

# DHANDHO

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USA**

**Tel: +1.512.999.7110  
mp@dhandhofunds.com**

**To: All Limited Partners & Investors of Dhandho Holdings**  
**From: Mohnish Pabrai, Managing Partner**  
**Date: April 17, 2024**  
**Re: Q1 2024 Letter to Partners**

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Dear Partners:

Hope all is well. The estimated NAV at 3/31 was \$2.06 per unit for Dhandho Holdings LP and \$1.95 per unit for Dhandho Holdings Qualified Purchaser LP. DHLP is flat from its final audited 12/31 NAV of \$2.06 per unit, and DHQPLP is up 4.0% from its final audited 12/31 NAV of \$1.88 per unit. The 3/31 estimates hold our interest in Tandem (38% of the NAV) at the latest valuation available to us, which is the audited value at 12/31. The remainder of the NAV is almost entirely in our public stock portfolio, which drives the quarterly fluctuations.

Dhandho Holdings launched in 2014 at an initial NAV of \$10.00 per unit, and so far, we have returned \$8.00 per unit in cash to all investors. The final 20% of initial capital consists of \$31 million spread across three buckets:

1. Dhandho Funds (8% of the pie)
2. Stock portfolio (54%)
3. Tandem Fund (38%)

*Dhandho Funds and the Pabrai Wagons Fund:*

Although it presently accounts for the smallest portion of our NAV, Dhandho Funds has the potential to be a significant source of value to Dhandho Holdings shareholders in the coming years. The Dhandho Funds' advisory business earns fees from the Pabrai Wagons Fund, a mutual fund we launched on September 29, 2023. I am restricted from discussing

a retail vehicle like the Pabrai Wagons Fund in a way that may be construed as marketing it, which is why I refrained from doing so in prior letters that were also sent to the Zero Fee Fund investors. However, this letter is only going to Dhandho Holdings investors, i.e., owners of the Wagons Fund's advisor, so I can provide you with a confidential, operational update here.

The Wagons Fund is just six months old. Our chief priority since launch has been to deploy capital into our highest conviction global bets. Mutual funds have some diversification requirements, but we are allowed to hold concentrated positions and invest virtually anywhere in the world. We are very pleased with the businesses that we've acquired in the Fund over the past two quarters. They include 23 bets in Türkiye, the US, Europe, Canada and Asia.

From inception on 9/29/23 through 4/16/24, the Fund is up approx. 15.73%, vs. 18.78% for the S&P 500. The index's performance is way above its long-term average. Much of this outperformance has been driven by the so-called "Fab Four" (NVIDIA, Meta, Microsoft, and Amazon), which make up approx. 19% of the S&P 500 today. The index's future performance is now highly dependent on them. At a weighted P/E of 53, the Fab Four appear to be fully priced, or overpriced. By contrast, the Wagons Fund is invested in a collection of very undervalued businesses, many of which have long runways to compound. We love how the Wagons Fund is positioned from here and believe its prospects to beat the S&P 500 are very bright. As I pen this missive on April 16, the Fund is up approx. 7.34% year-to-date, vs. 6.34% for the S&P 500.

Our second priority since launch has been to make the Wagons Fund available to as many retail brokerages as possible. Most platforms have steep eligibility requirements for start-up funds, so our initial set has been limited. Today, the Fund is available on Vanguard, Interactive Brokers and Pershing. Investors can also buy the Fund directly through its transfer agent, US Bank. So far, most of our assets (80%) have come through Vanguard. We've received a lot of interest in investing via Schwab and Fidelity, but each of these platforms requires a fund to have a 12-month track record before being added. We believe the Fund's addition to these platforms (when we are eligible) will further catalyze asset inflows.

Despite the Fund's limited track record and availability, and minimal marketing efforts, we have received a lot of inbound interest, which has translated into meaningful net inflows. Assets continue to flow in daily and I am encouraged by the pace and cadence of the increases.

Here's how the Wagons Fund AUM has grown since inception:

<b>Pabrai Wagons Fund</b>	
<b>Date</b>	<b>AUM</b>
10/1/2023	\$100,000
11/1/2023	\$530,583
12/1/2023	\$1,580,331
1/1/2024	\$2,753,025
2/1/2024	\$5,894,194
3/1/2024	\$9,516,169
4/1/2024	\$16,887,456
4/16/2024	\$18,446,814

Wagons Fund investors are charged an all-in net expense ratio of 1.25% for the Retail Class and 1.00% for the Institutional Class (which has a \$250,000 initial account minimum). This expense ratio includes a 0.90% management fee that Dhandho Funds collects. Although I generally prefer the 0/6/25 fee structure of private funds, mutual funds are not allowed to charge typical performance fees. Despite this, I am very comfortable with our current fee structure and believe it is a win-win for everyone.

US mutual funds are highly regulated. This regulation comes with significant fixed and variable compliance costs. Given these costs, Dhandho Funds will not be comfortably profitable until the AUM of the Wagons Fund is above \$150 million. If the Wagons Fund gets to \$1 billion, the Dhandho Funds business could be cash flowing \$5 million/year. This could give it a value of \$100 million, or over 3x Dhandho Holdings' current NAV. The vehicle is growing, but it still has a long way to go. If the Wagons Fund meaningfully beats the indices after fees, it will scale. Stay tuned.

*Stock Portfolio and Next Distribution:*

Dhandho Holdings itself owns a concentrated portfolio of securities that accounts for approx. half of the NAV today. This portfolio includes high conviction bets like TAV Airports and Anadolu Efes in Türkiye, and Alpha Metallurgical Resources in the US. I am very bullish on DH's portfolio, and I believe it is worth multiples of its current value. Our liquid portfolio is important as it allows DH to fund the operational needs of Dhandho Funds' growing mutual fund business. As the mutual fund scales and starts to earn fees, however, we will strategically sell down portions of the stock portfolio that are closer to fair value and return cash to you.

We intend to make a distribution of \$0.30 - \$0.40 per unit to all investors in June 2024. We will fund this distribution primarily through selective sales in our securities portfolio. With this distribution, the total cash returned to investors will be close to 85% of the initial capital invested in 2014. My focus is to return 100% of the initial capital to you in the shortest amount of time possible, without destroying future value. It has taken much longer than I initially expected to do so. With the new mutual fund and some tailwinds in our stock portfolio, I believe we can get there in the next few years.

### *Tandem Fund:*

Approx. 40% of Dhandho Holdings' NAV is held within an illiquid venture capital fund called Tandem Fund III LP. Investing in Tandem was a mistake. Although we are likely to get our money back eventually, the opportunity cost and time value of money of locking up \$10 million over the last 10 years exposes the real loss on Tandem. We do not have any visibility into when Tandem will be able to return capital to us. The timing depends on when Tandem's bets experience liquidity events, like IPOs. The best data that we have today is that it may still be a couple of years before we see meaningful distributions come our way.

### *Mechanism to Exit:*

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](mailto:fm@dhandhofunds.com)) if this is of interest.

### **Alignment of Interests**

My investment in Dhandho Holdings was worth about \$5.8 million at the 3/31/24 estimated NAV and The Dakshana Foundation's interest is worth \$0.6 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.

### **We have moved!**

In January 2024, Dalal Street closed on the purchase of an office condo about 1.5 miles from our existing office in West Lake Hills in Austin, Texas. We have moved our location to that address permanently. Given that we now own our office, we hope to never move again. Please update your address books to our new address:

**4407 Bee Cave Road  
Suite 513  
West Lake Hills, Texas 78746-6496**

### **Update to Firm Brochure, Brochure Supplement, and Privacy Notice**

We have updated Part 2A of our Form ADV (i.e., our Firm Brochure), Part 2B of our Form ADV (i.e., our Brochure Supplement), and our Privacy Notice to reflect our new office location. The latest versions of these documents can be found in the legal tab of our website: [Legal](#).

### **Online Portal for Investor Statements and Audited Financials**

Your 12/31 investor statements and the latest audited financial statements are in your Liccar portal. If you have trouble accessing your investor portal or need to reset your password, please contact Kimberly Engleman at [ke@dhandhofunds.com](mailto:ke@dhandhofunds.com) for assistance.

### **Final K-1's (for US 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 Kimberly Engleman at [ke@dhandhofunds.com](mailto:ke@dhandhofunds.com).

### **Annual Report - Will be out in Q2 2024**

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 2024.

### **Chai With Pabrai Blog**

Please check out my blog [www.ChaiWithPabrai.com](http://www.ChaiWithPabrai.com) which I try to keep updated. 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:

### **Session with Columbia Business School on February 14, 2024**

I very much enjoyed my session with the students of Columbia Business School. I talked about Berkshire Hathaway's investment decisions, car dealerships, and the coal business.

### **[Session with Columbia Business School on February 14, 2024](#)**

### **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](mailto:mp@dhandhofunds.com).

### **2024 Annual Meeting**

There will be two annual meetings held sequentially in 2024: an in-person meeting in Austin, Texas and a virtual meeting. These meetings will cover Pabrai Funds, Dhandho Holdings and Dhandho Funds. We have moved the meetings from September to April.

The In-Person Austin meeting is scheduled to be held on **Saturday April 20<sup>th</sup>, 2024** 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 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 April 27<sup>th</sup>, 2024** at 1:00 PM US Central Time. Confirmed guests will receive instructions via email on how to attend the virtual meeting.

Agenda for the virtual meeting:

1:00 – 3:00 PM US Central Time: Presentation and Q&A

The invites went out electronically via email in February 2023. If you didn't receive it, please contact [invite@pabraifunds.com](mailto:invite@pabraifunds.com). I look forward to seeing you soon.

Thanks for your continued interest, referrals and support. Feel free to call me at +1512.999.7110 or email me at [mp@dhandhofunds.com](mailto: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.*

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## Appendix A

### 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
11,089,877	06/30/2023	\$1.71	\$8.00	\$9.69
11,089,632	09/30/2023	\$2.01	\$8.00	\$10.01
11,089,632	12/31/2023	\$2.06	\$8.00	\$10.06
110,89,632	03/31/2024	\$2.06* estimate	\$8.00	\$10.06

### 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	\$1.58	\$8.00	\$9.57
4,070,472	09/30/2023	\$1.90	\$8.00	\$9.90
4,070,472	12/31/2023	\$1.88	\$8.00	\$9.88
4,070,472	03/31/2024	\$1.95* estimate	\$8.00	\$9.95