

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

ANNUAL REPORT 2025

Illustration of an assumed investment of \$10,000 in Canadian dollars (unaudited)

CHOU ASSOCIATES FUND SERIES A

Period ended	Total value of shares
Dec.31, 1986	\$10,000
Dec.31, 1987	10,502
Dec.31, 1988	12,001
Dec.31, 1989	14,244
Dec.31, 1990	12,722
Dec.31, 1991	15,681
Dec.31, 1992	18,817
Dec.31, 1993	21,863
Dec.31, 1994	21,300
Dec.31, 1995	27,904
Dec.31, 1996	34,235
Dec.31, 1997	48,035
Dec.31, 1998	59,187
Dec.31, 1999	53,489
Dec.31, 2000	57,967
Dec.31, 2001	70,397
Dec.31, 2002	91,504
Dec.31, 2003	94,773
Dec.31, 2004	103,319
Dec.31, 2005	117,462
Dec.31, 2006	139,511
Dec.31, 2007	125,258
Dec.31, 2008	88,553
Dec.31, 2009	114,854
Dec.31, 2010	136,916
Dec.31, 2011	113,776
Dec.31, 2012	144,446
Dec.31, 2013	204,142
Dec.31, 2014	228,754
Dec.31, 2015	212,854
Dec.31, 2016	206,905
Dec.31, 2017	214,775
Dec.31, 2018	197,699
Dec.31, 2019	200,244
Dec.31, 2020	181,288
Dec.31, 2021	276,407
Dec.31, 2022	302,056
Dec.31, 2023	304,090
Dec.31, 2024	370,398
Dec.31, 2025	\$382,542

NOTE: Rates of return are historical total returns, include 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 that could reduce these returns. The returns are not guaranteed. The Fund's past performance does not necessarily indicate future performance.

The table is presented 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.

PERFORMANCE OF THE FUNDS
(unaudited)

(Series F units)	December 31						
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Chou Associates Fund							
Total Return	3.86%	22.50%	1.24%	9.85%	53.28%	-8.95%	1.80%
Management Expense Ratio (MER)	1.51%	1.53%	1.46%	1.52%	1.13%	1.28%	1.30%
Portfolio turnover rate	7.79%	10.31%	9.21%	15.76%	4.99%	0.03%	14.98%
Net Assets, end of the year (in millions)	\$ 174.2	\$ 174.9	\$ 153.6	\$ 162.2	\$ 164.6	\$ 153.2	\$ 209.0
Chou Asia Fund							
Total Return	17.81%	18.19%	17.64%	-6.12%	-1.28%	67.03%	1.59%
Management Expense Ratio (MER)	1.73%	1.82%	1.70%	1.80%	1.29%	1.30%	1.33%
Portfolio turnover rate	15.97%	0.00%	0.14%	3.26%	7.00%	0.37%	15.55%
Net Assets, end of the year (in millions)	\$ 17.9	\$ 16.5	\$ 16.0	\$ 15.3	\$ 18.6	\$ 21.6	\$ 16.2
Chou Europe Fund							
Total Return	9.94%	-4.65%	39.57%	7.93%	-4.02%	27.96%	-2.49%
Management Expense Ratio (MER)	0.63%	0.59%	0.56%	1.24%	1.32%	1.48%	1.36%
Portfolio turnover rate	9.52%	0.00%	0.00%	13.76%	12.10%	32.94%	13.94%
Net Assets, end of the year (in millions)	\$ 3.4	\$ 3.1	\$ 3.3	\$ 2.4	\$ 3.5	\$ 5.5	\$ 6.8
Chou Bond Fund							
Total Return	5.13%	18.38%	-1.70%	8.08%	41.47%	25.71%	-24.96%
Management Expense Ratio (MER)	1.46%	1.60%	1.59%	1.66%	1.18%	1.25%	1.40%
Portfolio turnover rate	123.50%	0.00%	0.00%	78.25%	44.47%	54.84%	11.84%
Net Assets, end of the year (in millions)	\$ 17.7	\$ 15.2	\$ 10.9	\$ 11.2	\$ 10.5	\$ 8.6	\$ 9.8
Chou RRSP Fund							
Total Return	8.23%	-0.81%	-1.03%	-8.28%	56.80%	14.16%	-17.21%
Management Expense Ratio (MER)	1.61%	1.65%	1.51%	1.58%	1.17%	1.31%	1.32%
Portfolio turnover rate	2.96%	14.59%	7.25%	33.81%	9.86%	0.05%	15.25%
Net Assets, end of the year (in millions)	\$ 28.5	\$ 29.8	\$ 34.4	\$ 37.3	\$ 45.2	\$ 37.5	\$ 42.8

Most unitholders of the Fund have transitioned from Series A to Series F. As a result, the Fund's performance is now presented based on Series F results.

Please note that 'Net Assets' include both Series A and Series F of the Fund.

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CHOU ASSOCIATES FUND

(unaudited)

March 13, 2026

Dear Unitholders of Chou Associates Fund,

The net asset value per unit (“NAVPU”) of a Series F unit of Chou Associates Fund at December 31, 2025 was \$197.33 compared to \$189.99 at December 31, 2024, an increase of 3.9%; during the same period, the S&P 500 Total Return Index increased 12.4% in Canadian dollars. In U.S. dollars, a Series F unit of Chou Associates Fund increased by 8.8% while the S&P 500 Total Return Index increased 17.9%.

The table shows our one-year, three-year, five-year, 10-year, 15-year and 20-year annual compound rates of return.

December 31, 2025 (Series F)	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years
Chou Associates Fund (\$CAN)	3.9%	8.8%	16.7%	6.6%	7.7%	6.7%
S&P 500 (\$CAN)	12.4%	23.5%	16.1%	14.7%	16.5%	11.9%
Chou Associates Fund (\$US)	8.8%	8.3%	15.0%	6.7%	5.4%	5.8%
S&P 500 (\$US)	17.9%	22.9%	14.4%	14.8%	14.0%	11.0%

Rates of return are historical total returns that include 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 that 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.

National Instrument 81-106 requires mutual funds to present performance results for up to 10 years. Although we have historically included longer-term performance data, doing so may invite additional scrutiny from the Ontario Securities Commission (OSC). Accordingly, future reports will present performance results and comparative indices only as required under National Instrument 81-106.

Most unitholders of the Fund have transitioned from Series A to Series F. As a result, the Fund’s performance is now presented based on Series F results.

Factors Influencing the 2025 Results

The top contributors for the year were the Fund’s equity holdings in Citigroup Inc., Wells Fargo & Company, Synchrony Financial, Ally Financial Inc., Berkshire Hathaway Inc., and the warrant holding of Hertz Global Holdings Inc. The major underperformers during the year were the Fund’s equity holdings of EXCO Resources Inc. and Sirius XM Holdings Inc.

The Canadian currency appreciated against the US dollar, which also negatively affected the Fund.

In March 2025, Occidental Petroleum temporarily reduced the exercise price per warrant from \$22.00 to \$21.30 as part of a normal tender offer for earlier conversion. We took up the offer and converted the warrants to equivalent shares of Occidental Petroleum.

The Fund reduced its equity holding in Citigroup Inc. and EXCO Resources Inc. and increased its equity holding in Sirius XM Holdings Inc.

The Fund initiated investments in the equity holding of General Motors Company.

The Power of Long-Term Investing and Deferral of Capital Gains Taxes

The initial net asset value (NAV) of the Chou Associates Fund was \$10.00 per unit when the fund (Series A) was first available for purchase on July 1, 1981. As of December 31, 2025, the NAV per unit had increased to \$196.35.

For most mutual funds, the NAV per unit tends to remain close to the initial NAV over time because all net capital gains realized and net investment income are distributed annually to unitholders. This practice prevents the fund itself from being taxed.

The Chou Associates Fund has been somewhat different. We have been careful about realizing capital gains by investing in companies that we expect to hold for long periods of time.

In 1979, when capital gains taxes were high in both the United States and Canada, I was first learning about value investing. One lesson impressed me deeply: after-tax returns depend greatly on how long you hold an investment.

Many investors focus on selecting good investments or achieving higher returns. While those things are important, another powerful factor is often overlooked: tax deferral.

The Power of Deferring the Capital Gains Tax

Table 1: Capital Gains Tax Rates in the United States and Canada (Selected Years)

Year(s)	United States		Canada
	Individual (%)	Corporate (%)	Individual (Top Rate) (%)
2018 to 2025	20	21	27
2016 to 2017	20	35	27
2013 to 2015	20	35	25
1993 to 1997	28	35	35
1987	28	34	26
1979	35	30	31

Scenarios

Consider two individual investors who each invest \$1 million in the same stock. Assume the stock compounds at 20% annually for 40 years, and the capital gains tax rate is 27%.

- Investor A sells the stock every year and pays capital gains tax annually before reinvesting.
- Investor B buys the stock and simply holds it for 40 years, paying capital gains tax only once at the end.

Both investors held the same investment and earned the same pre-tax return, yet their results are dramatically different (Table 2).

Table 2: Stock Value After Paying Capital Gains Tax Yearly Versus Deferring

Strategy	Annual After-Tax Return	Value of \$1 Million After 40 Years
Sell every year	14.6%	\$233.0 million
Buy and hold for 40 years	19.1%	\$1,073.2 million

The investor who pays taxes every year ends up with \$233.0 million. The investor who defers taxes for 40 years ends up with over \$1 billion. The difference arises entirely from tax deferral and the power of compounding.

Even at a more modest 12% annual return, the impact remains dramatic. Realizing gains each year produces about \$28.8 million after tax, while holding the investment for 40 years produces roughly \$68.2 million.

The Importance of the Holding Period

Most value investors hold stocks for **three to five years**, so it is useful to examine how different holding periods affect long-term results.

Table 3: Effect of Holding Period on Long-Term Wealth

Holding Period	Wealth After 40 Years (\$ Millions)
Sell every year	233.0
Sell every 3 years	293.8
Sell every 5 years	359.2
Sell every 10 years	526.4
Sell after 40 years	1,073.2

Given the same assumptions as above (20% annual return, 27% capital gains tax), the benefits of holding for three years versus selling every year are modest. However, once the holding period extends to 10 years or longer, the benefits become substantial.

Lessons for Investors

These scenarios highlight several important lessons. First, long-term investing dramatically reduces the effective tax rate. In the example above, a capital gains tax rate of 27% translates into an effective tax rate of only about 4.5% when taxes are deferred for 40 years.

Second, tax deferral greatly enhances compounding. To achieve a 19.1% after-tax return while paying taxes every year, an investor would need to earn nearly 26.1% annually before tax—an extraordinarily difficult return to sustain over decades.

Third, investment selection becomes critical. Given that long-term holding can deliver such powerful benefits, investors should focus on companies that can compound intrinsic value over many years.

More than 45 years ago, I concluded that the best investments are often companies run by relatively young founders or CEOs who are exceptional capital allocators and capable of compounding intrinsic value at 12% or more annually.

Even if a stock occasionally becomes overvalued, it may still make sense to hold it when capital gains tax rates are high. Selling prematurely can significantly reduce the benefits of long-term compounding.

A Difficult Decision

Consider a company whose stock value has compounded at 20% annually for 40 years, but this rate is expected to slow to 8% annually going forward. Should you sell?

Selling immediately reduces your capital by 27% due to taxes; thus, to earn an 8% after-tax return, you would need to have achieved a return of roughly 11.0% annually before tax. In other words, the decision to sell is often more complicated than it first appears.

The Takeaway

The lesson is simple: Taxes are the enemy of compounding. The less frequently you pay them, the more wealth you can create over time. From \$10.00 per unit when unitholders first purchased it to \$196.35 as of December 31, 2025, the NAV of the Chou Associates Fund reflects an after-tax return considerably higher than what its pre-tax return alone would suggest.

Does Value Investing Work Over the Long Term?

Over the years, I have frequently been asked whether value investing truly works over the long term. Until about two years ago, the question was usually asked with considerable skepticism. However, in my view, the answer has always been an unequivocal yes. Value investing works because it involves buying assets for significantly less than what they are worth. Fortunately, we now have long-term evidence from our own experience.

At Chou, we have been managing five mutual funds over extended periods, each focused on different market sectors. I initially thought that if one of our five funds ranked in the top five, I would be very pleased. We therefore asked Funddata to provide the relevant data. The results were surprising even to us.

Four of the five Chou Funds have performed exceptionally well over the long term. Not only were several of our funds ranked among the top five, many were ranked number one in their respective categories and performance periods.

Fund Rankings by Category (as of December 31, 2025)

Table 4: Global Equity Category

Fund and rank	Rank by performance period (years)					
	3	5	10	25	30	35
Chou Associates Fund (Series A), rank	1,761	31	820	9	3	1
Chou Associates Fund (Series F), rank	1,741	20	779	N/A	N/A	N/A
Number of funds in this category	1,836	1,550	864	82	25	16

N/A = not applicable.

Source: All data courtesy of Funddata.

Table 5: Canadian-Focused Small- and Mid-Cap Equity

Fund and rank	Rank by performance period (years)					
	3	5	10	25	30	35
Chou RRSP Fund (Series A), rank	48	22	34	1	1	1
Chou RRSP Fund (Series F), rank	47	19	33	N/A	N/A	N/A
Number of funds in this category	48	48	34	< 10	< 10	< 10

N/A = not applicable.

Source: All data courtesy of Fundata.

Table 6: Asia-Pacific Equity and Global Fixed Income

Fund and rank	Rank by performance period (years)				
	3	5	10	15	20
Asia-Pacific Equity (excluding Japan)					
Chou Asia Fund (Series A), rank	23	3	10	4	6
Chou Asia Fund (Series F), rank	20	1	8	3	3
Number of funds in this category	37	37	37	14	13
Global Fixed Income, Balanced					
Chou Bond Fund (Series A), rank	747	2	2	11	3
Chou Bond Fund (Series F), rank	698	1	1	3	1
Number of funds in this category	898	810	450	170	37

Source: All data courtesy of Fundata.

The market and the investment management business are both extremely competitive. It is difficult enough for a manager to have one fund ranked in the top five. It is therefore quite remarkable that, across various time periods, four of the five Chou Funds were frequently ranked number one against their peers.

What About the Future?

Looking ahead, we believe value investing will continue to flourish over the next 35 years, and Chou Funds should continue to perform well across the different market sectors.

We may not always be ranked number one, but we believe we will continue to rank highly among our peers. The long-term results of Chou Funds demonstrate that our investment approach has worked across a wide range of markets, whether we are investing in American, Canadian, Asian, or European equities, or in fixed-income securities.

The underlying principle of value investing remains simple and timeless: if you can buy a dollar for significantly less than a dollar and remain patient, good long-term results should eventually follow.

In the end, it is difficult to argue against the logic of buying something for considerably less than what it is actually worth.

Portfolio Commentary

The Common Theme In New Purchases

During the last few years, we purchased shares in several new companies. These are reasonably good businesses that generate substantial free cash flow, trade at low multiples of earnings, and have management teams we trust to make sound operating and capital allocation decisions.

If there is a common theme among these new purchases, it is that the companies have been significant buyers of their own stock in recent years. We also believe that if their share prices decline further, management will likely repurchase additional shares in meaningful quantities.

When a company repurchases its shares at attractive prices, the intrinsic value per share increases for the remaining shareholders. That is music to my ears.

However, there is one important caveat regarding share repurchases. Companies should not be buying back stock if they operate in declining industries, where new technologies or processes are likely to make their products less valuable over time.

As a corollary, a company should also avoid repurchasing shares if it is fundamentally a CRAP business—one that ‘Cannot Realize A Profit’. In that situation, the remaining shareholders simply end up owning a larger piece of a mediocre company, which is hardly desirable.

When used properly, however, share repurchases can be an excellent use of capital. A company that generates strong free cash flow and repurchases its shares at attractive prices can steadily increase the intrinsic value of the business on a per-share basis. Over time, this can produce very satisfactory results for patient shareholders.

EXCO Resources Inc. (“EXCO”)

In early July 2019, EXCO emerged from bankruptcy. Under the restructuring plan, the Company’s 1.75 lien term loans were converted into equity at a rate of 28.38 shares for every US\$1,000 of par value, after certain adjustments. This implied a conversion price of US\$9.51 per share.

Because EXCO is a private company and its shares historically traded only sporadically in the grey market, we engaged Kroll, an independent third-party valuation firm, to provide a valuation of EXCO every six months.

In December, however, a meaningful number of shares began trading in the grey market, and we sold 21,330 shares. With observable trading now occurring, we will henceforth rely on market quotations to determine the daily value of our remaining EXCO holdings.

Recent grey market prices have been approximately 15% to 20% below the most recent independent valuation of \$22.08 per share as of June 30, 2025. Such differences are not unusual for securities that trade infrequently and in limited markets. Over time, we expect that the gap between private valuations and market prices will narrow as trading activity increases and price discovery improves.

Caution to the Investors

Investors should be aware that we run a highly focused portfolio. At times, as few as three to five securities may represent close to 50% of the Fund's assets. In addition, the Fund holds securities of non-U.S. companies, which may be subject to geopolitical risks that could override—or at least negatively influence—the financial performance of those businesses.

Because of these factors, the net asset value of the Fund may occasionally be more volatile than that of more broadly diversified funds. However, we are not concerned by this volatility. Our focus has always been—and continues to be—on how inexpensive we believe the Fund's portfolio holdings are relative to what we believe to be their intrinsic value.

As of December 31, 2025, the Fund's cash and cash equivalents represented approximately 17.7% of net assets.

We believe that maintaining a disciplined focus on intrinsic value, even if it results in short-term volatility, is the most effective way to achieve satisfactory long-term investment results.

Other Matters

FOREIGN CURRENCY CONTRACTS: None existed at December 31, 2025.

U.S. DOLLAR VALUATION: Any investor who wishes to purchase the Chou Funds in U.S. dollars may do so.

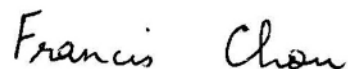
REDEMPTION FEE: We have a redemption fee of 2% if unitholders redeem their units in less than 3 months. None of this fee goes to the Fund Manager. It is put back into the Fund for the benefit of the remaining unitholders.

INDEPENDENT REVIEW COMMITTEE: The Manager has established an IRC as required by NI 81-107. The members of the IRC are Sanford Borins, Peter Gregoire and Joe Tortolano. The 2025 IRC Annual Report is available on our website www.choufunds.com.

As of March 13, 2026, the NAVPU of a Series F unit of the Fund was \$191.52 and the cash and cash equivalent position was approximately 17.2% of net assets. The Fund is down 2.9% from the beginning of the year. In U.S. dollars, it is down 3.0%.

Except for the performance numbers of 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

Management's Responsibility for Financial Reporting

To the unitholders of the Chou Funds:

The accompanying financial statements have been prepared by the management of Chou Associates Management Inc. Management is responsible for the information and representations made in these financial statements.

Management has applied appropriate processes to ensure that the statements contain relevant and reliable financial information. The financial statements have been produced in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”) and include certain amounts based on estimates and judgements. The significant accounting policies that management believes are appropriate for the Chou Funds are described in Note 2 to the financial statements.

The Trustee of each of the Trusts is responsible for reviewing and approving the financial statements, and for overseeing management's performance of its financial reporting responsibilities. The Trustee reviews the financial statements, the adequacy of internal controls, the audit process and the financial data with management and the external auditors.

The Board of Directors of Chou Associates Management Inc. is responsible for reviewing and approving the financial statements, and for overseeing management's performance of its financial reporting responsibilities. It reviews the financial statements, the adequacy of internal controls, the audit process and the financial data with management and the external auditors. Once satisfied, the Board approves the financial statements.

MNP LLP is the external auditor of the Chou Funds. They are appointed by the respective Boards and cannot be changed without the prior approval of the Independent Review Committee and on 60 days notice to the unitholders.



Francis Chou
Chou Associates Management Inc.
March 13, 2026

To the Unitholders of
Chou Associates Fund
Chou Asia Fund
Chou Europe Fund
Chou Bond Fund
Chou RRSP Fund

Collectively referred to as "the Funds"

Opinion

We have audited the financial statements of the Funds, which comprise the statements of financial position as at December 31, 2025, and the statements of comprehensive income (loss), changes in net assets attributable to unitholders of redeemable units and cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respect the financial position of the Funds as at December 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Funds in accordance with the ethical requirements that are relevant to our audits of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements for the year ended December 31, 2024 were audited by another auditor who expressed an unmodified opinion on those statements on March 28, 2025.

Other Matters- Supplementary Information

Our audits were conducted for the purposes of forming an opinion on the financial statements taken as a whole. The Funds' Manager's letters on pages 1 to 7, 18 to 23, 31 to 34, 42 to 45, and 53 to 58, are presented for the purposes of additional information and is not required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on it.

Other Information

Management is responsible for the other information. The other information comprises the Funds' Management Reports of Fund Performance to be filed with the relevant Canadian Securities Commissions, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Financial Statements and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Funds or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Funds' financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Funds' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Funds' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Funds to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Toronto Ontario
March 30, 2026

MNP LLP

Chartered Professional Accountants
Licensed Public Accountants

CHOU ASSOCIATES FUND

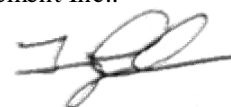
Statements of Financial Position

Years ended December 31, 2025 and 2024

	2025	2024
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	30,884,184	58,972,666
Investments (note 8)	143,506,649	113,519,103
Derivatives (note 8)	3,678	2,696,009
Receivable for redeemable units subscribed	95,494	500
Dividends receivable	79,608	70,567
Total assets	174,569,613	175,258,845
Liabilities		
Current liabilities		
Accrued expenses (note 5a)	278,082	264,232
Payable for units redeemed	77,480	76,590
Total liabilities	355,562	340,822
Net assets attributable to unitholders of redeemable units	174,214,051	174,918,023
Net assets attributable to unitholders of redeemable units:		
Series A	118,618,908	120,456,770
Series F	55,595,143	54,461,253
	174,214,051	174,918,023
Number of redeemable units outstanding (note 4):		
Series A	604,125	633,599
Series F	281,739	286,656
Net assets attributable to unitholders of redeemable units per unit:		
Canadian dollars:		
Series A	196.35	190.12
Series F	197.33	189.99
U.S. dollars:		
Series A	143.05	132.26
Series F	143.77	132.17

Approved on behalf of the Fund by the Board of Directors of Chou Associates Management Inc.:

Francis Chou



The accompanying notes are an integral part of these financial statements.

CHOU ASSOCIATES FUND

Statements of Comprehensive Income

Years ended December 31, 2025 and 2024

	2025	2024
	\$	\$
Income:		
Interest for distribution purposes and other	1,464,687	1,175,573
Dividends	1,712,027	2,017,952
Securities lending income (note 7)	40,586	2,928
Foreign currency gain on cash and other net assets	135,784	1,497,322
Other net changes in fair value of financial assets and financial liabilities at fair value through profit or loss:		
Net realized gain on disposal of investments	2,317,864	7,920,185
Net realized gain (loss) on derivatives	178,376	(5,148,756)
Change in unrealized appreciation on investments	3,895,384	25,761,750
Change in unrealized appreciation on derivatives	19,603	2,682,533
	9,764,311	35,909,487
Expenses:		
Management fees (note 5(a))	2,694,315	2,527,089
Custodial fees	285,544	272,996
Audit fees	202,875	154,822
Filing fees	80,138	126,321
Independent review committee fees	30,656	31,186
FundSERV fees	32,065	40,043
Legal fees	18,250	18,300
Transaction costs (note 6)	104,536	115,448
Foreign withholding taxes	257,479	128,230
Other	2,253	5,399
	3,708,111	3,419,834
Increase in net assets attributable to unitholders of redeemable units	6,056,200	32,489,653
Increase in net assets attributable to unitholders of redeemable units per series:		
Series A	3,920,331	22,368,719
Series F	2,135,869	10,120,934
	6,056,200	32,489,653
Weighted average number of redeemable units outstanding for the year for the Series:		
Series A	619,691	659,834
Series F	284,272	288,817
Increase in net assets attributable to unitholders of redeemable units per series:		
Series A	6.33	33.90
Series F	7.51	35.04

The accompanying notes are an integral part of these financial statements.

CHOU ASSOCIATES FUND

Statements of Changes in Net Assets Attributable to Unitholders of Redeemable Units

Years ended December 31, 2025 and 2024

	2025	2024
	\$	\$
Series A		
Net assets attributable to unitholders of redeemable units, beginning of year	120,456,770	107,940,581
Increase in net assets attributable to unitholders of redeemable units	3,920,331	22,368,719
Proceeds from issue of redeemable units	697,290	171,667
Redemptions of redeemable units	(6,455,483)	(10,024,197)
Net assets attributable to unitholders of redeemable units, end of year	118,618,908	120,456,770
Series F		
Net assets attributable to unitholders of redeemable units, beginning of year	54,461,253	45,676,739
Increase in net assets attributable to unitholders of redeemable units	2,135,869	10,120,934
Proceeds from issue of redeemable units	3,648,083	3,516,571
Redemptions of redeemable units	(4,650,062)	(4,852,991)
Net assets attributable to unitholders of redeemable units, end of year	55,595,143	54,461,253
Total net assets attributable to unitholders of redeemable units, end of year	174,214,051	174,918,023

The accompanying notes are an integral part of these financial statements.

CHOU ASSOCIATES FUND

Statements of Cash Flows

Years ended December 31, 2025 and 2024

	2025	2024
	\$	\$
Cash flows from operating activities:		
Increase in net assets attributable to unitholders of redeemable units	6,056,200	32,489,653
Adjustments for:		
Foreign currency gain on cash and other net assets	(135,784)	(1,497,322)
Net realized gain on disposal of investments and derivatives	(2,496,240)	(2,771,429)
Change in unrealized appreciation on investments and derivatives	(3,914,987)	(28,444,283)
Purchase of investments	(33,373,685)	(12,371,665)
Proceeds from sales of investments	12,489,697	37,179,588
Change in non-cash operating working capital:		
Increase in dividends receivable	(9,041)	(26,749)
Increase (decrease) in accrued expenses	13,850	(25,801)
Net cash (used in) generated from operating activities	(21,369,990)	24,531,992
Cash flows from financing activities:		
Proceeds from redeemable units issued	4,250,379	3,687,738
Amount paid on redemption of redeemable units	(11,104,655)	(14,831,564)
Net cash used in financing activities	(6,854,276)	(11,143,826)
Foreign currency gain on cash and cash equivalents and other net assets	135,784	1,497,322
(Decrease) increase in cash and cash equivalents	(28,088,482)	14,885,488
Cash and cash equivalents, beginning of year	58,972,666	44,087,178
Cash and cash equivalents, end of year	30,884,184	58,972,666
Supplemental information:		
Interest received, net of withholding tax	1,464,687	1,175,573
Dividends received, net of withholding tax	1,445,507	1,862,973
Security lending income received	40,586	2,928

The accompanying notes are an integral part of these financial statements.

CHOU ASSOCIATES FUND

Schedule of Investments

December 31, 2025

	Number of securities	Cost	Fair value
	#	\$	\$
Equities*			
Ally Financial Inc.	155,686	5,289,052	9,677,876
Berkshire Hathaway Inc.	61	6,433,433	63,196,045
Citigroup Inc.	32,695	826,046	5,236,525
EXCO Resources Inc.	759,914	18,769,861	18,982,963
General Motors Company	30,000	1,976,330	3,348,473
Occidental Petroleum Corporation	117,000	7,817,658	6,603,393
Pathward Financial Inc.	25,017	1,677,840	2,437,933
Sirius XM Holdings Inc.	327,589	10,500,212	8,990,398
Stellantis NV	588,194	7,401,326	8,791,777
Synchrony Financial	120,000	5,457,935	13,741,421
Wells Fargo & Company	19,542	1,042,763	2,499,845
		67,192,456	143,506,649
Derivatives			
Hertz Global Holdings Inc., warrants, June 30, 2051	1,000	11,773	3,678
		11,773	3,678
Total investments		67,204,229	143,510,327
Transaction costs		(148,240)	-
Portfolio total		67,055,989	143,510,327

* Common shares unless indicated otherwise

The accompanying notes are an integral part of these financial statements.

CHOU ASSOCIATES FUND

Discussion of Financial Risk Management

Years ended December 31, 2025 and 2024

Investment objective and strategies:

Chou Associates 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 Fund may also use derivatives such as, but not limited to, futures, options, swaps and forward contracts to gain exposure to securities and asset classes consistent with the objectives of the Fund, and to hedge portfolio exposure against losses from foreign currency and domestic currency exposure and changes in securities prices.

The investment process followed in selecting equity investments for the Fund is a value-oriented approach to investing. The level of investments in the Fund's securities is generally commensurate with the current price of the Fund's securities in relation to its intrinsic value. That approach is designed to provide an extra margin of safety, which in turn serves to reduce overall portfolio risk.

Financial risk management:

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.

(a) Other price risk:

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Approximately 82.38% (2024 – 52.91%) of the Fund's net assets held at December 31, 2025 were publicly traded equities and derivative investments. If equity and derivative prices on the exchange had increased or decreased by 5.00% as at December 31, 2025, the net assets of the Fund would have increased or decreased by approximately \$7,175,516 or 4.12% (2024 - \$4,626,216 or 2.65%) of the net assets, all other factors remaining constant.

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

(b) Foreign currency risk:

Currencies to which the Fund had exposure as at December 31, 2025 and 2024 expressed in CAD are as follows:

	Investments and derivatives	Cash and cash equivalents	Other assets and liabilities	Total	Percentage of net asset value
2025	\$	\$	\$	\$	%
United States dollar (USD)	143,510,327	30,425,208	79,608	174,015,143	99.9
2024	\$	\$	\$	\$	%
United States dollar (USD)	116,215,112	58,248,629	70,567	174,534,308	99.8

CHOU ASSOCIATES FUND

Discussion of Financial Risk Management

Years ended December 31, 2025 and 2024

Financial risk management (continued):

(b) Foreign currency risk (continued):

The amounts in the above tables are based on the market value of the Fund's financial instruments. This includes cash and cash equivalents, investments, derivatives, dividends receivable, receivable for redeemable units subscribed and payable for units redeemed that are denominated in foreign currencies.

As at December 31, 2025, if the Canadian dollar had strengthened or weakened by 1.00% in relation to all currencies, with all other variables held constant, net assets would have decreased or increased by approximately \$1,740,151 (2024 - \$1,745,343).

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

CHOU ASIA FUND
(unaudited)

March 13, 2026

Dear Unitholders of Chou Asia Fund

After the distribution of \$2.28, the net asset value per unit (“NAVPU”) of a Series F unit of Chou Asia Fund at December 31, 2025 was \$32.11 compared to \$29.18 at December 31, 2024, an increase of 17.8%; during the same period, the MSCI AC (Morgan Stanley Capital International All Country) Asia Pacific Total Return Index in Canadian dollars increased by 22.8%. In U.S. dollars, a Series F unit of Chou Asia Fund was up 23.4% while the MSCI AC Asia Pacific Total Return Index increased by 28.7%.

The table shows our one-year, three-year, five-year, 10-year and 15-year annual compound rates of return.

December 31, 2025 (Series F)	1 Year	3 Years	5 Years	10 Years	15 Years
Chou Asia Fund (\$CAN)	17.8%	17.9%	8.7%	11.0%	9.4%
MSCI AC Asia Pacific TR (\$CAN)	22.8%	17.2%	7.0%	8.6%	8.8%
Chou Asia Fund (\$US)	23.4%	17.3%	7.1%	11.0%	7.0%
MSCI AC Asia Pacific TR (\$US)	28.7%	16.6%	5.5%	8.6%	6.5%

Rates of return are historical total returns that include 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 that 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.

National Instrument 81-106 requires mutual funds to present performance results for up to 10 years. Although we have historically included longer-term performance data, doing so may invite additional scrutiny from the Ontario Securities Commission (OSC). Accordingly, future reports will present performance results and comparative indices only as required under National Instrument 81-106.

Most unitholders of the Fund have transitioned from Series A to Series F. As a result, the Fund’s performance is now presented based on Series F results.

Factors Influencing the 2025 Results

The top contributors in 2025 were the equity holdings of China Yuchai International Limited, Alibaba Group Holding Limited, Tencent Holdings Limited, AJIS Company Limited, and Postal Savings Bank of China Co Ltd. The only underperformer in the 2025 was the equity holding of BYD Electronic (International) Company Limited.

The Canadian currency appreciated against the Hong Kong dollar, which negatively affected the Fund.

During the year, the Fund reduced the equity holding of Alibaba Group Holding Limited and China Yuchai International Limited. As part of the reverse merger plan, IDFC Limited’s shareholders received 155 shares of IDFC First Bank for every 100 shares in IDFC Limited. Capital A completed its aviation disposal to AirAsia X via newly issued AAX shares distributed by dividend-in-specie.

The Fund did not enter into any foreign currency contracts during the year.

How did Chou Asia Fund perform versus its peers over the long term?

Over the years, I have frequently been asked whether value investing truly works over the long term. Until about two years ago, the question was usually asked with considerable skepticism. In my mind, the answer has always been unequivocally yes. Value investing works because it involves buying assets for significantly less than what they are worth.

To see how this philosophy has worked in practice, we asked Fundata to provide the relevant data. The long-term results of the Chou Asia Fund were particularly encouraging.

The Fund was ranked in the top five over the 5-, 15- and 20-year periods within its category.

Fund category and rank	Performance period (number of years)				
	3	5	10	15	20
Asia-Pacific equity (excluding Japan):					
Chou Asia Fund (Series A), rank	23	3	10	4	6
Chou Asia Fund (Series F), rank	20	1	8	3	3
Number of funds in this category	37	37	37	14	13

Source: All data courtesy of Fundata.

These results illustrate an important point: while markets can be unpredictable over shorter periods, disciplined value investing can produce strong results over the long term. This disciplined approach has served our investors well.

The Power of Long-Term Investing and Deferral of Capital Gains Taxes

The initial net asset value (NAV) of the Chou Asia Fund was \$10.00 per unit when the fund (Series A) was first available for purchase in August 26, 2003. As of December 31, 2025, the NAV per unit had increased to \$31.20.

For most mutual funds, the NAV per unit tends to remain close to the initial NAV over time because all net capital gains realized and net investment income are distributed annually to unitholders. This practice prevents the fund itself from being taxed.

The Chou Asia Fund has been somewhat different. We have been careful about realizing capital gains by investing in companies that we expect to hold for long periods of time.

In 1979, when capital gains taxes were high in both the United States and Canada, I was first learning about value investing. One lesson impressed me deeply: after-tax returns depend greatly on how long you hold an investment.

Many investors focus on selecting good investments or achieving higher returns. While those things are important, another powerful factor is often overlooked: tax deferral.

The Power of Deferring the Capital Gains Tax

Table 1: Capital Gains Tax Rates in the United States and Canada (Selected Years)

Year(s)	United States		Canada
	Individual (%)	Corporate (%)	Individual (Top Rate) (%)
2018 to 2025	20	21	27
2016 to 2017	20	35	27
2013 to 2015	20	35	25
1993 to 1997	28	35	35
1987	28	34	26
1979	35	30	31

Scenarios

Consider two individual investors who each invest \$1 million in the same stock. Assume the stock compounds at 20% annually for 40 years, and the capital gains tax rate is 27%.

- Investor A sells the stock every year and pays capital gains tax annually before reinvesting.
- Investor B buys the stock and simply holds it for 40 years, paying capital gains tax only once at the end.

Both investors held the same investment and earned the same pre-tax return, yet their results are dramatically different (Table 2).

Table 2: Stock Value After Paying Capital Gains Tax Yearly Versus Deferring

Strategy	Annual After-Tax Return	Value of \$1 Million After 40 Years
Sell every year	14.6%	\$233.0 million
Buy and hold for 40 years	19.1%	\$1,073.2 million

The investor who pays taxes every year ends up with \$233.0 million. The investor who defers taxes for 40 years ends up with over \$1 billion. The difference arises entirely from tax deferral and the power of compounding.

Even at a more modest 12% annual return, the impact remains dramatic. Realizing gains each year produces about \$28.8 million after tax, while holding the investment for 40 years produces roughly \$68.2 million.

The Importance of the Holding Period

Most value investors hold stocks for **three to five years**, so it is useful to examine how different holding periods affect long-term results.

Table 3: Effect of Holding Period on Long-Term Wealth

Holding Period	Wealth After 40 Years (\$ Millions)
Sell every year	233.0
Sell every 3 years	293.8
Sell every 5 years	359.2
Sell every 10 years	526.4
Sell after 40 years	1,073.2

Given the same assumptions as above (20% annual return, 27% capital gains tax), the benefits of holding for three years versus selling every year are modest. However, once the holding period extends to 10 years or longer, the benefits become substantial.

Lessons for Investors

These scenarios highlight several important lessons. First, long-term investing dramatically reduces the effective tax rate. In the example above, a capital gains tax rate of 27% translates into an effective tax rate of only about 4.5% when taxes are deferred for 40 years.

Second, tax deferral greatly enhances compounding. To achieve a 19.1% after-tax return while paying taxes every year, an investor would need to earn nearly 26.1% annually before tax—an extraordinarily difficult return to sustain over decades.

Third, investment selection becomes critical. Given that long-term holding can deliver such powerful benefits, investors should focus on companies that can compound intrinsic value over many years.

More than 45 years ago, I concluded that the best investments are often companies run by relatively young founders or CEOs who are exceptional capital allocators and capable of compounding intrinsic value at 12% or more annually.

Even if a stock occasionally becomes overvalued, it may still make sense to hold it when capital gains tax rates are high. Selling prematurely can significantly reduce the benefits of long-term compounding.

A Difficult Decision

Consider a company whose stock value has compounded at 20% annually for 40 years, but this rate is expected to slow to 8% annually going forward. Should you sell?

Selling immediately reduces your capital by 27% due to taxes; thus, to earn an 8% after-tax return, you would need to have achieved a return of roughly 11.0% annually before tax. In other words, the decision to sell is often more complicated than it first appears.

The Takeaway

The lesson is simple: Taxes are the enemy of compounding. The less frequently you pay them, the more wealth you can create over time. From \$10.00 per unit when unitholders first purchased it to \$31.20 as of December 31, 2025, the NAV of the Chou Asia Fund reflects an after-tax return considerably higher than what its pre-tax return alone would suggest.

Portfolio Commentary

China

We began investing in China several years ago and have been quite successful. Despite the strong results, however, we have always been uneasy about the communist and authoritarian nature of the regime. Over time, we have struggled with several fundamental issues.

1) Weak Rule of Law

The rule of law does not properly exist in China. Unlike in the United States, where disputes can generally be resolved through an independent judicial system, the courts in China are ultimately controlled by the Communist Party. Political considerations can therefore take precedence over the facts of a case.

2) Reliability of Auditors

Even when auditors appear to be independent, it can be difficult to rely fully on their work. Under the pretext of “national security concerns,” foreign auditors are often restricted in the procedures they can perform. In practice, auditors operating in China may face pressure to align with government expectations, which makes it harder for investors to be completely comfortable with reported financial statements.

3) Ownership Structure (Variable Interest Entities)

Another troubling aspect concerns ownership rights. In many Chinese companies listed abroad, foreign investors do not directly own the operating business. Instead, they hold shares in a **Variable Interest Entity (VIE)**—a shell company that has contractual claims on the profits of the underlying business.

In effect, investors own a contractual arrangement rather than the actual company. If such a structure were widely used in the United States or Canada, it would likely face intense regulatory scrutiny.

4) Government “Golden Shares”

The Chinese government also retains the ability to acquire a small ownership stake—often around 1% of a company’s shares—with special rights and privileges. These so-called “golden shares” can give the government significant influence over corporate decisions.

Despite these concerns, our investments in Chinese companies have performed well. BYD Electronic provides a good example. We purchased the shares at prices as low as HK\$1.58. By year-end, the shares were trading at HK\$33.64, representing a gain of more than 21 times our original purchase price.

This investment illustrates an important principle. Even in markets with structural risks, exceptional companies purchased at sufficiently low prices can produce outstanding results.

Given the structural risks associated with investing in China, our approach is deliberately conservative. We invest only in high-quality businesses that can be purchased at a substantial discount to comparable companies in developed markets, thereby providing a margin of safety. In addition, we limit our exposure to China to less than 20% of the portfolio at cost, ensuring that any adverse developments would have a manageable impact on the Fund.

Caution to the Investors

Investors should be aware that we run a highly focused portfolio. At times, as few as three to five securities may represent close to 50% of the Fund's assets. In addition, the Fund holds securities of non-U.S. companies, which may be subject to geopolitical risks that could override—or at least negatively influence—the financial performance of those businesses.

Because of these factors, the net asset value of the Fund may occasionally be more volatile than that of more broadly diversified funds. However, we are not concerned by this volatility. Our focus has always been—and continues to be—on how inexpensive we believe the Fund's portfolio holdings are relative to what we believe to be their intrinsic value.

As of December 31, 2025, the Fund's cash and cash equivalents represented approximately 25.9% of net assets.

We believe that maintaining a disciplined focus on intrinsic value, even if it results in short-term volatility, is the most effective way to achieve satisfactory long-term investment results.

Other Matters

FOREIGN CURRENCY CONTRACTS: None existed at December 31, 2025.

U.S. DOLLAR VALUATION: Any investor who wishes to purchase the Chou Funds in U.S. dollars may do so.

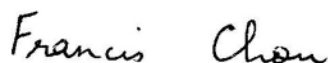
REDEMPTION FEE: We have a redemption fee of 2% if unitholders redeem their units in less than 3 months. None of this fee goes to the Fund Manager. It is put back into the Fund for the benefit of the remaining unitholders.

INDEPENDENT REVIEW COMMITTEE: The Manager has established an IRC as required by NI 81-107. The members of the IRC are Sandford Borins, Peter Gregoire and Joe Tortolano. The 2025 IRC Annual Report is available on our website www.choufunds.com.

As of March 13, 2026, the NAVPU of a Series F unit of the Fund was \$30.84 and the cash and cash equivalent position was approximately 24.5% of net assets. The Fund is down 4.0% from the beginning of the year. In U.S. dollars, it is down 4.0%.

Except for the performance numbers of 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
Fund Manager

CHOU ASIA FUND
Statements of Financial Position
Years ended December 31, 2025 and 2024

	2025	2024
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	4,698,240	4,572,669
Investments (note 8)	13,404,843	11,992,747
Derivatives (note 8)	4,243	-
Interest receivable	159	64
Dividends receivable	32,193	45,652
Total assets	18,139,678	16,611,132
Liabilities		
Current liabilities		
Accrued expenses (note 5a)	186,609	153,382
Distributions payable	43,587	4,822
Total liabilities	230,196	158,204
Net assets attributable to unitholders of redeemable units	17,909,482	16,452,928
Net assets attributable to unitholders of redeemable units:		
Series A	7,488,321	7,067,131
Series F	10,421,161	9,385,797
	17,909,482	16,452,928
Number of redeemable units outstanding (note 4):		
Series A	240,032	248,278
Series F	324,577	321,608
Net assets attributable to unitholders of redeemable units per unit:		
Canadian dollars:		
Series A	31.20	28.46
Series F	32.11	29.18
U.S. dollars:		
Series A	22.73	19.80
Series F	23.39	20.30

Approved on behalf of the Fund by the Board of Directors of Chou Associates Management Inc.:

Francis Chau



The accompanying notes are an integral part of these financial statements.

CHOU ASIA FUND

Statements of Comprehensive Income

Years ended December 31, 2025 and 2024

	2025	2024
	\$	\$
Income:		
Interest for distribution purposes and other	186,420	171,110
Dividends	184,317	271,547
Securities lending income (note 7)	3,312	538
Foreign currency (loss) gain on cash and other net assets	(2,412)	134,077
Other net changes in fair value of financial assets and financial liabilities at fair value through profit or loss:		
Net realized gain on disposal of investments	1,631,525	382,755
Change in unrealized appreciation on investments	1,140,331	1,922,375
Change in unrealized appreciation on derivatives	4,243	-
	3,147,736	2,882,402
Expenses:		
Management fees (note 5(a))	238,208	216,568
Custodial fees	60,762	60,928
Audit fees	20,232	17,331
Filing fees	7,529	12,233
Independent review committee fees	3,005	2,968
FundSERV fees	5,700	3,772
Transaction costs (note 6)	3,707	1,233
Foreign withholding taxes	15,425	18,852
Other	212	4,557
	354,780	338,442
Increase in net assets attributable to unitholders of redeemable units	2,792,956	2,543,960
Increase in net assets attributable to unitholders of redeemable units per series:		
Series A	1,174,729	1,090,893
Series F	1,618,227	1,453,067
	2,792,956	2,543,960
Weighted average number of redeemable units outstanding for the year for the Series:		
Series A	236,237	269,764
Series F	312,205	327,592
Increase in net assets attributable to unitholders of redeemable units per series:		
Series A	4.97	4.04
Series F	5.18	4.44

The accompanying notes are an integral part of these financial statements.

CHOU ASIA FUND

Statements of Changes in Net Assets Attributable to Unitholders of Redeemable Units

Years ended December 31, 2025 and 2024

	2025	2024
	\$	\$
Series A		
Net assets attributable to unitholders of redeemable units, beginning of year	7,067,131	7,408,382
Increase in net assets attributable to unitholders of redeemable units	1,174,729	1,090,893
Proceeds from issue of redeemable units	132,250	37,691
Redemptions of redeemable units	(885,473)	(1,469,732)
Distributions of income to unitholders:		
Investment income	-	(19,039)
Capital gains	(482,601)	-
Reinvested distributions	482,285	18,936
Net assets attributable to unitholders of redeemable units, end of year	7,488,321	7,067,131
Series F		
Net assets attributable to unitholders of redeemable units, beginning of year	9,385,797	8,577,252
Increase in net assets attributable to unitholders of redeemable units	1,618,227	1,453,067
Proceeds from issue of redeemable units	325,953	244,763
Redemptions of redeemable units	(865,544)	(884,566)
Distributions of income to unitholders:		
Investment income	(33,035)	(87,218)
Capital gains	(659,527)	-
Reinvested distributions	649,290	82,499
Net assets attributable to unitholders of redeemable units, end of year	10,421,161	9,385,797
Total net assets attributable to unitholders of redeemable units, end of year	17,909,482	16,452,928

The accompanying notes are an integral part of these financial statements.

CHOU ASIA FUND

Statements of Cash Flows

Years ended December 31, 2025 and 2024

	2025	2024
	\$	\$
Cash flows from operating activities:		
Increase in net assets attributable to unitholders of redeemable units	2,792,956	2,543,960
Adjustments for:		
Foreign currency loss (gain) on cash and other net assets	2,412	(134,077)
Net realized gain on disposal of investments and derivatives	(1,631,525)	(382,755)
Change in unrealized appreciation on investments and derivatives	(1,144,574)	(1,922,375)
Purchase of investments	(1,987,481)	-
Proceeds from sales of investments	3,347,241	1,120,605
Change in non-cash operating working capital:		
(Increase) decrease in interest receivable	(95)	4,745
Decrease (increase) in dividends receivable	13,459	(10,116)
Increase in accrued expenses	33,227	27,211
Net cash generated from operating activities	1,425,620	1,247,198
Cash flows from financing activities:		
Distributions paid to unitholders	(4,823)	-
Proceeds from redeemable units issued	458,203	282,454
Amount paid on redemption of redeemable units	(1,751,017)	(2,354,298)
Net cash used in financing activities	(1,297,637)	(2,071,844)
Foreign currency (loss) gain on cash and cash equivalents and other net assets	(2,412)	134,077
Increase (decrease) in cash and cash equivalents	125,571	(690,569)
Cash and cash equivalents, beginning of year	4,572,669	5,263,238
Cash and cash equivalents, end of year	4,698,240	4,572,669
Supplemental information:		
Interest received	186,325	175,855
Dividends received, net of withholding tax	182,351	242,579
Security lending income received	3,312	538

The accompanying notes are an integral part of these financial statements.

CHOU ASIA FUND

Schedule of Investments

December 31, 2025

	Number of securities	Cost	Fair value
	#	\$	\$
Equities*			
AirAsia X Berhad	250,900	133,244	147,661
Ajis Company Limited	30,400	213,157	788,480
Alibaba Group Holding Limited, ADR	3,400	406,470	684,041
BYD Electronic (International) Company Limited	618,000	149,881	3,666,421
Capital A Berhad	650,000	540,507	91,239
China Yuchai International Limited	23,364	395,719	1,138,423
IDFC First Bank Limited	1,565,500	1,854,237	2,046,659
Postal Savings Bank of China Company Limited	456,000	401,912	427,833
Shriram Finance Limited	258,210	942,551	3,928,146
Tencent Holdings Limited	4,600	320,964	485,940
Total long		5,358,642	13,404,843
Derivatives			
AirAsia X Berhad, warrants, December 31, 2099	125,450	-	4,243
		-	4,243
Total investments		5,358,642	13,409,086
Transaction costs		-	-
Portfolio total		5,358,642	13,409,086

* Common shares unless indicated otherwise

The accompanying notes are an integral part of these financial statements.

CHOU ASIA FUND

Discussion of Financial Risk Management

Years ended December 31, 2025 and 2024

Investment objective and strategies:

Chou Asia 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 Fund may also use derivatives such as, but not limited to, futures, options, swaps and forward contracts to gain exposure to securities and asset classes consistent with the objectives of the Fund, and to hedge portfolio exposure against losses from foreign currency and domestic currency exposure and changes in securities prices.

The investment process followed in selecting equity investments for the Fund is a value-oriented approach to investing that focuses on the Asian market. The investment strategy follows strong disciplines with regard to price paid to acquire portfolio investments. The level of investments in the Fund's securities is generally commensurate with the current price of the company's securities in relation to its intrinsic value. That approach is designed to provide an extra margin of safety, which in turn serves to reduce overall portfolio risk.

Financial risk management:

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.

(a) Other price risk:

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Approximately 74.87% (2024 – 72.89%) of the Fund's net assets held at December 31, 2025 were publicly traded equities. If equity prices on the exchange had increased or decreased by 5.00% as at December 31, 2025, the net assets of the Fund would have increased or decreased by approximately \$670,454 or 3.74% (2024 - \$599,637 or 3.64%) of the net assets, all other factors remaining constant.

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

CHOU ASIA FUND

Discussion of Financial Risk Management

Years ended December 31, 2025 and 2024

Financial risk management (continued):

(b) Foreign currency risk:

Currencies to which the Fund had exposure as at December 31, 2025 and 2024 expressed in CAD are as follows:

2025	Investments	Cash and cash equivalents	Net other assets and liabilities	Total	Percentage of net asset value
	\$	\$	\$	\$	%
Hong Kong dollar (HKD)	4,580,194	-	-	4,580,194	25.6
United States dollar (USD)	1,822,464	4,432,342	31,933	6,286,739	35.1
Indian Rupee (₹)	5,974,805	14,990	-	5,989,795	33.4
Japanese yen (¥)	788,480	-	263	788,743	4.4
Malaysian Ringgit (MYR)	243,143	-	-	243,143	1.4
Chinese Renminbi (¥)	-	-	-	-	-

2024	Investments	Cash and cash equivalents	Net other assets and liabilities	Total	Percentage of net asset value
	\$	\$	\$	\$	%
Hong Kong dollar (HKD)	5,551,206	-	-	5,551,206	33.7
United States dollar (USD)	1,419,402	4,497,562	33,467	5,950,431	36.2
Indian Rupee (₹)	4,164,698	15,108	-	4,179,806	25.4
Japanese yen (¥)	648,486	-	274	648,760	3.9
Malaysian Ringgit (MYR)	208,955	-	-	208,955	1.3
Chinese Renminbi (¥)	-	-	11,937	11,937	0.1

The amounts in the above tables are based on the market value of the Fund's financial instruments. This includes cash and cash equivalents, investments, dividends receivable, interest receivable and due from broker that are denominated in foreign currencies.

As at December 31, 2025, if the Canadian dollar had strengthened or weakened by 1.00% in relation to all currencies, with all other variables held constant, net assets would have decreased or increased by approximately \$178,886 (2024 - \$165,511).

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

CHOU EUROPE FUND (unaudited)

March 13, 2026

Dear Unitholders of Chou Europe Fund,

After the distribution of \$0.25, the net asset value per unit (“NAVPU”) of a Series F unit of Chou Europe Fund at December 31, 2025 was \$11.05 compared to \$10.27 at December 31, 2024, an increase of 9.9%; during the same period, the MSCI AC (Morgan Stanley Capital International All Country) Europe Total Return Index in Canadian dollars increased by 30.3%. In U.S. dollars, a Series F unit of Chou Europe Fund was up 15.1% while the MSCI AC Europe Total Return Index increased by 36.7%.

The table shows our one-year, three-year, five-year, 10-year and 15-year annual compound rates of return.

December 31, 2025 (Series F)	1 Year	3 Years	5 Years	10 Years	15 Years
Chou Europe Fund (\$CAN)	9.9%	13.5%	8.7%	3.9%	6.6%
MSCI AC Europe TR (\$CAN)	30.3%	19.7%	12.2%	9.0%	9.6%
Chou Europe Fund (\$US)	15.1%	13.0%	7.0%	4.0%	4.3%
MSCI AC Europe TR (\$US)	36.7%	19.2%	10.6%	9.1%	7.3%

Rates of return are historical total returns that include 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 that 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.

National Instrument 81-106 requires mutual funds to present performance results for up to 10 years. Although we have historically included longer-term performance data, doing so may invite additional scrutiny from the Ontario Securities Commission (OSC). Accordingly, future reports will present performance results and comparative indices only as required under National Instrument 81-106.

Most unitholders of the Fund have transitioned from Series A to Series F. As a result, the Fund’s performance is now presented based on Series F results.

Factors Influencing the 2025 Results

The top contributors in 2025 were the equity holdings of Ryanair Holdings PLC and Prosus NV.

The major underperformers in 2025 were the equity holdings of Stellantis NV and EXOR NV.

The euro appreciated against the Canadian currency during the year, which contributed positively to the performance of the Fund.

During the year, the Fund initiated investments in the common equity of Conduit Holdings Limited.

The Fund sold the equity holdings of Liberty Global PLC and Sunrise Communications AG and reduced the equity holding of Prosus NV.

The Fund did not enter into any forward currency contracts for pounds sterling or euros in 2025. The Fund also had no covered call options in its portfolio as at December 31, 2025.

Portfolio Commentary

Prosus N V (“Prosus”)

Prosus trades on the Euronext Amsterdam Stock Exchange. Although the company is involved in e-commerce and internet businesses, the best way to understand Prosus is to view it as a holding company that owns a portfolio of both private and publicly traded companies.

Its largest asset is Tencent, which represents more than 75% of Prosus’s net asset value based on current market prices. Tencent itself appeared to be undervalued. However, Prosus was trading at more than a 50% discount to its net asset value, which naturally piqued our interest.

Holding companies often trade at discounts to their net asset value for a variety of reasons, including complexity, taxation concerns, and limited control over underlying assets. However, when such a discount becomes very large, it can create an attractive opportunity for investors.

On June 27, 2023, the Board of Directors of Prosus announced a share repurchase program designed to address this discount:

“The repurchase program is expected to efficiently unlock immediate value for the shareholders of Prosus. Prosus will begin selling small numbers of ordinary shares in Tencent Holdings Limited (“Tencent”) held by the Group (“Tencent Shares”) regularly and in an orderly manner, while concurrently purchasing Prosus shares pursuant to the repurchase program, as long as the Group’s trading discount to net asset value remains elevated. Tencent is supportive of the withdrawal by Prosus of its voluntary restriction on the sale of its Tencent shares.”

In essence, Prosus is selling small amounts of Tencent shares and using the proceeds to repurchase its own shares, which are trading at a significant discount to net asset value. When a company repurchases its shares at such a discount, the intrinsic value of the remaining shares increases on a per-share basis.

As of December 31, 2025, Prosus had repurchased 638,501,361 shares at an average price of €45.56 per share, for a total consideration of approximately €29.1 billion (US\$31.3 billion).

These repurchases represent a substantial return of capital to shareholders and, more importantly, meaningfully increase the intrinsic value of the remaining Prosus shares.

Fiat Chrysler Automobiles (“FIAT”), now called Stellantis

We initiated a position in Fiat Chrysler in late 2018 because the shares were inexpensive and the company had a strong cash position. Our attention was drawn to the company when its controlling shareholders indicated that they intended to unlock value for shareholders through special dividends, share repurchases, or strategic mergers and acquisitions.

Since our purchase in December 2018, the company has returned a substantial amount of capital to shareholders. We have received US\$9.94 per share in regular and special dividends, representing over 68.5% of our original purchase price.

However, turnarounds are difficult to execute, and Stellantis is no exception. For the investment to succeed, the company’s operations must perform well, and progress so far has been uneven.

While management has made some capital allocation and operational missteps, we intend to hold the stock because it remains very inexpensive relative to its long-term earnings and cash-flow potential.

For these reasons, Stellantis continues to represent an attractive value opportunity within the Fund's portfolio.

The Common Theme In New Purchases

During the year, we purchased shares in several new companies. These are reasonably good businesses that generate substantial free cash flow, trade at low multiples of earnings, and have management teams we trust to make sound operating and capital allocation decisions.

If there is a common theme among these new purchases, it is that the companies have been significant buyers of their own stock in recent years. We also believe that if their share prices decline further, management will likely repurchase additional shares in meaningful quantities.

When a company repurchases its shares at attractive prices, the intrinsic value per share increases for the remaining shareholders. That is music to my ears.

However, there is one important caveat regarding share repurchases. Companies should not be buying back stock if they operate in declining industries, where new technologies or processes are likely to make their products less valuable over time.

As a corollary, a company should also avoid repurchasing shares if it is fundamentally a CRAP business—one that Cannot Realize A Profit. In that situation, the remaining shareholders simply end up owning a larger piece of a mediocre company, which is hardly desirable.

When used properly, however, share repurchases can be an excellent use of capital. A company that generates strong free cash flow and repurchases its shares at attractive prices can steadily increase the intrinsic value of the business on a per-share basis. Over time, this can produce very satisfactory results for patient shareholders.

Caution to the investors

Investors should be aware that we run a highly focused portfolio. At times, as few as three to five securities may represent close to 50% of the Fund's assets. In addition, the Fund holds securities of non-U.S. companies, which may be subject to geopolitical risks that could override—or at least negatively influence—the financial performance of those businesses.

Because of these factors, the net asset value of the Fund may occasionally be more volatile than that of more broadly diversified funds. However, we are not concerned by this volatility. Our focus has always been—and continues to be—on how inexpensive we believe the Fund's portfolio holdings are relative to what we believe to be their intrinsic value.

As of December 31, 2025, the Fund's cash and cash equivalents represented approximately 39.6% of net assets.

We believe that maintaining a disciplined focus on intrinsic value, even if it results in short-term volatility, is the most effective way to achieve satisfactory long-term investment results.

Other Matters

FOREIGN CURRENCY CONTRACTS: None existed at December 31, 2025.

U.S. DOLLAR VALUATION: Any investor who wishes to purchase the Chou Funds in U.S. dollars may do so.

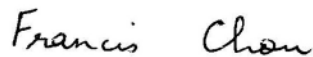
REDEMPTION FEE: We have a redemption fee of 2% if unitholders redeem their units in less than 3 months. None of this fee goes to the Fund Manager. It is put back into the Fund for the benefit of the remaining unitholders.

INDEPENDENT REVIEW COMMITTEE: The Manager has established an IRC as required by NI 81-107. The members of the IRC are Sandford Borins, Peter Gregoire and Joe Tortolano. The 2025 IRC Annual Report is available on our website www.choufunds.com.

As of March 13, 2026, the NAVPU of a Series F unit of the Fund was \$9.89 and the cash and cash equivalent position was approximately 47.7% of net assets. The Fund is down 10.4% from the beginning of the year. In U.S. dollars, it is down 10.5%.

Except for the performance numbers of 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,

A handwritten signature in cursive script that reads "Francis Chou".

Francis Chou
Fund Manager

CHOU EUROPE FUND

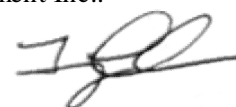
Statements of Financial Position

Years ended December 31, 2025 and 2024

	2025	2024
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	1,359,382	864,495
Investments (note 8)	2,071,468	2,256,337
Dividends receivable	6,097	1,655
Interest receivable	126	90
Receivable for redeemable units subscribed	600	-
Total assets	3,437,673	3,122,577
Liabilities		
Current liabilities		
Accrued expenses (note 5a)	7,333	7,044
Payable for units redeemed	-	5,000
Distributions payable	1,675	5,317
Total liabilities	9,008	17,361
Net assets attributable to unitholders of redeemable units	3,428,665	3,105,216
Net assets attributable to unitholders of redeemable units:		
Series A	922,554	923,109
Series F	2,506,111	2,182,107
	3,428,665	3,105,216
Number of redeemable units outstanding (note 4):		
Series A	85,617	92,113
Series F	226,886	212,406
Net assets attributable to unitholders of redeemable units per unit:		
Canadian dollars:		
Series A	10.78	10.02
Series F	11.05	10.27
U.S. dollars:		
Series A	7.85	6.97
Series F	8.05	7.14

Approved on behalf of the Fund by the Board of Directors of Chou Associates Management Inc.:

Francis Chau



The accompanying notes are an integral part of these financial statements.

CHOU EUROPE FUND
Statements of Comprehensive Income
Years ended December 31, 2025 and 2024

	2025	2024
	\$	\$
Income:		
Interest for distribution purposes and other	37,860	37,038
Dividends	64,384	241,813
Securities lending income (note 7)	2,993	4,292
Foreign currency gain on cash and other net assets	1,033	22,574
Other net changes in fair value of financial assets and financial liabilities at fair value through profit or loss:		
Net realized (loss) gain on disposal of investments	(86,754)	33,153
Change in unrealized appreciation (depreciation) on investments	318,434	(452,982)
	337,950	(114,112)
Expenses:		
Custodial fees	9,589	9,885
Audit fees	4,460	4,473
Filing fees	1,452	2,483
Independent review committee fees	572	585
FundSERV fees	3,019	732
Transaction costs (note 6)	2,504	757
Foreign withholding taxes	3,286	10,659
Other	1,388	923
	26,270	30,497
Increase (decrease) in net assets attributable to unitholders of redeemable units	311,680	(144,609)
Increase (decrease) in net assets attributable to unitholders of redeemable units per series:		
Series A	83,934	(44,776)
Series F	227,746	(99,833)
	311,680	(144,609)
Weighted average number of redeemable units outstanding for the year for the Series:		
Series A	85,535	100,055
Series F	220,790	179,562
Increase (decrease) in net assets attributable to unitholders of redeemable units per series:		
Series A	0.98	(0.45)
Series F	1.03	(0.56)

The accompanying notes are an integral part of these financial statements.

CHOU EUROPE FUND

Statements of Changes in Net Assets Attributable to Unitholders of Redeemable Units

Years ended December 31, 2025 and 2024

	2025	2024
	\$	\$
Series A		
Net assets attributable to unitholders of redeemable units, beginning of year	923,109	1,299,064
(Decrease) increase in net assets attributable to unitholders of redeemable units	83,934	(44,776)
Proceeds from issue of redeemable units	35,000	36,800
Redemptions of redeemable units	(119,489)	(367,979)
Distributions of income to unitholders:		
Investment income	(20,294)	(73,082)
Reinvested distributions	20,294	73,082
Net assets attributable to unitholders of redeemable units, end of year	922,554	923,109
Series F		
Net assets attributable to unitholders of redeemable units, beginning of year	2,182,107	1,981,925
(Decrease) increase in net assets attributable to unitholders of redeemable units	227,746	(99,833)
Proceeds from issue of redeemable units	375,095	763,054
Redemptions of redeemable units	(277,162)	(457,722)
Distributions of income to unitholders:		
Investment income	(55,167)	(177,446)
Reinvested distributions	53,492	172,129
Net assets attributable to unitholders of redeemable units, end of year	2,506,111	2,182,107
Total net assets attributable to unitholders of redeemable units, end of year	3,428,665	3,105,216

The accompanying notes are an integral part of these financial statements.

CHOU EUROPE FUND

Statements of Cash Flows

Years ended December 31, 2025 and 2024

	2025	2024
	\$	\$
Cash flows from operating activities:		
(Decrease) increase in net assets attributable to unitholders of redeemable unit:	311,680	(144,609)
Adjustments for:		
Foreign currency gain on cash and other net assets	(1,033)	(22,574)
Net realized loss (gain) on disposal of investments	86,754	(33,153)
Change in unrealized (appreciation) depreciation on investments	(318,434)	452,982
Proceeds from sale and maturity of investments	623,276	32,790
Purchase of investments	(206,727)	(451,129)
Change in non-cash operating working capital:		
(Increase) decrease in interest receivable	(36)	1,056
Increase in dividends receivable	(4,442)	(1,655)
Increase (decrease) in accrued expenses	289	(298)
Net cash generated from (used in) operating activities	491,327	(166,590)
Cash flows from financing activities:		
Distributions paid to unitholders	(5,317)	-
Proceeds from redeemable units issued	409,495	804,854
Amount paid on redemption of redeemable units	(401,651)	(820,701)
Net cash generated from (used in) financing activities	2,527	(15,847)
Foreign currency gain on cash and cash equivalents and other net assets	1,033	22,574
Increase (decrease) in cash and cash equivalents	494,887	(159,863)
Cash and cash equivalents, beginning of year	864,495	1,024,358
Cash and cash equivalents, end of year	1,359,382	864,495
Supplemental information:		
Interest received, net of withholding tax	37,824	38,094
Dividends received, net of withholding tax	56,656	229,499
Security lending income received	2,993	4,292

The accompanying notes are an integral part of these financial statements.

CHOU EUROPE FUND

Schedule of Investments

December 31, 2025

	Number of securities	Cost	Fair value
	#	\$	\$
Equities*			
Conduit Holdings Limited	37,000	207,348	268,685
Exor NV	2,250	287,247	262,943
Prosus NV	3,410	145,855	290,696
Ryanair Holdings PLC, ADR	5,937	68,562	588,264
Stellantis NV	30,000	583,249	448,412
Wizz Air Holdings PLC	9,000	303,145	212,468
Total long		1,595,406	2,071,468
Total investments		1,595,406	2,071,468
Transaction costs		(3,334)	-
Portfolio total		1,592,072	2,071,468

* Common shares unless indicated otherwise

The accompanying notes are an integral part of these financial statements.

CHOU EUROPE FUND

Discussion of Financial Risk Management

Years ended December 31, 2025 and 2024

Investment objective and strategies:

Chou Europe 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. Investments may include common and preferred shares, convertible debentures, government and corporate bonds and short-term debt. The Fund may also use derivatives such as, but not limited to, futures, options, swaps and forward contracts to gain exposure to securities and asset classes consistent with the objectives of the Fund, and to hedge portfolio exposure against losses from foreign currency and domestic currency exposure and changes in securities prices.

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

Financial risk management:

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.

(a) Other price risk:

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Approximately 60.42% of the Fund's net assets held at December 31, 2025 were publicly traded equities (2024 – 72.66%). If equity prices on the exchange had increased or decreased by 5.00% as at December 31, 2025, the net assets of the Fund would have increased or decreased by approximately \$103,573 or 3.02% (2024 - \$112,817 or 3.63%) of the net assets, all other factors remaining constant.

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

(b) Foreign currency risk:

Currencies to which the Fund had exposure as at December 31, 2025 and 2024 expressed in CAD are as follows:

2025	Investments	Cash and cash equivalents	Net other assets and liabilities	Total	Percentage of net asset value
	\$	\$	\$	\$	%
United States dollar (USD)	1,249,144	1,152,688	6,099	2,407,931	70.2
Sterling pound (£)	268,685	9,086	-	277,771	8.1
Euro currency (€)	553,639	1,446	-	555,085	16.2

CHOU EUROPE FUND

Discussion of Financial Risk Management

Years ended December 31, 2025 and 2024

Financial risk management (continued):

(b) Foreign currency risk (continued):

2024	Investments	Cash and cash equivalents	Net other assets and liabilities	Total	Percentage of net asset value
	\$	\$	\$	\$	%
United States dollar (USD)	1,536,546	717,075	1,656	2,255,277	72.6
Sterling pound (£)	-	-	-	-	0.0
Euro currency (€)	719,791	938	-	720,729	23.2

The amounts in the above tables are based on the market value of the Fund's financial instruments. This includes cash and cash equivalents, investments, interest receivable, dividend receivable, receivable for redeemable units subscribed and payable for units redeemed that are denominated in foreign currencies.

As at December 31, 2025, if the Canadian dollar had strengthened or weakened by 1.00% in relation to all currencies, with all other variables held constant, net assets would have decreased or increased by approximately \$32,408 (2024 - \$29,760).

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

CHOU BOND FUND

(unaudited)

March 13, 2026

Dear Unitholders of Chou Bond Fund,

After the distribution of \$0.44, the net asset value per unit (“NAVPU”) of a Series F unit of Chou Bond Fund at December 31, 2025 was \$10.09 compared to \$10.01 at December 31, 2024, an increase of 5.1%; during the same period, Barclays U.S. Corporate High Yield Index (\$CAN) increased 3.5% in Canadian dollars. In U.S. dollars, a Series F unit of Chou Bond Fund returned 10.1% while Barclays U.S. Corporate High Yield Index increased 8.6%.

The table shows our one-year, three-year, five-year, 10-year and 15-year annual compound rates of return.

December 31, 2025 (Series F)	1 Year	3 Years	5 Years	10 Years	15 Years
Chou Bond Fund (\$CAN)	5.1%	7.0%	13.3%	8.1%	6.7%
Barclays’ U.S. High Yield (\$CAN)	3.5%	10.5%	6.0%	6.4%	8.3%
Chou Bond Fund (\$US)	10.1%	6.5%	11.6%	8.2%	4.5%
Barclays’ U.S High Yield (\$US)	8.6%	10.0%	4.5%	6.5%	6.0%

Rates of return are historical total returns that include 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 that 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.

National Instrument 81-106 requires mutual funds to present performance results for up to 10 years. Although we have historically included longer-term performance data, doing so may invite additional scrutiny from the Ontario Securities Commission (OSC). Accordingly, future reports will present performance results and comparative indices only as required under National Instrument 81-106.

Most unitholders of the Fund have transitioned from Series A to Series F. As a result, the Fund’s performance is now presented based on Series F results.

Factors Influencing the 2025 Results

The top contributors during 2025 were the fixed income holdings of MBIA Global Funding LLC, Zero Coupon, due December 15, 2031 and Bausch Health Companies, 14.000%, October 15, 2030. The only underperformer in the year was the equity holding of EXCO Resources Inc.

The Canadian currency appreciated against the US dollar, which also negatively affected the Fund.

During the year, the Fund initiated investments in the debt holdings of The Hertz Corporation, 12.625% due July 15, 2029 and Allegiant Travel Company, 7.250% due August 15, 2027. The Fund also initiated investments in the preferred shares of Enbridge Inc. Series 3 and Atlanticus Holdings Corporation, 6.1250% due November 30, 2026.

In 2025, the Fund sold the preferred shares of B Riley Financial Inc., 5.250%, due August 31, 2028 and the debt holdings of 1375209 BC Limited., 9.000% due January 30, 2028 and Bausch Health Companies Inc., 11.000% due September 30, 2028. The Fund reduced the equity holding of EXCO Resources Inc.

The debt holdings of Avation Capital SA, 8.25% due October 31, 2026 and World Acceptance Corporation, 7.000%, due November 1, 2026 were called for early redemption.

The Fund did not enter into any foreign currency contracts during the period, and had no covered call options in its portfolio as at December 31, 2025.

How did Chou Bond Fund perform versus its peers over the long term?

A question I have been asked repeatedly over the years is whether value investing truly works over the long term. Until about two years ago, the question was often asked with considerable skepticism. In my view, however, the answer has always been straightforward: **yes**. Value investing works because it focuses on buying assets for significantly less than what they are worth.

Rather than relying on theory, we thought it would be useful to look at the actual results. We asked Fundata to provide the long-term performance data for Chou Bond Fund relative to its peers. The results speak for themselves. Over the 20-year period, Chou Bond Fund Series F ranked 1st and Chou Bond Fund Series A ranked 3rd among 37 funds in the global fixed income balanced category.

Fund category and rank	Performance period (number of years)				
	3	5	10	15	20
Global fixed income, balanced:					
Chou Bond Fund (Series A), rank	747	2	2	11	3
Chou Bond Fund (Series F), rank	698	1	1	3	1
Number of funds in this category	898	810	450	170	37

Source: All data courtesy of Fundata.

What is particularly noteworthy is the consistency of these results. Across several time periods shown above, the Fund ranked first among its peers, despite competing against a large universe of funds.

Value investing can be especially effective in the bond market because bonds are often mispriced when investors become overly fearful about a company's prospects. By carefully analyzing a company's financial strength and purchasing its bonds at a substantial discount, investors can benefit both from the income generated by the bonds and from price appreciation as market perceptions improve.

While results can vary over shorter periods, long-term outcomes tend to reflect the discipline of the investment process. Our approach has always been simple: purchase securities at a meaningful discount to their intrinsic value and remain patient while that value is realized.

Of course, no investment strategy works perfectly in every period, but our long-term results suggest that disciplined value investing remains a sound and durable approach.

Portfolio Commentary

EXCO Resources Inc. ("EXCO")

In early July 2019, EXCO emerged from bankruptcy. Under the restructuring plan, the Company's 1.75 lien term loans were converted into equity at a rate of 28.38 shares for every US\$1,000 of par value, after certain adjustments. This implied a conversion price of US\$9.51 per share.

Because EXCO is a private company and its shares historically traded only sporadically in the grey market, we engaged Kroll, an independent third-party valuation firm, to provide a valuation of EXCO every six months.

In December, however, a meaningful number of shares began trading in the grey market, and we sold 550 shares. With observable trading now occurring, we will henceforth rely on market quotations to determine the daily value of our remaining EXCO holdings.

Recent grey market prices have been approximately 15% to 20% below the most recent independent valuation of \$22.08 per share as of June 30, 2025. Such differences are not unusual for securities that trade infrequently and in limited markets. Over time, we expect that the gap between private valuations and market prices will narrow as trading activity increases and price discovery improves.

Large Cash Position

At present, attractive investment opportunities are limited. As a result, cash and cash equivalents represented approximately 65.4% of the Fund's net assets as at December 31, 2025.

Holding a significant amount of cash may temporarily depress returns while markets continue to rise. However, we believe it is far better to hold cash than to invest in securities that do not offer a sufficient margin of safety.

A large cash reserve also provides important protection. Should a meaningful market correction occur, the Fund would be well-positioned to cushion potential losses while having ample liquidity to take advantage of attractive investment opportunities.

Periods such as this are not unusual for value investors. When markets become expensive, attractive opportunities become scarce, and patience becomes essential.

For the time being, therefore, cash may act as a drag on returns. Nevertheless, if we cannot find securities trading at substantial discounts to their intrinsic value, we are comfortable maintaining a high cash position until such opportunities arise.

In investing, patience is often the most valuable asset, and we are prepared to wait until attractive opportunities present themselves.

Caution to the Investors

Investors should be aware that we run a highly focused portfolio. At times, as few as three to five securities may represent close to 50% of the Fund's assets. In addition, the Fund holds securities of non-U.S. companies, which may be subject to geopolitical risks that could override—or at least negatively influence—the financial performance of those businesses.

Because of these factors, the net asset value of the Fund may occasionally be more volatile than that of more broadly diversified funds. However, we are not concerned by this volatility. Our focus has always been—and continues to be—on how inexpensive we believe the Fund's portfolio holdings are relative to what we believe to be their intrinsic value.

As of December 31, 2025, the Fund's cash and cash equivalents represented approximately 65.4% of net assets.

We believe that maintaining a disciplined focus on intrinsic value, even if it results in short-term volatility, is the most effective way to achieve satisfactory long-term investment results.

Other Matters

FOREIGN CURRENCY CONTRACTS: None existed at December 31, 2025.

U.S. DOLLAR VALUATION: Any investor who wishes to purchase the Chou Funds in U.S. dollars may do so.

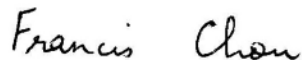
REDEMPTION FEE: We have a redemption fee of 2% if unitholders redeem their units in less than 3 months. None of this fee goes to the Fund Manager. It is put back into the Fund for the benefit of the remaining unitholders.

INDEPENDENT REVIEW COMMITTEE: The Manager has established an IRC as required by NI 81-107. The members of the IRC are Sandford Borins, Peter Gregoire and Joe Tortolano. The 2025 IRC Annual Report is available on our website www.choufunds.com.

As of March 13, 2026, the NAVPU of a Series F unit of the Fund was \$10.07 and the cash and cash equivalent position was approximately 63.6% of net assets. The Fund is down 0.1% from the beginning of the year. In U.S. dollars, it is down 0.2%.

Except for the performance numbers of 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
Fund Manager

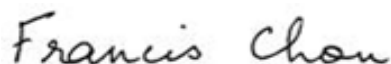
CHOU BOND FUND

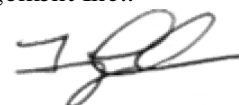
Statements of Financial Position

Years ended December 31, 2025 and 2024

	2025	2024
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	11,543,134	10,152,289
Investments (note 8)	6,113,913	5,054,454
Receivable for redeemable units subscribed	12,060	11,882
Interest receivable	111,848	55,214
Total assets	17,780,955	15,273,839
Liabilities		
Current liabilities		
Accrued expenses (note 5a)	39,767	53,869
Payable for units redeemed	2,895	1,690
Distributions payable	27,143	18,943
Total liabilities	69,805	74,502
Net assets attributable to unitholders of redeemable units	17,711,150	15,199,337
Net assets attributable to unitholders of redeemable units:		
Series A	5,019,355	4,989,072
Series F	12,691,795	10,210,265
	17,711,150	15,199,337
Number of redeemable units outstanding (note 4):		
Series A	505,723	507,644
Series F	1,258,238	1,020,102
Net assets attributable to unitholders of redeemable units per unit:		
Canadian dollars:		
Series A	9.93	9.83
Series F	10.09	10.01
U.S. dollars:		
Series A	7.23	6.84
Series F	7.35	6.96

Approved on behalf of the Fund by the Board of Directors of Chou Associates Management Inc.:





The accompanying notes are an integral part of these financial statements.

CHOU BOND FUND

Statements of Comprehensive Income

Years ended December 31, 2025 and 2024

	2025	2024
	\$	\$
Income:		
Interest for distribution purposes and other	941,618	773,958
Dividends	20,301	58,716
Securities lending income (note 7)	1,650	12,062
Foreign currency gain on cash and other net assets	45,169	53,832
Other net changes in fair value of financial assets and financial liabilities at fair value through profit or loss:		
Net realized gain on disposal of investments	478,256	252,368
Change in unrealized (depreciation) appreciation on investments	(381,438)	1,163,361
	1,105,556	2,314,297
Expenses:		
Management fees (note 5(a))	203,419	147,267
Custodial fees	25,240	25,309
Audit fees	15,060	15,101
Filing fees	7,839	9,072
Independent review committee fees	3,054	2,564
FundSERV fees	3,285	3,294
Transaction costs (note 6)	4	-
Other expenses	217	359
	258,118	202,966
Increase in net assets attributable to unitholders of redeemable units	847,438	2,111,331
Increase in net assets attributable to unitholders of redeemable units per series:		
Series A	247,669	792,193
Series F	599,769	1,319,138
	847,438	2,111,331
Weighted average number of redeemable units outstanding for the year for the Series:		
Series A	503,984	509,444
Series F	1,175,702	774,742
Increase in net assets attributable to unitholders of redeemable units per series:		
Series A	0.49	1.56
Series F	0.51	1.70

The accompanying notes are an integral part of these financial statements.

CHOU BOND FUND

Statements of Changes in Net Assets Attributable to Unitholders of Redeemable Units

Years ended December 31, 2025 and 2024

	2025	2024
	\$	\$
Series A		
Net assets attributable to unitholders of redeemable units, beginning of year	4,989,072	4,897,056
Increase (decrease) in net assets attributable to unitholders of redeemable units	247,669	792,193
Proceeds from issue of redeemable units	100,354	500,481
Redemptions of redeemable units	(303,204)	(1,197,832)
Distribution of income to unitholders:		
Investment income	(190,477)	(196,692)
Reinvested distributions	175,941	193,866
Net assets attributable to unitholders of redeemable units, end of year	5,019,355	4,989,072
Series F		
Net assets attributable to unitholders of redeemable units, beginning of year	10,210,265	5,665,738
Increase (decrease) in net assets attributable to unitholders of redeemable units	599,769	1,319,138
Proceeds from issue of redeemable units	3,380,064	4,838,693
Redemptions of redeemable units	(1,485,696)	(1,597,186)
Distribution of income to unitholders:		
Investment income	(525,346)	(444,711)
Reinvested distributions	512,739	428,593
Net assets attributable to unitholders of redeemable units, end of year	12,691,795	10,210,265
Total net assets attributable to unitholders of redeemable units, end of year	17,711,150	15,199,337

The accompanying notes are an integral part of these financial statements.

CHOU BOND FUND

Statements of Cash Flows

Years ended December 31, 2025 and 2024

	2025	2024
	\$	\$
Cash flows from operating activities:		
Increase (decrease) in net assets attributable to unitholders of redeemable units	847,438	2,111,331
Adjustments for:		
Foreign currency gain on cash and other net assets	(45,169)	(53,832)
Net realized gain on disposal of investments	(478,256)	(252,368)
Change in unrealized depreciation (appreciation) on investments	381,438	(1,163,361)
Interest accretion on bond	(165,401)	(162,622)
Purchase of investments	(8,661,723)	-
Proceeds from sales of investments	7,864,483	6,194,849
Change in non-cash operating working capital:		
(Increase) decrease in interest receivable	(56,634)	88,579
(Decrease) increase in accrued expenses	(14,102)	1,263
Net cash (used in) generated from operating activities	(327,926)	6,763,839
Cash flows from financing activities:		
Distributions paid to unitholders	(18,943)	-
Proceeds from redeemable units issued	3,480,240	5,328,174
Amount paid on redemption of redeemable units	(1,787,695)	(2,812,939)
Net cash generated from financing activities	1,673,602	2,515,235
Foreign currency gain on cash and cash equivalents and other net assets	45,169	53,832
Increase in cash and cash equivalents	1,390,845	9,332,906
Cash and cash equivalents, beginning of year	10,152,289	819,383
Cash and cash equivalents, end of year	11,543,134	10,152,289
Supplemental information:		
Interest received, net of withholding tax	884,984	862,537
Dividends received, net of withholding taxes	20,301	58,716
Security lending income received	1,650	12,062

The accompanying notes are an integral part of these financial statements.

CHOU BOND FUND

Schedule of Investments

December 31, 2025

	Number of securities	Cost	Fair value
	#	\$	\$
Equities*			
Atlantius Holdings Corporation, Preferred	40,000	1,365,195	1,358,824
Enbridge Inc., Preferred	16,000	307,587	345,600
EXCO Resources Inc.**	19,496	674,948	487,018
Total equities		2,347,730	2,191,442
Bonds			
Allegiant Travel Company, 7.250%, August 15, 2027, Callable	772,000	1,069,489	1,075,092
Bausch Health Companies Inc., 14.000%, October 15, 2030, Callable	65,000	73,373	90,656
Fortress Global Enterprises Inc., 9.750%, December 31, 2026, Convertible Bonds, Callable	3,659,000	2,058,513	366
MBIA Global Funding LLC, Zero Coupon, December 15, 2031	1,800,000	1,505,717	1,371,177
The Hertz Corporation, 12.625%, July 15, 2029, Callable	1,000,000	1,385,550	1,385,180
Total bonds		6,092,642	3,922,471
Total investments		8,440,372	6,113,913
Transaction costs		-	-
Portfolio total		8,440,372	6,113,913

* Common shares unless indicated otherwise

**Shares received from debt restructuring

The accompanying notes are an integral part of these financial statements.

CHOU BOND FUND

Discussion of Financial Risk Management

Years ended December 31, 2025 and 2024

Investment objective and strategies:

Chou Bond Fund's objective is to invest in securities that it believes are undervalued in order to achieve capital appreciation over the long-term. Conservation of principal and interest production will be fundamental considerations in this objective. The Fund invests primarily in Canadian and U.S. 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 Fund may also use derivatives such as, but not limited to, futures, options, swaps and forward contracts to gain exposure to securities and asset classes consistent with the objectives of the Fund, and to hedge portfolio exposure against losses from foreign currency and domestic currency exposure and changes in securities prices.

The Fund will generally be fully invested. A combination of investment strategies will be utilized in managing the portfolio including relative value trades, yield enhancement strategies and interest rate anticipation trades. Investments made by the Fund are not guaranteed. Fixed income securities issued by governments may decrease in value as a result of changes in interest rates. Fixed income securities issued by corporations may decrease in value due to general market conditions or credit risks associated with the issuer.

Financial risk management:

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.

(a) Credit risk:

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge a commitment that it has entered into with the Fund. As at December 31, 2025, the Fund invested 14.40% of its net assets in non-investment grade debt instruments (2024 – 20.19%). 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 Standard & Poor's and Fitch. The credit ratings could denote that the Company's financial position is weak and its bonds should be considered a speculative investment. As at December 31, 2025, the Fund invested approximately 7.74% (2024 – 8.80%) of its net assets in non-rated bonds.

(b) 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 risk by remaining term to maturity:

Debt instruments by maturity date:

	2025	2024
	\$	\$
Less than 1 year	366	366
1 - 3 years	1,075,092	2,535,806
3 - 5 years	1,475,836	709,487
Greater than 5 years	1,371,177	1,160,923

CHOU BOND FUND

Discussion of Financial Risk Management

Years ended December 31, 2025 and 2024

Financial risk management (continued):

(b) Interest rate risk (continued):

As at December 31, 2025, had interest rates decreased or increased by 0.25%, with all other variables remaining constant, the increase or decrease in net assets for the year would have amounted to approximately \$46,613 (2024 - \$59,920).

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

(c) Other price risk:

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Approximately 12.37% (2024 – 0.27%) of the Fund's net assets held at December 31, 2025 were publicly traded equities. If equity prices on the exchange had increased or decreased by 5.00% as at December 31, 2025, the net assets of the Fund would have increased or decreased by \$109,572 or 0.62% (2024 - \$2,022 or 0.01%) of the net assets, all other factors remaining constant.

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

(d) Foreign currency risk:

Currencies to which the Fund had exposure as at December 31, 2025 and 2024 expressed in CAD are as follows:

2025	Investments	Cash and cash equivalents	Other assets and liabilities	Percentage of Total et asset value	
	\$	\$	\$	\$	%
United States dollar (USD)	5,767,947	11,167,085	111,612	17,046,644	96.2

2024	Investments	Cash and cash equivalents	Other assets and liabilities	Percentage of Total et asset value	
	\$	\$	\$	\$	%
United States dollar (USD)	5,054,088	8,344,361	54,084	13,452,533	88.5

The amounts in the above tables are based on the market value of the Fund's financial instruments. This includes cash and cash equivalents, investments, interest receivable, receivable for units subscribed and payable for units redeemed that are denominated in foreign currencies.

As at December 31, 2025, if the Canadian dollar had strengthened or weakened by 1.00% in relation to all currencies, with all other variables held constant, net assets would have decreased or increased by approximately \$170,466 (2024 - \$134,525).

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

CHOU RRSP FUND
(unaudited)

March 13, 2026

Dear Unitholders of Chou RRSP Fund,

After the distribution of \$0.14, the net asset value per unit (“NAVPU”) of a Series F unit of Chou RRSP Fund at December 31, 2025 was \$38.00 compared to \$35.24 at December 31, 2024, an increase of 8.2%; during the same period, the S&P/TSX Total Return Index increased by 31.7% in Canadian dollars. In U.S. dollars, a Series F unit of Chou RRSP Fund was up 13.3% while the S&P/TSX Total Return Index increased by 38.1%.

The table shows our one-year, three-year, five-year, 10-year, 15-year and 20-year annual compound rates of return.

December 31, 2025 (Series F)	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years
Chou RRSP Fund (\$CAN)	8.2%	2.0%	8.8%	4.8%	5.1%	4.3%
S&P/TSX (\$CAN)	31.7%	21.4%	16.1%	12.7%	9.1%	8.5%
Chou RRSP Fund (\$US)	13.3%	1.6%	7.2%	4.9%	2.9%	3.5%
S&P/TSX (\$US)	38.1%	20.9%	14.5%	12.8%	6.8%	7.6%

Rates of return are historical total returns that include 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 that 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.

National Instrument 81-106 requires mutual funds to present performance results for up to 10 years. Although we have historically included longer-term performance data, doing so may invite additional scrutiny from the Ontario Securities Commission (OSC). Accordingly, future reports will present performance results and comparative indices only as required under National Instrument 81-106.

Most unitholders of the Fund have transitioned from Series A to Series F. As a result, the Fund’s performance is now presented based on Series F results.

Factors Influencing the 2025 Results

The top contributors in 2025 were the equity holdings of Linamar Corporation, TWC Enterprises Limited, Imperial Oil Limited, Magna International Inc., Class 'A', and Trican Well Service Limited. The major underperformers in the period were the equity holdings of Interfor Corporation, Methanex Corporation, EXCO Resources Inc. and Reitmans (Canada) Limited, Class 'A'.

During the year, the Fund sold its common equity holdings of Canfor Pulp Products Inc. and TVA Group Inc. The Fund initiated investments in Athabasca Oil Corporation, Canfor Corporation, Ensign Energy Services Inc. and MTY Food Group Inc.

The Fund reduced the equity holding of EXCO Resources Inc. and increased the equity holdings of Methanex Corporation, Interfor Corporation, Morguard Corporation and Linamar Corporation.

The Power of Long-Term Investing and Deferral of Capital Gains Taxes

The initial net asset value (NAV) of the Chou RRSP Fund was \$10.00 per unit when the fund (Series A) was first available for purchase in 1986. As of December 31, 2025, the NAV per unit had increased to \$37.51.

For most mutual funds, the NAV per unit tends to remain close to the initial NAV over time because all net capital gains realized and net investment income are distributed annually to unitholders. This practice prevents the fund itself from being taxed.

The Chou RRSP Fund has been somewhat different. We have been careful about realizing capital gains by investing in companies that we expect to hold for long periods of time.

In 1979, when capital gains taxes were high in both the United States and Canada, I was first learning about value investing. One lesson impressed me deeply: after-tax returns depend greatly on how long you hold an investment.

Many investors focus on selecting good investments or achieving higher returns. While those things are important, another powerful factor is often overlooked: tax deferral.

The Power of Deferring the Capital Gains Tax

Table 1: Capital Gains Tax Rates in the United States and Canada (Selected Years)

Year(s)	United States		Canada
	Individual (%)	Corporate (%)	Individual (Top Rate) (%)
2018 to 2025	20	21	27
2016 to 2017	20	35	27
2013 to 2015	20	35	25
1993 to 1997	28	35	35
1987	28	34	26
1979	35	30	31

Scenarios

Consider two individual investors who each invest \$1 million in the same stock. Assume the stock compounds at 20% annually for 40 years, and the capital gains tax rate is 27%.

- Investor A sells the stock every year and pays capital gains tax annually before reinvesting.
- Investor B buys the stock and simply holds it for 40 years, paying capital gains tax only once at the end.

Both investors held the same investment and earned the same pre-tax return, yet their results are dramatically different (Table 2).

Table 2: Stock Value After Paying Capital Gains Tax Yearly Versus Deferring

Strategy	Annual After-Tax Return	Value of \$1 Million After 40 Years
Sell every year	14.6%	\$233.0 million
Buy and hold for 40 years	19.1%	\$1,073.2 million

The investor who pays taxes every year ends up with \$233.0 million. The investor who defers taxes for 40 years ends up with over \$1 billion. The difference arises entirely from tax deferral and the power of compounding.

Even at a more modest 12% annual return, the impact remains dramatic. Realizing gains each year produces about \$28.8 million after tax, while holding the investment for 40 years produces roughly \$68.2 million.

The Importance of the Holding Period

Most value investors hold stocks for **three to five years**, so it is useful to examine how different holding periods affect long-term results.

Table 3: Effect of Holding Period on Long-Term Wealth

Holding Period	Wealth After 40 Years (\$ Millions)
Sell every year	233.0
Sell every 3 years	293.8
Sell every 5 years	359.2
Sell every 10 years	526.4
Sell after 40 years	1,073.2

Given the same assumptions as above (20% annual return, 27% capital gains tax), the benefits of holding for three years versus selling every year are modest. However, once the holding period extends to 10 years or longer, the benefits become substantial.

Lessons for Investors

These scenarios highlight several important lessons. First, long-term investing dramatically reduces the effective tax rate. In the example above, a capital gains tax rate of 27% translates into an effective tax rate of only about 4.5% when taxes are deferred for 40 years.

Second, tax deferral greatly enhances compounding. To achieve a 19.1% after-tax return while paying taxes every year, an investor would need to earn nearly 26.1% annually before tax—an extraordinarily difficult return to sustain over decades.

Third, investment selection becomes critical. Given that long-term holding can deliver such powerful benefits, investors should focus on companies that can compound intrinsic value over many years.

More than 45 years ago, I concluded that the best investments are often companies run by relatively young founders or CEOs who are exceptional capital allocators and capable of compounding intrinsic value at 12% or more annually.

Even if a stock occasionally becomes overvalued, it may still make sense to hold it when capital gains tax rates are high. Selling prematurely can significantly reduce the benefits of long-term compounding.

A Difficult Decision

Consider a company whose stock value has compounded at 20% annually for 40 years, but this rate is expected to slow to 8% annually going forward. Should you sell?

Selling immediately reduces your capital by 27% due to taxes; thus, to earn an 8% after-tax return, you would need to have achieved a return of roughly 11.0% annually before tax. In other words, the decision to sell is often more complicated than it first appears.

The Takeaway

The lesson is simple: Taxes are the enemy of compounding. The less frequently you pay them, the more wealth you can create over time. From \$10.00 per unit when unitholders first purchased it to \$37.51 as of December 31, 2025, the NAV of the Chou RRSP Fund reflects an after-tax return considerably higher than what its pre-tax return alone would suggest.

Does Value Investing Work Over the Long Term?

Over the years, I have frequently been asked whether value investing truly works over the long term. Until about two years ago, the question was usually asked with considerable skepticism. In my view, the answer has always been unequivocally yes. Value investing works because it involves buying assets for significantly less than what they are worth.

The most meaningful way to judge an investment approach is over long periods of time. When viewed through that lens, the results of Chou RRSP Fund provide strong evidence that disciplined value investing can be effective.

Despite this challenging period, the longer-term rankings remain particularly strong. Over 25, 30, and 35 years, Chou RRSP Fund (Series A) ranked 1st within its category. In other words, over periods spanning multiple decades, the Fund has ranked at the very top of its peer group.

Fund Rankings by Category (as of December 31, 2025)

Fund and rank	Rank by performance period (years)					
	3	5	10	25	30	35
Canadian-Focused Small- and Mid-Cap Equity						
Chou RRSP Fund (Series A), rank	48	22	34	1	1	1
Chou RRSP Fund (Series F), rank	47	19	33	N/A	N/A	N/A
Number of funds in this category	48	48	34	< 10	< 10	< 10

N/A = not applicable.

Source: All data courtesy of Fundata.

These results highlight an important lesson: investment strategies may experience difficult periods, sometimes lasting several years. However, over sufficiently long periods, disciplined investment approaches tend to distinguish themselves.

Our approach remains unchanged. We continue to focus on purchasing securities at meaningful discounts to their intrinsic value and remaining patient while that value is realized. The long-term rankings of the Fund—particularly its first-place position over 25, 30, and 35 years—suggest that this discipline has served our investors well.

Portfolio Commentary

The Common Theme In New Purchases

During the last few years, we purchased shares in several new companies. These are reasonably good businesses that generate substantial free cash flow, trade at low multiples of earnings, and have management teams we trust to make sound operating and capital allocation decisions.

If there is a common theme among these new purchases, it is that the companies have been significant buyers of their own stock in recent years. We also believe that if their share prices decline further, management will likely repurchase additional shares in meaningful quantities.

When a company repurchases its shares at attractive prices, the intrinsic value per share increases for the remaining shareholders. That is music to my ears.

However, there is one important caveat regarding share repurchases. Companies should not be buying back stock if they operate in declining industries, where new technologies or processes are likely to make their products less valuable over time.

As a corollary, a company should also avoid repurchasing shares if it is fundamentally a CRAP business—one that ‘Cannot Realize A Profit’. In that situation, the remaining shareholders simply end up owning a larger piece of a mediocre company, which is hardly desirable.

When used properly, however, share repurchases can be an excellent use of capital. A company that generates strong free cash flow and repurchases its shares at attractive prices can steadily increase the intrinsic value of the business on a per-share basis. Over time, this can produce very satisfactory results for patient shareholders.

EXCO Resources Inc. (“EXCO”)

In early July 2019, EXCO emerged from bankruptcy. Under the restructuring plan, the Company’s 1.75 lien term loans were converted into equity at a rate of 28.38 shares for every US\$1,000 of par value, after certain adjustments. This implied a conversion price of US\$9.51 per share.

Because EXCO is a private company and its shares historically traded only sporadically in the grey market, we engaged Kroll, an independent third-party valuation firm, to provide a valuation of EXCO every six months.

In December, however, a meaningful number of shares began trading in the grey market, and we sold 3,120 shares. With observable trading now occurring, we will henceforth rely on market quotations to determine the daily value of our remaining EXCO holdings.

Recent grey market prices have been approximately 15% to 20% below the most recent independent valuation of \$22.08 per share as of June 30, 2025. Such differences are not unusual for securities that trade infrequently and in limited markets. Over time, we expect that the gap between private valuations and market prices will narrow as trading activity increases and price discovery improves.

Caution to the Investors

Investors should be aware that we run a highly focused portfolio. At times, as few as three to five securities may represent close to 50% of the Fund's assets. In addition, the Fund holds securities of non-U.S. companies, which may be subject to geopolitical risks that could override—or at least negatively influence—the financial performance of those businesses.

Because of these factors, the net asset value of the Fund may occasionally be more volatile than that of more broadly diversified funds. However, we are not concerned by this volatility. Our focus has always been—and continues to be—on how inexpensive we believe the Fund's portfolio holdings are relative to what we believe to be their intrinsic value.

As of December 31, 2025, the Fund's cash and cash equivalents represented approximately 17.8% of net assets. We believe that maintaining a disciplined focus on intrinsic value, even if it results in short-term volatility, is the most effective way to achieve satisfactory long-term investment results.

Other Matters

FOREIGN CURRENCY CONTRACTS: None existed at December 31, 2025.

U.S. DOLLAR VALUATION: Any investor who wishes to purchase the Chou Funds in U.S. dollars may do so.

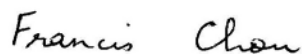
REDEMPTION FEE: We have a redemption fee of 2% if unitholders redeem their units in less than 3 months. None of this fee goes to the Fund Manager. It is put back into the Fund for the benefit of the remaining unitholders.

INDEPENDENT REVIEW COMMITTEE: The Manager has established an IRC as required by NI 81-107. The members of the IRC are Sandford Borins, Peter Gregoire and Joe Tortolano. The 2025 IRC Annual Report is available on our website www.choufunds.com.

As of March 13, 2026, the NAVPU of a Series F unit of the Fund was \$39.94 and the cash and cash equivalent position was approximately 13.2% of net assets. The Fund is up 5.1% from the beginning of the year. In U.S. dollars, it is up 5.1%.

Except for the performance numbers of 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
Fund Manager

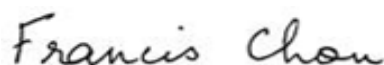
CHOU RRSP FUND

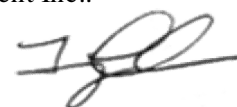
Statements of Financial Position

Years ended December 31, 2025 and 2024

	2025	2024
	\$	\$
Assets		
Current assets:		
Cash and cash equivalents	5,075,369	12,517,501
Investments (note 8)	23,513,610	17,308,978
Interest receivable	229	522
Dividends receivable	3,601	3,000
Total assets	28,592,809	29,830,001
Liabilities		
Current liabilities		
Accrued expenses (note 5a)	39,039	40,595
Payable for units redeemed	17,700	11,764
Distributions payable	3,395	16,306
Total liabilities	60,134	68,665
Net assets attributable to unitholders of redeemable units	28,532,675	29,761,336
Net assets attributable to unitholders of redeemable units:		
Series A	15,558,038	16,149,975
Series F	12,974,637	13,611,361
	28,532,675	29,761,336
Number of redeemable units outstanding (note 4):		
Series A	414,797	463,374
Series F	341,475	386,268
Net assets attributable to unitholders of redeemable units per unit:		
Canadian dollars:		
Series A	37.51	34.85
Series F	38.00	35.24
U.S. dollars:		
Series A	27.33	24.24
Series F	27.69	24.52

Approved on behalf of the Fund by the Board of Directors of Chou Associates Management Inc.:





The accompanying notes are an integral part of these financial statements.

CHOU RRSP FUND

Statements of Comprehensive Income

Years ended December 31, 2025 and 2024

	2025	2024
	\$	\$
Income:		
Interest for distribution purposes and other	319,799	612,380
Dividends	451,368	257,382
Securities lending income (note 7)	8,218	1,145
Foreign currency gain on cash and other net assets	29,864	402,236
Other net changes in fair value of financial assets and financial liabilities at fair value through profit or loss:		
Net realized loss on disposal of investments	(103,910)	(5,939,895)
Net realized loss on derivatives	-	(1,197,088)
Change in unrealized appreciation on investments	2,082,547	5,472,689
Change in unrealized appreciation on derivatives	-	640,436
	2,787,886	249,285
Expenses:		
Management fees (note 5(a))	423,895	461,742
Custodial fees	72,273	86,206
Audit fees	31,533	31,660
Filing fees	13,248	26,061
Independent review committee fees	4,963	5,697
FundSERV fees	8,137	7,569
Legal fees	2,435	2,441
Transaction costs (note 6)	12,400	21,336
Other	365	1,088
	569,249	643,800
Increase (decrease) in net assets attributable to unitholders of redeemable units	2,218,637	(394,515)
Increase (decrease) in net assets attributable to unitholders of redeemable units per series:		
Series A	1,165,907	(257,268)
Series F	1,052,730	(137,247)
	2,218,637	(394,515)
Weighted average number of redeemable units outstanding for the year for the Series:		
Series A	437,689	489,417
Series F	361,577	409,387
Increase (decrease) in net assets attributable to unitholders of redeemable units per series:		
Series A	2.66	(0.53)
Series F	2.91	(0.33)

The accompanying notes are an integral part of these financial statements.

CHOU RRSP FUND

Statements of Changes in Net Assets Attributable to Unitholders of Redeemable Units

Years ended December 31, 2025 and 2024

	2025	2024
	\$	\$
Series A		
Net assets attributable to unitholders of redeemable units, beginning of year	16,149,975	18,173,036
Increase (decrease) in net assets attributable to unitholders of redeemable units	1,165,907	(257,268)
Proceeds from issue of redeemable units	16,800	231,548
Redemptions of redeemable units	(1,774,644)	(1,996,739)
Distribution of income to unitholders:		
Investment income	-	(147,340)
Reinvested distributions	-	146,738
Net assets attributable to unitholders of redeemable units, end of year	15,558,038	16,149,975
Series F		
Net assets attributable to unitholders of redeemable units, beginning of year	13,611,361	16,214,596
Increase (decrease) in net assets attributable to unitholders of redeemable units	1,052,730	(137,247)
Proceeds from issue of redeemable units	210,761	391,045
Redemptions of redeemable units	(1,896,820)	(2,841,330)
Distribution of income to unitholders:		
Investment income	(48,017)	(202,886)
Reinvested distributions	44,622	187,183
Net assets attributable to unitholders of redeemable units, end of year	12,974,637	13,611,361
Total net assets attributable to unitholders of redeemable units, end of year	28,532,675	29,761,336

The accompanying notes are an integral part of these financial statements.

CHOU RRSP FUND

Statements of Cash Flows

Years ended December 31, 2025 and 2024

	2025	2024
	\$	\$
Cash flows from operating activities:		
Increase (decrease) in net assets attributable to unitholders of redeemable units	2,218,637	(394,515)
Adjustments for:		
Foreign currency gain on cash and other net assets	(29,864)	(402,236)
Net realized loss on disposal of investments and derivatives	103,910	7,136,983
Change in unrealized appreciation on investments and derivatives	(2,082,547)	(6,113,125)
Purchase of investments and derivatives	(5,328,110)	(2,807,287)
Proceeds from sale and maturity of investments and derivatives	1,102,115	4,432,916
Change in non-cash operating working capital:		
Decrease in interest receivable	293	16,222
(Increase) decrease in dividends receivable	(601)	2,740
Decrease in accrued expenses	(1,556)	(15,038)
Net cash (used in) generated from operating activities	(4,017,723)	1,856,660
Cash flows from financing activities:		
Distributions paid to unitholders	(16,306)	-
Proceeds from redeemable units issued	227,561	622,593
Amount paid on redemption of redeemable units	(3,665,528)	(4,826,305)
Net cash used in financing activities	(3,454,273)	(4,203,712)
Foreign currency gain on cash and cash equivalents and other net assets	29,864	402,236
Decrease in cash and cash equivalents	(7,442,132)	(1,944,816)
Cash and cash equivalents, beginning of year	12,517,501	14,462,317
Cash and cash equivalents, end of year	5,075,369	12,517,501
Supplemental information:		
Interest received, net of withholding tax	320,092	628,602
Dividends received, net of withholding tax	450,767	260,122
Security lending income received	8,218	1,145

The accompanying notes are an integral part of these financial statements.

CHOU RRSP FUND

Schedule of Investments

December 31, 2025

	Number of securities	Cost	Fair value
	#	\$	\$
Equities*			
Athabasca Oil Corporation	50,000	225,600	351,500
Canfor Corporation	88,000	1,138,752	1,032,240
Ensign Energy Services Inc.	449,100	915,914	1,140,714
EXCO Resources Inc.	111,251	2,308,343	2,779,095
Imperial Oil Limited	5,000	375,341	592,900
Interfor Corporation	164,200	1,460,440	1,405,552
Linamar Corporation	27,000	1,466,148	2,239,920
Magna International Inc., Class 'A'	10,000	624,709	731,569
Methanex Corporation	20,000	835,014	1,088,800
Morguard Corporation	8,600	958,103	997,600
MTY Food Group Inc.	20,000	849,947	762,400
Onex Corporation	13,900	925,774	1,570,144
Parex Resources Inc.	60,000	1,116,400	1,107,000
Reitmans (Canada) Limited	526,100	1,993,539	1,246,857
Reitmans (Canada) Limited, Class 'A'	429,100	1,083,106	933,293
Trican Well Service Limited	100,000	403,650	594,000
TWC Enterprises Limited	202,539	1,168,826	4,939,926
		17,849,606	23,513,510
Bonds			
Fortress Global Enterprises Inc., 9.750%, December 31, 2026, Convertible Bonds, Callable	1,000,000	780,000	100
Total investments		18,629,606	23,513,610
Transaction costs		(47,879)	-
Portfolio total		18,581,727	23,513,610

* Common shares unless indicated otherwise

The accompanying notes are an integral part of these financial statements.

CHOU RRSP FUND

Discussion of Financial Risk Management

Years ended December 31, 2025 and 2024

Investment objective and strategies:

The Fund's objective is to provide long-term growth of capital by investing primarily in equity and debt instruments 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 Fund may also use derivatives such as, but not limited to, futures, options, swaps and forward contracts to gain exposure to securities and asset classes consistent with the objectives of the Fund, and to hedge portfolio exposure against losses from foreign currency and domestic currency exposure and changes in securities prices.

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

Financial risk management:

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.

(a) Credit risk:

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge a commitment that it has entered into with the Fund. As at December 31, 2025, the Fund did not invest any of its net assets in non-investment grade debt instruments (2024 - 0.0%). 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 Standard & Poor's and Fitch. These credit ratings could denote that the company's financial position is weak and its bonds should be considered a speculative investment. As at December 31, 2025, the Fund did not invest any of its net assets in non-rated debt instruments (2024 - 0.00%).

(b) 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 risk by remaining term to maturity:

Debt instruments by maturity date:

	2025	2024
	\$	\$
Less than 1 year	100	100
1 - 3 years	-	-
3 - 5 years	-	-
Greater than 5 years	-	-

As at December 31, 2025, had interest rates decreased or increased by 0.25%, with all other variables remaining constant, the increase or decrease in net assets for the year would have amounted to approximately \$nil (2024 - \$nil).

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

CHOU RRSP FUND

Discussion of Financial Risk Management (continued)

Years ended December 31, 2025 and 2024

Financial risk management (continued):

(c) Other price risk:

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Approximately 81.03% (2024 - 46.51%) of the Fund's net assets held at December 31, 2025 were publicly traded equities and derivative investments. If equity and derivative prices on the exchange had increased or decreased by 5.00% as at December 31, 2025, the net assets of the Fund would have increased or decreased by approximately \$1,175,676 or 4.05% (2024 - \$692,164 or 2.33%) of the net assets, all other factors remaining constant.

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

(d) Foreign currency risk:

Currencies to which the Fund had exposure as at December 31, 2025 and 2024 expressed in CAD are as follows:

2025	Investments and derivatives	Cash and cash equivalents	Other assets and liabilities	Total	Percentage of net asset value
	\$	\$	\$	\$	%
United States dollar (USD)	3,510,665	4,723,195	9	8,233,869	28.9

2024	Investments and derivatives	Cash and cash equivalents	Other assets and liabilities	Total	Percentage of net asset value
	\$	\$	\$	\$	%
United States dollar (USD)	4,066,317	11,692,799	6	15,759,122	53.0

The amounts in the above tables are based on the market value of the Fund's financial instruments. This includes cash and cash equivalents, investments, interest receivable, dividends receivable and derivatives that are denominated in foreign currencies.

As at December 31, 2025, if the Canadian dollar had strengthened or weakened by 1.00% in relation to all currencies, with all other variables held constant, net assets would have decreased or increased by approximately \$82,339 (2024 - \$157,591).

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

CHOU FUNDS

Notes to the Financial Statements

Years ended December 31, 2025 and 2024

1. Formation of the 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 address of the Funds' registered office is: 110 Sheppard Avenue East, Suite 301, Box 18, Toronto, Ontario, M2N 6Y8.

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. Basis of presentation, Statement of compliance and Material accounting policy information:

Basis of presentation and Statement of compliance:

These financial statements have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

These financial statements have been prepared on the historical cost basis, except for financial instruments classified as fair value through profit and loss ("FVTPL"), which are measured at fair value. The financial statements are presented in Canadian dollars, which is also the Chou Funds' functional currency. These financial statements were authorized for issue by the Manager on March 30, 2026.

Material accounting policy information:

The following is a summary of material accounting policies used by the Funds for the year-ended December 31, 2025 and December 31, 2024:

(a) Financial instruments:

The Funds apply IFRS 9, *Financial Instruments* ("IFRS 9"). The standard requires financial assets to be classified at amortized cost, fair value through profit or loss ("FVTPL"), or fair value through other comprehensive income ("FVOCI") based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of these assets. Assessment and decision on the business model approach used is an accounting judgement.

The classification and measurements of financial assets and liabilities are at amortized cost except for financial assets and liabilities recorded at FVTPL. For financial liabilities, fair value changes attributable to changes in the entity's own credit risk are to be presented in other comprehensive income unless they affect amounts recorded in income. Under amortized cost, financial assets and liabilities reflect the amounts to be received or paid, discounted when appropriate at the financial instrument's effective interest rate.

CHOU FUNDS

Notes to the Financial Statements

Years ended December 31, 2025 and 2024

2. Material accounting policies (continued):

(a) Financial instruments (continued):

(i) Classification of Financial Instruments (continued)

The Funds classify its investments and derivative assets and liabilities based on both, the Funds' business model for managing these financial assets and the contractual cash flow characteristics of the financial assets. The Funds are primarily focused on fair value information and use that information to assess the assets' performance and to make decisions. As such, the Funds' investment and derivative assets and liabilities are classified and measured at FVTPL. For the years ended December 31, 2024, and December 31, 2025, the funds did not hold any financial liabilities at FVTPL.

All other financial assets and financial liabilities are classified and measured at amortized cost. The amortized cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between the initial amount recognized and the maturity amount, minus any reduction for impairment. The Funds' obligations for net assets attributable to unitholders is measured at FVTPL, with fair value being the redemption amount as of the reporting dates.

(ii) Recognition and Derecognition of Financial Instruments

Financial assets and financial liabilities at FVTPL are initially recognized on the trade date, at fair value, with transaction costs recognized in profit or loss. Other financial assets and financial liabilities are recognized on the date on which they originate at fair value, plus transaction costs that are directly attributable to their acquisition or issue. Financial liabilities arising from redeemable units issued by the Funds are presented at the redemption amount representing the investors' right to a residual interest in the Funds' net assets.

The Funds derecognize a financial asset when the contractual rights to the cash flows from the financial asset expire, or they transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Funds neither transfer nor retain substantially all of the risks and rewards of ownership and do not retain control of the financial asset.

The Funds derecognize a financial liability when its contractual obligations are discharged, cancelled, or expired.

(iii) Fair value measurement

Subsequent to the initial recognition, the Funds measures all financial instruments classified as FVTPL, with changes in fair value recognized as unrealized gains (losses) in the Statements of Comprehensive Income (Loss). Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

When available, the Funds measure the fair value of a financial instrument using the quoted price in an active market for that instrument. The Funds measure instruments quoted in an active market at the last traded market price.

Bonds and debentures are valued at the mid-point of the last evaluated bid price and the last evaluated ask price received from recognized investment dealers and their last evaluated price for short positions.

If there is no quoted price in an active market, then the Funds use valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

CHOU FUNDS

Notes to the Financial Statements

Years ended December 31, 2025 and 2024

2. Material accounting policies (continued):

(iii) Fair value measurement (continued):

The fair values of investments denominated in foreign currencies are translated into Canadian dollars at the rates of exchange applicable on the relevant valuation date.

There are no differences between the Funds' method for measuring fair value for financial reporting purposes and that for the purpose of calculating net asset value for unitholder transactions.

(iv) Classification of fair value measurement

IFRS 13 requires the Funds to classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurement. Refer to Note 8 for further details on the classification within the fair value hierarchy for the Funds.

The Funds recognize transfers between levels of the fair value hierarchy at the end of the reporting period during which the change occurred.

(b) Critical accounting estimates and judgments:

The preparation of financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting judgments and estimates that the Funds have made in preparing the financial statements:

(i) Fair value measurement of derivatives and securities not quoted in an active market:

The Funds hold financial instruments that are not quoted in active markets, including derivative securities. Fair values of such instruments are determined using valuation techniques and may be determined using reputable pricing sources (such as pricing agencies) or indicative prices from market makers. Broker quotes as obtained from the pricing sources may be indicative and not executable or binding. Where no market data is available, the Fund may value positions using its own models, which are usually based on valuation methods and techniques generally recognized as standard within the industry. The models used to determine fair values are validated and periodically reviewed by experienced personnel of the Manager, independent of the party that created them. The models used for private equity securities are based mainly on earnings multiples adjusted for a lack of marketability, as appropriate.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require the Manager to make estimates. Changes in assumptions about these factors could affect the reported fair values of financial instruments. The Funds consider observable data to be market data that is readily available, regularly distributed and updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. Refer to note 8 for further information about the fair value measurement of the Fund's financial instruments.

CHOU FUNDS

Notes to the Financial Statements

Years ended December 31, 2025 and 2024

2. Material accounting policies (continued):

(b) Critical accounting estimates and judgments (continued):

(ii) Classification and measurement of investments and application of the fair value option:

In classifying and measuring financial instruments held by the Funds, the Manager is required to make significant judgments in determining the most appropriate classification in accordance with IFRS 9. The Manager has assessed the Funds' business models, the manner in which all financial assets and financial liabilities are managed and performance evaluated as a group on a fair value basis, and concluded that FVTPL in accordance with IFRS 9 provides the most appropriate classification of the Funds' financial instruments.

(c) Income and cost of investments:

Realized gains and losses on investments and derivative assets are recognized in the Statements of Comprehensive Income (Loss).

The cost of investments represents the amount paid for each security and is determined on an average cost basis excluding transaction costs. Investment transactions are accounted for as of the trade date.

(d) Offsetting financial instruments:

Financial assets and liabilities are offset and the net amount reported in the statements of financial position where the Funds have a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis for gains and losses from financial instruments at fair value through profit or loss and foreign exchange gains and losses.

(e) Transaction costs:

Transaction costs are incremental costs directly attributable to the acquisition, issue or disposal of an investment, which include fees and commissions paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges and transfer taxes and duties. In accordance with IFRS Accounting Standards, transaction costs are expensed and are included in transaction costs in the Statements of Comprehensive Income (Loss).

(f) Cash and cash equivalents:

Cash and cash equivalents consist of cash on deposit and short-term debt instruments with original terms to maturity less than 90 days or redeemable on demand. Cash and cash equivalents are reported at fair value which closely approximates their amortized cost due to the nature of being highly liquid and having short terms to maturity. Where cash and cash equivalents are in net bank overdraft positions, these are presented as current liabilities in the statements of financial position.

CHOU FUNDS

Notes to the Financial Statements

Years ended December 31, 2025 and 2024

2. Material accounting policies (continued):

(g) Investment transactions and income recognition:

All investment transactions are accounted for on the trade date.

Income from investments held is recognized on an accrual basis. Interest income is accrued as earned and dividend income and distributions from investment trusts are recognized on the ex-dividend dates.

Distributions received from investment trusts are recorded as income, capital gains or a return of capital, based on the best information available to the Manager. Due to the nature of these investments, actual allocations could vary from this information. Distributions from investment trusts that are treated as a return of capital for income tax purposes reduce the average cost of the underlying investment trust on the schedule of investments.

(h) Foreign exchange:

Securities and other assets and liabilities denominated in foreign currencies are translated into Canadian dollars, the functional currency of the Funds, at the exchange rates prevailing on each valuation day. Purchases and sales of investments and derivatives, income and expenses are translated into Canadian dollars at the exchange rates prevailing on the respective dates of such transactions. Realized and unrealized foreign exchange gains (losses) on investments and derivatives are included in realized gain (loss) on sale of investments and derivatives and change in unrealized appreciation (depreciation) on investments and derivatives, respectively, in the Statements of Comprehensive Income (Loss).

(i) Multi-series funds:

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

(j) Valuation of Funds redeemable units:

The net assets attributable to holders of redeemable units of each Fund are computed by dividing the net assets attributable to holders of a series of redeemable units by the total number of redeemable units of the series outstanding at the time. The net assets attributable to holders of redeemable units are determined at the close of business each Friday.

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Notes to the Financial Statements

Years ended December 31, 2025 and 2024

2. Material accounting policies (continued):

(k) Securities lending income:

The Funds lend portfolio securities from time to time in order to earn additional income. Income from securities lending is included in the Statements of Comprehensive Income (Loss) of the Funds and is recognized on an accrual basis. Any securities on loan continue to be displayed in the schedule of investments and the market value of the securities loaned and collateral held is determined daily (note 7).

(l) Classification of redeemable units issued by the Funds:

The Funds' outstanding redeemable units' entitlements include a contractual obligation to distribute any net income and net realized gains annually in cash (at the request of the unitholder) and therefore the ongoing redemption feature is not the units' only contractual obligation. Consequently, the Funds' outstanding redeemable units are classified as financial liabilities in accordance with the requirements of IAS 32, *Financial Instruments: Presentation*. The Funds' obligation for net assets attributable to holders of redeemable units is measured at FVTPL, with fair value being the redemption amounts as of the reporting date.

(m) Impairments:

IFRS 9 requires that an entity recognize a loss allowance for expected credit losses on financial assets which are measured at amortized cost or FVOCI. Financial assets held by the Fund which are measured at FVTPL will not be subject to the impairment requirements.

With respect to financial assets classified and measured at amortized cost, the Funds consider both historical analysis and forward-looking information in determining any expected credit loss. As at the financial statement date, financial assets classified and measured at amortized cost are due to be settled within the short term. The Funds consider the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligation in the near term. Given the limited exposure of the Funds to credit risk, no loss allowance has been recognized as any such impairment will not have a significant impact on the financial statements.

(n) Income taxes:

The Funds qualify as mutual fund trusts under the Income Tax Act (Canada). All of the Funds' net income for tax purposes and sufficient capital gains realized in any period are required to be distributed to unitholders such that no tax is payable by the Funds. As a result, the Funds do not record income taxes. Since the Funds do not record income taxes, the tax benefit of capital and non-capital losses has not been reflected in the Statements of Financial Position as a deferred income tax asset. Refer to Note 9 for further details.

(o) Adoption of New Accounting Standards

Amendments to IAS 21, The Effects of Changes in Foreign Exchange Rate

Amendments to IAS 21, issued in August 2023, specify when a currency is exchangeable into another currency and when it is not, specify how to assess whether a currency is exchangeable into another currency, how to estimate the spot exchange rate when a currency lacks exchangeability, and requires the disclosure of additional information when a currency is not exchangeable. The amendments are effective for annual periods beginning on or after January 1, 2025.

The Funds have adopted the above policy effective January 1, 2025. There was no impact on the financial statements as a result of the amendment.

CHOU FUNDS

Notes to the Financial Statements

Years ended December 31, 2025 and 2024

2. Material accounting policies (continued):

(p) Future accounting policy changes

IFRS 18 - Presentation and disclosure in financial statements

In April 2024, the IASB issued IFRS 18, focusing on presentation and disclosure in financial statements. Key changes would impact the structure of the statements of comprehensive income and amendments to disclosure requirements for certain profit or loss performance measures. IFRS 18 will replace IAS 1, effective reporting period beginning on January 1, 2027. This will also impact comparative information at the point of adoption.

Management is currently in the process of evaluating the potential impact of IFRS 18 Presentation and Disclosure in Financial Statements (“IFRS 18”). It has not yet been determined whether this will have a significant impact on the Funds’ financial statements.

3. Financial risk management:

Investment activities of the Funds expose them to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, other price risk and currency risk). The level of risk depends on each of the Funds’ investment objectives and the type of securities each Fund invests in. Funds that invest in underlying funds are also exposed to indirect financial risks in the event that the underlying funds are exposed to these risks.

The Manager of the Funds seeks to minimize these risks by managing the security portfolios of the Funds on a daily basis according to market events and the investment objectives of the Funds. Financial risk management disclosures that are specific to each of the Funds are presented in the discussion of financial risk management under the schedule of investments. The sensitivity analysis shown in the discussion of financial risk management may differ from actual results and the difference could be significant.

The Manager maintains a risk management practice that includes monitoring compliance with investment restrictions to ensure that the Funds are being managed in accordance with the Funds’ stated investment objectives, strategies and securities regulations. The risk positions noted below are monitored by the Manager on a regular basis.

(a) Credit risk:

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge a commitment that it has entered into with the Funds. The fair value of a financial instrument takes into account the credit rating of its issuer, and accordingly, represents the maximum credit risk exposure of a Fund. The Funds’ main credit risk concentration is in debt securities and trading derivative instruments which are disclosed in the respective Funds’ schedule of investments. All transactions in securities are settled or paid for upon delivery through brokers. As such, credit risk is considered minimal in the Funds on investment transactions, as delivery of securities sold is made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligations.

The Funds have provided the prime broker with a general lien over the financial assets held in custody as security for the prime broker’s exposure relating to provision of custody services to the Funds. The terms under which the general lien is provided are usual and customary for prime broker agreements.

CHOU FUNDS

Notes to the Financial Statements

Years ended December 31, 2025 and 2024

3. Financial risk management (continued):

(b) Liquidity risk:

Liquidity risk is the risk that the Funds may not be able to settle or meet their obligations on time or at a reasonable price. The Funds are exposed to redemptions as units are redeemable on demand and unitholders may redeem their units on each valuation date. Therefore, in accordance with the Funds' Simplified Prospectus, the Funds invest their assets in investments that are traded in an active market and can be readily disposed. In addition, each Fund aims to retain sufficient cash and cash equivalent positions to maintain liquidity. The Funds may, from time to time, invest in securities that are not traded in an active market and may be illiquid.

(c) Market risk:

(i) Interest rate risk:

Interest rate risk is the risk that the fair value of the Funds' interest-bearing investments will fluctuate due to changes in the prevailing levels of market interest rates. The Funds' exposure to interest rate risk is concentrated in investments in debt securities (such as bonds and debentures or short-term instruments) and derivative instruments, if any. Other assets and liabilities are short-term in nature and are non-interest bearing. There is minimal sensitivity to interest rate fluctuations on cash and cash equivalents invested at short-term market interest rates.

(ii) Other price risk:

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. The Funds are exposed to market risk since all financial instruments held by the Funds present a risk of loss of capital. The maximum risk resulting from financial instruments is equivalent to their fair value, except for options written and future contracts where possible losses can be unlimited.

(iii) 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 cash equivalents and foreign currency derivative instruments) that are denominated in a currency other than Canadian dollars, which represents the functional currency of the Funds. Therefore, the Funds' financial instruments that are denominated in other currencies will fluctuate due to changes in the foreign exchange rates of those currencies in relation to the Funds' functional currency.

CHOU FUNDS

Notes to the Financial Statements

Years ended December 31, 2025 and 2024

4. Holders of redeemable units:

The Manager considers the Funds' capital to consist of the net assets attributable to holders of redeemable units. The Funds' capital is managed in accordance with each of the Funds' investment objectives, policies, and restrictions, as outlined in the Funds' Prospectus. Changes in the Funds' capital during the year are reflected in the statements of changes in net assets attributable to unitholders of redeemable units. The Funds have no specific restrictions or specific capital requirements on the subscriptions and redemptions of redeemable units, other than minimum subscription requirements. The Funds endeavor to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions. Holders of redeemable units are entitled to distributions when declared. Distributions on redeemable units of a Fund are reinvested in additional redeemable units of the Fund or at the option of the holders of redeemable units, paid in cash. Redeemable units of the Funds are redeemable at the option of the holders of redeemable units in accordance with the Prospectus.

	Series A		Series F	
	2025	2024	2025	2024
	\$	\$	\$	\$
Chou Associates Fund				
Redeemable units outstanding,				
beginning of year	633,599	691,639	286,656	294,530
Add redeemable units issued during the year	3,608	983	18,718	20,089
Deduct redeemable units redeemed during the year	(33,082)	(59,023)	(23,635)	(27,963)
Redeemable units outstanding before				
income distribution	604,125	633,599	281,739	286,656
Add redeemable units issued on reinvested income	-	-	-	-
Redeemable units outstanding, end of year	604,125	633,599	281,739	286,656
Chou Asia Fund				
Redeemable units outstanding,				
beginning of year	248,278	305,074	321,608	344,150
Add redeemable units issued during the year	4,287	1,536	10,160	9,277
Deduct redeemable units redeemed during the year	(27,992)	(58,997)	(27,414)	(34,646)
Redeemable units outstanding before				
income distribution	224,573	247,613	304,354	318,781
Add redeemable units issued on reinvested income	15,459	665	20,223	2,827
Redeemable units outstanding, end of year	240,032	248,278	324,577	321,608

CHOU FUNDS

Notes to the Financial Statements

Years ended December 31, 2025 and 2024

4. Holders of redeemable units (continued):

	Series A		Series F	
	2025	2024	2025	2024
	\$	\$	\$	\$
Chou Europe Fund				
Redeemable units outstanding,				
beginning of year	92,113	113,823	212,406	169,026
Add redeemable units issued during the year	3,339	3,019	35,700	64,729
Deduct redeemable units redeemed during the year	(11,718)	(32,021)	(26,063)	(38,104)
Redeemable units outstanding before				
income distribution	83,734	84,821	222,043	195,651
Add redeemable units issued on reinvested income	1,883	7,292	4,843	16,755
Redeemable units outstanding, end of year	85,617	92,113	226,886	212,406
Chou Bond Fund				
Redeemable units outstanding,				
beginning of year	507,644	565,642	1,020,102	640,839
Add redeemable units issued during the year	10,067	53,992	332,450	505,886
Deduct redeemable units redeemed during the year	(29,715)	(131,716)	(145,145)	(169,444)
Redeemable units outstanding before				
income distribution	487,996	487,918	1,207,407	977,281
Add redeemable units issued on reinvested income	17,727	19,726	50,831	42,821
Redeemable units outstanding, end of year	505,723	507,644	1,258,238	1,020,102
Chou RRSP Fund				
Redeemable units outstanding,				
beginning of year	463,374	509,615	386,268	449,653
Add redeemable units issued during the year	467	6,671	5,776	11,124
Deduct redeemable units redeemed during the year	(49,044)	(57,122)	(51,744)	(79,821)
Redeemable units outstanding before				
income distribution	414,797	459,164	340,300	380,956
Add redeemable units issued on reinvested income	-	4,210	1,175	5,312
Redeemable units outstanding, end of year	414,797	463,374	341,475	386,268

CHOU FUNDS

Notes to the Financial Statements

Years ended December 31, 2025 and 2024

5. Related party transactions:

(a) Management fees:

The Manager manages the 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 redeemable units and 1.0% of the net asset value of Series F redeemable 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 redeemable units and 1.0% of the net asset value of Series F redeemable units. All other expenses attributable to the Funds are also payable out of the assets of the Funds.

The Manager has elected to waive the management fees for the Chou Europe Fund as outlined under the Simplified Prospectuses dated September 23, 2025 and September 23, 2024, respectively. The management fee rates presented above relate to the contractual rates prior to any reduction. Management fees and related reductions are presented on a gross basis in the Statements of Comprehensive Income.

During the year, management fees for each Fund are as follows:

	2025	2024
	\$	\$
Chou Associates Fund	2,694,315	2,527,089
Chou Asia Fund	238,208	216,568
Chou Europe Fund	-	-
Chou Bond Fund	203,419	147,267
Chou RRSP Fund	423,895	461,742

As at year end, included in accrued expenses of each Fund are the following amounts due to the Manager, for management fees payable:

	2025	2024
	\$	\$
Chou Associates Fund	203,210	200,611
Chou Asia Fund	18,222	16,784
Chou Europe Fund	-	-
Chou Bond Fund	15,844	13,352
Chou RRSP Fund	31,129	32,432

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Notes to the Financial Statements

Years ended December 31, 2025 and 2024

(b) Investments by the Manager and related parties:

The Manager, its officers and directors invest in redeemable 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.

As at December 31, 2025, the following amounts of redeemable units were held by the Manager, its officers, and directors.

	2025	2024
	#	#
Chou Associates Fund	74,664	74,693
Chou Asia Fund	-	-
Chou Europe Fund	27,899	23,947
Chou Bond Fund	-	-
Chou RRSP Fund	44,194	44,194

(i) Chou Associates Fund:

As at December 31, 2025, 8.4% of total redeemable units (2024 – 8.1%) were held by the Manager, its officers, and directors.

(ii) Chou Europe Fund:

As at December 31, 2025, 8.9% of total redeemable units (2024 – 7.9%) were held by the Manager, its officers, and directors.

(iii) Chou RRSP Fund:

As at December 31, 2025, 5.8% of total redeemable units (2024 – 5.2%) were held by the Manager, its officers, and directors.

6. Brokers' commissions:

Total commissions paid to brokers in connection with portfolio transactions for the years ended December 31, 2025 and 2024 are as follows:

	2025	2024
	\$	\$
Chou Associates Fund	104,536	115,448
Chou Asia Fund	3,707	1,233
Chou Europe Fund	2,504	757
Chou Bond Fund	4	-
Chou RRSP Fund	12,400	21,336

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Notes to the Financial Statements

Years ended December 31, 2025 and 2024

7. Securities lending:

The Funds have entered into a securities lending program with CIBC Mellon. The Funds receive collateral of at least 102% of the value of the securities on loan. Collateral may be comprised of cash and obligations of or guaranteed by, the Government of Canada or a province thereof, or by the United States Government or its agencies, but may include obligations of other governments with appropriate credit ratings. The aggregate dollar values of the securities that are on loan and the collateral received by the Funds as at December 31, 2025 and 2024 are as follows:

	Market value of securities on loan	Market value of collateral received
2025	\$	\$
Chou Associates Fund	54,473,515	58,672,632
Chou Asia Fund	3,998,134	4,226,072
Chou Europe Fund	507,671	536,575
Chou Bond Fund	-	-
Chou RRSP Fund	871,565	1,523,222
	Market value of securities on loan	Market value of collateral received
2024	\$	\$
Chou Associates Fund	44,023	46,469
Chou Asia Fund	-	-
Chou Europe Fund	202,608	219,576
Chou Bond Fund	-	-
Chou RRSP Fund	466,561	491,590

The tables below present a reconciliation of the securities lending income as presented in the Statements of Comprehensive Income for the years ended December 31, 2025 and 2024. It shows the gross amount of securities lending revenues generated from the securities lending transactions of the Fund, less any taxes withheld and amounts due to parties entitled to receive payments out of the gross amount as part of any securities lending agreements.

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Notes to the Financial Statements

Years ended December 31, 2025 and 2024

7. Securities lending (continued):

Chou Associates Fund:

	December 31, 2025	
	\$	%
Gross securities lending revenue	52,604	100
Withholding taxes	(1,873)	(4)
Agent fees	(10,145)	(19)
Securities lending revenue	40,586	77

	December 31, 2024	
	\$	%
Gross securities lending revenue	3,336	100
Withholding taxes	-	-
Agent fees	(408)	(12)
Securities lending revenue	2,928	88

Chou Asia Fund:

	December 31, 2025	
	\$	%
Gross securities lending revenue	4,173	100
Withholding taxes	(34)	(1)
Agent fees	(827)	(20)
Securities lending revenue	3,312	79

	December 31, 2024	
	\$	%
Gross securities lending revenue	604	100
Withholding taxes	-	-
Agent fees	(66)	(11)
Securities lending revenue	538	89

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Notes to the Financial Statements

Years ended December 31, 2025 and 2024

7. Securities lending (continued):

Chou Europe Fund:

	December 31, 2025	
	\$	%
Gross securities lending revenue	3,761	100
Withholding taxes	(20)	(1)
Agent fees	(748)	(20)
Securities lending revenue	2,993	79

	December 31, 2024	
	\$	%
Gross securities lending revenue	5,372	100
Withholding taxes	(12)	-
Agent fees	(1,068)	(20)
Securities lending revenue	4,292	80

Chou Bond Fund:

	December 31, 2025	
	\$	%
Gross securities lending revenue	2,069	100
Withholding taxes	(6)	-
Agent fees	(413)	(20)
Securities lending revenue	1,650	80

	December 31, 2024	
	\$	%
Gross securities lending revenue	17,277	100
Withholding taxes	(2,215)	(13)
Agent fees	(3,000)	(17)
Securities lending revenue	12,062	70

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Notes to the Financial Statements

Years ended December 31, 2025 and 2024

7. Securities lending (continued):

Chou RRSP Fund:

	December 31, 2025	
	\$	%
Gross securities lending revenue	10,830	100
Withholding taxes	(563)	(5)
Agent fees	(2,049)	(19)
Securities lending revenue	8,218	76

	December 31, 2024	
	\$	%
Gross securities lending revenue	1,334	100
Withholding taxes	(3)	-
Agent fees	(186)	(14)
Securities lending revenue	1,145	86

8. Fair value measurement:

Below is a classification of fair measurements of the Funds' investments based on a three level fair value hierarchy and a reconciliation of transactions and transfers within that hierarchy. The hierarchy of fair valuation inputs is summarized as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - inputs for the assets or liabilities that are not based on observable market data. Additional quantitative disclosures are required for Level 3 securities.

CHOU FUNDS

Notes to the Financial Statements

Years ended December 31, 2025 and 2024

(a) Chou Associates Fund:

2025	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets				
Equities	143,506,649	-	-	143,506,649
Bonds	-	-	-	-
Options	-	-	-	-
Warrants	3,678	-	-	3,678
Total	143,510,327	-	-	143,510,327

2024	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets				
Equities	89,846,280	-	23,672,823	113,519,103
Bonds	-	-	-	-
Options	-	-	-	-
Warrant	2,696,009	-	-	2,696,009
Total	92,542,289	-	23,672,823	116,215,112

The following tables reconcile the Fund's Level 3 fair value measurement of financial instruments as at and for the years ended December 31, 2025 and December 31, 2024.

	Equities	Bonds	Total
	\$	\$	\$
Balance, December 31, 2024	23,672,823	-	23,672,823
Purchase of investments	-	-	-
Net transfers in (out) during the year	(18,982,963)	-	(18,982,963)
Proceeds from sales during the year	(538,648)	-	(538,648)
Net realized gain (loss) on sale of investments	11,798	-	11,798
Change in unrealized appreciation in value of investments	(4,163,010)	-	(4,163,010)
Balance, December 31, 2025	-	-	-

CHOU FUNDS

Notes to the Financial Statements

Years ended December 31, 2025 and 2024

8. Fair value measurement (continued):

(a) Chou Associates Fund (continued):

	Equities	Bonds	Total
	\$	\$	\$
Balance, December 31, 2023	17,448,083	-	17,448,083
Purchase of investments	-	-	-
Net transfers in (out) during the year	-	-	-
Proceeds from sales during the year	-	-	-
Net realized gain (loss) on sale of investments	-	-	-
Change in unrealized appreciation			
in value of investments	6,224,740	-	6,224,740
Balance, December 31, 2024	23,672,823	-	23,672,823

During 2025, equities valued at \$18,982,963 were transferred from Level 3 to Level 1 as a result of increased trading activity and the availability of observable market prices. During 2024, there were no significant transfers between Level 1 and Level 2.

Financial instruments classified as Level 2 investments, where applicable, are valued based on the prices provided by an independent reputable pricing services company who prices the securities based on recent transactions and quotes received from market participants and through incorporating observable market data.

Level 3 additional disclosures:

The table below sets out information about significant unobservable inputs used at December 31, 2024 in measuring financial instruments categorized as Level 3 in the fair value hierarchy. As at December 31, 2025, no securities were classified as Level 3.

December 31, 2024							
Securities/Instruments	Line item on the hierarchy table	Fair value (\$)	Valuation Unobservable technique	Possible Range of input input	Shift +/- absolute value	Change in valuation (\$) +/-	
Equity – Private Compan	Equity Security	23,672,823	Market Approach & Income Approach	Third party WACC	N/A	10%	2,367,282/ (2,367,282)

Third party source

The price for this security was received from a third-party source whose valuation methodology was model driven and included proxy security to capture interest rate and credit risk. Significant unobservable inputs used by the third-party are discounted cash flow, EBITDA, weighted average cost of capital (“WACC”) and growth rates. Although the Fund believes that its estimates of fair value are appropriate, different methodologies or assumptions could lead to different measurements of fair value.

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Notes to the Financial Statements

Years ended December 31, 2025 and 2024

8. Fair value measurement (continued):

(b) Chou Asia Fund:

2025	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets				
Equities	13,404,843	-	-	13,404,843
Bonds	-	-	-	-
Options	-	-	-	-
Warrants	4,243	-	-	4,243
Total	13,409,086	-	-	13,409,086
2024				
	\$	\$	\$	\$
Financial Assets				
Equities	11,992,747	-	-	11,992,747
Bonds	-	-	-	-
Options	-	-	-	-
Total	11,992,747	-	-	11,992,747

For fiscal 2025 and 2024, there were no significant transfers between Level 1 and Level 2.

Financial instruments classified as Level 2 investments, where applicable, are valued based on the prices provided by a reputable independent pricing services company who prices the securities based on recent transactions and quotes received from market participants and through incorporating observable market data.

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Notes to the Financial Statements

Years ended December 31, 2025 and 2024

8. Fair value measurement (continued):

(c) Chou Europe Fund:

2025	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets				
Equities	1,859,000	212,468	-	2,071,468
Bonds	-	-	-	-
Options	-	-	-	-
Total	1,859,000	212,468	-	2,071,468
2024	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets				
Equities	2,256,337	-	-	2,256,337
Bonds	-	-	-	-
Options	-	-	-	-
Total	2,256,337	-	-	2,256,337

During 2025, equities valued at \$212,468 were transferred from Level 1 to Level 2 due to a decrease in liquidity and trading values. During 2024, there were no significant transfers between Level 1 and Level 2.

Financial instruments classified as Level 2 investments, where applicable, are valued based on the prices provided by an independent reputable pricing services company who prices the securities based on recent transactions and quotes received from market participants and through incorporating observable market data.

(d) Chou Bond Fund:

2025	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets				
Equities	2,191,442	-	-	2,191,442
Bonds	-	3,922,105	366	3,922,471
Options	-	-	-	-
Total	2,191,442	3,922,105	366	6,113,913
2024	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets				
Equities	40,449	-	607,423	647,872
Bonds	-	4,406,216	366	4,406,582
Options	-	-	-	-
Total	40,449	4,406,216	607,789	5,054,454

CHOU FUNDS

Notes to the Financial Statements

Years ended December 31, 2025 and 2024

8. Fair value measurement (continued):

(d) Chou Bond Fund (continued):

The following tables reconcile the Fund's Level 3 fair value measurement of financial instruments as at and for the years ended December 31, 2025 and December 31, 2024.

	Equities	Bonds	Total
	\$	\$	\$
Balance, December 31, 2024	607,423	366	607,789
Net transfers in (out) during the year	(487,018)	-	(487,018)
Proceeds from sales during the year	(13,889)	-	(13,889)
Net realized gain (loss) on sale of investments	(5,152)	-	(5,152)
Change in unrealized appreciation in value of investments	(101,364)	-	(101,364)
Balance, December 31, 2025	-	366	366

	Equities	Bonds	Total
	\$	\$	\$
Balance, December 31, 2023	447,702	366	448,068
Net transfers in during the year	-	-	-
Proceeds from sales during the year	-	-	-
Net realized gain (loss) on sale of investments	-	-	-
Change in unrealized appreciation in value of investments	159,721	-	159,721
Balance, December 31, 2024	607,423	366	607,789

During 2025, equities valued at \$487,018 were transferred from Level 3 to Level 1 as a result of increased trading activity and the availability of observable market prices. During 2024, there were no significant transfers between Level 1 and Level 2.

Financial instruments classified as Level 2 investments are valued based on the prices provided by an independent reputable pricing services company who prices the securities based on recent transactions and quotes received from market participants and through incorporating observable market data.

CHOU FUNDS

Notes to the Financial Statements

Years ended December 31, 2025 and 2024

8. Fair value measurement (continued):

(d) Chou Bond Fund (continued):

Level 3 additional disclosures:

The table below sets out information about significant unobservable inputs used at December 31, 2025 and 2024 in measuring financial instruments categorized as Level 3 in the fair value hierarchy. As at December 31, 2025, no securities were classified as Level 3.

December 31, 2025							
Securities/Instruments	Line item on the hierarchy table	Fair value (\$)	Valuation technique	Unobservable input	Range of input value	Possible shift +/- (absolute value/%)	Change in valuation (\$) +/-
Convertible Bonds	Bonds	366	Market Approach	Market value of company	N/A	10%	37/ (37)

December 31, 2024							
Securities/Instruments	Line item on the hierarchy table	Fair value (\$)	Valuation technique	Unobservable input	Range of input value	Possible shift +/- (absolute value/%)	Change in valuation (\$) +/-
Equity – Private Company	Equity Security	607,423	Market Approach & Income Approach	Third party WACC	N/A	10%	60,742/ (60,742)
Convertible Bonds	Bonds	366	Market Approach	Market value of company	N/A	10%	37/ (37)

Third party source

The price for this security was received from a third-party source whose valuation methodology was model driven and included proxy security to capture interest rate and credit risk. Significant unobservable inputs used by the third-party are discounted cash flow, EBITDA, weighted average cost of capital (“WACC”) and growth rates. Although the Fund believes that its estimates of fair value are appropriate, different methodologies or assumptions could lead to different measurements of fair value.

(e) Chou RRSP Fund:

2025	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets				
Equities	23,513,510	-	-	23,513,510
Bonds	-	-	100	100
Warrants	-	-	-	-
Total	23,513,510	-	100	23,513,610

CHOU FUNDS

Notes to the Financial Statements

Years ended December 31, 2025 and 2024

8. Fair value measurement (continued):

(e) Chou RRSP Fund (continued):

2024	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets				
Equities	13,843,271	-	3,465,607	17,308,878
Bonds	-	-	100	100
Warrants	-	-	-	-
Total	13,843,271	-	3,465,707	17,308,978

The following tables reconcile the Fund's Level 3 fair value measurement of financial instruments as at and for the years ended December 31, 2025 and December 31, 2024.

	Equities	Bonds	Total
	\$	\$	\$
Balance, December 31, 2024	3,465,607	100	3,465,707
Net transfers in (out) during the year	(2,779,095)	-	(2,779,095)
Proceeds from sales during the year	(78,790)	-	(78,790)
Net realized gain (loss) on sale of investments	14,053	-	14,053
Change in unrealized appreciation in value of investments	(621,775)	-	(621,775)
Balance, December 31, 2025	-	100	100

	Equities	Bonds	Total
	\$	\$	\$
Balance, December 31, 2023	2,554,330	100	2,554,430
Net transfers in during the year	-	-	-
Proceeds from sales during the year	-	-	-
Net realized gain (loss) on sale of investments	-	-	-
Change in unrealized appreciation in value of investments	911,277	-	911,277
Balance, December 31, 2024	3,465,607	100	3,465,707

During 2025, equities valued at \$2,779,095 were transferred from Level 3 to Level 1 as a result of increased trading activity and the availability of observable market prices. During 2024, there were no significant transfers between Level 1 and Level 2.

Financial instruments classified as Level 2 investments, where applicable, are valued based on the prices provided by an independent reputable pricing services company who prices the securities based on recent transactions and quotes received from market participants and through incorporating observable market data.

CHOU FUNDS

Notes to the Financial Statements

Years ended December 31, 2025 and 2024

8. Fair value measurement (continued):

(e) Chou RRSP Fund (continued):

Level 3 additional disclosures:

The table below sets out information about significant unobservable inputs used at December 31, 2025 and 2024 in measuring financial instruments categorized as Level 3 in the fair value hierarchy. As at December 31, 2025, no securities were classified as Level 3.

December 31, 2025							
Securities/Instruments	Line item on the hierarchy table	Fair value (\$)	Valuation technique	Unobservable input	Range of input value	Possible shift +/- (absolute value/%)	Change in valuation (\$ +/-)
Convertible Bonds	Bonds	100	Market Approach	Market value of company	N/A	10%	10/(10)

December 31, 2024							
Securities/Instruments	Line item on the hierarchy table	Fair value (\$)	Valuation technique	Unobservable input	Range of input value	Possible shift +/- (absolute value/%)	Change in valuation (\$ +/-)
Equity – Private Company Equity Security	Equity Security	3,465,607	Market Approach & Income Approach	Third party WACC	N/A	10%	346,561/(346,361)
Convertible Bonds	Bonds	100	Market Approach	Market value of company	N/A	10%	10/(10)

Third party source

The price for this security was received from a third-party source whose valuation methodology was model driven and included proxy security to capture interest rate and credit risk. Significant unobservable inputs used by the third-party are discounted cash flow, EBITDA, weighted average cost of capital (“WACC”) and growth rates. Although the Fund believes that its estimates of fair value are appropriate, different methodologies or assumptions could lead to different measurements of fair value.

9. 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 redeemable units of the Funds 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.

CHOU FUNDS

Notes to the Financial Statements

Years ended December 31, 2025 and 2024

9. Income taxes (continued):

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

	2025	2024
	\$	\$
Chou Associates Fund		
Non-capital loss carryforward	170,949	-
Chou Asia Fund		
Capital loss carryforward	-	-
Chou Europe Fund		
Capital loss carryforward	4,267,418	4,222,206
Chou Bond Fund		
Capital loss carryforward	11,597,167	12,055,505
Chou RRSP Fund		
Capital loss carryforward	15,587,264	15,462,975

10. Post-reporting date events

The Manager of the Funds evaluated subsequent events through March 30, 2026, the date these financial statements were authorized for issue. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

NOTES
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Illustration of an assumed investment of \$10,000 in Canadian dollars (unaudited)

CHOU ASIA FUND SERIES A

Period ended	Total value of shares
Dec.31, 2003	\$10,000
Dec.31, 2004	11,850
Dec.31, 2005	12,678
Dec.31, 2006	14,598
Dec.31, 2007	16,972
Dec.31, 2008	13,979
Dec.31, 2009	17,015
Dec.31, 2010	18,786
Dec.31, 2011	17,931
Dec.31, 2012	17,609
Dec.31, 2013	21,799
Dec.31, 2014	23,472
Dec.31, 2015	24,760
Dec.31, 2016	25,284
Dec.31, 2017	30,625
Dec.31, 2018	26,728
Dec.31, 2019	27,001
Dec.31, 2020	44,850
Dec.31, 2021	44,087
Dec.31, 2022	41,185
Dec.31, 2023	48,176
Dec.31, 2024	56,617
December 31, 2025	\$66,327

CHOU EUROPE FUND SERIES A

Period ended	Total value of shares
Dec.31, 2003	\$10,000
Dec.31, 2004	11,361
Dec.31, 2005	12,650
Dec.31, 2006	14,002
Dec.31, 2007	11,881
Dec.31, 2008	6,655
Dec.31, 2009	8,962
Dec.31, 2010	8,885
Dec.31, 2011	8,451
Dec.31, 2012	10,753
Dec.31, 2013	15,199
Dec.31, 2014	15,342
Dec.31, 2015	15,629
Dec.31, 2016	12,705
Dec.31, 2017	13,161
Dec.31, 2018	11,856
Dec.31, 2019	11,495
Dec.31, 2020	14,626
Dec.31, 2021	13,973
Dec.31, 2022	15,090
Dec.31, 2023	21,063
Dec.31, 2024	20,084
December 31, 2025	\$22,081

CHOU BOND FUND SERIES F

Period ended	Total value of shares
Dec.31, 2005	\$10,000
Dec.31, 2006	12,214
Dec.31, 2007	11,901
Dec.31, 2008	7,412
Dec.31, 2009	10,568
Dec.31, 2010	14,043
Dec.31, 2011	11,479
Dec.31, 2012	12,985
Dec.31, 2013	16,097
Dec.31, 2014	17,699
Dec.31, 2015	17,093
Dec.31, 2016	18,679
Dec.31, 2017	18,413
Dec.31, 2018	21,184
Dec.31, 2019	15,896
Dec.31, 2020	19,982
Dec.31, 2021	28,268
Dec.31, 2022	30,552
Dec.31, 2023	30,034
Dec.31, 2024	35,555
December 31, 2025	\$37,378

Illustration of an assumed investment of \$10,000 in Canadian dollars (unaudited)

CHOU RRSP FUND SERIES A

Period ended	Total value of shares
Dec.31, 1986	\$10,000
Dec.31, 1987	10,818
Dec.31, 1988	12,281
Dec.31, 1989	14,350
Dec.31, 1990	12,722
Dec.31, 1991	13,284
Dec.31, 1992	14,500
Dec.31, 1993	16,727
Dec.31, 1994	14,961
Dec.31, 1995	17,808
Dec.31, 1996	21,735
Dec.31, 1997	32,741
Dec.31, 1998	38,806
Dec.31, 1999	36,217
Dec.31, 2000	42,188
Dec.31, 2001	49,370
Dec.31, 2002	65,095
Dec.31, 2003	72,658
Dec.31, 2004	82,362
Dec.31, 2005	95,294
Dec.31, 2006	104,479
Dec.31, 2007	94,817
Dec.31, 2008	54,629
Dec.31, 2009	69,818
Dec.31, 2010	102,367
Dec.31, 2011	81,150
Dec.31, 2012	108,860
Dec.31, 2013	132,029
Dec.31, 2014	150,763
Dec.31, 2015	131,417
Dec.31, 2016	126,719
Dec.31, 2017	154,716
Dec.31, 2018	143,655
Dec.31, 2019	118,267
Dec.31, 2020	134,262
Dec.31, 2021	209,422
Dec.31, 2022	191,136
Dec.31, 2023	188,116
Dec.31, 2024	185,537
Dec.31, 2025	\$199,668

NOTE: Rates of return are historical total returns, include 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 that could reduce these returns. The returns are not guaranteed. The Fund's past performance does not necessarily indicate future performance.

The table is presented 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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