INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

June 30, 2026

CHOU ASSOCIATES FUND

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

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

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

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

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

Management Discussion of Fund Performance

Investment Objective and Strategies
Chou Associates Fund's (the "Fund") objective is to provide long-term growth of capital by investing primarily in equity securities of the United States ("U.S.") and foreign businesses considered by Chou Associates Management Inc. (the "Manager") to be undervalued. The Fund may also invest in the equity securities of Canadian businesses. The Fund's investments may include common and preferred shares, convertible debentures, options, warrants, government and corporate bonds and short-term indebtedness. 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's investment strategy follows a strong discipline with regard to the prices paid to acquire portfolio investments. The level of investment in a particular entity's securities is generally commensurate with the current price of the company's securities in relation to the Manager's assessment of such entity's intrinsic value as determined by various factors. This approach is designed to provide an extra margin of safety, which in turn, serves to reduce the Fund's overall portfolio risk.

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

As at June 30, 2026, Fairfax Financial Holdings ("Fairfax") held 18.9% of the total outstanding units of the Fund. If Fairfax redeems its units, a significant portion of the Fund's investments may have to be liquidated in order to execute this transaction. The timing of such a liquidation may not be appropriate and all investors may suffer a proportionate loss as a result of such a liquidation. Fairfax agreed in 2002 that it would not exercise any voting rights attached to units of the Fund or otherwise in any manner attempt to influence the affairs of the Chou Funds. This agreement remains in full force and effect and has been complied with by Fairfax to date.

Market Review
For the first six months of 2026, the U.S. market, as measured by the S&P 500, gained 10.2% in U.S. dollar terms, despite heightened volatility driven by trade policy uncertainty, geopolitical tensions, and persistent inflation. Strong corporate earnings and continued investment in artificial intelligence supported market performance, while the Federal Reserve maintained interest rates as it balanced elevated inflation with a resilient labour market and steady economic growth.

Results of Operations
For the six-month period ended June 30, 2026, the Fund increased 7.8% for Series A units and 8.1% for Series F units, after fees and expenses, while the S&P 500 Total Return Index increased 14.1% in Canadian dollars. In U.S. dollars, the Fund was up 4.3% for Series A units and 4.6% for Series F units, while the S&P 500 Total Return Index increased 10.2%.

The top contributors in the first half of 2026 were the equity holdings of Sirius XM Holdings Inc., EXCO Resources Inc., Pathward Financial Inc., Citigroup Inc., and Occidental Petroleum Corporation.

The major underperformers in the same period were the equity holdings of Stellantis NV, Wells Fargo & Company, Synchrony Financial, and General Motors Company.

The Canadian currency depreciated against the US dollar, which also positively affected the Fund.

Portfolio Update

During the period, the Fund did not reduce any of its holdings in the portfolio.

The Fund sold the warrant holding of Hertz Global Holdings Inc.

The Fund initiated investments in the equity holdings of Jefferies Financial Group Inc. and Paypal Holdings Inc.

In the first half of 2026, the Fund received $15,972 in income from its securities lending program.

The Fund's net redemptions for the period ended June 30, 2026 were approximately $4,813,699. The Fund's average month-end cash position for the period was 10.8% of the Fund's net assets.

Recent Developments

Global markets experienced periods of volatility as investors assessed evolving trade policies, geopolitical developments, and shifting expectations for monetary policy. Investors will closely monitor inflation trends, economic growth, corporate earnings, and market valuations as key factors shaping investment sentiment. Continued investment in artificial intelligence and technology may support selected sectors, while changes in risk appetite and market conditions could contribute to volatility and affect the Fund's portfolio performance.

Related Party Transactions

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

The Manager, its officers and directors invest in units of the Fund from time to time in the normal course of business. As of June 30, 2026, the Manager, its officers and directors hold 8.7% of the total outstanding units of the Fund. All transactions with the Manager are carried out at the Fund's net asset value as at the transaction date. During the year, there were no transactions with related parties except in the capacities and instances set out above.

Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the period ended June 30, 2026, and for each of the past five years ended December 31.

The Fund's Net Assets per Unit[1] - Series A Units

	Jun 2026	2025	2024	2023	2022	2021
Net Assets, beginning of year	**$ 196.35**	**$ 190.12**	**$ 156.07**	**$ 155.03**	**$ 142.25**	**$ 93.50**
Increase (decrease) from operations:						
Total revenue	$ 1.23	$ 3.56	$ 3.35	$ 0.78	$ 0.37	$ 2.75
Total expenses	$ (2.17)	$ (4.45)	$ (3.91)	$ (3.35)	$ (3.31)	$ (2.73)
Realized gains (losses) for the year	$ 0.74	$ 2.90	$ 4.50	$ 6.57	$ 35.00	$ 9.76
Unrealized gains (losses) for the year	$ 15.28	$ 4.32	$ 29.96	$ (2.76)	$ (20.93)	$ 39.45
Total increase (decrease) from operations[2]	**$ 15.08**	**$ 6.33**	**$ 33.90**	**$ 1.24**	**$ 11.13**	**$ 49.23**
Distributions:						
From income (excluding dividends)	$ -	$ -	$ -	$ -	$ -	$ 0.31
From dividends	$ -	$ -	$ -	$ -	$ -	$ -
From capital gains	$ -	$ -	$ -	$ -	$ 0.41	$ -
Return of capital	$ -	$ -	$ -	$ -	$ -	$ -
Total Distributions[3]	**$ -**	**$ -**	**$ -**	**$ -**	**$ 0.41**	**$ 0.31**
Net Assets, end of year	**$ 211.61**	**$ 196.35**	**$ 190.12**	**$ 156.07**	**$ 155.03**	**$ 142.25**
Net Assets, end of year (USD)	**$ 149.21**	**$ 143.05**	**$ 132.26**	**$ 117.78**	**$ 114.50**	**$ 112.46**

Ratios and Supplemental Data - Series A Units

	Jun 2026	2025	2024	2023	2022	2021
Total Net Asset Value (000s)[4]	**$123,559**	**$118,619**	**$120,457**	**$107,941**	**$119,425**	**$152,106**
Number of Redeemable Units Outstanding	583,884	604,125	633,599	691,639	770,337	1,069,315
Management Expense Ratio[5]	2.03%	2.08%	2.10%	2.03%	2.02%	1.69%
Management Expense Ratio before waivers or absorption[5]	2.03%	2.08%	2.10%	2.03%	2.02%	1.69%
Trading Expense Ratio[6]	0.04%	0.06%	0.07%	0.02%	0.23%	0.16%
Portfolio Turnover Rate[7]	0.00%	7.79%	10.31%	9.21%	15.76%	4.99%
Net Asset Value per Unit	**$ 211.61**	**$ 196.35**	**$ 190.12**	**$ 156.07**	**$ 155.03**	**$ 142.25**

The Fund's Net Assets per Unit[1] - Series F Units

	Jun 2026	2025	2024	2023	2022	2021
Net Assets, beginning of year	**$ 197.33**	**$ 189.99**	**$ 155.08**	**$ 153.19**	**$ 142.30**	**$ 93.19**
Increase (decrease) from operations:						
Total revenue	$ 1.24	$ 3.55	$ 3.41	$ 0.77	$ 0.37	$ 2.64
Total expenses	$ (1.62)	$ (3.35)	$ (2.92)	$ (2.44)	$ (2.61)	$ (2.00)
Realized gains (losses) for the year	$ 0.75	$ 2.96	$ 4.63	$ 6.99	$ 44.42	$ 8.61
Unrealized gains (losses) for the year	$ 15.60	$ 4.35	$ 29.92	$ (3.35)	$ (22.54)	$ 46.03
Total increase (decrease) from operations[2]	**$ 15.97**	**$ 7.51**	**$ 35.04**	**$ 1.97**	**$ 19.64**	**$ 55.28**
Distributions:						
From income (excluding dividends)	$ -	$ -	$ -	$ -	$ -	$ 0.54
From dividends	$ -	$ -	$ -	$ -	$ -	$ -
From capital gains	$ -	$ -	$ -	$ -	$ 3.12	$ -
Return of capital	$ -	$ -	$ -	$ -	$ -	$ -
Total Distributions[3]	**$ -**	**$ -**	**$ -**	**$ -**	**$ 3.12**	**$ 0.54**
Net Assets, end of year	**$ 213.27**	**$ 197.33**	**$ 189.99**	**$ 155.08**	**$ 153.19**	**$ 142.30**
Net Assets, end of year (USD)	**$ 150.37**	**$ 143.77**	**$ 132.17**	**$ 117.04**	**$ 113.14**	**$ 112.49**

Ratios and Supplemental Data - Series F Units

	Jun 2026	2025	2024	2023	2022	2021
Total Net Asset Value (000s)[4]	**$ 59,271**	**$ 55,595**	**$ 54,461**	**$ 45,677**	**$ 42,796**	**$ 12,507**
Number of Redeemable Units Outstanding	277,919	281,739	286,656	294,530	279,359	87,893
Management Expense Ratio[5]	1.47%	1.51%	1.53%	1.46%	1.52%	1.13%
Management Expense Ratio before waivers or absorption[5]	1.47%	1.51%	1.53%	1.46%	1.52%	1.13%
Trading Expense Ratio[6]	0.04%	0.06%	0.07%	0.02%	0.23%	0.16%
Portfolio Turnover Rate[7]	0.00%	7.79%	10.31%	9.21%	15.76%	4.99%
Net Asset Value per Unit	**$ 213.27**	**$ 197.33**	**$ 189.99**	**$ 155.08**	**$ 153.19**	**$ 142.30**

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

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

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

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

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

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

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

Management Fees

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

Past Performance

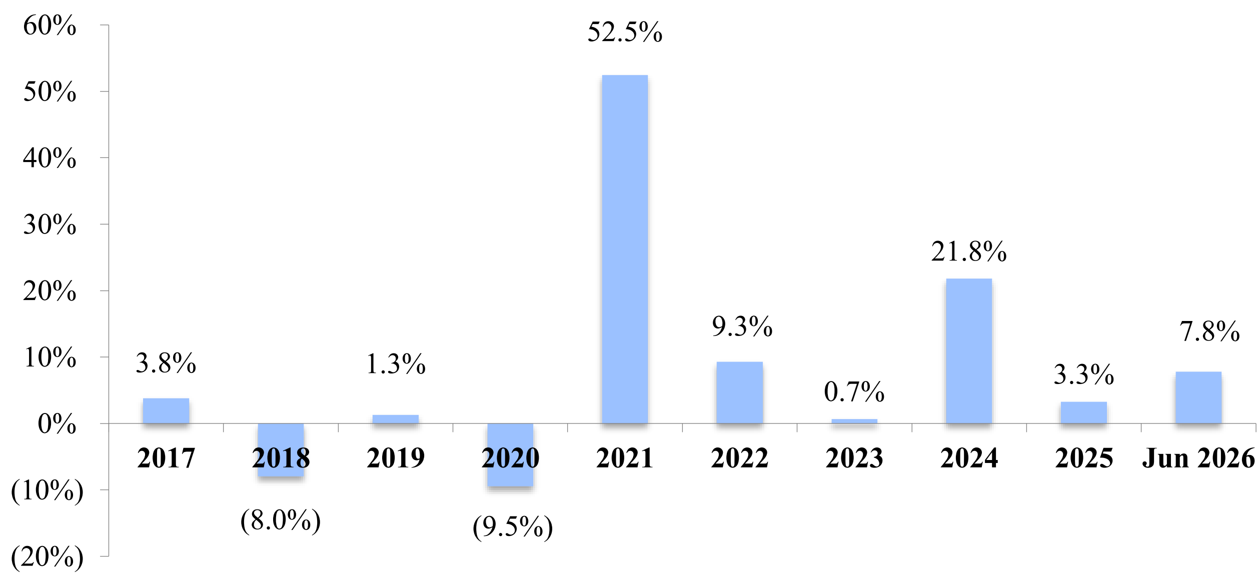
General

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

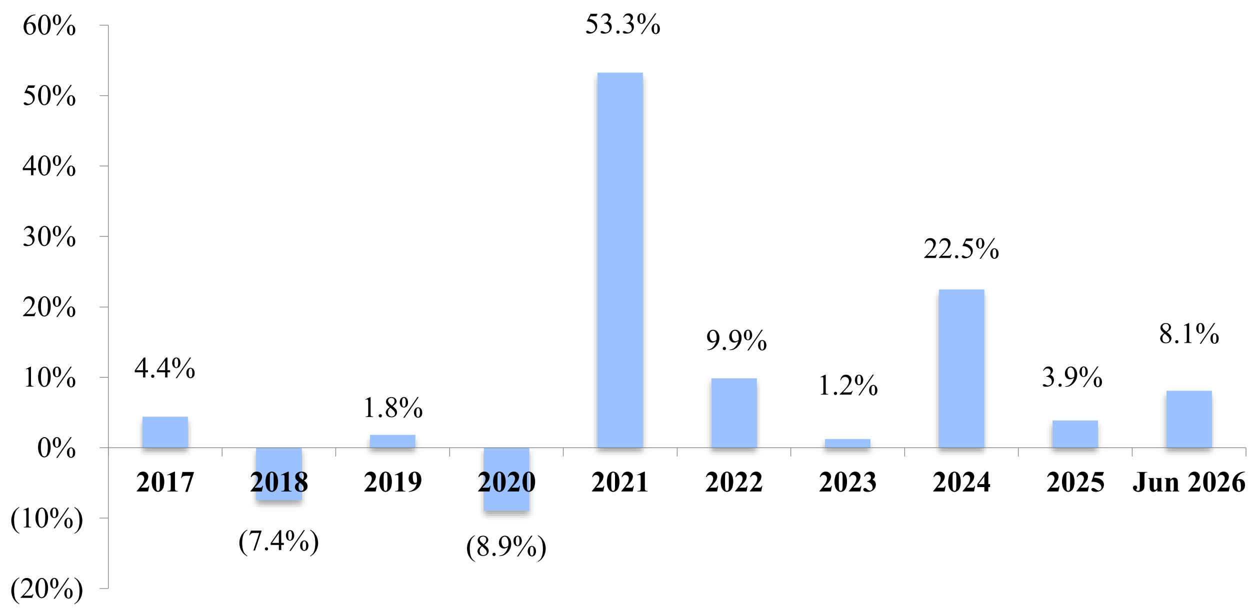
Year-by-Year Returns

The following bar charts show the annual performance for each of the Series A and Series F units of the Fund for each of the years shown. Each chart shows, in percentage terms, how an investment on January 1 would have increased or decreased by December 31 for each of the years, and how the performance of the Fund varied from year to year. The return for 2026 is for the six-month period from January 1 to June 30.

Series A



Series F



Annual Compound Returns

The following tables(1) show the annual compound total return for each of the Series A and Series F units of the Fund. The tables outline the Fund's past performance for the one-, three-, five-, and ten-year periods ended on June 30, 2026. Also shown for the same periods are the respective historical annual compound total returns of the S&P 500 (the "Index"). The Index is based on the market capitalization of 500 leading companies publicly traded in the U.S. stock market representing all major industries, as determined by Standard & Poor's. The Index is one of the most commonly followed equity indices and has been widely regarded as the best single gauge of the large cap U.S. equities market since the Index was first published in 1957. The benchmark Index is calculated without the deduction of management fees and fund expenses, whereas the performance of the Fund is calculated after deducting such fees and expenses.

Series A

June 30, 2026	Past Year	Past 3 Years	Past 5 Years	Past 10 Years
Chou Associates Fund	11.83%	10.37%	10.57%	9.21%
S&P 500 ($CAN)	27.51%	23.47%	16.49%	16.53%

Series F

June 30, 2026	Past Year	Past 3 Years	Past 5 Years	Past 10 Years
Chou Associates Fund	12.47%	10.99%	11.19%	9.82%
S&P 500 ($CAN)	27.51%	23.47%	16.49%	16.53%

(1) Tables assume the reinvestment of all distributions.

Summary of Investment Portfolio

The following tables provide a summary of the Fund's portfolio as at June 30, 2026.

Sector Mix	% of Fund's Net Assets
Financials	63.2%
Energy	18.3%
Communication Services	7.5%
Consumer Discretionary	4.4%
Net Cash & Equivalents	6.6%
Total Portfolio	**100.0%**

Total Issuers	% of Fund's Net Assets
(excluding cash equivalents)	
Equities	
Berkshire Hathaway Inc.	35.4%
EXCO Resources Inc.	13.9%
Sirius XM Holdings Inc.	7.5%
Synchrony Financial	7.1%
Ally Financial Inc.	5.5%
Jefferies Financial Group Inc.	4.8%
Occidental Petroleum Corporation	4.4%
PayPal Holdings Inc.	3.8%
Citigroup Inc.	3.6%
Stellantis NV	2.6%
General Motors Company	1.8%
Pathward Financial Inc.	1.7%
Wells Fargo & Company	1.3%
Total Equities	**93.4%**
Total Holdings	**93.4%**

The summary of the Fund's investment portfolio may change due to ongoing portfolio transactions of the Fund. The next quarterly update as at September 30, 2026 will be in the Quarterly Portfolio Disclosure and will be posted on our website www.choufunds.com on or before October 31, 2026.

Chou Associates Management Inc.
110 Sheppard Ave. East
Suite 301, Box 18
Toronto, Ontario
M2N 6Y8

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

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

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

Auditors
MNP LLP
1 Adelaide St E, Suite 1900
Toronto, Ontario
M5C 2V9

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