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To: All Limited Partners & Investors of Dhandho Holdings & Zero Fee Funds
From: Mohnish Pabrai, Managing Partner
Date: July 17, 2023
Re: Q2 2023 Letter to Partners

Dear Partners:

Hope all is well. This is our usual brief quarterly update on Dhandho Holdings and the Dhandho Zero Fee Funds. The [2022 Annual Report](#) is on our website with expanded commentary and I encourage you to peruse that for more color.

Dhandho Holdings

The estimated NAV at 6/30 was \$1.69 per unit for Dhandho Holdings LP and \$1.57 per unit for Dhandho Holdings Qualified Purchaser LP. DHLP is up 9.6% from its final 3/31 NAV of \$1.54 per unit, and DHQPLP is up 5% from its final 3/31 NAV of \$1.50 per unit. The 6/30 estimates hold our interest in Tandem (49% of the NAV) at the latest valuation available to us, which is as of 3/31. The remainder of the NAV is almost entirely in our public stock portfolio, which drove our NAV higher this quarter.

We are working on adding a new line of business to Dhandho Funds. We can't share much about this new venture now, but it will require less than \$300,000 of marginal expense and could break even within a year or two. If we are successful, the value creation could be quite large. Stay tuned!

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

The updated performance numbers of the funds are:

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

	S&P 500	India US (net to investors)
10/1/17 - 12/31/17	6.6%	1.1%
1/1/18 - 12/31/18	-4.5%	-21.2%
1/1/19 - 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 - 12/31/22	-18.1%	-34.2%
1/1/23 - 06/30/23	16.9%	-1.4%
Annualized	12.3%	-5.2%
Cumulative	95.0%	-26.5%

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 - 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 - 12/31/22	-18.1%	-35.4%
1/1/23 - 06/30/23	16.9%	2.8%
Annualized	12.3%	-5.2%
Cumulative	95.0%	-26.2%

INLP and INOL were up 6.1% and 8.9%, respectively, in the second quarter vs. the S&P 500, which was up 8.7% in the same period. While my focus is long-term, it is worth noting that the NAVs are a bit understated at quarter-end due to two unusual occurrences in the quarter.

1. One of our holdings in India, Edelweiss Financial, spun off its wealth management subsidiary during quarter. The spun-off business, Nuvama, will not be listed for up to another six weeks. The value ascribed to Nuvama by our custodian appears conservative in my opinion. More color on this later.
2. INLP and INOL have 21% and 13% of their portfolios invested in Turkiye. The Turkish markets were closed for the Eid holiday for the last three days of the quarter and thus the quoted prices are a bit stale and are as of Tuesday, June 27. For the first two trading days in July, the Turkish bets in INLP and INOL were up 10.9% and 10.6%, respectively, versus their 6/30/23 value, on no news. If the quarter ended on July 4, the funds would have been up about 8.3% and 10.9%, respectively, while the S&P 500 would have been up around 8.9%.

The India Funds are in the process of adding two US names to their non-U.S. holdings. These businesses are deeply undervalued and help diversify the portfolio. We're very happy to have them in the mix.

Edelweiss and the Nuvama Spinoff

We have been investors of Edelweiss Financial in India for five years and own around 1.4% of the business across the India Funds. While our returns from owning Edelweiss over these years have been significantly negative for the funds, I believe it is all set to change in the years ahead.

Edelweiss has been a great incubator of various financial services and insurance businesses over the years. It has created tremendous shareholder value in these businesses except one. They got their head handed to them in their wholesale real estate lending business and it put tremendous stress on their balance sheet. They put their lending business into runoff a few years ago and should be mostly out of it in the next 2-3 years. They have learnt their lesson and the company is highly unlikely to ever engage in balance sheet lending in the future.

Edelweiss spun off their wealth management business, Nuvama, in June 2023. Before the spinoff Edelweiss owned 44% of Nuvama and after the spinoff they still own 14%. Edelweiss shareholders got 30% of Nuvama ownership distributed to them. Thus, the India Funds now own about 0.3% of Nuvama.

The custodian ascribed a valuation to Nuvama of \$1.14 billion. I believe Nuvama could be worth more than that and we'll get real price discovery when it starts trading in a few weeks. The \$1.14 billion valuation was used for the 6/30 NAV. Excluding one-time spinoff expenses, Nuvama had \$45 million in net income in the year ended March 31, 2023. Nuvama is growing fast and investing ahead of the curve to fuel that growth.

The \$45 million earnings number is after investing heavily in future growth. Earnings are growing at a healthy 20+% a year clip. Wealth management is embryonic in India and is expected to have high growth for decades. Nuvama's earnings may be \$100+ million in a

few years and it may have a market cap of around \$2-3 billion or more by then. We intend to hold on to our Nuvama (and Edelweiss) stake for a long time.

To put all this in context, before the Nuvama spinoff, Edelweiss was sporting a market cap of \$765 million. Even at the \$1.14 billion Nuvama valuation, the Nuvama stake made up \$500 million of Edelweiss' \$765 million valuation. Everything else was ascribed a value of just \$265 million. Edelweiss owns many world class businesses, each of which is worth a lot more than \$265 million.

After the Nuvama spinoff, we added to our Edelweiss position and, including the ownership with Pabrai Funds, are now close to the 10% maximum allowed by law.

Turkiye Musings

There were much anticipated national elections in Turkiye in May. Most investors had hoped for a change in leadership with more rational monetary policies. Erdogan was, however, re-elected and, surprisingly, has made the monetary policy changes I expected a new leader to make.

Erdogan was a terrific leader from the time he was first elected Prime Minister in 2004 until 2018. Per capita GDP tripled from \$3600 in 2004 to over \$12,500 a decade later. Mehmet Simsek was the Finance Minister and Deputy Prime Minister through this period and until 2018 when Erdogan wanted interest rates cut. Simsek refused and was summarily fired.

From 2019 till now, Erdogan has repeatedly fired several Finance Ministers and heads of the Central Bank, including his son-in-law. With spiraling inflation, he forced the Central Bank to cut interest rates. The Turkish Lira collapsed, and inflation skyrocketed. Surprisingly, after the May elections, Simsek is back in as Finance Minister! He is widely respected by Western central bankers, and he must have been guaranteed a free hand to even consider coming back.

In another sign of a move toward more pragmatic policies, Erdogan appointed Hafize Gaye Erkan this month as Turkiye's first female Central Bank Governor. Erkan is a Princeton Ph. D., and highly respected. The Turkish Central Bank just hiked its main interest rate from 8.5% to 15% for the first time in four years. I expect several more significant hikes in the near future.

While the country faces many challenges, its debt to GDP ratio is a modest 31%. The United States, for example, is over 100%. This number does understate the real obligation as the Turkish Central Bank has borrowed over \$125 billion from domestic banks. These borrowings widely outstrip Turkiye's foreign exchange and gold reserves, but basically the country owes it to itself.

By no means am I an expert in these matters. Our Turkish bets in the India Funds are primarily in two businesses. I believe they are both well insulated from the sky-high inflation and other monetary challenges the country faces. They both derive a majority of

their cash flows from their foreign subsidiaries and are wide moat businesses with exceptional owners and managers.

Our Turkiye Portfolio

In Turkiye, INLP and INOL are primarily invested in two businesses (INLP also has a very small position in a third Turkish business).

TAV Airports has a large footprint of airports outside Turkiye, including its crown jewel Almaty Airport. All its Turkish and non-Turkish airports and businesses have revenues contracted to be in euros/dollars while many of its expenses (payroll) are in Lira. The currency devaluations and inflation have been a tailwind for TAV.

Our second key Turkish bet is undisclosed but will eventually be revealed and listed in our audit reports. Well over 60% of its revenues are from businesses and assets it owns outside Turkiye. These are extremely valuable global franchises. They have market leading brands and dominance within Turkiye as well.

The risk-reward equation of our Turkiye bets is heavily in our favor.

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 - 12/31/21	28.7%	14.9%
1/1/22 - 12/31/22	-18.1%	-21.1%
1/1/23 - 06/30/23	16.9%	12.3%
Annualized	13.3%	5.6%
Cumulative	140.1%	46.7%

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 - 12/31/21	28.7%	11.5%
1/1/22 - 12/31/22	-18.1%	-19.0%
1/1/23 - 06/30/23	16.9%	10.9%
Annualized	13.3%	5.0%
Cumulative	140.1%	41.1%

DJLP and DJOL were up 9.2% and 7.5%, respectively, in the second quarter vs. the S&P 500, which was up 8.7% in the same period. The two funds have approx. 20% of their portfolios in Turkiye, and own Edelweiss, so for the same reasons discussed in the India Funds section of this letter, the 6/30 NAVs are a bit understated. For the first two trading days in July, the Turkish bets in DJLP and DJOL were up 7.7% and 6.7%, respectively, versus their 6/30/23 value, on no news. If the quarter ended on July 4, the funds would have been up about 11.2% and 9.1%, respectively, while the S&P would have been up around 8.9%.

Junoon's strong performance in the quarter was driven by its bets in the US like Alphabet, Chipotle and Microsoft, as well as Edelweiss Financial in India. DJLP and DJOL both received shares of the Nuvama Wealth Management spin-off from Edelweiss (see page 3 of this letter for more color on that business).

Seven large tech mega-caps now make up 30% of the S&P 500. They are all incredible businesses with strong tail winds. However, we have seen this movie before when Microsoft got to nosebleed valuations in 1999/2000 and never crossed that valuation again for the next 16+ years. Microsoft's current valuation could be justified, but it is hard to reach the same conclusions about Nvidia. Nvidia might just be the Microsoft of 2000. We are neither long nor short Nvidia. I'm just watching the show with a large tub of well buttered popcorn.

The Junoon portfolio is diversified and robust with a deep bench of long-term, global compounders. It is an excellent global alternative/supplement to the S&P 500 with a very favorable fee structure.

Subscriptions

For the quarter ended June 30, 2023, a total of \$0.4 million was added to the various funds by new and existing partners. The additions on a per fund basis are:

Dhandho India Zero Fee Offshore: \$0.3 million

Dhandho Junoon LP: \$0.1 million

Total: \$0.4 million

The Dhandho Zero Fee Funds are open quarterly to new capital. The next opening is October 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. INOL and DJOL are closed to new and existing IRA contributions at this time. 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.

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.

2022 Annual Report

The [2022 Annual Report](#) of Dhandho Funds is on the website for your perusal.

Alignment of Interests

My investment in Dhandho Holdings was worth about \$4.7 million at the 6/30/23 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 28% 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 Investor Statements

For investors in the Dhandho Zero Fee Funds, your 6/30 investor statement have been uploaded to your investor portal. For Dhandho Holdings investors, your 12/31 investor statements are in your Liccar portal. Year-end audited financial statements for the Dhandho Zero Fee Funds and Dhandho Holdings are also in your 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 (ke@dhandhofunds.com) as soon as possible.

Annual Redemption Date Only for Retirement Account RMDs

We have an annual redemption date on September 30th only for retirement accounts invested in the Zero Fee Funds 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 Zero Fee 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. Effective January 1, 2023, the age to start taking RMDs from your retirement accounts increased from 72 to 73. The minimum age for our RMD redemption window will increase to 73 beginning next year.

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

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

Office Phone Number

We switched off our Irvine phone number for good on May 1st. Please update your address books to our Austin office number: +1.512.999.7110.

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:

Presentation and Q&A at the University of Nebraska, Omaha on May 5, 2023

I very much enjoyed my session with students at the University of Nebraska on "Circle the wagons" investing approach.

[Presentation and Q&A at the University of Nebraska, Omaha on May 5, 2023](#)

Talk and Q&A session with students at the University of Texas on February 28, 2023

I very much enjoyed my session with students at the University of Texas on Warren Buffett's 2022 Shareholder letter.

[Talk and Q&A session with students at the University of Texas on February 28, 2023](#)

2023 Annual Meeting

There will be two annual meetings held sequentially in 2023: an in-person meeting in Austin, Texas and a virtual meeting. These meetings will cover Pabrai Funds, Dhandho Holdings and Dhandho Funds.

The **In-Person Austin** meeting is scheduled to be held on **Saturday, September 9th, 2023** at 4:00 PM Central Time at:

[St. Edwards University](#)

John Brooks Williams Science Center South
3001 South Congress, Austin, Texas 78704-6489

Tel: +1 512-448-8400

St. Edwards has a beautiful campus lined with 100-year-old Texas live oak trees and is only 10 minutes from downtown Austin. It is also a 10-minute drive from Austin-Bergstrom International Airport (AUS).

There are many hotels and Airbnbs in downtown Austin, and cheaper options 10-15 miles out.

Agenda for the Austin meeting:

4:00 – 4:30 PM: Meet and Greet
4:30 – 6:30 PM: Presentation and Q&A
6:30 – 7:15 PM: Cocktail Hour

The **Virtual** meeting is scheduled to be held via video conference on **Saturday, September 23rd, 2023** at 2:00 PM Central Time. Confirmed guests will receive instructions via email on how to attend the virtual meeting.

Agenda for the virtual meeting:

2:00 – 4:00 PM Central Time: Presentation and Q&A

The invites will go out electronically via email in July 2023. 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 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. I look forward to seeing you in September.

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.

Assets Under Management

There is \$70 and \$15.7 million in assets under management in the India Zero Fee Funds and Junoon respectively as of July 1, 2023.

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
5,732,076	03/31/2021	\$8.42
5,732,076	06/30/2021	\$8.93
5,851,736	09/30/2021	\$10.45
5,669,254	12/31/2021	\$11.33
5,321,301	12/31/2022	\$7.45
5,321,301	03/31/2023	\$6.92
5,321,301	06/30/2023	\$7.35

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
3,846,110	06/30/2021	\$8.88
3,935,976	09/30/2021	\$10.56
3,558,914	12/31/2021	\$11.12
3,900,490	12/31/2022	\$7.18
4,175,752	03/31/2023	\$6.77
4,222,332	06/30/2023	\$7.38

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
829,456	03/31/2021	\$15.19
845,401	06/30/2021	\$16.17
643,301	09/30/2021	\$16.02
634,549	12/31/2021	\$16.57
617,725	12/31/2022	\$13.06
627,363	03/31/2023	\$13.43
630,811	06/30/2023	\$14.67

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
464,443	03/31/2021	\$14.58
464,443	06/30/2021	\$15.62
464,443	09/30/2021	\$15.20
458,071	12/31/2021	\$15.69
458,071	12/31/2022	\$13.06
458,071	03/31/2023	\$13.12
458,071	06/30/2023	\$14.11

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	12/31/2022	\$1.59	\$8.00	\$9.59
11,090,371	03/31/2023	\$1.54	\$8.00	\$9.54
11,090,371	06/30/2023	\$1.69* <i>estimate</i>	\$8.00	\$9.69

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	12/31/2022	\$1.50	\$8.00	\$9.50
4,070,472	03/31/2023	\$1.50	\$8.00	\$9.50
4,070,472	06/30/2023	\$1.57* <i>estimate</i>	\$8.00	\$9.57