

DHANDHO

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To: All Limited Partners & Investors of Dhandho Zero Fee Funds and Dhandho Holdings
From: Mohnish Pabrai, Managing Partner
Date: April 21, 2021
Re: **Q1 2021 Update**

Dear Partners:

Hope all is well. This is our usual quarterly update on the ongoing at Dhandho Holdings and Dhandho Funds.

Dhandho Holdings:

Dhandho Holdings' estimated NAV as of 3/31/21 was \$2.59 per unit, down approx. 2% from the final NAV of \$2.64 per unit as of 12/31/20. The NAV reflects the value of Dhandho Holdings' public stock portfolio (65% of the pie) and our investment in the venture fund Tandem Fund III (the remaining 35%).

The Dhandho Funds GP only earns fees when Junoon or the India Funds breach their respective fee-earning performance thresholds. Junoon was in fee-earning territory in mid-March, but dipped below that in the last few weeks of the quarter, so no fees were earned. The India Funds are on a tear, outpacing the S&P 500 by 20 percentage points over the past 12 months, but are still meaningfully below their fee-earning thresholds. I do expect all the Dhandho Funds to generate meaningful fees in the years ahead.

One of Tandem's holdings, [Outdoorsy](#), is planning to go public later this year. Based on our look-through ownership, we own about 0.50% of the business. Our 3/31 estimated NAV of \$2.59 per unit reflects Tandem's valuation of Outdoorsy at \$1.6 billion, a discount to its likely eventual valuation of \$1.85 billion. If Outdoorsy was valued at \$1.85 billion, our estimated 3/31 NAV would increase to \$2.68 per unit. At a valuation of \$2 billion, Dhandho's Outdoorsy stake alone will return 100% of its

investment in Tandem. We will get shares in a publicly traded Outdoorsy, which we can sell subject to lock-ups. Most of these sales could be tax-exempt due to the Qualified Small Business Stock (QSBS) treatment under the tax code if held through March 2022. *It tastes great and is less filling!* Once we've sold our Outdoorsy shares, our plan is to distribute that to you. The next distribution is likely to occur in Q2 2022.

Tandem has two more companies that may go the SPAC route or raise more capital or be acquired. However, these deals are a lot smaller with significantly higher uncertainties. They do have several other interesting investments as well, but all them have a wide range of future outcomes including being liquidated.

Although I do not recommend that anyone sell their Dhandho units, we do have a mechanism to help you sell your units if you want liquidity or want to move on. Insiders (excluding me) will have a preference to further align interests. Please email Fahad Missmar (fm@dhandhofunds.com) if this is of interest. Units are sold at the estimated quarterly NAV which was \$2.59/unit on 3/31/21.

India Zero Fee Funds

All the zero fee funds have had a rough start. However, I do believe they've all turned the corner and are off to the races.

The updated performance numbers of the funds are:

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

	S&P 500	India Small Cap Index	India US (net to investors)
10/1/17 - 12/31/17	6.6%	22.1%	1.1%
1/1/18 - 12/31/18	-4.5%	-29.9%	-21.2%
1/1/19 - 12/31/19	31.5%	-8.9%	-4.3%
1/1/20 - 12/31/20	18.3%	28.8%	3.4%
1/1/21 - 3/31/21	6.2%	13.9%	6.7%
Annualized	16.0%	3.9%	-4.8%
Cumulative	68.3%	14.5%	-15.8%

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

	S&P 500	India Small Cap Index	India Offshore (net to investors)
10/1/17 - 12/31/17	6.6%	22.1%	0.5%
1/1/18 - 12/31/18	-4.5%	-29.9%	-20.2%
1/1/19 - 12/31/19	31.5%	-8.9%	-4.5%
1/1/20 - 12/31/20	18.3%	28.8%	1.2%
1/1/21 - 3/31/21	6.2%	13.9%	6.6%
Annualized	16.0%	3.9%	-5.3%
Cumulative	68.3%	14.5%	-17.3%

Since the deliberate changes we made to the portfolio 12 months ago, the India Funds are up 70-77%, vs. 56% for the S&P 500. Despite the run-up, the India Funds' present market value is significantly under my estimation of underlying intrinsic value. I am sure we have a few duds in the mix (I wish I knew which ones were duds!). However, even with several mistakes of commission, the funds are likely to do very well. It is a great time to join or add funds to the India Funds.

In addition to the businesses we own in India, we have built meaningful ownership stakes in a handful of world-class franchises in other geographies, including Japan, Korea, Turkey and the US. Most of the portfolio falls into the bucket of buy-and-hold compounders that I hope we are smart enough to hold for many years. I am very bullish on the prospects of the businesses we have collected in the India Funds. Stay tuned.

The latest India Funds [Investor Presentation](#) is on the website.

Junoon Zero Fee Funds

The updated performance numbers of the funds are:

Dhandho Junoon LP (US Qualified Purchasers) Performance Summary:

	S&P 500	Junoon US (net to investors)
7/1/16 - 12/31/16	7.8%	12.9%
1/1/17 - 12/31/17	21.8%	15.6%
1/1/18 - 12/31/18	-4.5%	-16.2%
1/1/19 – 12/31/19	31.5%	14.6%
1/1/20 – 12/31/20	18.3%	15.1%
1/1/21 – 3/31/21	6.2%	5.3%
Annualized	16.6%	9.2%
Cumulative	107.2%	51.9%

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 – 12/31/19	31.5%	13.9%
1/1/20 – 12/31/20	18.3%	11.3%
1/1/21 – 3/31/21	6.2%	3.6%
Annualized	16.6%	8.3%
Cumulative	107.2%	45.8%

Junoon has done quite well over the past 12 months and the two funds are up 66-75% during this period, vs. 56% for the S&P 500. Since we made our latest strategy upgrade to *Junoon 4.0* on October 1, 2020, the funds are up 29-35%, vs. 19% for the S&P 500.

On April 1, 2021, Junoon ran its annual rebalancing algorithms, which offered up a selection of potential businesses to replace the ones in our existing portfolio. In accordance with *Junoon 4.0*'s new rules, we did not automatically implement the algorithms' buy/sell recommendations. Instead, the team evaluated the new picks, and made only those changes that we felt would improve the overall quality of our compounders. As a result, the changes made at the April 1st rebalance were:

- Sell Cimisa Cimento (Turkey), Wendys, and Constellation Software
- Allocate proceeds to Alibaba Group (new addition) and Edelweiss Financial Services (India)

There are significant advantages to Junoon’s new approach to selective, thoughtful, human-led rebalancing within its more concentrated index:

1. First, it is far more tax efficient.
2. Second, it gives us the latitude not only to block sell recommendations and keep the exceptional franchises, but also to increase the weight of these gems. This represents a clear advantage over broad indices like the S&P 500, whose auto-pilot hums along without nurturing the exceptional franchises it owns.
3. Third, our concentrated approach of 15-22 stocks allows the compounding engines to truly move the needle on performance, vs. an index of hundreds of stocks.

Dhandho Junoon LP’s portfolio as of April 1, 2021 is listed below. These are all high-quality businesses. This mix represents a powerful alternative to a broad index like the S&P 500. We will evaluate the portfolio next on April 1, 2022, when the algorithms give us another set of businesses to consider.

Business	Bucket	Weight
Micron Technology	Cannibal; Cloned Idea	23%
Coca-Cola İçecek (Turkey)	Cloned Idea	15%
Alphabet	Cannibal; Cloned Idea; Spawner	11%
Marriott International	Cannibal; Cloned Idea; Spawner	5%
BYD (China)	Cloned Idea; Spawner	5%
Twitter	Cloned Idea	5%
Chipotle Mexican Grill	Cannibal; Cloned Idea	4%
Alibaba Group (China)	Cloned Idea; Spawner	4%
Starbucks	Cannibal; Cloned Idea; Spawner	4%
Berkshire Hathaway	Cannibal; Cloned Idea; Spawner	4%
Edelweiss Financial Services	Cloned Idea; Spawner	4%
Microsoft	Cannibal; Cloned Idea; Spawner	4%
Restaurant Brands International	Cloned Idea; Spawner	4%
Haci Ömer Sabancı (Turkey)	Cloned Idea; Spawner	3%
Topicus	Spin-Off	0.4%
Cash (to be allocated to Edelweiss Financial Services)		5%

Junoon 4.0 is the culmination of thousands of man hours of backtesting and tweaking, and we are excited about the businesses and results so far. Junoon has a bright future of long-term compounding ahead of it. If you have an allocation to the S&P 500, this is a great time to move some or all of it to Junoon.

The latest Junoon [Investor Presentation](#) is on the website.

Redemptions and Subscriptions

A total of \$0.3 million was redeemed from the various funds. The redemptions on a per fund basis are:

Dhandho Junoon Zero Fee Offshore Fund: \$0.3 million

Total: \$0.3 million

For the quarter ended March 31, 2021, a total of \$1.7 million was added to the various funds by new and existing partners. The additions on a per fund basis are:

Dhandho India Zero Fee US Fund: \$1.2 million

Dhandho India Zero Fee Offshore Fund: \$0.1 million

Dhandho Junoon Zero Fee US Fund: \$0.4 million

Total: \$1.7 million

Alignment of Interests

My investment in Dhandho Holdings was worth about \$8.2 million at the 3/31/21 NAV and The Dakshana Foundation's interest is worth \$0.5 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.

The Zero Fee Structure

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

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

Online Portal for Investment Statements

Existing partners should have received an email from Liccar Fund Services with instructions to set up their own online portal to access their investor statements. For investors in the India Funds and Junoon, your 3/31/21 investor statement has been uploaded to the portal. For Dhandho Holdings investors, your final 12/31 investor statement will be uploaded when our audits our complete in the next few weeks.

If you have not yet set your investor portal password, please contact Valerie Magursky at vm@dhandhofunds.com for assistance.

Final K-1's (for US Investors)

For Dhandho Holdings LP, Dhandho Holdings Qualified Purchaser LP, Dhandho Junoon LP and Dhandho India Zero Fee Fund LP investors, your final K-1s were uploaded to the portal mid March. If you (or your accountant) need assistance downloading the K-1, please nudge Valerie Magursky at vm@dhandhofunds.com.

Annual Report – Will be out in Q2 2021

Our modus operandi now is to provide expansive commentary in the annual reports and the annual meetings. The quarterly letter will continue to provide updated performance numbers and announcements, but minimal commentary. The annual report is slated to be published in Q2 2021.

Chai With Pabrai Blog

Please check out my blog www.ChaiWithPabrai.com which I try to keep updated. With zero travel due to Covid, I have reduced my decline rate on speaking to students. I try to do 1-2 Zoom sessions with students every month. This is about the max. of what I am interested in doing. Here are some recent additions to the blog:

Q&A Session with MBA Students at Georgetown University – March 4, 2021

I very much enjoyed my Q&A session with MBA Students at Georgetown University. I discussed my journey that led to my starting Pabrai Funds, importance of holding on to compounders, and the art of selling.

<http://www.chaiwithpabrai.com/blog/qa-session-with-mba-students-at-georgetown-university-march-4-2021>

Q&A with members of The Babson College Fund (Babson College Students)– Feb 9, 2021

My Q&A session with the members of The Babson College Fund (Babson College Students) covered the importance of temperament control in investing and finding long-term compounders.

<http://www.chaiwithpabrai.com/blog/qa-with-members-of-the-babson-college-fund-babson-college-students-feb-9-2021>

Q&A Session with Students at Clemson University - Jan 27, 2021

During my discussion with the Members of Wall Street South Investment Club at the Wilbur O. And Ann Powers College of Business (Clemson University), we talked about the advantages and disadvantages of auction-driven stock market investing, and my learnings in 2020.

<http://www.chaiwithpabrai.com/blog/qa-session-with-students-at-clemson-university-jan-27-2021>

Q&A with students of Peking Univ. (Guanghua School of Mgmt.)–Dec. 3, 2020

I gave a lecture on “Compounding with the Spawners” to the students of Peking University's Guanghua School of Management. We talked about Spawners and how to identify one. The presentation included a rich Q&A session on a diverse set of topics.

<http://www.chaiwithpabrai.com/blog/qa-with-students-of-peking-univ-guanghua-school-of-mgmt-dec-3-2020>

Suggestion Box

We are always interested in hearing how we can better serve you. Please feel free to email me any suggestions/feedback you may have at mp@pabraifunds.com

2021 Annual Meeting – Tentative Date

The **Virtual** meeting is tentatively scheduled to be held via video conference on **Saturday, September 18th, 2021** at 12:00 PM Pacific Time. Confirmed guests will receive instructions via email on how to attend the virtual meeting.

Agenda for the virtual meeting:

12:00 – 2:00 PM Pacific Time: Presentation and Q&A

The invites will go out electronically via email in July 2021. Look for it in your inbox! If you don't receive it, please contact invite@pabraifunds.com. Your significant other and young kids are welcome to attend. As we are now a Registered Investment Advisor, the SEC requires that all guests must be “accredited investors,” which includes your adult kids (22 years or older). The invitation is non-transferable.

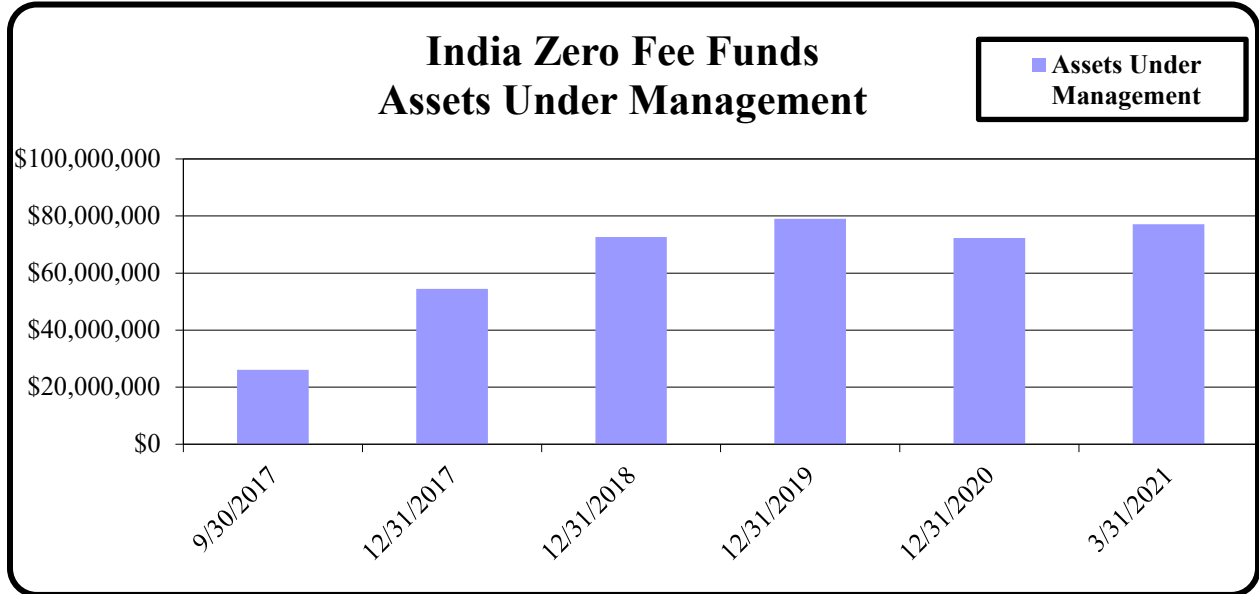
Stay healthy and safe. I look forward to seeing you in September.

The Dhandho Zero Fee Funds are open quarterly to new capital. The next opening is July 1, 2021. The minimum initial investment is \$1 million for the India Zero Fee US Fund, \$600,000 for India Zero Fee Offshore Fund, \$300,000 for Junoon Zero Fee US and \$200,000 for Junoon Zero Fee Offshore.

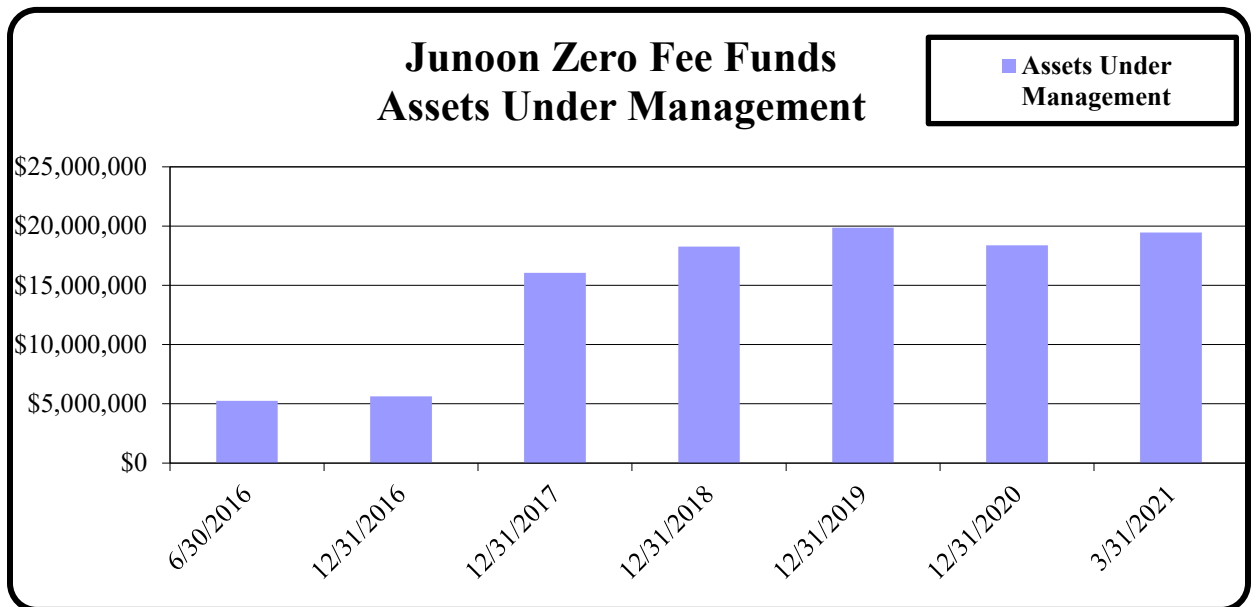
Existing partners can add as little as \$25,000; for IRA investors the minimum is \$5,000. You can find the deposit slips for the India Funds [here](#) and for Junoon [here](#). If you are interested or would like more information, please nudge either Fahad Missmar at fm@dhandhofunds.com or me at mp@dhandhofunds.com.

Assets Under Management

There is \$78.4 million in assets under management in the India Zero Fee Funds as of April 1, 2021.



There is \$19.4 million in assets under management in the Junoon Zero Fee Funds as of April 1, 2021.



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

Warm regards,

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

Mohnish Pabrai

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

Dhandho Funds uses the Vanguard 500 Index Admiral Fund (VFIAX) with reinvested dividends to depict the S&P 500 returns. VFIAX is an investable mutual fund product by Vanguard mimicking the S&P 500 Total Return Index with reinvested dividends.

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Appendix A

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

No. of Units	Date	NAV
1,830,217	10/01/2017	\$10.00
3,183,760	12/31/2017	\$10.11
5,334,464	12/31/2018	\$7.97
5,758,774	12/31/2019	\$7.63
5,589,506	12/31/2020	\$7.89
5,732,076	03/31/2021	\$8.42

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

No. of Units	Date	NAV
780,489	10/01/2017	\$10.00
2,218,439	12/31/2017	\$10.05
3,747,823	12/31/2018	\$8.02
4,586,341	12/31/2019	\$7.66
3,642,747	12/31/2020	\$7.75
3,649,036	03/31/2021	\$8.27

Appendix B

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

No. of Units	Date	NAV
425,000	07/01/2016	\$10.00
400,000	12/31/2016	\$11.29
582,360	12/31/2017	\$13.05
849,508	12/31/2018	\$10.94
853,033	12/31/2019	\$12.53
801,139	12/31/2020	\$14.42
829,456	03/31/2021	\$15.19

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

No. of Units	Date	NAV
99,998	07/01/2016	\$10.00
99,998	12/31/2016	\$11.26
638,352	12/31/2017	\$13.26
808,442	12/31/2018	\$11.11
724,336	12/31/2019	\$12.65
482,830	12/31/2020	\$14.08
464,443	03/31/2021	\$14.58

Appendix C

Dhandho Holdings Performance History (Net to Investors)

No. of Units	Date	NAV ¹
14,837,687	03/31/2014	\$10.00
15,218,640	12/31/2014	\$9.93
15,288,640	12/31/2015	\$8.36
15,218,640	12/31/2016	\$8.73
15,217,801	12/31/2017	\$4.92 ²
15,215,635	12/31/2018	\$4.12
15,193,811	12/31/2019	\$3.73 ³
15,171,441	12/31/2020	\$2.64* <i>estimate</i> ⁴
15,171,441	03/31/2021	\$2.59* <i>estimate</i>

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

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

³ A distribution of \$1.00/unit was made to all investors in Q2 2019.

⁴ A distribution of \$1.50/unit was made to all investors in Q1 2020.