

DHANDHO

1250 S. Capital of Texas Highway, Suite 1-520
Austin, TX 78746-6414
USA

Tel: +1.512.999.7110
mp@dhandhofunds.com

To: All Limited Partners & Investors of Dhandho Holdings and
Dhandho Zero Fee Funds

From: Mohnish Pabrai, Managing Partner

Date: October 14, 2022

Re: **Q3 2022 Results etc.**

Dear Partners:

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

Dhandho Holdings

The estimated NAV at 9/30/22 was \$1.67 per unit for Dhandho Holdings LP and \$1.58 per unit for Dhandho Holdings Qualified Purchaser LP. DHLP is down 2.7% from its 6/30 final NAV of \$1.72 per unit, and DHQPLP is down 4.2% from its 6/30 final NAV of \$1.65 per unit. The 6/30 final NAVs reflect the 6/30 final NAV of Tandem, which accounts for 54% of Dhandho Holdings' value. Because Tandem reports a few months into the quarter, the DH NAV estimates that we provide in this letter reflect Tandem at the latest valuation that we have, i.e., with a one quarter lag. So, our 9/30 estimates keep Tandem at its 6/30 value.

In the quarter ending June 30th, Tandem's NAV fell approx. 5% from its 3/31 value. We do not have much visibility into the individual businesses that Tandem owns beyond what we receive from the fund's managers. As of August, Tandem's managers were not seeing a deterioration in valuations across the board. Several of their businesses ([Foresight](#), [Bloom](#) formerly Lambda, [May Mobility](#) and [Yardzen](#)) plan to raise capital at prior valuations or higher; we may get diluted, but valuations are generally holding up. At least one other is raising capital at a meaningfully lower valuation. [Outdoorsy](#) is doing well and

its captive insurance product is gaining traction; it has no plans to raise capital or IPO imminently. [Deako](#) and [Trucklabs](#) appear to be scaling their businesses. Tandem has not announced a timetable for their next distribution.

Beyond Tandem, 36% of Dhandho Holdings is in a small number of stocks. The stock portfolios differ slightly between DHLP and DHQLP, and these differences contribute to the delta in their NAVs. The stocks in both funds are trading well below their intrinsic values, and we intend to hold them for a while. The remainder of Dhandho is the current value ascribed to the Dhandho Funds General Partner, which manages the India and Junoon Zero Fee Funds. Our primary focus at Dhandho continues to be to run and scale this business.

So far, we have returned 80% of the initial capital most of you initially invested with us in 2014. We do not have any distributions planned at this time, but we do still anticipate returning the remaining 20% to you within the next 2-3 years. Although I do not recommend that anyone sell their Dhandho units, we do have a mechanism to get you liquidity by helping you sell units if you want to move on. Several folks have expressed an interest in buying Dhandho units and insiders (excluding me) will have a preference to further align interests. Please email Fahad Missmar (fm@dhandhofunds.com) if this is of interest.

India Zero Fee Funds (INLP and INOL)

The updated performance numbers of the funds are:

Dhandho India Zero Fee Fund LP (INLP - 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 - 12/31/19	31.5%	-4.3%
1/1/20 - 12/31/20	18.3%	3.4%
1/1/21 - 12/31/21	28.7%	43.7%
1/1/22 - 9/30/22	-23.9%	-37.3%
Annualized	9.2%	-6.6%
Cumulative	55.2%	-29.0%

**Dhandho India Zero Fee Fund Offshore Ltd. (INOL - 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 - 12/31/19	31.5%	-4.5%
1/1/20 - 12/31/20	18.3%	1.2%
1/1/21 - 12/31/21	28.7%	43.4%
1/1/22 - 9/30/22	-23.9%	-37.5%
Annualized	9.2%	-7.0%
Cumulative	55.2%	-30.5%

The India Funds were mostly flat for the quarter until 9/21, but then dropped sharply as markets broadly fell. Between 9/21 and 9/30, the India Small Cap Index fell 4.3%, and the S&P 500 dropped 5.4%. Our concentrated portfolios experienced a more acute dip, resulting in INLP being down 7.4% for the quarter and INOL down 8.3%, while the S&P 500 index was down 4.9%.

Approx. 75% of the India Funds' assets are now in 5 businesses: Indian Energy Exchange, Micron Technology, Sunteck Realty, Edelweiss Financial and TAV Airports. These are exceptional franchises that were bought at exceptional prices. Each is being led by a strong management team that is working their tail off to compound their (and our) capital. I hope we are smart enough to remain owners of these assets for a long time.

"Investing should be more like watching paint dry or watching grass grow."

- Paul Samuelson

It's worth briefly discussing Micron, which is facing sharp, but temporary headwinds. On September 29th, Micron reported that demand for its memory and storage chips had suddenly fallen off a cliff. This theme echoes reports by chipmakers across the semiconductor value chain. A sharp drop in end-demand, coupled with high inventory levels at anxious customers that overshot their needs after the pandemic's chip shortages, has led to a supply glut in semis. This will be a drag on revenue and profit in the coming quarters.

Micron's CEO, Sanjay Mehrotra, has been in the business for 40 years and knows the drill. He is reining in supply and capex aggressively to bring the market back into equilibrium. The other two rational players in the oligopoly, Samsung and Hynix, are following suit.

Although the next six months may be painful, Micron's long-term tailwinds remain intact. Humans' memory and storage needs will continue to expand exponentially with the growth of cloud, AI, mobile, tablets, autonomous cars, etc. And as one of the planet's three mission-critical suppliers, Micron will continue to collect its tax on that growth. In this context, Micron should do very well.

Our other top workhorses are doing just fine. IEX's flagship power business continues to swell, and its newly spawned adjacencies, like its Gas Exchange, are rapidly gaining traction. Sunteck's deal engine is working in overdrive and its coveted apartments continue to sell like hotcakes across Mumbai. Edelweiss is gearing up to spin off its Wealth Management unit in early 2023, which alone is worth its entire market cap. And TAV Airports is firing on all cylinders as air traffic continues to recover to pre-pandemic levels and the business eyes new concessions in Lagos and Montenegro.

The remaining 25% of the portfolio is not exactly invested in slackers. There are some great compounders in the mix that are well below intrinsic value. We likely have some duds in the portfolio (I just wish I knew what they were!). But even if we end up being very wrong on some of our bets, the ones we get right should help us drive results that will be quite acceptable in the fullness of time. Your job and my job right now is to do nothing.

Junoon Zero Fee Funds

The updated performance numbers of the funds are:

Dhandho Junoon LP (DJLP - 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 - 12/31/21	28.7%	14.9%
1/1/22 - 9/30/22	-23.9%	-26.1%
Annualized	10.9%	3.3%
Cumulative	91.0%	22.5%

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

S&P 500	Junoon Offshore
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		(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 - 12/31/21	28.7%	11.5%
1/1/22 - 9/30/22	-23.9%	-25.1%
Annualized	10.9%	2.6%
Cumulative	91.0%	17.6%

The two Junoon funds were each up about 1% until 9/21, but like the India Funds, they fell with the indices in the quarter's homestretch. DJLP ended the quarter down 4.3% and DJOL down 4%, slightly better than the S&P 500 which was down 4.9%.

The S&P 500 is a great choice for most investors. But Junoon has certain features that make it even better over the long run (in our view). The first is its careful selection process. Unlike the S&P 500's blunt approach to portfolio construction, which takes the 500 largest market cap businesses in the US and weights them accordingly, Junoon's strategy screens for global businesses that are only Cannibals, Spawners, and/or Cloned Ideas. The resulting universe is a mix of high-quality bets inside and outside the US with underlying business models that are solid and compounding runways that are long. Junoon's "human assist" then takes over and we add only those businesses whose valuations make sense. The deliberate focus on these specific compounding traits gives Junoon its edge.

The second feature is Junoon's approach to concentration. Junoon stays invested in 15 - 22 businesses, which in and of itself is way more concentrated than the index's 500 stocks. But unlike the S&P 500, which trims positions to meet target weights, Junoon lets its winners run. This can result in periods when the portfolio is meaningfully concentrated in a small number of names. That is the case today. The top 4 holdings, Micron, Edelweiss Financial (India), Alphabet, and TAV Airports (Turkey), make up 68% and 56% of DJLP and DJOL, respectively. Concentration can make short-term performance lumpy but should serve us very well over the long-run.

At its essence, Junoon is a "set it and forget it" strategy. The goal is to not make any changes that would disrupt the compounding engine. That dictum applies to both you and me. The best course of action is to just let Junoon's bets ride. We revisit the portfolio in April of every year to see if any tweaks need to be made. Our strong bias is to do very little.

Subscriptions

For the quarter ended September 30, 2022, a total of \$0.6 million was added to the various funds by new and existing partners. The additions on a per fund basis are:

Dhandho Junoon LP:	\$0.1 million
Dhandho India Zero Fee Fund LP:	\$0.1 million
Dhandho India Zero Fee Offshore Fund:	\$0.5 million
Total:	\$0.6 million

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 and Junoon Zero Fee Funds.

Dhandho Funds 2022 Annual Meeting Presentation

We had two very successful annual meetings in September. One in-person meeting at St. Edwards University in Austin and a virtual meeting. It was a pleasure to meet old friends and partners and welcome new ones. I'm very grateful to Kimberly and Pauline for all their diligence in organizing the various facets of the meetings and dinners so flawlessly.

The Annual Meeting presentation slides and transcript are posted on our website. Here is the link to the transcript:

[Pabrai Funds/Dhandho 2022 Annual Meeting Transcript](#)

The transcript is best read in conjunction with the presentation slides (the password to the video is "Munger"):

[Pabrai Funds/Dhandho 2022 Annual Meeting Presentation on Vimeo](#)

Alignment of Interests

My investment in Dhandho Holdings was worth about \$4.7 million at the 9/30/22 estimated NAV and The Dakshana Foundation's interest is worth \$0.5 million. My family, Fahad Missmar, Jaya Velicherla and The Dakshana Foundation own about 26% of Dhandho Holdings. It is important to note that Dhandho has never issued stock options or given units to management below fair value, etc.

Online Portal for Investment Statements

Your 9/30 investor statement have been uploaded to your investor portal. If you have trouble accessing your investor portal or need to reset your password, please contact Kimberly Engleman at ke@dhandhofunds.com for assistance.

Our fund administrator, Liccar, has migrated all investor portals to a new platform. You should have already received a link from Liccar Fund Services to set up your new portal. If you did not receive your email invitation, or you are experiencing issues, please contact Kimberly as soon as possible.

Estimated K-1's (for US Investors)

For Dhandho Holdings LP and Dhandho Holdings Qualified Purchaser LP investors, based on our tax loss selling activity so far this year, we anticipate your K-1s to show short-term capital losses, long-term capital losses, and modest dividend income.

For Dhandho India Zero Fee LP investors, we anticipate your K-1s to show short-term capital losses and modest long-term gains and dividend income. We expect the short-term capital losses will more than offset any long-term gains.

For Dhandho Junoon LP investors, we anticipate your K-1s to show modest long-term gains and dividend income.

Given the tax position of the funds, we do not plan to issue an estimated K-1 this year. Your final K-1's will be issued in late March 2023.

Redemptions

Please note that if you plan to redeem funds, we must have the request in writing by November 1, 2022. Funds go out approximately 20 business days after year end based on the December 31 NAV. To get the redemption form emailed to you, please nudge Kimberly Engleman at ke@dhandhofunds.com.

The redemptions forms are also on our website (id is **dhandho** and password is **zerofee**):

[Dhandho India Zero Fee Fund LP Redemption Form 2022](#)

[Dhandho India Zero Fee Fund Offshore Ltd Redemption Form 2022](#)

[Dhandho Junoon LP Redemption Form 2022](#)

[Dhandho Junoon Offshore Ltd Redemption Form 2022](#)

As a reminder to our older IRA investors, keep in mind that redemptions are paid in January when submitting a redemption for any Required Minimum Distribution (RMD). If you are turning 72 in 2023, you may need to submit your redemption form this year to satisfy the RMD. If you elect to delay your first RMD as allowed by the IRS until April 1, 2024 and submit your redemption form in 2023, then you will need to also include your second RMD distribution in that total.

We have an annual redemption date on September 30th only for retirement accounts in which the beneficial owner is 72 years or older. The purpose of this is to allow folks who are 72 years or older and who are invested in the Funds with retirement assets to meet their annual RMDs. These investors can also still redeem whatever they wish on 12/31 with 60 days' advance notice.

RMD redemptions at September 30 on a per fund basis are:

Dhandho India Zero Fee Fund LP: \$26,643

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 the Asian Institute of Technology, Bangkok - August 30, 2022

I very much enjoyed this recent Q&A session with the students at the Asian Institute of Technology in Bangkok. We talked about Rakesh Jhunjhunwala's investing career, Uber Cannibals and investing in China.

[Q&A session with the Asian Institute of Technology, Bangkok - August 30, 2022](#)

Lecture on Approaches to Value Investing - July 14, 2022

I very much enjoyed my Q&A session on Value Investing with Narsee Monjee Institute of Management Studies, Mumbai. I discussed value investing, McDonald's 60+ years of compounding and Global Multibaggers.

[Lecture on Approaches to Value Investing - July 14, 2022](#)

2023 Annual Meeting

As we did this year, we intend to have two annual meetings sequentially in September 2023: an in-person meeting in Austin, Texas and a virtual meeting. These meetings will cover Pabrai Funds, Dhandho Holdings and Dhandho Funds. We will provide dates for both events in future letters; we'll try our best not to schedule our Austin meeting when the Longhorns have a home game 😊.

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@dhandhofunds.com.

The Dhandho Zero Fee Funds are open quarterly to new capital. The next opening is January 1, 2023. The minimum initial investment is \$1.5 million for the India Zero Fee US Fund, \$1 million 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 \$68.6 and \$13.3 million in assets under management in the India Zero Fee Funds and Junoon respectively as of October 1, 2022

Thanks for your continued interest, referrals and support. Feel free to call me at +1512.999.7110 or email me at mp@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. 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
5,669,254	12/31/2021	\$11.33
5,778,923	03/31/2022	\$9.81
5,811,511	06/30/2022	\$7.67
5,821,836	09/30/2022	\$7.10

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
3,558,914	12/31/2021	\$11.12
3,717,861	03/31/2022	\$9.60
3,849,702	06/30/2022	\$7.58
3,914,408	09/30/2022	\$6.95

Appendix B

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

No. of Units	Date	NAV
425,000	07/1/2016	\$10.00
400,000	12/31/2016	\$11.29
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
634,549	12/31/2021	\$16.57
636,526	03/31/2022	\$15.17
640,433	06/30/2022	\$12.80
644,515	09/30/2022	\$12.25

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
724,336	12/31/2019	\$12.65
482,830	12/31/2020	\$14.08
458,071	12/31/2021	\$15.69
458,071	03/31/2022	\$14.34
458,071	06/30/2022	\$12.25
458,071	09/30/2022	\$11.76

Appendix C

Dhandho Holdings LP Performance History (Net to Investors)

No. of Units	Date	NAV	Cumulative Capital Returned	NAV + Capital Returned
11,216,447	03/31/2014	\$10.00	\$0.00	\$10.00
11,216,447	12/31/2014	\$9.93	\$0.00	\$9.93
11,216,447	12/31/2015	\$8.36	\$0.00	\$8.36
11,146,447	12/31/2016	\$8.73	\$0.00	\$8.73
11,145,609	12/31/2017	\$4.92	\$5.00	\$9.92
11,143,443	12/31/2018	\$4.12	\$5.00	\$9.12
11,122,506	12/31/2019	\$3.73	\$6.00	\$9.73
11,100,968	12/31/2020	\$2.64	\$7.50	\$10.14
11,100,968	12/31/2021	\$2.68	\$7.50	\$10.18
11,100,968	03/31/2022	\$1.95	\$8.00	\$9.95
11,100,968	06/30/2022	\$1.72	\$8.00	\$9.72
11,100,968	09/30/2022	\$1.67* <i>estimate</i>	\$8.00	\$9.67

Dhandho Holdings Qualified Purchaser LP Performance History (Net to Investors)

No. of Units	Date	NAV	Cumulative Capital Returned	NAV + Capital Returned
3,621,240	03/31/2014	\$10.00	\$0.00	\$10.00
4,002,192	12/31/2014	\$9.93	\$0.00	\$9.93
4,072,192	12/31/2015	\$8.36	\$0.00	\$8.36
4,072,192	12/31/2016	\$8.73	\$0.00	\$8.73
4,072,192	12/31/2017	\$4.92	\$5.00	\$9.92
4,072,192	12/31/2018	\$4.11	\$5.00	\$9.11
4,071,304	12/31/2019	\$3.72	\$6.00	\$9.72
4,070,472	12/31/2020	\$2.59	\$7.50	\$10.09
4,070,472	12/31/2021	\$2.54	\$7.50	\$10.04
4,070,472	03/31/2022	\$1.87	\$8.00	\$9.87
4,070,472	06/30/2022	\$1.65	\$8.00	\$9.65
4,070,472	09/30/2022	\$1.58* <i>estimate</i>	\$8.00	\$9.58