, 5 year, 10 year and 15 year annual compound rates of return.

June 30, 2009 (Series A)	**6 Month**	**1 Year**	**3 Years**	**5 Years**	**10 Years**	**15 Years**
Chou Associates ($CAN)	12.0%	-19.0%	-7.6%	0%	5.5%	10.8%
S&P 500 ($CAN)	-1.6%	-15.8%	-6.9%	-5.0%	-4.5%	5.7%
Chou Associates ($US)[1]	17.5%	-29.0%	-8.9%	2.8%	8.0%	12.1%
S&P 500 ($US)	3.1%	-26.2%	-8.2%	-2.2%	-2.2%	6.9%

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

Factors Influencing the First Half of 2009 Results

PARTIAL HEDGING OF THE CANADIAN DOLLAR AGAINST THE U.S. DOLLAR: The partial hedging of the Canadian dollar helped minimize the negative impact the stronger Canadian dollar had on the results of the Fund. On December 31, 2008, one U.S. dollar was worth approximately $1.22 Canadian, whereas six months later, on June 30, 2009, one U.S. dollar was worth approximately $1.16 Canadian. Even if the price of an American security remained the same on June 30, 2009 compared to 6 months ago, it would have shown a depreciation of roughly 4.9% when priced in Canadian dollars.

RECOVERY OF THE STOCK MARKET: After unprecedented interventions by governments around the world, the Fund benefited from the recovery of the global equity and fixed income markets that began in early March. Capital markets also opened up to give companies access to much needed capital.

Major positive contributors to the Fund's performance were Biovail, Mannkind, Sears Holdings and Primus Telecommunications debt. Conversely, we suffered price declines in Royal Boskalis Westminster, Berkshire Hathaway and King Pharmaceuticals.

[1]The alternative method of purchasing Chou Associates Fund in $US has been offered since September 2005. Performance for years prior to September 2005 is based on the $US equivalent conversion of the results of the Chou Associates Fund ($CAN). The investments in the Chou Associates Fund ($CAN) are the same as the investments in Chou Associates Fund ($US) except for the currency applied.

Toughest Time to Manage Money
The last two years were the toughest time to manage money. As usual, we would look at a company and after examining its financials, come to believe the company had the best brand, the most dominant position in the industry, a great management team and a compelling stock price. In other words, the kind of a stock you would buy and hold for your old age. You know what? A week later I would feel very, very old.

General Comments on the Market
NON-INVESTMENT GRADE BONDS ARE FULLY PRICED NOW: Two and half years ago, the spread between U.S. corporate high yield debt and U.S. treasuries was 311 basis points. Currently, it is over 840 basis points, down from its peak of over 1,900 basis points in December 2008. (Source: JP Morgan).

Non-investment grade bonds have rallied tremendously from their lows in March and at current prices we believe they are fully priced. We see better buys in investment grade bonds and bank debt.

However, when compared to corporate bonds, U.S. treasuries are in bubble territory. In our opinion, this is the worst time to hold cash and short-term treasuries unless you believe we are headed into a 1930s style depression. And if you believe that you should redeem all your Fund units.

TOO BIG TO FAIL: In our 2008 Annual Report, we wrote, "The U.S. government has pledged $9.7 trillion (and still counting) to counter the financial crisis. Billions of dollars have been given to prop up failing financial institutions and still they are asking for more financial assistance. The requests from the very large financial institutions are not based on business and investment merit but more on the line that if they don't receive more bailout money, they would have to file for bankruptcy and that would precipitate a chain reaction that will totally paralyze not only the U.S. financial system but also the entire Western banking system".

We believe that big financial institutions that can paralyze the banking system must be properly regulated. This is what Charlie Munger said: "We need to remove from the investment banking and commercial banking industries a lot of the practices and prerogatives that they have so **lovingly possessed**.... If they are too big to fail, they are too big to be allowed to be as **gamey** and **venal** as they have been - and as **stupid** as they have been". We couldn't agree more with what Charlie Munger said and I wish I could summon the same kind of blunt language that Charlie uses to state the most obvious.

INFLATION: Almost all governments whose economies have been adversely affected by the financial crisis have been providing all kinds of stimulus to minimize the impact of the liquidity and credit crisis on their economies. Historically, that is how nations have tackled their debt burden and this episode is no different. The aggressive actions taken by governments may have prevented their economies from going into a Depression. The government-infused liquidity is countering some of the deleveraging and credit freeze in this crisis, but in the longer term, such actions can bring huge unintended consequences including the return of high inflation and the likely debasement of the U.S. currency. We don't know the timing of it but all that excess liquidity will have to go somewhere when normal times return.

CONSTANT MATURITY SWAPS: With world governments flooding the system with liquidity and keeping interest rates unduly low, we wonder what financial instruments we can use that will protect us if inflation takes hold. We want an instrument similar to an insurance policy whereby the most we could lose is the amount of premium we pay upfront but get all the upside if the interest rate rises. We have identified two such instruments: Constant Maturity Swap Rate Caps (CMS RC) and Constant Maturity Swap Curve Caps (CMS CC). **Please view this as the notice required by securities rules to all our unitholders that the Chou Funds may invest in CMS at any time after November 15, 2009.** *No more than 5% of the net assets of the Fund(s) at the time of purchase will be invested in CMS.*

HOW CMS RATE CAP WORKS: In simple terms, without going into the technical aspect of the transaction, let us assume that we think the 10-year U.S. Treasury will rise above 5.2% in three years (between now and 2012). The cost to buy that time option premium is roughly 100 basis points or 1.0%. Our break-even point is 6.2%. In essence, CMS Rate Caps are options to protect against rising interest rates and the most we can lose is the time option premium of 1.0%. On a notional amount of $10 million, the cost of the time option premium is $100,000 and every basis point increase above 6.2% translates into gains of approximately $1,000.

HOW CMS CURVE CAP WORKS: With a CMS Curve Cap we are assuming that the spread between short-term and long-term interest rates will widen in the future. For example, the current spread between 2-year Treasury and 10-year Treasury on the curve cap is 100 basis points. If we assume this spread will widen in three years (between now and 2012), we can buy a time option premium for 50 basis points or 0.5% that will expire in three years. We break-even when the spread exceeds 150 points; the most we can lose is the time option premium of 0.5%. On a notional amount of $10 million, the cost of the time option premium is $50,000; for every basis point the spread widens over 150 points, we would gain approximately $1,000.

The negatives are counterparty risk and, like insurance, the option premium that has been paid erodes over time and may expire worthless.

We do not intend to buy the CMSs right away. This instrument is attractive when every one is concerned about Depression, the government is providing all kinds of liquidity, interest rates are low and the time option premium for the CMSs is selling at a very low price relative to the dangers of inflation.

Other Matters

WAIVER AND REBATE OF MANAGEMENT FEE: Almost all management fees, net of trailer fees paid, were rebated for 2008 and all prior years for Chou Europe Fund since its inception in September, 2003.

The Manager waived approximately 77% of the management fees for 2008, net of trailer fees paid, for Chou Bond Fund.

The decision to waive or rebate the management fees, in whole or in part, is reviewed annually and determined at the discretion of the Manager without notice to unitholders.

FOREIGN CURRENCY CONTRACT: The amount contracted at June 30, 2009 was approximately 12% of the net assets.

CHANGE IN MINIMUM INVESTMENT: The minimum amount to invest in the Fund is now $5,000 and subsequent investment is $500.

U.S. DOLLAR VALUATION: Any investor who wishes to purchase the Chou Funds in $US is now able to do so.

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

INDEPENDENT REVIEW COMMITTEE: The Manager has established an IRC as required by NI 81-107. The members of the IRC are Sandford Borins, Bruce Kerr and Joe Tortolano. The 2008 IRC Annual Report is available on our website www.choufunds.com.

As of August 14, 2009, the NAV of a Series A unit of the Fund was $63.16 and the cash position was 6.2% of net assets. The Fund is up 17.1% from the beginning of the year. In $US, it is up 30.1%.

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

Yours truly,

Francis Chou
Fund Manager

CHOU ASSOCIATES FUND

STATEMENT OF NET ASSETS

AS AT JUNE 30, 2009

(Unaudited)

	2009	DEC 31, 2008
ASSETS		
Cash	$ 25,920,645	$ 21,698,897
Accrued interest and dividend income	3,725,744	6,627,094
Receivable for units subscribed	96,498	187,629
Unrealized gain on foreign currency forward contracts	4,264,661	4,991,119
Due from broker	2,150	15,377,575
Investments, at fair value	428,779,446	403,954,129
	462,789,144	452,836,443
LIABILITIES		
Accrued expenses	710,289	729,203
Payable for units redeemed	1,847,829	1,045,260
Distributions payable	-	546,219
Liability for investment purchased	-	9,902,498
	2,558,118	12,223,180
NET ASSETS	$ 460,231,026	$ 440,613,263
NET ASSETS, BY SERIES		
Series A	$ 431,621,369	$ 409,872,495
Series F	28,609,657	30,740,768
	$ 460,231,026	$ 440,613,263
NUMBER OF UNITS OUTSTANDING (Note 4)		
Series A	7,148,375	7,620,577
Series F	474,040	573,132
NET ASSET VALUE PER UNIT		
Canadian dollars		
Series A	$ 60.38	$ 53.78
Series F	$ 60.35	$ 53.64
U.S. dollars		
Series A	$ 51.95	$ 44.13
Series F	$ 51.93	$ 44.01

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS
OF THE MANAGEMENT COMPANY

Francis Chou

Tracy Chou

CHOU ASSOCIATES FUND
STATEMENT OF OPERATIONS
FOR THE PERIOD ENDED JUNE 30, 2009
(Unaudited)

	2009	2008
INVESTMENT INCOME		
Interest	$ 5,163,129	$ 9,093,194
Dividends	4,125,240	5,397,558
Income from derivatives	1,016,566	245,362
Interest from securities lending	249,643	321,455
	10,554,578	15,057,569
EXPENSES		
Management fees (Note 6)	3,227,794	5,086,799
Custodian fees	386,732	311,567
Foreign withholding taxes	281,312	565,826
Audit	17,825	38,221
Independent Review Committee fees	15,115	29,059
Filing fees	11,873	31,187
Legal	2,702	10,066
FundSERV fees	-	22,015
	3,943,353	6,094,740
NET INVESTMENT INCOME FOR THE PERIOD	6,611,225	8,962,829
NET REALIZED AND UNREALIZED GAIN (LOSS) AND TRANSACTION COSTS		
Transaction costs	(48,358)	(216,132)
Net realized gain (loss) on sale of investments	(35,679,536)	7,103,023
Unrealized gain (loss)	78,793,304	(32,191,771)
	43,065,410	(25,304,880)
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	$ 49,676,635	$ (16,342,051)
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A	$ 46,689,121	$ (15,257,154)
Series F	2,987,514	(1,084,897)
	$ 49,676,635	$ (16,342,051)
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS, PER UNIT		
Series A	$ 6.33	$ (1.94)
Series F	$ 5.62	$ (1.67)

CHOU ASSOCIATES FUND
STATEMENT OF CHANGES IN NET ASSETS
FOR THE PERIOD ENDED JUNE 30, 2009
(Unaudited)

	2009	2008
SERIES A		
NET ASSETS, beginning of the period	$ 409,872,495	$ 643,067,453
Increase (decrease) in net assets from operations	46,689,121	(15,257,154)
Proceeds from issue of units	5,739,130	22,717,454
Payments on redemption of units	(30,679,377)	(49,556,281)
NET ASSETS, end of the period	431,621,369	600,971,472
SERIES F		
NET ASSETS, beginning of the period	30,740,768	53,127,723
Increase (decrease) in net assets from operations	2,987,514	(1,084,897)
Proceeds from issue of units	2,781,878	4,964,038
Payments on redemption of units	(7,900,503)	(8,245,815)
NET ASSETS, end of the period	28,609,657	48,761,049
TOTAL NET ASSETS, end of the period	$ 460,231,026	$ 649,732,521

CHOU ASSOCIATES FUND
STATEMENT OF INVESTMENTS
AS AT JUNE 30, 2009
(Unaudited)

	No. of Shares or Par Value	Cost	Market Value
SHARES*			
Berkshire Hathaway Inc., Class A	190	$ 19,658,153	$ 19,785,925
Biovail Corporation	1,576,377	23,864,372	24,642,342
Flagstone Reinsurance Holdings Ltd.	1,700,000	19,926,987	20,351,000
Gannett Company Inc.	323,035	8,570,123	1,336,593
International Automotive Components Group NA	1,094,922	120,506	127,257
International Coal Group Inc.	3,000,000	5,693,040	9,937,238
King Pharmaceuticals Inc.	5,611,961	63,031,859	62,746,471
K-Swiss Inc., Class A	472,720	7,015,236	4,659,072
Mannkind Corporation	438,989	3,734,116	4,239,887
Media General Inc., Class A	2,049,082	46,322,116	4,929,800
Office Depot Inc.	1,472,053	14,339,527	7,784,567
Olympus Re Holdings Ltd.	1,652,836	4,282,431	7,376,674
Overstock.com Inc.	1,504,209	31,016,174	20,874,309
Qwest Communications International Inc.	2,000,000	9,125,034	9,623,431
RCN Corporation	1,700,884	21,071,744	11,801,810
Royal Boskalis Westminster nv	761,100	8,159,512	20,019,158
Sanofi-Aventis ADR	540,000	19,084,879	18,508,368
Sears Holdings Corporation	333,700	17,250,089	25,733,374
Sun-Times Media Group Inc., Class A	1,902,450	10,469,079	22,111
USG Corporation	400,000	2,784,260	4,667,596
Utah Medical Products Inc.	59,843	1,383,045	1,857,748
UTStarcom Inc.	3,350,000	14,428,860	6,346,467
Watson Pharmaceuticals Inc.	705,400	20,479,572	27,579,795
XO Holdings Inc.	2,746,729	12,090,601	960,908
		383,901,315	315,911,901
BONDS			
Abitibi-Consolidated Inc., 7.75%, Jun 15, 2011	10,000,000	1,902,658	987,913
Abitibi-Consolidated Inc., 8.375%, Apr 1, 2015	9,805,000	1,865,402	911,669
Abitibi-Consolidated Inc., 8.55%, Aug 1, 2010	12,391,000	2,471,447	1,152,115
Abitibi-Consolidated Inc., 15.5%, Jul 15, 2010	40,035,000	29,427,423	7,444,909
Abitibi-Consolidated Inc., Floating, Jun 15, 2011	9,356,000	4,886,687	924,291
C&A Litigation Trust	10,000,000	220,119	232,450
C&A Post-Consummation Trust	10,000,000	110,224	116,225
Global Crossing (UK) Finance, 10.75%, Dec 15, 2014	16,200,000	18,452,711	15,071,046
International Coal Group 10.25%, Jul 15, 2014	1,500,000	1,157,943	1,229,080
The Interpublic Group 6.25%, Nov 15, 2014	8,650,000	5,680,894	8,947,583
Level 3 Comm., 15.0%, conv., Jan 15, 2013	37,000,000	44,900,188	50,743,840

(continued)

CHOU ASSOCIATES FUND
STATEMENT OF INVESTMENTS
AS AT JUNE 30, 2009
(Unaudited)

	No. of Shares or Par Value	Cost	Market Value
BONDS (continued)			
Overstock.com Inc., 3.75%, Dec 1, 2011	6,825,000	5,483,607	5,180,226
Primus Telecomm., 14.25%, May 20, 2011	23,500,000	27,185,455	17,070,549
The McClatchy Company, 15.75%, Jul 15, 2014	3,780,000	4,393,305	2,855,649
		148,138,063	112,867,545
TOTAL EQUITIES AND BONDS		532,039,378	428,779,446
TRANSACTION COSTS		(616,712)	-
PORTFOLIO TOTAL		$ 531,422,666	$ 428,779,446

* Common shares unless indicated otherwise

CHOU ASSOCIATES FUND
SCHEDULE OF DERIVATIVES
AS AT JUNE 30, 2009
(Unaudited)

FOREIGN CURRENCY FORWARD CONTRACTS

Amount sold USD	Amount bought CDN	Maturity	Contract Cost	Market Value	Unrealized Gain
$ 44,550,517	$ 56,000,000	Oct 16, 2009	$ 56,000,000	$ 51,735,339	$ 4,264,661

Risk Management

The Fund's objective is to provide long-term growth of capital by investing primarily in equity securities of U.S. and foreign businesses considered by the Manager to be undervalued. The Fund may also invest in the equity securities of Canadian businesses. Investments may include common and preferred shares, convertible debentures, government and corporate bonds and short-term debt.

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

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

Credit Risk

As of June 30, 2009, the Fund invested approximately 25% of its net assets in non-investment grade debt instruments. Non-investment grade is the term applied to bonds rated below Baa3 on the Moody’s credit rating scale and below BBB- on the equivalent ratings systems from S&P and Fitch. These credit ratings denote that the company’s financial position is weak and its bonds should be considered a speculative investment.

Interest Rate Risk

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

Debt Instruments by Maturity Date:

Less than 1 year	$ 348,675
1-3 years	$ 32,760,003
3-5 years	$ 50,743,840
Greater than 5 years	$ 29,015,027

As at June 30, 2009, should interest rates have decreased or increased by 0.25%, with all other variables remaining constant, the increase or decrease in Net Assets for the year would amount to approximately $3,352,000.

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

Other Price Risk

Approximately 70% of the Fund's Net Assets held at June 30, 2009 were publicly traded equities. If equity prices on the exchange had increased or decreased by 5% as at June 30, 2009, the Net Assets of the Fund would have increased or decreased by approximately $15,795,000 or 3.4% of the Net Assets, all other factors remaining constant.

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

Foreign Currency Risk

Currencies to which the Fund had exposure as at June 30, 2009 are as follows:

	Financial Instruments ($)	Percentage of NAV (%)
United States Dollar	405,548,138	88.1%
Euro Currency	21,277,058	4.6%
British Pound	103,163	0.0%

The amounts in the above table are based on the market value of the Fund's financial instruments (including cash and cash equivalents). Other financial assets (including dividends and interest receivables and receivables for investments sold) and financial liabilities (including payables) that are denominated in foreign currencies do not expose the Fund to significant foreign currency risk.

As at June 30, 2009, approximately 12% of the Fund's net assets were hedged against the U.S. dollar. If the Canadian dollar had strengthened or weakened by 1% in relation to all currencies with all other variables held constant, net assets would have decreased or increased by approximately $3,714,000.

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

CHOU ASIA FUND

August 17, 2009

Dear Unitholders of Chou Asia Fund,

The net asset value ("NAVPU" or "NAV") of a Series A unit of Chou Asia Fund at June 30, 2009 was $12.48 compared to $12.25 at December 31, 2008, an increase of 1.8% while the MSCI AC (Morgan Stanley Capital International All Country) Asia Pacific Total Return Index in Canadian dollars returned 11.2%. In $US, a Series A unit of Chou Asia Fund returned 6.8% while the MSCI AC Asia Pacific Total Return Index returned 16.6%.

The table shows our 6 month, 1 year, 3 year, 5 year and since inception compound rates of return.

June 30, 2009 (Series A)	**6 Month**	**1 Year**	**3 Years**	**5 Years**	**Since Inception**
Chou Asia ($CAN)	1.8%	-21.9%	2.7%	4.5%	6.8%
MSCI AC Asia Pacific TR ($CAN)	11.2%	-11.7%	-3.2%	1.7%	3.8%
Chou Asia ($US)[1]	6.8%	-31.6%	1.3%	7.4%	9.6%
MSCI AC Asia Pacific TR ($US)	16.6%	-22.6%	-4.5%	4.7%	6.7%

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Factors Influencing the First Half of 2009 Results

NO HEDGING OF THE CANADIAN DOLLAR AGAINST THE U.S. DOLLAR: The stronger Canadian dollar had a negative impact on the results of the Fund. On December 31, 2008, one U.S. dollar was worth approximately $1.22 Canadian, whereas six months later, on June 30, 2009, one U.S. dollar was worth approximately $1.16 Canadian. Even if the price of an American security remained the same on June 30, 2009 compared to 6 months ago, it would have shown a depreciation of roughly 4.9% when priced in Canadian dollars.

RECOVERY OF THE STOCK MARKET: After unprecedented interventions by governments around the world, the Fund benefited from the recovery of the global equity and fixed income markets that began in early March. Capital markets also opened up to give companies access to much needed capital.

Positive contributors to the Fund's performance were Chintai Corporation, Chunghwa Telecom, and debt securities of Level 3 Communications. We suffered declines in N.E. Chemcat Corporation, Glacier Media Inc., UTStarcom Inc., SK Telecom, and debt securities of Abitibi-Consolidated Inc.

[1]The alternative method of purchasing Chou Asia Fund in $US has been offered since September 2005. Performance for years prior to September 2005 are based on the $US equivalent conversion of the results of the Chou Asia Fund ($CAN). The investments in the Chou Asia Fund ($CAN) are the same as the investments in Chou Asia Fund ($US) except for the currency applied.

CONSTANT MATURITY SWAPS: With world governments flooding the system with liquidity and keeping interest rates unduly low, we wonder what financial instruments we can use that will protect us if inflation takes hold. We want an instrument similar to an insurance policy whereby the most we could lose is the amount of premium we pay upfront but get all the upside if the interest rate rises. We have identified two such instruments: Constant Maturity Swap Rate Caps (CMS RC) and Constant Maturity Swap Curve Caps (CMS CC). **Please view this as the notice required by securities rules to all our unitholders that the Chou Funds may invest in CMS at any time after November 15, 2009.** *No more than 5% of the net assets of the Fund(s) at the time of purchase will be invested in CMS.*

HOW CMS RATE CAP WORKS: In simple terms, without going into the technical aspect of the transaction, let us assume that we think the 10-year U.S. Treasury will rise above 5.2% in three years (between now and 2012). The cost to buy that time option premium is roughly 100 basis points or 1.0%. Our break-even point is 6.2%. In essence, CMS Rate Caps are options to protect against rising interest rates and the most we can lose is the time option premium of 1.0%. On a notional amount of $10 million, the cost of the time option premium is $100,000 and every basis point increase above 6.2% translates into gains of approximately $1,000.

HOW CMS CURVE CAP WORKS: With a CMS Curve Cap we are assuming that the spread between short-term and long-term interest rates will widen in the future. For example, the current spread between 2-year Treasury and 10-year Treasury on the curve cap is 100 basis points. If we assume this spread will widen in three years (between now and 2012), we can buy a time option premium for 50 basis points or 0.5% that will expire in three years. We break-even when the spread exceeds 150 points; the most we can lose is the time option premium of 0.5%. On a notional amount of $10 million, the cost of the time option premium is $50,000; for every basis point the spread widens over 150 points, we would gain approximately $1,000.

The negatives are counterparty risk and, like insurance, the option premium that has been paid erodes over time and may expire worthless.

We do not intend to buy the CMSs right away. This instrument is attractive when every one is concerned about Depression, the government is providing all kinds of liquidity, interest rates are low and the time option premium for the CMSs is selling at a very low price relative to the dangers of inflation.

We encourage you to read the letter in Chou Associates Fund. It covers issues that should be of interest to you.

Other Matters

FOREIGN CURRENCY CONTRACT: None existed at June 30, 2009.

CHANGE IN MINIMUM INVESTMENT: The minimum amount to invest in the Fund is now $5,000 and subsequent investment is $500.

U.S. DOLLAR VALUATION: Any investor who wishes to purchase the Chou Funds in $US is now able to do so.

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

INDEPENDENT REVIEW COMMITTEE: The Manager has established an IRC as required by NI 81-107. The members of the IRC are Sandford Borins, Bruce Kerr and Joe Tortolano. The 2008 IRC Annual Report is available on our website www.choufunds.com.

As of August 14, 2009, the NAV of a Series A unit of the Fund was $13.44 and the cash position was 43% of net assets. The Fund is up 9.7% from the beginning of the year. In $US, it is up 21.9%.

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

Yours truly,

Francis Chou

Francis Chou
Fund Manager

CHOU ASIA FUND
STATEMENT OF NET ASSETS
AS AT JUNE 30, 2009
(Unaudited)

	2009	DEC 31, 2008
ASSETS		
Cash	$ 21,254,684	$ 24,057,080
Accrued interest and dividend income	430,058	575,246
Receivable for units subscribed	79,238	1,026
Investments, at fair value	32,850,330	33,459,500
	54,614,310	58,092,852
LIABILITIES		
Accrued expenses	91,615	102,174
Payable for units redeemed	77,977	201,766
Distributions payable	-	39,359
	169,592	343,299
NET ASSETS	$ 54,444,718	$ 57,749,553
NET ASSETS, BY SERIES		
Series A	$ 53,141,798	$ 56,589,172
Series F	1,302,920	1,160,381
	$ 54,444,718	$ 57,749,553
NUMBER OF UNITS OUTSTANDING (Note 4)		
Series A	4,268,897	4,626,077
Series F	103,668	94,206
NET ASSET VALUE PER UNIT		
Canadian dollars		
Series A	$ 12.45	$ 12.23
Series F	$ 12.57	$ 12.32
U.S. dollars		
Series A	$ 10.71	$ 10.04
Series F	$ 10.81	$ 10.11

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS
OF THE MANAGEMENT COMPANY

Francis Chou

Tracy Chou

CHOU ASIA FUND
STATEMENT OF OPERATIONS
FOR THE PERIOD ENDED JUNE 30, 2009
(Unaudited)

	2009	2008
INVESTMENT INCOME		
Dividends	$ 873,890	$ 236,001
Interest	726,674	657,041
Interest from securities lending	-	58,604
Income from derivatives	-	62,764
	1,600,564	1,014,410
EXPENSES		
Management fees (Note 6)	441,120	602,678
Foreign withholding taxes	111,333	16,805
Custodian fees	52,818	35,738
Independent Review Committee fees	2,127	3,211
FundSERV fees	1,982	2,525
Audit	1,779	7,432
Filing fees	1,530	3,576
Legal	702	1,229
	613,391	673,194
NET INVESTMENT INCOME FOR THE PERIOD	987,173	341,216
NET REALIZED AND UNREALIZED GAIN (LOSS) AND TRANSACTION COSTS		
Transaction costs	(516)	(13,180)
Net realized gain (loss) on sale of investments	(5,153,658)	842,790
Unrealized gains	5,148,189	4,730,682
	(5,985)	5,560,292
INCREASE IN NET ASSETS FROM OPERATIONS	$ 981,188	$ 5,901,508
INCREASE IN NET ASSETS FROM OPERATIONS		
Series A	$ 956,066	$ 5,761,642
Series F	25,122	139,866
	$ 981,188	$ 5,901,508
INCREASE IN NET ASSETS FROM OPERATIONS, PER UNIT		
Series A	$ 0.21	$ 1.20
Series F	$ 0.24	$ 1.20

CHOU ASIA FUND
STATEMENT OF CHANGES IN NET ASSETS
FOR THE PERIOD ENDED JUNE 30, 2009
(Unaudited)

	2009	2008
SERIES A		
NET ASSETS, beginning of the period	$ 56,589,172	$ 74,106,334
Increase in net assets from operations	956,066	5,761,642
Proceeds from issue of units	2,359,505	5,911,200
Payments on redemption of units	(6,762,945)	(5,433,194)
NET ASSETS, end of the period	53,141,798	80,345,982
SERIES F		
NET ASSETS, beginning of the period	1,160,381	1,950,653
Increase in net assets from operations	25,122	139,866
Proceeds from issue of units	351,600	592,405
Payments on redemption of units	(234,183)	(576,789)
NET ASSETS, end of the period	1,302,920	2,106,135
TOTAL NET ASSETS, end of the period	$ 54,444,718	$ 82,452,117

CHOU ASIA FUND
STATEMENT OF INVESTMENTS
AS AT JUNE 30, 2009
(Unaudited)

	No. of Shares or Par Value	Cost	Market Value
SHARES*			
Chintai Corporation	8,117	$ 2,026,824	$ 2,893,812
Chunghwa Telecom Company Ltd. ADR	165,112	3,100,462	3,795,811
Delta Electronics Public Company Ltd.	1,763,300	897,401	764,161
ElectroTech Investments Limited	647,000	231,496	88,278
Glacier Media Inc.	946,579	2,556,000	1,779,569
Hanfeng Evergreen Inc.	495,750	1,182,082	2,929,883
N.E. Chemcat Corporation	115,000	2,084,477	1,371,712
Sankyo Company Ltd.	60,000	2,684,475	3,722,959
SK Telecom Company Ltd. ADR	170,000	3,795,157	2,987,448
The McClatchy Company, Class A	4,777,601	2,946,998	2,720,856
UTStarcom Inc.	1,247,051	4,817,388	2,362,498
		26,322,760	25,416,987
BONDS			
Abitibi-Consolidated Inc., 6.0%, Jun 20, 2013	14,295,000	3,079,127	1,163,006
Abitibi-Consolidated Inc., 7.75%, Jun 15, 2011	1,000,000	169,338	98,791
Level 3 Communications, 15.0%, conv., Jan 15, 2013	4,500,000	5,474,386	6,171,546
		8,722,851	7,433,343
TOTAL EQUITIES AND BONDS		35,045,611	32,850,330
TRANSACTION COSTS		(35,945)	-
PORTFOLIO TOTAL		$ 35,009,666	$ 32,850,330

* Common shares unless indicated otherwise

Risk Management

The Fund's objective is to provide long-term growth of capital by investing primarily in equity securities of Asian businesses considered by the Manager to be undervalued. Investments may be made in securities other than equities and in businesses located outside of Asia. Investments may include common and preferred shares, convertible debentures, government and corporate bonds and short-term debt.

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

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

Credit Risk

As of June 30, 2009, the Fund invested approximately 14% of its net assets in non-investment grade debt instruments. Non-investment grade is the term applied to bonds rated below Baa3 on the Moody’s credit rating scale and below BBB- on the equivalent ratings systems from S&P and Fitch. These credit ratings denote that the company’s financial position is weak and its bonds should be considered a speculative investment.

Interest Rate Risk

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

Debt Instruments by Maturity Date:

Less than 1 year	$ 0
1-3 years	$ 98,791
3-5 years	$ 7,334,552
Greater than 5 years	$ 0

As at June 30, 2009, should interest rates have decreased or increased by 0.25%, with all other variables remaining constant, the increase or decrease in Net Assets for the year would amount to approximately $590,000.

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

Other Price Risk

Approximately 47% of the Fund's Net Assets held at June 30, 2009 were publicly traded equities. If equity prices on the exchange had increased or decreased by 5% as at June 30, 2009, the Net Assets of the Fund would have increased or decreased by approximately $1,270,000 or 2.3% of the Net Assets, all other factors remaining constant.

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

Foreign Currency Risk

Currencies to which the Fund had exposure as at June 30, 2009 are as follows:

	Financial Instruments ($)	Percentage of NAV (%)
United States Dollar	25,773,007	47.3%
Japanese Yen	8,870,564	16.3%
Thailand Baht	764,161	1.4%
Singapore Dollar	123,537	0.2%

The amounts in the above table are based on the market value of the Fund's financial instruments (including cash and cash equivalents). Other financial assets (including dividends and interest receivables) and financial liabilities (including payables) that are denominated in foreign currencies do not expose the Fund to significant foreign currency risk.

If the Canadian dollar had strengthened or weakened by 1% in relation to all currencies with all other variables held constant, net assets would have decreased or increased by approximately $355,000.

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

CHOU EUROPE FUND

August 17, 2009

Dear Unitholders of Chou Europe Fund,

The net asset value ("NAVPU" or "NAV") of a Series A unit of Chou Europe Fund at June 30, 2009 was $7.30 compared to $6.11 at December 31, 2008, an increase of 19.6% while the MSCI AC (Morgan Stanley Capital International All Country) Europe Total Return Index in Canadian dollars returned 3.0%. In $US, a Series A unit of the Fund returned 25.4% while the MSCI AC Europe Total Return Index returned 7.9%.

The table shows our 6 month, 1 year, 3 year, 5 year and since inception compound rates of return.

June 30, 2009 (Series A)	**6 Month**	**1 Year**	**3 Years**	**5 Years**	**Since Inception**
Chou Europe ($CAN)	19.6%	-22.4%	-14.6%	-5.6%	-3.1%
MSCI AC Europe TR ($CAN)	3.0%	-26.6%	-6.8%	0.1%	3.2%
Chou Europe ($US)[1]	25.4%	-32.0%	-15.8%	-3.0%	-0.6%
MSCI AC Europe TR ($US)	7.9%	-35.6%	-8.1%	2.9%	5.8%

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

Factors Influencing the First Half of 2009 Results

PARTIAL HEDGING OF THE CANADIAN DOLLAR AGAINST THE U.S. DOLLAR: The partial hedging of the Canadian dollar helped minimize the negative impact the stronger Canadian dollar had on the results of the Fund. On December 31, 2008, one U.S. dollar was worth approximately $1.22 Canadian, whereas six months later, on June 30, 2009, one U.S. dollar was worth approximately $1.16 Canadian. Even if the price of an American security remained the same on June 30, 2009 compared to 6 months ago, it would have shown a depreciation of roughly 4.9% when priced in Canadian dollars.

RECOVERY OF THE STOCK MARKET: After unprecedented interventions by governments around the world, the Fund benefited from the recovery of the global equity and fixed income markets that began in early March. Capital markets also opened up to give companies access to much needed capital.

Positive contributors to the Fund's performance were Alexon Group PLC, Next PLC, Topps Tiles PLC and CryptoLogic Inc. We suffered declines in GlaxoSmithKline, Sanofi-Aventis, Glacier Media Inc, and debt securities of Abitibi-Consolidated.

[1]The alternative method of purchasing Chou Europe Fund in $US has been offered since September 2005. Performance for years prior to September 2005 is based on the $US equivalent conversion of the results of the Chou Europe Fund ($CAN). The investments in the Chou Europe Fund ($CAN) are the same as the investments in Chou Europe Fund ($US) except for the currency applied.

CONSTANT MATURITY SWAPS: With world governments flooding the system with liquidity and keeping interest rates unduly low, we wonder what financial instruments we can use that will protect us if inflation takes hold. We want an instrument similar to an insurance policy whereby the most we could lose is the amount of premium we pay upfront but get all the upside if the interest rate rises. We have identified two such instruments: Constant Maturity Swap Rate Caps (CMS RC) and Constant Maturity Swap Curve Caps (CMS CC). **Please view this as the notice required by securities rules to all our unitholders that the Chou Funds may invest in CMS at any time after November 15, 2009.** *No more than 5% of the net assets of the Fund(s) at the time of purchase will be invested in CMS.*

HOW CMS RATE CAP WORKS: In simple terms, without going into the technical aspect of the transaction, let us assume that we think the 10-year U.S. Treasury will rise above 5.2% in three years (between now and 2012). The cost to buy that time option premium is roughly 100 basis points or 1.0%. Our break-even point is 6.2%. In essence, CMS Rate Caps are options to protect against rising interest rates and the most we can lose is the time option premium of 1.0%. On a notional amount of $10 million, the cost of the time option premium is $100,000 and every basis point increase above 6.2% translates into gains of approximately $1,000.

HOW CMS CURVE CAP WORKS: With a CMS Curve Cap we are assuming that the spread between short-term and long-term interest rates will widen in the future. For example, the current spread between 2-year Treasury and 10-year Treasury on the curve cap is 100 basis points. If we assume this spread will widen in three years (between now and 2012), we can buy a time option premium for 50 basis points or 0.5% that will expire in three years. We break-even when the spread exceeds 150 points; the most we can lose is the time option premium of 0.5%. On a notional amount of $10 million, the cost of the time option premium is $50,000; for every basis point the spread widens over 150 points, we would gain approximately $1,000.

The negatives are counterparty risk and, like insurance, the option premium that has been paid erodes over time and may expire worthless.

We do not intend to buy the CMSs right away. This instrument is attractive when every one is concerned about Depression, the government is providing all kinds of liquidity, interest rates are low and the time option premium for the CMSs is selling at a very low price relative to the dangers of inflation.

We encourage you to read the letter in Chou Associates Fund. It covers issues that should be of interest to you.

Other Matters

WAIVER AND REBATE OF MANAGEMENT FEE: Almost all management fees, net of trailer fees paid, were rebated for 2008 and all prior years for Chou Europe Fund since its inception in September, 2003.

The decision to waive or rebate the management fees, in whole or in part, is reviewed annually and determined at the discretion of the Manager without notice to unitholders.

FOREIGN CURRENCY CONTRACT: The amount contracted at June 30, 2009 was approximately 48% of the net assets.

CHANGE IN MINIMUM INVESTMENT: The minimum amount to invest in the Fund is now $5,000 and subsequent investment is $500.

U.S. DOLLAR VALUATION: Any investor who wishes to purchase the Chou Funds in $US is now able to do so.

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

INDEPENDENT REVIEW COMMITTEE: The Manager has established an IRC as required by NI 81-107. The members of the IRC are Sandford Borins, Bruce Kerr and Joe Tortolano. The 2008 IRC Annual Report is available on our website www.choufunds.com.

As of August 14, 2009, the NAV of a Series A unit of the Fund was $7.42 and the cash position was 16% of net assets. The Fund is up 21.4% from the beginning of the year. In $US, it is up 34.9%.

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

Yours truly,

Francis Chou

Francis Chou
Fund Manager

CHOU EUROPE FUND

STATEMENT OF NET ASSETS

AS AT JUNE 30, 2009

(Unaudited)

	2009	DEC 31, 2008
ASSETS		
Cash	$ 1,499,965	$ 829,767
Accrued interest and dividend income	91,198	96,367
Unrealized gain on foreign currency forward contracts	304,619	-
Due from brokers	-	9,756
Investments, at fair value	6,544,645	6,463,880
	8,440,427	7,399,770
LIABILITIES		
Accrued expenses	15,207	4,498
Payable for units redeemed	22,035	116,672
Distributions payable	-	6,961
	37,242	128,131
NET ASSETS	$ 8,403,185	$ 7,271,639
NET ASSETS, BY SERIES		
Series A	$ 8,095,184	$ 7,008,560
Series F	308,001	263,079
	$ 8,403,185	$ 7,271,639
NUMBER OF UNITS OUTSTANDING (Note 4)		
Series A	1,109,368	1,157,290
Series F	41,779	43,097
NET ASSET VALUE PER UNIT		
Canadian dollars		
Series A	$ 7.30	$ 6.06
Series F	$ 7.37	$ 6.10
U.S. dollars		
Series A	$ 6.28	$ 4.97
Series F	$ 6.34	$ 5.01

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS
OF THE MANAGEMENT COMPANY

Francis Chou

Tracy Chou

CHOU EUROPE FUND
STATEMENT OF OPERATIONS
FOR THE PERIOD ENDED JUNE 30, 2009
(Unaudited)

	2009	2008
INVESTMENT INCOME		
Interest	$ 187,848	$ 119,113
Dividends	125,431	199,180
Interest from securities lending	-	3,486
	313,279	321,779
EXPENSES		
Management fees (Note 6)	59,441	105,770
Foreign withholding taxes	19,007	25,622
Custodian fees	7,546	10,578
Audit	1,779	3,684
Independent Review Committee fees	273	630
Legal	106	-
Filing fees	-	649
FundSERV fees	-	456
	88,152	147,389
NET INVESTMENT INCOME FOR THE PERIOD	225,127	174,390
NET REALIZED AND UNREALIZED GAIN (LOSS) AND TRANSACTION COSTS		
Transaction costs	(586)	(3,381)
Net realized gain (loss) on sale of investments	(4,026,386)	6,423
Unrealized gain (loss)	5,245,790	(2,126,745)
	1,218,818	(2,123,703)
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	$ 1,443,945	$ (1,949,313)
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A	$ 1,387,761	$ (1,854,160)
Series F	56,184	(95,153)
	$ 1,443,945	$ (1,949,313)
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS, PER UNIT		
Series A	$ 1.23	$ (1.52)
Series F	$ 1.30	$ (1.56)

CHOU EUROPE FUND

STATEMENT OF CHANGES IN NET ASSETS
FOR THE PERIOD ENDED JUNE 30, 2009
(Unaudited)

	2009	2008
SERIES A		
NET ASSETS, beginning of the period	$ 7,008,560	$ 13,449,188
Increase (decrease) in net assets from operations	1,387,761	(1,854,160)
Proceeds from issue of units	203,171	1,867,224
Payments on redemption of units	(504,308)	(1,485,787)
NET ASSETS, end of the period	8,095,184	11,976,465
SERIES F		
NET ASSETS, beginning of the period	263,079	735,217
Increase (decrease) in net assets from operations	56,184	(95,153)
Proceeds from issue of units	5,601	9,843
Payments on redemption of units	(16,863)	(63,510)
NET ASSETS, end of the period	308,001	586,397
TOTAL NET ASSETS, end of the period	$ 8,403,185	$ 12,562,862

CHOU EUROPE FUND
STATEMENT OF INVESTMENTS
AS AT JUNE 30, 2009
(Unaudited)

	No. of Shares or Par Value	Cost	Market Value
SHARES*			
Alexon Group PLC	517,738	$ 1,130,114	$ 479,808
AstraZeneca PLC	13,000	701,770	663,364
CryptoLogic Limited	60,000	828,212	420,000
Glacier Media Inc.	256,628	623,808	482,461
GlaxoSmithKline PLC	28,000	764,303	571,674
Natuzzi S.p.A. ADR	59,500	583,636	131,392
Next PLC	20,000	646,019	561,394
Royal Boskalis Westminster nv	14,400	149,734	378,762
Sanofi-Aventis ADR	20,000	884,092	685,496
Topps Tiles PLC	370,000	513,589	523,178
		6,825,277	4,897,529
BONDS			
Abitibi-Consolidated Inc., 15.5%, Jun 15, 2010	2,400,000	729,675	446,304
Global Crossing (UK) Finance, 10.75%, Dec 15, 2014	633,000	664,489	588,887
The McClatchy Company, 15.75%, Jul 15, 2014	810,000	941,423	611,925
		2,335,587	1,647,116
TOTAL EQUITIES AND BONDS		9,160,864	6,544,645
TRANSACTION COSTS		(11,040)	-
PORTFOLIO TOTAL		$ 9,149,824	$ 6,544,645

* Common shares unless indicated otherwise

CHOU EUROPE FUND
SCHEDULE OF DERIVATIVES
AS AT JUNE 30, 2009
(Unaudited)

FOREIGN CURRENCY FORWARD CONTRACTS

Amount sold USD	Amount bought CDN	Maturity	Contract Cost	Market Value	Unrealized Gain
$ 3,182,180	$ 4,000,000	Oct 16, 2009	$ 4,000,000	$ 3,695,381	$ 304,619

Risk Management

The Fund's objective is to provide long-term growth of capital by investing primarily in equity securities of European businesses considered by the Manager to be undervalued. Investments may be made in securities other than equities and in businesses located outside of Europe. Investment may 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 price paid to acquire portfolio investments. The level of investment in a company's securities is generally commensurate with the current price of the company's securities in relation to its intrinsic value as determined by various factors. That approach is designed to provide an extra margin of safety, which in turn serves to reduce overall portfolio risk.

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

Credit Risk

As of June 30, 2009, the Fund invested approximately 20% of its net assets in non-investment grade debt instruments. Non-investment grade is the term applied to bonds rated below Baa3 on the Moody's credit rating scale and below BBB- on the equivalent ratings systems from S&P and Fitch. These credit ratings denote that the company's financial position is weak and its bonds should be considered a speculative investment.

Interest Rate Risk

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

Debt Instruments by Maturity Date:

Less than 1 year	$ 0
1-3 years	$ 446,304
3-5 years	$ 0
Greater than 5 years	$ 1,200,812

As at June 30, 2009, should interest rates have decreased or increased by 0.25%, with all other variables remaining constant, the increase or decrease in Net Assets for the year would amount to approximately $64,000.

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

Other Price Risk

Approximately 58% of the Fund's Net Assets held at June 30, 2009 were publicly traded equities. If equity prices on the exchange had increased or decreased by 5% as at June 30, 2009, the Net Assets of the Fund would have increased or decreased by approximately $245,000 or 2.9% of the Net Assets, all other factors remaining constant.

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

Foreign Currency Risk

Currencies to which the Fund had exposure as at June 30, 2009 are as follows:

	Financial Instruments ($)	Percentage of NAV (%)
Sterling Pound	3,393,978	40.4%
United States Dollar	3,160,074	37.6%
Euro Currency	402,878	4.8%

The amounts in the above table are based on the market value of the Fund's financial instruments (including cash and cash equivalents). Other financial assets (including dividends and interest receivables) and financial liabilities (including payables) that are denominated in foreign currencies do not expose the Fund to significant foreign currency risk.

As at June 30, 2009, approximately 48% of the Fund's net assets were hedged against the U.S. dollar. If the Canadian dollar had strengthened or weakened by 1% in relation to all currencies with all other variables held constant, net assets would have decreased or increased by approximately $29,000.

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

CHOU BOND FUND

August 17, 2009

Dear Unitholders of Chou Bond Fund,

The net asset value ("NAVPU" or "NAV") of a Series A unit of Chou Bond Fund at June 30, 2009 was $8.28 compared to $6.34 at December 31, 2008, an increase of 30.6% while Citigroup WGBI (World Government Bond Index) All Maturities ($CAN) was down 6.0% and Barclays U.S. Corporate High Yield Index ($CAN) returned 22.7%. In $US, a Series A unit of Chou Bond Fund returned 36.9% while Citigroup WGBI All Maturities returned 1.5% and Barclays U.S. Corporate High Yield Index returned 30.4%.

The table shows our 6 month, 1 year, 3 year and since inception compound rates of return.

June 30, 2009 (Series A)	**6 Month**	**1 Year**	**3 Years**	**Since Inception**
Chou Bond ($CAN)	30.6%	-19.9%	-4.1%	0.1%
Citigroup WGBI ($CAN)	-6.0%	18.6%	9.3%	5.5%
Barclays' U.S High Yield ($CAN)	22.7%	11.7%	3.6%	1.8%
Chou Bond ($US) [1]	36.9%	-29.9%	-5.4%	0.5%
Citigroup WGBI ($US)	1.5%	4.0%	7.8%	6.0%
Barclays' U.S High Yield ($US)	30.4%	-2.4%	2.1%	2.5%

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

Factors Influencing the First Half of 2009 Results

PARTIAL HEDGING OF THE CANADIAN DOLLAR AGAINST THE U.S. DOLLAR: The partial hedging of the Canadian dollar helped minimize the negative impact the stronger Canadian dollar had on the results of the Fund. On December 31, 2008, one U.S. dollar was worth approximately $1.22 Canadian, whereas six months later, on June 30, 2009, one U.S. dollar was worth approximately $1.16 Canadian. Even if the price of an American security remained the same on June 30, 2009 compared to 6 months ago, it would have shown a depreciation of roughly 4.9% when priced in Canadian dollars.

RECOVERY OF THE BOND MARKET: After unprecedented interventions by governments around the world, the Fund benefited from the recovery of the global fixed income markets that began in early March. Capital markets also opened up to give companies access to much needed capital.

Positive contributors to the Fund's performance were debt securities of Primus Telecommunications, Pinnacle Airlines, Level 3 Communications, Goldman Sachs Capital,

[1] The alternative method of purchasing Chou Bond Fund in $US has been offered since September 2005. The investments in the Chou Bond Fund ($CAN) are the same as the investments in Chou Bond Fund ($US) except for the currency applied.

Mannkind Corporation and James River Coal. We suffered declines in the debt securities of Abitibi-Consolidated, CanWest MediaWorks LP, Overstock.com, Taiga Building Products and trust units of SFK Pulp Fund.

NON-INVESTMENT GRADE BONDS ARE FULLY PRICED NOW: Two and half years ago, the spread between U.S. corporate high yield debt and U.S. treasuries was 311 basis points. Currently, it is over 840 basis points, down from its peak of over 1,900 basis points in December 2008. (Source: JP Morgan).

Non-investment grade bonds have rallied tremendously from their lows in March and at current prices we believe they are fully priced. We see better buys in investment grade bonds and bank debt.

However, when compared to corporate bonds, U.S. treasuries are in bubble territory. In our opinion, this is the worst time to hold cash and short-term treasuries unless you believe we are headed into a 1930s style depression. And if you believe that you should redeem all your Fund units.

CONSTANT MATURITY SWAPS: With world governments flooding the system with liquidity and keeping interest rates unduly low, we wonder what financial instruments we can use that will protect us if inflation takes hold. We want an instrument similar to an insurance policy whereby the most we could lose is the amount of premium we pay upfront but get all the upside if the interest rate rises. We have identified two such instruments: Constant Maturity Swap Rate Caps (CMS RC) and Constant Maturity Swap Curve Caps (CMS CC). **Please view this as the notice required by securities rules to all our unitholders that the Chou Funds may invest in CMS at any time after November 15, 2009.** *No more than 5% of the net assets of the Fund(s) at the time of purchase will be invested in CMS.*

HOW CMS RATE CAP WORKS: In simple terms, without going into the technical aspect of the transaction, let us assume that we think the 10-year U.S. Treasury will rise above 5.2% in three years (between now and 2012). The cost to buy that time option premium is roughly 100 basis points or 1.0%. Our break-even point is 6.2%. In essence, CMS Rate Caps are options to protect against rising interest rates and the most we can lose is the time option premium of 1.0%. On a notional amount of $10 million, the cost of the time option premium is $100,000 and every basis point increase above 6.2% translates into gains of approximately $1,000.

HOW CMS CURVE CAP WORKS: With a CMS Curve Cap we are assuming that the spread between short-term and long-term interest rates will widen in the future. For example, the current spread between 2-year Treasury and 10-year Treasury on the curve cap is 100 basis points. If we assume this spread will widen in three years (between now and 2012), we can buy a time option premium for 50 basis points or 0.5% that will expire in three years. We break-even when the spread exceeds 150 points; the most we can lose is the time option premium of 0.5%. On a notional amount of $10 million, the cost of the time option premium is $50,000; for every basis point the spread widens over 150 points, we would gain approximately $1,000.

The negatives are counterparty risk and, like insurance, the option premium that has been paid erodes over time and may expire worthless.

We do not intend to buy the CMSs right away. This instrument is attractive when every one is concerned about Depression, the government is providing all kinds of liquidity, interest rates are low and the time option premium for the CMSs is selling at a very low price relative to the dangers of inflation.

We encourage you to read the letter in Chou Associates Fund. It covers issues that should be of interest to you.

Other Matters
WAIVER AND REBATE OF MANAGEMENT FEE: The Manager waived approximately 77% of the management fees for 2008, net of trailer fees paid, for Chou Bond Fund.

The decision to waive or rebate the management fees, in whole or in part, is reviewed annually and determined at the discretion of the Manager without notice to unitholders.

FOREIGN CURRENCY CONTRACT: None existed at June 30, 2009.

CHANGE IN MINIMUM INVESTMENT: The minimum amount to invest in the Fund is now $5,000 and subsequent investment is $500.

U.S. DOLLAR VALUATION: Any investor who wishes to purchase the Chou Funds in $US is now able to do so.

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

INDEPENDENT REVIEW COMMITTEE: The Manager has established an IRC as required by NI 81-107. The members of the IRC are Sandford Borins, Bruce Kerr and Joe Tortolano. The 2008 IRC Annual Report is available on our website www.choufunds.com.

As of August 14, 2009, the NAV of a Series A unit of the Fund was $8.49 and the cash position was 37.8% of net assets. The Fund is up 34% from the beginning of the year. In $US, it is up 49%.

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

Yours truly,

Francis Chou

Francis Chou
Fund Manager

CHOU BOND FUND
STATEMENT OF NET ASSETS
AS AT JUNE 30, 2009
(Unaudited)

	2009	DEC 31, 2008
ASSETS		
Cash	$ 20,996,733	$ 3,226,440
Accrued interest income	887,679	1,547,339
Receivable for units subscribed	43,948	224,228
Other receivable	-	700,000
Unrealized gain on foreign currency forward contracts	-	1,663,706
Due from broker	137,400	-
Investments, at fair value	47,021,367	45,798,814
	69,087,127	53,160,527
LIABILITIES		
Accrued expenses	84,256	77,617
Payable for units redeemed	38,847	197,742
Distributions payable	-	146,858
	123,103	422,217
NET ASSETS	$ 68,964,024	$ 52,738,310
NET ASSETS, BY SERIES		
Series A	$ 56,857,248	$ 45,350,117
Series F	12,106,776	7,388,193
	$ 68,964,024	$ 52,738,310
NUMBER OF UNITS OUTSTANDING (Note 4)		
Series A	6,869,516	7,153,342
Series F	1,468,505	1,170,405
NET ASSET VALUE PER UNIT		
Canadian dollars		
Series A	$ 8.28	$ 6.34
Series F	$ 8.24	$ 6.31
U.S. dollars		
Series A	$ 7.12	$ 5.20
Series F	$ 7.09	$ 5.18

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS
OF THE MANAGEMENT COMPANY

Francis Chou

Tracy Chou

CHOU BOND FUND
STATEMENT OF OPERATIONS
FOR THE PERIOD ENDED JUNE 30, 2009
(Unaudited)

	2009	2008
INVESTMENT INCOME		
Interest	$ 2,378,716	$ 2,964,111
Dividends	18,639	104,015
	2,397,355	3,068,126
EXPENSES		
Management fees (Note 6)	333,128	525,589
Custodian fees	53,496	41,505
Foreign withholding taxes	4,593	8,949
Independent Review Committee fees	2,004	3,684
FundSERV fees	1,982	2,933
Audit	1,779	7,433
Filing fees	1,523	4,155
Legal	753	1,376
	399,258	595,624
NET INVESTMENT INCOME FOR THE PERIOD	1,998,097	2,472,502
NET REALIZED AND UNREALIZED GAIN (LOSS) AND TRANSACTION COSTS		
Transaction costs	(2,022)	(888)
Net realized gain (loss) on sale of investments	(7,906,657)	94,353
Unrealized gain (loss)	21,922,855	(1,304,522)
	14,014,176	(1,211,057)
INCREASE IN NET ASSETS FROM OPERATIONS	$ 16,012,273	$ 1,261,445
INCREASE IN NET ASSETS FROM OPERATIONS		
Series A	$ 13,308,662	$ 1,076,435
Series F	2,703,611	185,010
	$ 16,012,273	$ 1,261,445
INCREASE IN NET ASSETS FROM OPERATIONS, PER UNIT		
Series A	$ 1.91	$ 0.16
Series F	$ 2.06	$ 0.19

CHOU BOND FUND
STATEMENT OF CHANGES IN NET ASSETS
FOR THE PERIOD ENDED JUNE 30, 2009
(Unaudited)

	2009	2008
Series A		
NET ASSETS, beginning of the period	$ 45,350,117	$ 76,252,319
Increase in net assets from operations	13,308,662	1,076,435
Proceeds from issue of units	3,119,083	9,215,782
Payments on redemption of units	(4,920,614)	(8,753,805)
NET ASSETS, end of the period	56,857,248	77,790,731
Series F		
NET ASSETS, beginning of the period	7,388,193	10,603,907
Increase in net assets from operations	2,703,611	185,010
Proceeds from issue of units	3,035,289	2,997,567
Payments on redemption of units	(1,020,317)	(1,752,759)
NET ASSETS, end of the period	12,106,776	12,033,725
TOTAL NET ASSETS, end of the period	$ 68,964,024	$ 89,824,456

CHOU BOND FUND
STATEMENT OF INVESTMENTS
AS AT JUNE 30, 2009
(Unaudited)

	No. of Units or Par Value	Cost	Market Value
SHARES*			
Rainmaker Entertainment Inc.	200,000	$ 440,000	$ 150,000
SFK Pulp Fund, trust units	1,196,000	2,409,415	269,100
		2,849,415	419,100
BONDS			
Abitibi-Consolidated Inc., 8.375%, Apr 1, 2015	7,000,000	1,185,364	650,860
Abitibi-Consolidated Inc., 15.5%, Jul 15, 2010	13,491,000	4,284,509	2,508,787
Americredit Corp., 0.75%, conv., Sep 15, 2011	485,000	287,897	431,055
CanWest MediaWorks LP, 9.25%, Aug 1, 2015	7,000,000	5,805,465	803,405
Clarke Inc., 6.0%, conv., Dec. 31, 2013	300,000	370,746	195,000
ExpressJet Holdings, 11.25%, conv., Aug 1, 2023	2,000,000	1,677,740	1,650,628
Global Crossing (UK) Finance, 10.75%, Dec 15, 2014	185,000	194,612	172,108
GMAC, 5.10%, Aug 15, 2009	67,000	63,614	76,760
GMAC, 5.20%, Nov 15, 2009	100,000	94,299	111,467
GMAC, 5.25%, Aug 15, 2009	100,000	95,854	114,586
Goldman Sachs Capital Inc., 5.793%, Dec 29, 2049	7,000,000	3,270,604	5,100,384
Hollinger Inc., 11.875%, Mar 1, 2011	680,000	771,244	47,420
Hollinger Inc., 12.875%, Mar 1, 2011	1,192,000	1,303,069	110,832
International Coal Group, 10.25%, Jul 15, 2014	6,500,000	5,017,755	5,326,011
The Interpublic Group, 6.25%, Nov 15, 2014	5,500,000	3,612,129	5,689,212
James River Coal Co., 9.375%, Jun 1, 2012	3,000,000	2,525,876	3,129,358
Level 3 Comm., 15.0%, conv., Jan 15, 2013	1,800,000	2,184,333	2,468,619
Level 3 Financing Inc., 12.25%, Mar 15, 2013	1,500,000	1,437,332	1,660,565
Mannkind Corp., 3.75%, conv., Dec 15, 2013	4,000,000	2,169,513	2,883,078
Overstock.com Inc., 3.75%, Dec 1, 2011	3,295,000	2,418,789	2,500,930
Pinnacle Airlines Corp., 3.25%, Feb 15, 2025	2,200,000	1,447,163	2,122,269
Primus Telecomm. Group, 14.25%, May 20, 2011	4,781,000	5,298,747	3,472,949
Taiga Building Products Ltd., 14.0%, Sep 1, 2020	1,712,000	1,705,899	556,400
Tembec, Term Loan, Floating, Feb 12, 2012	625,000	637,118	472,164
Texas Comp. Electric, 10.25%, Nov 1, 2015	2,000,000	1,932,609	1,394,700
Wells Fargo Capital XIII , Dec 29, 2049	3,000,000	1,416,549	2,952,720
		51,208,829	46,602,267
TOTAL EQUITIES AND BONDS		54,058,244	47,021,367
TRANSACTION COSTS		(5,841)	-
PORTFOLIO TOTAL		$ 54,052,403	$ 47,021,367

* Common shares unless indicated otherwise

Risk Management

The Fund's objective is to provide conservation of principal and income production with capital appreciation as a secondary consideration. The Fund invests primarily in Canadian and US bonds. These bonds include, but are not limited to, Government of Canada, provincial, municipal and corporate issues, including convertibles and high yield bonds. Investments may be made in bonds outside of Canada and the U.S.

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

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

Credit Risk

As of June 30, 2009, the Fund invested approximately 68% of its net assets in non-investment grade debt instruments. Non-investment grade is the term applied to bonds rated below Baa3 on the Moody’s credit rating scale and below BBB- on the equivalent ratings systems from S&P and Fitch. These credit ratings denote that the company’s financial position is weak and its bonds should be considered a speculative investment.

Interest Rate Risk

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

Debt Instruments by Maturity Date:

Less than 1 year	$ 302,813
1-3 years	$ 12,673,494
3-5 years	$ 7,207,262
Greater than 5 years	$ 26,418,698

As at June 30, 2009, should interest rates have decreased or increased by 0.25%, with all other variables remaining constant, the increase or decrease in Net Assets for the year would amount to approximately $1,670,000.

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

Other Price Risk

Approximately 0.6% of the Fund’s Net Assets held at June 30, 2009 were publicly traded equities. If equity prices on the exchange had increased or decreased by 5% as at December 31, 2008, the Net Assets of the Fund would have increased or decreased by approximately $21,000 or 0.03% of the Net Assets, all other factors remaining constant.

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

Foreign Currency Risk

Currencies to which the Fund had exposure as at June 30, 2009 are as follows:

	Financial Instruments ($)	Percentage of NAV (%)
United States Dollar	55,558,394	80.6%

The amounts in the above table are based on the market value of the Fund’s financial instruments (including cash and cash equivalents). Other financial assets (including interest receivables and other receivables and receivables for investments sold) and financial liabilities (including payables) that are denominated in foreign currencies do not expose the Fund to significant foreign currency risk.

If the Canadian dollar had strengthened or weakened by 1% in relation to all currencies with all other variables held constant, net assets would have decreased or increased by approximately $556,000.

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

CHOU RRSP FUND

August 17, 2009

Dear Unitholders of Chou RRSP Fund,

The net asset value ("NAVPU" or "NAV") of a Series A unit of Chou RRSP Fund at June 30, 2009 was $13.68 compared to $13.71 at December 31, 2008, a decrease of 0.2% while the S&P/TSX Total Return Index returned 17.5%. In $US, a Series A unit of Chou RRSP Fund returned 4.6% while the S&P/TSX Total Return Index returned 23.1%.

The table shows our 6 month, 1 year, 3 year, 5 year, 10 year and 15 year annual compound rates of return.

June 30, 2009 (Series A)	**6 Month**	**1 Year**	**3 Years**	**5 Years**	**10 Years**	**15 Years**
Chou RRSP ($CAN)	-0.2%	-33.1%	-16.8%	-6.7%	3.4%	8.8%
S&P/TSX ($CAN)	17.5%	-25.7%	-0.9%	6.6%	6.1%	8.7%
Chou RRSP ($US)[1]	4.6%	-41.4%	-17.9%	-4.1%	5.8%	10.0%
S&P/TSX ($US)	23.1%	-34.9%	-2.3%	9.6%	8.7%	9.9%

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

Factors Influencing the First Half of 2009 Results

PARTIAL HEDGING OF THE CANADIAN DOLLAR AGAINST THE U.S. DOLLAR: The partial hedging of the Canadian dollar helped minimize the negative impact the stronger Canadian dollar had on the results of the Fund. On December 31, 2008, one U.S. dollar was worth approximately $1.22 Canadian, whereas six months later, on June 30, 2009, one U.S. dollar was worth approximately $1.16 Canadian. Even if the price of an American security remained the same on June 30, 2009 compared to 6 months ago, it would have shown a depreciation of roughly 4.9% when priced in Canadian dollars.

RECOVERY OF THE STOCK MARKET: After unprecedented interventions by governments around the world, the Fund benefited from the recovery of the global equity and fixed income markets that began in early March. Capital markets also opened up to give companies access to much needed capital.

Positive contributors to the Fund's performance were Biovail Corporation, Danier Leather, International Forest Products, TVA Group Inc, and debt securities of Level 3 Communications. Securities in the portfolio that declined the most in the first half of 2009 were CanWest Global

[1]The alternative method of purchasing Chou RRSP Fund in $US has been offered since September 2005. Performance for years prior to September 2005 are based on the $US equivalent conversion of the results of the Chou RRSP Fund ($CAN). The investments in the Chou RRSP Fund ($CAN) are the same as the investments in Chou RRSP Fund ($US) except for the currency applied.

Communications, Torstar Corporation, King Pharmaceuticals, Taiga Building Products, and debt securities of Hollinger Inc and Abitibi-Consolidated Inc.

Toughest Time to Manage Money

The last two years were the toughest time to manage money. As usual, we would look at a company and after examining its financials, come to believe the company had the best brand, the most dominant position in the industry, a great management team and a compelling stock price. In other words, the kind of a stock you would buy and hold for your old age. You know what? A week later I would feel very, very old.

General Comments on the Market

NON-INVESTMENT GRADE BONDS ARE FULLY PRICED NOW: Two and half years ago, the spread between U.S. corporate high yield debt and U.S. treasuries was 311 basis points. Currently, it is over 840 basis points, down from its peak of over 1,900 basis points in December 2008. (Source: JP Morgan).

Non-investment grade bonds have rallied tremendously from their lows in March and at current prices we believe they are fully priced. We see better buys in investment grade bonds and bank debt.

However, when compared to corporate bonds, U.S. treasuries are in bubble territory. In our opinion, this is the worst time to hold cash and short-term treasuries unless you believe we are headed into a 1930s style depression. And if you believe that you should redeem all your Fund units.

TOO BIG TO FAIL: In our 2008 Annual Report, we wrote, "The U.S. government has pledged $9.7 trillion (and still counting) to counter the financial crisis. Billions of dollars have been given to prop up failing financial institutions and still they are asking for more financial assistance. The requests from the very large financial institutions are not based on business and investment merit but more on the line that if they don't receive more bailout money, they would have to file for bankruptcy and that would precipitate a chain reaction that will totally paralyze not only the U.S. financial system but also the entire Western banking system".

We believe that big financial institutions that can paralyze the banking system must be properly regulated. This is what Charlie Munger said: "We need to remove from the investment banking and commercial banking industries a lot of the practices and prerogatives that they have so **lovingly possessed**.... If they are too big to fail, they are too big to be allowed to be as **gamey** and **venal** as they have been - and as **stupid** as they have been". We couldn't agree more with what Charlie Munger said and I wish I could summon the same kind of blunt language that Charlie uses to state the most obvious.

INFLATION: Almost all governments whose economies have been adversely affected by the financial crisis have been providing all kinds of stimulus to minimize the impact of the liquidity and credit crisis on their economies. Historically, that is how nations have tackled their debt burden and this episode is no different. The aggressive actions taken by governments may have prevented their economies from going into a Depression. The government-infused liquidity is countering some of the deleveraging and credit freeze in this crisis, but in the longer term, such actions can bring huge unintended consequences including the return of high inflation and the likely debasement of the U.S. currency. We don't know the timing of it but all that excess liquidity will have to go somewhere when normal times return.

CONSTANT MATURITY SWAPS: With world governments flooding the system with liquidity and keeping interest rates unduly low, we wonder what financial instruments we can use that will protect us if inflation takes hold. We want an instrument similar to an insurance policy whereby the most we could lose is the amount of premium we pay upfront but get all the upside if the interest rate rises. We have identified two such instruments: Constant Maturity Swap Rate Caps (CMS RC) and Constant Maturity Swap Curve Caps (CMS CC). **Please view this as the notice required by securities rules to all our unitholders that the Chou Funds may invest in CMS at any time after November 15, 2009.** *No more than 5% of the net assets of the Fund(s) at the time of purchase will be invested in CMS.*

HOW CMS RATE CAP WORKS: In simple terms, without going into the technical aspect of the transaction, let us assume that we think the 10-year U.S. Treasury will rise above 5.2% in three years (between now and 2012). The cost to buy that time option premium is roughly 100 basis points or 1.0%. Our break-even point is 6.2%. In essence, CMS Rate Caps are options to protect against rising interest rates and the most we can lose is the time option premium of 1.0%. On a notional amount of $10 million, the cost of the time option premium is $100,000 and every basis point increase above 6.2% translates into gains of approximately $1,000.

HOW CMS CURVE CAP WORKS: With a CMS Curve Cap we are assuming that the spread between short-term and long-term interest rates will widen in the future. For example, the current spread between 2-year Treasury and 10-year Treasury on the curve cap is 100 basis points. If we assume this spread will widen in three years (between now and 2012), we can buy a time option premium for 50 basis points or 0.5% that will expire in three years. We break-even when the spread exceeds 150 points; the most we can lose is the time option premium of 0.5%. On a notional amount of $10 million, the cost of the time option premium is $50,000; for every basis point the spread widens over 150 points, we would gain approximately $1,000.

The negatives are counterparty risk and, like insurance, the option premium that has been paid erodes over time and may expire worthless.

We do not intend to buy the CMSs right away. This instrument is attractive when every one is concerned about Depression, the government is providing all kinds of liquidity, interest rates are low and the time option premium for the CMSs is selling at a very low price relative to the dangers of inflation.

Other Matters

WAIVER AND REBATE OF MANAGEMENT FEE: Almost all management fees, net of trailer fees paid, were rebated for 2008 and all prior years for Chou Europe Fund since its inception in September, 2003.

The Manager waived approximately 77% of the management fees for 2008, net of trailer fees paid, for Chou Bond Fund.

The decision to waive or rebate the management fees, in whole or in part, is reviewed annually and determined at the discretion of the Manager without notice to unitholders.

FOREIGN CURRENCY CONTRACT: The amount contracted at June 30, 2009 was approximately 40% of the net assets.

CHANGE IN MINIMUM INVESTMENT: The minimum amount to invest in the Fund is now $5,000 and subsequent investment is $500.

U.S. DOLLAR VALUATION: Any investor who wishes to purchase the Chou Funds in $US is now able to do so.

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

INDEPENDENT REVIEW COMMITTEE: The Manager has established an IRC as required by NI 81-107. The members of the IRC are Sandford Borins, Bruce Kerr and Joe Tortolano. The 2008 IRC Annual Report is available on our website www.choufunds.com.

As of August 14, 2009, the NAV of a Series A unit of the Fund was $14.79 and the cash position was 1% of net assets. The Fund is up 7.9% from the beginning of the year. In $US, it is up 19.9%.

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

Yours truly,

Francis Chou

Francis Chou
Fund Manager

CHOU RRSP FUND

STATEMENT OF NET ASSETS

AS AT JUNE 30, 2009

(Unaudited)

	2009	DEC 31, 2008
ASSETS		
Cash	$ 871,306	$ 8,623,546
Accrued interest and dividend income	688,786	1,766,006
Receivable for units subscribed	19,314	98,332
Unrealized gain on foreign currency forward contracts	3,046,186	-
Due from broker	36,861	925,847
Investments, at fair value	100,167,064	107,882,122
	104,829,517	119,295,853
LIABILITIES		
Accrued expenses	185,667	214,210
Payable for units redeemed	519,691	617,114
Distributions payable	-	318,906
	705,358	1,150,230
NET ASSETS	$ 104,124,159	$ 118,145,623
NET ASSETS, BY SERIES		
Series A	$ 101,310,502	$ 114,555,564
Series F	2,813,657	3,590,059
	$ 104,124,159	$ 118,145,623
NUMBER OF UNITS OUTSTANDING (Note 4)		
Series A	7,449,440	8,407,207
Series F	206,568	263,736
NET ASSET VALUE PER UNIT		
Canadian dollars		
Series A	$ 13.60	$ 13.63
Series F	$ 13.62	$ 13.61
U.S. dollars		
Series A	$ 11.70	$ 11.18
Series F	$ 11.72	$ 11.17

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS
OF THE MANAGEMENT COMPANY

Francis Chou

Tracy Chou

CHOU RRSP FUND
STATEMENT OF OPERATIONS
FOR THE PERIOD ENDED JUNE 30, 2009
(Unaudited)

	2009	2008
INVESTMENT INCOME		
Dividends	$ 1,390,849	$ 2,189,309
Income from derivatives	410,383	940,094
Interest	319,805	2,039,400
Interest from securities lending	-	39,853
	2,121,037	5,208,656
EXPENSES		
Management fees (Note 6)	840,413	1,832,224
Custodian fees	106,494	112,541
Foreign withholding taxes	37,442	144,601
Audit	6,844	19,268
Independent Review Committee fees	3,831	11,118
Filing fees	1,569	11,267
Legal	600	1,695
FundSERV fees	-	7,953
	997,193	2,140,667
NET INVESTMENT INCOME FOR THE PERIOD	1,123,844	3,067,989
NET REALIZED AND UNREALIZED GAIN (LOSS) AND TRANSACTION COSTS		
Transaction costs	(79,099)	(23,011)
Net realized gain (loss) on sale of investments	(24,239,805)	14,181,112
Change in unrealized gain (loss) of investments	22,539,674	(55,600,681)
	(1,779,230)	(41,442,580)
DECREASE IN NET ASSETS FROM OPERATIONS	$ (655,386)	$ (38,374,591)
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A	$ (655,994)	$ (36,904,058)
Series F	608	(1,470,533)
	$ (655,386)	$ (38,374,591)
DECREASE IN NET ASSETS FROM OPERATIONS, PER UNIT		
Series A	$ (0.08)	$ (4.15)
Series F	$ -	$ (4.63)

CHOU RRSP FUND
STATEMENT OF CHANGES IN NET ASSETS
FOR THE PERIOD ENDED JUNE 30, 2009
(Unaudited)

	2009	2008
SERIES A		
NET ASSETS, beginning of the period	$ 114,555,564	$ 269,331,056
Decrease in net assets from operations	(655,994)	(36,904,058)
Proceeds from issue of units	1,567,060	5,503,391
Payments on redemption of units	(14,156,128)	(37,728,913)
NET ASSETS, end of the period	101,310,502	200,201,476
SERIES F		
NET ASSETS, beginning of the period	3,590,059	11,802,701
Increase (decrease) in net assets from operations	608	(1,470,533)
Proceeds from issue of units	179,437	434,073
Payments on redemption of units	(956,447)	(4,429,097)
NET ASSETS, end of the period	2,813,657	6,337,144
TOTAL NET ASSETS, end of the period	$ 104,124,159	$ 206,538,620

CHOU RRSP FUND

STATEMENT OF INVESTMENTS

AS AT JUNE 30, 2009

(Unaudited)

	No. of Shares or Par Value	Cost	Market Value
SHARES*			
Biovail Corporation	760,823	$ 14,073,461	$ 11,884,055
Canfor Pulp Income Fund, trust units	707,000	2,011,844	1,746,290
CanWest Global Comm. Corporation	3,045,500	26,905,093	456,825
Danier Leather Inc.	679,200	6,453,777	2,893,392
International Forest Products Ltd., Class A	1,025,500	6,098,755	2,317,630
King Pharmaceuticals Inc.	1,624,139	16,901,752	18,159,248
Liquidation World Inc.	1,033,300	4,563,480	774,975
Magna International Inc., Class A	10,000	350,505	490,900
MRRM Inc.	37,800	189,945	98,280
Overstock.com Inc.	715,500	14,906,146	9,929,184
Rainmaker Entertainment Inc.	2,345,800	5,160,760	1,759,350
Ridley Canada Ltd.	313,200	2,511,607	2,120,364
Royal Boskalis Westminster nv	133,247	1,412,065	3,504,786
Symetra Financial Corporation	174,000	2,673,000	2,968,759
Taiga Building Products Ltd.	1,095,400	1,456,882	224,557
The Brick Group Income Fund, warrants	10,000,000	1,150,000	1,600,000
Torstar Corporation, Class B	1,259,616	27,567,050	6,550,003
Tri-White Corporation	193,600	1,077,639	1,300,992
TVA Group Inc., Class B	735,528	10,966,829	6,251,988
		146,430,590	75,031,578
BONDS			
Abitibi-Consolidated Inc., 7.4%, Apr 1, 2018	1,000,000	166,685	95,886
Abitibi-Consolidated Inc., 7.5%, Apr 1, 2028	4,000,000	683,477	371,920
Abitibi-Consolidated Inc., 8.375%, Apr 1, 2015	27,925,000	4,692,782	2,596,467
Abitibi-Consolidated Inc., 8.5%, Aug 1, 2029	3,000,000	528,013	287,657
Abitibi-Consolidated Inc., 8.55%, Aug 1, 2010	116,000	19,335	10,786
Abitibi-Consolidated Inc., 15.5%, Jul 15, 2010	6,719,000	5,128,433	1,249,465
Abitibi-Consolidated Inc., Floating, Jun 15, 2011	1,141,000	190,188	112,721
Hollinger Inc., 11.875%, Mar 1, 2011	1,450,000	1,637,018	101,116
Hollinger Inc., 12.875%, Mar 1, 2011	12,568,000	14,169,351	1,168,573
Level 3 Communications, 15.0%, conv., Jan 15, 2013	4,500,000	5,460,834	6,171,548
Taiga Building Products Ltd., 14.0%, Sep 1, 2020	6,759,168	6,759,168	2,196,730
The Brick Group, 12.0%, May 30, 2014	10,000,000	8,850,000	9,650,000
The McClatchy Company, 15.75%, Jul 15, 2014	1,486,000	1,727,162	1,122,617
		50,012,446	25,135,486
TOTAL EQUITIES AND BONDS		196,443,036	100,167,064
TRANSACTION COSTS		(277,009)	-
PORTFOLIO TOTAL		$ 196,166,027	$ 100,167,064

* Common shares unless indicated otherwise

CHOU RRSP FUND
SCHEDULE OF DERIVATIVES
AS AT JUNE 30, 2009
(Unaudited)

FOREIGN CURRENCY FORWARD CONTRACTS

Amount sold USD	Amount bought CDN	Maturity	Contract Cost	Market Value	Unrealized Gain
$ 31,821,798	$ 40,000,000	Oct 16, 2009	$ 40,000,000	$ 36,953,814	$ 3,046,186

Risk Management

The Fund's objective is to provide long-term growth of capital by investing primarily in equity securities of Canadian businesses considered by the Manager to be undervalued. The Fund may also invest in equity and debt instruments of U.S. and foreign businesses. Investments may include common and preferred shares, convertible debentures, government and corporate bonds and short-term debt.

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

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

Credit Risk

As of June 30, 2009, the Fund invested approximately 24% of its net assets in non-investment grade debt instruments. Non-investment grade is the term applied to bonds rated below Baa3 on the Moody’s credit rating scale and below BBB- on the equivalent ratings systems from S&P and Fitch. These credit ratings denote that the company’s financial position is weak and its bonds should be considered a speculative investment.

Interest Rate Risk

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

Debt Instruments by Maturity Date:

Less than 1 year	$ 0
1-3 years	$ 2,642,660
3-5 years	$ 15,821,550
Greater than 5 years	$ 6,671,276

As at June 30, 2009, should interest rates have decreased or increased by 0.25%, with all other variables remaining constant, the increase or decrease in Net Assets for the year would amount to approximately $1,744,000.

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

Other Price Risk

Approximately 72% of the Fund's Net Assets held at June 30, 2009 were publicly traded equities. If equity prices on the exchange had increased or decreased by 5% as at June 30, 2009, the Net Assets of the Fund would have increased or decreased by approximately $3,752,000 or 3.6% of the Net Assets, all other factors remaining constant.

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

Foreign Currency Risk

Currencies to which the Fund had exposure as at June 30, 2009 are as follows:

	Financial Instruments ($)	Percentage of NAV (%)
United States Dollar	43,198,323	41.5%
Euro Currency	3,505,255	3.4%

The amounts in the above table are based on the market value of the Fund's financial instruments (including cash and cash equivalents). Other financial assets (including dividends and interest receivables and receivables for investments sold) and financial liabilities (including payables) that are denominated in foreign currencies do not expose the Fund to significant foreign currency risk.

As at June 30, 2009, approximately 40% of the Fund's net assets were hedged against the U.S. dollar. As at June 30, 2009, if the Canadian dollar had strengthened or weakened by 1% in relation to all currencies with all other variables held constant, net assets would have decreased or increased by approximately $72,000.

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

1. FORMATION OF CHOU FUNDS

The individual funds comprising the family of Chou Funds (the “Chou Funds” or the “Funds”) are open-ended investment mutual fund trusts formed pursuant to Declarations of Trust under the laws of the Province of Ontario. Chou Associates Management Inc. is the Manager and Trustee of the Chou Funds.

The Funds were formed on the following dates:

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

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements, prepared in accordance with Canadian generally accepted accounting principles (GAAP), include estimates and assumptions by management that could affect the reported amount of assets, liabilities, income and expenses during the reported period. Actual results could differ from those estimated. The following is a summary of significant accounting policies followed by the Funds.

(a) New Accounting Policies

Commencing January 1, 2008, the Funds adopted CICA Handbook Section 3862, “Financial Instruments - Disclosures”, and Handbook Section 3863, “Financial Instruments - Presentation”. The new standards replace Section 3861, “Financial Instruments - Disclosure and Presentation”. These two new standards place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. These risks are disclosed in Note 3.

Effective January 1, 2008, the Funds also adopted CICA Handbook Section 1535, “Capital Disclosures” which specifies the disclosure of (i) an entity’s objectives, policies, and processes for managing capital; (ii) quantitative data and qualitative information about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. The adoption of Section 1535 did not have a significant impact on the Funds’ disclosure as: (i) the Funds’ objectives, policies and processes for managing capital are described in the Simplified Prospectus; (ii) information on the Funds’ unitholders’ equity is described in Statement of Changes in Net Assets and Note 4; (iii) and the Funds do not have any externally imposed capital requirements.

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(b) Valuation of Investments

The Canadian Institute of Chartered Accountants (CICA) Handbook Section 3855, Financial Instruments – Recognition and Measurement, requires that the fair value of financial instruments, which are actively traded, be measured based on the bid/ask price for the security.

National Instrument 81-106 ("NI 81-106"), Investment Fund Continuous Disclosure, requires the daily net asset value of an investment fund to be calculated in accordance with GAAP. Section 14.2 of amended National Instrument 81-106 ("NI 81-106") issued by the Canadian Securities Administrators, that came into effect on September 8, 2008, requires an investment fund to calculate its daily net asset value of processing unitholder transactions based on the fair value of the investment fund's assets and liabilities. The net asset value calculated in accordance with Section 3855 is referred to as the Fund's net asset value for financial reporting ("GAAP Net Asset Value"). A reconciliation between the Fund's GAAP Net Asset Value and the Fund's net asset value for purposes other than financial reporting ("Transactional Net Asset Value") is given in Note 7.

Section 3855 also requires that transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Funds be charged to net income in the period. Accordingly, these costs are expensed and are included in "Transaction costs" in the Statement of Operations.

Securities listed on a recognized public stock exchange are valued at their bid/ask prices on the valuation date. Securities with no bid/ask prices are valued at their closing sale prices. Securities not listed on a recognized public stock exchange are valued using valuation techniques, on such basis and in such manner established by the Manager.

Short-term investments are recorded at cost, which approximates market value.

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(c) Security Transactions, Investment Income, Expenses and Distributions

Security transactions are recorded on the trade date. Realized gains and losses on security transactions are determined on an average cost basis. Interest income and expenses are recorded on an accrual basis. Dividend income and distributions to unitholders are recorded on the ex-dividend date and are gross of withholding taxes.

(d) Foreign Currency Translation

Foreign currency amounts have been expressed in Canadian dollars on the financial statements as follows:

(i) investments held at the year end are converted at the Bank of Canada rate of exchange on that date; and

(ii) purchases and sales of investments as well as income and expenses throughout the year are recorded at the Bank of Canada exchange rate prevailing on the respective dates of such transactions.

(iii) The Funds do not separately report the effect of changes in foreign exchange rates from changes in market prices on securities held. Such changes are included in the unrealized gain in the statement of operations.

(e) Forward Contracts

Forward contracts are agreements to purchase or sell financial instruments at a specified future date. As forward contracts are not traded on the exchange, the agreements between counter parties are not standardized. Changes in value of forward contracts are settled only on termination of the contract. Open forward contracts are revalued to fair value in the statement of net assets, based on the difference between the contract rate and the applicable forward rate to close out the contract. Change in unrealized gains and losses associated with the revaluation of open forward contracts are recorded in the statement of operations as “unrealized gain (loss)”.

Forward currency contracts manage exposure to foreign currency gains and losses arising from short and long-term investments denominated in foreign currencies.

(f) Multi-Series Funds

Where a Fund offers more than one series of units, the realized gains/losses from sale of investments, changes in unrealized gains on investments, income and expenses that are common to the Fund as a whole are allocated daily to each series based on the

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(f) Multi-Series Funds (continued)

proportionate share of the net asset value of the series. The proportionate share of each series is determined by adding the current day's net unitholder subscriptions of the series to the prior day's net asset value of the series. Any income or expense amounts that are unique to a particular series (for example, management fees) are accounted for separately in that particular series so as to not affect the net asset value of the other series.

(g) Valuation of Fund Units

The net asset value per unit of each series of unit of each Fund is computed by dividing the net asset value of a series of units by the total number of units of the series outstanding at the time. The net asset value per unit is determined at the close of business each Friday.

(h) Securities Lending

The Funds lend portfolio securities from time to time in order to earn additional income. Income from securities lending is included in the Statement of Operations of the Funds and is recognized on an accrual basis.

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Funds' financial instruments consist of short term investments, and cash and cash equivalents. These risks and related risk management practices employed by the Fund are discussed below.

The Funds' investment activities expose them to various types of risk associated with the financial instruments and markets in which they invest. The Funds' risk management goals are to ensure that the outcome of activities involving risk are consistent with the Funds' objectives and risk tolerance. The following is a summary of the main financial risks:

(a) Credit Risk

Credit risk is the risk that a loss could arise from a security issuer or counterparty to a financial instrument not being able to meet its financial obligations. The fair value of the debt instruments includes consideration of the credit worthiness of the issuer. Securities that have a low credit rating have high credit risk.

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT, continued

(b) Interest Rate Risk

The Funds may invest in fixed and floating rate securities. Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the current value of financial instruments. As interest rates increase, the price of these investments tends to fall. Conversely, if interest rates fall, the price of fixed income securities increases.

(c) Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises from financial instruments (including cash and equivalents) that are denominated in a currency other than Canadian dollars. For example, a security traded in U.S. dollars will fall in value, in Canadian dollar terms, if the U.S. dollar declines in value relative to the Canadian dollar, even though there is no change to the U.S. dollar value of the security. Conversely, if the Canadian dollar falls in value relative to the U.S. dollar, there is a corresponding gain in the value of the security attributable solely to the change in the exchange rate.

(d) Liquidity Risk

Liquidity risk is the risk the Funds will encounter difficulty in meeting their obligations associated with financial liabilities. The main source of liquidity risk is unit holder redemptions. The Funds manage sufficient cash and marketable securities, and manage the liquidity risk through their ability to close out market positions, to manage this risk.

(e) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes that are not related to currency or interest rate changes, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or market factors. The maximum risk of securities is their fair market value.

The most significant exposure to other price risk arises from investments in equity securities. The Funds' overall market positions are monitored on a daily basis by the portfolio manager. Financial instruments held by each fund are susceptible to market price risk arising from uncertainties about future prices of instruments.

4. UNITS OF THE FUND

The units of the Chou Funds are voting, without any par value and an unlimited number may be issued. All units must be fully paid for and fractional units may be issued.

	Series A		Series F	
	Jun-09	**Dec-08**	**Jun-09**	**Dec-08**
CHOU ASSSOCIATE FUND				
Units outstanding, beginning of the period	7,620,577	8,051,058	573,132	667,640
Add: Units issued during the period	106,958	482,501	51,530	114,175
Deduct: Units redeemed during the period	(579,176)	(1,253,133)	(150,622)	(235,818)
Units outstanding before income distribution	7,148,358	7,280,426	474,040	545,997
Add: Units issued on reinvested income	17	340,151	-	27,135
Units outstanding, end of the period	7,148,375	7,620,577	474,040	573,132
CHOU ASIA FUND				
Units outstanding, beginning of the period	4,626,077	4,784,598	94,206	125,524
Add: Units issued during the period	187,312	616,600	28,166	88,219
Deduct: Units redeemed during the period	(544,492)	(972,504)	(18,704)	(123,352)
Units outstanding before income distribution	4,268,897	4,428,694	103,668	90,391
Add: Units issued on reinvested income	-	197,383	-	3,815
Units outstanding, end of the period	4,268,897	4,626,077	103,668	94,206
CHOU EUROPE FUND				
Units outstanding, beginning of the period	1,157,290	1,173,236	43,097	63,862
Add: Units issued during the period	29,754	192,547	928	7,449
Deduct: Units redeemed during the period	(77,675)	(270,687)	(2,246)	(30,659)
Units outstanding before income distribution	1,109,368	1,095,096	41,779	40,652
Add: Units issued on reinvested income	-	62,194	-	2,445
Units outstanding, end of the period	1,109,368	1,157,290	41,779	43,097

4. UNITS OF THE FUND, continued

	Series A		Series F	
	Jun-09	**Dec-08**	**Jun-09**	**Dec-08**
CHOU BOND FUND				
Units outstanding, beginning of the period	7,153,342	6,660,305	1,170,405	925,972
Add: Units issued during the period	439,442	1,431,299	449,817	484,006
Deduct: Units redeemed during the period	(723,269)	(1,719,339)	(151,312)	(372,451)
Units outstanding before income distribution	6,869,516	6,372,265	1,468,910	1,037,527
Add: Units issued on reinvested income	-	781,077	(405)	132,878
Units outstanding, end of the period	6,869,516	7,153,342	1,468,505	1,170,405
CHOU RRSP FUND				
Units outstanding, beginning of the period	8,407,207	9,573,239	263,736	419,985
Add: Units issued during the period	120,644	370,434	13,662	62,356
Deduct: Units redeemed during the period	(1,078,411)	(2,852,995)	(70,830)	(256,711)
Units outstanding before income distribution	7,449,440	7,090,678	206,568	225,630
Add: Units issued on reinvested income	-	1,316,529	-	38,106
Units outstanding, end of the period	7,449,440	8,407,207	206,568	263,736

5. DUE TO RELATED PARTY

Included in accrued expenses of each fund are the following amounts, due to Chou Associates Management Inc., for management fees payable:

	Jun 2009	Dec 2008
Chou Associates Fund	$ 606,978	$ 622,927
Chou Asia Fund	76,236	84,450
Chou Europe Fund	11,701	-
Chou Bond Fund	67,598	60,158
Chou RRSP Fund	146,794	171,698

6. MANAGEMENT FEES AND EXPENSES

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

The amount of the investment management fee is discretionary and is subject to the limits above. The investment management fee charged to Chou Europe Fund and Chou Bond Fund by the Manager was less than the maximum amount permitted.

7. RECONCILIATION OF TRANSACTIONAL NAV TO GAAP NAV

		Net Asset Value ($)			Net Asset Value per Unit ($)		
	Series	Transactional NAV	Section 3855 Adjustment	GAAP NAV	Transactional NAV	Section 3855 Adjustment	GAAP NAV
Chou Associate	A	432,099,136	477,767	431,621,369	60.45	0.07	60.38
Fund	F	28,641,264	31,607	28,609,657	60.42	0.07	60.35
Chou Asia	A	53,264,113	122,315	53,141,798	12.48	0.03	12.45
Fund	F	1,305,910	2,990	1,302,920	12.60	0.03	12.57
Chou Europe	A	8,103,876	8,692	8,095,184	7.30	-	7.30
Fund	F	308,331	330	308,001	7.38	0.01	7.37
Chou Bond	A	56,863,845	6,597	56,857,248	8.28	-	8.28
Fund	F	12,108,179	1,403	12,106,776	8.25	0.01	8.24
Chou RRSP	A	101,908,239	597,737	101,310,502	13.68	0.08	13.60
Fund	F	2,830,215	16,558	2,813,657	13.70	0.08	13.62

8. BROKERS' COMMISSIONS

Total commissions paid to brokers in connection with portfolio transactions for the period ended June 30, 2009 and for the period ended June 30, 2008 are as follows:

	2009	2008
Chou Associates Fund	$ 48,358	$ 216,132
Chou Asia Fund	516	13,180
Chou Europe Fund	586	3,381
Chou Bond Fund	2,022	888
Chou RRSP Fund	79,099	23,011

9. RELATED PARTY TRANSACTIONS

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.

10. INCOME TAXES

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

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

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

Chou Associates Fund	$	20,262,148
Chou Asia Fund		0
Chou Europe Fund		264,758
Chou Bond Fund		8,162,951
Chou RRSP Fund		1,398,428

11. FUTURE ACCOUNTING CHANGE

In January 2006, the CICA Accounting Standards Board (“AcSB”) adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, the AcSB confirmed in February 2008 that International Financial Reporting Standards (“IFRS”) will replace Canadian GAAP in 2011 for profit oriented Canadian publicly accountable enterprises. At June 30, 2009 the Manager has not developed a changeover plan to IFRS nor has he assessed the impact of IFRS on business arrangements, net asset value per unit and accounting policies. The Manager will develop a plan prior to the 2009 year end and will disclose this plan in the 2009 annual financial statements.

CHOU RRSP FUND
(Unaudited)

Illustration of an assumed investment of $10,000 in Canadian dollars

Period ended	Value of initial $10,000 investment	Value of cumulative reinvested capital distributions	Value of cumulative reinvested dividends	Total value of shares
Dec.31, 1986	$10,000	0	0	10,000
Dec.31, 1987	9,980	187	650	10,818
Dec.31, 1988	10,709	553	1,018	12,281
Dec.31, 1989	11,530	1,308	1,512	14,350
Dec.31, 1990	9,272	1,314	2,136	12,722
Dec.31, 1991	9,342	1,324	2,618	13,284
Dec.31, 1992	10,069	1,427	3,004	14,500
Dec.31, 1993	11,616	1,646	3,465	16,727
Dec.31, 1994	10,131	1,436	3,394	14,961
Dec.31, 1995	11,764	1,667	4,377	17,808
Dec.31, 1996	14,335	2,032	5,368	21,735
Dec.31, 1997	19,953	4,048	8,740	32,741
Dec.31, 1998	17,421	12,259	9,126	38,806
Dec.31, 1999	15,467	11,914	8,836	36,217
Dec.31, 2000	16,931	13,580	11,677	42,188
Dec.31, 2001	19,135	16,493	13,742	49,370
Dec.31, 2002	22,735	24,861	17,499	65,095
Dec.31, 2003	24,871	28,059	19,728	72,658
Dec.31, 2004	27,896	32,038	22,429	82,362
Dec.31, 2005	31,259	37,164	26,871	95,294
Dec.31, 2006	33,326	39,622	31,531	104,479
Dec.31, 2007	27,859	38,841	28,117	94,817
Dec.31, 2008	13,510	18,836	22,283	54,629
June 30, 2009				**53,318**

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

The table is used only to illustrate the effects of the compound growth rate and is not intended to reflect future values of the mutual funds or returns on the mutual funds.

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing.

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