2018
ANNUAL REPORT

DHANDHO HOLDINGS
DHANDHO ZERO FEE FUNDS

DHANDHO

2018 Annual Report

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Dear Partner:

This annual report covers Dhandho Holdings and the Dhandho Zero Fee Funds. Although the various entities are separate and have unique mandates, they are affiliated: Dhandho Funds, which is the general partner that manages the India Zero Fee Funds and Junoon Zero Fee Funds, is a subsidiary of Dhandho Holdings. There are plenty of investors who have invested in more than one of these vehicles. This merged approach will optimize your reading time and perhaps help save a tree or two.

Investors in the Dhandho Zero Fee Funds may not be interested in the happenings at Dhandho Holdings so they are free to ignore that section below and skip ahead to page 7 for the India Fund and 12 for Junoon.

Dhandho Holdings

Dhandho Holdings ended 2018 with an NAV of $4.12/unit, down 16% for the year. The NAV's fall is attributed primarily to a 19% year-over-year decline in the stock price of Fiat Chrysler Automobiles (FCA), which accounts for approximately 50% of Dhandho's stock portfolio. Including the decline, Dhandho Holdings' FCA position, which has a cost basis of under $12 million, had a year-end market value of over $24 million.

The $4.12/unit is net of the $5/unit cash distribution that all partners received in the first quarter of 2018. It is also net of $0.64/unit of discounts and haircuts for risks associated with cash due to us by January 2022 from our sale of Stonetrust. If you exclude the haircuts and discounts, and add back the $5/unit distribution that was made, Dhandho's NAV at 12/31/18 was approx. $9.76/unit, or 2.4% below the initial $10/unit NAV at inception in April 2014.

It's worth noting that Dhandho Holdings' NAV at 3/31/19 was $4.39/unit, up 6.5% from the $4.12/unit at 12/31/18. If you add back the $5/unit distribution that was made in 2018, and the $0.64/unit in discounts and haircuts we carry on our books, the NAV at 3/31/19 would be approx. $10.03/unit. The recent increase in NAV is again due to a change in the value of Dhandho's stock portfolio, which changes daily.

Putting the Toothpaste Back in the Tube

We continue to be focused on returning the initial invested capital to Dhandho Holdings' owners. To that end, in 2018 we sent out $5/unit in cash to all partners, or approx. 50% of the $152 million of capital invested in 2014. We have begun to send out an additional $1/unit in cash to all unit holders and hope to complete this second distribution by the end of Q2 2019. We will continue to distribute cash in the years ahead until the entire $10/unit (and hopefully more) is returned to all partners.

After the distributions, Dhandho will operate in perpetuity as a dividend-paying entity and the sole owner of Dhandho Funds, the general partner (GP) of the Dhandho India Zero Fee Funds and Junoon Zero Fee Funds. We've created a wonderful business in Dhandho Funds, which may end up being quite a valuable asset for its owners over the long-run. A lot of value has been created in Dhandho Funds in the last few years. Assets have gone from under $10 million to over $100 million in the last two years.

Assume life will be really tough,
and then ask if you can handle it.
If the answer is yes, you've won.

- Charlie Munger

Assets at Dhandho Holdings

Dhandho Holdings' assets fall into three buckets: (1) an investment portfolio of primarily stocks, (2) an expected stream of cash payments from the sale of Stonetrust, and (3) 100% ownership of Dhandho Funds. Of these three buckets, our investment portfolio and the interest in Dhandho Funds have the potential to meaningfully grow our NAV over time, while the Stonetrust receivable is a static set of payments we are waiting to receive by January 2022. At 12/31/18, the value of these three buckets was $4.12/unit. I believe Dhandho's intrinsic value (held primarily in its stock portfolio and its ownership of the Dhandho Funds GP) is well above its year-end 2018 NAV.

Dhandho Holdings Assets as of 12/31/18	**Approx. Value**
Investment Portfolio, *including stocks & interest in Tandem Fund*	**$54,600,000**
Per Unit	$3.59
Future Stonetrust Sale Payments, *net of discounts and haircuts*	**$7,000,000**
Per Unit	$0.46
Dhandho Funds, *book value*	**$1,100,000**
Per Unit	$0.07
Total NAV/unit	**$4.12**

Bucket 1: Investment Portfolio

When it comes to the first bucket, Dhandho Holdings has approx. $47.5 million invested in a concentrated portfolio of stocks, $7.1 million in an illiquid venture capital fund, and a small cash balance to keep the lights on.

Approx. 50% of the $47.5 million stock portfolio is in one stock, Fiat Chrysler Automobiles (FCA), and the rest is in a handful of some of my highest conviction bets. While Mr. Market is valuing our stock portfolio at $47.5 million, or $3.12/unit, I believe its intrinsic value is meaningfully higher.

The remaining $7.1 million in the portfolio is invested in Tandem Fund III, a venture capital fund in the Bay area. Through April 2019, Tandem has called 85% of the $10 million we committed in 2015. The $8.5 million we contributed to Tandem through year-end 2018 was worth $8.1 million based on Tandem's latest NAV. Over time, as Tandem receives liquidity from its underlying investments, it will issue distributions to its investors, including Dhandho. We do not have any visibility on future distributions from Tandem at this time.

Bucket 2: Stonetrust Sale Payments

As part of our $70.4 million sale of Stonetrust, $40 million cash was paid to us at closing on 1/1/18, an additional $15 million came due in May 2018, and a final $15.4 million are "Holdback Payments" that come due in tranches on the first 4 anniversary dates of the January 2018 closing. The Holdback Payments are held as a warranty and paid to us only if Stonetrust does not experience adverse development on reserves for the insurance claims it had while under Dhandho's ownership. The adequacy of reserves on these "pre-closing claims" is tested annually by an actuary. Assuming no adverse development, the Holdback Payments are paid $2 million to us on the first 3 January anniversary dates, and then $9.4 million ($15.4 million - $6 million) on January 1, 2022. Any amount that comes due and is not paid on time accrues interest for Dhandho.

The purchaser of Stonetrust, Francis Chou, waived the first year's actuarial assessment as he had no concern on the adequacy of reserves. As a result, the January 2019 Holdback Payment warranty was released and $2 million came due on 1/1/19. This is good news. It also illustrates the benefits of dealing with ultra-high-quality humans. We can always count on Francis to approach all facets of our deal with the highest level of integrity and ethics. I would not have been willing to allow a buyer to defer so much of the purchase price into the future if it wasn't a person like Francis.

With each passing day, the odds of adverse development occurring on pre-closing claims decrease. We are now over sixteen months past closing and the overwhelming majority of claims opened in the twelve months prior to closing are likely already closed. Insurance is a business where virtually all surprises are negative. It ain't over till it is over. However our claim warranty period is now under three years.

As of April 30, 2019, we have received a total of $53.8 million in cash from the Stonetrust sale, and $3.2 million has come due and remains outstanding, accruing interest. Assuming no adverse development, and including the $3.2 million currently outstanding, a total of $16.8 million or $1.10/unit, will be paid to us between now and January 1, 2022. I am cautiously optimistic that we will eventually receive the entire $1.10/unit. Despite my optimism, however, we have applied $9.8 million, or $0.64/unit, of haircuts and discounts to the receivable to account for the potential uncertainty in our receipt of payment. As a result, the $1.10/unit receivable is held on our balance sheet at $0.46/unit.

Bucket 3: Dhandho Funds

Dhandho Holdings owns 100% of Dhandho Funds, which serves as the general partner of two private funds that are growing and continue to scale. These two funds, the India Zero Fee Funds and Junoon Zero Fee Funds, collectively have $106 million under management as of 4/1/19, up from $87 million a year ago and $9 million two years ago. 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.

The India Zero Fee Funds and Junoon Zero Fee Funds have a "0/6/25" fee structure that was copied from the original 1950s Buffett Partnerships. The general partner takes zero fees from a fund until its NAV is above its high water mark threshold, which rises each quarter at an annualized rate of 6% per year. For any profits above this threshold, Dhandho Funds takes 25% and the fund's investors keep the rest. This fee structure is a "win-win:" Dhandho Funds makes no money unless its investors make money.

Since July 2016 when we launched Dhandho Funds' private fund business, we have earned approx. $254k in performance fees from Dhandho's 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 two zero fee funds are both currently below their high water mark thresholds. To get into fee earning territory by July 1, 2019, 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 an annualized rate of 6% (or 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.

Junoon is on a nice path. The Junoon algorithms are great at auto-selecting a wonderful portfolio of assets that are likely to do well.

It's important to note that we currently ascribe no value to the future earning potential of the Dhandho Funds business on our balance sheet. The $1.1 million or $0.07/unit 12/31/18 value of Dhandho Funds is simply the book value of its assets, which is likely well below the intrinsic value of the business once it is in fee earning territory. 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. At $1 billion in assets, if the funds gain 10% in a year, our fee would be $10 million. I do not know what Dhandho Funds will look like in 10-15 years, but odds are in our favor that its owners will consider owning a fraction of the GP interest a remarkable asset.

Next Distribution

On May 2, 2019, FCA issued a $0.73/share dividend, and announced a $1.45/share dividend to be paid on May 30, 2019. These two dividends will collectively bring in around $3.5 million to us. In addition we have an interest-accruing receivable from the Stonetrust buyer of $3.2 million, which is likely to be received in the next few weeks. We will unload enough positions and shares from our investment portfolio to distribute at least $1/unit (or approx. $15 million) by June 30, 2019. We need your cooperation to make it happen. Please respond promptly when we nudge for account verification information prior to releasing funds. The plan is to keep making distributions till we have returned all the capital and then some.

Like in the past, we will 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.* Dhandho Funds is likely to be quite valuable in a few years. Keep your units!

Alignment of Interests

My family's investment in Dhandho Holdings is worth $14 million at the 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 India Zero Fee Funds

The India Zero Fee Funds were launched on October 1, 2017. The updated performance numbers 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%**

In 2018 - their first full calendar year - the US and offshore funds were down 21.2% and 20.2%, respectively, while the S&P 500 was down 4.5%. In dollar terms, the Indian small-cap and mid-cap indices were down 20-30% in the same period. Most of our exposure in India is in the small-cap and mid-cap space – and our performance in this short period was similar to the indices. At year-end 2018, the India Funds had approx. 65% of assets invested in India, 24% outside of India, and 11% in cash.

The Indian markets were rattled in 2018 and small-cap and mid-cap stocks in particular got pummeled. As net buyers, we welcomed the turmoil and picked up fractions of some amazing businesses at meaningful discounts to their intrinsic value. The NAV continues to be at a significant discount to intrinsic value.

> *The most important quality for an investor is temperament, not intellect. You need a temperament that neither derives great pleasure from being with the crowd or against the crowd.*
>
> \- Warren Buffett

The India Funds have recouped some of their 2018 losses so far in 2019. The US and offshore funds were up 8.4% and 7.7%, respectively, in the first quarter of 2019, while the S&P 500 was up 13.6%. In dollar terms, the Indian small-cap and mid-cap indices were up 1-3% in Q1 2019.

India: Fishing where the fish are

Our mandate is to invest at least 2/3 of assets in India, and India is a great stock pickers' market. There are more publicly listed companies in India than in any other country on the planet. Approx. 90% of these businesses have market caps below $1 billion, and many of them are under-researched and/or ignored. India is growing from a very low base and has serious tailwinds, and this is expected to continue for the foreseeable future. All of this bodes well for us over the long-term.

The specific businesses that we've picked up in India have enviable economics with strong growth prospects. They are also led by exceptional leaders. I have met the management teams of all of our India businesses and have been impressed by every single one of them. Many of them are led by promotors/CEOs that have real skin in the game through significant (i.e., 50%+) ownership of the business.

Our mandate also allows us to invest up to 1/3 of assets outside of India. The India Funds have already made selective bets in some exceptional companies in the U.S., Europe, Turkey and South Korea. I am excited about these investments and their addition to the portfolio.

Sir John Templeton said that even the best analyst would be wrong one-third of the time. It is clear that even among the best in the business, stock picking has a high error rate, and I know that we too will make a healthy number of mistakes on our compounding journey in the Dhandho India Funds. Despite these mistakes, I am confident that we will be right on most of the bets – and that'll be enough to compensate for the duds.

Post-mortems

It is always instructive to drill down on the businesses we no longer own.

The Phoenix Mills Limited

The Phoenix Mills Limited	
First Bought on:	10/25/2018
Last Sold on:	5/2/2019
Avg. Buy Price	Rs. 536.34 ($7.32)
Avg. Sell Price:	Rs. 608.43 ($8.72)
Total Amount Invested:	$6.2 million
Total Proceeds:	$7.4 million
Annualized Return:	40.2%

19.1% realized gain over a holding period of 0.5 years.

Phoenix Mills is India's premier mall developer and operator. The company began operations 114 years ago in 1905 as a cotton mill on 17 acres of what would later become ultra-prime land in Mumbai. Mumbai had a flourishing cotton textile manufacturing industry through the 1980s. After that, global competition killed the industry and many of these mill owners ran into myriad labor and financial problems. The underlying real estate became incredibly valuable and a few mill owners were able to extract considerable value by repurposing the real estate. In the case of Phoenix, there were plenty of disputes between various branches of the Ruia family that had a claim on the assets.

Atul Ruia was able to successfully reach settlements with his various relatives in the 1990s. Atul and his father became controlling shareholders of Phoenix Mills. Phoenix is today the largest, most well respected and the bluest of the blue-chip mall developer in India. They have a national footprint and Atul and his team have created very significant value for shareholders over the years. No one has executed as well as Phoenix in the space. Phoenix has literally risen from the ashes. And it continues to rise.

Soak, Rinse, Repeat

Phoenix invested less than $40 million of equity to develop the Phoenix Market City (PMC) Mall in Bengaluru. In a few years, they were able to sell a 49% interest in PMC Bengaluru for over $200 million to the Canadian Pension Plan Investment Board (CPPIB). They created a JV where this $200 million of equity was parlayed into the development of three more malls. I estimate that this $200 million of Phoenix equity will grow by a 20-25% annualized rate as those three malls come on stream, get stabilized with 95+% occupancy and the original equity is extracted and replaced with debt to develop more malls. In 10-20 years just this JV alone is likely to have expanded from a single mall to perhaps a dozen or more properties with minimal equity additions. Rental rates go up meaningfully every year. It is a model that requires intense focus and discipline. That focus and discipline is what Phoenix is all about.

Malls and retail are highly competitive and they are battling plenty of online threats. However, Phoenix's properties are experiential and very well designed with plenty of dining, entertainment and exciting retail experiences. Atul Ruia and his team are the best of the best retail developers in India bringing amazing malls to life. As part of the work I did on Phoenix, I visited a few Phoenix properties and was, quite frankly, blown away. And I spent plenty of time with Atul and his team over multiple meetings and site visits. It is a very talented and dedicated team. I would not want to compete with them.

Integrity is a major issue with Indian promoters. I have never had any such concerns with Phoenix. Atul Ruia is playing the long game. He cares deeply about running his operations with the highest level of ethics. Corporate governance at Phoenix is excellent. Atul deserves to be trusted by all his various JV, retail partners and shareholders.

When I invested in Phoenix, the plan was to let the compounding engine run for many many years. So, why did we sell? In Phoenix, we bought into a modestly discounted compounding engine. Indian equity markets went through significant declines in the last few months. One particular compounder I had my eye on dropped very significantly in value. While Phoenix is a great model, it does take them 5-7 years to develop and stabilize a mall. Value creation takes time. The alternative risk reward looked a lot better and we decided to make the switch. I believe it was the right decision. We'll get a definitive answer in the fullness of time.

Piramal Enterprises Ltd.

Piramal Enterprises Ltd.

First Bought on:	10/4/2017
Last Sold on:	8/31/2018
Avg. Buy Price	Rs. 2,756.56 ($42.73)
Avg. Sell Price:	Rs. 3,102.80 ($44.39)
Total Amount Invested:	$6.9 million
Total Proceeds:	$7.2 million
Annualized Return:	5.2%

4.7% realized gain over a holding period of 0.9 years.

Like Warren Buffett, Ajay Piramal is a compounding machine. Over the last 31 years, Piramal Enterprises has compounded at 28% annualized. Every rupee invested in Piramal in 1988 is worth over Rs. 8500 today. And like Berkshire they did it by being a chameleon. They have re-invented themselves multiple times. It is an opportunistic operation with efficient capital allocation at its core. They have moved from a doomed textile business to glass manufacturing to pharmaceuticals to investing in Vodafone to real estate development to financing real estate developers to getting into housing finance.

In 2010 Ajay sold Piramal's generic formulations business to Abbott Labs for a staggering $3.7 billion – with no bankers involved! He gave Abbott's leaders a 3-page write-up on why they should buy the business and what he wanted for it. Apparently, Abbott agreed with him and gave him pretty close to what he was asking. This is a company that Ajay had started in 1988 with under $10 million of invested capital.

While I was researching Piramal, I met with Ajay and his team a few times. What was most impressive was the quality of the foot soldiers I met several rungs down the corporate ladder. Piramal has been very successful at hiring, retaining and grooming the best of the best. Ajay understands the power of incentives and the degree of pie-sharing with the foot soldiers was surprising. It is also highly effective. These foot soldiers are all-in with Piramal.

Piramal has shown a remarkable ability to enter new industries with embryonic investments. Today 60% of their capital is deployed in financial services, 23% in pharmaceuticals and 17% in healthcare data analytics. The bet, however, is on Ajay and his team.

So, why did we sell? In the second half of 2018, the Indian equity markets were falling and several opportunities fell within a range that started to look more compelling than Piramal. We had an opportunity to exit Piramal at a modest gain at the time, and swap into a better risk-reward idea.

It is not about buying the best business. It is about making the best investment. We will get a precise answer on whether this was the right move or not in a few years. In the meanwhile, I continue to admire and monitor Piramal from the sidelines.

Both our Piramal and Phoenix investments have some commonality. Both are ultra-high integrity businesses run by great leaders and capital allocators. Both are compounding machines. Looking back, I paid up for both Piramal and Phoenix to get in bed with these great compounders – and that was probably a mistake. However, we were able to get out of both businesses at a modest gain, which is great. Collectively we made $1.5 million on both of these investments. And I believe we redeployed into a better engine for long-term risk-adjusted gains.

The Junoon Zero Fee Funds

The Junoon Zero Fee Funds turned two years old on July 1, 2018. The updated performance numbers 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%**

In the first two full years of its existence (7/1/16 – 7/1/18), Junoon's annualized performance was 16.7%, vs. 16.1% for the S&P 500. Market volatility in the latter part of 2018 pulled down Junoon's performance for the year considerably. As a result, in calendar 2018, the Junoon US and offshore funds were down 16.2%, vs. the S&P 500 which fell a more modest 4.5%. As of 12/31/18 the annualized performance since inception on 7/1/16 of the Junoon US and offshore funds was 3.6%-4.3%, vs. 9.5% for the S&P 500.

Junoon started 2019 strong and the US and offshore funds were up 15.1% - 13.9% in Q1 2019 alone, vs. 13.6% for the S&P 500. From inception on 7/1/16 through 3/31/19, the Junoon US and offshore funds are now up 8.7%-9.0% annualized, as compared to 13.8% for the S&P 500. The funds have been around for less than three years. In the fullness of time, I fully expect them to trounce the S&P 500, which has been on a tear in the last few years.

Junoon is a blend of three powerful strategies (Cannibals, Cloned Ideas and Spin-offs) which together are likely to do very well over a long-term investment horizon. Junoon has a value-bent and that is a key strength. We love the Junoon strategy and the logic behind the underlying buckets.

Our standard prescription for the know-nothing investor with a long-term time horizon is a no-load index fund.

- Charlie Munger

Buying a Rich Haystack

Most managers have a hard time beating a broad-based index like the S&P 500. They scour the market and very often build small haystacks without any needles. The index by contrast owns the entire haystack. It does not hunt for needles; all the needles come with the haystack it buys. So if you buy the S&P 500, a number of businesses with incredible economics and tailwinds are picked up and included as part of that haystack. The S&P 500's resulting long-term (90-year) annualized return is 9.4% per year, a compounded rate that will double your money every 7.5 years. This is why the S&P 500 is an excellent way to go for most investors.

The S&P 500 is not a perfect broad-based index, however. Size drives selection and the portfolio is weighted by the market capitalization of its constituents. The companies with the largest weights – Microsoft (3.8%), Apple (3.6%), Amazon (3.1%), Facebook (1.7%) – have had remarkable growth to date. But it is unlikely that these gigantic companies will grow at their historical rates moving forward. If Amazon's market cap were to grow at 40% per year (roughly its annualized growth since IPO) for the next 10 years it would equal $27 trillion, or 1.3x the size of the entire GDP of the United States. That ain't gonna happen. In fact, it is often the case that the largest stock in the S&P 500 weighs down the entire index's performance. On a rolling period basis, between 1991 and 2018, the largest stock in the S&P 500 returned an average annualized return of 7.6%, vs. 9.4% for the S&P 500; that's an annualized underperformance of 1.8%.

Junoon was designed as a broad-based index alternative to the S&P 500, keeping the above concerns in mind. We wanted to create a rich haystack that was wide enough to include a few needles, but avoided the size and selection biases of the S&P 500. Like the S&P 500, Junoon's 22 businesses represent a broad, albeit more concentrated, index. However, unlike the S&P 500, where size drives selection, Junoon's portfolio cares little about size and is constructed based on the principles of "cheapness" and "goodness" across only Cannibals, Cloned Ideas, and Spin-Offs. The largest company in Junoon's portfolio (9.3% weight) is a Spin-Off with a market cap of $770 million, vs. the largest company in the S&P 500, which is Microsoft whose market cap is approaching $1 trillion.

Our backtests over a 16-year period show that Junoon meaningfully outperforms the S&P 500, after fees. Junoon is currently lagging the S&P 500, but 2.5 years is too short a period to draw any meaningful conclusions. I am confident that Junoon will beat the S&P 500 over the long-term. If you have any exposure to a broad-based index like the S&P 500, we think you are better moving that to Junoon over the long run. I would much rather own Junoon than the S&P 500.

Junoon Exit Case Studies

It is helpful to look at a few case studies of businesses that Junoon has held but exited.

Legg Mason

Legg Mason	
First Bought on:	4/2/2018
Last Sold on:	4/1/2019
Avg. Buy Price	$38.46
Avg. Sell Price:	$27.61
Total Amount Invested:	$1,211,574
Total Proceeds:	$869,901
Weight as a % of assets at entry:	5.5%
Weight as a % of assets at exit:	4.0%
Annualized Return:	**-28.2%**

28.2% realized loss over a holding period of 1 year.

Legg Mason entered Junoon's portfolio as a Cannibal in April 2018. Legg Mason is a global asset management firm with $730 billion in assets under management. The company bought back 35% of its shares between 2012 and 2017 with 14% being bought in just 2017 alone.

Our entries and exits are algorithm-driven. The Junoon algorithms have various considerations, including percentage of stock bought back recently, in deciding whether a Cannibal deserves to stay in the portfolio or ought to be replaced. In the case of Legg Mason, it was replaced by a more aggressive Cannibal. Sometimes these switches result in a capital loss, but in aggregate the algorithms are more right than wrong when making these portfolio changes.

Sonic Corp.

Sonic Corp.	
First Bought on:	4/2/2018
Last Sold on:	12/7/2018
Avg. Buy Price	$26.07
Avg. Sell Price:	$43.50
Total Amount Invested:	$1,210,223
Total Proceeds:	$2,017,063
Weight as a % of assets at entry:	5.5%
Weight as a % of assets at exit:	9.1%
Annualized Return:	**111.5%**

66.7% realized gain over a holding period of 0.7 years.

Sonic entered the Junoon portfolio as a Cannibal in April 2018. Sonic is a drive-in fast food chain with over 3,500 restaurants, 95% of which are franchised. The company was an Uber-Cannibal. Sonic bought back 37% of its shares between 2012 and 2017. In 2017 alone they bought back 11% of shares outstanding. Sonic was acquired by Inspire Brands in December 2018. This was an "involuntary exit" for us. That is, we were simply cashed out. With a 67% gain in seven months, no tears were shed.

Huntington Ingalls Industries

Huntington Ingalls Industries	
First Bought on:	1/3/2017
Last Sold on:	4/1/2018
Avg. Buy Price	$199.92
Avg. Sell Price:	$255.22
Total Amount Invested:	$1,116,770
Total Proceeds:	$1,383,468
Weight as a % of assets at entry:	7.1%
Weight as a % of assets at exit:	8.1%
Annualized Return:	**18.8%**

23.9% realized gain over a holding period of 1.25 years.

Huntington Ingalls entered as a Spin-off in January 2017. Huntington is the largest U.S. military shipbuilding company. It designs, builds and maintains nuclear and non-nuclear ships for the U.S. Navy and Coast Guard. Huntington was spun-off from Northrop Grumman in March 2011. It is a wonderful business. On the April 2018 rebalance date, the algorithms decided we were done with Huntington as more promising (and youthful) Spin-offs appeared on the radar.

NVR

NVR	
First Bought on:	10/3/2016
Last Sold on:	4/2/2018
Avg. Buy Price	$2,264.54
Avg. Sell Price:	$2,934.61
Total Amount Invested:	$828,738
Total Proceeds:	$1,013,578
Weight as a % of assets at entry:	1.0%
Weight as a % of assets at exit:	5.8%
Annualized Return:	14.4%

22.3% realized gain over a holding period of 1.5 years.

NVR entered as a Cannibal in October 2016. NVR is a large homebuilder in the U.S. that constructs and sells single-family detached homes, townhouses and condos, all of which are constructed on a pre-sold basis. NVR bought back 30% of its shares between 2011 and 2016. In fact NVR has been one of the most incredible Cannibals ever on the NYSE. Between 1994 and 2018, the company bought back 80% of its shares outstanding.

April 2019 Rebalance

Junoon rebalances its portfolio once per year in April. On the April 2019 rebalance date, we modified our list of value managers whose highest conviction ideas we clone in our 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).

In addition, we changed our wallet stock from Exor to Sabanci Holdings (Turkey). The “wallet” stock is purchased with proceeds from dividends within the year and held until the next rebalance date. Like Exor, Sabanci is an exceptionally well-run holding company run by a family that has meaningful skin in the game. Sabanci is as blue-chip as they come in Turkey and has diversified interests, including in banking, cement, energy and retail. I visited with Sabanci and the management of a few of their subsidiaries when I was in Istanbul in September 2018 and was very impressed with the quality of the people and their various operating businesses. In addition to being diversified, Sabanci is trading at a discount to the NAV of its underlying businesses, so it is a great option for Junoon’s “wallet”.

Junoon now has approx. 83% of its portfolio in the U.S. and approx. 17% in non-U.S. stocks. Junoon’s foreign-domiciled stocks as of the April 2019 rebalance include Restaurant Brands (Canada), Fiat Chrysler (Italy), Torunlar and Sabanci Holdings (Turkey), and BYD (Hong Kong).

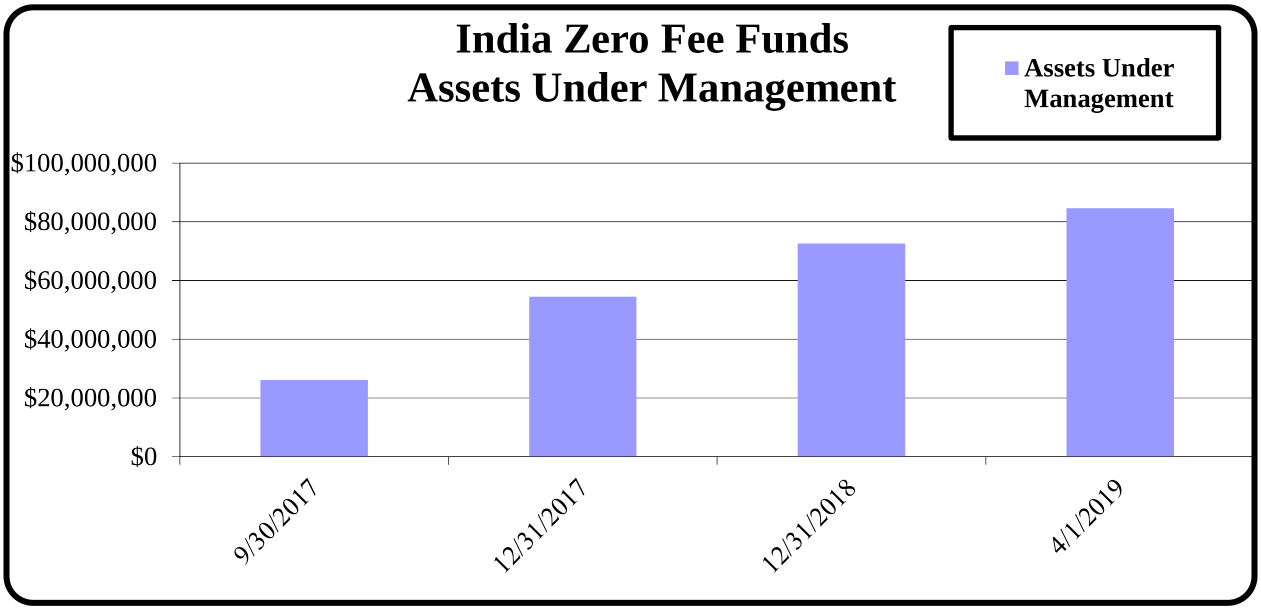
Below are the new constituents following the April 2019 rebalance.

Junoon April 2019 Rebalanced Portfolio

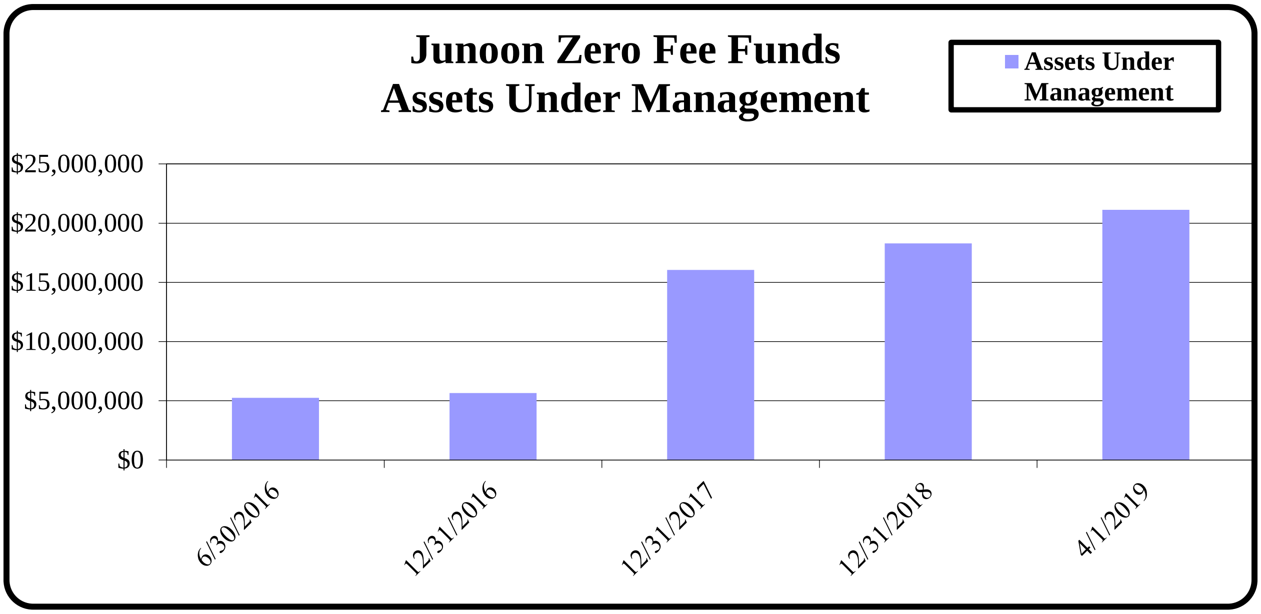
Company	Bucket	Weight as of 4/1/2019
Enova International	Spin-Offs	9.3%
BYD Company	Cloned Ideas	8.5%
Science Applications International	Spin-Offs	8.2%
Denny's*	Cannibals	5.7%
Quanta Services*	Cannibals	5.7%
Central Pacific Financial*	Cannibals	5.7%
Corning	Cannibals	5.7%
Brinker International*	Cannibals	5.7%
Terex	Cannibals	5.7%
Allison Transmission Holdings*	Cannibals	5.7%
Kimball Electronics	Spin-Offs	5.3%
Rayonier Advanced Materials	Spin-Offs	4.8%
Vectrus	Spin-Offs	4.7%
Micron Technology*	Cloned Ideas	3.2%
Torunlar Gayrimenkul*	Cloned Ideas	3.2%
Restaurant Brands International	Cloned Ideas	2.8%
Hewlett Packard Enterprises	Spin-Offs	2.5%
AdvanSix	Spin-Offs	2.4%
Fiat Chrysler Automobiles	Cloned Ideas	2.2%
DXC Technology*	Spin-Offs	1.0%
Delphi Technologies*	Spin-Offs	1.0%
Hamilton Beach Brands Holding*	Spin-Offs	1.0%
Sabanci Holdings	Wallet	0.0%
**New addition to portfolio*		

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.



The Zero Fee Structure

The fee structure of the Dhandho India Zero Fee Funds and Junoon 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 0% until a 6% annualized return is delivered; above 6% investors keep ¾ of the gains and Dhandho Funds keeps ¼. 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.

No performance fees have been collected in the Dhandho India Zero Fee Funds since inception on 10/1/17.

We did not collect any fees from Junoon Zero Fee Funds until each had at least $5 million in assets under management (as a courtesy to the early investors). Both funds breached that threshold at different points in 2017. Since it started to collect fees in mid-2017 through December 2018, Dhandho Funds has collected at total of $254k in fees from the Junoon funds, of which $178k was reinvested in the onshore fund in Dhandho Funds' name (deepening our alignment with our investors).

Our Holdings

To minimize commitment and consistency bias, I am reticent to talk much about what we own while we own these assets. However, there is plenty of transparency on what we own. GAAP rules require Dhandho Holdings, the Dhandho India Zero Fee Funds and the Junoon Zero Fee Funds to list their significant assets – you can find these in the audit reports beginning on Page 27 of this annual report.

2018 Annual Meeting Transcript and Presentation

The Annual Meeting transcript and presentation slides are posted on our website. The transcript is best read in conjunction with the presentation slides. Here are the links:

2018 Annual Meeting Transcript (to access, the id: *dhandho* and pw: *zerofee*).

https://vimeo.com/290342536 (to access, the pw: *Munger*)

An Exceptional Team

Fahad, Jaya, Betsy, Valerie, Julie and Jennifer are simply a delight to work with. I have nothing but praise for the crew at Liccar, and Mike Froy at Dentons. Along with our offshore legal advisors Conyers, Dill and Pearman, our auditors, the Cayman PwC team, are a pleasure to work with. Ajay Desai and his group at UBS is our prime broker and custodian, and they are also very much a part of our team. Also part of our team is The Kotak Mahindra group, our custodian and broker for the India stock portfolio. And Finsec Legal Advisors, our legal advisor in India. I am blessed to be able to work with these exceptional groups in Irvine, Chicago, BVI, Cayman Islands and India. It makes my job a pure joy.

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

Thanks for your continued interest and support. Feel free to call me at +1949.453.0609 or email me at mpabrai@dhandhofunds.com with any queries or comments.

Warm regards,

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.

Appendix A

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	03/31/2019	$4.39

[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.

Appendix B

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
5,334,464	12/31/2018	$7.97
5,601,158	03/31/2019	$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
3,747,823	12/31/2018	$8.02
4,184,409	03/31/2019	$8.64

Appendix C

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
582,360	12/31/2017	$13.05
849,508	12/31/2018	$10.94
857,455	03/31/2019	$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
638,352	12/31/2017	$13.26
808,442	12/31/2018	$11.11
816,339	03/31/2019	$12.66

Dhandho Holdings, L.P.

REPORT OF INDEPENDENT AUDITORS
AND
AUDITED FINANCIAL STATEMENTS

December 31, 2018

Dhandho Holdings, L.P.
Index
December 31, 2018

Page(s)

pwc

Report of Independent Auditors

To the General Partner of Dhandho Holdings, L.P.

We have audited the accompanying financial statements of Dhandho Holdings, L.P. (the "Partnership"), which comprise the statement of assets, liabilities and partners' capital, including the condensed schedule of investments, as of December 31, 2018, and the related statements of operations, of changes in partners' capital, and of cash flows for the year then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Partnership's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Dhandho Holdings, L.P. as of December 31, 2018, and the results of its operations, changes in its partners' capital, and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers

April 26, 2019

PricewaterhouseCoopers, 18 Forum Lane, Camana Bay, P.O. Box 258, Grand Cayman KY1-1104, Cayman Islands
T: +1 (345) 949 7000, F: +1 (345) 949 7352, www.pwc.com/ky

Dhandho Holdings, L.P.
Statement of Assets, Liabilities and Partners' Capital
December 31, 2018
(expressed in United States dollars)

		2018
ASSETS		
Cash	$	40,458
Investments, at fair value (cost $36,076,705)		40,826,322
Receivable from sale of private company		5,107,584
Prepaid expenses		12,271
Due from affiliates		2,108
Total assets	$	45,988,743
LIABILITIES AND PARTNERS' CAPITAL		
Due to affiliates	$	11,130
Accrued operating expenses		34,779
Due to broker		51,340
Total liabilities		97,249
Partners' capital		
General partner		-
Limited partners (11,143,443 units at $4.12 per unit)		45,891,494
Total partners' capital		45,891,494
Total liabilities and partners' capital	$	45,988,743

The accompanying notes are an integral part of these financial statements.

Dhandho Holdings, L.P.
Statement of Operations
Year ended December 31, 2018
(expressed in United States dollars)

		2018
Investment Income:		
Dividends	$	181,553
Interest income		16,996
Total Investment Income		198,549
Expense:		
Interest expense		9,907
Professional fees		103,903
Management fees		157,470
Administration fees		87,101
Total expenses		358,381
Net Investment (loss)		(159,832)
Net realized and unrealized gain/(loss) on investments		
Net realized gain from securities		2,887,413
Net realized (loss) on foreign currency transactions		(2,904)
Net change in unrealized depreciation on securities		(11,211,938)
Net realized (loss) on investment in other funds		(9,976,248)
Net change in unrealized appreciation on investment in other funds		9,490,829
Net realized and unrealized gain (loss) on investments		(8,812,848)
Net decrease in partners' capital resulting from operations	$	(8,972,680)

The accompanying notes are an integral part of these financial statements.

Dhandho Holdings, L.P.
Statement of Changes in Partners' Capital
Year Ended December 31, 2018
(expressed in United States dollars)

		General Partner		Limited Partners		Total
Balance January 1, 2018	$	-	$	54,874,413	$	54,874,413
Capital contributions				4,871,388		4,871,388
Capital withdrawals		-		(4,881,627)		(4,881,627)
Decrease in partners' capital resulting from operations		-		(8,972,680)		(8,972,680)
Balance, December 31, 2018	$	-	$	45,891,494	$	45,891,494

The accompanying notes are an integral part of these financial statements.

Dhandho Holdings, L.P.
Statement of Cash Flows
Year Ended December 31, 2018
(expressed in United States dollars)

		2018
Cash Flows from Operating Activities		
Net decrease in partners' equity resulting from operations	$	(8,972,680)
Adjustments to reconcile net decrease in partners' equity resulting from operations to net cash provided by operating activities:		
Net realized gain from securities		(2,887,413)
Net change in unrealized depreciation on securities		11,211,938
Net realized loss on investment in other funds		9,976,248
Net change in unrealized appreciation on investment in other funds		(9,490,829)
Purchase of equity investments		(35,281,944)
Sale of equity investments		53,465,239
Purchase of investment in other private investments		(699,046)
Distribution from other private investments		38,320,110
Change in other assets and liabilities:		
Due from Broker		10,261
Prepaid expense		(12,271)
Dividends and interest receivable		31,505
Due from affiliates		15,717
Due to affiliates		8,271
Accrued operating and trading expenses		(14,384)
Due to broker		51,340
Net cash provided by operating activities		55,732,062
Cash Flows from Financing Activities		
Partner withdrawals paid		(10,240)
Partner capital distributions		(55,731,942)
Net cash used in financing activities		(55,742,182)
Net decrease in cash		(10,120)
Cash:		
Beginning of year		50,578
End of year	$	40,458

Supplemental information:

Non-cash operating activities not included herein consist of an in-specie distribution in securities from DHC to the Partnership.	5,144,204
Non-cash financial activities not included herein consist of partner contributions and withdrawals as a result of transfers between limited partners. Refer to notes 4 and 5 for further information.	4,871,388

The accompanying notes are an integral part of these financial statements.

Dhandho Holdings, L.P.
Condensed Schedule of Investments
December 31, 2018
(expressed in United States dollars)

Number of Shares/Bonds		Value as a Percentage of Partners' Capital	Cost	Fair Value
	Common Stocks			
	United States			
	Semiconductor			
140,101	Micron Technology Inc.	9.69%	$ 5,334,787	$ 4,445,406
	Total United States	9.69%	5,334,787	4,445,406
	India			
	Consumer Staples	1.35%	562,974	618,747
	Financial Services			
3,092,220	Indian Energy Exchange Ltd	16.01%	7,524,998	7,345,940
	Other	0.05%	32,053	24,557
	Real Estate Property Development			
880,498	Sunteck Realty Limited	9.51%	5,461,544	4,363,235
	Other	1.68%	531,500	772,559
	Total India	28.60%	14,113,069	13,125,038
	United Kingdom			
	Automotive			
1,179,476	Fiat Chrysler Automobiles N.V.	37.16%	11,537,676	17,055,223
	Total United Kingdom	37.16%	11,537,676	17,055,223
	Total Common Stocks	75.45%	30,985,532	34,625,667
	Money Market Funds			
	United States			
	Money Market Fund	0.00%	887	887
	Total Money Market Funds	0.00%	887	887

The accompanying notes are an integral part of these financial statements.

Dhandho Holdings, L.P.
Condensed Schedule of Investments
December 31, 2018
(expressed in United States dollars)

Company Name	Investment	Value as a Percentage of Partners' Capital	Cost	Fair Value
Private operating companies				
Dhandho Holdings Corp.				
Corporation organized to make equity investments in privately				
and publicly held businesses. The Partnership owns 73.24%	Common Stock			
of Dhandho Holdings Corp.	(732 units)	0.32%	$ 188,779	$ 146,480
Dhandho Funds, LLC				
Limited Liability Company engaged in investment advisory.	Member Units			
The Partnership owns 73.24% of Dhando Funds, LLC.	(73 units)	1.78%	51,268	817,036
Monti Kids, Inc.				
Corporation organized to proivde early-childhood educational	Preferred Stock			
toys.	(61,033 shares)	0.08%	36,620	36,620
Total private operating companies		2.18%	276,667	1,000,136
Private equity funds				
Tandem Fund III, LP *		11.33%	4,813,619	5,199,632
Total investments, at fair value		88.96%	$ 36,076,705	$ 40,826,322

* Objective of private equity fund: Primarily invest in securities of privately held companies building innovative technology businesses. Redemption terms: Voluntary redemptions are not permitted. The Fund will continue until March 8, 2023 unless extended by agreement of the partners or is terminated prior thereto under circumstances provided for in the LP Agreement dated January 7, 2015.

The accompanying notes are an integral part of these financial statements.

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1. ORGANIZATION

Dhandho Holdings, L.P. (the “Partnership”) is a limited partnership organized in December 2013, pursuant to the laws of the State of Delaware. The purpose of the Partnership is to make equity investments in privately and publicly held businesses. In February 2014, the Partnership had its first closing with total contributed capital of approximately $112,165,000.

The affairs of the Partnership are managed by its general partner, Dhandho GP, LLC (the "General Partner"), a limited liability company organized under the laws of the State of California. The General Partner is a subsidiary of Dalal Street, LLC, an investment adviser registered with the U.S. Securities and Exchange Commission. Dalal Street, LLC and the General Partner are both controlled by Mohnish Pabrai, Managing Partner.

The Managing Partner, Mohnish Pabrai, holds an indirect interest in the Partnership through an Individual Retirement Account ("IRA") under the name of Ms. Harina Kapoor, Mr. Pabrai's spouse. Ms. Kapoor made a contribution of $187,600 through the IRA, which is invested in Dhandho Holdings Offshore, Ltd. The latter is an offshore feeder fund company incorporated under the laws of the British Virgin Islands that made a capital contribution of $37,250,866 to the Partnership. The General Partner holds Limited Partner interest of 15.03% through Dalal Street, LLC.

The General Partner has the overall responsibility for the management of the Partnership and provides portfolio management and administrative services. The General Partner is paid a Management Fee, as described in note 5.

The Partnership owns 73.24% of the outstanding stock of Dhandho Holdings Corp (“DHC”), a corporation organized under the laws of the Commonwealth of Puerto Rico on October 31, 2014 for the purpose of investing in private and public enterprises. The remaining outstanding stock of DHC is owned by Dhandho Holdings Qualified Purchaser, LP (“DHQPLP”), a related entity, which is also managed by the General Partner. Shortly after its formation, the Partnership contributed $111.3 million to DHC. Effective December 31, 2014, DHC acquired 100% of the outstanding common stock of Stonetrust Commercial Insurance Company and subsidiary (together, “Stonetrust”) for approximately $35 million and contributed an additional $30 million to Stonetrust. Stonetrust is domiciled in the State of Nebraska and is engaged in providing workers compensation insurance.

On September 29, 2017, DHC entered into a Stock Purchase Agreement to sell Stonetrust for $70.4 million. The sale closed on January 1, 2018. Under the terms of the Stock Purchase Agreement, DHC received a payment of $40 million at the closing of the transaction and an additional $15 million came due 135 days after the closing date; as of December 31, 2018, $13.6 million of the $15 million tranche has been received. The final $15.4 million (the “Holdback Payments”) is paid out in payments over the course of four years as a warranty for future adverse development that may take place in the reserves at Stonetrust allocated to claims existing prior to closing. Interest will accrue on any payments not made when due. Assuming no adverse development, the Holdback Payments over the four years are paid $2 million per year on the first three anniversary dates of closing, and then $2 million plus the additional amount due to DHC on the fourth anniversary date.

On December 19, 2018, DHC distributed the balance of the receivables from the sale of Stonetrust up to the Partnership and DHQPLP in proportion to each entity's ownership of DHC, with the Partnership receiving $5,107,584 and DHQPLP receiving $1,866,179. The gross value of the receivables at DHC at the time of the distribution was $16.8 million, consisting of $1.4 million due from the $15 million tranche due in May 2018, and $15.4 million in Holdback Payments. The distribution was done at the receivables' fair value, which was determined to be $7.0 million after considering impairments to account for risks. On January 1, 2019, the first anniversary Holdback Payment of $2 million became due and payable. It remains outstanding as of April 26, 2019.

The Limited Partnership Agreement (the "Agreement") provides for one class of Limited Partner Interest, which corresponds to the dollar amount of the Limited Partner's investment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies of the Partnership, which conform to U.S. GAAP include the following:

Basis of Presentation **-** Management has evaluated the Partnership's structure, objectives and activities and has determined that the Partnership meets the characteristics of an investment company. As such, the Partnership's financial statements apply the guidance set forth in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 946, *Financial Services – Investment Companies*.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires the General Partner to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ significantly from those estimates.

Cash and Cash Equivalents **-** The Partnership considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Due From Affiliate – The amount shown as due from affiliate represents the overpayment amount paid by the Partnership in 2018 to Dhandho Holdings Offshore Ltd. for redemption proceeds.

Due To Broker - The amount shown as a due to broker represents a payable to brokers as of December 31, 2018. For the year ended December 31, 2018 due to broker is $51,340.

Security Valuation - Investments listed on a national securities exchange are valued at their last sales price on the date of valuation on the primary exchange. In the event no such price is available for such date, then the last reported sale price within the last five-day period preceding the valuation date is utilized. If no such price is reported, then the security will be valued at the representative bid price at the close of business on the valuation date.

Investments whose market quotations are not readily available are valued at fair value as determined in good faith under procedures established by the General Partner. Because of the inherent uncertainty of valuation, the estimate of fair value may differ from the values that would have been used had a ready market existed and the differences could be material. Money market funds are valued at net asset value per share, which approximates fair value. Notwithstanding the foregoing, if in the reasonable judgment of the Partnership, in its sole discretion, the listed price for any security held by the Partnership does not accurately reflect the value of such security, the Partnership may value such security at a price which is greater or less than the quoted market price for such security.

Corporate bonds are traded on a principal-to-principal basis in the over-the-counter market between counterparties such as brokers and dealers in securities and other market makers. Such financial instruments are valued at fair value using current market quotations provided by brokers and dealers and/or external pricing sources, including independent external pricing sources. Valuation using external pricing sources involves the use of both observable and unobservable valuation inputs in accordance with the fair value hierarchy, as set forth in accordance with the Partnership's valuation policy and FASB Accounting Standard Codification 820 ("ASC 820"). Corporate bonds transactions are recorded on the trade date. Realized gains or losses are determined using the identified cost method. Any change in net unrealized gain or loss from the preceding period is reported in the statement of operations.

Valuation of Investments **-** The Partnership values its investments in DHC, Dhandho Funds, LLC ("DF"), Tandem Fund III, L.P. (“Tandem”) and Monti Kids, Inc. (“Monti”) at fair value as determined in good faith by the General Partner in accordance with ASC 820. Because of inherent uncertainty of valuations, estimated values may differ significantly from values that would have been used had a ready market for the investment existed, and the difference could be material.

Receivable from Sale of Private Company – These amounts are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment is established when there is objective evidence that the Fund will not be able to collect all amounts due. Significant financial difficulties and default in payments are considered indicators that the receivables are impaired. As of December 31, 2018, the gross value of the Receivable from Sale of Private Company due to the Partnership and DHQPLP was $16.8 million which has been measured at $7.0 million after impairment, of which $5.1 million was held at the Partnership and $1.9 million was held at DHQPLP.

Security Transactions and Income and Expense Recognition - Investment transactions are recorded on trade date. Income and expenses are recorded on the accrual basis and dividend income and capital gain distributions are recorded on the ex-dividend date net of foreign dividend withholding taxes. Realized gains and losses are recorded on the specific identification method.

Foreign Currency Transactions - Assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts at the year-end exchange rates. Purchases and sales of these assets and liabilities and income and expense items denominated in foreign currencies are translated into U.S. dollar amounts on the respective dates of such transactions. The Partnership does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of investments held.

Income Taxes **-** No provision is made in the accompanying financial statements for liabilities for federal, state or local income taxes since such liabilities are not the responsibility of the Partnership. Each partner is required to report on his/her income tax return his/her proportionate share of the items of income and deduction of the Partnership.

The Partnership executes trades on the Indian exchange and, therefore, may be subject to taxes levied in that country. The investments in common stock traded on the Indian exchange are subject to short-term capital gains tax at 15% and, effective April 1, 2018, long-term capital gain tax at 10%. Prior to April 1, 2018 long-term capital gains were not subject to tax. The Fund intends to hold the Indian securities for the long-term. For countries with double taxation treaties, the treaty rate prevails only if it is more favorable than the standard rate. As of December 31, 2018, $0 was accrued for these taxes.

Management has continued to evaluate the application of Accounting Standards Codification (“ASC”) 740, “Income Taxes”, and has determined that no reserves for uncertain tax positions were required to have been recorded as a result of the adoption of ASC 740. Open tax years are those that are open for exam by taxing authorities. As of December 31, 2018, open tax years include the tax years ended December 31, 2015 through December 31, 2018. The Partnership is not aware of any examinations in progress. The Partnership has reviewed all open tax years and major jurisdictions and concluded that the adoption of these financial reporting rules resulted in no effect to the Partnership's financial position or results of operations. There is no tax liability resulting from unrecognized tax benefits relating to uncertain income tax positions taken or expected to be taken on the tax return for the fiscal year ended December 31, 2018. The Partnership is also not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefit will significantly change in the next twelve months.

3. FAIR VALUE MEASUREMENT

The Partnership has adapted financial reporting rules that establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are as follows:

Level 1 Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Partnership has the ability to access at the measurement date;

Level 2 Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active;

Level 3 Inputs that are unobservable

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by the General Partner. The General Partner considers observable data to be that market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the General Partner's perceived risk of that instrument. Investments whose values are based on quoted market prices in active markets, and are therefore classified within level 1, include active listed equities, and certain money market securities. The General Partner does not adjust the quoted price for such instruments, even in situations where the Partnership holds a large position and a sale could reasonably impact the quoted price. Investments that trade in markets that are not considered to be active, but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs, are classified within level 2. These include investment-grade corporate bonds and less liquid listed equities. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

The inputs used by the General Partner in estimating the value of the level 3 investment include the original transaction price, recent transactions in the same or similar instruments, completed or pending third-party transactions in the underlying investment or comparable issuers, subsequent rounds of financing, recapitalizations and other transactions across the capital structure, offerings in the equity or debt capital markets, and changes in financial ratios or cash. Level 3 investments may also be adjusted to reflect illiquidity and/or non-transferability, with the amount of such discount estimated by the General Partner in the absence of market information. The fair value measurement of level 3 investments does not include transaction costs that may have been capitalized as part of the security's cost basis. Assumptions used by the General Partner due to the lack of observable inputs may significantly impact the resulting fair value and therefore the Partnership's results of operations.

As permitted under U.S. GAAP, the General Partner uses, as a practical expedient, the net asset valuations provided by the underlying private investment company to value its investment in other funds when the net asset valuation of the investments are calculated in a manner consistent with U.S. GAAP for investment companies. However, if it is probable that the Partnership will sell an investment at an amount different from the net asset valuation or in other situations where the practical expedient is not available, the Partnership considers other factors in addition to the net asset valuation, such as features of the investment, including subscription and redemption rights, expected discounted cash flows, transactions in the secondary market, bids received from potential buyers, and overall market conditions in its determination of fair value.

(expressed in United States dollars)

During the year ended December 31, 2018, there were no such adjustments to fair value recorded. In accordance with ASU 2015-07, the Partnership's investment in other investment companies has not been categorized in the fair value hierarchy nor in a roll forward of investment activity.

The following table presents the financial instruments carried on the Statement of Assets, Liabilities and Partners' Capital by level:

	Assets at Fair Value as of December 31, 2018			
	Level 1	**Level 2**	**Level 3**	**Total**
Investments				
Common stock	$ 34,625,667	$ -	$ -	$ 34,625,667
Money market funds	887	-	-	887
Private operating companies	-	-	1,000,136	1,000,136
Total investments	$ 34,626,554	$ -	$ 1,000,136	$ 35,626,690

There were no transfers in and out of either Level 1, Level 2 or Level 3 as of or during the year ended December 31, 2018.

As of December 31, 2018, the Partnership owns 73.24% of the outstanding common stock of DHC with an estimated market value of approximately $146,480. DHC was valued by the General Partner at the price that would be received in a current sale, using expected cash flows.

As of December 31, 2018, the Partnership owns 73.24% of the outstanding members' units of DF with an estimated market value of approximately $817,036. DF is a limited liability company organized under the laws of the state of Delaware and is the General Partner of other funds managed by Mohnish Pabrai. DF was valued by the General Partner at the price that would be received in a current sale, using expected discounted cash flows.

As of December 31, 2018, the Partnership owns 61,033 shares of the outstanding preferred stock of Monti with an estimated market value of approximately $36,620.

At December 31, 2018, the Partnership's investment in the Tandem as measured at NAV as practical expedient was $5,199,632.

The General Partner values the Partnership's Level 3 investments on a quarterly basis using the net asset valuation. The management of the General Partner reviews information about the underlying assets of the Level 3 investments and arrives at a consensus about their valuation.

(expressed in United States dollars)

The following table summarized the changes in assets presented at fair value using Level 3 inputs:

Level 3 Investments - December 31, 2018

	Balance at January 1, 2018	Purchases	Distributions	Distributions-in-Kind	Realized Gain/Loss	Unrealized Gain/Loss	Balance at December 31, 2018
Common Stock of Dhandho Holdings Corp.	$ 44,746,817	-	(38,320,110)	(5,144,204)	(9,976,248)	8,840,224	$ 146,480
Dhandho Funds, LLC	250,281	51,268	-	-	-	515,487	817,036
Monti Kids, Inc.	-	-	-	36,620	-	-	36,620
Total	$ 44,997,098	$ 51,268	$ (38,320,110)	$ (5,107,584)	$ (9,976,248)	$ 9,355,711	$ 1,000,136

The following table presents the qualitative unobservable inputs used to value Level 3 investments at December 31, 2018:

Level 3 Investments - December 31, 2018

	Fair Value	Valuation Technique	Unobservable Input	Range of inputs
Common Stock of Dhandho Holdings Corp.	$ 146,480	Net Asset Value	Liquidity Discount	33.0%
Dhandho Funds, LLC	817,036	Discounted Cash Flow	Discount Rate Annual Growth Rate Annual Performance Rate	13.50% 10% - 15% 6% - 12%
Monti Kids, Inc.	36,620	Recent Transaction	N/A	N/A
Total	$ 1,000,136			

(expressed in United States dollars)

4. PARTNERS' CAPITAL

Subscriptions and Units - All Limited Partners of the Partnership must be “accredited investors” as defined in the Investment Company Act of 1940. In exchange for each Partner’s subscription to the Partnership, the Partnership issues Units, which represent an undivided proportionate interest in the assets and liabilities of the Partnership. Units were initially issued at $10 on March 1, 2014 and are subsequently offered at Net Asset Value Per Unit. As of any valuation date, the Net Asset Value Per Unit is determined by dividing the Partners’ Capital of the Partnership by the total number of Units outstanding.

Withdrawals - The Partnership does not permit redemptions by Limited Partners; however, Limited Partners may transfer their interests to other investors with the approval of the General Partner.

Transfers - Interests are not transferable without the consent of the General Partner.

Distributions - The General Partner may cause the Partnership to make distributions to the Limited Partners before the dissolution of the Partnership at such times and in such amounts as it determines in its sole discretion.

Allocations of Profits and Losses - Allocations of net increase/decrease in Partners' Capital to partners are made in accordance with the Limited Partnership Agreement (the "Agreement"), which calls for such allocations to be generally proportional to contributed capital. Net Profits, which includes net changes in unrealized appreciation or depreciation of investments and realized investment gains or losses and income and expense, are generally allocated at least annually and each time new Units are issued/redeemed, in proportion to the Units held at the beginning of such fiscal period. The allocation will be first, 100% to the Limited Partners until the allocation equals the aggregate of their respective capital contributions to the partnership. After this first condition is met, net increases in Partners' capital will be allocated 90% to the Limited Partners, pro rata in accordance with their respective capital contributions, and 10% to the General Partner, which is referred as the General Partner's "Carried Interest". The General Partner may determine when to distribute or to retain realized gains on investments.

Units Summary

Balance January 1, 2018	11,145,608.62
Subscription of Units	-
Redemption of Units	(2,165.68)
Transfer in of Units	997,422.50
Transfer out of Units	(997,422.50)
Balance, December 31, 2018	11,143,442.95

(expressed in United States dollars)

5. RELATED PARTY TRANSACTIONS

The Partnership is a member of a group of affiliated companies and has transactions and relationships with members of the group. As of December 31, 2018, the Partnership due from (to) related parties was as follows:

	Due From	Due To	Net
Dhandho Holdings Offshore Ltd.	$ 2,108		$ 2,108
Dhandho Holdings Qualified Purchaser L.P.	-	11,130	11,130
Total due from related parties	$ 2,108	$ 11,130	$ 13,238

In 2018, DHC distributed total cash of $38,320,110 to the Partnership. In December 2018, DHC distributed its investment in Monti with a fair value of $36,620 to the Partnership along with a receivable from sale of private company with a fair value of $5,107,584.

The General Partner charges a management fee in consideration for the services it provides to the Partnership and all normal overhead expenses of the General Partner. In general, the annual management fee is an amount set by the General Partner, not to exceed 1% of the aggregate amount of capital contributions of all Limited Partners. For the year ended December 31, 2018, $157,470 of management fees was charged to the Partnership. As of December 31, 2018, a total of $11,130 was due to affiliates.

As of December 31, 2018, the affiliates of the General Partner (including Dhandho Holdings Offshore Ltd.) held 50.95% of the Partnership’s interest.

During the year ended December 31, 2018, the General Partner and its affiliate bought 977,423 units worth $4,772,920 from other Limited Partners.

6. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Partnership enters into contracts that contain a variety of representations and warranties and which provide general indemnifications. The Partnership's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Partnership that have not yet occurred. However, based on experience, the Partnership expects the risk of loss to be remote.

The Partnership’s total commitments in Tandem is $7,324,000 out of which $1,831,000 is unfunded as of December 31, 2018.

7. RISK

The Partnership's investing activities expose it to various types of risks that are associated with the financial instruments and markets in which it invests. The significant types of financial risks to which the Partnership is exposed include, but are not limited to market risk, price risk/nature of investment, interest rate risk, liquidity risk, currency risk, emerging market risk, credit risk and other additional risks. Certain aspects of those risks are addressed below.

Market Risk

Market risk encompasses the potential for both losses and gains and includes price risk, and interest rate risk.

Price Risk/Nature of Investment

Certain of the Partnership's investments are long-term and highly illiquid and there is no assurance that the Partnership will achieve its investment objectives including targeted returns. Due to the illiquidity of the investments, valuation of the assets may be difficult, as there generally will be no established markets for these assets. As the Partnership's financial instruments are carried at fair value with fair value changes recognized in the Statement of Operations, all changes in market conditions will directly affect the net asset value of the Partnership.

Interest Rate Risk

The Partnership and the Partnership's portfolio companies may invest in fixed income securities and/or debt. Any change to the interest rates relevant to particular securities may result in the inability to secure similar returns on the expiration of contracts or the sale of securities. In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held. In general, if interest rates rise, the value of the fixed interest securities will decline. A decline in interest rates will in general have the opposite effect.

Liquidity Risk

Certain of the Partnership’s portfolio companies are privately held. As a result, there is no readily available secondary market for the Partnership's interests in such portfolio companies, and those interests will be subject to legal restrictions on transfer. Therefore, there is no assurance that the Partnership will be able to realize liquidity for such investments in a timely manner, if at all. The Partnership faces liquidity risk from DHC, DF, Tandem and Monti.

Currency Risk

The Partnership invests in assets and liabilities denominated in foreign currencies which are translated into U.S. dollar amounts at the year-end exchange rates. The value of these assets and liabilities are exposed to fluctuations in the foreign currencies as compared to the US dollar.

Emerging Markets Risk

Investments in securities and instruments traded in developing or emerging markets, or that provide exposure to these securities or markets, can involve additional risks relating to political, economic, or regulatory conditions not associated with investments in U.S. securities and instruments or investments in more developed international markets. For example, emerging markets may be subject to, among other risks, greater market volatility; lower trading volume and liquidity; greater social, political and economic uncertainty; governmental controls on foreign investments and limitations on repatriation of invested capital; lower disclosure, corporate governance, auditing and financial reporting standards; fewer protections of property rights; restrictions on the transfer of securities or currency; and settlement and trading practices that differ from U.S. markets and markets of more developed countries. Each of these factors may impact the ability of the Partnership to buy, sell or otherwise transfer securities, adversely affect the Partnership and cause the Partnership to decline in value.

Credit Risk

The Partnership and its portfolio companies may include the acquisition of debt securities. Investment portfolios with debt securities are subject to credit risk. Financial strength and solvency of an issuer are the primary factors influencing credit risk. In addition, lack or inadequacy of collateral or credit enhancement for a debt instrument may affect its credit risk. Credit risks may change over the life of an instrument. Securities that are rated by rating agencies are often reviewed and may be subject to downgrade, which generally results in a decline the market value of such Securities.

(expressed in United States dollars)

8. FINANCIAL HIGHLIGHTS

The following financial ratios for the year ended December 31, 2018 have been computed based on the limited partners' capital of the Partnership:

Selected per unit data			
Net asset value, beginning of year	$	4.92	
Income from investment operations[1]			
Net investment (loss)		-	
Net realized gain /(loss) and net change in unrealized appreciation / (depreciation)		(0.79)	
Investment management fee		(0.01)	
Net asset value, end of year	$	4.12	
Total return			
Total return before performance allocation		(16.35)	%
Performance allocation		0.00	
Total return after performance allocation		(16.35)	%
Ratios to average limited partners' capital			
Operating Expenses		0.66	%
Performance allocation		0.00	
Total operating expenses and performance allocation		0.66	%
Net investment (loss)		(0.32)	%

(1) Calculated using the average number of units outstanding during the year.

9. SUBSEQUENT EVENTS

The Partnership evaluated subsequent events through April 26, 2019, the date the financial statements were available to be issued and determined no events occurred that required further disclosures.

Dhandho Holdings Qualified Purchaser, L.P.

REPORT OF INDEPENDENT AUDITORS
AND
AUDITED FINANCIAL STATEMENTS

December 31, 2018

Dhandho Holdings Qualified Purchaser, L.P.
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Report of Independent Auditors

To the General Partner of Dhandho Holdings Qualified Purchaser, L.P.

We have audited the accompanying financial statements of Dhandho Holdings Qualified Purchaser, L.P. (the "Partnership"), which comprise the statement of assets, liabilities and partners' capital, including the condensed schedule of investments, as of December 31, 2018, and the related statements of operations, of changes in partners' capital, and of cash flows for the year then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Partnership's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Dhandho Holdings Qualified Purchaser, L.P. as of December 31, 2018, and the results of its operations, changes in its partners' capital, and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers

April 26, 2019

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Dhandho Holdings Qualified Purchaser, L.P.
Statement of Assets, Liabilities and Partners’ Capital
December 31, 2018
(expressed in United States dollars)

		2018
ASSETS		
Cash	$	58,090
Investments, at fair value (cost $13,116,197)		14,850,881
Receivable from sale of private company		1,866,179
Prepaid expenses		2,862
Due from affiliates		11,130
Total assets	$	16,789,142
LIABILITIES AND PARTNERS' CAPITAL		
Due to broker	$	18,750
Accrued operating and trading expenses		31,073
Total liabilities		49,823
Partners' capital		
General partner		-
Limited partners (4,072,192 units at $4.11 per unit)		16,739,319
Total partners' capital		16,739,319
Total liabilities and partners' capital	$	16,789,142

The accompanying notes are an integral part of these financial statements.

Dhandho Holdings Qualified Purchaser, L.P.
Statement of Operations
Year ended December 31, 2018
(expressed in United States dollars)

		2018
Investment Income:		
Dividends	$	65,880
Interest income		6,209
Total Investment Income		72,089
Expense:		
Interest expense		6,135
Professional fees		48,362
Management fees		57,530
Administration fees		38,899
Total expenses		150,926
Net Investment (loss)		(78,837)
Net realized and unrealized gain/(loss) on investments		
Net realized gain from securities		1,056,526
Net realized (loss) on foreign currency transactions		(1,041)
Net change in unrealized depreciation on securities		(4,098,341)
Net realized (loss) on investment in other funds		(3,627,709)
Net change in unrealized appreciation on investment in other funds		3,450,343
Net realized and unrealized gain (loss) on investments		(3,220,222)
Net decrease in partners' capital resulting from operations	$	(3,299,059)

The accompanying notes are an integral part of these financial statements.

Dhandho Holdings Qualified Purchaser, L.P.
Statement of Changes in Partners' Capital
Year Ended December 31, 2018
(expressed in United States dollars)

	General Partner	Limited Partners	Total
Balance January 1, 2018	$ -	$ 20,038,378	$ 20,038,378
Decrease in partners' capital resulting from operations	-	(3,299,059)	(3,299,059)
Balance, December 31, 2018	$ -	$ 16,739,319	$ 16,739,319

The accompanying notes are an integral part of these financial statements.

Dhandho Holdings Qualified Purchaser, L.P.
Statement of Cash Flows
Year Ended December 31, 2018
(expressed in United States dollars)

		2018
Cash Flows from Operating Activities		
Net decrease in partners' equity resulting from operations	$	(3,299,059)
Adjustments to reconcile net decrease in partners' equity resulting from operations to net cash provided by operating activities:		
Net realized gain from securities		(1,056,526)
Net change in unrealized depreciation on securities		4,098,341
Net realized loss on investment in other funds		3,627,709
Net change in unrealized appreciation on investment in other funds		(3,450,343)
Purchase of equity investments		(12,817,201)
Sale of equity investments		19,502,303
Purchase of investment in other private investments		(255,413)
Distribution from other private investments		14,001,174
Change in other assets and liabilities:		
Due from broker		10,095
Prepaid expenses		(2,862)
Due from affiliates		(11,130)
Interest and dividends receivable		11,514
Due to broker		18,750
Due to affiliates		(17,825)
Accrued operating and trading expenses		15,121
Net cash provided by operating activities		20,374,648
Cash Flows from Financing Activities		
Capital distributions		(20,360,962)
Net cash used in financing activities		(20,360,962)
Net increase in cash		13,686
Cash:		
Beginning of year		44,404
End of year	$	58,090
Supplemental information:		
Non-cash operating activities not included herein consist of an in-specie distribution in securities from DHC to the Partnership.		1,879,559

The accompanying notes are an integral part of these financial statements.

Dhandho Holdings Qualified Purchaser, L.P.
Condensed Schedule of Investments
December 31, 2018
(expressed in United States dollars)

Number of Shares/Bonds		Value as a Percentage of Partners' Capital	Cost	Fair Value
	Common Stocks			
	United States			
	Semiconductor			
50,578	Micron Technologies Inc.	9.59%	$ 1,925,314	$ 1,604,840
	Total United States	9.59%	1,925,314	1,604,840
	India			
	Consumer Staples	1.08%	165,971	181,216
	Financial Services			
1,129,070	Indian Energy Exchange Ltd	16.02%	2,747,582	2,682,242
	Other	0.06%	12,196	9,359
	Real Estate Property Development			
321,731	Sunteck Realty Limited	9.52%	1,995,556	1,594,312
	Other	1.69%	194,347	282,504
	Total India	28.37%	5,115,652	4,749,633
	United Kingdom			
	Automotive			
430,904	Fiat Chrysler Automobiles N.V.	37.22%	4,215,118	6,230,872
	Total United Kingdom	37.22%	4,215,118	6,230,872
	Total Common Stocks	75.18%	11,256,084	12,585,345
	Money Market Funds			
	United States			
	Money Market Fund	0.00%	315	315
	Total Money Market Funds	0.00%	315	315

The accompanying notes are an integral part of these financial statements.

Dhandho Holdings Qualified Purchaser, L.P.
Condensed Schedule of Investments
December 31, 2018
(expressed in United States dollars)

Company Name	Investment	Value as a Percentage of Partners' Capital	Cost	Fair Value
Private operating companies				
Dhandho Holdings Corp.				
Corporation organized to make equity investments in privately and publicly held businesses. The Partnership owns 26.76% of Dhandho Holdings Corp.	Common Stock (268 units)	0.32%	$ 68,914	$ 53,520
Dhandho Funds, LLC				
Limited Liability Corporation engaged in investment advisory. The Partnership owns 26.76% of Dhandho Funds, LLC.	Member Units (27 units)	1.78%	18,732	298,510
Monti Kids, Inc.				
Corporation organized to proivde early-childhood educational toys.	Preferred Stock (22,300 shares)	0.08%	13,380	13,380
Total private operating companies		2.18%	101,026	365,410
Private equity funds				
Tandem Fund III, LP *		11.35%	1,758,772	1,899,811
Total investment, at fair value		88.72%	$ 13,116,197	$ 14,850,881

* Objective of private equity fund: Primarily invest in securities of privately held companies building innovative technology businesses. Redemption terms: Voluntary redemptions are not permitted. The Fund will continue until March 8, 2023 unless extended by agreement of the partners or is terminated prior thereto under circumstances provided for in the LP Agreement dated January 7, 2015.

The accompanying notes are an integral part of these financial statements. .

1. ORGANIZATION

Dhandho Holdings Qualified Purchaser, L.P. (the "Partnership") is a limited partnership organized in February 2014, pursuant to the laws of the State of Delaware. The purpose of the Partnership is to make equity investments in privately and publicly held businesses." In February 2014, the Partnership had its first closing with total contributed capital of $36,212,400. In April 2014, a second closing of $4,000,000 brought contributed capital to $40,212,400.

The affairs of the Partnership are managed by its general partner, Dhandho GP, LLC (the "General Partner"), a limited liability company organized under the laws of the State of California. The General Partner is a subsidiary of Dalal Street, LLC, an investment adviser registered with the U.S. Securities and Exchange Commission. Dalal Street, LLC and the General Partner are both controlled by Mohnish Pabrai, Managing Partner. The General Partner holds Limited Partner interest of 36.63% through Dalal Street, LLC, Mr. Pabrai and his spouse, Ms. Harina Kapoor. In 2014 Dalal Street, LLC made a capital contribution of $1,991,818 and Mohnish Pabrai and his spouse made a capital contribution of $6,820,582.

On January 1, 2015 the Partnership issued 70,000 units with a value of $700,000 in payment of an amount due to a former stockholder of Stonetrust by Dhandho Holdings Corp in accordance with the acquisition agreement. In consideration for this payment, the Partnership received 4.60 common shares of DHC with a value of $700,000.

The General Partner has the overall responsibility for the management of the Partnership and provides portfolio management and administrative services. The General Partner will be paid a Management Fee described in note 5.

The Partnership owns 26.76% of the outstanding stock of Dhandho Holdings Corp ("DHC"), a corporation organized under the laws of the Commonwealth of Puerto Rico on October 31, 2014 for the purpose of investing in private and public enterprises. The remaining outstanding stock of DHC is owned by Dhandho Holdings, LP ("DHLP"), a related entity, which is also managed by the General Partner. Shortly after its formation, the Partnership contributed $39.9 million to DHC. Effective December 31, 2014, DHC acquired 100% of the outstanding common stock of Stonetrust Commercial Insurance Company and subsidiary (together, "Stonetrust") for approximately $35 million and contributed an additional $30 million to Stonetrust. Stonetrust is domiciled in the State of Nebraska and is engaged in providing workers compensation insurance.

On September 29, 2017, DHC entered into a Stock Purchase Agreement to sell Stonetrust for $70.4 million. The sale closed on January 1, 2018. Under the terms of the Stock Purchase Agreement, DHC received a payment of $40 million at the closing of the transaction and an additional $15 million came due 135 days after the closing date; as of December 31, 2018, $13.6 million of the $15 million tranche has been received. The final $15.4 million (the "Holdback Payments") is paid out in payments over the course of four years as a warranty for future adverse development that may take place in the reserves at Stonetrust allocated to claims existing prior to closing. Interest will accrue on any payments not made when due. Assuming no adverse development, the Holdback Payments over the four years are paid $2 million per year on the first three anniversary dates of closing, and then $2 million plus the additional amount due to DHC on the fourth anniversary date.

On December 19, 2018, DHC distributed the balance of the receivables from the sale of Stonetrust up to the Partnership and DHLP in proportion to each entity's ownership of DHC, with the Partnership receiving $1,866,179 and DHLP receiving $5,107,584. The gross value of the receivables at DHC at the time of the distribution was $16.8 million, consisting of $1.4 million due from the $15 million tranche due in May 2018, and $15.4 million in Holdback Payments. The distribution was done at the receivables' fair value, which was determined to be $7.0 million after considering impairments to account for risks. On January 1, 2019, the first anniversary Holdback Payment of $2 million became due and payable. It remains outstanding as of April 26, 2019.

The Limited Partnership Agreement (the "Agreement") provides for one class of Limited Partner Interest, which corresponds to the dollar amount of the Limited Partner's investment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies of the Partnership, which conform to U.S. GAAP include the following:

Basis of Presentation – Management has evaluated the Partnership's structure, objectives and activities and has determined that the Partnership meets the characteristics of an investment company. As such, the Partnership's financial statements apply the guidance set forth in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 946, *Financial Services – Investment Companies*.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires the General Partner to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ significantly from those estimates.

Cash and Cash Equivalents - The Partnership considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Due From Affiliate - The amount shown as due from affiliate represents the amount paid by the Partnership on behalf of Dhandho Holdings, L.P. This amount was paid back to Dhandho Holdings, L.P. in March of 2019.

Due to Broker – The amount shown as a due to broker represents a payable to brokers as of December 31, 2018. For the year ended December 31, 2018 due to broker is $18,750.

Security Valuation - Investments listed on a national securities exchange are valued at their last sales price on the date of valuation on the primary exchange. In the event no such price is available for such date, then the last reported sale price within the last five-day period preceding the valuation date is utilized. If no such price is reported, then the security will be valued at the representative bid price at the close of business on the valuation date. Investments whose market quotations are not readily available are valued at fair value as determined in good faith under procedures established by the General Partner. Because of the inherent uncertainty of valuation, the estimate of fair value may differ from the values that would have been used had a ready market existed and the differences could be material. Money market funds are valued at net asset value per share, which approximates fair value. Notwithstanding the foregoing, if in the reasonable judgment of the Partnership, in its sole discretion, the listed price for any security held by the Partnership does not accurately reflect the value of such security, the Partnership may value such security at a price which is greater or less than the quoted market price for such security.

Corporate bonds are traded on a principal-to-principal basis in the over-the-counter market between counterparties such as brokers and dealers in securities and other market makers. Such financial instruments are valued at fair value using current market quotations provided by brokers and dealers and/or external pricing sources, including independent external pricing sources. Valuation using external pricing sources involves the use of both observable and unobservable valuation inputs in accordance with the fair value hierarchy, as set forth in accordance with the Partnership's valuation policy and FASB Accounting Standard Codification 820 ("ASC 820"). Corporate bonds transactions are recorded on the trade date. Realized gains or losses are determined using the identified cost method. Any change in net unrealized gain or loss from the preceding period is reported in the statement of operations

Valuation of Investments - The Partnership values its investments in DHC, Dhandho Funds, LLC ("DF"), Tandem Fund III, L.P. (“Tandem”) and Monti Kids, Inc. (“Monti”) at fair value as determined in good faith by the General Partner in accordance with ASC 820. Because of inherent uncertainty of valuations, estimated values may differ significantly from values that would have been used had a ready market for the investment existed, and the difference could be material.

Receivable from Sale of Private Company – These amounts are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment is established when there is objective evidence that the Fund will not be able to collect all amounts due. Significant financial difficulties and default in payments are considered indicators that the receivables are impaired. As of December 31, 2018, the gross value of the Receivable from Sale of Private Company due to the Partnership and DHLP was $16.8 million which has been measured at $7.0 million after impairment, of which $1.9 million was held at the Partnership and $5.1 million was held at DHLP.

Security Transactions and Income and Expense Recognition - Investment transactions are recorded on trade date. Income and expenses are recorded on the accrual basis and dividend income and capital gain distributions are recorded on the ex-dividend date net of foreign dividend withholding taxes. Realized gains and losses are recorded on the specific identification method.

Foreign Currency Transactions - Assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts at the year-end exchange rates. Purchases and sales of these assets and liabilities and income and expense items denominated in foreign currencies are translated into U.S. dollar amounts on the respective dates of such transactions. The Partnership does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of investments held.

Income Taxes No provision is made in the accompanying financial statements for liabilities for federal, state or local income taxes since such liabilities are not the responsibility of the Partnership. Each partner is required to report on his/her income tax return his/her proportionate share of the items of income and deduction of the Partnership.

The Partnership executes trades on the Indian exchange and, therefore, may be subject to taxes levied in that country. The investments in common stock traded on the Indian exchange are subject to short-term capital gains tax at 15% and, effective April 1, 2018, long-term capital gain tax at 10%. Prior to April 1, 2018 long-term capital gains were not subject to tax. The Fund intends to hold the Indian securities for the long-term. For countries with double taxation treaties, the treaty rate prevails only if it is more favorable than the standard rate. As of December 31, 2018, $0 was accrued for these taxes.

Management has continued to evaluate the application of Accounting Standards Codification ("ASC") 740, "Income Taxes", and has determined that no reserves for uncertain tax positions were required to have been recorded as a result of the adoption of ASC 740. Open tax years are those that are open for exam by taxing authorities. As of December 31, 2018, open tax years include the tax years ended December 31, 2015 through December 31, 2018. The Partnership is not aware of any examinations in progress. The Partnership has reviewed all open tax years and major jurisdictions and concluded that the adoption of these financial reporting rules resulted in no effect to the Partnership's financial position or results of operations. There is no tax liability resulting from unrecognized tax benefits relating to uncertain income tax positions taken or expected to be taken on the tax return for the fiscal year ended December 31, 2018. The Partnership is also not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefit will significantly change in the next twelve months.

3. FAIR VALUE MEASUREMENT

The Partnership has adapted financial reporting rules that establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are as follows:

Level 1 Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Partnership has the ability to access at the measurement date;

Level 2 Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active;

Level 3 Inputs that are unobservable.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by the General Partner. The General Partner considers observable data to be that market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the General Partner's perceived risk of that instrument. Investments whose values are based on quoted market prices in active markets, and are therefore classified within level 1, include active listed equities, and certain money market securities. The General Partner does not adjust the quoted price for such instruments, even in situations where the Partnership holds a large position and a sale could reasonably impact the quoted price. Investments that trade in markets that are not considered to be active, but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs, are classified within level 2. These include investment-grade corporate bonds and less liquid listed equities. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

The inputs used by the General Partner in estimating the value of the level 3 investment include the original transaction price, recent transactions in the same or similar instruments, completed or pending third-party transactions in the underlying investment or comparable issuers, subsequent rounds of financing, recapitalizations and other transactions across the capital structure, offerings in the equity or debt capital markets, and changes in financial ratios or cash. Level 3 investments may also be adjusted to reflect illiquidity and/or non-transferability, with the amount of such discount estimated by the General Partner in the absence of market information. The fair value measurement of level 3 investments does not include transaction costs that may have been capitalized as part of the security's cost basis. Assumptions used by the General Partner due to the lack of observable inputs may significantly impact the resulting fair value and therefore the Partnership's results of operations.

As permitted under U.S. GAAP, the General Partner uses, as a practical expedient, the net asset valuations provided by the underlying private investment company to value its investment in other funds when the net asset valuation of the investments are calculated in a manner consistent with U.S. GAAP for investment companies. However, if it is probable that the Partnership will sell an investment at an amount different from the net asset valuation or in other situations where the practical expedient is not available, the Partnership considers other factors in addition to the net asset valuation, such as features of the investment, including subscription and redemption rights, expected discounted cash flows, transactions in the secondary market, bids received from potential buyers, and overall market conditions in its determination of fair value.

(expressed in United States dollars)

During the year ended December 31, 2018, there were no such adjustments to fair value recorded. In accordance with ASU 2015-07, the Partnership's investment in other investment companies has not been categorized in the fair value hierarchy nor in a roll forward of investment activity.

The following table presents the financial instruments carried on the Statement of Assets and Liabilities and Partners' Capital by level:

	Assets at Fair Value as of December 31, 2018			
	Level 1	**Level 2**	**Level 3**	**Total**
Investments				
Common stock	$ 12,585,345	$ -	$ -	$ 12,585,345
Money market funds	315	-	-	315
Private operating companies	-	-	365,410	365,410
Total investments	$ 12,585,660	$ -	$ 365,410	$ 12,951,070

There were no transfers in and out of either Level 1, Level 2 or Level 3 as of or during the year ended December 31, 2018.

As of December 31, 2018, the Partnership owns 26.76% of the outstanding common stock of DHC with an estimated market value of approximately $53,520. DHC was valued by the General Partner at the price that would be received in a current sale, using expected cash flows.

As of December 31, 2018, the Partnership owns 26.76% of the outstanding members' units of DF with an estimated market value of approximately $298,510. DF is a limited liability company organized under the laws of the state of Delaware and is the General Partner of other funds managed by Mohnish Pabrai. DF was valued by the General Partner at the price that would be received in a current sale, using expected discounted cash flows.

As of December 31, 2018, the Partnership owns 22,300 shares of the outstanding preferred stock of Monti with an estimated market value of approximately $13,380.

At December 31, 2018, the Partnership's investment in the Tandem as measured at NAV as practical expedient was $1,899,811.

The General Partner values the Partnership's Level 3 investments on a quarterly basis using the net asset valuation. The management of the General Partner reviews information about the underlying assets of the Level 3 investments and arrives at a consensus about their valuation.

(expressed in United States dollars)

The following table summarized the changes in assets presented at fair value using Level 3 inputs:

Level 3 Investments - December 31, 2018

	Balance at January 1, 2018	Purchases	Distributions	Distributions-in-Kind	Realized Gain/Loss	Unrealized Gain/Loss	Balance at December 31, 2018
Common Stock of Dhandho Holdings Corp.	$ 16,349,329	-	(14,001,175)	(1,879,559)	(3,627,709)	3,212,634	$ 53,520
Dhandho Funds, LLC	91,437	18,732	-	-	-	188,341	298,510
Monti Kids, Inc.	-	-	-	13,380	-	-	13,380
Total	$ 16,440,766	$ 18,732	$ (14,001,175)	$ (1,866,179)	$ (3,627,709)	$ 3,400,975	$ 365,410

The following table presents the qualitative unobservable inputs used to value Level 3 investments at December 31, 2018:

Level 3 Investments - December 31, 2018

	Fair Value	Valuation Technique	Unobservable Input	Range of inputs
Common Stock of Dhandho Holdings Corp.	$ 53,520	Net Asset Value	Liquidity Discount	33.0%
Dhandho Funds, LLC	298,510	Discounted Cash Flow	Discount Rate Annual Growth Rate Annual Performance Rate	13.50% 10% - 15% 6% - 12%
Monti Kids, Inc.	13,380	Recent Transaction	NA	N/A
Total	$ 365,410			

4. PARTNER'S CAPITAL

Subscriptions and Units - All Limited Partners of the Partnership must be “qualified purchasers” as defined in the Investment Company Act of 1940. In exchange for each Partner’s subscription to the Partnership, the Partnership issues Units, which represent an undivided proportionate interest in the assets and liabilities of the Partnership. Units were initially issued at $10 on March 1, 2014 and are subsequently offered at Net Asset Value Per Unit. As of any valuation date, the Net Asset Value Per Unit is determined by dividing the Partners’ Capital of the Partnership by the total number of Units outstanding.

Withdrawals - The Partnership does not permit redemptions by Limited Partners; however, Limited Partners may transfer their interests to other investors with the approval of the General Partner.

(expressed in United States dollars)

Transfers - Interests are not transferable without the consent of the General Partner.

Distributions - The General Partner may cause the Partnership to make distributions to the Limited Partners before the dissolution of the Partnership at such times and in such amounts as it determines in its sole discretion.

Allocations of Profits and Losses - Allocations of net increase/decrease in Partners' Capital to partners are made in accordance with the Limited Partnership Agreement (the "Agreement"), which calls for such allocations to be generally proportional to contributed capital. Net Profits, which includes net changes in unrealized appreciation or depreciation of investments and realized investment gains or losses and income and expense, are generally allocated at least annually and each time new Units are issued/redeemed, in proportion to the Units held at the beginning of such fiscal period. The allocation will be first, 100% to the Limited Partners until the allocation equals the aggregate of their respective capital contributions to the partnership. After this first condition is met, net increases in Partners' capital will be allocated 90% to the Limited Partners, pro rata in accordance with their respective capital contributions, and 10% to the General Partner, which is referred as the General Partner's "Carried Interest". The General Partner may determine when to distribute or to retain realized gains on investments.

Units Summary

Balance January 1, 2018	4,072,192.37
Subscription of Units	-
Redemption of Units	-
Transfer in of Units	-
Transfer out of Units	-
Balance, December 31, 2018	4,072,192.37

5. RELATED PARTY TRANSACTIONS

The Partnership is a member of a group of affiliated companies and has transactions and relationships with members of the group.

In 2018, DHC distributed total cash of $14,001,175 to the Partnership. In December 2018, DHC distributed its investment in Monti with a fair value of $13,380 to the Partnership along with a receivable from sale of private company with a fair value of $1,866,179.

The General Partner charges a management fee in consideration for the services it provides to the Partnership and all normal overhead expenses of the General Partner. In general, the annual management fee is an amount set by the General Partner, not to exceed 1% of the aggregate amount of capital contributions of all Limited Partners. For the year ended December 31, 2018, $57,530 of management fees was charged to the

Partnership. As of December 31, 2018, a total of $11,130 was due from affiliates.

As of December 31, 2018, the affiliates of the General Partner held 36.63% of the Partnership's interest.

6. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Partnership enters into contracts that contain a variety of representations and warranties and which provide general indemnifications. The Partnership's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Partnership that have not yet occurred. However, based on experience, the Partnership expects the risk of loss to be remote.

The Partnership's total commitments in Tandem is $2,676,000 out of which $669,000 is unfunded as of December 31, 2018.

7. RISK

The Partnership's investing activities expose it to various types of risks that are associated with the financial instruments and markets in which it invests. The significant types of financial risks to which the Partnership is exposed include, but are not limited to market risk, price risk/nature of investment, interest rate risk, liquidity risk, currency risk, emerging market risk, credit risk and other additional risks. Certain aspects of those risks are addressed below.

Market Risk

Market risk encompasses the potential for both losses and gains and includes price risk, and interest rate risk.

Price Risk/Nature of Investment

The Partnership's investments are long-term and highly illiquid and there is no assurance that the Partnership will achieve its investment objectives including targeted returns. Due to the illiquidity of the investments, valuation of the assets may be difficult, as there generally will be no established markets for these assets. As the Partnership's financial instruments are carried at fair value with fair value changes recognized in the Statement of Operations, all changes in market conditions will directly affect the net asset value of the Partnership.

Interest Rate Risk

The Partnership and the Partnership's portfolio companies may invest in fixed income securities and/or debt. Any change to the interest rates relevant to particular securities may result in the inability to secure similar returns on the expiration of contracts or the sale of securities. In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held. In general, if interest rates rise, the value of the fixed interest securities will decline. A decline in interest rates will, in general, have the opposite effect.

Liquidity Risk

Certain of the Partnership’s portfolio companies are privately held. As a result, there is no readily available secondary market for the Partnership's interests in such portfolio companies, and those interests will be subject to legal restrictions on transfer. Therefore, there is no assurance that the Partnership will be able to realize liquidity for such investments in a timely manner, if at all. The Partnership faces liquidity risk from DHC, DF, Tandem and Monti.

Currency Risk

The Partnership invests in assets and liabilities denominated in foreign currencies which are translated into U.S. dollar amounts at the year-end exchange rates. The value of these assets and liabilities are exposed to fluctuations in the foreign currencies as compared to the US dollar.

Emerging Markets Risk

Investments in securities and instruments traded in developing or emerging markets, or that provide exposure to these securities or markets, can involve additional risks relating to political, economic, or regulatory conditions not associated with investments in U.S. securities and instruments or investments in more developed international markets. For example, emerging markets may be subject to, among other risks, greater market volatility; lower trading volume and liquidity; greater social, political and economic uncertainty; governmental controls on foreign investments and limitations on repatriation of invested capital; lower disclosure, corporate governance, auditing and financial reporting standards; fewer protections of property rights; restrictions on the transfer of securities or currency; and settlement and trading practices that differ from U.S. markets and markets of more developed countries. Each of these factors may impact the ability of the Partnership to buy, sell or otherwise transfer securities, adversely affect the Partnership and cause the Partnership to decline in value.

Credit Risk

The Partnership and its portfolio companies may include the acquisition of debt securities. Investment portfolios with debt securities are subject to credit risk. Financial strength and solvency of an issuer are the primary factors influencing credit risk. In addition, lack or inadequacy of collateral or credit enhancement for a debt instrument may affect its credit risk. Credit risks may change over the life of an instrument. Securities that are rated by rating agencies are often reviewed and may be subject to downgrade, which generally results in a decline the market value of such security.

(expressed in United States dollars)

8. FINANCIAL HIGHLIGHTS

Financial highlights are calculated for a Limited Partner unit outstanding for the entire period. An individual Limited Partner's return and ratios may vary based on timing of capital transactions. The ratios are computed based on the average Limited Partners' capital, calculated for all Limited Partners as a group.

Selected per unit data			
Net asset value, beginning of year	$	4.92	
Income from investment operations[1]			
Net investment (loss)		(0.01)	
Net realized gain /(loss) and net change in unrealized appreciation / (depreciation)		(0.79)	
Investment management fee		(0.01)	
Net asset value, end of year	$	4.11	
Total return			
Total return before performance allocation		(16.46)	%
Performance allocation		0.00	
Total return after performance allocation		(16.46)	%
Ratios to average limited partners' capital			
Operating Expenses		0.72	%
Performance allocation		0.00	
Total operating expenses and performance allocation		0.72	%
Net investment (loss)		(0.41)	%

(1) Calculated using the average number of units outstanding during the year.

9. SUBSEQUENT EVENTS

The Partnership evaluated subsequent events through April 26, 2019, the date the financial statements were available to be issued and determined no events occurred that required further disclosures.

Dhandho India Zero Fee Fund, L.P.

Financial Statements
Period from October 1, 2017 (commencement of operations) through December 31, 2018

Dhandho India Zero Fee Fund, L.P.
Index
December 31, 2018

Report of Independent Auditors

To the General Partner of Dhandho India Zero Fee Fund, L.P.

We have audited the accompanying financial statements of Dhandho India Zero Fee Fund, L.P. (the “Partnership”), which comprise the statement of assets, liabilities and partners’ capital, including the condensed schedule of investments, as of December 31, 2018, and the related statements of operations and of changes in partners’ capital for the period from October 1, 2017 (commencement of operations) through December 31, 2018.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors’ Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Partnership’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Partnership’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Dhandho India Zero Fee Fund, L.P. as of December 31, 2018, and the results of its operations and changes in its partners’ capital for the period from October 1, 2017 (commencement of operations) through December 31, 2018, in accordance with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers

March 22, 2019

PricewaterhouseCoopers, 18 Forum Lane, Camana Bay, P.O. Box 258, Grand Cayman KY1-1104, Cayman Islands
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Dhandho India Zero Fee Fund, L.P.
Statement of Assets, Liabilities and Partners' Capital
December 31, 2018
(expressed in United States dollars)

Assets	
Cash	$ 5,887,893
Investments, at fair value (cost $44,931,386)	37,020,513
Other assets	90,471
Total assets	42,998,877
Liabilities	
Subscriptions received in advance	5,050,000
Redemptions payable	398,540
Accrued expenses and other liabilities	57,874
Payable for investments purchased	22,549
Total liabilities	5,528,963
Partners' capital	
Limited partners (4,700,901 units at $7.97 per unit)	37,469,914
Total partners' capital	37,469,914
Total liabilities and partners' capital	$ 42,998,877

The accompanying notes are an integral part of these financial statements.

Dhandho India Zero Fee Fund, L.P.
Statement of Operations
For the period from October 1, 2017 (commencement of operations) through December 31, 2018
(expressed in United States dollars)

Investment income	
Dividend income	$ 414,828
Interest income	74,539
Total investment income	489,367
Expenses	
Professional fees	20,250
Administration fee	55,344
Other expense	55,136
Interest expense	572
Total expenses	131,302
Net investment income	358,065
Net realized and unrealized (loss) on investments	
Net realized (loss) on investments	(331,028)
Net realized (loss) on foreign currency transactions	(63,929)
Net change in unrealized depreciation on investments	(7,910,873)
Net realized and unrealized (loss) on investments	(8,305,830)
Net decrease in partners' capital resulting from operations	$ (7,947,765)

The accompanying notes are an integral part of these financial statements.

Dhandho India Zero Fee Fund, L.P.
Statement of Changes in Partners' Capital
For the period from October 1, 2017 (commencement of operations) through December 31, 2018
(expressed in United States dollars)

	General Partner	Limited Partners	Total
Balance, October 1, 2017	$ -	$ -	-
Contributions (4,750,901 units)	-	45,816,219	45,816,219
Withdrawals (50,000 units)	-	(398,540)	(398,540)
Net decrease in partners' capital from operations	-	(7,947,765)	(7,947,765)
Balance, December 31, 2018	$ -	$ 37,469,914	$ 37,469,914

The accompanying notes are an integral part of these financial statements.

Dhandho India Zero Fee Fund, L.P.
Condensed Schedule of Investments
December 31, 2018

Number of Shares		Value as Percentage of Partners' Capital	Cost	Fair Value
	Common Stocks			
	United States			
	Semiconductor			
102,809	Micron Technologies Inc.	8.71%	$ 4,000,043	$ 3,262,130
	Total United States	8.71%	4,000,043	3,262,130
	India			
	Chemicals	2.09%	1,567,507	783,046
	Consumer Defensive			
333,248	Kaveri Seed Company Limited	7.32%	2,610,642	2,743,870
	Financial Services			
1,408,275	Edelweiss Financial Services Limited	9.81%	3,826,769	3,676,447
1,511,700	Indian Energy Exchange Limited	9.58%	3,600,379	3,591,225
216,133	Care Ratings Limited	8.15%	3,800,092	3,055,615
426,977	Repco Home Finance Limited	6.52%	3,898,142	2,441,930
	Healthcare	4.40%	3,111,180	1,648,467
	Real Estate Property Development			
486,606	The Phoenix Mills Limited	10.50%	3,561,746	3,929,532
559,041	Sunteck Realty Ltd	7.39%	3,545,165	2,770,282
669,427	Kolte-Patil Developers Limited	6.10%	3,717,866	2,286,662
	Total India	71.86%	33,239,488	26,927,076
	Sweden			
	Shipping and Ports	0.90%	379,873	338,502
	Total Sweden	0.90%	379,873	338,502
	Turkey			
	Real Estate Trusts			
9,708,257	Is Gayrimenkul Yatirim Ortakligi	5.29%	1,549,396	1,981,951
	Other	2.72%	1,031,520	1,020,178
	Total Turkey	8.01%	2,580,916	3,002,129
	United Kingdom			
	Automotive			
209,536	Fiat Chrysler Automobiles N.V.	8.09%	4,000,009	3,029,890
	Total United Kingdom	8.09%	4,000,009	3,029,890
	Total Common Stocks	97.57%	$ 44,200,329	$ 36,559,727
	Preferred Stocks			
	Korea			
	Industrial Manufacturing	1.23%	731,057	460,786
	Total Korea	1.23%	731,057	460,786
	Total Preferred Stocks	1.23%	731,057	460,786
	Total Investments	98.80%	$ 44,931,386	$ 37,020,513

The accompanying notes are an integral part of these financial statements.

1. Organization

Dhandho India Zero Fee Fund, L.P. (the "Partnership"), a Delaware limited partnership, was organized on May 17, 2017 and commenced operations on October 1, 2017. The Partnership will continue indefinitely until wound up in accordance with the provisions of the Partnership's Limited Partnership Agreement.

The Partnership seeks to earn long-term appreciation by investing at least 2/3 of its assets (at cost and exclusive of future redemptions) in marketable securities of companies that are publicly listed in India and/or have significant operations in India ("Indian Companies") or cash and cash equivalents, and up to 1/3 of its assets (at cost and exclusive of future redemptions) in marketable securities of Indian Companies and non-Indian Companies.

Dhandho Funds, LLC serves as the Partnership's General Partner (the "General Partner") and is responsible for the management of the Partnership's assets. The Partnership's investment objective is to earn long-term appreciation by investing at least 2/3 of its assets (at cost) in marketable securities of companies that are publicly listed in India and/or have significant operations in India ("Indian Companies") or in cash and cash equivalents, and up to 1/3 of its assets (at cost) in marketable securities of Indian Companies and non-Indian Companies. The Partnership may engage in any and all activities necessary or incidental to the accomplishment of the foregoing and any and all of the Partnership's activities or objectives may be modified, subject to the provisions of this Agreement, in the discretion of the General Partner.

The Partnership utilizes UBS Securities LLC ("UBS") as its principal broker-dealers and maintains its cash and investments with UBS. Additionally, the Partnership utilizes Kotak Mahindra Bank Limited and UBS Financial Services Inc. All subscriptions and proceeds from investors are received into UBS account, and all redemptions and disbursements are made from the UBS account.

The Partnership has also entered into an agreement with Liccar to perform all general administrative tasks of the Partnership, including keeping the financial records, preparation of reports to Limited Partners and approval of all disbursements.

2. Significant Accounting Policies

Method of Reporting

The Partnership's financial statements are presented in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). The General Partner has evaluated the structure, objectives and activities of the Partnership and determined that the Partnership meets the characteristics of an investment company.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from the estimates included in the financial statements.

Contingencies and Commitments
In the normal course of business, the Partnership enters into contracts that contain a variety of representations and warranties and which provide general indemnifications. The Partnership's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Partnership that have not yet occurred. However, based on experience, the General Partner expects the risk of material loss to be remote.

Security Valuation
Securities that are listed on an exchange and are freely transferable shall be valued at their last sales price on such exchange on the date of determination, or, if no sales occurred on such day, at the "bid" price on such exchange at the close of business on such day and if sold short at the "asked" price at the close of business on such day. Investments whose market quotations are not readily available are valued at fair value as determined in good faith under procedures established by the General Partner. Because of the inherent uncertainty of valuation, the estimate of fair value may differ from the values that would have been used had a ready market existed and the differences could be material. Money market funds are valued at net assets value per share, which approximates fair value. Notwithstanding the foregoing, if in the reasonable judgment of the Partnership, in its sole discretion, the listed price for any security held by the Partnership does not accurately reflect the value of such security, the Partnership may value such security at a price which is greater or less than the quoted market price for such security.

Security Transactions and Income and Expense Recognition
Investment transactions are recorded on the trade date. Income and expenses are recorded on the accrual basis and dividend income and capital gain distributions are recorded on the ex-dividend date net of foreign dividend withholding taxes. Realized gains and losses are recorded on the specific identification method.

Foreign Currency Transactions
Assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts at the year-end exchange rates. Purchases and sales of these assets and liabilities and income and expense items denominated in foreign currencies are translated into U.S. dollar amounts on the respective dates of such transactions. The Partnership does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of investments held.

Income Taxes
No provision is made in the accompanying financial statements for liabilities for federal, state or local income taxes since such liabilities are not the responsibility of the Partnership. Each partner is required to report on his/her income tax return his/her proportionate share of the items of income and deduction of the Partnership.

The Partnership executes trades on the Indian and Korean exchanges and, therefore, may be subject to taxes levied in each country. The investments in common stock traded on the Indian exchange are subject to short-term capital gains tax at 15% and, effective April 1, 2018, long-term capital gain tax at 10%. Prior to April 1, 2018 long-term capital gains were not subject to tax. For the year ended December 31, 2018, the Partnership is expecting to receive $65,606 of Indian taxes paid. The Partnership intends to hold the Indian securities for the long-term. The investments in common stock traded on the Korean exchange are subject to 22% tax on interest and dividend income. Capital gains tax is exempted if holdings are less than 25% of outstanding shares on the Korean exchange and the securities transaction is executed through Korean exchange, not the over-the-counter market. If holdings are more than 25% of outstanding shares on the Korean exchange or if the trade is executed through the over-the-counter market, a 22% standard rate or

11% of sales proceeds (including resident tax), whichever is lower, will be levied. For countries with double taxation treaties, the treaty rate prevails only if it is more favorable than the standard rate. As of December 31, 2018, $0 was accrued for these taxes.

Management has continued to evaluate the application of Accounting Standards Codification ("ASC") 740, "Income Taxes", and has determined that no reserves for uncertain tax positions were required to have been recorded as a result of the adoption of ASC 740. Open tax years are those that are open for exam by taxing authorities. As of December 31, 2018, open tax years include the tax year from October 1, 2017 (commencement of operations) through December 31, 2018. The Partnership is not aware of any examinations in progress. The Partnership has reviewed all open tax years and major jurisdictions and concluded that the adoption of these financial reporting rules resulted in no effect to the Partnership's financial position or results of operations. There is no tax liability resulting from unrecognized tax benefits relating to uncertain income tax positions taken or expected to be taken on the tax return for the fiscal year ended December 31, 2018. The Partnership is also not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefit will significantly change in the next twelve months.

Payable for investments purchased
The amount shown as a payable for investments purchased represents a net payable to brokers for unsettled purchases of securities as of December 31, 2018.

Redemptions Payable
The Partnership accounts for subscriptions, allocations and redemptions on a per share basis.

Subscriptions received in advance
Subscription received in advance represents the amount of subscriptions received in advance.

Statement of Cash Flows
The Partnership has elected not to provide a Statement of Cash Flows as permitted by the Financial Accounting Standards Board's Accounting Standards Codification (ASC) 230-10-15, "Statement of Cash Flows-Exemption of Certain Enterprises and Classification of Cash Flows from Certain Securities Acquired for Resale."

3. Fair Value Measurement

The Partnership complies with financial reporting rules that establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are as follows:

Level 1 Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Partnership has the ability to access at the measurement date;

Level 2 Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active;

Level 3 Inputs that are unobservable.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by the General Partner. The General Partner considers observable data to be that market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the General Partner's perceived risk of that instrument.

Investments whose values are based on quoted market prices in active markets, and are therefore classified within level 1, include active listed equities, and certain money market securities. The General Partner does not adjust the quoted price for such instruments, even in situations where the General Partner holds a large position and a sale could reasonably impact the quoted price.

Investments that trade in markets that are not considered to be active, but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs, are classified within level 2. These include investment-grade corporate bonds and less liquid listed equities. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

The inputs used by the General Partner in estimating the value of the level 3 investment include the original transaction price, recent transactions in the same or similar instruments, completed or pending third-party transactions in the underlying investment or comparable issuers, subsequent rounds of financing, recapitalizations and other transactions across the capital structure, offerings in the equity or debt capital markets, and changes in financial ratios or cash flows. Level 3 investments may also be adjusted to reflect illiquidity and/or non-transferability, with the amount of such discount estimated by the General Partner in the absence of market information. The fair value measurement of level 3 investments does not include transaction costs that may have been capitalized as part of the security's cost basis. Assumptions used by the General Partner due to the lack of observable inputs may significantly impact the resulting fair value and therefore the Partnership's results of operations.

For the period from October 1, 2017 (commencement of operations) through December 31, 2018, the Partnership had no investments classified within Level 3. There were no transfers in or out of either Level 1 or Level 2 as of or during that period as well.

The following table presents the financial instruments carried on the Statement of Assets and Liabilities and Partners' Capital by level:

	Assets at Fair Value as of December 31, 2018			
	Level 1	**Level 2**	**Level 3**	**Total**
Common stock	$ 36,559,727	$ -	$ -	$ 36,559,727
Preferred Stocks	460,786	-	-	460,786
	$ 37,020,513	$ -	$ -	$ 37,020,513

4. Partners' Capital

Subscriptions and Units
Each Limited Partner of the Partnership must qualify as an "accredited investor" within the meaning of Regulation D under the Securities Act of 1933 and a "qualified purchaser" as defined under the Investment Company Act of 1940. In exchange for each Partner's subscription to the Partnership, the Partnership issues Units, which represent an undivided proportionate interest in the assets and liabilities of the Partnership. Units were initially issued at $10 and are subsequently offered at Unit Value. As of any valuation date, the Unit Value is determined by dividing the Partners' Capital of the Partnership by the total number of Units outstanding. The initial investment by each Limited Partner may not be less than $1,000,000, and each additional investment may not be less than $25,000. The General Partner, in its sole discretion, reserves the right to increase the minimum investment amount as the number of Partners increases and/or to accept investments below the then applicable minimum investment amount. For the period from October 1, 2017 (commencement of operations) through December 31, 2018 the Partnership had subscriptions of $45,816,219.

Withdrawals
Subsequent to 90 days after an investor's initial investment in the Partnership, an investor may, once a year, effective December 31st, request the withdrawal of all or a portion of his Units, upon at least 60 days prior written notice to the General Partner; provided that no partial withdrawal which would reduce an investor's capital account below $100,000 will be accepted. The Partnership, in its discretion, may at any time redeem all or a portion of the Units of any investor. Withdrawals may be paid in cash or, at the discretion of the General Partner, in marketable securities of the Partnership at their fair market value. Withdrawals made with effective dates other than December 31st will be made based on the unaudited Net Asset Value as of the last business day prior to the effective date, and true-ups will be made as promptly as possible once the audited net asset value is available to the extent of any differences between the unaudited and audited net asset value. For the period from October 1, 2017 (commencement of operations) through December 31, 2018, the General Partner approved partners' withdrawal requests of $398,540 of which $398,540 was payable to investors at December 31, 2018.

Transfers
Interests are not transferable without the consent of the General Partner.

Distributions
The Partnership does not intend to make distributions of income to its Partners.

5. General Partner Allocation

The General Partner is entitled to a performance allocation equal to 25% of the amount by which the increase, if any, in the Net Asset Value Per Unit exceeds 6% on a annual basis over the "High Water Mark" in effect immediately prior to the applicable valuation date. The valuation date is defined as the last day of each fiscal quarter and the day immediately preceding the date upon which a capital contribution of the Partnership or withdrawal of capital in excess of $25,000 is made. The "High Water Mark" initially means the Net Asset Value Per Unit of $10, and is adjusted, as of each valuation date, to equal the greater of (a) the High Water Mark immediately prior to such valuation date, increased at a per annum rate of 6% or (b) the Net Asset Value Per Unit as of such valuation date.

6. Related Party

At December 31, 2018, the General Partner held no interest in the Partnership.

7. Principal Limited Partner

At December 31, 2018, no limited partners held more than 5% of the total partners' capital.

8. Risks

Market and Credit Risks

The success of any investment activity is influenced by general economic and financial conditions that may affect the level and volatility of security prices and interest rates. As recent events have demonstrated, unexpected volatility, illiquidity, governmental action, currency devaluation, or other events in the U.S. or global markets in which the Partnership may directly or indirectly hold positions could impair the Partnership's ability to carry out its business and could cause the Partnership to incur substantial losses.

The Partnership's trading activities expose the Partnership to both market risk, the risks from changes in fair value, and credit risk, the risk of failure by another party to perform according to the terms of a contract.

Market risk is the potential for changes in fair value of financial instruments from market changes, including fluctuations in market prices. Market risk is directly affected by the volatility and liquidity in the markets in which the related underlying assets are traded.

Credit risk exists from the possibility of loss from the failure of the counterparty to perform according to the terms of a contract.

The Partnership has a substantial portion of its assets on deposit with brokers in connection with its trading of certain investments and its cash management activities. In the event of a financial institution's insolvency, recovery of the Partnership assets on deposit may be limited.

Currency Risks

The Partnership invests in assets and liabilities denominated in foreign currencies which are translated into U.S. dollar amounts at the year-end exchange rates. The value of these assets and liabilities are exposed to fluctuations in the foreign currencies as compared to the US dollar.

Emerging Market Risk

Investments in securities and instruments traded in developing or emerging markets, or that provide exposure to these securities or markets, can involve additional risks relating to political, economic, or regulatory conditions not associated with investments in U.S. securities and instruments or investments in more developed international markets. For example, emerging markets may be subject to, among other risks, greater market volatility; lower trading volume and liquidity; greater social, political and economic uncertainty; governmental controls on foreign investments and limitations on repatriation of invested capital; lower disclosure, corporate governance, auditing and financial reporting standards; fewer protections of property rights; restrictions on the transfer of securities or currency; and settlement and trading practices that differ from U.S. markets and markets of more developed countries. Each of these factors may impact the ability of the Partnership to buy, sell or otherwise transfer securities, adversely affect the Partnership and cause the Partnership to decline in value.

9. Financial Highlights

Financial highlights are calculated for a Limited Partner unit outstanding for the period from October 1, 2017 through December 31, 2018. An individual Limited Partner's return and ratios may vary based on timing of capital transactions. The ratios are computed based on the average Limited Partners' capital, calculated for all Limited Partners as a group and have been annualized.

Selected per unit data		
Limited Partner unit value, beginning of period	$ 10.00	
Income from investment operations[1]		
Net investment income / (loss)	0.08	
Net realized gain/(loss) and net change in unrealized appreciation/(depreciation)	(2.11)	
Performance allocation	-	
Limited Partner unit value, end of period	$ 7.97	
Total return		
Total return before performance allocation	(20.29)	%
Performance allocation	-	
Total return after performance allocation	(20.29)	%
Ratios to average limited partners' capital		
Operating Expenses	0.37	%
Performance allocation	-	%
Total operating expenses and performance allocation	0.37	%
Net investment gain	1.00%	%

(1) Calculated using the average number of units outstanding during the period.

10. Subsequent Events

The Partnership has evaluated subsequent events through the issuance of the Partnership's financial statements on March 22, 2019.

From January 1, 2019 through March 22, 2019 the Partnership received capital contributions of approximately $6,854,018 of which $5,050,000 was received in advanced.

Dhandho India Zero Fee Fund Offshore Ltd.

Financial Statements
December 31, 2018

Dhandho India Zero Fee Fund Offshore Ltd.
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December 31, 2018

Report of Independent Auditors

To the Board of Directors of Dhandho India Zero Fee Fund Offshore Ltd.

We have audited the accompanying financial statements of Dhandho India Zero Fee Fund Offshore Ltd. (the "Fund"), which comprise the statement of assets and liabilities, including the condensed schedule of investments, as of December 31, 2018, and the related statements of operations and of changes in net assets for the year then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Fund's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Dhandho India Zero Fee Fund Offshore Ltd. as of December 31, 2018, and the results of its operations and changes in its net assets for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers

March 22, 2019

PricewaterhouseCoopers, 18 Forum Lane, Camana Bay, P.O. Box 258, Grand Cayman KY1-1104, Cayman Islands
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Dhandho India Zero Fee Fund Offshore Ltd.
Statement of Assets and Liabilities
December 31, 2018
(expressed in United States dollars)

Assets		
Cash	$	1,517,910
Investments, at fair value (cost $33,836,669)		28,009,692
Other assets		114,900
Total assets		29,642,502
Liabilities		
Subscriptions received in advance		1,344,649
Accrued expenses		38,518
Other liabilities		35,896
Payable for investments purchased		5,473
Total liabilities		1,424,536
Net assets	$	28,217,966
Net assets consist of:		
Management shares (100 authorized; 100 issued and outstanding)	$	1
Shares (3,517,856 issued and outstanding)		28,217,965
Total net assets	$	28,217,966
Net asset value per share	$	8.02

The accompanying notes are an integral part of these financial statements.

Dhandho India Zero Fee Fund Offshore Ltd.
Statement of Operations
Year Ended December 31, 2018
(expressed in United States dollars)

Investment income		
Dividend income (net of withholding tax of $10,928)	$	258,205
Interest income		49,883
Total investment income		308,088
Expenses		
Professional fees		21,000
Administration fee		29,000
Other expense		48,238
Interest expense		125
Total expenses		98,363
Net investment income		209,725
Net realized and unrealized gain (loss) on investments		
Net realized gain on investments		19,643
Net realized (loss) on foreign currency transactions		(48,023)
Net change in unrealized depreciation on investments		(5,874,975)
Net realized and unrealized gain (loss) on investments		(5,903,355)
Net decrease in net assets resulting from operations	$	(5,693,630)

The accompanying notes are an integral part of these financial statements.

Dhandho India Zero Fee Fund Offshore Ltd.
Statement of Changes in Net Assets
Year Ended December 31, 2018
(expressed in United States dollars)

Decrease in net assets from operations	
Net investment income	$ 209,725
Net realized gain on investments	19,643
Net realized (loss) on foreign currency transactions	(48,023)
Net change in unrealized depreciation on investments	(5,874,975)
Net decrease in net assets resulting from operations	(5,693,630)
Capital transactions	
Subscriptions of common shares (2,789,292 shares)	26,533,194
Redemptions of common shares (51,925 shares)	(464,733)
Net change in net assets resulting from capital transactions	26,068,461
Net increase in net assets for the year	20,374,831
Net assets at:	
Beginning of year	7,843,135
End of year	$ 28,217,966

The accompanying notes are an integral part of these financial statements.

Dhandho India Zero Fee Fund Offshore Ltd.
Condensed Schedule of Investments
December 31, 2018

Number of Shares		Value as Percentage of Net Assets	Cost	Fair Value
	Common Stocks			
	United States			
	Semiconductor			
76,690	Micron Technologies Inc.	8.62%	3,000,008	2,433,373
	Total United States	8.62%	3,000,008	2,433,373
	India			
	Chemicals	2.04%	1,155,000	576,979
	Consumer Defensive			
289,612	Kaveri Seed Company Limited	8.45%	2,263,912	2,384,584
	Financial Services			
1,177,800	Indian Energy Exchange Limited	9.92%	2,804,173	2,798,005
1,066,725	Edelweiss Financial Services Limited	9.87%	2,898,660	2,784,796
169,665	Care Ratings Limited	8.50%	3,000,436	2,398,667
331,369	Repco Home Finance Limited	6.72%	3,000,710	1,895,137
	Healthcare	4.15%	2,208,812	1,171,048
	Real Estate Property Development			
365,594	The Phoenix Mills Limited	10.46%	2,675,990	2,952,314
399,459	Sunteck Realty Ltd	7.01%	2,556,062	1,979,486
529,115	Kolte-Patil Developers Limited	6.41%	2,853,157	1,807,377
	Total India	73.53%	25,416,912	20,748,393
	Sweden			
	Shipping and Ports	0.93%	294,728	262,635
	Total Sweden	0.93%	294,728	262,635
	Turkey			
	Real Estate Trusts			
7,470,088	Is Gayrimenkul Yatirim Ortakligi	5.40%	1,191,762	1,525,026
	Other	1.36%	394,495	384,759
	Total Turkey	6.76%	1,586,257	1,909,785
	United Kingdom			
	Automotive			
164,371	Fiat Chrysler Automobiles N.V.	8.43%	3,100,004	2,376,805
	Total United Kingdom	8.43%	3,100,004	2,376,805
	Total Common Stocks	98.27%	$ 33,397,909	$ 27,730,991
	Preferred Stocks			
	Korea			
	Industrial Manufacturing	0.99%	438,760	278,701
	Total Korea	0.99%	438,760	278,701
	Total Preferred Stocks	0.99%	$ 438,760	$ 278,701
	Total Investments	99.26%	$ 33,836,669	$ 28,009,692

The accompanying notes are an integral part of these financial statements.

1. Organization

Dhandho India Zero Fee Fund Offshore Ltd. (the "Fund"), a British Virgin Islands Corporation, was organized on June 1, 2017 and commenced operations on October 1, 2017. The Fund will continue indefinitely until wound up in accordance with the provisions of the Fund's Articles of Association.

The Fund has been recognized as a professional fund under the Securities and Investment Business Act, (British Virgin Islands) (the "Funds Act"). The shares of a "professional fund" as defined in the Funds Act may be made available (including issued or transferred) to persons who are "professional investors" within the meaning of the Funds Act and on the basis that investment in the Fund by each investor is not less than $100,000.

Dhandho Funds, LLC serves as the Fund's Investment Manager (the "Investment Manager") and is responsible for the management of the Fund's assets. The Fund will seek to earn long-term appreciation by investing at least 2/3 of its assets (at cost and exclusive of future redemptions) in marketable securities of companies that are publicly listed in India and/or have significant operations in India ("Indian Companies") or cash and cash equivalents, and up to 1/3 of its assets (at cost and exclusive of future redemptions) in marketable securities of Indian Companies and non-Indian Companies.

The Fund utilizes UBS Securities LLC ("UBS") as its principal broker-dealers and maintains its cash and investments with UBS. Additionally, the Fund utilizes Kotak Mahindra Bank Limited and UBS Financial Services Inc. All subscriptions and proceeds from investors are received into UBS account, and all redemptions and disbursements are made from the UBS account.

The Fund has also entered into an agreement with Liccar to perform all general administrative tasks of the Fund, including keeping the financial records, preparation of reports to shareholders and approval of all disbursements.

2. Significant Accounting Policies

Method of Reporting

The Fund's financial statements are presented in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). The Investment Manager has evaluated the structure, objectives and activities of the Fund and determined that the Fund meets the characteristics of an investment company.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from the estimates included in the financial statements.

Contingencies and Commitments

In the normal course of business, the Fund enters into contracts that contain a variety of representations and warranties and which provide general indemnifications. The Fund's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Fund that have not yet occurred. However, based on experience, the Investment Manager expects the risk of material loss to be remote.

Security Valuation
Securities that are listed on an exchange and are freely transferable shall be valued at their last sales price on such exchange on the date of determination, or, if no sales occurred on such day, at the "bid" price on such exchange at the close of business on such day and if sold short at the "asked" price at the close of business on such day. Investments whose market quotations are not readily available are valued at fair value as determined in good faith under procedures established by the Investment Manager. Because of the inherent uncertainty of valuation, the estimate of fair value may differ from the values that would have been used had a ready market existed and the differences could be material. Money market funds are valued at net assets value per share, which approximates fair value. Notwithstanding the foregoing, if in the reasonable judgment of the Fund, in its sole discretion, the listed price for any security held by the Fund does not accurately reflect the value of such security, the Fund may value such security at a price which is greater or less than the quoted market price for such security.

Security Transactions and Income and Expense Recognition
Investment transactions are recorded on the trade date. Income and expenses are recorded on the accrual basis and dividend income and capital gain distributions are recorded on the ex-dividend date net of foreign dividend withholding taxes. Realized gains and losses are recorded on the specific identification method.

Foreign Currency Transactions
Assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts at the year-end exchange rates. Purchases and sales of these assets and liabilities and income and expense items denominated in foreign currencies are translated into U.S. dollar amounts on the respective dates of such transactions. The Fund does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of investments held.

Income Taxes
The Fund has conducted and intends to conduct its operations so that it will not be engaged in a United States trade or business and, therefore, will not be subject to United States federal income tax on its net income from United States sources, except for United States withholding tax at a 30% rate on United States source dividend income received. Generally, there is no withholding on portfolio interest income and capital gains derived from United States securities.

The Fund executes trades on the Indian and Korean exchanges and, therefore, may be subject to taxes levied in each country. The investments in common stock traded on the Indian exchange are subject to short-term capital gains tax at 15% and, effective April 1, 2018, long-term capital gain tax at 10%. Prior to April 1, 2018 long-term capital gains were not subject to tax. For the year ended December 31, 2018, the Fund is expecting to receive $73,151 of Indian taxes paid. The Fund intends to hold the Indian securities for the long-term. The investments in common stock traded on the Korean exchange are subject to 22% tax on interest and dividend income. Capital gains tax is exempted if holdings are less than 25% of outstanding shares on the Korean exchange and the securities transaction is executed through Korean exchange, not the over-the-counter market. If holdings are more than 25% of outstanding shares on the Korean exchange or if the trade is executed through the over-the-counter market, a 22% standard rate or 11% of sales proceeds (including resident tax), whichever is lower, will be levied. For countries with double taxation treaties, the treaty rate prevails only if it is more favorable than the standard rate. As of December 31, 2018, $0 was accrued for these taxes.

Under the current British Virgin Islands legislation, the Fund is not required to pay taxes in the British Virgin Islands on income or capital gains. Because the Fund is not subject to taxation in the British Virgin Islands and it is management's opinion that its method of operations does not result in its being subject to income taxes, no provision for taxes has been made in these financial statements.

Management has continued to evaluate the application of Accounting Standards Codification ("ASC") 740, "Income Taxes", and has determined that no reserves for uncertain tax positions were required to have been recorded as a result of the adoption of ASC 740. Open tax years are those that are open for exam by taxing authorities. As of December 31, 2018, open tax years include the tax year from October 1, 2017 (commencement of operations) through December 31, 2018. The Fund is not aware of any examinations in progress. The Fund has reviewed all open tax years and major jurisdictions and concluded that the adoption of these financial reporting rules resulted in no effect to the Fund's financial position or results of operations. There is no tax liability resulting from unrecognized tax benefits relating to uncertain income tax positions taken or expected to be taken on the tax return for the fiscal year ended December 31, 2018.

Payable for investments purchased
The amount shown as a payable for investments purchased represents a net payable to brokers for unsettled purchases of securities as of December 31, 2018.

Redemptions Payable
The Fund accounts for subscriptions, allocations and redemptions on a per share basis.

Subscriptions received in advance
Subscription received in advance represents the amount of subscription received in advance.

Statement of Cash Flows
The Fund has elected not to provide a Statement of Cash Flows as permitted by the Financial Accounting Standards Board's Accounting Standards Codification (ASC) 230-10-15, "Statement of Cash Flows-Exemption of Certain Enterprises and Classification of Cash Flows from Certain Securities Acquired for Resale."

3. Fair Value Measurement

The Fund complies with financial reporting rules that establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are as follows:

Level 1 Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Fund has the ability to access at the measurement date;

Level 2 Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active;

Level 3 Inputs that are unobservable.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by the Investment Manager. The Investment Manager considers observable data to be that market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the Investment Manager's perceived risk of that instrument.

Investments whose values are based on quoted market prices in active markets, and are therefore classified within level 1, include active listed equities, and certain money market securities. The Investment Manager does not adjust the quoted price for such instruments, even in situations where the Investment Manager holds a large position and a sale could reasonably impact the quoted price.

Investments that trade in markets that are not considered to be active, but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs, are classified within level 2. These include investment-grade corporate bonds and less liquid listed equities. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

The inputs used by the Investment Manager in estimating the value of the level 3 investment include the original transaction price, recent transactions in the same or similar instruments, completed or pending third-party transactions in the underlying investment or comparable issuers, subsequent rounds of financing, recapitalizations and other transactions across the capital structure, offerings in the equity or debt capital markets, and changes in financial ratios or cash flows. Level 3 investments may also be adjusted to reflect illiquidity and/or non-transferability, with the amount of such discount estimated by the Investment Manager in the absence of market information. The fair value measurement of level 3 investments does not include transaction costs that may have been capitalized as part of the security's cost basis. Assumptions used by the Investment Manager due to the lack of observable inputs may significantly impact the resulting fair value and therefore the Fund's results of operations.

For the year ended December 31, 2018, the Fund had no investments classified within Level 3. There were no transfers in or out of either Level 1 or Level 2 for the year ended December 31, 2018 as well.

The following table presents the financial instruments carried on the Statement of Assets and Liabilities by level:

	Assets at Fair Value as of December 31, 2018			
	Level 1	**Level 2**	**Level 3**	**Total**
Common stocks	$ 27,730,991	$ -	$ -	$ 27,730,991
Preferred stocks	278,701	-	-	278,701
	$ 28,009,692	$ -	$ -	$ 28,009,692

4. Share Capital

Non-Voting Common Shares
The Fund is authorized to issue an unlimited number of non-voting shares without a par value (the "Shares"). The Shares were offered at an initial price of $10 per share, and are thereafter offered at the then net asset value of such shares. The Shares have no voting rights, but do participate in all profits and losses of the Fund, including net changes in unrealized appreciation or depreciation of investments and realized investment gains or losses and income and expense (including the investment management fee as described in Note 5). Such profits and losses are generally allocated at least annually and each time new Shares are issued and redeemed.

The net asset value of a Share is determined by dividing the net assets attributable to the Shares by the total number of Shares outstanding.

The initial investment by each investor may not be less than $1,000,000. The Investment Manager may, at its discretion, allow initial investments of lower amounts but not less than the statutory minimum, currently $100,000 for initial subscription. Minimum additional amounts are determined by the Investment Manager at its discretion.

Management Shares
The Fund has authorized 100 shares of voting, non-participating Management Shares without par value. The Management Shares, which are the sole voting shares, are not entitled to participate in any profits or income of the Fund. The Management Shares are redeemable at $0.01 and are owned by the Investment Manager.

Redemptions
Subsequent to 90 days after an investor's initial investment in the Fund, an investor may, annually, effective on the December 31, request the redemption of all or a portion of his Shares, upon at least 60 days prior written notice to the Investment Manager; provided that no partial withdrawal which would reduce an investor's capital account below $100,000 will be accepted. The Fund, in its discretion, may at any time redeem all or a portion of the Shares of any investor. Redemptions may be paid in cash or, at the discretion of the Investment Manager, in marketable securities of the Fund at their fair market value. Redemptions made with effective dates other than December 31st will be made based on the unaudited Net Asset Value as of the last business day prior to the effective date, and true-ups will be made as promptly as possible once the audited net asset value is available to the extent of any differences between the unaudited and audited net asset value.

Transfers
Interests are not transferable without the consent of the Investment Manager.

Distributions
The Fund does not intend to make distributions of income to its Shareholders.

5. Investment Management Fee

An investment management fee will be payable to the Investment Manager from time to time, but no less frequently than quarterly, in an amount equal to 25% of the amount by which the increase, if any, in the net asset value of the Fund at the time such investment management fee becomes payable exceeds 1.5%, on a quarterly basis, of the net asset value of the Fund at the time such investment management fee was most recently paid to the Investment Manager, except that no investment management fee will be paid unless at the time such investment management fee becomes payable the net asset value of a Share is at its historic highest value after giving effect to distributions, if any, to investors by the Fund and any share split or share dividends with respect to Shares of the Fund. For the year ended December 31, 2018, the Investment Manager did not earn any investment management fee.

An Investment Management Fee will become payable to the Investment Manager on the last day of each quarter and on the final trading day immediately preceding (i) any investment in Shares of the Fund by a new or existing investor and (ii) any redemption by an investor of all or any portion of such investor’s Shares of the Fund (or transfer of ownership of such investor’s Shares of the Fund not solicited by the Investment Manager).

6. Principal Shareholders

At December 31, 2018, two shareholders held approximately 29.86% of the net asset value of the total Common Shares issued.

7. Risks

Market and Credit Risks

The success of any investment activity is influenced by general economic and financial conditions that may affect the level and volatility of security prices and interest rates. As recent events have demonstrated, unexpected volatility, illiquidity, governmental action, currency devaluation, or other events in the U.S. or global markets in which the Fund may directly or indirectly hold positions could impair the Fund's ability to carry out its business and could cause the Fund to incur substantial losses.

The Fund’s trading activities expose the Fund to both market risk, the risks from changes in fair value, and credit risk, the risk of failure by another party to perform according to the terms of a contract.

Market risk is the potential for changes in fair value of financial instruments from market changes, including fluctuations in market prices. Market risk is directly affected by the volatility and liquidity in the markets in which the related underlying assets are traded.

Credit risk exists from the possibility of loss from the failure of the counterparty to perform according to the terms of a contract.

The Fund has a substantial portion of its assets on deposit with brokers in connection with its trading of certain investments and its cash management activities. In the event of a financial institution’s insolvency, recovery of the Fund assets on deposit may be limited.

Currency Risks

The Fund invests in assets and liabilities denominated in foreign currencies which are translated into U.S. dollar amounts at the year-end exchange rates. The value of these assets and liabilities are exposed to fluctuations in the foreign currencies as compared to the US dollar.

Emerging Market Risk

Investments in securities and instruments traded in developing or emerging markets, or that provide exposure to these securities or markets, can involve additional risks relating to political, economic, or regulatory conditions not associated with investments in U.S. securities and instruments or investments in more developed international markets. For example, emerging markets may be subject to, among other risks, greater market volatility; lower trading volume and liquidity; greater social, political and economic uncertainty; governmental controls on foreign investments and limitations on repatriation of invested capital; lower disclosure, corporate governance, auditing and financial reporting standards; fewer protections of property rights; restrictions on the transfer of securities or currency; and settlement and trading practices that differ from U.S. markets and markets of more developed countries. Each of these factors may impact the ability of the Fund to buy, sell or otherwise transfer securities, adversely affect the Fund and cause the Fund to decline in value.

8. Financial Highlights

Financial highlights are calculated for a Share outstanding for the year ended December 31, 2018. An individual investor's return and ratios may vary based on the timing of capital transactions. Ratios are computed based on average monthly net assets.

	Common Shares
Selected per share data	
Net asset value, begining of year	$ 10.05
Income from investment operations[1]	
Net investment income	0.09
Net realized gain/(loss) and unrealized appreciation/(depreciation) on investments	(2.12)
Net asset value, end of year	$ 8.02
Total return	
Total return before management fees	(20.18) %
Management fees	-
Total return after management fees	(20.18) %
Ratios to average net assets	
Operating expenses	0.46 %
Management Fees	- %
Total operating expenses and management fees	0.46 %
Net investment gain	0.98 %

(1) Calculated using the average number of shares outstanding during the year.

9. Subsequent Events

The Fund has evaluated subsequent events through the issuance of the Fund's financial statements on March 22, 2019.

From January 1, 2019 through March 22, 2019 the Fund received capital contributions of approximately $2,975,534 of which $1,344,649 was received in advance.

Dhandho Junoon LP

Financial Statements
For the Year Ended December 31, 2018

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Report of Independent Auditors

To the General Partner of Dhandho Junoon LP

We have audited the accompanying financial statements of Dhandho Junoon LP (the "Partnership"), which comprise the statement of assets, liabilities and partners' capital, including the condensed schedule of investments, as of December 31, 2018, and the related statements of operations and of changes in partners' capital for the year then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Partnership's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Dhandho Junoon LP as of December 31, 2018, and the results of its operations and changes in its partners' capital for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers

March 22, 2019

PricewaterhouseCoopers, 18 Forum Lane, Camana Bay, P.O. Box 258, Grand Cayman KY1-1104, Cayman Islands
T: +1 (345) 949 7000, F: +1 (345) 949 7352, www.pwc.com/ky

Dhandho Junoon LP
Statement of Assets, Liabilities and Partners' Capital
December 31, 2018
(expressed in United States dollars)

Assets	
Cash	$ 659,218
Investments, at fair value (cost $10,988,707)	9,188,596
Dividends receivable	14,884
Other assets	45,507
Total assets	9,908,205
Liabilities	
Subscriptions received in advance	600,000
Withdrawals payable	546,875
Other liabilities	43,268
Accrued expenses and other liabilities	26,571
Total liabilities	1,216,714
Partners' capital	
General partner (13,780 units at $10.94 per unit)	150,719
Limited partners (780,871 units at $10.94 per unit)	8,540,772
Total partners' capital	8,691,491
Total liabilities and partners' capital	$ 9,908,205

The accompanying notes are an integral part of these financial statements.

Dhandho Junoon LP
Statement of Operations
For the year ended December 31, 2018
(expressed in United States dollars)

Investment income	
Dividend income (net of withholding tax of $3,271)	$ 124,269
Interest income	265
Total investment income	124,534
Expenses	
Professional fees	16,500
Administration fee	30,000
Other expense	20,970
Total expenses	67,470
Net investment income	57,064
Net realized and unrealized gain/(loss) on investments	
Net realized gain on investments	942,638
Net change in unrealized (loss) on investments	(2,843,530)
Net realized and unrealized gain/(loss) on investments	(1,900,892)
Net decrease in partners' capital resulting from operations	$ (1,843,828)

The accompanying notes are an integral part of these financial statements.

Dhandho Junoon LP
Statement of Changes in Partners' Capital
For the year ended December 31, 2018
(expressed in United States dollars)

	General Partner	Limited Partners	Total
Balance, January 1, 2018	$ 142,426	$ 5,689,768	5,832,194
Contributions (394,896 units)	-	5,250,000	5,250,000
Withdrawals (50,000 units)	-	(546,875)	(546,875)
Net decrease in partners' capital from operations	(29,700)	(1,814,128)	(1,843,828)
Performance allocation to General Partner	-	(37,993)	(37,993)
Reinvestment of performance allocation (2,867 units)	37,993	-	37,993
Balance, December 31, 2018	$ 150,719	$ 8,540,772	$ 8,691,491

The accompanying notes are an integral part of these financial statements.

Dhandho Junoon LP
Condensed Schedule of Investments
December 31, 2018

Number of Shares		Value as Percentage of Partners' Capital	Cost	Fair Value
	Common Stocks			
	United States			
	Consumer Discretionary			
2,694	Domino's Pizza Inc.	7.68%	$ 636,460	$ 668,085
20,644	Pulte Group Inc.	6.17%	586,502	536,538
7,088	Marriott Vacations Worldwide Corporation	5.75%	760,429	499,775
8,110	Altaba Inc.	5.41%	512,077	469,893
	Other*	9.01%	1,166,929	783,922
	Financials			
31,295	Enova International Inc.	7.01%	619,641	609,001
8,707	Discover Financial Services Inc.	5.91%	609,882	513,539
	Other	4.53%	605,948	393,415
	Industrials			
35,400	Terex Corp	11.22%	1,038,104	975,978
	Other	3.04%	384,452	264,333
	Information Technology			
22,858	Corning Inc.	7.95%	624,479	690,540
8,740	Science Applications International Corporation	6.41%	667,871	556,738
	Other*	7.52%	836,864	653,236
	Materials	4.78%	654,825	415,033
	Total United States	92.39%	9,704,463	8,030,026
	Canada			
	Consumer Discretionary	3.79%	387,066	329,647
	Total Canada	3.79%	387,066	329,647
	China			
	Consumer Discretionary			
74,623	BYD Co. LTD Ser H	5.48%	522,525	476,020
	Total China	5.48%	522,525	476,020
	The Netherlands			
	Financials	0.69%	71,853	59,886
	Total The Netherlands	0.69%	71,853	59,886
	United Kingdom			
	Consumer Discretionary	3.37%	302,800	293,017
	Total United Kingdom	3.37%	302,800	293,017
	Total Common Stocks	105.72%	$ 10,988,707	$ 9,188,596

* No one security represents greater than 5%.

The accompanying notes are an integral part of these financial statements.

1. Organization

Dhandho Junoon LP (the "Partnership"), a Delaware limited partnership, was organized on April 18, 2016 and commenced operations on July 1, 2016. The Partnership will continue indefinitely until wound up in accordance with the provisions of the Partnership's Limited Partnership Agreement.

Dhandho Funds, LLC serves as the Partnership's General Partner (the "General Partner") and is responsible for the management of the Partnership's assets. The Partnership will seek to earn above market returns and long-term appreciation by investing in common equity securities pursuant to a rules-based algorithm named the Dhandho Junoon Algorithm (the "Algorithm"). The General Partner reserves the right to modify any and all parameters of the Algorithm no more frequently than on a quarterly basis. Since the launch of the fund, the Investment Manager has reduced the number of stocks from 100 to 23.

The Partnership utilizes UBS Financial Services Inc. ("UBS") as its principal broker-dealer and maintains its cash and investments with UBS. All subscriptions and proceeds from investors are received into the Northbrook Bank & Trust – Wintrust Funds Group ("Wintrust") account, and all redemptions and disbursements are made from the Wintrust account.

The Partnership has also entered into an agreement with Liccar to perform all general administrative tasks of the Partnership, including keeping the financial records, preparation of reports to Limited Partners and approval of all disbursements.

2. Significant Accounting Policies

Method of Reporting

The Partnership's financial statements are presented in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). The General Partner has evaluated the structure, objectives and activities of the Partnership and determined that the Partnership meets the characteristics of an investment company.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from the estimates included in the financial statements.

Contingencies and Commitments

In the normal course of business, the Partnership enters into contracts that contain a variety of representations and warranties and which provide general indemnifications. The Partnership's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Partnership that have not yet occurred. However, based on experience, the General Partner expects the risk of material loss to be remote.

Security Valuation

Securities that are listed on an exchange and are freely transferable shall be valued at their last sales price on such exchange on the date of determination, or, if no sales occurred on such day, at the "bid" price on such exchange at the close of business on such day and if sold short at the "asked" price at the close of business on such day. Investments whose market quotations are not readily available are valued at fair value as determined in good faith under procedures established by the General Partner. Because of the inherent uncertainty of valuation, the estimate of fair value may differ from the values that would have been used had a ready market existed and the differences could be material. Money market funds are valued at net assets value per share, which approximates fair value. Notwithstanding the foregoing, if in the reasonable judgment of the Partnership, in its sole discretion, the listed price for any security held by the Partnership does not accurately reflect the value of such security, the Partnership may value such security at a price which is greater or less than the quoted market price for such security.

Security Transactions and Income and Expense Recognition
Investment transactions are recorded on the trade date. Income and expenses are recorded on the accrual basis and dividend income and capital gain distributions are recorded on the ex-dividend date net of foreign dividend withholding taxes. Realized gains and losses are recorded on the specific identification method.

Foreign Currency Transactions
Assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts at the year-end exchange rates. Purchases and sales of these assets and liabilities and income and expense items denominated in foreign currencies are translated into U.S. dollar amounts on the respective dates of such transactions. The Partnership does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of investments held.

Income Taxes
No provision is made in the accompanying financial statements for liabilities for federal, state or local income taxes since such liabilities are not the responsibility of the Partnership. Each partner is required to report on his/her income tax return his/her proportionate share of the items of income and deduction of the Partnership.

Management has continued to evaluate the application of Accounting Standards Codification ("ASC") 740, "Income Taxes", and has determined that no reserves for uncertain tax positions were required to have been recorded as a result of the adoption of ASC 740. Open tax years are those that are open for exam by taxing authorities. As of December 31, 2018, open tax years include the tax year from July 1, 2016 (commencement of operations) through December 31, 2018. The Partnership is not aware of any examinations in progress. The Partnership has reviewed all open tax years and major jurisdictions and concluded that the adoption of these financial reporting rules resulted in no effect to the Partnership's financial position or results of operations. There is no tax liability resulting from unrecognized tax benefits relating to uncertain income tax positions taken or expected to be taken on the tax return for the fiscal year ended December 31, 2018. The Partnership is also not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefit will significantly change in the next twelve months.

Redemptions Payable
The Partnership accounts for subscriptions, allocations and redemptions on a per share basis.

Subscriptions received in advance
Subscription received in advance represents the amount of subscriptions received in advance.

Statement of Cash Flows
The Partnership has elected not to provide a Statement of Cash Flows as permitted by the Financial Accounting Standards Board's Accounting Standards Codification (ASC) 230-10-15,

"Statement of Cash Flows-Exemption of Certain Enterprises and Classification of Cash Flows from Certain Securities Acquired for Resale."

3. Fair Value Measurement

The Partnership complies with financial reporting rules that establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are as follows:

Level 1 Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Partnership has the ability to access at the measurement date;

Level 2 Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active;

Level 3 Inputs that are unobservable.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by the General Partner. The General Partner considers observable data to be that market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the General Partner's perceived risk of that instrument.

Investments whose values are based on quoted market prices in active markets, and are therefore classified within level 1, include active listed equities, and certain money market securities. The General Partner does not adjust the quoted price for such instruments, even in situations where the General Partner holds a large position and a sale could reasonably impact the quoted price.

Investments that trade in markets that are not considered to be active, but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs, are classified within level 2. These include investment-grade corporate bonds and less liquid listed equities. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

The inputs used by the General Partner in estimating the value of the level 3 investment include the original transaction price, recent transactions in the same or similar instruments, completed or pending third-party transactions in the underlying investment or comparable issuers, subsequent rounds of financing, recapitalizations and other transactions across the capital structure, offerings in the equity or debt capital markets, and changes in financial ratios or cash flows. Level 3 investments may also be adjusted to reflect illiquidity and/or non-transferability, with the amount of such discount estimated by the General Partner in the absence of market information. The fair value measurement of level 3 investments does not include transaction costs that may have been capitalized as part of the security's cost basis. Assumptions used by the General Partner due to the lack of observable inputs may significantly impact the resulting fair value and therefore the Partnership's results of operations.

For the year ended December 31, 2018, the Partnership had no investments classified within Level 3. There were no transfers in or out of either Level 1 or Level 2 during year ended December 31, 2018 as well.

The following table presents the financial instruments carried on the Statement of Assets and Liabilities and Partners' Capital by level:

	Assets at Fair Value as of December 31, 2018			
	Level 1	**Level 2**	**Level 3**	**Total**
Common stock	$ 9,188,596	$ -	$ -	$ 9,188,596
	$ 9,188,596	$ -	$ -	$ 9,188,596

4. Partners' Capital

Subscriptions and Units

Each Limited Partner of the Partnership must qualify as an "accredited investor" within the meaning of Regulation D under the Securities Act of 1933 and a "qualified purchaser" as defined under the Investment Company Act of 1940. In exchange for each Partner's subscription to the Partnership, the Partnership issues Units, which represent an undivided proportionate interest in the assets and liabilities of the Partnership. Units were initially issued at $10 and are subsequently offered at Unit Value. As of any valuation date, the Unit Value is determined by dividing the Partners' Capital of the Partnership by the total number of Units outstanding. The initial investment by each Limited Partner may not be less than $1,000,000, and each additional investment may not be less than $25,000. The General Partner, in its sole discretion, reserves the right to increase the minimum investment amount as the number of Partners increases and/or to accept investments below the then applicable minimum investment amount. For the year ended December 31, 2018 the Partnership had subscriptions of $5,250,000.

Withdrawals

Subsequent to 90 days after an investor's initial investment in the Partnership, an investor may, once a quarter, effective on the last day of the corresponding quarter, request the withdrawal of all or a portion of his Shares, upon at least 60 days prior written notice to the General Partner; provided that no partial withdrawal which would reduce an investor's capital account below $100,000 will be accepted. The Partnership, in its discretion, may at any time withdraw all or a portion of the Shares of any investor. Withdrawal may be paid in cash or, at the discretion of the General Partner, in marketable securities of the Partnership at their fair market value. Withdrawals made with effective dates other than December 31st will be made based on the unaudited Net Asset Value as of the last business day prior to the effective date, and true-ups will be made as promptly as possible once the audited net asset value is available to the extent of any differences between the unaudited and audited net asset value. For the year ended December 31, 2018, the General Partner approved partners' withdrawal requests of $546,875 of which $546,875 was paid out subsequent to year–end.

Transfers

Interests are not transferable without the consent of the General Partner.

Distributions
The Partnership does not intend to make distributions of income to its Partners.

5. General Partner Allocation

The General Partner is entitled to a performance allocation equal to 25% of the amount by which the increase, if any, in the Net Asset Value Per Unit exceeds 1.5% on a quarterly basis over the "High Water Mark" in effect immediately prior to the applicable valuation date. The valuation date is defined as the last day of each fiscal quarter and the day immediately preceding the date upon which a capital contribution of the Partnership or withdrawal of capital in excess of $25,000 is made. The "High Water Mark" initially means the Net Asset Value Per Unit of $10, and is adjusted, as of each valuation date, to equal the greater of (a) the High Water Mark immediately prior to such valuation date, increased at a per annum rate of 6% or (b) the Net Asset Value Per Unit as of such valuation date.

During the year ended December 31, 2018 the General Partner earned a performance allocation of $37,993, which it has elected to reinvest in the Partnership. As the allocation was earned, additional units were issued at the then Net Asset Value Per Unit.

6. Related Party

At December 31, 2018, the General Partner held approximately 2% of the net asset value of the total equity.

7. Principal Limited Partner

At December 31, 2018, three limited partners held 43% of the total partners' capital.

8. Risks

Market and Credit Risks
The success of any investment activity is influenced by general economic and financial conditions that may affect the level and volatility of security prices and interest rates. As recent events have demonstrated, unexpected volatility, illiquidity, governmental action, currency devaluation, or other events in the U.S. or global markets in which the Partnership may directly or indirectly hold positions could impair the Partnership's ability to carry out its business and could cause the Partnership to incur substantial losses.

The Partnership's trading activities expose the Partnership to both market risk, the risks from changes in fair value, and credit risk, the risk of failure by another party to perform according to the terms of a contract.

Market risk is the potential for changes in fair value of financial instruments from market changes, including fluctuations in market prices. Market risk is directly affected by the volatility and liquidity in the markets in which the related underlying assets are traded.

Credit risk exists from the possibility of loss from the failure of the counterparty to perform according to the terms of a contract.

The Partnership has a substantial portion of its assets on deposit with brokers in connection with its trading of certain investments and its cash management activities. In the event of a financial institution's insolvency, recovery of the Partnership assets on deposit may be limited.

Currency Risks

The Partnership invests in assets and liabilities denominated in foreign currencies which are translated into U.S. dollar amounts at the year-end exchange rates. The value of these assets and liabilities are exposed to fluctuations in the foreign currencies as compared to the US dollar.

Algorithm Risks

The Partnership's investments are driven largely through investment decisions generated by a rules-based algorithm. This differs from a traditional "actively managed fund." As a result, the Partnership will generally hold constituent securities identified by the Algorithm regardless of the current or projected performance of a specific security or a particular industry or market sector. Maintaining investments in securities regardless of market conditions or the performance of individual securities could cause the Partnership's return to be lower than if the Partnership employed a traditional active strategy. Furthermore, limited historical performance is available for the Algorithm and the Partnership. The General Partner reserves the right to modify any and all parameters of the Algorithm on a quarterly basis. While the General Partner will not intentionally make any modifications that it believes will adversely impact the performance of the Algorithm and/or the Partnership, no assurances can be given that some or all of the modifications made by the General Partner will not turn out to adversely (or materially adversely) impact the performance of the Algorithm and/or the Partnership.

9. Financial Highlights

Financial highlights are calculated for a Limited Partner unit outstanding for the year ended December 31, 2018. An individual Limited Partner's return and ratios may vary based on timing of capital transactions. The ratios are computed based on the average Limited Partners' capital, calculated for all Limited Partners as a group.

Selected per unit data			
Limited Partner unit value, beginning of year	$	13.05	
Income from investment operations[1]			
Net investment income / (loss)		0.08	
Net realized gain/(loss) and net change in unrealized appreciation/(depreciation)		(2.13)	
Performance allocation		(0.06)	
Limited Partner unit value, end of year	$	10.94	
Total return			
Total return before performance allocation		(15.83)	%
Performance allocation		(0.36)	
Total return after performance allocation		(16.19)	%
Ratios to average limited partners' capital			
Operating Expenses		0.76	%
Performance allocation		0.44	%
Total operating expenses and performance allocation		1.20	%
Net investment income / (loss)		0.64%	%

(1) Calculated using the average number of units outstanding during the year.

10. Subsequent Events

The Partnership has evaluated subsequent events through the issuance of the Partnership's financial statements on March 22, 2019.

From January 1, 2019 through March 22, 2019 the Partnership received capital contributions of approximately $700,000 of which $600,000 was received in advanced.

Dhandho Junoon Offshore Ltd.

Financial Statements
For the Year Ended December 31, 2018

Dhandho Junoon Offshore Ltd.
Index
December 31, 2018

Report of Independent Auditors

To the Board of Directors of Dhandho Junoon Offshore Ltd.

We have audited the accompanying financial statements of Dhandho Junoon Offshore Ltd. (the "Fund"), which comprise the statement of assets and liabilities, including the condensed schedule of investments, as of December 31, 2018, and the related statements of operations and of changes in net assets for the year then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Fund's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Dhandho Junoon Offshore Ltd. as of December 31, 2018, and the results of its operations and changes in its net assets for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers

March 22, 2019

PricewaterhouseCoopers, 18 Forum Lane, Camana Bay, PO Box 258, Grand Cayman KY1-1104, Cayman Islands
T: +1 (345) 949 7000, F: +1 (345) 949 7352, www.pwc.com/ky

Dhandho Junoon Offshore Ltd.
Statement of Assets and Liabilities
December 31, 2018
(expressed in United States dollars)

Assets		
Cash	$	55,937
Investments, at fair value (cost $10,135,501)		8,436,895
Dividends receivable (Net of withholding tax of $3,989)		9,750
Other assets		27,202
Total assets		8,529,784
Liabilities		
Other liabilities		24,643
Accrued expenses		22,241
Payable to Investment Manager		89
Total liabilities		46,973
Net assets	$	8,482,811
Net assets consist of:		
Management shares (100 authorized; 100 issued and outstanding)	$	1
Shares (763,442 issued and outstanding)		8,482,810
Total net assets	$	8,482,811
Net asset value per share	$	11.11

The accompanying notes are an integral part of these financial statements.

Dhandho Junoon Offshore Ltd.
Statement of Operations
For the year ended December 31, 2018
(expressed in United States dollars)

Investment income		
Dividend income (net of withholding tax of $34,671)	$	86,096
Interest income		234
Total investment income		86,330
Expenses		
Professional fees		16,500
Administration fee		20,000
Investment management fee		42,184
Other expense		17,687
Total expenses		96,371
Net investment loss		(10,041)
Net realized and unrealized gain/(loss) on investments		
Net realized gain on investments		869,294
Net change in unrealized depreciation on investments		(2,562,035)
Net realized and unrealized gain/(loss)on investments		(1,692,741)
Net decrease in net assets resulting from operations	$	(1,702,782)

The accompanying notes are an integral part of these financial statements.

Dhandho Junoon Offshore Ltd.
Statement of Changes in Net Assets
For the year ended December 31, 2018
(expressed in United States dollars)

Decrease in net assets from operations	
Net investment loss	$ (10,041)
Net realized gain on investments	869,294
Net change in unrealized depreciation on investments	(2,562,035)
Net decrease in net assets resulting from operations	(1,702,782)
Capital transactions	
Subscriptions of common shares (306,045 shares)	4,119,152
Net change in net assets resulting from capital transactions	4,119,152
Net increase in net assets for the year	2,416,370
Net assets at:	
Beginning of year	6,066,441
End of year	$ 8,482,811

The accompanying notes are an integral part of these financial statements.

Dhandho Junoon Offshore Ltd.
Condensed Schedule of Investments
December 31, 2018

Number of Shares		Value as Percentage of Net Assets	Cost	Fair Value
	Common Stocks			
	United States			
	Consumer Discretionary			
2,449	Domino's Pizza Inc.	7.16%	$ 578,284	$ 607,327
18,938	Pulte Group Inc.	5.80%	537,302	492,198
6,527	Marriott Vacations Worldwide Corporation	5.43%	736,711	460,219
7,457	Altaba Inc.	5.09%	468,220	432,059
	Other*	8.53%	1,081,380	723,414
	Financials			
28,753	Enova International Inc.	6.60%	544,106	559,533
7,989	Discover Financial Services Inc.	5.55%	557,977	471,191
	Other	4.27%	555,810	362,191
	Industrials			
32,150	Terex Corp	10.45%	942,793	886,376
	Other	2.86%	357,816	242,624
	Information Technology			
21,004	Corning Inc.	7.48%	571,594	634,531
8,034	Science Applications International Corporation	6.03%	614,988	511,766
	Other*	7.09%	778,733	601,934
	Materials	4.49%	597,167	380,981
	Total United States	86.83%	8,922,881	7,366,344
	Canada			
	Consumer Discretionary	3.64%	366,986	308,884
	Total Canada	3.64%	366,986	308,884
	China			
	Consumer Discretionary			
68,425	BYD Co. LTD Ser H	5.15%	507,250	436,483
	Total China	5.15%	507,250	436,483
	The Netherlands			
	Financials	0.48%	49,083	41,003
	Total The Netherlands	0.48%	49,083	41,003
	United Kingdom			
	Consumer Discretionary	3.36%	289,301	284,181
	Total United Kingdom	3.36%	289,301	284,181
	Total Common Stocks	99.46%	$ 10,135,501	$ 8,436,895

* No one security represents greater than 5%.

The accompanying notes are an integral part of these financial statements.

1. Organization

Dhandho Junoon Offshore Ltd. (the "Fund"), a British Virgin Islands Corporation, was organized on February 3, 2016 and commenced operations on July 1, 2016. The Fund will continue indefinitely until wound up in accordance with the provisions of the Fund's Articles of Association.

The Fund has been recognized as a professional fund under the Securities and Investment Business Act, 2010 (British Virgin Islands) (the "Funds Act"). The shares of a "professional fund" as defined in the Funds Act may be made available (including issued or transferred) to persons who are "professional investors" within the meaning of the Funds Act and on the basis that investment in the Fund by each investor is not less than $100,000.

Dhandho Funds, LLC serves as the Fund's Investment Manager (the "Investment Manager") and is responsible for the management of the Fund's assets. The Fund will seek to earn above market returns and long-term appreciation by investing in common equity securities pursuant to a rules-based algorithm named the Dhandho Junoon Algorithm (the "Algorithm"). The Investment Manager reserves the right to modify any and all parameters of the Algorithm no more frequently than on a quarterly basis. Since the launch of the fund, the Investment Manager has reduced the number of stocks from 100 to 23.

The Fund utilizes UBS Financial Services Inc. ("UBS") as its principal broker-dealer and maintains its cash and investments with UBS. All subscriptions and proceeds from investors are received into the Northbrook Bank & Trust – Wintrust Funds Group ("Wintrust") account, and all redemptions and disbursements are made from the Wintrust account.

The Fund has also entered into an agreement with Liccar to perform all general administrative tasks of the Fund, including keeping the financial records, preparation of reports to shareholders and approval of all disbursements.

2. Significant Accounting Policies

Method of Reporting
The Fund's financial statements are presented in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). The Investment Manager has evaluated the structure, objectives and activities of the Fund and determined that the Fund meets the characteristics of an investment company.

Use of Estimates
The preparation of financial statements in conformity with US GAAP requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from the estimates included in the financial statements.

Contingencies and Commitments
In the normal course of business, the Fund enters into contracts that contain a variety of representations and warranties and which provide general indemnifications. The Fund's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Fund that have not yet occurred. However, based on experience, the Investment Manager expects the risk of material loss to be remote.

Security Valuation
Securities that are listed on an exchange and are freely transferable shall be valued at their last sales price on such exchange on the date of determination, or, if no sales occurred on such day, at the "bid" price on such exchange at the close of business on such day and if sold short at the "asked" price at the close of business on such day. Investments whose market quotations are not readily available are valued at fair value as determined in good faith under procedures established by the Investment Manager. Because of the inherent uncertainty of valuation, the estimate of fair value may differ from the values that would have been used had a ready market existed and the differences could be material. Money market funds are valued at net assets value per share, which approximates fair value. Notwithstanding the foregoing, if in the reasonable judgment of the Fund, in its sole discretion, the listed price for any security held by the Fund does not accurately reflect the value of such security, the Fund may value such security at a price which is greater or less than the quoted market price for such security.

Security Transactions and Income and Expense Recognition
Investment transactions are recorded on the trade date. Income and expenses are recorded on the accrual basis and dividend income and capital gain distributions are recorded on the ex-dividend date net of foreign dividend withholding taxes. Realized gains and losses are recorded on the specific identification method.

Foreign Currency Transactions
Assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts at the year-end exchange rates. Purchases and sales of these assets and liabilities and income and expense items denominated in foreign currencies are translated into U.S. dollar amounts on the respective dates of such transactions. The Fund does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of investments held.

Income Taxes
The Fund has conducted and intends to conduct its operations so that it will not be engaged in a United States trade or business and, therefore, will not be subject to United States federal income tax on its net income from United States sources, except for United States withholding tax at a 30% rate on United States source dividend income received. Generally, there is no withholding on portfolio interest income and capital gains derived from United States securities.

Under the current British Virgin Islands legislation, the Fund is not required to pay taxes in the British Virgin Islands on income or capital gains. Because the Fund is not subject to taxation in the British Virgin Islands and it is management's opinion that its method of operations does not result in its being subject to income taxes, no provision for taxes has been made in these financial statements.

Management has continued to evaluate the application of Accounting Standards Codification ("ASC") 740, "Income Taxes", and has determined that no reserves for uncertain tax positions were required to have been recorded as a result of the adoption of ASC 740. Open tax years are those that are open for exam by taxing authorities. As of December 31, 2018, open tax years include the tax year from July 1, 2016 (commencement of operations) through December 31, 2018. The Fund is not aware of any examinations in progress. The Fund has reviewed all open tax years and major jurisdictions and concluded that the adoption of these financial reporting rules resulted in no effect to the Fund's financial position or results of operations. There is no tax liability resulting from unrecognized tax benefits relating to uncertain income tax positions taken or expected to be taken on the tax return for the fiscal year ended December 31, 2018. The Fund is also not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefit will significantly change in the next twelve months.

Redemptions Payable
The Fund accounts for subscriptions, allocations and redemptions on a per share basis.

Subscriptions received in advance
Subscription received in advance represents the amount of subscriptions received in advance.

Statement of Cash Flows
The Fund has elected not to provide a Statement of Cash Flows as permitted by the Financial Accounting Standards Board's Accounting Standards Codification (ASC) 230-10-15, “Statement of Cash Flows-Exemption of Certain Enterprises and Classification of Cash Flows from Certain Securities Acquired for Resale.”

3. Fair Value Measurement

The Fund complies with financial reporting rules that establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are as follows:

Level 1 Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Fund has the ability to access at the measurement date;

Level 2 Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active;

Level 3 Inputs that are unobservable.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes “observable” requires significant judgment by the Investment Manager. The Investment Manager considers observable data to be that market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the Investment Manager's perceived risk of that instrument.

Investments whose values are based on quoted market prices in active markets, and are therefore classified within level 1, include active listed equities, and certain money market securities. The Investment Manager does not adjust the quoted price for such instruments, even in situations where the Investment Manager holds a large position and a sale could reasonably impact the quoted price.

Investments that trade in markets that are not considered to be active, but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs, are classified within level 2. These include investment-grade corporate bonds and less liquid listed equities. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

The inputs used by the Investment Manager in estimating the value of the level 3 investment include the original transaction price, recent transactions in the same or similar instruments, completed or pending third-party transactions in the underlying investment or comparable issuers, subsequent rounds of financing, recapitalizations and other transactions across the capital structure, offerings in the equity or debt capital markets, and changes in financial ratios or cash flows. Level 3 investments may also be adjusted to reflect illiquidity and/or non-transferability, with the amount of such discount estimated by the Investment Manager in the absence of market information. The fair value measurement of level 3 investments does not include transaction costs that may have been capitalized as part of the security's cost basis. Assumptions used by the Investment Manager due to the lack of observable inputs may significantly impact the resulting fair value and therefore the Fund's results of operations.

For the year ended December 31, 2018, the Fund had no investments classified within Level 3. There were no transfers in or out of either Level 1 or Level 2 as of or during that period as well.

The following table presents the financial instruments carried on the Statement of Assets and Liabilities by level:

	Assets at Fair Value as of December 31, 2018			
	Level 1	Level 2	Level 3	Total
Common stock	$ 8,436,895	$ -	$ -	$ 8,436,895
	$ 8,436,895	$ -	$ -	$ 8,436,895

4. Share Capital

Non-Voting Common Shares

The Fund is authorized to issue an unlimited number of non-voting shares without a par value (the “Shares”). The Shares were offered at an initial price of $10 per share, and are thereafter offered at the then net asset value of such shares. The Shares have no voting rights, but do participate in all profits and losses of the Fund, including net changes in unrealized appreciation or depreciation of investments and realized investment gains or losses and income and expense (including the investment management fee as described in Note 5). Such profits and losses are generally allocated at least annually and each time new Shares are issued and redeemed.

The net asset value of a Share is determined by dividing the net assets attributable to the Shares by the total number of Shares outstanding.

The initial investment by each investor may not be less than $1,000,000. The Investment Manager may, at its discretion, allow initial investments of lower amounts. Minimum additional amounts are determined by the Investment Manager at its discretion but not less than the statutory minimum, currently $100,000 for initial subscriptions.

Management Shares
The Fund has authorized 100 shares of voting, non-participating Management Shares without par value. The Management Shares, which are the sole voting shares, are not entitled to participate in any profits or income of the Fund. The Management Shares are redeemable at $0.01 and are owned by the Investment Manager.

Redemptions
Subsequent to 90 days after an investor's initial investment in the Fund, an investor may, once a quarter, effective on the last day of the corresponding quarter, request the redemption of all or a portion of his Shares, upon at least 60 days prior written notice to the Investment Manager; provided that no partial withdrawal which would reduce an investor's capital account below $100,000 will be accepted. The Fund, in its discretion, may at any time redeem all or a portion of the Shares of any investor. Redemptions may be paid in cash or, at the discretion of the Investment Manager, in marketable securities of the Fund at their fair market value. Withdrawals made with effective dates other than December 31st will be made based on the unaudited Net Asset Value as of the last business day prior to the effective date, and true-ups will be made as promptly as possible once the audited net asset value is available to the extent of any differences between the unaudited and audited net asset value.

Transfers
Interests are not transferable without the consent of the Investment Manager.

Distributions
The Fund does not intend to make distributions of income to its Shareholders.

5. Investment Management Fee

An investment management fee will be payable to the Investment Manager from time to time, but no less frequently than quarterly, in an amount equal to 25% of the amount by which the increase, if any, in the net asset value of the Fund at the time such investment management fee becomes payable exceeds 1.5%, on a quarterly basis, of the net asset value of the Fund at the time such investment management fee was most recently paid to the Investment Manager, except that no investment management fee will be paid unless at the time such investment management fee becomes payable the net asset value of a Share is at its historic highest value after giving effect to distributions, if any, to investors by the Fund and any share split or share dividends with respect to Shares of the Fund. The Investment Manager earned an investment management fee of $42,184 for the year ended December 31, 2018.

An Investment Management Fee will become payable to the Investment Manager on the last day of each quarter and on the final trading day immediately preceding (i) any investment in Shares of the Fund by a new or existing investor and (ii) any redemption by an investor of all or any portion of such investor's Shares of the Fund (or transfer of ownership of such investor's Shares of the Fund not solicited by the Investment Manager).

6. Principal Shareholders

At December 31, 2018, five shareholders held 61% of the net asset value of the total Common Shares issued.

7. Risks

Market and Credit Risks

The success of any investment activity is influenced by general economic and financial conditions that may affect the level and volatility of security prices and interest rates. As recent events have demonstrated, unexpected volatility, illiquidity, governmental action, currency devaluation, or other events in the U.S. or global markets in which the Fund may directly or indirectly hold positions could impair the Fund's ability to carry out its business and could cause the Fund to incur substantial losses.

The Fund's trading activities expose the Fund to both market risk, the risks from changes in fair value, and credit risk, the risk of failure by another party to perform according to the terms of a contract.

Market risk is the potential for changes in fair value of financial instruments from market changes, including fluctuations in market prices. Market risk is directly affected by the volatility and liquidity in the markets in which the related underlying assets are traded.

Credit risk exists from the possibility of loss from the failure of the counterparty to perform according to the terms of a contract.

The Fund has a substantial portion of its assets on deposit with brokers in connection with its trading of certain investments and its cash management activities. In the event of a financial institution's insolvency, recovery of the Fund assets on deposit may be limited.

Currency Risks

The Fund invests in assets and liabilities denominated in foreign currencies which are translated into U.S. dollar amounts at the year-end exchange rates. The value of these assets and liabilities are exposed to fluctuations in the foreign currencies as compared to the US dollar.

Algorithm Risks

The Fund's investments are driven largely through investment decisions generated by a rules-based algorithm. This differs from a traditional "actively managed fund." As a result, the Fund will generally hold constituent securities identified by the Algorithm regardless of the current or projected performance of a specific security or a particular industry or market sector. Maintaining investments in securities regardless of market conditions or the performance of individual securities could cause the fund's return to be lower than if the Fund employed a traditional active strategy. Furthermore, limited historical performance is available for the Algorithm and the Fund. The Investment Manager reserves the right to modify any and all parameters of the Algorithm on a quarterly basis. While the Investment Manager will not intentionally make any modifications that it believes will adversely impact the performance of the Algorithm and/or the Fund, no assurances can be given that some or all of the modifications made by the Investment Manager will not turn out to adversely (or materially adversely) impact the performance of the Algorithm and/or the Fund.

8. Financial Highlights

Financial highlights are calculated for a Share outstanding for the year ended December 31, 2018. An individual investor's return and ratios may vary based on the timing of capital transactions. Ratios are computed based on average monthly net assets and have not been annualized.

		Common Shares	
Selected per share data			
Net asset value, beginning of year	$	13.26	
Income from investment operations[1]			
Net investment loss		(0.02)	
Net realized gain/(loss) and net change in unrealized depreciation		(2.06)	
Investment management fee		(0.07)	
Net asset value, end of year	$	11.11	
Total return			
Total return before investment management fee		(15.83)	%
Investment management fee		(0.39)	
Total return after investment management fee		(16.22)	%
Ratios to average net assets			
Operating expenses		0.62	%
Investment management fee		0.48	%
Total operating expenses and investment management fee		1.10	%
Net investment loss		(0.12)	%

(1) Calculated using the average number of shares outstanding during the year.

9. Subsequent Events

The Fund has evaluated subsequent events through the issuance of the Fund's financial statements on March 22, 2019.

From January 1, 2018 through March 22, 2019 the Fund received capital contributions of approximately $500,000 of which $0 was received in advance.

Team Dhandho

MOHNISH PABRAI
Chairman & Chief Executive Officer

Irvine, California

FAHAD MISSMAR, *Chief Financial Officer*
JAYA BHARATH VELICHERLA, *Vice President, Quantitative Analysis*
BETSY HARKER, *Office Manager,* **VALERIE MAGURSKY,** *Senior Administrative Assistant*
JULIE ANNO, *Administrative Assistant,* **JENNIFER CILDERMAN,** *Administrative Assistant*

Dhandho Advisory Board

TERRY ADAMS, *Irvine, California*
NAVNEET CHUGH, *Fullerton, California*
SRINI PULAVARTI, *Los Angeles, California*

Auditor

PRICEWATERHOUSECOOPERS

Broker & Custodian

UBS AG, *The Desai Group*
KOTAK MAHINDRA BANK LIMITED, *India*

General Counsel

DENTONS US LLP, *Chicago*
CONYERS DILL & PEARMAN, *British Virgin Islands*
FINSEC LAW ADVISORS, *India*

Tax, Accounting & Administration

MICHAEL J. LICCAR & CO., LLC

Tax

BDO
PIETRANTONI MENDEZ & ALVAREZ LLC (PMA)

DHANDHO

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