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

SEMI-ANNUAL REPORT 2011

CHOU ASSOCIATES FUND
(Unaudited)

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

Period ended	Value of initial $10,000 investment	Value of cumulative reinvested capital distributions	Value of cumulative reinvested dividends	Total value of shares
Dec.31, 1986	$10,000	0	0	10,000
Dec.31, 1987	9,259	506	737	10,502
Dec.31, 1988	9,765	1,129	1,106	12,001
Dec.31, 1989	10,861	1,601	1,783	14,244
Dec.31, 1990	8,973	1,322	2,427	12,722
Dec.31, 1991	10,213	2,269	3,198	15,681
Dec.31, 1992	12,030	2,843	3,944	18,817
Dec.31, 1993	13,343	4,147	4,374	21,863
Dec.31, 1994	12,863	3,998	4,440	21,300
Dec.31, 1995	15,281	6,960	5,663	27,904
Dec.31, 1996	18,370	8,367	7,498	34,235
Dec.31, 1997	21,068	14,882	12,085	48,035
Dec.31, 1998	23,975	19,892	15,320	59,187
Dec.31, 1999	21,216	18,470	13,803	53,489
Dec.31, 2000	21,345	18,891	17,731	57,967
Dec.31, 2001	23,975	24,377	22,045	70,397
Dec.31, 2002	29,775	33,657	28,072	91,504
Dec.31, 2003	30,194	36,111	28,467	94,773
Dec.31, 2004	32,241	40,446	30,632	103,319
Dec.31, 2005	36,014	45,180	36,268	117,462
Dec.31, 2006	42,194	52,933	44,384	139,511
Dec.31, 2007	36,819	46,191	42,248	125,258
Dec.31, 2008	24,843	31,166	32,544	88,553
Dec.31, 2009	31,518	39,539	43,797	114,854
Dec.31, 2010	37,243	46,722	52,951	136,916
June 30, 2011				**$139,353**

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.

CHOU FUNDS
PERFORMANCE OF THE FUNDS
FOR THE PERIOD ENDED JUNE 30, 2011
(Unaudited)

Chou Associates Fund

Series A $CAN	1.8%
Series A $US	4.9%
Series F $CAN	2.1%
Series F $US	5.2%

Chou Asia Fund

Series A $CAN	-7.4%
Series A $US	-4.5%
Series F $CAN	-7.1%
Series F $US	-4.2%

Chou Europe Fund

Series A $CAN	-0.7%
Series A $US	2.4%
Series F $CAN	-0.7%
Series F $US	2.4%

Chou Bond Fund

Series A $CAN	-3.7%
Series A $US	-0.7%
Series F $CAN	-3.6%
Series F $US	-0.6%

Chou RRSP Fund

Series A $CAN	-6.0%
Series A $US	-3.1%
Series F $CAN	-5.6%
Series F $US	-2.7%

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CHOU ASSOCIATES FUND

August 12, 2011

Dear Unitholders of Chou Associates Fund,

The net asset value ("NAVPU" or "NAV") of a Series A unit of Chou Associates Fund at June 30, 2011 was $82.33 compared to $80.89 at December 31, 2010, an increase of 1.8%, while the S&P 500 Total Return Index returned 2.8%. In $US, a Series A unit of Chou Associates Fund returned 4.9% while the S&P 500 Total Return Index returned 6.0%.

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

June 30, 2011 (Series A)	**1 Year**	**3 Years**	**5 Years**	**10 Years**	**15 Years**
Chou Associates ($CAN)	16.0%	4.4%	2.1%	8.2%	10.9%
S&P 500 ($CAN)	18.6%	1.5%	0%	-1.8%	4.1%
Chou Associates ($US)[1]	27.5%	6.3%	5.1%	13.1%	13.5%
S&P 500 ($US)	30.7%	3.3%	2.9%	2.7%	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.

Factors Influencing the First Six Months Results

THE CANADIAN DOLLAR AGAINST THE U.S. DOLLAR: The strength of the Canadian dollar against the U.S. dollar had a negative impact on the results of the Fund. The difference in performance results between the net asset value per unit (NAVPU) priced in Canadian dollars, versus U.S. dollars, is attributable to the fact that on December 31, 2010, one U.S. dollar was worth approximately $0.99 Cdn, whereas six months later, on June 30, 2011, one U.S. dollar was worth approximately $0.96 Cdn. Even if the price of an American security remained the same in the first half of 2011, it would have nonetheless shown a depreciation of roughly 3% on June 30, 2011 when priced in Canadian dollars.

During the first six months of 2011, the stock market, as measured by the S&P 500, advanced despite numerous political and economic uncertainties. The second quarter ended with investors turning much more cautious as sovereign debt problems in Europe resurfaced, and concerns over runaway growth in China intensified. In the U.S., the end of the second phase of quantitative easing and the political stalemate over increasing the debt ceiling created further investor anxiety.

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

Positive contributors to the Fund's performance were equity securities of Sanofi, Watson Pharmaceuticals, Valeant Pharmaceuticals, Sprint Nextel, and debt securities of Level 3 Communications.

Securities that declined the most in the first half of 2011 were equity securities of Flagstone Re, MannKind, Overstock.com, AbitibiBowater, and Class A warrants of Bank of America.

Was S&P's reduction of the United States' credit rating from AAA to AA+ a blessing in disguise?

In our opinion, it was a blessing in disguise. While the ratings of rating agencies are important, how investors' view and use these credit ratings is more important. We are diligent about doing our own homework on companies and countries and find that, while ratings may be useful to others, they are not that meaningful to us. In our opinion, the U.S. has not had triple-A credit for some time and the downgrade by S&P provided a much needed dose of reality. We believe that in the long run, the downgrade will not have a material effect on the economic prospects of the country, but in the short run, it may have to pay slightly higher interest rates.

It is hard not to be amused at how ratings affect human behavior. One would have expected that with the downgrade and the ensuing market turmoil, investors would flee almost all U.S. assets. Yet, precisely the opposite happened. When the Dow Jones Industrial Average tanked over 600 points in a day, investors flocked to U.S. treasuries. So much for the ratings.

We think the stock market's adverse reaction to the downgrade is extreme, and as long term investors, expect the recent turmoil in financial markets to give us some attractive investment opportunities. Because our investment horizon is five years or longer, we are willing to buy into situations where the short term looks cloudy, but where the long term story is solid and valuations are attractive.

We are now finding both debt and equity securities that are attractively priced and are continuing to add positions in the retail and financial sectors.

In summary, we are comfortable with the holdings we have in the portfolio. We believe they are cheap and undervalued and are optimistic about the future.

To make a historical comparison, a major difference from the Great Depression of 1929 is that the money supply, as measured by M2, declined by more than 30% from 1929 to 1933. There was no quantitative easing. As we know, quantitative easing is a gentler term for flooding the system with money. While we cannot predict how the economy will fare in the future, our best guess is that there won't be a double dip recession, but if there is one, it will be mild.

Facing Economic Reality

Obviously, we are not a fan of quantitative easing and much prefer facing reality. We believe investors who make bad investments should suffer their losses and companies that bankrupt themselves should go bankrupt. Institutions, CEOs and investors should be held accountable for bad investments and inept decision making. Taxpayers should not be forced to prop up seriously troubled companies on a selective basis. We should stop thinking 'Too big to fail' and start thinking 'Too big to save'.

It seems every time the government thinks the economy is slowing down or not growing fast enough, it talks of quantitative easing as if there are no consequences. We believe that quantitative easing tends to distort economic reality and to misallocate scarce resources. Facing economic reality is, in our opinion, the quickest way out of the economic doldrums we're now in.

The current scenario gives all investors a new dimension regarding which stocks or bonds to purchase, namely, figuring out which companies might benefit from government intervention in the economy. This should not be a consideration when investing. Rather, we believe investments should be made solely on the merits of the companies and their valuation.

Although it is important to understand the macroeconomic issues facing the companies we have invested in, or are thinking of purchasing, as value investors we focus on companies that are cheap relative to their intrinsic values. If macroeconomic issues make it difficult to understand companies' fundamentals, as was the case with financial companies in 2006 and 2007, we avoid those companies and sometimes the entire sector.

U.S. Banks

Even if the proposed Basel III capital requirement rules are adopted, we believe the big banks are attractively priced. With interest rates at artificially low levels, and the wide spreads between what the banks are paying for deposits and the FDIC-insured money they can borrow in the market, their earnings are enormous. In addition, lending criteria are tighter and, in general, the quality of loans is now quite high, which means the banks' earnings are high in terms of the risks they are taking. While they must still deal with some serious legacy issues, for most big banks, such as JPMorgan Chase, Wells Fargo and Bank of America, their pre-interest and pre-provision earnings in the $30 to $40 billion range are high enough to absorb losses.

We also think their common shares, and in some cases their TARP warrants, are attractive investments. The TARP warrants give the holder the right to buy the bank's stocks at a specific price. Most of these warrants are long dated, with most expiring in 2018 or 2019. This time frame of eight-plus years allows the banks to grow their intrinsic value to a high enough level to meet the strike price of the warrant. In addition, we believe the strike price is adjusted downward for any quarterly dividend paid that exceeds a set price. A more detailed discussion of the TARP warrants is included in the letter to the 2010 semi-annual report.

Canadian Real Estate

Among the G8 nations, Canada has done the best since the Great Recession of 2008 and has been widely lauded for its fiscal and economic performance. Its real estate prices have reflected that positive opinion. But therein lies the problem. In most countries, real estate prices have declined substantially, while in most of Canada, especially in the big cities, prices have actually increased. Based on ratios such as rent-to-house-price and disposable-income-to-house-price, Canadian house prices are out of line with historical standards. In addition, household debt as a percentage of disposable income is unprecedentedly high. This does not mean that Canadian real estate prices will decline soon, but it does indicate that valuations are stretched. We would be cautious in this environment. If there is a choice, it is better to rent rather than buy a house. However, if you are determined to buy a house, we would urge you to do so without borrowing too much money.

Other Matters

FOREIGN CURRENCY CONTRACTS: None existed at June 30, 2011.

CREDIT DEFAULT SWAPS: None existed at June 30, 2011.

CONSTANT MATURITY SWAPS: None existed at June 30, 2011.

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

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

INDEPENDENT REVIEW COMMITTEE: The Manager has established an IRC as required by NI 81-107. The members of the IRC are Sandford Borins, Bruce Kerr and Joe Tortolano. The 2010 IRC Annual Report is available on our website www.choufunds.com.

As of August 12, 2011, the NAV of a Series A unit of the Fund was $73.41 and the cash position was 20% of net assets. The Fund is down 9.2% from the beginning of the year. In $US, it is down 8.7%.

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

Yours truly,

Francis Chou

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 accounting principles generally accepted in Canada 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 Board of Directors of Chou Associates Management is responsible for reviewing and approving the financial statements, and for overseeing management's performance of its financial reporting responsibilities.

Francis Chou

Francis Chou
Chou Associates Management Inc.

CHOU ASSOCIATES FUND
STATEMENT OF NET ASSETS
AS AT JUNE 30, 2011
(Unaudited)

	2011	DEC 31, 2010
ASSETS		
Cash	$ 116,946,336	$ 60,091,227
Accrued interest and dividend income	2,685,664	2,830,260
Receivable for units subscribed	100,923	701,146
Other receivable	401,466	208,978
Investments, at fair value	403,318,649	468,846,780
	523,453,038	532,678,391
LIABILITIES		
Accrued expenses	1,124,186	951,967
Payable for units redeemed	724,368	2,024,448
Distributions payable	-	194,430
Liability for investment purchased	4,992,100	-
	6,840,654	3,170,845
NET ASSETS	$ 516,612,384	$ 529,507,546
NET ASSETS, BY SERIES		
Series A	$ 481,914,791	$ 497,541,704
Series F	34,697,593	31,965,842
	$ 516,612,384	$ 529,507,546
NUMBER OF UNITS OUTSTANDING (Note 4)		
Series A	5,861,693	6,163,099
Series F	421,992	397,040
NET ASSET VALUE PER UNIT		
Canadian dollars		
Series A	$ 82.21	$ 80.73
Series F	$ 82.22	$ 80.51
U.S. dollars		
Series A	$ 85.25	$ 81.20
Series F	$ 85.26	$ 80.98

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

Francis Chou

Tracy Chou

CHOU ASSOCIATES FUND

STATEMENT OF OPERATIONS

FOR THE PERIOD ENDED JUNE 30, 2011

(Unaudited)

	2011	2010
INVESTMENT INCOME		
Interest	$ 4,746,701	$ 5,645,233
Dividends	828,017	2,095,080
Income from derivatives	2,631,976	1,471,799
Interest from securities lending	1,691,689	-
	9,898,383	9,212,112
EXPENSES		
Management fees (Note 6)	4,336,690	3,938,993
Custodian fees	350,623	339,037
Foreign withholding taxes	122,223	329,950
Audit	36,992	28,774
Filing fees	27,150	22,258
FundSERV fees	16,567	12,172
Independent Review Committee fees	13,650	13,108
Legal	-	11,871
	4,903,895	4,696,163
NET INVESTMENT INCOME FOR THE PERIOD	4,994,488	4,515,949
NET REALIZED AND UNREALIZED GAIN (LOSS) AND TRANSACTION COSTS		
Transaction costs	(200,652)	(376,015)
Net realized gain on sale of investments	41,932,708	7,028,840
Unrealized gain (loss)	(36,728,408)	12,166,579
	5,003,648	18,819,404
INCREASE IN NET ASSETS FROM OPERATIONS	$ 9,998,136	$ 23,335,353
INCREASE IN NET ASSETS FROM OPERATIONS		
Series A	$ 9,354,255	$ 21,967,108
Series F	643,881	1,368,245
	$ 9,998,136	$ 23,335,353
INCREASE IN NET ASSETS FROM OPERATIONS PER UNIT		
Series A	$ 1.56	$ 3.29
Series F	$ 1.54	$ 3.50

CHOU ASSOCIATES FUND
STATEMENT OF CHANGES IN NET ASSETS
FOR THE PERIOD ENDED JUNE 30, 2011
(Unaudited)

	2011	2010
SERIES A		
NET ASSETS, beginning of the period	$ 497,541,704	$ 468,946,411
Increase in net assets from operations	9,354,255	21,967,108
Proceeds from issue of units	11,675,444	11,620,383
Payments on redemption of units	(36,656,612)	(38,292,723)
NET ASSETS, end of the period	481,914,791	464,241,179
SERIES F		
NET ASSETS, beginning of the period	31,965,842	28,589,138
Increase in net assets from operations	643,881	1,368,245
Proceeds from issue of units	4,035,218	4,516,748
Payments on redemption of units	(1,947,348)	(6,308,918)
NET ASSETS, end of the period	34,697,593	28,165,213
TOTAL NET ASSETS, end of the period	$ 516,612,384	$ 492,406,392

CHOU ASSOCIATES FUND
STATEMENT OF INVESTMENTS
AS AT JUNE 30, 2011
(Unaudited)

	No. of Shares or Par Value	Cost	Market Value
SHARES*			
AbitibiBowater Inc.	1,358,386	$ 27,535,230	$ 26,552,826
Bank of America Corporation, warrants, Class A	3,900,000	30,013,801	20,835,704
Berkshire Hathaway Inc., Class A	300	31,639,836	33,542,243
Flagstone Reinsurance Holdings Ltd.	1,500,000	17,582,635	12,179,716
Gannett Company Inc.	323,035	8,570,123	4,464,055
Goldman Sachs Group Inc.	115,000	15,512,289	14,750,812
Int'l Automotive Components Group North America	1,094,922	120,506	105,589
JPMorgan Chase & Company, warrants	780,913	9,841,675	10,113,756
MannKind Corporation	2,438,989	16,023,849	8,937,730
Media General Inc., Class A	949,082	21,455,211	3,459,628
Office Depot Inc.	372,503	3,628,617	1,512,327
Olympus Re Holdings Ltd.	1,652,836	729,493	2,454,620
Overstock.com Inc.	1,504,209	31,016,174	22,077,843
Primus Telecommunications Group Inc.	451,022	2,274,167	6,511,085
RadioShack Corporation	1,000,000	12,569,985	12,989,768
Sanofi ADR**	390,000	13,783,524	15,096,483
Sears Holdings Corporation	393,977	21,191,497	27,138,468
Sprint Nextel Corporation	6,123,200	22,170,958	31,768,340
The Gap Inc.	133,700	2,323,562	2,332,404
USG Corporation	400,000	2,784,260	5,523,786
Valeant Pharmaceuticals International Inc.	226,377	3,427,064	11,345,374
Watson Pharmaceuticals Inc.	635,400	18,447,292	42,095,704
Wells Fargo and Company, warrants	997,500	7,995,397	8,907,538
XO Holdings Inc.	2,746,729	12,090,601	1,350,889
		332,727,746	326,046,688
BONDS			
Abitibi-Consolidated Inc., debt stubs	41,552,000	-	300,529
Global Crossing (UK) Finance, 10.75%, Dec 15, 2014	5,018,000	5,715,784	5,042,099
Level 3 Comm. Inc., 15.0%, conv., Jan 15, 2013	33,250,000	40,349,493	51,431,575
Primus Telecommunications, 14.25%, May 20, 2013	13,228,635	10,912,456	12,916,471
RH Donnelley Inc., term loan	11,435,007	8,927,673	7,581,287
		65,905,406	77,271,961
TOTAL EQUITIES AND BONDS		398,633,152	403,318,649
TRANSACTION COSTS		(1,195,248)	-
PORTFOLIO TOTAL		$ 397,437,904	$ 403,318,649

* Common shares unless indicated otherwise
**Name changed from Sanofi-Aventis

Risk Management

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

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

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

Credit Risk

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. As of June 30, 2011, the Fund invested approximately 15% of its net assets in non-investment grade debt instruments. Non-investment grade is the term applied to bonds rated below Baa3 on the Moody’s credit rating scale and below BBB- on the equivalent ratings systems from S&P and Fitch. These credit ratings denote that the company’s financial position is weak and its bonds should be considered a speculative investment.

Interest Rate Risk

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

Debt Instruments by Maturity Date:

Less than 1 year	$ 300,529
1-3 years	$ 64,348,046
3-5 years	$ 12,623,386
Greater than 5 years	$ 0

As at June 30, 2011, should interest rates have decreased or increased by 0.25%, with all other variables remaining constant, the increase or decrease in Net Assets for the year would have amounted to approximately $879,000.

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

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 63% of the Fund's Net Assets held at June 30, 2011 were publicly traded equities. If equity prices on the exchange had increased or decreased by 5% as at June 30, 2011, the Net Assets of the Fund would have increased or decreased by approximately $16,302,000, or 3.2% of the Net Assets, all other factors remaining constant.

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

Foreign Currency Risk

Currencies to which the Fund had exposure as at June 30, 2011 are as follows:

	Financial Instruments ($)	Percentage of NAV (%)
United States Dollar	503,268,665	97.4%
Euro Currency	11,916,453	2.3%

The amounts in the above table are based on the market value of the Fund's financial instruments (including cash, cash equivalents and investments). Other financial assets (including accrued interest and dividend income, receivable for units subscribed, other receivable, and due from broker for investments sold) and financial liabilities (including accrued expenses, payable for units redeemed and distributions payable) that are denominated in foreign currencies do not expose the Fund to significant foreign currency risk.

If the Canadian dollar had strengthened or weakened by 1% in relation to all currencies, with all other variables held constant, net assets would have decreased or increased by approximately $5,151,000.

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

CHOU ASIA FUND

August 12, 2011

Dear Unitholders of Chou Asia Fund,

The net asset value ("NAVPU" or "NAV") of a Series A unit of Chou Asia Fund at June 30, 2011 was $13.76 compared to $14.85 at December 31, 2010, a decrease of 7.4%; during the same period, the MSCI AC (Morgan Stanley Capital International All Country) Asia Pacific Total Return Index in Canadian dollars was down 3.7%. In $US, a Series A unit of Chou Asia Fund was down 4.5% while the MSCI AC Asia Pacific Total Return Index was down 0.7%.

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

June 30, 2011 (Series A)	**1 Year**	**3 Years**	**5 Years**	**Since Inception**
Chou Asia ($CAN)	-1.6%	-1.6%	5.8%	7.8%
MSCI AC Asia Pacific TR ($CAN)	11.5%	0.4%	0.8%	4.8%
Chou Asia ($US)[1]	8.1%	0.2%	8.9%	12.5%
MSCI AC Asia Pacific TR ($US)	22.9%	2.3%	3.8%	9.3%

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.

Factors Influencing the First Six Months Results

Asian markets were impacted by sovereign debt concerns in Europe, fiscal concerns in the United States and the earthquake and tsunami that devastated Japan and disrupted activity in the region. In addition, strong economic growth across the region, particularly in China, and higher commodity prices, intensified unease about inflation. As a result, some central banks were forced to raise rates and scale back lending to alleviate inflationary pressures.

A positive contributor to the Fund's performance was Chunghwa Telecom. We suffered declines in AbitibiBowater, Delta Electronics, PRONEXUS, Sankyo and UTStarcom Inc.

During the first six months, the Fund sold 399,900 shares of Hanfeng Evergreen. Currently, the Fund holds 95,850 shares of Hanfeng Evergreen, which represents 0.8% of the Fund's assets.

China

Our views with regard to China have not changed since 2003. This is what we wrote in the 2003 Annual Report for the Chou Asia Fund:

> We received more calls from investors asking whether we are investing in China than we received about any other country. On the plus side, it is a country that is growing

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

rapidly, its economy is opening up to the western world and it was recently admitted to the World Trade Organization.

However, when investing, our first duty is to check where and how we can get tripped up. Some of the negatives are:

1) China is an emerging country. Many of the laws, including investor protection laws that we are accustomed to, are non-existent or not enforced.

2) There are no concrete rules established in Chinese GAAP; much is subject to interpretation and therefore open to extensive abuse. We know of two accounting firms (both belong to the Big Four) that were looking at the same company and they came up with substantially different numbers. There are enough examples of subterfuge in the books that makes one uncomfortable. When you examine the numbers, you are left wondering whether you are looking at the books prepared for a) tax authorities b) management or c) shareholders (patsies?). For example, the profit margins often seem too good to be true. Some Chinese companies gross an obscene 40% plus, versus just 5% in North America for a similar type of business.

3) Although we might have worried more earlier, we now feel somewhat comfortable that there is no turning back to Communism in spite of the rhetoric we still hear from the Politburo. When we asked one Government official about the chances of China reverting back to the old ways, he intoned, “When we talk, we talk left, left, left but we are going right, right, right”.

Over the years we have looked at a number of Chinese companies listed either in China or outside of China such in Canada or the United States. They had great financials and looked incredibly cheap relative to cash earnings. However, the number one criteria we emphasized was whether those financial statements can be trusted and in most cases, they did not pass the smell test. That is one of the reasons why Chou Asia Fund has had roughly 50% in cash for several years. However, we believe that we will find companies doing business in China that are honourable and whose financial statements we can trust.

Other Matters

FOREIGN CURRENCY CONTRACTS: None existed at June 30, 2011.

CREDIT DEFAULT SWAPS: None existed at June 30, 2011.

CONSTANT MATURITY SWAPS: None existed at June 30, 2011.

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

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

INDEPENDENT REVIEW COMMITTEE: The Manager has established an IRC as required by NI 81-107. The members of the IRC are Sandford Borins, Bruce Kerr and Joe Tortolano. The 2010 IRC Annual Report is available on our website www.choufunds.com.

As of August 12, 2011, the NAV of a Series A unit of the Fund was $13.67 and the cash position was 52% of net assets. The Fund is down 8.0% from the beginning of the year. In $US, it is down 7.4%.

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

Yours truly,

Francis Chou

Francis Chou
Fund Manager

CHOU ASIA FUND
STATEMENT OF NET ASSETS
AS AT JUNE 30, 2011
(Unaudited)

	2011	DEC 31, 2010
ASSETS		
Cash	$ 26,584,441	$ 31,808,770
Accrued interest and dividend income	99,289	83,241
Receivable for units subscribed	5,500	193,552
Due from broker	56,013	669,013
Investments, at fair value	24,205,127	29,716,567
	50,950,370	62,471,143
LIABILITIES		
Accrued expenses	108,735	110,715
Payable for units redeemed	38,404	204,522
Distributions payable	-	86,760
	147,139	401,997
NET ASSETS	$ 50,803,231	$ 62,069,146
NET ASSETS, BY SERIES		
Series A	$ 48,312,495	$ 58,921,609
Series F	2,490,736	3,147,537
	$ 50,803,231	$ 62,069,146
NUMBER OF UNITS OUTSTANDING (Note 4)		
Series A	3,515,385	3,970,464
Series F	180,433	211,782
NET ASSET VALUE PER UNIT		
Canadian dollars		
Series A	$ 13.74	$ 14.84
Series F	$ 13.80	$ 14.86
U.S. dollars		
Series A	$ 14.25	$ 14.93
Series F	$ 14.31	$ 14.95

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

Francis Chou

Tracy Chou

CHOU ASIA FUND
STATEMENT OF OPERATIONS
FOR THE PERIOD ENDED JUNE 30, 2011
(Unaudited)

	2011	2010
INVESTMENT INCOME		
Dividends	$ 474,953	$ 355,679
Interest	13,446	358,557
Income from derivatives	-	646,531
	488,399	1,360,767
EXPENSES		
Management fees (Note 6)	465,048	509,009
Custodian fees	48,696	48,130
Foreign withholding taxes	41,960	34,866
Audit	4,859	10,235
Filing fees	3,620	2,967
FundSERV fees	2,051	1,592
Independent Review Committee fees	1,483	1,780
Legal	-	1,780
	567,717	610,359
NET INVESTMENT INCOME FOR THE PERIOD	(79,318)	750,408
NET REALIZED AND UNREALIZED GAIN (LOSS) AND TRANSACTION COSTS		
Transaction costs	(16,646)	(49,955)
Net realized gain on sale of investments	224,517	8,540,810
Unrealized loss	(4,408,631)	(6,087,055)
	(4,200,760)	2,403,800
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	$ (4,280,078)	$ 3,154,208
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A	$ (4,062,567)	$ 3,031,618
Series F	(217,511)	122,590
	$ (4,280,078)	$ 3,154,208
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS, PER UNIT		
Series A	$ (1.09)	$ 0.75
Series F	$ (1.04)	$ 0.65

CHOU ASIA FUND
STATEMENT OF CHANGES IN NET ASSETS
FOR THE PERIOD ENDED JUNE 30, 2011
(Unaudited)

	2011	2010
SERIES A		
NET ASSETS, beginning of the period	$ 58,921,609	$ 60,788,240
Increase (decrease) in net assets from operations	(4,062,567)	3,031,618
Proceeds from issue of units	1,417,371	2,317,252
Payments on redemption of units	(7,963,918)	(7,428,733)
NET ASSETS, end of the period	48,312,495	58,708,377
SERIES F		
NET ASSETS, beginning of the period	3,147,537	2,475,306
Increase (decrease) in net assets from operations	(217,511)	122,590
Proceeds from issue of units	377,414	1,013,302
Payments on redemption of units	(816,704)	(1,155,582)
NET ASSETS, end of the period	2,490,736	2,455,616
TOTAL NET ASSETS, end of the period	$ 50,803,231	$ 61,163,993

CHOU ASIA FUND
STATEMENT OF INVESTMENTS
AS AT JUNE 30, 2011
(Unaudited)

	No. of Shares or Par Value	Cost	Market Value
SHARES*			
AbitibiBowater Inc.	92,361	$ 2,469,280	$ 1,805,411
Able Chintai Holdings Inc.	811,700	2,026,824	3,862,859
AJIS Company Limited	15,900	222,974	231,946
Chunghwa Telecom Company Ltd. ADR	132,088	2,947,411	4,398,390
Delta Electronics Public Company Ltd.	1,763,300	897,401	1,373,197
Glacier Media Inc.	513,307	1,386,057	1,175,473
Hanfeng Evergreen Inc.	95,850	228,548	428,450
PRONEXUS Inc.	657,500	3,093,388	2,948,203
Sankyo Company Ltd.	60,000	2,684,475	2,966,587
SK Telecom Company Ltd. ADR	170,000	3,795,157	3,064,023
UTStarcom Inc.	1,247,051	4,817,388	1,839,965
		24,568,903	24,094,504
BONDS			
Abitibi-Consolidated Inc., debt stubs	15,295,000	-	110,623
TOTAL EQUITIES AND BONDS		24,568,903	24,205,127
TRANSACTION COSTS		(806)	-
PORTFOLIO TOTAL		$ 24,568,097	$ 24,205,127

* Common shares unless indicated otherwise

Risk Management

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

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

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

Credit Risk

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. As of June 30, 2011, the Fund invested approximately 0.2% of its net assets in non-investment grade debt instruments. Non-investment grade is the term applied to bonds rated below Baa3 on the Moody’s credit rating scale and below BBB- on the equivalent ratings systems from S&P and Fitch. These credit ratings denote that the company’s financial position is weak and its bonds should be considered a speculative investment.

Interest Rate Risk

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

Debt Instruments by Maturity Date:

Less than 1 year	$ 110,623
1-3 years	$ 0
3-5 years	$ 0
Greater than 5 years	$ 0

As at June 30, 2011, the Manager does not believe that the Fund is exposed to any interest rate risk as the debts stubs do not earn any interest. They represent possible interim distributions of the shares held in reserve pending settlements with disputed claims.

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

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 47% of the Fund's Net Assets held at June 30, 2011 were publicly traded equities. If equity prices on the exchange had increased or decreased by 5% as at June 30, 2011, the Net Assets of the Fund would have increased or decreased by approximately $1,205,000, or 2.4% of the Net Assets, all other factors remaining constant.

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

Foreign Currency Risk

Currencies to which the Fund had exposure as at June 30, 2011 are as follows:

	Financial Instruments ($)	Percentage of NAV (%)
United States Dollar	37,132,694	73.1%
Japanese Yen	10,182,905	20.0%
Thailand Baht	1,373,197	2.7%
Singapore Dollar	137,105	0.3%

The amounts in the above table are based on the market value of the Fund's financial instruments (including cash, cash equivalents and investments). Other financial assets (including accrued interest and dividend income, receivable for units subscribed, and due from broker for investments sold) and financial liabilities (including accrued expenses, payable for units redeemed and distributions payable) that are denominated in foreign currencies do not expose the Fund to significant foreign currency risk.

If the Canadian dollar had strengthened or weakened by 1% in relation to all currencies, with all other variables held constant, net assets would have decreased or increased by approximately $488,000.

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

CHOU EUROPE FUND

August 12, 2011

Dear Unitholders of Chou Europe Fund,

The net asset value ("NAVPU" or "NAV") of a Series A unit of Chou Europe Fund at June 30, 2011 was $7.27 compared to $7.33 at December 31, 2010, a decrease of 0.7%; during the same period, the MSCI AC (Morgan Stanley Capital International All Country) Europe Total Return Index in Canadian dollars returned 6.2%. In $US, a Series A unit of Chou Europe Fund returned 2.4% while the MSCI AC Europe Total Return Index returned 9.5%.

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

June 30, 2011 (Series A)	**1 Year**	**3 Years**	**5 Years**	**Since Inception**
Chou Europe ($CAN)	4.8%	-4.9%	-7.1%	-1.0%
MSCI AC Europe TR ($CAN)	24.4%	-3.5%	-0.2%	5.2%
Chou Europe ($US)[1]	15.2%	-3.1%	-4.4%	3.3%
MSCI AC Europe TR ($US)	37.0%	-1.7%	2.8%	9.8%

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.

Factors Influencing the First Six Months Results

During the first six months of 2011, markets in Europe continued to experience extreme volatility due to concerns about sovereign debt across the continent.

The Fund did not enter into any forward currency contracts for Pound Sterling or Euros during the period.

The portfolio had gains in the holdings of Sanofi and Next PLC. Securities in the portfolio that declined most in the first half of 2011 were Aer Lingus Group, Topps Tiles and Nokia.

Euro Currency

There are no easy solutions to the sovereign debt problems that are spreading through Europe. Under the current structure, countries that have adopted the Euro have full control over their fiscal policies, but no control over their monetary policies. This means troubled Euro countries are restricted in what they can do to manage their deficits and must turn to the financially stronger, solvent countries to support them with bailouts.

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

There is no perfect solution to the dilemma, but as the problem gets worse, one solution that is gaining traction is to have insolvent countries stop using the Euro and return to their traditional currency. But, even this presents difficulties because the economies of Euro-Union countries have become highly intertwined. Yet, rather than having the weaker nations pull down the stronger ones, it may be the most practical way to preserve the viability of the Euro and the economies of the nations that continue to use it.

Other Matters

MANAGEMENT FEE: Our record since inception has not been as stellar as we would have liked. As a result, we will not be charging management fees for three years, starting from January 1, 2011 through December 31, 2013.

FOREIGN CURRENCY CONTRACTS: None existed at June 30, 2011.

CREDIT DEFAULT SWAPS: None existed at June 30, 2011.

CONSTANT MATURITY SWAPS: None existed at June 30, 2011.

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

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

INDEPENDENT REVIEW COMMITTEE: The Manager has established an IRC as required by NI 81-107. The members of the IRC are Sandford Borins, Bruce Kerr and Joe Tortolano. The 2010 IRC Annual Report is available on our website www.choufunds.com.

As of August 12, 2011, the NAV of a Series A unit of the Fund was $7.00 and the cash position was 27% of net assets. The Fund is down 4.5% from the beginning of the year. In $US, it is down 3.9%.

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

Yours truly,

Francis Chou

Francis Chou
Fund Manager

CHOU EUROPE FUND
STATEMENT OF NET ASSETS
AS AT JUNE 30, 2011
(Unaudited)

	2011	DEC 31, 2010
ASSETS		
Cash	$ 2,035,752	$ 2,520,146
Accrued interest and dividend income	35,510	27,950
Investments, at fair value	5,485,368	5,739,027
	7,556,630	8,287,123
LIABILITIES		
Accrued expenses	10,647	20,775
Payable for units redeemed	-	36,537
Distributions payable	-	385
	10,647	57,697
NET ASSETS	$ 7,545,983	$ 8,229,426
NET ASSETS, BY SERIES		
Series A	$ 6,994,100	$ 7,344,730
Series F	551,883	884,696
	$ 7,545,983	$ 8,229,426
NUMBER OF UNITS OUTSTANDING (Note 4)		
Series A	962,241	1,003,677
Series F	75,894	120,856
NET ASSET VALUE PER UNIT		
Canadian dollars		
Series A	$ 7.27	$ 7.32
Series F	$ 7.27	$ 7.32
U.S. dollars		
Series A	$ 7.54	$ 7.36
Series F	$ 7.54	$ 7.36

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

Francis Chou

Tracy Chou

CHOU EUROPE FUND
STATEMENT OF OPERATIONS
FOR THE PERIOD ENDED JUNE 30, 2011
(Unaudited)

	2011	2010
INVESTMENT INCOME		
Dividends	$ 133,896	$ 116,612
Interest	7,015	49,037
	140,911	165,649
EXPENSES		
Foreign withholding taxes	18,800	17,025
Custodian fees	6,819	6,480
Audit	2,429	3,767
FundSERV fees	239	232
Independent Review Committee fees	211	229
Management fees (Note 6)	-	63,253
Filing fees	-	741
Legal	-	296
	28,498	92,023
NET INVESTMENT INCOME FOR THE PERIOD	112,413	73,626
NET REALIZED AND UNREALIZED GAIN (LOSS) AND TRANSACTION COSTS		
Transaction costs	(356)	(5,093)
Net realized gain (loss) on sale of investments	(27,889)	351,212
Unrealized loss	(146,273)	(920,107)
	(174,518)	(573,988)
DECREASE IN NET ASSETS FROM OPERATIONS	$ (62,105)	$ (500,362)
DECREASE IN NET ASSETS FROM OPERATIONS		
Series A	$ (46,893)	$ (485,335)
Series F	(15,212)	(15,027)
	$ (62,105)	$ (500,362)
DECREASE IN NET ASSETS FROM OPERATIONS PER UNIT		
Series A	$ (0.05)	$ (0.44)
Series F	$ (0.16)	$ (0.42)

CHOU EUROPE FUND
STATEMENT OF CHANGES IN NET ASSETS
FOR THE PERIOD ENDED JUNE 30, 2011
(Unaudited)

	2011	2010
SERIES A		
NET ASSETS, beginning of the period	$ 7,344,730	$ 8,493,485
Decrease in net assets from operations	(46,893)	(485,335)
Proceeds from issue of units	174,549	66,844
Payments on redemption of units	(478,286)	(698,196)
NET ASSETS, end of the period	6,994,100	7,376,798
SERIES F		
NET ASSETS, beginning of the period	884,696	288,026
Decrease in net assets from operations	(15,212)	(15,027)
Proceeds from issue of units	-	-
Payments on redemption of units	(317,601)	(57,133)
NET ASSETS, end of the period	551,883	215,866
TOTAL NET ASSETS, end of the period	$ 7,545,983	$ 7,592,664

CHOU EUROPE FUND
STATEMENT OF INVESTMENTS
AS AT JUNE 30, 2011
(Unaudited)

	No. of Shares or Par Value	Cost	Market Value
SHARES*			
Abbey PLC	46,000	$ 334,878	$ 322,687
Aer Lingus Group PLC	300,000	273,841	308,741
Alexon Group PLC	492,738	1,075,544	76,351
AstraZeneca PLC	13,000	701,770	625,767
BP PLC ADR	10,000	313,497	427,013
CryptoLogic Limited	60,000	828,212	85,800
GlaxoSmithKline PLC	28,000	764,303	578,778
Heracles General Cement Company S.A.	5,887	36,499	32,312
Next PLC	20,000	646,019	720,218
Nokia Corporation ADR	30,000	361,778	185,733
Ryanair Holdings PLC ADR	27,000	760,022	763,416
Sanofi ADR**	20,000	884,093	774,181
Topps Tiles PLC	370,000	513,589	326,794
Vodafone Group PLC ADR	10,000	198,082	257,577
		7,692,127	5,485,368
TOTAL EQUITIES		7,692,127	5,485,368
TRANSACTION COSTS		(10,043)	-
PORTFOLIO TOTAL		$ 7,682,084	$ 5,485,368

* Common shares unless indicated otherwise

**Name changed from Sanofi-Aventis

Risk Management

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

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

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

Credit Risk

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. As of June 30, 2011, the Fund had no assets invested in non-investment grade debt instruments. Non-investment grade is the term applied to bonds rated below Baa3 on the Moody’s credit rating scale and below BBB- on the equivalent ratings systems from S&P and Fitch. These credit ratings denote that the company’s financial position is weak and its bonds should be considered a speculative investment.

Interest Rate Risk

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

Debt Instruments by Maturity Date:

Less than 1 year	$ 0
1-3 years	$ 0
3-5 years	$ 0
Greater than 5 years	$ 0

As at June 30, 2011, the Manager does not believe that the Fund is exposed to any interest rate risk.

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

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 73% of the Fund's Net Assets held at June 30, 2011 were publicly traded equities. If equity prices on the exchange had increased or decreased by 5% as at June 30, 2011, the Net Assets of the Fund would have increased or decreased by approximately $274,000, or 3.6% of the Net Assets, all other factors remaining constant.

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

Foreign Currency Risk

Currencies to which the Fund had exposure as at June 30, 2011 are as follows:

	Financial Instruments ($)	Percentage of NAV (%)
United States Dollar	3,703,522	49.1%
Sterling Pound	2,746,520	36.4%
Euro Currency	917,630	12.2%

The amounts in the above table are based on the market value of the Fund's financial instruments (including cash, cash equivalents and investments). Other financial assets (including accrued interest and dividend income, and due from broker for investments sold) and financial liabilities (including accrued expenses, payable for units redeemed and distributions payable) that are denominated in foreign currencies do not expose the Fund to significant foreign currency risk.

If the Canadian dollar had strengthened or weakened by 1% in relation to all currencies, with all other variables held constant, net assets would have decreased or increased by approximately $73,700.

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

CHOU BOND FUND

August 12, 2011

Dear Unitholders of Chou Bond Fund,

The net asset value (“NAVPU” or “NAV”) of a Series A unit of Chou Bond Fund at June 30, 2011 was $10.38 compared to $10.78 at December 31, 2010, a decrease of 3.7%; during the same period, Citigroup WGBI (World Government Bond Index) All Maturities ($CAN) returned 0.9% and Barclays U.S. Corporate High Yield Index ($CAN) returned 2.0%. In $US, a Series A unit of Chou Bond Fund was down 0.7% while Citigroup WGBI All Maturities returned 4.0% and Barclays U.S. Corporate High Yield Index returned 5.0%.

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

June 30, 2011 (Series A)	**1 Year**	**3 Years**	**5 Years**	**Since Inception**
Chou Bond ($CAN)	5.0%	3.7%	4.2%	6.0%
Citigroup WGBI ($CAN)	0.4%	3.8%	4.3%	2.5%
Barclays’ U.S. High Yield ($CAN)	5.0%	10.8%	6.2%	5.0%
Chou Bond ($US) [1]	15.5%	5.6%	7.3%	9.7%
Citigroup WGBI ($US)	9.0%	5.8%	7.3%	6.2%
Barclays’ U.S High Yield ($US)	15.6%	12.7%	9.3%	8.5%

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.

Factors Influencing the First Six Months Results

For most of the first six months of 2011, spreads on high yield and investment grade corporate bonds narrowed as investors gained confidence in the global economic recovery, and as capital markets continued to be very accessible, giving companies the advantage of low interest rates. But this changed and in late May through June, spreads began to widen as the sovereign debt problems in Europe resurfaced and markets prepared for the end of the second phase of quantitative easing in the U.S. As a result of the ensuing uncertainty about global economic growth, investors turned more cautious.

The debt securities of Level 3 Communications contributed the most to the Fund’s performance during the period.

We suffered declines in the debt securities of CompuCredit, MannKind, Dex One Corporation and the equity securities of AbitibiBowater.

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

NON-INVESTMENT GRADE BONDS ARE GOOD BUYS NOW: The spread between U.S. corporate high-yield debt and U.S. treasuries at June 30, 2011 was 567 basis points, down from 577 basis points at December 31, 2010. In August, 2011, the spread widened to 731 basis points, almost the same level that existed in December, 2009. (Source: JP Morgan)

As a result, we believe that select non-investment grade bonds are good buys now.

Other Matters

FOREIGN CURRENCY CONTRACTS: None existed at June 30, 2011.

CREDIT DEFAULT SWAPS: None existed at June 30, 2011.

CONSTANT MATURITY SWAPS: None existed at June 30, 2011.

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

INDEPENDENT REVIEW COMMITTEE: The Manager has established an IRC as required by NI 81-107. The members of the IRC are Sandford Borins, Bruce Kerr and Joe Tortolano. The 2010 IRC Annual Report is available on our website www.choufunds.com.

As of August 12, 2011, the NAV of a Series A unit of the Fund was $9.72. The Fund is down 9.8% from the beginning of the year. In $US, it is down 9.3%.

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

Yours truly,

Francis Chou

Francis Chou
Fund Manager

CHOU BOND FUND

STATEMENT OF NET ASSETS

AS AT JUNE 30, 2011

(Unaudited)

		2011		DEC 31, 2010
ASSETS				
Cash	$	170,573	$	12,320,503
Accrued interest income		1,200,843		765,323
Receivable for units subscribed		78,000		88,016
Other receivable		-		2,952
Investments, at fair value		63,400,256		63,929,847
		64,849,672		77,106,641
LIABILITIES				
Accrued expenses		97,174		104,837
Payable for units redeemed		246,115		177,304
Distributions payable		-		125,323
		343,289		407,464
NET ASSETS	$	64,506,383	$	76,699,177
NET ASSETS, BY SERIES				
Series A	$	48,918,909	$	59,957,942
Series F		15,587,474		16,741,235
	$	64,506,383	$	76,699,177
NUMBER OF UNITS OUTSTANDING (Note 4)				
Series A		4,733,350		5,575,084
Series F		1,509,848		1,559,793
NET ASSET VALUE PER UNIT				
Canadian dollars				
Series A	$	10.33	$	10.75
Series F	$	10.32	$	10.73
U.S. dollars				
Series A	$	10.72	$	10.82
Series F	$	10.71	$	10.80

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

Francis Chou

Tracy Chou

CHOU BOND FUND
STATEMENT OF OPERATIONS
FOR THE PERIOD ENDED JUNE 30, 2011
(Unaudited)

	2011	2010
INVESTMENT INCOME		
Interest	$ 2,791,318	$ 2,354,132
Interest from securities lending	1,469	-
Income from derivatives	-	1,492,972
	2,792,787	3,847,104
EXPENSES		
Management fees (Note 6)	461,898	442,742
Custodian fees	51,699	52,517
Audit	4,859	11,235
Filing fees	4,525	2,967
FundSERV fees	2,431	1,717
Independent Review Committee fees	1,905	1,992
Legal	-	2,077
	527,317	515,247
NET INVESTMENT INCOME FOR THE PERIOD	2,265,470	3,331,857
NET REALIZED AND UNREALIZED GAIN (LOSS) AND TRANSACTION COSTS		
Transaction costs	-	(198,685)
Net realized gain on sale of investments	4,029,416	778,686
Unrealized gain (loss)	(8,928,879)	10,941,314
	(4,899,463)	11,521,315
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	$ (2,633,993)	$ 14,853,172
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A	$ (2,002,959)	$ 11,924,281
Series F	(631,034)	2,928,891
	$ (2,633,993)	$ 14,853,172
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS, PER UNIT		
Series A	$ (0.38)	$ 1.86
Series F	$ (0.40)	$ 1.86

CHOU BOND FUND

STATEMENT OF CHANGES IN NET ASSETS
FOR THE PERIOD ENDED JUNE 30, 2011
(Unaudited)

	2011	2010
SERIES A		
NET ASSETS, beginning of the period	$ 59,957,942	$ 57,792,220
Increase (decrease) in net assets from operations	(2,002,959)	11,924,281
Proceeds from issue of units	2,409,011	2,361,335
Payments on redemption of units	(11,445,085)	(11,231,233)
NET ASSETS, end of the period	48,918,909	60,846,603
SERIES F		
NET ASSETS, beginning of the period	16,741,235	13,216,704
Increase (decrease) in net assets from operations	(631,034)	2,928,891
Proceeds from issue of units	1,676,706	1,290,900
Payments on redemption of units	(2,199,433)	(1,319,070)
NET ASSETS, end of the period	15,587,474	16,117,425
TOTAL NET ASSETS, end of the period	$ 64,506,383	$ 76,964,028

CHOU BOND FUND
STATEMENT OF INVESTMENTS
AS AT JUNE 30, 2011
(Unaudited)

	No. of Units or Par Value	Cost	Market Value
SHARES*			
AbitibiBowater Inc.**	535,407	$ 4,834,708	$ 10,465,780
Postmedia Network Canada Corp.**	85,071	2,896,098	1,020,852
		7,730,806	11,486,632
BONDS			
Abitibi-Consolidated Inc., debt stubs	7,000,000	-	50,628
ATP Oil & Gas Corp., 11.875%, May 1, 2015	2,000,000	1,438,358	1,947,983
Catalyst Paper Co., 11.0%, Dec 15, 2016	2,900,000	2,371,087	2,419,934
Clarke Inc., 6.0%, conv., Dec. 31, 2013	300,000	370,746	295,500
Compton Petroleum Financial, 10.0%, Sep.15, 2017	5,700,000	4,425,192	3,962,412
CompuCredit Holdings, 5.875%, Nov 30, 2035	13,150,000	5,820,983	5,496,022
Dex One Corp., 12.0%, Jan 29, 2017	2,960,000	2,169,071	1,280,944
Goldman Sachs Capital Inc., 5.793%, Jun 1, 2043	4,000,000	1,868,917	3,124,488
Level 3 Comm., 11.875%, Feb 1, 2019	1,780,000	1,660,852	1,843,134
Level 3 Comm., 15.0%, conv., Jan 15, 2013	2,000,000	2,447,675	3,093,629
Level 3 Comm., 6.50%, Oct 1, 2016	1,470,000	1,489,209	2,990,977
MannKind Corp., 3.75%, conv., Dec 15, 2013	9,800,000	6,024,679	5,398,661
Media General Inc., 11.75%, Feb 15, 2017	1,700,000	1,608,361	1,606,604
MEGA Brands Inc., 10.0%, Mar 31, 2015	6,004,000	4,735,457	6,245,360
Morris Publishing Group, 10.0%, Sep 1, 2014	3,209,972	3,043,251	3,041,358
Primus Telecomm. Group, 14.25%, May 20, 2013	2,689,926	2,218,952	2,626,450
RH Donnelley Inc., term loan	5,560,625	4,542,375	3,686,635
Taiga Building Products Ltd., 14.0%, Sep 1, 2020	1,712,000	1,705,899	1,626,400
Texas Competitive Electric, 10.25%, Nov 1, 2015	2,000,000	1,932,609	1,176,505
		49,873,673	51,913,624
TOTAL EQUITIES AND BONDS		57,604,479	63,400,256
TRANSACTION COSTS		(48,998)	-
PORTFOLIO TOTAL		$ 57,555,481	$ 63,400,256

* Common shares unless indicated otherwise
** Shares received from debt restructuring

Risk Management

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

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

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

Credit Risk

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. As of June 30, 2011, the Fund invested approximately 76% of its net assets in non-investment grade debt instruments. Non-investment grade is the term applied to bonds rated below Baa3 on the Moody’s credit rating scale and below BBB- on the equivalent ratings systems from S&P and Fitch. These credit ratings denote that the company’s financial position is weak and its bonds should be considered a speculative investment.

Interest Rate Risk

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

Debt Instruments by Maturity Date:

Less than 1 year	$ 50,628
1-3 years	$ 11,414,240
3-5 years	$ 16,097,842
Greater than 5 years	$ 24,350,914

As at June 30, 2011, should interest rates have decreased or increased by 0.25%, with all other variables remaining constant, the increase or decrease in Net Assets for the year would have amounted to approximately $1,797,000.

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

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 17.8% of the Fund's Net Assets held at June 30, 2011 were publicly traded equities. If equity prices on the exchange had increased or decreased by 5% as at June 30, 2011, the Net Assets of the Fund would have increased or decreased by approximately $574,000, or 0.9% of the Net Assets, all other factors remaining constant.

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

Foreign Currency Risk

Currencies to which the Fund had exposure as at June 30, 2011 are as follows:

	Financial Instruments ($)	Percentage of NAV (%)
United States Dollar	$ 54,051,987	83.8%

The amounts in the above table are based on the market value of the Fund's financial instruments (including cash, cash equivalents and investments). Other financial assets (including accrued interest income, receivable for units subscribed, and other receivable) and financial liabilities (including accrued expenses, payable for units redeemed and distributions payable) that are denominated in foreign currencies do not expose the Fund to significant foreign currency risk.

If the Canadian dollar had strengthened or weakened by 1% in relation to all currencies, with all other variables held constant, net assets would have decreased or increased by approximately $541,000.

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

CHOU RRSP FUND

August 12, 2011

Dear Unitholders of Chou RRSP Fund,

The net asset value ("NAVPU" or "NAV") of a Series A unit of Chou RRSP Fund at June 30, 2011 was $23.21 compared to $24.68 at December 31, 2010, a decrease of 6.0%; during the same period, the S&P/TSX Total Return Index returned 0.2% in Canadian dollars. In $US, a Series A unit of Chou RRSP Fund was down 3.1% while the S&P/TSX Total Return Index returned 3.3%.

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

June 30, 2011 (Series A)	**1 Year**	**3 Years**	**5 Years**	**10 Years**	**15 Years**
Chou RRSP ($CAN)	16.2%	5.7%	0.3%	7.5%	11.4%
S&P/TSX ($CAN)	20.8%	0.2%	5.6%	8.0%	8.9%
Chou RRSP ($US)[1]	27.8%	7.7%	3.3%	12.4%	13.9%
S&P/TSX ($US)	33.1%	2.0%	8.8%	13.0%	11.4%

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.

Factors Influencing the First Six Months Results

THE CANADIAN DOLLAR AGAINST THE U.S. DOLLAR: The strength of the Canadian dollar against the U.S. dollar had a negative impact on the results of the Fund. The difference in performance results between the net asset value per unit (NAVPU) priced in Canadian dollars, versus U.S. dollars, is attributable to the fact that on December 31, 2010, one U.S. dollar was worth approximately $0.99 Cdn, whereas six months later, on June 30, 2011, one U.S. dollar was worth approximately $0.96 Cdn. Even if the price of an American security remained the same in the first half of 2011, it would have nonetheless shown a depreciation of roughly 3% on June 30 when priced in Canadian dollars.

During the first six months of 2011, the stock market, as measured by the S&P 500, advanced despite numerous political and economic uncertainties. The second quarter ended with investors turning much more cautious as sovereign debt problems in Europe resurfaced, and concerns over growth in China intensified. In the U.S., the end of the second quantitative easing and the political stalemate over increasing the debt ceiling created further investor anxiety.

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

Canfor Pulp Products Inc. was a major positive contributor to the Fund's performance. In April 2011, Canfor Pulp Income Fund converted to a dividend paying public corporation named Canfor Pulp Products Inc.

Securities in the portfolio that declined the most during the first half of 2011 were equity securities of Danier Leather, TVA Group, Overstock.com, AbitibiBowater and the Class A warrants of Bank of America.

Was S&P's reduction of the United States' credit rating from AAA to AA+ a blessing in disguise?

In our opinion, it was a blessing in disguise. While the ratings of rating agencies are important, how investors' view and use these credit ratings is more important. We are diligent about doing our own homework on companies and countries and find that, while ratings may be useful to others, they are not that meaningful to us. In our opinion, the U.S. has not had triple-A credit for some time and the downgrade by S&P provided a much needed dose of reality. We believe that in the long run, the downgrade will not have a material effect on the economic prospects of the country, but in the short run, it may have to pay slightly higher interest rates.

It is hard not to be amused at how ratings affect human behavior. One would have expected that with the downgrade and the ensuing market turmoil, investors would flee almost all U.S. assets. Yet, precisely the opposite happened. When the Dow Jones Industrial Average tanked over 600 points in a day, investors flocked to U.S. treasuries. So much for the ratings.

We think the stock market's adverse reaction to the downgrade is extreme, and as long term investors, expect the recent turmoil in financial markets to give us some attractive investment opportunities. Because our investment horizon is five years or longer, we are willing to buy into situations where the short term looks cloudy, but where the long term story is solid and valuations are attractive.

We are now finding both debt and equity securities that are attractively priced and are continuing to add positions in the retail and financial sectors.

In summary, we are comfortable with the holdings we have in the portfolio. We believe they are cheap and undervalued and are optimistic about the future.

To make a historical comparison, a major difference from the Great Depression of 1929 is that the money supply, as measured by M2, declined by more than 30% from 1929 to 1933. There was no quantitative easing. As we know, quantitative easing is a gentler term for flooding the system with money. While we cannot predict how the economy will fare in the future, our best guess is that there won't be a double dip recession, but if there is one, it will be mild.

Facing Economic Reality

Obviously, we are not a fan of quantitative easing and much prefer facing reality. We believe investors who make bad investments should suffer their losses and companies that bankrupt themselves should go bankrupt. Institutions, CEOs and investors should be held accountable for bad investments and inept decision making. Taxpayers should not be forced to prop up seriously troubled companies on a selective basis. We should stop thinking 'Too big to fail' and start thinking 'Too big to save'.

It seems every time the government thinks the economy is slowing down or not growing fast enough, it talks of quantitative easing as if there are no consequences. We believe that quantitative easing tends to distort economic reality and to misallocate scarce resources. Facing economic reality is, in our opinion, the quickest way out of the economic doldrums we're now in.

The current scenario gives all investors a new dimension regarding which stocks or bonds to purchase, namely, figuring out which companies might benefit from government intervention in the economy. This should not be a consideration when investing. Rather, we believe investments should be made solely on the merits of the companies and their valuation.

Although it is important to understand the macroeconomic issues facing the companies we have invested in, or are thinking of purchasing, as value investors we focus on companies that are cheap relative to their intrinsic values. If macroeconomic issues make it difficult to understand companies' fundamentals, as was the case with financial companies in 2006 and 2007, we avoid those companies and sometimes the entire sector.

U.S. Banks

Even if the proposed Basel III capital requirement rules are adopted, we believe the big banks are attractively priced. With interest rates at artificially low levels, and the wide spreads between what the banks are paying for deposits and the FDIC-insured money they can borrow in the market, their earnings are enormous. In addition, lending criteria are tighter and, in general, the quality of loans is now quite high, which means the banks' earnings are high in terms of the risks they are taking. While they must still deal with some serious legacy issues, for most big banks, such as JPMorgan Chase, Wells Fargo and Bank of America, their pre-interest and pre-provision earnings in the $30 to $40 billion range are high enough to absorb losses.

We also think their common shares, and in some cases their TARP warrants, are attractive investments. The TARP warrants give the holder the right to buy the bank's stocks at a specific price. Most of these warrants are long dated, with most expiring in 2018 or 2019. This time frame of eight-plus years allows the banks to grow their intrinsic value to a high enough level to meet the strike price of the warrant. In addition, we believe the strike price is adjusted downward for any quarterly dividend paid that exceeds a set price. A more detailed discussion of the TARP warrants is included in the letter to the 2010 semi-annual report.

Canadian Real Estate

Among the G8 nations, Canada has done the best since the Great Recession of 2008 and has been widely lauded for its fiscal and economic performance. Its real estate prices have reflected that positive opinion. But therein lies the problem. In most countries, real estate prices have declined substantially, while in most of Canada, especially in the big cities, prices have actually increased. Based on ratios such as rent-to-house-price and disposable-income-to-house-price, Canadian house prices are out of line with historical standards. In addition, household debt as a percentage of disposable income is unprecedentedly high. This does not mean that Canadian real estate prices will decline soon, but it does indicate that valuations are stretched. We would be cautious in this environment. If there is a choice, it is better to rent rather than buy a house. However, if you are determined to buy a house, we would urge you to do so without borrowing too much money.

Other Matters

FOREIGN CURRENCY CONTRACTS: None existed at June 30, 2011.

CREDIT DEFAULT SWAPS: None existed at June 30, 2011.

CONSTANT MATURITY SWAPS: None existed at June 30, 2011.

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

INDEPENDENT REVIEW COMMITTEE: The Manager has established an IRC as required by NI 81-107. The members of the IRC are Sandford Borins, Bruce Kerr and Joe Tortolano. The 2010 IRC Annual Report is available on our website www.choufunds.com.

As of August 12, 2011, the NAV of a Series A unit of the Fund was $20.22 and the cash position was 5% of net assets. The Fund is down 18.1% from the beginning of the year. In $US, it is down 17.6%.

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

Yours truly,

Francis Chou

Francis Chou
Fund Manager

CHOU RRSP FUND

STATEMENT OF NET ASSETS

AS AT JUNE 30, 2011

(Unaudited)

	2011	DEC 31, 2010
ASSETS		
Cash	$ 8,331,364	$ 4,474,655
Accrued interest and dividend income	34,859	416,901
Receivable for units subscribed	8,450	148,298
Other receivable	-	1,574
Investments, at fair value	122,005,478	144,652,476
	130,380,151	149,693,904
LIABILITIES		
Accrued expenses	235,913	266,854
Payable for units redeemed	164,593	459,679
Distributions payable	-	48,984
	400,506	775,517
NET ASSETS	$ 129,979,645	$ 148,918,387
NET ASSETS, BY SERIES		
Series A	$ 126,582,322	$ 145,169,805
Series F	3,397,323	3,748,582
	$ 129,979,645	$ 148,918,387
NUMBER OF UNITS OUTSTANDING (Note 4)		
Series A	5,509,762	5,910,060
Series F	147,492	152,729
NET ASSET VALUE PER UNIT		
Canadian dollars		
Series A	$ 22.97	$ 24.56
Series F	$ 23.03	$ 24.54
U.S. dollars		
Series A	$ 23.82	$ 24.71
Series F	$ 23.89	$ 24.69

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

Francis Chou

Tracy Chou

CHOU RRSP FUND
STATEMENT OF OPERATIONS
FOR THE PERIOD ENDED JUNE 30, 2011
(Unaudited)

	2011	2010
INVESTMENT INCOME		
Interest	$ 1,068,346	$ 2,236,673
Dividends	672,199	1,097,768
Interest from securities lending	1,782	-
Income from derivatives	-	67,011
	1,742,327	3,401,452
EXPENSES		
Management fees (Note 6)	1,201,451	1,060,084
Custodian fees	97,395	91,998
Audit	8,505	12,137
Filing fees	7,240	2,967
FundSERV fees	4,614	3,220
Independent Review Committee fees	3,790	3,291
Foreign withholding taxes	2,816	2,812
Legal	-	3,561
	1,325,811	1,180,070
NET INVESTMENT INCOME FOR THE PERIOD	416,516	2,221,382
NET REALIZED AND UNREALIZED GAIN (LOSS) AND TRANSACTION COSTS		
Transaction costs	(15,804)	(49,891)
Net realized gain (loss) on sale of investments	3,663,390	(2,684,330)
Unrealized gain (loss)	(13,038,519)	23,169,252
	(9,390,933)	20,435,031
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	$ (8,974,417)	$ 22,656,413
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A	$ (8,738,508)	$ 22,085,982
Series F	(235,909)	570,431
	$ (8,974,417)	$ 22,656,413
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS, PER UNIT		
Series A	$ (1.53)	$ 3.40
Series F	$ (1.53)	$ 3.46

CHOU RRSP FUND

STATEMENT OF CHANGES IN NET ASSETS

FOR THE PERIOD ENDED JUNE 30, 2011

(Unaudited)

	2011	2010
SERIES A		
NET ASSETS, beginning of the period	$ 145,169,805	$ 116,081,678
Increase (decrease) in net assets from operations	(8,738,508)	22,085,982
Proceeds from issue of units	3,615,452	4,079,605
Payments on redemption of units	(13,464,427)	(15,173,694)
NET ASSETS, end of the period	126,582,322	127,073,571
SERIES F		
NET ASSETS, beginning of the period	3,748,582	2,922,288
Increase (decrease) in net assets from operations	(235,909)	570,431
Proceeds from issue of units	384,173	145,606
Payments on redemption of units	(499,523)	(389,392)
NET ASSETS, end of the period	3,397,323	3,248,933
TOTAL NET ASSETS, end of the period	$ 129,979,645	$ 130,322,504

CHOU RRSP FUND

STATEMENT OF INVESTMENTS

AS AT JUNE 30, 2011

(Unaudited)

	No. of Shares or Par Value	Cost	Market Value
SHARES*			
AbitibiBowater Inc.	407,395	$ 8,033,380	$ 7,963,487
Bank of America Corp, warrants, Class A	500,000	3,719,077	2,671,244
Canfor Pulp Products Inc.**	692,000	1,969,160	12,096,160
Clublink Enterprises Ltd.	193,600	1,077,639	1,335,840
Danier Leather Inc.	679,200	6,453,777	7,539,120
E-L Financial Corporation Ltd.	5,500	2,513,503	2,420,000
Fibrek Inc.	715,000	729,375	965,250
International Forest Products Ltd., Class A	1,025,500	6,098,755	5,291,580
Liquidation World Inc.	462,500	2,042,590	25,438
MEGA Brands Inc.	480,900	4,732,518	4,688,775
MEGA Brands Inc., warrants	8,987,500	1,177,166	1,617,750
Overstock.com Inc.	715,500	14,906,146	10,501,664
Rainmaker Entertainment Inc.	2,536,800	5,227,610	989,352
Ridley Canada Ltd.	313,200	2,511,607	2,787,480
Symetra Financial Corporation	174,000	2,673,000	2,250,152
Taiga Building Products Ltd.	501,700	667,261	326,105
The Brick Ltd., warrants	10,000,000	1,150,000	17,199,998
Torstar Corporation, Class B	1,254,716	27,459,812	15,056,592
TVA Group Inc., Class B	733,128	10,931,044	8,892,843
		104,073,420	104,618,830
BONDS			
Abitibi-Consolidated Inc., debt stubs	50,447,000	-	364,863
Taiga Building Products Ltd., 14.0%, Sep 1, 2020	6,759,168	6,759,168	6,421,210
The Brick Ltd., 12.0%, May 30, 2014	9,861,000	8,726,985	10,600,575
		15,486,153	17,386,648
TOTAL EQUITIES AND BONDS		119,559,573	122,005,478
TRANSACTION COSTS		(76,017)	-
PORTFOLIO TOTAL		$ 119,483,556	$ 122,005,478

* Common shares unless indicated otherwise
** Converted from an income trust

Risk Management

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

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

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

Credit Risk

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. As of June 30, 2011, the Fund invested approximately 13% of its net assets in non-investment grade debt instruments. Non-investment grade is the term applied to bonds rated below Baa3 on the Moody's credit rating scale and below BBB- on the equivalent ratings systems from S&P and Fitch. These credit ratings denote that the company's financial position is weak and its bonds should be considered a speculative investment.

Interest Rate Risk

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

Debt Instruments by Maturity Date:

Less than 1 year	$ 364,863
1-3 years	$ 10,600,575
3-5 years	$ 0
Greater than 5 years	$ 6,421,210

As at June 30, 2011, should interest rates have decreased or increased by 0.25%, with all other variables remaining constant, the increase or decrease in Net Assets for the year would have amounted to approximately $318,000.

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

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% of the Fund's Net Assets held at June 30, 2011 were publicly traded equities. If equity prices on the exchange had increased or decreased by 5% as at June 30, 2011, the Net Assets of the Fund would have increased or decreased by approximately $5,231,000, or 4.0% of the Net Assets, all other factors remaining constant.

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

Foreign Currency Risk

Currencies to which the Fund had exposure as at June 30, 2011 are as follows:

	Financial Instruments ($)	Percentage of NAV (%)
United States Dollar	$ 31,274,744	24.1%

The amounts in the above table are based on the market value of the Fund's financial instruments (including cash, cash equivalents and investments). Other financial assets (including accrued interest and dividend income, receivable for units subscribed and other receivable) and financial liabilities (including accrued expenses, payable for units redeemed and distributions payable) that are denominated in foreign currencies do not expose the Fund to significant foreign currency risk.

As at June 30, 2011, if the Canadian dollar had strengthened or weakened by 1% in relation to all currencies, with all other variables held constant, net assets would have decreased or increased by approximately $313,000.

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

1. FORMATION OF CHOU FUNDS

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

The Funds were formed on the following dates:

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

2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies used by the Funds:

(a) Basis of Presentation

These financial statements, prepared in accordance with Canadian generally accepted accounting principles, include estimates and assumptions made by the Manager that may affect the reported amount of assets, liabilities, income and expenses during the reporting period. Actual results could materially differ from those estimates.

(b) Valuation of Investments

In accordance with CICA Handbook Section 3855, "Financial Instruments – Recognition and Measurement", investments are deemed to be held for trading, and are required to be recorded at fair value. The main impact of Section 3855 relates to the determination of the fair value of financial assets listed on an active market using the bid price for a long position and the ask price for a short position instead of the closing prices.

National Instrument 81-106 – Investment Fund Continuous Disclosure ("NI 81-106") requires all investment funds to calculate net asset value for all purposes other than financial statements in accordance with part 14.2. This requirement allows the Funds to report two distinct net asset values: one for the financial statements, which is calculated in accordance with Canadian GAAP called "GAAP Net Assets" (or "net assets"), and another called "Transactional NAV" (or "net asset value"). A reconciliation between GAAP Net Assets per unit and Transactional NAV per unit is provided in Note 7.

2. SIGNIFICANT ACCOUNTING POLICIES, continued

The fair value of the Funds' investments as at the financial reporting date is determined as follows:

All long securities listed on a recognized public stock exchange are valued at their last bid price at the end of each valuation date. All short securities listed on a recognized public stock exchange are valued at the last ask price on the valuation date. Securities that are traded on an over-the-counter market basis are priced at the last bid price as quoted by a major dealer.

Investments in securities having no quoted market values or in illiquid securities are valued using valuation techniques. Valuation techniques include, but are not limited to, referencing the current value of similar instruments, using recent arm's length market transactions, discounted cash flow analyses or other valuation models.

The fair value of certain securities may be estimated using valuation techniques based on assumptions that are not supported by observable market inputs. In a situation where, in the opinion of the Manager, a market quotation for a security is inaccurate, not readily available or does not accurately reflect fair value, the fair value is determined by the Manager.

Bonds and debentures are valued at their last evaluated bid price received from recognized investment dealers for long positions and their last evaluated ask price for short positions.

Investments in underlying funds are valued at the series' net asset value per unit. If the net asset value is unavailable, the investment fund holdings are valued using the last published net asset value or at the fair value as determined by the Manager.

Short-term securities are valued using market quotations or amortized costs plus accrued interest, both of which approximate fair value.

Unlisted warrants are valued based on a pricing model which considers factors such as the market value of the underlying security, strike price, volatility and terms of the warrant.

Forward contracts are marked to market using last bid prices for long positions and the last ask price for short positions. Last trade price is used where bid and ask prices are not available.

The fair value of interest rate swap agreements is the estimated amount that the Funds would receive or pay to terminate the swap, taking into account current interest rates and the current credit worthiness of the swap counterparties.

2. SIGNIFICANT ACCOUNTING POLICIES, continued

Futures are valued using the last bid price for long positions and the last ask price for short positions. The settlement price is used where bid and ask prices are not available.

The fair value of investments and other assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the rate of exchange established at noon on each valuation date. Under the Funds' fair pricing policy, when the rates of exchange established at 3 p.m. are materially different from the noon exchange rates on a given valuation date, the market value of investments and other assets and liabilities denominated in foreign currencies will be translated at the 3 p.m. exchange rates for that valuation date.

(c) Other Assets and Liabilities

Accrued interest and dividends receivable, receivable for units issued, amount due from brokers and other assets are designated as loans and receivables and are recorded at amortized cost. Similarly, accrued expenses, accounts payable for units redeemed, amounts due to brokers and other liabilities are designated as other financial liabilities and are reported at amortized cost. These balances are short-term in nature and therefore, amortized cost approximates fair value for these assets and liabilities.

(d) Cost of Investments

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.

(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 CICA Handbook Section 3855, transaction costs are expensed and are included in the Statements of Operations in "Transaction Costs".

(f) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on deposit and short-term debt instruments with terms to maturity less than 90 days.

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(g) Investment Transactions and Income Recognition

All investment transactions are reported on the business day the order to buy or sell is executed.

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 Statements of Investments.

Distributions from investments sold short are accrued as earned and are reported as a liability in the Statements of Net Assets in “Interest and dividends payable on investments sold short” and as an expense in the Statements of Operations in “Interest and dividend expense on investments sold short”. The gain or loss that would be realized if, on the valuation date the short position were to be closed out, is reflected in the Statements of Operations in “Unrealized gain (loss) on investments” and in the Statements of Net Assets in “ Investments sold short, at fair value”. When the short position is closed out, gains and losses are realized and included in the Statements of Operations in “Net realized gain (loss) on sale of investments”.

(h) Translation of Foreign Currency

The reporting currency for all the Funds is the Canadian dollar which is the functional currency since subscriptions and redemptions of units are primarily denominated in Canadian dollars. Any currency other than Canadian dollars represents foreign currency to the Funds. All funds offer series to the public in US dollars and the net assets attributed to these units are translated into US dollars at the exchange rate for that valuation day. The Canadian dollar and US dollar series net assets per unit as at the financial reporting date are reported in the Statements of Net Assets.

The fair value of investments and other assets and liabilities denominated in a foreign currency are translated into Canadian dollars at the rate of exchange which is current on the valuation date. Transactions denominated in a foreign currency are translated into Canadian dollars at the rate of exchange prevailing at the date of the transactions. Realized and unrealized foreign currency gains or losses on investments are included in the Statements of Operations in “Net realized gain (loss) on sale of investments” and “Unrealized gain (loss) on investments”, respectively. Realized and unrealized foreign currency gains or losses on monetary assets and liabilities other than investments denominated in foreign currencies are included in the Statements of Operations in “Net realized and unrealized gain (loss) on investments”.

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(i) Derivative Transactions

The Manager may choose to use options, forward currency contracts, future contracts, and swaps to hedge against losses from changes in the prices of the Funds' investments and from exposure to foreign currencies or gain exposure to individual securities and markets instead of buying and selling securities directly. There can be no assurance that the hedging strategies will be effective. Losses may also arise if the counterparty does not perform under the contract.

Options

The premium paid for purchased options is included in "Investments, at fair value" on the Statements of Net Assets. The unrealized gain or loss is reflected in the Statements of Operations in "Unrealized gain (loss) on investments".

The premium received upon writing an option on futures or an over-the-counter option is recorded at cost in "Investments, at fair value" in the Statements of Net Assets. As long as the position of the written option is maintained, the liability for written options is revalued at an amount equal to the current market value of the option, which would have the effect of closing the position. Any gain or loss resulting from revaluation is reflected in the Statements of Operations in "Net realized and unrealized gain (loss) on investments".

The gain or loss on sale or expiry of options is reflected in the Statements of Operations in "Income (loss) from derivatives".

Forward Currency Contracts

The change in value of forward currency contracts is included in the Statements of Operations in "Unrealized gain (loss) on investments" and in the Statements of Net Assets in "Unrealized gain (loss) on forward currency contracts". When a forward currency contract is closed out, gains and losses are realized and included in the Statements of Operations in "Net realized foreign exchange gain (loss)".

Future Contracts

The value of futures contracts fluctuates daily and cash settlements made daily by the Funds are equal to the unrealized gains or losses on a "mark to market" basis. All gains or losses are recorded and reported in the Statements of Operations in "Income (loss) from derivatives". Margin paid or deposited in respect of futures contracts is reflected in the Statements of Net Assets in "Margin deposited on derivatives". Any change in the variation margin requirement is settled daily.

2. SIGNIFICANT ACCOUNTING POLICIES, continued

Interest Rate Swaps

The value of a swap contract is the gain or loss that would be realized if, on the valuation date, the position were to be closed out. It is reflected in the Statements of Operations in "Unrealized gain (loss) on investments" and in the Statements of Net Assets in "Unrealized gain (loss) on other derivatives". When swap contracts are closed out, gains or losses are realized and are included in the Statements of Operations in "Income (loss) from derivatives".

Credit Default Swaps

The change in value of a swap contract is included in the Statements of Operations in "Unrealized gain (loss) on investments" and in the Statements of Net Assets in "Unrealized gain (loss) on other derivatives. When swap contracts are closed out, gains or losses are realized and included in the Statements of Operations in "Income (loss) from derivatives".

(j) Multi-Series Funds

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

(k) Valuation of Fund Units

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

(l) Securities Lending

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

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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. CICA Handbook Section 3862 and Section 3863 disclosures that are specific to each of the Funds are presented in the Discussion on Financial Risk Management under the Statement of Investments. The sensitivity analysis shown in the Discussion on 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 Fund's main credit risk concentration is in debt securities and trading derivative instruments which are disclosed in the respective Fund's Statement 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.

(b) 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 interest rate derivatives 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.

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT, continued

(c) Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises from financial instruments (including cash and equivalents 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.

(d) Liquidity Risk

Liquidity risk is the risk that a Fund may not be able to settle or meet its obligation 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.

(e) 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 futures contracts where possible losses can be unlimited.

4. UNITHOLDER CAPITAL

The Manager considers the Funds' capital to consist of unitholders' equity representing the net assets. 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 period are reflected in the Statements of Changes in Net Assets. The Funds have no specific restrictions or specific capital requirements on the subscriptions and redemptions of units, other than minimum subscription requirements. The Funds endeavor to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions. Unitholders are entitled to distributions when declared. Distributions on units of a Fund are reinvested in additional units of the Fund or at the option of the unitholders, paid in cash. Units of the Funds are redeemable at the option of the unitholders in accordance with the prospectus.

	Series A		Series F	
	Jun-11	**Dec-10**	**Jun-11**	**Dec-10**
CHOU ASSSOCIATES FUND				
Units outstanding, beginning of the period	6,163,099	6,861,528	397,040	419,050
Add: Units issued during the period	140,115	270,586	48,412	109,428
Deduct: Units redeemed during the period	(441,521)	(1,020,689)	(23,460)	(136,383)
Units outstanding before income distribution	5,861,693	6,111,425	421,992	392,095
Add: Units issued on reinvested income	-	51,674	-	4,945
Units outstanding, end of the period	5,861,693	6,163,099	421,992	397,040
CHOU ASIA FUND				
Units outstanding, beginning of the period	3,970,464	4,183,867	211,782	169,765
Add: Units issued during the period	97,406	239,344	25,745	104,497
Deduct: Units redeemed during the period	(552,485)	(768,825)	(57,094)	(80,009)
Units outstanding before income distribution	3,515,385	3,654,386	180,433	194,253
Add: Units issued on reinvested income	-	316,078	-	17,529
Units outstanding, end of the period	3,515,385	3,970,464	180,433	211,782
CHOU EUROPE FUND				
Units outstanding, beginning of the period	1,003,677	1,141,295	120,856	38,357
Add: Units issued during the period	23,801	23,514	-	90,226
Deduct: Units redeemed during the period	(65,237)	(171,953)	(44,962)	(10,719)
Units outstanding before income distribution	962,241	992,856	75,894	117,864
Add: Units issued on reinvested income	-	10,821	-	2,992
Units outstanding, end of the period	962,241	1,003,677	75,894	120,856

4. UNITHOLDER CAPITAL, continued

	Series A		Series F	
	Jun-11	Dec-10	Jun-11	Dec-10
CHOU BOND FUND				
Units outstanding, beginning of the period	5,575,084	6,801,007	1,559,793	1,556,801
Add: Units issued during the period	216,883	479,543	154,356	175,138
Deduct: Units redeemed during the period	(1,058,617)	(1,948,916)	(204,301)	(245,357)
Units outstanding before income distribution	4,733,350	5,331,634	1,509,848	1,486,582
Add: Units issued on reinvested income	-	243,450	-	73,211
Units outstanding, end of the period	4,733,350	5,575,084	1,509,848	1,559,793
CHOU RRSP FUND				
Units outstanding, beginning of the period	5,910,060	6,815,996	152,729	171,637
Add: Units issued during the period	143,361	279,539	15,237	10,815
Deduct: Units redeemed during the period	(543,659)	(1,327,471)	(20,474)	(34,065)
Units outstanding before income distribution	5,509,762	5,768,064	147,492	148,387
Add: Units issued on reinvested income	-	141,996	-	4,342
Units outstanding, end of the period	5,509,762	5,910,060	147,492	152,729

5. DUE TO RELATED PARTY

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

	June 2011	Dec 2010
Chou Associates Fund	$ 701,977	$ 737,112
Chou Asia Fund	71,425	85,757
Chou Europe Fund	-	11,038
Chou Bond Fund	70,295	81,298
Chou RRSP Fund	180,427	208,019

6. MANAGEMENT FEES AND EXPENSES

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

7. RECONCILIATION OF TRANSACTIONAL NAV TO GAAP NET ASSETS

The table below provides a comparison of the GAAP Net Assets per unit and Transactional NAV per unit. The primary reason for the difference between the GAAP Net Assets per unit and Transactional NAV per unit is described in Note 2.

		Net Asset Value ($)			Net Asset Value per Unit ($)		
	Series	Transactional NAV	Section 3855 Adjustment	GAAP Net Assets	Transactional NAV	Section 3855 Adjustment	GAAP Net Assets
Chou Associates	A	482,580,358	(665,567)	481,914,791	82.33	(0.12)	82.21
Fund	F	34,745,262	(47,669)	34,697,593	82.34	(0.12)	82.22
Chou Asia	A	48,371,280	(58,785)	48,312,495	13.76	(0.02)	13.74
Fund	F	2,493,758	(3,022)	2,490,736	13.82	(0.02)	13.80
Chou Europe	A	6,999,206	(5,106)	6,994,100	7.27	(0.00)	7.27
Fund	F	552,286	(403)	551,883	7.28	(0.01)	7.27
Chou Bond	A	49,148,437	(229,528)	48,918,909	10.38	(0.05)	10.33
Fund	F	15,659,964	(72,490)	15,587,474	10.37	(0.05)	10.32
Chou RRSP	A	127,858,240	(1,275,918)	126,582,322	23.21	(0.24)	22.97
Fund	F	3,431,420	(34,097)	3,397,323	23.27	(0.24)	23.03

8. BROKERS' COMMISSIONS

Total commissions paid to brokers in connection with portfolio transactions for the period ended June 30, 2011 and for the period ended June 30, 2010 are as follows:

	2011	2010
Chou Associates Fund	$ 200,652	$ 376,015
Chou Asia Fund	16,646	49,891
Chou Europe Fund	356	5,093
Chou Bond Fund	-	49,955
Chou RRSP Fund	15,804	198,685

9. SECURITIES LENDING

The Funds have entered into a securities lending program with Citibank N.A. 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 June 30, 2011 are as follows:

	Market Value of Securities on Loan	Market Value of Collateral Received
Chou Associates Fund	$ 68,064,814	$ 70,250,195

10. RELATED PARTY TRANSACTIONS

The Manager, its officers and directors invest in units of the Funds from time to time in the normal course of business. All transactions with the Manager are measured at the exchange amounts.

11. FAIR VALUE MEASUREMENT

In June 2009, the Canadian Accounting Standards Board incorporated amendments to International Financial Reporting Standards 7, Financial Instruments: Disclosures, into CICA Handbook Section 3862, "Financial Instruments – Disclosures". The amendments expand the disclosures required in respect of fair value measurements recognized in the financial statements. The fair value hierarchy has the following levels:

- 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)
- 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 Associates Fund	**Level 1**	**Level 2**	**Level 3**	**Total**
Equities - Long	$ 289,944,236	$ 33,542,243	$ 2,560,209	$ 326,046,688
Bonds	-	69,390,144	7,881,817	77,271,961
	289,944,236	102,932,387	10,442,026	403,318,649
Options - Short	-	-	-	-
Total	**$ 289,944,236**	**$ 102,932,387**	**$ 10,442,026**	**$ 403,318,649**

Fair value measurements using level 3 inputs:	**Equities – Long**	**Bonds**	**Total**
Balance at December 31, 2010	$ 2,491,454	$ 619,637	$ 3,111,091
Net purchases and sales	-	8,822,506	8,822,506
Net transfer in (out)	-	-	-
Gains (losses)			
Realized	-	105,166	105,166
Unrealized	68,755	(1,665,492)	(1,596,737)
Balance at June 30, 2011	**$ 2,560,209**	**$ 7,881,817**	**$ 10,442,026**

Chou Asia Fund	**Level 1**	**Level 2**	**Level 3**	**Total**
Equities - Long	$ 23,862,558	$ 231,946	$ -	$ 24,094,504
Bonds	-	-	110,623	110,623
	23,862,558	231,946	110,623	24,205,127
Options - Short	-	-	-	-
Total	**$ 23,862,558**	**$ 231,946**	**$ 110,623**	**$ 24,205,127**

11. FAIR VALUE MEASUREMENT, continued

Fair value measurements using level 3 inputs:	Equities – Long	Bonds	Total
Balance at December 31, 2010	$ -	$ 228,084	$ 228,084
Net purchases and sales	-	-	-
Net transfer in (out)	-	-	-
Gains (losses)			
Realized	-	-	-
Unrealized	-	(117,461)	(117,461)
Balance at June 30, 2011	**$ -**	**$ 110,623**	**$ 110,623**

Chou Europe Fund	Level 1	Level 2	Level 3	Total
Equities - Long	$ 5,485,368	$ -	$ -	$ 5,485,368
Bonds	-	-	-	-
	5,485,368	-	-	5,485,368
Options - Short	-	-	-	-
Total	**$ 5,485,368**	**$ -**	**$ -**	**$ 5,485,368**

Fair value measurements using level 3 inputs:	Equities – Long	Bonds	Total
Balance at December 31, 2010	$ -	$ -	$ -
Net purchases and sales	-	-	-
Net transfer in (out)	-	-	-
Gains (losses)			
Realized	-	-	-
Unrealized	-	-	-
Balance at June 30, 2011	**$ -**	**$ -**	**$ -**

Chou Bond Fund	Level 1	Level 2	Level 3	Total
Equities - Long	$ 10,465,780	$ 1,020,852	$ -	$ 11,486,632
Bonds	-	48,176,361	3,737,263	51,913,624
	10,465,780	49,197,213	3,737,263	63,400,256
Options - Short	-	-	-	-
Total	**$ 10,465,780**	**$ 49,197,213**	**$ 3,737,263**	**$ 63,400,256**

11. FAIR VALUE MEASUREMENT, continued

Fair value measurements using level 3 inputs:	**Equities – Long**	**Bonds**	**Total**
Balance at December 31, 2010	$ -	$ 2,316,959	$ 2,316,959
Net purchases and sales	-	2,831,914	2,831,914
Net transfer in (out)	-	(2,896,098)	(2,896,098)
Gains (losses)			
Realized	-	47,406	47,406
Unrealized	-	1,437,082	1,437,082
Balance at June 30, 2011	**$ -**	**$ 3,737,263**	**$ 3,737,263**

Chou RRSP Fund	**Level 1**	**Level 2**	**Level 3**	**Total**
Equities - Long	$ 98,075,510	$ 6,543,320	$ -	$ 104,618,830
Bonds	-	17,021,785	364,863	17,386,648
	98,075,510	23,565,105	364,863	122,005,478
Options - Short	-	-	-	-
Total	**$ 98,075,510**	**$ 23,565,105**	**$ 364,863**	**$ 122,005,478**

Fair value measurements using level 3 inputs:	**Equities – Long**	**Bonds**	**Total**
Balance at December 31, 2010	$ -	$ 752,282	$ 752,282
Net purchases and sales	-	-	-
Net transfer in (out)	-	-	-
Gains (losses)			
Realized	-	-	-
Unrealized	-	(387,419)	(387,419)
Balance at June 30, 2011	**$ -**	**$ 364,863**	**$ 364,863**

12. TAXES

(a) Income Taxes

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

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

12. TAXES, continued

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

Chou Associates Fund	$ 36,713,143
Chou Europe Fund	2,337,308
Chou RRSP Fund	30,958,030

(b) Harmonized Sales Tax

Effective July 1, 2010, the Government of Ontario and the Government of British Columbia replaced the provincial sales tax (“PST”) with a single harmonized sales tax (“HST”). The HST combines the federal goods and services tax (“GST”) rate of 5% with the respective PST rate. The harmonization results in an HST rate of 13% in Ontario.

Investment funds in Canada are required to calculate the HST rate using specific rules. The specific rules and guidance require HST to be calculated using the residency of unitholders and the current value of their interests, rather than the physical location of the Fund Manager.

The new HST has resulted in higher overall management expense ratios as management fees and certain other expenses charged to the Fund are now subject to the new HST.

13. CHANGEOVER TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

In accordance with the Canadian Accounting Standards Board proposals, effective January 1, 2011, International Financial Reporting Standards (“IFRS”) will replace Canadian GAAP for publicly accountable enterprises, which includes investment funds. However, in January 2011, the Canadian Accounting Standards Board approved a deferral of the effective date for the changeover to IFRS for investment funds to January 1, 2013.

The Manager has already initiated the process of developing its IFRS changeover plan by performing an impact assessment and identifying differences between current Canadian GAAP and IFRS. The process of evaluating the potential impact of IFRS on the financial statements is ongoing as the International Accounting Standards Board and the Canadian Accounting Standards Board continue to issue new standards and recommendations.

The Manager will continue to evaluate potential changes to the financial statements along with the impact on accounting policies, business functions, information technology and internal controls.

Based on the Manager’s current evaluation of the differences between Canadian GAAP and IFRS, the Manager expects that the impact of IFRS on the Fund’s financial statements will be additional disclosures and potentially different presentation of certain items. Further, the value used to determine the price of the Fund’s units for purchase and redemption by clients (Transactional NAV) is not expected to be affected.

CHOU RRSP FUND
(Unaudited)

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

Period ended	Value of initial $10,000 investment	Value of cumulative reinvested capital distributions	Value of cumulative reinvested dividends	Total value of shares
Dec.31, 1986	$10,000	0	0	10,000
Dec.31, 1987	9,980	187	650	10,818
Dec.31, 1988	10,709	553	1,018	12,281
Dec.31, 1989	11,530	1,308	1,512	14,350
Dec.31, 1990	9,272	1,314	2,136	12,722
Dec.31, 1991	9,342	1,324	2,618	13,284
Dec.31, 1992	10,069	1,427	3,004	14,500
Dec.31, 1993	11,616	1,646	3,465	16,727
Dec.31, 1994	10,131	1,436	3,394	14,961
Dec.31, 1995	11,764	1,667	4,377	17,808
Dec.31, 1996	14,335	2,032	5,368	21,735
Dec.31, 1997	19,953	4,048	8,740	32,741
Dec.31, 1998	17,421	12,259	9,126	38,806
Dec.31, 1999	15,467	11,914	8,836	36,217
Dec.31, 2000	16,931	13,580	11,677	42,188
Dec.31, 2001	19,135	16,493	13,742	49,370
Dec.31, 2002	22,735	24,861	17,499	65,095
Dec.31, 2003	24,871	28,059	19,728	72,658
Dec.31, 2004	27,896	32,038	22,429	82,362
Dec.31, 2005	31,259	37,164	26,871	95,294
Dec.31, 2006	33,326	39,622	31,531	104,479
Dec.31, 2007	27,859	38,841	28,117	94,817
Dec.31, 2008	13,510	18,836	22,283	54,629
Dec.31, 2009	16,995	23,693	29,130	69,818
Dec.31, 2010	24,312	33,895	44,160	102,367
June 30, 2011				**$96,266**

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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