

Chou Associates Management Inc.
Independent Review Committee
Annual Report to Unitholders 2014

In late 2007 securities regulators in Canada approved National Instrument 81-107 which calls for every reporting mutual fund to have an Independent Review Committee (I.R.C.). The regulation specifically states that the I.R.C. is not to be involved in the day-to-day decision making of the fund manager. The role of the I.R.C. is to provide direction when the fund manager brings a possible conflict of interest to its attention. Each year the I.R.C. must report to unitholders of the fund.

1. Members of the Independent Review Committee

Name	Occupation	Length of Service on the I.R.C.
Sandford Borins	Professor, University of Toronto	8 years
Peter Gregoire	Manager, Allstream Inc.	1 year
Joe Tortolano	Retired Bell Canada Employee	8 years

- a) No member of the I.R.C. is a member of an I.R.C. for any other mutual fund.
- b) The members of the I.R.C., in the aggregate, beneficially own, directly or indirectly, less than 1% of the fund. None holds any ownership in the fund manager, Chou Associates Management Inc. or in any person or company that provides services to the investment fund or manager.
- c) Peter Gregoire became a member of the IRC on January 25, 2014, filling a vacancy.

2. Compensation paid to the members of the Independent Review Committee

- a) In the aggregate the compensation paid to the members of the IRC for the year 2014 was \$34,690. There were no indemnities paid to any member during that period.
- b) There were no additional expenses incurred by the I.R.C. in 2014.
- c) The IRC reviews and determines its own compensation on an annual basis. In 2014, the Chair received an annual retainer of \$ 11,000 plus \$1000 per meeting. Other members received an annual retainer of \$8000 plus \$1000 per meeting. There were two meetings.

Beginning in 2015, the IRC is changing its approach to determining compensation. In deciding the appropriate level of compensation, the IRC will consider the following factors:

- The best interests of the funds
- The benefit accruing to the funds as a result of the IRC activity
- The complexity and difficulty of the tasks undertaken by the IRC
- The workload of the IRC including the commitment of time and energy that is expected from each member

- Industry best practices including industry averages and surveys of IRC compensation
- The recommendations of the manager.

3. Summary of the Findings of the Independent Review Committee

- a) There were no conflicts of interest referred to the committee by the fund manager in 2014.
- b) The Committee is not aware of any instance in which the fund manager acted in a conflict of interest matter.

In accordance with National Instrument 81-107 this report:

- a) should be part of the fund manager's annual report to unitholders;
- b) must be sent by the fund without charge to any unitholder of the fund who requests it;
- c) must be displayed on the fund's web site until the posting of the Independent Review Committee's next annual report;
- d) must be filed with the securities regulators;
- e) must be filed on the SEDAR group profile number of the investment fund as a continuous disclosure document.