

DHANDHO

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To: All Limited Partners & Investors of Dhandho Zero Fee Funds and Dhandho Holdings
From: Mohnish Pabrai, Managing Partner
Date: April 17, 2019
Re: **Q1 2019 Results et. al.**

Dear Partners:

Happy New Year! For the quarter ended March 31, 2019, a total of \$6.3 million was added to the various funds by new and existing partners. The additions on a per fund basis are:

Dhandho India Zero Fee US Fund:	\$2.3 million
Dhandho India Zero Fee Offshore Fund:	\$3.8 million
Dhandho Junoon Zero Fee US Fund:	\$0.1 million
Dhandho Junoon Zero Fee Offshore Fund:	\$0.1 million

Total: \$6.3 million

The Dhandho Zero Fee Funds are open quarterly to new capital. The next opening is July 1, 2019. Funds and subscription docs must be in by June 30, 2019 to make the July 1st opening date. The minimum initial investment is \$1.5 million for the India Zero Fee Funds and \$500,000 for the Junoon Zero Fee Funds. Existing partners can add as little as \$25,000. If you are interested or would like more information, please nudge either Fahad Missmar at fm@dhandhofunds.com or me at mp@dhandhofunds.com.

The Dhandho Zero Fee Funds are open to US Accredited Qualified Purchasers (net worth over \$1 million with gross investments over \$5 million) and non-US investors who are Professional Investors (net worth over \$1 million).

The updated performance numbers of the India Zero Fee Funds are:

Dhandho India Zero Fee Fund LP (US Qualified Purchasers) Performance Summary:

	S&P 500	India US (net to investors)
10/1/17 - 12/31/17	6.6%	1.1%
1/1/18 - 12/31/18	-4.5%	-21.2%
1/1/19 - 3/31/19	13.6%	8.4%
Annualized	10.3%	-9.3%
Cumulative	15.8%	-13.6%

Dhandho India Zero Fee Fund Offshore Ltd. (Offshore/IRA Investors) Performance Summary:

	S&P 500	India Offshore (net to investors)
10/1/17 - 12/31/17	6.6%	0.5%
1/1/18 - 12/31/18	-4.5%	-20.2%
1/1/19 - 3/31/19	13.6%	7.7%
Annualized	10.3%	-9.3%
Cumulative	15.8%	-13.6%

The updated performance numbers of the Junoon Zero Fee Funds are:

Dhandho Junoon LP (US Qualified Purchasers) Performance Summary:

	S&P 500	Junoon US (net to investors)
7/1/16 - 12/31/16	7.8%	12.9%
1/1/17 - 12/31/17	21.8%	15.6%
1/1/18 - 12/31/18	-4.5%	-16.2%
1/1/19 - 3/31/19	13.6%	15.1%
Annualized	13.8%	8.7%
Cumulative	42.6%	25.8%

Dhandho Junoon Offshore Limited (Offshore/IRA Investors) Performance Summary:

	S&P 500	Junoon Offshore (net to investors)
7/1/16 - 12/31/16	7.8%	12.6%
1/1/17 - 12/31/17	21.8%	17.8%
1/1/18 - 12/31/18	-4.5%	-16.2%
1/1/19 - 3/31/19	13.6%	13.9%
Annualized	13.8%	9.0%
Cumulative	42.6%	26.6%

The Zero Fee Funds

India Zero Fee Funds

The India Zero Fee US and offshore funds were up 8.4% and 7.7%, respectively, for the quarter while the S&P 500 was up 13.6%. Although we benchmark against the S&P 500, most of our exposure is in the India small-cap and mid-cap space. In dollar terms, the Indian small-cap and mid-cap indices were up 1-3% in 2019.

While we have stayed true to our mandate of investing at least 2/3 of assets at cost in India, we have branched out a bit and deployed capital in select promising businesses in the United States, Europe and Turkey. I love the businesses that we own and hope we are smart enough to sit tight and own them for the long-run. While we will make some mistakes, I believe the India Zero Fee Funds will do quite well over the long-run.

The big money is not in the buying and selling ... but in the waiting.

- Charlie Munger

Junoon Zero Fee Funds

The Junoon Zero Fee US and offshore funds were up 15.1% and 13.9%, respectively, for the quarter, while the S&P 500 was up 13.6%. Since inception on July 1, 2016, the funds are up 8.7 – 9.0% annualized, versus 13.8% for the S&P 500.

Junoon rebalances its portfolio annually in April. The new constituents are on slides 4- 6 of our updated presentation: <http://dhandhofunds.com/hedge/pdf/web/viewer.html?file=Deck.pdf> (to access, the id: **dhandho** and pw: **zerofee**).

On the April 1, 2019 rebalance date, we modified our list of value managers whose highest conviction ideas we choose in the Cloned Ideas bucket. We now clone the highest conviction ideas of Pabrai Funds (Fiat Chrysler), Appaloosa Management (Micron), Marmara Capital (Torunlar – based in Turkey), Pershing Square (Restaurant Brands), and Himalaya Capital (BYD Co). In addition, we changed our wallet stock from Exor to Sabanci Holdings (Turkey).

Junoon is a blend of three powerful strategies (Cannibals, Cloned Ideas and Spin-offs) in an index-like vehicle. We love the Junoon algorithms and the construction of the portfolio across the three buckets. I would rather own Junoon than the S&P 500.

Dhandho Holdings

Dhandho Holdings' estimated NAV at 3/31/19 was \$4.41 per unit, up 7% from the final NAV of \$4.12 at 12/31/18. These gains can be attributed to an increase in the value of Dhandho's public securities portfolio. Note that the NAV applies meaningful discounts and haircuts to the Stonetrust sales proceeds receivable over the next three years as there are warranties associated with the

receivable. This discount is over \$9.8 million or around \$0.65/unit. We continue to expect the tangible NAV to exceed \$5/unit in the foreseeable future – enabling a 100% or greater return of the contributed capital.

Dhandho Funds – A wonderful business we've created – owned by the owners of Dhandho Holdings

Dhandho Funds reached a milestone this quarter when its assets under management crossed the \$100 million mark, up from \$86.5 million a year ago and \$9 million two years ago. We now have approx. \$106 million under management across the India Zero Fee Funds and Junoon Zero Fee Funds. While our assets have increased by over 11x in two years, our ongoing operating costs have changed very little. This is the beauty of operating leverage in an asset management business that can scale.

Since inception in July 2016, Dhandho Funds has earned approx. \$254k in performance fees from its management of Junoon; no fees have been earned in the India Fund. We are allowed to reinvest fees earned only from our US-domiciled funds, so we have reinvested the entire \$177k in fees earned from Junoon US in that fund, and that interest was worth \$173k at 3/31/19.

The India Zero Fee Funds and Junoon Zero Fee Funds are currently both below their high water mark thresholds, which rise each quarter at an annualized rate of 6 percent. For example, to get into fee earning territory by July 1st, the India Funds need to gain around 30% while Junoon is about 16% away from fee earning territory. Of course, these required gains increase by 1.5% every quarter. While these gaps are meaningful, I am confident we will eventually close and surpass them.

A key metric to look at is whether the required gains to earn fees are growing or narrowing over time. In Q1 2019, this fee earning gap narrowed considerably. We own fractions of some incredible businesses run by great leaders in the India funds. We could be in fee earning territory relatively quickly in the India funds.

I do not know the businesses in Junoon as well as the India fund portfolio, but the algorithms are great at giving us a wonderful portfolio of assets that are likely to do well.

Once we cross the high water mark thresholds, if assets are \$150 million and if the funds gain 10% in a year, our fee would be 1% or \$1.5 million. These are very early days, but Dhandho Funds could eventually be quite a valuable asset for its owners.

Next Distribution

Fiat Chrysler is planning to issue at least two large dividends in the next few weeks. They are collectively expected to bring in around \$4 million to us. In addition we have an interest-accruing receivable from the Stonetrust buyer of around \$3.3 million, which we expect may be received by us in the next few weeks/months.

Dhandho's entire equities portfolio exceeds \$51 million at this time. We will unload enough positions and shares to distribute at least \$1/share in the 2nd half of 2019. The plan is to keep making distributions till we have returned all the capital and then some.

At the time of the distribution, we will also have a mechanism to allow existing investors to fully exit for those that prefer that option. We'll prorate the sale among interested buyers after insiders (excluding me) have made their purchases. With that said, *I have no plans to sell any of my Dhandho units.*

Alignment of Interests

My family's investment in Dhandho Holdings is worth approx. \$14 million at the estimated 3/31/19 NAV and The Dakshana Foundation's interest is worth \$0.8 million. My family, Fahad Missmar, Jaya Velicherla and The Dakshana Foundation own about 24% of Dhandho Holdings. It is important to note that Dhandho has never issued stock options or given units to management below fair value, etc. Every unit we own has been bought on the same terms as you.

The Zero Fee Structure

The fee structure of the Dhandho Zero Fee Funds is a reflection both of our commitment to generating value for investors and our belief in our product. We only get paid if the funds deliver better than 6% annualized. There are no management fees. Just performance fees, which are zero until a 6% annualized return is delivered; above 6% investors keep $\frac{3}{4}$ of the gains and Dhandho Funds keeps $\frac{1}{4}$. For example, if a fund is up 10% in a year, Dhandho Funds gets 1% of AUM as a performance fee. If it is up 5%, we get nothing. It is a win-win proposition that puts us in full alignment with you.

Dhandho Funds did not earn a performance fee for this quarter for its management of the India Zero Fee Funds or Junoon Zero Fee Funds.

Updated Investor Presentations

You can view the India Zero Fee Funds' updated slide deck here:

<http://dhandhofunds.com/india/pdf/web/viewer.html?file=Deck.pdf>.

You can view the Junoon Zero Fee Funds' updated slide deck here:

<http://dhandhofunds.com/hedge/pdf/web/viewer.html?file=Deck.pdf>.

To access either presentation, the id is **dhandho** and password is **zerofee**.

Annual Report – Will be out in Q2 2019

Our modus operandi is now to provide expansive commentary in the annual reports and the annual meetings. The quarterly letter will continue to provide updated performance numbers and announcements, but minimal commentary. The annual report is slated to be published in Q2 2019.

Final K-1's (for US Investors)

For India Zero Fee US and Junoon Zero Fee US investors, your final K-1s were emailed to you (password protected) in mid-March. Dhandho Holdings LP and Dhandho Holdings Qualified Purchaser LP investors received their final K-1s the first week of April. If you (or your accountant) are still waiting for the K-1, please nudge Valerie Magursky at vm@dhandhofunds.com and she will get it to you immediately.

Annual Redemption Date Only for Retirement Account RMDs in Zero Fee Funds

We have added an annual redemption date on September 30th only for retirement accounts invested in the India Zero Fee Funds and Junoon Zero Fee Funds in which the beneficial owner is 70 years or older. The purpose of this addition is to allow folks who are 70 years or older and who are invested in the Zero Fee Funds with retirement assets to meet their annual required minimum distributions (RMDs). The maximum amount that these folks can redeem on September 30th is 25% of the value of their balance on that date. These investors can also still redeem whatever they wish on 12/31 with 60 days' advance notice.

We recommend that these folks make their first redemption request with the next 5 years in mind and redeem 20% of their balance. They can then keep those retirement funds in cash or a low-cost index fund with daily liquidity (e.g., an S&P 500 index fund with their broker/custodian) and tap that annually for RMDs as needed. Then, each year, they can redeem an additional 3.5% - 7% to make sure that they have sufficient funds for RMDs at all times.

We need to receive the redemption request with 60 days' advance notice (i.e., by August 1st). Please nudge Valerie Magursky at vm@dhandhofunds.com if this is of interest and she will provide you with a redemption request form.

Lecture in Irvine, CA on May 1, 2019

I will be speaking to students visiting from Peking University from 10:30 AM – noon on May 1, 2019 in Irvine, CA. Seating is very limited and partners and investors will be given priority if they would like to attend. Please nudge Julie Anno at janno@pabraifunds.com if you would like to attend, along with the number of guests you'd like to bring. Julie will then share details of the event if we can accommodate. We will do our best to accommodate as many folks as possible.

Chai With Pabrai Blog

Please check out my blog www.ChaiWithPabrai.com which I try to keep updated. Here is a recent addition to the blog:

The New 2019-2020 Uber Cannibals

In late December 2016, I co-wrote an [article](#) on Forbes.com that introduced the "[Uber Cannibals](#)," a 5-stock investing strategy that invests in businesses aggressively buying back their own stock. This is a

"set it and forget it for one year" strategy that rebalances every April when 5 companies are selected for the portfolio for the upcoming year. Here are the April 2019 picks.

<http://www.chaiwithpabrai.com/blog/the-new-2019-2020-uber-cannibals>

2019 Annual Meetings – Save the Date

There will be two annual meetings held sequentially in Orange County, California & Chicago. These meetings will cover Pabrai Funds, Dhandho Holdings and Dhandho Funds.

Prior to the California meeting on September 7, 2019, we will have the 6th Annual Gran Fondo Dhandho Bike Ride. It's a scenic ride around the Newport Estuary with views of the Pacific Ocean in Newport Beach, California. Biking can be a dangerous activity; we only want folks who are decent bikers on the ride. The ride begins at Starbucks in Newport Beach at 8:15 AM, and ends there around 10:30 AM. For folks that just wanna chill, you can come to the Starbucks at 10:30 AM and hang out with us bikers.

Here is a link to the Starbucks location:

<http://www.starbucks.com/store/18175/us/jamboree-bristol/3601-jamboree-road-newport-beach-ca-926602961>

Several out-of-towners have rented bikes from The Path Bike Shop. Here is a link to their website: <http://www.thepathbikeshop.com/>. They have a great selection of bikes and will deliver and pick up the bikes from your hotel. Bikers are best off staying at the Newport Beach Marriott Bayview, as it is less than 0.5 miles from our Starbucks rendezvous point. Here is a link to the hotel's website: <http://www.marriott.com/hotels/travel/npbst-newport-beach-marriott-bayview/>.

I hope you'll join me on Saturday morning to experience some of the magic of Southern California.

The **California** meeting is scheduled to be on **Saturday, September 7th, 2019** at 4:00 PM at:

Soka University

Performing Arts Center

1 University Drive, Aliso Viejo, California 92656

Tel. +1949.480.4000

Soka University has a spectacular campus nestled in the scenic hills of Aliso Viejo. It is a 20-minute drive from Orange County Airport (SNA), and about an hour drive from LAX.

There is a fantastic Marriott Club Sport hotel about 3 miles from Soka University:

Marriott Renaissance ClubSport

50 Enterprise

Aliso Viejo, CA 92656

Reservations: 800-468-3571

Phone: 949-643-6700

There are many hotels in the area. Here is a link to other hotels near Soka University:

<http://tinyurl.com/8dmevvu>

The **Chicago** meeting is thus scheduled to be on **Saturday, September 14th, 2019** at 4:00 PM at:

[Carlucci's Restaurant](#)

(The Auditorium)

6111 North River Road, Rosemont, Illinois 60018

Tel. +1847.518.0990

Carlucci's is a five-minute taxi ride away from O'Hare airport. [The Marriott Suites O'Hare](#) and [The Westin O'Hare](#) are both next to the restaurant. In addition, there are a plethora of hotels in the vicinity. Good deals on O'Hare hotels are usually available on the major travel-related websites.

Agenda:

4:00 – 4:30 PM:	Meet and Greet
4:30 – 6:30 PM:	Presentation and Q&A
6:30 – 7:15 PM:	Cocktail Hour
7:15 PM:	Dinner (Chicago only)

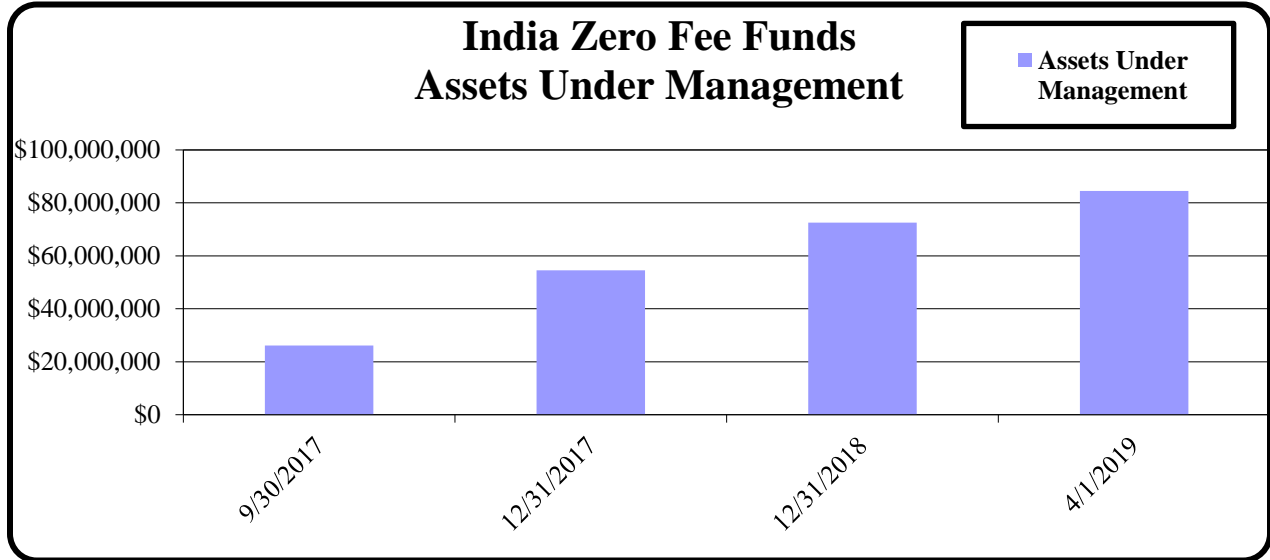
In lieu of dinner in California, we'll have an extended cocktail hour with expanded appetizers (multiple food stations), and lots of tables to sit and chat.

The invites will go out electronically via email in July 2019. Look for it in your inbox! Your significant other and kids of all ages are welcome to attend. As we are now a Registered Investment Advisor, the SEC requires that all guests (excluding family members) must be "accredited investors." The invitation is non-transferable.

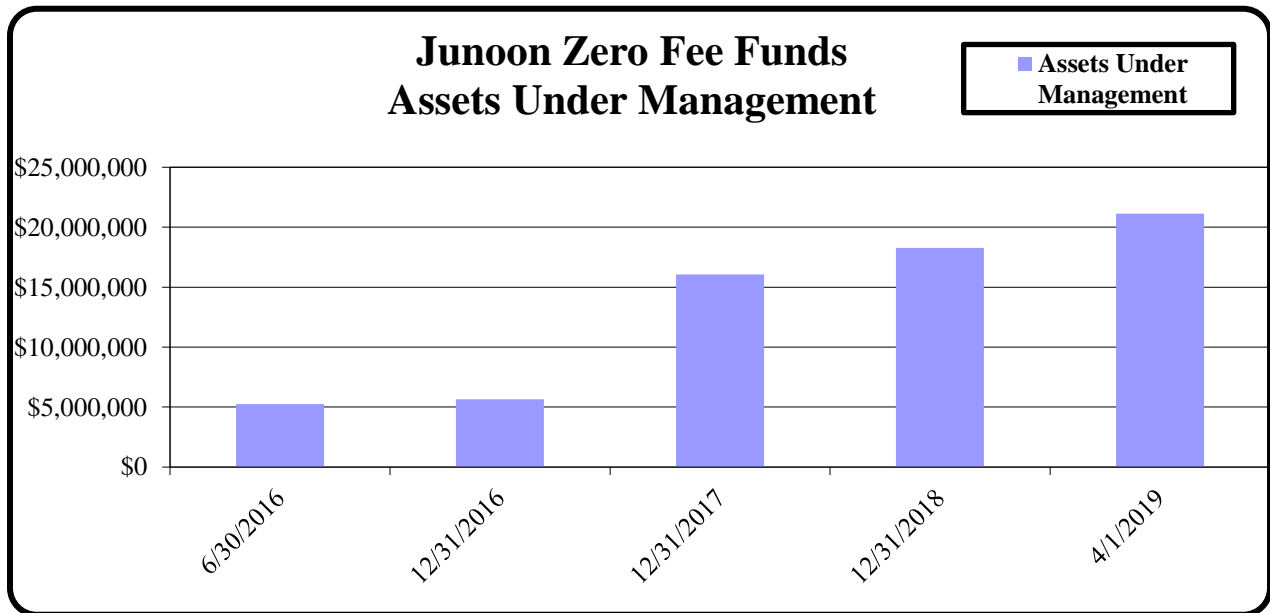
I look forward to seeing you in September.

Assets Under Management

There is \$84.6 million in assets under management in the India Zero Fee Funds as of April 1, 2019.



There is \$21.1 million in assets under management in the Junoon Zero Fee Funds as of April 1, 2019.



Thanks for your continued interest, referrals and support. Feel free to call me at +1949.878.3557 or email me at mp@dhandhofunds.com with any queries or comments.

Warm regards,

A handwritten signature in black ink, appearing to read 'Mohnish Pabrai', with a long horizontal flourish extending to the right.

Mohnish Pabrai

Note: Various indices are included throughout this letter for reference. Reference to an index or benchmark does not imply that the strategy will achieve returns, experience volatility, or have other results similar to the index. As an example, the Dhandho Zero Fee Funds may invest in foreign securities, however the indices presented only include U.S. securities.

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Appendix A

Dhandho India Zero Fee Fund LP's Performance History (Net to Investors)

No. of Units	Date	NAV
1,830,217	10/1/2017	\$10.00
3,183,760	12/31/2017	\$10.11
3,990,876	03/31/2018	\$9.23
4,271,456	06/30/2018	\$8.80
4,750,901	09/30/2018	\$8.16
5,334,464	12/31/2018	\$7.97
5,601,158	3/31/2019	\$8.64

Dhandho India Zero Fee Fund Offshore Ltd. Performance History (Net to Investors)

No. of Units	Date	NAV
780,489	10/1/2017	\$10.00
2,218,439	12/31/2017	\$10.05
2,941,434	03/31/2018	\$9.24
3,314,358	06/30/2018	\$8.86
3,517,856	09/30/2018	\$8.21
3,747,823	12/31/2018	\$8.02
4,184,405	3/31/2019	\$8.64

Appendix B

Dhandho Junoon LP's Performance History (Net to Investors)

No. of Units	Date	NAV
425,000	07/1/2016	\$10.00
400,000	12/31/2016	\$11.29
402,216	03/31/2017	\$11.54
428,128	06/30/2017	\$11.45
446,888	09/30/2017	\$12.61
582,360	12/31/2017	\$13.05
769,745	03/31/2018	\$13.34
844,651	06/30/2018	\$13.62
844,651	09/30/2018	\$13.64
849,508	12/31/2018	\$10.94
857,455	3/31/2019	\$12.58

Dhandho Junoon Offshore Ltd. Performance History (Net to Investors)

No. of Units	Date	NAV
99,998	07/1/2016	\$10.00
99,998	12/31/2016	\$11.26
363,991	03/31/2017	\$11.43
363,991	06/30/2017	\$11.42
457,397	09/30/2017	\$12.85
638,352	12/31/2017	\$13.26
693,511	03/31/2018	\$13.60
763,442	06/30/2018	\$13.86
763,442	09/30/2018	\$13.87
808,442	12/31/2018	\$11.11
816,339	3/31/2019	\$12.66

Appendix C

Dhandho Holdings Performance History (Net to Investors)

No. of Units	Date	NAV ¹
14,837,687	03/31/2014	\$10.00
15,218,640	12/31/2014	\$9.93
15,288,640	12/31/2015	\$8.36
15,218,640	12/31/2016	\$8.73
15,218,640	03/31/2017	\$9.31
15,218,196	06/30/2017	\$9.53
15,218,196	09/30/2017	\$10.76
15,217,801	12/31/2017	\$4.92 ²
15,217,801	03/31/2018	\$5.01
15,215,635	06/30/2018	\$4.73
15,215,635	09/30/2018	\$4.53
15,215,635	12/31/2018	\$4.12
15,215,635	3/31/2019	\$4.41* <i>estimate</i>

¹ The NAV listed in this chart represents the NAV of Dhandho Holdings LP (“DHLP”), in which the majority of investor’s interests are held. The NAV of Dhandho Holdings Qualified Purchaser LP (“DHQP”) may differ slightly.

² A distribution of \$5.00/unit was made to all investors effective December 31, 2017.