

From Gordon Pape's 2003 Buyer's Guide to Mutual Funds

The Fund Awards

CLASS ACT OF THE YEAR

Francis Chou. We have long been great admirers of Francis Chou, who runs two small equity funds that bear his name. Our admiration isn't just because of the great performance record of his little funds, although it certainly is impressive. His Chou RRSP Fund has produced an average annual return of more than 16% over the past decade, while his Chou Associates Fund, which focuses on U.S. stocks, has averaged better than 17%. But what really impresses us about the man is his honesty and integrity. During the high-tech bubble, this value manager candidly told his investors that he had "no concrete idea of where to proceed from here". He saw the market at that time as "a fool's game" where investors were buying stocks trading at 100 times revenues in the hope of being able to sell them for 200 times revenues a week later. It wasn't a game he would play and his funds, which had been consistent double-digit gainers, both lost money in 1999. And what was his response to that? He reduced his management fee because he felt he hadn't really earned it. When was the last time you heard about a fund manager doing that? Now his funds are scoring big gains again, so Chou should be rewarding himself with huge bonuses, right? No way. His MERs are still around 2%, way below the norm for the respective categories. Talent, humility, unselfishness, honesty. Those words sum up the man.

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