

2022  
ANNUAL REPORT

DHANDHO HOLDINGS  
DHANDHO ZERO FEE FUNDS

DHANDHO



# 2022 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 can skip ahead to page 5 for the India Zero Fee Funds and 10 for the Junoon Zero Fee Funds.

**Dhandho Holdings**

Since 2017, we have been focused on returning the initial invested capital to all Dhandho Holdings investors and building enduring value in the stub that will remain. In 2022, we continued to make progress on both fronts.

In Q1 2022, we completed our fourth cash distribution. To date, 80% of the initial \$152 million of capital has been returned to you. The remaining 20%, or approx. \$30 million, will be distributed as and when we have the capital to push out. No distributions are presently scheduled or planned. No one is more eager to get you back your initial capital than me. The \$30 million of initial capital that remains is currently valued at approx. \$25 million in three key buckets:

<b><u>Dhandho Holdings Sum of the Parts</u></b>	
(in USD millions)	
Tandem Fund	\$12.5
Liquid Portfolio (Stocks + Cash)	\$11.5
Dhandho Funds Assigned Value	\$1.0
<b>Total</b>	<b>\$25</b>

*Tandem Fund:*

Half of Dhandho’s NAV is sitting in Tandem, an illiquid venture capital fund. Within Tandem, 2/3 is in [Outdoorsy](#), an Austin, Texas based company that is the Airbnb of RV rentals. Outdoorsy was planning to go public at a \$2 billion valuation in 2023 or 2024 but has put its plans on ice pending a more favorable IPO environment. In the meantime, it has continued to grow its RV marketplace and launch new businesses, like [Roamly](#), an RV insurance

platform that is scaling nicely. We had dinner with Outdoorsy's CEO a few months ago in Austin and the business appears to be on a good glidepath. Through Tandem we own 0.50% of Outdoorsy. A \$2 billion IPO in this one business could get us back 100% of what we initially invested in Tandem. There are significant uncertainties here including their post-Covid growth rate and profitability. Outdoorsy is a valuable business, but we can only have certainty of outcome after we have cashed out this position.

The remaining 1/3 of Tandem is invested in a varied collection of 15 other bets, the largest of which include:

1. [7Shifts](#), a SaaS platform that enables restaurants and retailers to manage shift-scheduling and other HR tools;
2. [Deako](#), which sells smart, modular light switches to home builders like DR Horton;
3. [Bloom Institute of Technology](#) (formerly Lambda), an online coding academy with flexible tuition options tied to future employment;
4. [Yardzen](#), a low-cost disruptor of landscape design services.

Over 90% of start-ups fail in the US. Tandem's management is confident that at least a few of its bets will work out well enough to get us distributions in excess of the \$12.5 million we have in their fund. We've received a few small distributions from them so far. But we do not have visibility into the timing or size of future Tandem distributions.

#### *Liquid Portfolio:*

Approx. 45% of Dhandho's NAV is in stocks and cash. Within this concentrated portfolio, the largest bets are in businesses in which we are very bullish, including TAV Airports in Turkiye. If we were to liquidate the entire portfolio today, we'd have approx. \$11.5 million, or \$0.76 per unit, available to distribute to investors.

The \$11.5 million in our portfolio is worth at least 2-3x of its current value (no guarantees!). So, if we sold today, we would be destroying that future value. The Dhandho Funds GP incurs ongoing operating expenses, but its performance fee revenue is lumpy and unpredictable. We need to make sure the GP is sufficiently capitalized to ride out years without any revenue. Having a growing, liquid portfolio at Dhandho Holdings builds that runway.

We are embarking on a new asset management business within Dhandho. It is an asymmetric bet whereby our additional costs will be less than \$300,000 a year with the potential to break-even in a year or two. The value creation if we are successful could be quite large. Tens of millions or more. We cannot share much more about this venture for now, but I am quite excited about it.

This is another reason we need to maintain some assets at Dhandho. Once we are cash flow positive at Dhandho Funds with some visibility we intend to liquidate the portfolio as it gets to fair value and send you the proceeds.

*Dhandho Funds GP:*

We are required by GAAP to value the GP by estimating the present value of future cash flows of the business. This is an almost impossible task because we have no idea when its funds will break through their high-water marks and generate performance fees. Because the India Funds are still 80-83% away from fee-earning territory, and the Junoon Funds are 23-29% away from their threshold, our assumptions on future returns (and fees) are necessarily conservative, and result in a value of only about \$1 million for Dhandho Funds.

If someone offered \$1 million (or even several times that) to buy the Dhandho Funds business, we would respectfully decline. Publicly traded asset managers can trade at 10%+ of AUM. By that yardstick, Dhandho Funds may be worth \$10 million at its present AUM. Given the growth that the GP may experience in both AUM and fee revenue in the years to come, my answer to even a \$10 million buyout price would be no thanks. We've built a very valuable platform in Dhandho Funds, and I look forward to seeing it continue to scale.

*Mechanism to Exit:*

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](mailto:fm@dhandhofunds.com)) if this is of interest. You can assume any sale will take place at the last estimated quarterly NAV.

**Alignment of Interests**

My investment in Dhandho Holdings was worth about \$4.4 million at the estimated 3/31/23 NAV and The Dakshana Foundation's interest was 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.

## The India Zero Fee Funds

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

	<b>S&amp;P 500</b>	<b>India US (net to investors)</b>
10/1/17 - 12/31/17	<b>6.6%</b>	<b>1.1%</b>
1/1/18 - 12/31/18	<b>-4.5%</b>	<b>-21.2%</b>
1/1/19 - 12/31/19	<b>31.5%</b>	<b>-4.3%</b>
1/1/20 - 12/31/20	<b>18.3%</b>	<b>3.4%</b>
1/1/21 - 12/31/21	<b>28.7%</b>	<b>43.7%</b>
1/1/22 - 12/31/22	<b>-18.1%</b>	<b>-34.2%</b>
1/1/23 - 03/31/23	<b>7.5%</b>	<b>-7.1%</b>
<b>Annualized</b>	<b>11.2%</b>	<b>-6.5%</b>
<b>Cumulative</b>	<b>79.5%</b>	<b>-30.8%</b>

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

	<b>S&amp;P 500</b>	<b>India Offshore (net to investors)</b>
10/1/17 - 12/31/17	<b>6.6%</b>	<b>0.5%</b>
1/1/18 - 12/31/18	<b>-4.5%</b>	<b>-20.2%</b>
1/1/19 - 12/31/19	<b>31.5%</b>	<b>-4.5%</b>
1/1/20 - 12/31/20	<b>18.3%</b>	<b>1.2%</b>
1/1/21 - 12/31/21	<b>28.7%</b>	<b>43.4%</b>
1/1/22 - 12/31/22	<b>-18.1%</b>	<b>-35.4%</b>
1/1/23 - 03/31/23	<b>7.5%</b>	<b>-5.7%</b>
<b>Annualized</b>	<b>11.2%</b>	<b>-6.8%</b>
<b>Cumulative</b>	<b>79.5%</b>	<b>-32.3%</b>

After rising 43% in 2021, the India Funds lost a little over 1/3 of their value in 2022. These sharp swings are not unusual for portfolios as concentrated as the India Funds. A key driver of the funds' outperformance in 2021, and underperformance in 2022, was price action in its largest position: Indian Energy Exchange (IEX). IEX rose 3.5x in 2021, and then fell 45% in 2022 (when Mr. Market's anxieties over a heatwave in India punished the stock). Despite the price gyrations, the India Funds are still sitting on a 90-105% gain in IEX (in dollars). We remain very bullish on IEX and its long-term prospects. We hope to be enlightened enough to never sell a single share. I discussed IEX in our [January 2023 Letter to Partners](#) (beginning on page 3).

The India Funds are up approx. 11.35 - 11.7% so far in the second quarter of 2023 through 6/5/23, vs. the S&P 500, which is up 4.3% during the same period. Year to date, INLP is up approx. 3.7% and INOL up 5%, vs. the S&P 500, which is up 12.1%. The India Funds are concentrated in a dream roster of long-term compounders.

Here is a peak into the top 4 positions in each portfolio as of 5/31/2023:

<b><u>Dhandho India Zero Fee Fund LP</u></b>	
Indian Energy Exchange (India)	35%
TAV Airports (Turkiye)	16%
Rain Industries (India)	12%
Edelweiss Financial (India)	10%
Top 4 positions	73%

<b><u>Dhandho India Zero Fee Fund Offshore Ltd</u></b>	
Indian Energy Exchange (India)	33%
Edelweiss Financial (India)	12%
360 ONE WAM Limited (India)	10%
TAV Airports (Turkiye)	9%
Top 4 positions	64%

In addition to IEX, both funds have significant exposure to Edelweiss Financial in India, which is grossly undervalued. Edelweiss just spun off its wealth management business, Nuvama Wealth Management, as part of a long-term plan to unlock the value of its many internal businesses. These include Alternative Asset Management, Asset Reconstruction, Retail Mutual Funds, Life Insurance, General Insurance, and Housing Finance. The delta between

the market value of Edelweiss' businesses today and their intrinsic value is extreme. We are very excited to watch the awakening Mr. Market will experience as more of Edelweiss' businesses get spun out and valued independently.

In addition to IEX and Edelweiss, the funds have meaningful exposure to TAV Airports in Turkiye, which I discussed in the [April 2023 Letter to Partners](#) (beginning on page 3).

### **Post mortems**

It is always instructive to drill down on a cross section of the businesses we no longer own.

### **Anadolu Hayat and Agesa Hayat (Turkiye)**

<b>Anadolu Hayat (Turkiye)</b>	
First Bought on:	2/2/2021
Last Sold on:	12/26/2022
Avg. Buy Price:	\$1.24
Avg. Sell Price:	\$0.89
Total Amount Invested:	\$5.8 million
Total Proceeds (incl. dividends)	\$4.6 million
<b>Total Gain:</b>	<b>\$1.2 million</b>

### **Agesa Hayat (Turkiye)**

First Bought on:	7/13/2021
Last Sold on:	12/6/2022
Avg. Buy Price:	\$1.86
Avg. Sell Price:	\$2.20
Total Amount Invested:	\$146,100
Total Proceeds (incl. dividends)	\$175,200
<b>Total Gain:</b>	<b>\$29,100</b>

Despite a record of questionable economic policies, the Turkish government has put in place enlightened laws to incentivize citizens to save for retirement. In 2001, a series of reforms created the voluntary Individual Pension System (IPS). Turkish IPS accounts are US Individual Retirement Accounts on steroids. You have no annual contribution limits. The state matches your contribution up to 30% of the gross minimum wage. You can open accounts for your children even if they do not have earned income, and each child gets his/her own state match. Whatever you invest within your IPS account compounds tax-free. And disbursements after the retirement age (56) are taxed at 5%. If there was ever a no-brainer, opening an IPS account for you and each of your kids is it.

Although it is a well-crafted program, IPS has not gained much traction in its first 20 years. Assets are still very small relative to Turkish GDP (less than 3%). By contrast, IRAs in the US are equivalent to 50% of GDP. US IRA assets have grown at a breathtaking 19% CAGR since their inception 48 years ago, but a lot of that growth has come in the last 30 years. Turkiye's IPS AUM could follow a similar trajectory supported by the heavy incentives. The destination could be beautiful.

The IPS gatekeepers are 15 licensed pension providers. But assets are concentrated in the top 5, which account for over 80% of IPS assets. Two of the largest are Anadolu Hayat and Agesa Hayat, and each has 16-18% of the market. Each one is aligned with a blue-chip Turkish bank with 20 million bank customers (together these two banks serve half the country). Anadolu is owned 85% by IsBank, an institution as old as the Turkish republic founded by Ataturk himself. Agesa is a JV owned 40% by AkBank and 40% by Ageas, a global insurance company. The two players charge a management fee on AUM that ranges from 1 - 2.30% depending on how the IPS account is invested.

The fees are capped by the regulator. Pension assets are extremely sticky, so these compounding, recurring fee streams are very valuable.

In addition to pensions, Anadolu and Agesa have sizable life insurance businesses. Approximately half of this consists of life policies tied to personal loans extended by the parent banks (i.e., the policy pays off your loan if you die). These are highly profitable products with 6-12 month paybacks. The remainder is dollar-based return of premium savings plans, which give the customer a term life policy for 12 months then refunds them their premiums in dollars. Our interest in Anadolu and Agesa was in buying a nascent pension business that was bound to grow from a very low base. Getting a steady, profitable insurance business too was a nice bonus.

In late 2020, Anadolu had a market cap of \$520 million and Agesa \$410 million, but the traded float in each name was limited. We liked both businesses. Although Pabrai Funds was buying both businesses, the India Funds had a window to get a meaningful allocation in Anadolu Hayat and took it (the India Funds also secured a small position in Agesa). They were each trading at single digit P/Es, pushing out 75-80% of profits as dividends. As the cash engine grew, we would get our money back in 6-7 years, then set it and forget it. In 20 years, we'd wake up to find a considerably larger cash machine valued at a more appropriate 25x multiple. Life would be good.

In 2021, inflation began to pick up in Turkiye. From about 12% in 2020, the annual inflation rate hit 20% in 2021 and 85% in 2022. But these are the whitewashed government figures. Actual inflation is much higher. The evaporation of household wealth began to show up at Anadolu and Agesa. Growth in the number of IPS participants stalled, and pension AUM began to fall in real terms. The government juiced the pension incentives by increasing the state match, but that didn't do much. Life insurance, which was more insulated than pensions, also began to show some cracks.

By the fall of 2022, we concluded that the Anadolu/Agesa bet doesn't work in a high inflation environment and that was unlikely to change anytime soon. Even if there is a dramatic shift in economic policy tomorrow, the next few years will still bring elevated inflation and hardship to the average citizen. The scars of hyper inflation will remain indelible in the minds of the Turkish people. Anadolu and Agesa's pension businesses will face strong headwinds for a while as a result.

## The Junoon Zero Fee Funds

### Dhandho Junoon LP (US Qualified Purchasers) Performance Summary:

	<b>S&amp;P 500</b>	<b>Junoon US (net to investors)</b>
7/1/16 - 12/31/16	<b>7.8%</b>	<b>12.9%</b>
1/1/17 - 12/31/17	<b>21.8%</b>	<b>15.6%</b>
1/1/18 - 12/31/18	<b>-4.5%</b>	<b>-16.2%</b>
1/1/19 - 12/31/19	<b>31.5%</b>	<b>14.6%</b>
1/1/20 - 12/31/20	<b>18.3%</b>	<b>15.1%</b>
1/1/21 - 12/31/21	<b>28.7%</b>	<b>14.9%</b>
1/1/22 - 12/31/22	<b>-18.1%</b>	<b>-21.1%</b>
1/1/23 - 03/31/23	<b>7.5%</b>	<b>2.8%</b>
<b>Annualized</b>	<b>12.5%</b>	<b>4.5%</b>
<b>Cumulative</b>	<b>121.0%</b>	<b>34.3%</b>

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

	<b>S&amp;P 500</b>	<b>Junoon Offshore (net to investors)</b>
7/1/16 - 12/31/16	<b>7.8%</b>	<b>12.6%</b>
1/1/17 - 12/31/17	<b>21.8%</b>	<b>17.8%</b>
1/1/18 - 12/31/18	<b>-4.5%</b>	<b>-16.2%</b>
1/1/19 - 12/31/19	<b>31.5%</b>	<b>13.9%</b>
1/1/20 - 12/31/20	<b>18.3%</b>	<b>11.3%</b>
1/1/21 - 12/31/21	<b>28.7%</b>	<b>11.5%</b>
1/1/22 - 12/31/22	<b>-18.1%</b>	<b>-19.0%</b>
1/1/23 - 03/31/23	<b>7.5%</b>	<b>3.2%</b>
<b>Annualized</b>	<b>12.5%</b>	<b>4.1%</b>
<b>Cumulative</b>	<b>121.0%</b>	<b>31.2%</b>

Junoon's performance in 2022 was generally in-line with the S&P 500, falling 19-21%, vs. the S&P 500, which fell 18%. Year to date through 5/31/2023, DJLP is up approx. 13% and DJOL up 10%, slightly ahead of the S&P 500, which up 9.6%.

April 1, 2023 marked Junoon's annual portfolio reassessment window. At its essence, Junoon is a "set it and forget it" portfolio of 15 - 20 compounders. We assess potential tweaks to Junoon's businesses only once per year on April 1st. We compile a list of potential candidates that are either Cannibals (those that have found religion in buybacks), Spawners (those that consistently spawn new businesses), and/or Cloned Ideas (high conviction picks of select managers we admire). Any change that we make must be a no-brainer; the bar is sky high. *Junoon's strong bias is to do nothing.*

This year, we decided to add Indian Energy Exchange (India) and boost/add Coca Cola Icecek (Turkiye) in both funds. To do this, we sold BYD (China) and trimmed Micron. DJOL had a small position in its "wallet" stock, Brookfield Corp, that it kept as a permanent holding (it is both a Cloned Idea and a Spawner). But it sold the spin-off shares it received from Brookfield Asset Management and put those proceeds to beef up IEX and Coke. With these tweaks, Junoon is off to the races!

Junoon's present portfolio is decidedly global, with over 50% invested outside of the US. This global exposure makes it a nice supplement/alternative to the S&P 500. TAV Airports (Turkiye) is now the largest position in each fund. Junoon also has meaningful exposure to Edelweiss Financial and IEX. I gave more color on TAV Airports in the [April 2023 Letter to Partners](#) (beginning on page 3), and on IEX in the [January 2023 Letter to Partners](#) (beginning on page 3).

## Junoon's Portfolio Weights Following April 2023 Reassessment Window

	Business	Bucket	DJLP	DJOL
1	TAV Airports (Turkiye)	Cloned Idea; Spawner	17.6%	14.4%
2	Alphabet	Cannibal; Cloned Idea; Spawner	16.8%	12.7%
3	Micron Technology	Cannibal; Cloned Idea	14.1%	5.3%
4	Edelweiss Financial Services (India)	Cloned Idea; Spawner	12.0%	12.1%
5	Coca-Cola Icecek (Turkiye)	Cloned Idea	9.2%	10.2%
6	Indian Energy Exchange (India)	Cloned Idea; Spawner	8.8%	9.8%
7	Chipotle Mexican Grill	Cannibal; Cloned Idea	7.7%	6.6%
8	Microsoft	Cannibal; Cloned Idea; Spawner	6.0%	4.9%
9	Rain Industries (India)	Cloned Idea; Spawner	5.2%	1.2%
10	Berkshire Hathaway	Cannibal; Cloned Idea; Spawner	0.8%	5.4%
11	Topicus (Netherlands)	Spin-Off	0.5%	0.2%
12	Starbucks	Cannibal; Cloned Idea; Spawner	0.5%	4.5%
13	Marriott International	Cannibal; Cloned Idea; Spawner	0.4%	6.3%
14	Alibaba Group (China)	Cloned Idea; Spawner	0.3%	4.4%
15	Restaurant Brands International	Cloned Idea; Spawner	0.2%	-
16	Brookfield Corp (Canada)	Cloned Idea; Spawner	-	1.9%

### Assets Under Management

There is \$70 million in assets under management in the India Zero Fee Funds and \$15.7 million in the Junoon Zero Fee Funds as of May 31, 2023.

### 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  $\frac{3}{4}$  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.

No performance fees were earned by the Dhandho Funds in 2022.

### 2022 Annual Meeting Transcript and Presentation

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

## [2022 Annual Meeting Transcript](#)

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

<https://vimeo.com/753883786>

### **An Exceptional Team**

Fahad, Jaya, Kimberly, Anu, Megha, Anuradha and Pauline 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 auditor, the Cayman PwC team under Ryan Buchanan, is a pleasure to work with. Ajay Desai and his group at UBS is our primary broker and custodian, and they are also very much a part of our team. Also part of our team is Kotak Mahindra, our custodian and broker for the India stock portfolio, and AkBank’s Ak Investment, our broker in Turkiye. I am blessed to be able to work with these exceptional groups in Austin, Chicago, BVI, Cayman Islands, India and Turkiye. It makes my job a pure joy.

### **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 9<sup>th</sup>, 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 23<sup>rd</sup>, 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](mailto: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.

Thanks for your continued interest, referrals and support. Feel free to call me at +1.512.999.7110 or email me at [mpabrai@dhandhofunds.com](mailto: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.*

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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
11,090,919	12/31/2022	\$1.59	\$8.00	\$9.59
11,090,919	03/31/2023	\$1.54	\$8.00	\$9.54

### 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	12/31/2021	\$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

## Appendix B

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

<b>No. of Units<sup>1</sup></b>	<b>Date</b>	<b>NAV</b>
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

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

<b>No. of Units<sup>1</sup></b>	<b>Date</b>	<b>NAV</b>
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

<sup>1</sup> Except for units on the inception date (the first row), the number of units in this column are net of redemptions as of the specified date and inclusive of subscriptions effective the first day of the following quarter.

## Appendix C

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

<b>No. of Units<sup>2</sup></b>	<b>Date</b>	<b>NAV</b>
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

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

<b>No. of Units<sup>2</sup></b>	<b>Date</b>	<b>NAV</b>
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	\$12.72
458,071	03/31/2023	\$13.12

<sup>2</sup> Except for units on the inception date (the first row), the number of units in this column are net of redemptions as of the specified date and inclusive of subscriptions effective the first day of the following quarter.

**Dhandho Holdings, L.P.**  
***REPORT OF INDEPENDENT AUDITORS  
AND  
AUDITED FINANCIAL STATEMENTS***

December 31, 2022

**Dhandho Holdings, L.P.**  
**Index**  
**December 31, 2022**

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## Report of independent auditors

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

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#### Opinion

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, 2022, and the related statements of operations, of changes in partners' capital, and of cash flows for the year then ended, including the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Partnership as of December 31, 2022, 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.

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#### Basis for opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We are required to be independent of the Partnership and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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#### Responsibilities of management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Partnership's ability to continue as a going concern for one year after the date the financial statements are available to be issued.



## Report of independent auditors (continued)

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

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### Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Partnership's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

A handwritten signature in black ink that reads "PricewaterhouseCoopers".

March 22, 2023

**Dhandho Holdings, L.P.**  
**Statement of Assets, Liabilities and Partners' Capital**  
**December 31, 2022**  
*(expressed in United States dollars)*

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	<u>2022</u>
<b>ASSETS</b>	
Cash	\$ 31,726
Investments, at fair value (cost \$14,868,159)	17,758,354
Interest and dividends receivable	7,705
Prepaid expenses	10,404
Due from affiliates	2,108
Total assets	<u>\$ 17,810,297</u>
<b>LIABILITIES AND PARTNERS' CAPITAL</b>	
Accrued operating expenses	116,579
Due to broker	58,395
Total liabilities	<u>174,974</u>
Partners' capital	
General partner	-
Limited partners (11,090,919 units at \$1.59 per unit)	17,635,323
Total partners' capital	<u>17,635,323</u>
Total liabilities and partners' capital	<u>\$ 17,810,297</u>

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

**Dhandho Holdings, L.P.**  
**Statement of Operations**  
**Year ended December 31, 2022**  
*(expressed in United States dollars)*

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	<u>2022</u>
<b>Investment Income:</b>	
Dividends (net of withholding tax of \$31,122)	\$ 395,745
Interest income	<u>338</u>
Total Investment Income	<u>396,083</u>
<b>Expense:</b>	
Interest expense	32,717
Professional fees	61,180
Management fees	139,156
Administration fees	<u>80,000</u>
Total expenses	<u>313,053</u>
<b>Net Investment income</b>	<b>83,030</b>
<b>Net realized and unrealized loss on investments</b>	
Net realized loss from investments	(2,866,727)
Net realized loss on foreign currency transactions	(5,173)
Net change in unrealized depreciation on investments	<u>(3,704,733)</u>
Net realized and unrealized loss on investments	<u>(6,576,633)</u>
Net decrease in partners' capital resulting from operations	<u>\$ (6,493,603)</u>

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, 2022**  
*(expressed in United States dollars)*

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	General Partner	Limited Partners	Total
<b>Balance January 1, 2022</b>	\$ -	\$ 29,697,912	\$ 29,697,912
Capital contributions		355,319	355,319
Capital withdrawals		(373,958)	(373,958)
Capital distributions	-	(5,550,347)	(5,550,347)
Net decrease in partners' capital resulting from operations	-	(6,493,603)	(6,493,603)
<b>Balance, December 31, 2022</b>	<b>\$ -</b>	<b>\$ 17,635,323</b>	<b>\$ 17,635,323</b>

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

**Dhandho Holdings, L.P.**  
**Statement of Cash Flows**  
**Year Ended December 31, 2022**  
*(expressed in United States dollars)*

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	<u>2022</u>
Cash Flows from Operating Activities	
Net decrease in partners' equity resulting from operations	\$ (6,493,603)
Adjustments to reconcile net decrease in partners' capital resulting from operations to net cash provided by operating activities:	
Net realized loss from investments	2,866,727
Net change in unrealized depreciation on investments	3,704,733
Purchase of equity investments	(2,877,701)
Sale of equity investments	8,516,550
Purchase of investment in other private investments	(1,156,411)
Payments received from return of capital from investments in private equity fund	616,667
Change in other assets and liabilities:	
Due from brokers	237,229
Interest and dividends receivable	57,732
Prepaid expense	(2,496)
Accrued operating and trading expenses	22,888
Due to broker	58,395
<b>Net cash provided by operating activities</b>	<u>5,550,710</u>
Cash Flows from Financing Activities	
Partner withdrawals	(18,639)
Partner capital distributions	(5,550,347)
<b>Net cash used in financing activities</b>	<u>(5,568,986)</u>
<b>Net decrease in cash</b>	(18,276)
Cash:	
Beginning of year	<u>50,002</u>
End of year	<u>\$ 31,726</u>

Supplemental information:

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 for further information.	\$ 355,319
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The accompanying notes are an integral part of these financial statements.

**Dhandho Holdings, L.P.**  
**Condensed Schedule of Investments**  
**December 31, 2022**  
*(expressed in United States dollars)*

<u>Number of Shares</u>		<u>Value as a Percentage of Partners' Capital</u>	<u>Cost</u>	<u>Fair Value</u>
<b>Common Stocks</b>				
<b>United States</b>				
	Semiconductor			
67,000	Micron Technology Inc.	18.99%	\$ 2,646,050	\$ 3,348,660
	Total United States	18.99%	2,646,050	3,348,660
<b>Canada</b>				
	Financial Services	1.44%	308,243	254,387
<b>India</b>				
	Financial Services			
2,960,000	Edelweiss Financial Services Limited	12.99%	2,701,017	2,290,090
	Total India	12.99%	2,701,017	2,290,090
<b>Turkey</b>				
	Industrials			
365,384	TAV Havalimanlari Holding A.S.	10.35%	1,096,316	1,825,943
	Total Turkey	10.35%	1,096,316	1,825,943
	Total Common Stocks	43.77%	6,751,626	7,719,080
<b>Money Market Funds</b>				
<b>United States</b>				
	Money Market Fund	0.00%	2	2
	Total Money Market Funds	0.00%	2	2

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

**Dhandho Holdings, L.P.**  
**Condensed Schedule of Investments**  
**December 31, 2022**  
*(expressed in United States dollars)*

Company Name	Investment	Value as a Percentage of Partners' Capital	Cost	Fair Value
<b>Private operating companies</b>				
Dhandho Funds, LLC				
Limited Liability Company engaged in investment advisory. The Partnership owns 73.24% of Dhandho Funds, LLC.	Member Units (73 units)	4.01%	\$ 2,636,612	\$ 706,308
Monti Kids, Inc.				
Corporation organized to provide early-childhood educational toys.	Preferred Stock (61,033 shares)	0.30%	36,620	53,099
Total private operating companies		4.31%	2,673,232	759,407
<b>Private equity funds</b>				
Tandem Fund III, LP *		52.62%	5,443,299	9,279,865
Total investments, at fair value		100.70%	\$ 14,868,159	\$ 17,758,354

The following is a disclosure of the Partnership's proportionate interest in underlying investments of other private equity funds that exceed 5% of the Partnership's December 31, 2022 partners' capital.

Company Name	Investment	Value as a Percentage of Partners' Capital	Cost	Fair Value
Outdoorsy, Inc.		31.93%	\$ 456,265	\$ 5,630,275

\* 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 7, 2025 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.

**Dhandho Holdings, L.P.**  
**Notes to Financial Statements**  
**December 31, 2022**  
*(expressed in United States dollars)*

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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. Effective November 16, 2020, the Partnership's general partner was changed to Dalal Street, LLC (the "General Partner") from Dhandho GP, LLC, a subsidiary of the General Partner which ceased its operation on August 25, 2021. The General Partner is a limited liability company domiciled in the State of Texas and controlled by Mohnish Pabrai. The General Partner is an investment adviser registered with the U.S. Securities and Exchange Commission.

The General Partner holds limited partner interest of 14.19%.

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 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 \$2,108 overpaid by the Partnership in 2018 to Dhandho Holdings Offshore Ltd. for redemption proceeds.

**Dhandho Holdings, L.P.**  
**Notes to Financial Statements**  
**December 31, 2022**  
**(expressed in United States dollars)**

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**Due to Brokers** - The amount shown as a due to brokers represents a payable to brokers as of December 31, 2022. For the year ended December 31, 2022 due to broker is \$58,395.

**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.

**Valuation of Investments** - The Partnership values its investments Dhandho Funds, LLC ("DF") 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.

**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.

**Dhandho Holdings, L.P.**  
**Notes to Financial Statements**  
**December 31, 2022**  
*(expressed in United States dollars)*

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The Fund executes trades on various international exchanges and, therefore, may be subject to taxes levied in certain countries. The investments in common stock traded on the Indian exchange are subject to short-term capital gains tax at 15% and long-term capital gain tax at 10%. Dividends are subject to dividend withholding tax at 20%. Prior to April 1, 2018 long-term capital gains were not subject to tax. The Partnership had no accrued tax expenses related to unrealized Indian capital gains for the year ended December 31, 2022. 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. The investments in common stock traded on the Japanese exchange are subject to 15.3% tax on interest and dividend income. Dividends from listed stocks held by individual shareholders with 3% or more stakes are subject to 20.4% withholding tax. Exemption and reduced rates for income may be available depending on the specific double tax treaty arrangements between Japan and the foreign investor's country of residence. Non-resident investors are not subject to capital gains tax. The investments in common stock traded on the Turkish exchange are subject to withholding based taxation applicable on capital gains and interest for equities and fixed income securities purchased on or after January 1, 2006. The current tax rate is zero for equities and 10% for fixed income securities. Dividends are subject to dividend withholding tax at the rate of 10%. Provisions of tax treaties are reserved. For countries with double taxation treaties, the treaty rate prevails only if it is more favorable than the standard rate. The investments in common stock traded on the Amsterdam Euronext exchange are subject to withholding-based taxation. Dividends are subject to Dutch dividend withholding tax at the rate of 15%. Provisions of tax treaties are reserved. However, shareholders may qualify for an exemption from or reduction of Dutch dividend withholding tax based on relevant tax treaties concluded by the Netherlands.

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, 2022, open tax years include the tax years ended December 31, 2020 through December 31, 2022. 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, 2022. 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.

**Dhandho Holdings, L.P.**  
**Notes to Financial Statements**  
**December 31, 2022**  
*(expressed in United States dollars)*

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**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

**Dhandho Holdings, L.P.**  
**Notes to Financial Statements**  
**December 31, 2022**  
*(expressed in United States dollars)*

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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.

During the year ended December 31, 2022, 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, 2022			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
Common stock	\$ 7,719,080	\$ -	\$ -	\$ 7,719,080
Money market funds	2	-	-	2
Private operating companies	-	-	759,407	759,407
Total investments	<u>\$ 7,719,082</u>	<u>\$ -</u>	<u>\$ 759,407</u>	<u>\$ 8,478,489</u>

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, 2022.

As of December 31, 2022, the Partnership owns 73.24% of the outstanding members' units of DF with an estimated market value of approximately \$706,308. 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, 2022, the Partnership owns 61,033 shares of the outstanding preferred stock of Monti with an estimated market value of approximately \$53,099.

**Dhandho Holdings, L.P.**  
**Notes to Financial Statements**  
**December 31, 2022**  
*(expressed in United States dollars)*

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At December 31, 2022, the Partnership's investment in the Tandem as measured at NAV as practical expedient was \$9,279,865.

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.

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

Level 3 Investments - December 31, 2022

	Balance at January 1, 2022	Purchases	Distributions	Realized Gain/(Loss)	Unrealized Gain/(Loss)	Balance at December 31, 2022
Dhandho Funds LLC	\$ 1,925,808	1,156,411	(186,080)	(62,916)	(2,126,915)	\$ 706,308
Monti Kids, Inc.	53,099	-	-	-	-	53,099
Total	\$ 1,978,907	\$ 1,156,411	\$ (186,080)	\$ (62,916)	\$ (2,126,915)	\$ 759,407

The following table presents the qualitative unobservable inputs used to value Level 3 investments at December 31, 2022:

Level 3 Investments - December 31, 2022

	Fair Value	Valuation Technique	Unobservable Input	Range of inputs
Dhandho Funds LLC	706,308	Discounted Cash Flow	Discount Rate Annual Growth Rate Annual Performance Rate	12.50% 1% - 15% 2% - 25%
Monti Kids, Inc.	53,099	Most Recent Transaction	N/A	N/A
Total	\$ 759,407			

**Dhandho Holdings, L.P.**  
**Notes to Financial Statements**  
**December 31, 2022**  
*(expressed in United States dollars)*

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**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.

During the year ended December 31, 2022, the General Partner processed withdrawals in the amount of \$18,639 for certain limited partners in connection with taxes incurred by such limited partners.

**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. Distribution paid during the year ending December 31, 2022 was \$5,565,823. The distribution was adjusted by equalization of units that was done to account for the excess distribution by \$15,476.

**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. The General Partner has decided to permanently waive its collection of Carried Interest in the Partnership and DHQPLP. This waiver does not impact at all the General Partner's right to and ownership of its share of pro-rata carried interest earned by DF by virtue of the General Partner's look-through ownership of DF.

**Dhandho Holdings, L.P.**  
**Notes to Financial Statements**  
**December 31, 2022**  
*(expressed in United States dollars)*

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Units Summary

<b>Balance January 1, 2022</b>	11,100,693.42
Subscription of Units	-
Withdrawal of Units	(9,774.50)
Transfer in of Units	206,791.82
Transfer out of Units	(206,791.82)
<b>Balance, December 31, 2022</b>	<u>11,090,918.92</u>

**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, 2022, the Partnership due from (to) related parties was as follows:

	Due From	Due To	Net
Dhandho Holdings Offshore Ltd.	\$ 2,108	-	\$ 2,108
Total due from related parties	<u>\$ 2,108</u>	<u>\$ -</u>	<u>\$ 2,108</u>

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, 2022, \$139,156 of management fees were charged to the Partnership.

As of December 31, 2022, the affiliates of the General Partner (including Dhandho Holdings Offshore Ltd.) held 54.07% 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 \$7,324,000 which was fully funded as of December 31, 2022.

**Dhandho Holdings, L.P.**  
**Notes to Financial Statements**  
**December 31, 2022**  
*(expressed in United States dollars)*

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**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 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

**Dhandho Holdings, L.P.**  
**Notes to Financial Statements**  
**December 31, 2022**  
**(expressed in United States dollars)**

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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.

*Covid-19/Epidemic Risk*

Beginning in January 2020, global financial markets have experienced and may continue to experience significant volatility resulting from the spread of a novel coronavirus known as COVID-19. The outbreak of COVID-19 has resulted in travel and border restrictions, quarantines, supply chain disruptions, lower consumer demand and general market uncertainty. The effects of COVID-19 have and may continue to adversely affect the global economy, the economies of certain nations and individual issuers, all of which may negatively impact the Partnership's performance.

**Dhandho Holdings, L.P.**  
**Notes to Financial Statements**  
**December 31, 2022**  
*(expressed in United States dollars)*

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**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	\$	2.68
Income from investment operations <sup>(1)</sup>		
Net investment income		0.02
Net realized loss and net change in unrealized depreciation		(0.60)
Investment management fee		(0.01)
Distribution made during the year		(0.50)
Net asset value, end of year	\$	<u>1.59</u>

**Total return**

Total return	<u>(25.35) %</u>
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**Ratios to average limited partners' capital**

Operating Expenses	<u>1.43 %</u>
Net investment income	<u>0.38 %</u>

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

**9. SUBSEQUENT EVENTS**

The Partnership evaluated subsequent events through the issuance of the Partnership's Financial Statements on March 22, 2023.

**Dhandho Holdings Qualified Purchaser, L.P.**

***REPORT OF INDEPENDENT AUDITORS  
AND  
AUDITED FINANCIAL STATEMENTS***

December 31, 2022

**Dhandho Holdings Qualified Purchaser, L.P.**  
**Index**  
**December 31, 2022**

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## Report of independent auditors

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

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### Opinion

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, 2022, and the related statements of operations, of changes in partners' capital, and of cash flows for the year then ended, including the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Partnership as of December 31, 2022, 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.

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### Basis for opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We are required to be independent of the Partnership and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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### Responsibilities of management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Partnership's ability to continue as a going concern for one year after the date the financial statements are available to be issued.



## Report of independent auditors (continued)

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

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### Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Partnership's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

A handwritten signature in black ink that reads "PricewaterhouseCoopers".

March 22, 2023

**Dhandho Holdings Qualified Purchaser, L.P.**  
**Statement of Assets, Liabilities and Partners' Capital**  
**December 31, 2022**  
*(expressed in United States dollars)*

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	<u>2022</u>
<b>ASSETS</b>	
Cash	\$ 10,750
Investments, at fair value (cost \$5,038,224)	6,176,969
Prepaid expenses	3,805
Interest and dividends receivable	2,875
Total assets	<u>\$ 6,194,399</u>
<b>LIABILITIES AND PARTNERS' CAPITAL</b>	
Due to broker	\$ 19,858
Accrued operating expenses	<u>65,897</u>
Total liabilities	<u>85,755</u>
Partners' capital	
General partner	-
Limited partners (4,070,472 units at \$1.50 per unit)	<u>6,108,644</u>
Total partners' capital	<u>6,108,644</u>
Total liabilities and partners' capital	<u>\$ 6,194,399</u>

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

**Dhandho Holdings Qualified Purchaser, L.P.**  
**Statement of Operations**  
**Year ended December 31, 2022**  
*(expressed in United States dollars)*

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	<u>2022</u>
<b>Investment Income:</b>	
Dividends (net of withholding tax of \$10,518)	\$ 155,666
Interest income	271
Total Investment Income	<u>155,937</u>
<b>Expense:</b>	
Interest expense	10,668
Professional fees	43,494
Management fees	50,844
Administration fees	20,000
Total expenses	<u>125,006</u>
<b>Net Investment income</b>	<u>30,931</u>
<b>Net realized and unrealized loss on investments</b>	
Net realized loss from investments	(1,219,335)
Net realized loss on foreign currency transactions	(4,069)
Net change in unrealized depreciation on investments	<u>(1,015,663)</u>
Net realized and unrealized loss on investments	<u>(2,239,067)</u>
Net decrease in partners' capital resulting from operations	\$ <u>(2,208,136)</u>

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, 2022**  
*(expressed in United States dollars)*

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	General Partner	Limited Partners	Total
<b>Balance January 1, 2022</b>	\$ -	\$ 10,352,016	\$ 10,352,016
Capital contributions		550,031	550,031
Capital withdrawals	-	(550,031)	(550,031)
Capital distributions	-	(2,035,236)	(2,035,236)
Decrease in partners' capital resulting from operations	-	(2,208,136)	(2,208,136)
<b>Balance, December 31, 2022</b>	<u>\$ -</u>	<u>\$ 6,108,644</u>	<u>\$ 6,108,644</u>

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, 2022**  
*(expressed in United States dollars)*

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	<u>2022</u>
Cash Flows from Operating Activities	
Net decrease in partners' equity resulting from operations	\$ (2,208,136)
Adjustments to reconcile net decrease in partners' capital resulting from operations to net cash provided by operating activities:	
Net realized loss from investments	1,219,335
Net change in unrealized depreciation on investments	1,015,663
Purchase of equity investments	(1,609,030)
Sale of equity investments	3,707,887
Purchase of investment in other private investments	(422,523)
Payments received from return of capital from investments in private equity fund	225,315
Change in other assets and liabilities:	
Due from broker	26,776
Prepaid expenses	771
Interest and dividends receivable	21,832
Due to broker	19,858
Accrued operating expenses	(1,762)
<b>Net cash provided by operating activities</b>	<u>1,995,986</u>
Cash Flows from Financing Activities	
Partner capital distributions	<u>(2,035,236)</u>
<b>Net cash used in financing activities</b>	<u>(2,035,236)</u>
<b>Net increase in cash</b>	(39,250)
Cash:	
Beginning of year	<u>50,000</u>
End of year	<u>\$ 10,750</u>

Supplemental information:

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 for further information.	\$ 550,031
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The accompanying notes are an integral part of these financial statements.

**Dhandho Holdings Qualified Purchaser, L.P.**  
**Condensed Schedule of Investments**  
**December 31, 2022**  
*(expressed in United States dollars)*

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<u>Number of Shares</u>		<u>Value as a Percentage of Partners' Capital</u>	<u>Cost</u>	<u>Fair Value</u>
	<b>Common Stocks</b>			
	<b>United States</b>			
	Semiconductor			
25,000	Micron Technology Inc.	20.45%	\$ 985,954	\$ 1,249,500
	Total United States	<u>20.45%</u>	<u>985,954</u>	<u>1,249,500</u>
	<b>Canada</b>			
	Financial Services			
13,882	Brookfield Corporation	7.15%	522,556	436,728
	Other	1.63%	124,063	99,485
	Total Canada	<u>8.78%</u>	<u>646,619</u>	<u>536,213</u>
	<b>Turkey</b>			
	Industrials			
144,710	TAV Havalimanlari Holding A.S.	11.84%	440,074	723,163
	Total Turkey	<u>11.84%</u>	<u>440,074</u>	<u>723,163</u>
	Total Common Stocks	<u>41.07%</u>	<u>2,072,647</u>	<u>2,508,876</u>

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

**Dhandho Holdings Qualified Purchaser, L.P.**  
**Condensed Schedule of Investments**  
**December 31, 2022**  
*(expressed in United States dollars)*

Company Name	Investment	Value as a Percentage of Partners' Capital	Cost	Fair Value
<b>Private operating companies</b>				
Dhandho Funds, LLC				
Limited Liability Corporation engaged in investment advisory.	Member Units			
The Partnership owns 26.76% of Dhandho Funds, LLC.	(27 units)	4.22%	963,357	258,067
Monti Kids, Inc.				
Corporation organized to provide early-childhood educational toys.	Preferred Stock			
	(22,300 shares)	0.32%	13,380	19,401
Total private operating companies		4.54%	976,737	277,468
<b>Private equity funds</b>				
Tandem Fund III, LP *				
		55.51%	1,988,840	3,390,625
Total investment, at fair value		101.12%	\$ 5,038,224	\$ 6,176,969

The following is a disclosure of the Partnership's proportionate interest in underlying investments of other private equity funds that exceed 5% of the Partnership's December 31, 2020 partners' capital.

Company Name	Investment	Value as a Percentage of Partners' Capital	Cost	Fair Value
Outdoorsy, Inc.				
		33.68%	\$ 166,707	\$ 2,057,158

\* 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 7, 2025 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.

**Dhandho Holdings Qualified Purchaser, L.P.**  
**Notes to Financial Statements**  
**December 31, 2022**  
*(expressed in United States dollars)*

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**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. Effective November 16, 2020, the Partnership's general partner was changed to Dalal Street, LLC (the "General Partner") from Dhandho GP, LLC, a subsidiary of the General Partner which ceased its operation on August 25, 2021. The General Partner is a limited liability company domiciled in the State of Texas and controlled by Mohnish Pabrai. The General Partner is an investment adviser registered with the U.S. Securities and Exchange Commission.

The General Partner holds limited partner interest of 31.73% directly and through Mohnish Pabrai.

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 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 to Broker** – The amount shown as a due to broker represents a payable to brokers as

**Dhandho Holdings Qualified Purchaser, L.P.**  
**Notes to Financial Statements**  
**December 31, 2022**  
**(expressed in United States dollars)**

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of December 31, 2022. For the year ended December 31, 2022 due to broker is \$19,858.

**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.

**Valuation of Investments** - The Partnership values its investments in Dhandho Funds, LLC ("DF") 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.

**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.

**Dhandho Holdings Qualified Purchaser, L.P.**  
**Notes to Financial Statements**  
**December 31, 2022**  
*(expressed in United States dollars)*

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The Fund executes trades on various international exchanges and, therefore, may be subject to taxes levied in certain countries. 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. The investments in common stock traded on the Japanese exchange are subject to 15.3% tax on interest and dividend income. Dividends from listed stocks held by individual shareholders with 3% or more stakes are subject to 20.4% withholding tax. Exemption and reduced rates for income may be available depending on the specific double tax treaty arrangements between Japan and the foreign investor's country of residence. Non-resident investors are not subject to capital gains tax. The investments in common stock traded on the Turkish exchange are subject to withholding based taxation applicable on capital gains and interest for equities and fixed income securities purchased on or after January 1, 2006. The current tax rate is zero for equities and 10% for fixed income securities. Dividends are subject to dividend withholding tax at the rate of 10%. Provisions of tax treaties are reserved. For countries with double taxation treaties, the treaty rate prevails only if it is more favorable than the standard rate. The investments in common stock traded on the Amsterdam Euronext exchange are subject to withholding-based taxation. Dividends are subject to Dutch dividend withholding tax at the rate of 15%. Provisions of tax treaties are reserved. However, shareholders may qualify for an exemption from or reduction of Dutch dividend withholding tax based on relevant tax treaties concluded by the Netherlands.

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, 2022, open tax years include the tax years ended December 31, 2020 through December 31, 2022. 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, 2022. 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.

**Dhandho Holdings Qualified Purchaser, L.P.**  
**Notes to Financial Statements**  
**December 31, 2022**  
*(expressed in United States dollars)*

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**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

**Dhandho Holdings Qualified Purchaser, L.P.**  
**Notes to Financial Statements**  
**December 31, 2022**  
*(expressed in United States dollars)*

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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.

During the year ended December 31, 2022, 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, 2022			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
Common stock	\$ 2,508,876	\$ -	\$ -	\$ 2,508,876
Private operating companies	-	-	277,468	277,468
Total investments	<u>\$ 2,508,876</u>	<u>\$ -</u>	<u>\$ 277,468</u>	<u>\$ 2,786,344</u>

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, 2022.

As of December 31, 2022, the Partnership owns 26.76% of the outstanding members' units of DF with an estimated market value of approximately \$258,067. 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, 2022, the Partnership owns 22,300 shares of the outstanding preferred stock of Monti with an estimated market value of approximately \$19,401.

At December 31, 2022, the Partnership's investment in the Tandem as measured at NAV as practical expedient was \$3,390,625.

**Dhandho Holdings Qualified Purchaser, L.P.**  
**Notes to Financial Statements**  
**December 31, 2022**  
*(expressed in United States dollars)*

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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.

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

Level 3 Investments - December 31, 2022

	Balance at January 1, 2022	Purchases	Distributions	Realized Gain/Loss	Unrealized Gain/Loss	Balance at December 31, 2022
Dhandho Funds LLC	\$ 703,641	422,523	(67,989)	(22,989)	(777,119)	\$ 258,067
Monti Kids, Inc.	19,401	-	-	-	-	19,401
Total	<u>\$ 723,042</u>	<u>\$ 422,523</u>	<u>\$ (67,989)</u>	<u>\$ (22,989)</u>	<u>\$ (777,119)</u>	<u>\$ 277,468</u>

The following table presents the qualitative unobservable inputs used to value Level 3 investments at December 31, 2022:

Level 3 Investments - December 31, 2022

	Fair Value	Valuation Technique	Unobservable Input	Range of inputs
Dhandho Funds LLC	258,067	Discounted Cash Flow	Discount Rate Annual Growth Rate Annual Performance Rate	12.50% 1% - 15% 2% - 25%
Monti Kids, Inc.	19,401	Most Recent Transaction	N/A	N/A
Total	<u>\$ 277,468</u>			

#### 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.

**Dhandho Holdings Qualified Purchaser, L.P.**  
**Notes to Financial Statements**  
**December 31, 2022**  
*(expressed in United States dollars)*

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During the year ended December 31, 2022, the General Partner processed no withdrawals for certain limited partners in connection with taxes incurred by such limited partners.

**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. The General Partner has decided to permanently waive its collection of Carried Interest in DHLP and the Partnership. This waiver does not impact at all the General Partner's right to and ownership of its share of pro-rata carried interest earned by DF by virtue of the General Partner's look-through ownership of DF.

At December 31, 2022, three limited partners held approximately 42% of the total Partners' capital.

Units Summary

<b>Balance January 1, 2022</b>	4,070,472.44
Subscription of Units	-
Withdrawal of Units	-
Transfer in of Units	250,056.69
Transfer out of Units	<u>(250,056.69)</u>
<b>Balance, December 31, 2022</b>	<u>4,070,472.44</u>

**Dhandho Holdings Qualified Purchaser, L.P.**  
**Notes to Financial Statements**  
**December 31, 2022**  
*(expressed in United States dollars)*

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**5. RELATED PARTY TRANSACTIONS**

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, 2022, \$50,844 of management fees were charged to the Partnership.

As of December 31, 2022, the affiliates of the General Partner held 39.17% 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 which was fully funded as of December 31, 2022.

**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.

**Dhandho Holdings Qualified Purchaser, L.P.**  
**Notes to Financial Statements**  
**December 31, 2022**  
**(expressed in United States dollars)**

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*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 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

**Dhandho Holdings Qualified Purchaser, L.P.**  
**Notes to Financial Statements**  
**December 31, 2022**  
*(expressed in United States dollars)*

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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.

*Covid-19/Epidemic Risk*

Beginning in January 2020, global financial markets have experienced and may continue to experience significant volatility resulting from the spread of a novel coronavirus known as COVID-19. The outbreak of COVID-19 has resulted in travel and border restrictions, quarantines, supply chain disruptions, lower consumer demand and general market uncertainty. The effects of COVID-19 have and may continue to adversely affect the global economy, the economies of certain nations and individual issuers, all of which may negatively impact the Partnership's performance.

**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.

<b>Selected per unit data</b>	
Net asset value, beginning of year	\$ 2.54
Income from investment operations <sup>(1)</sup>	
Net investment income	0.02
Net realized loss and net change in unrealized depreciation	(0.55)
Investment management fee	(0.01)
Distribution made during the year	(0.50)
Net asset value, end of year	<u>\$ 1.50</u>
<b>Total return</b>	
Total return	<u>(25.21) %</u>
<b>Ratios to average limited partners' capital</b>	
Operating Expenses	<u>1.64 %</u>
Net investment income	<u>0.41 %</u>

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

**9. SUBSEQUENT EVENTS**

The Partnership evaluated subsequent events through the issuance of the Partnership's Financial Statements on March 22, 2023.

# **Dhandho India Zero Fee Fund, L.P.**

**Financial Statements**

**For the Year Ended December 31, 2022**

# Dhandho India Zero Fee Fund, L.P.

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December 31, 2022

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## Report of independent auditors

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

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#### Opinion

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, 2022, and the related statements of operations and of changes in partners' capital for the year then ended, including the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Partnership as of December 31, 2022, 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.

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#### Basis for opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We are required to be independent of the Partnership and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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#### Responsibilities of management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Partnership's ability to continue as a going concern for one year after the date the financial statements are available to be issued.



## Report of independent auditors (continued)

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

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### Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Partnership's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

A handwritten signature in black ink that reads "PricewaterhouseCoopers". The signature is written in a cursive, flowing style.

March 22, 2023

**Dhandho India Zero Fee Fund, L.P.**  
**Statement of Assets, Liabilities and Partners' Capital**  
**December 31, 2022**  
*(expressed in United States dollars)*

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<b>Assets</b>	
Cash	\$ 34,820
Investments, at fair value (cost \$41,018,884)	43,381,675
Dividends receivable	16,609
Other assets	<u>2,220</u>
Total assets	<u>43,435,324</u>
<b>Liabilities</b>	
Redemptions payable	3,730,132
Accrued expenses and other liabilities	<u>49,283</u>
Total liabilities	<u>3,779,415</u>
<b>Partners' capital</b>	
Limited partners (5,321,301 units at \$7.45 per unit)	<u>39,655,909</u>
Total partners' capital	<u>39,655,909</u>
Total liabilities and partners' capital	<u>\$ 43,435,324</u>

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

**Dhandho India Zero Fee Fund, L.P.**  
**Statement of Operations**  
**For the Year Ended December 31, 2022**  
*(expressed in United States dollars)*

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**Investment income**

Dividend income (net of withholding tax of \$98,281)	\$ 500,657
Interest income	<u>2,459</u>
Total investment income	<u>503,116</u>

**Expenses**

Professional fees	70,868
Administration fee	46,000
Other expense	3,980
Interest expense	<u>535</u>
Total expenses	121,383

Net investment income 381,733

**Net realized and unrealized loss on investments**

Net realized loss on investments	(2,681,729)
Net realized loss on foreign currency transactions	(51,776)
Net change in unrealized depreciation on investments (net of reversal of accrued capital gains tax of \$1,180,149)	<u>(19,908,813)</u>
Net realized and unrealized loss on investments	<u>(22,642,318)</u>
Net decrease in partners' capital resulting from operations	<u>\$ (22,260,585)</u>

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 Year Ended December 31, 2022**  
*(expressed in United States dollars)*

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	<b>General Partner</b>	<b>Limited Partners</b>	<b>Total</b>
<b>Balance, December 31, 2022</b>	\$ -	\$ 61,365,768	\$ 61,365,768
Contributions (410,562 units)	-	4,307,500	4,307,500
Withdrawals (504,285 units)	-	(3,756,774)	(3,756,774)
Net decrease in partners' capital from operations	-	(22,260,585)	(22,260,585)
<b>Balance, December 31, 2022</b>	<u>\$ -</u>	<u>\$ 39,655,909</u>	<u>\$ 39,655,909</u>

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

**Dhandho India Zero Fee Fund, L.P.**  
**Condensed Schedule of Investments**  
**December 31, 2022**  
*(expressed in United States dollars)*

Number of Shares		Value as Percentage of Partners' Capital	Cost	Fair Value
<b>Common Stocks</b>				
<b>United States</b>				
Semiconductor				
144,428	Micron Technologies Inc.	18.20%	\$ 6,247,774	\$ 7,218,511
	Total United States	<u>18.20%</u>	<u>6,247,774</u>	<u>7,218,511</u>
<b>India</b>				
Chemicals				
2,406,000	Rain Industries Limited	12.51%	5,909,061	4,961,022
Financial Services				
4,615,000	Edelweiss Financial Services Limited	9.00%	6,862,717	3,570,532
7,024,000	Indian Energy Exchange Limited	29.95%	6,861,070	11,878,308
Real Estate Property Development				
1,045,217	Sunteck Realty Ltd	10.50%	6,682,918	4,163,889
	Total India	<u>61.96%</u>	<u>26,315,766</u>	<u>24,573,751</u>
<b>The Netherlands</b>				
Communication Services				
50,695	Prosus N.V.	8.79%	3,352,029	3,487,005
	Total The Netherlands	<u>8.79%</u>	<u>3,352,029</u>	<u>3,487,005</u>
<b>Turkey</b>				
Industrials				
1,573,000	TAV Havalimanlari Holding A.S.	19.82%	4,901,082	7,860,796
Real Estate				
		0.17%	28,009	67,353
	Total Turkey	<u>19.99%</u>	<u>4,929,091</u>	<u>7,928,149</u>
	Total Common stocks	<u>108.94%</u>	<u>40,844,660</u>	<u>43,207,416</u>
<b>Money Market Funds</b>				
<b>United States</b>				
UBS Select Prime				
174,224	Preferred Fund	0.44%	174,224	174,259
	Total Money Market Funds	<u>0.44%</u>	<u>\$ 174,224</u>	<u>174,259</u>
	Total Investments	<u>109.38%</u>	<u>\$ 41,018,884</u>	<u>\$ 43,381,675</u>

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

# **Dhandho India Zero Fee Fund, L.P.**

## **Notes to Financial Statements**

### **December 31, 2022**

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#### **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.

Dhandho Funds, LLC serves as the Partnership's General Partner (the "General Partner") and is responsible for the management of the Partnership's assets. Effective September 28, 2022, the General Partner became a registered investment advisor with the U.S. Securities and Exchange Commission. As a result, effective November 17, 2022, the General Partner was granted a certificate of registration as a Foreign Portfolio Investor Category 1 and Appropriately Regulated - Investment Advisor, in accordance with the Securities and Exchange Board of India Foreign Portfolio Investor Regulations, 2019, which allows the General Partner to directly manage the investment activities of the Partnership in India instead of relying on a sub-advisory agreement with Dalal Street LLC. Effective March 1, 2023, the investment management sub-advisory agreement between Dalal Street, LLC and the General Partner is terminated.

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 the Partnership's Limited Partnership Agreement, in the discretion of the General Partner.

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

The Partnership has also entered into an agreement with Liccar Fund Services ("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 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 income and expenses during the reporting period. Actual results could differ from the estimates included in the financial statements.

# **Dhandho India Zero Fee Fund, L.P.**

## **Notes to Financial Statements**

### **December 31, 2022**

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#### **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 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.

#### **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 various international exchanges and, therefore, may be subject to taxes levied in certain countries. The investments in common stock traded on the Indian exchange are subject to short-term capital gains tax at 15% and long-term capital gain tax at 10%. Dividends are subject to dividend withholding tax at 20%. Prior to April 1, 2018, long-term capital gains were not subject to tax. As of December 31, 2022, the Partnership had a reversal of prior year accrued tax expenses of \$1,180,149 related to unrealized Indian capital gains which are not due until realized. 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% withholding tax on interest and dividend income. No capital gains tax is applied at source in South Korea as long as the transaction is conducted via the Korea stock exchange and the investment does not qualify as significant holding exceeding 25% company stock. Capital gains tax rate for significant holdings

# **Dhandho India Zero Fee Fund, L.P.**

## **Notes to Financial Statements**

### **December 31, 2022**

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and over the counter transactions, which includes also corporate actions, is either 22% of the gain or 11% of the sale price, whichever is lower, and is calculated and debited by the local broker executing the sale transaction. The investments in common stock traded on the Amsterdam Euronext exchange are subject to withholding-based taxation. Dividends are subject to Dutch dividend withholding tax at the rate of 15%. No capital gains tax is applied at source in the Netherlands. Provisions of tax treaties are reserved. However, shareholders may qualify for an exemption from or reduction of Dutch dividend withholding tax based on relevant tax treaties concluded by the Netherlands. The investments in common stock traded on the Turkish exchange are subject to withholding based taxation applicable on capital gains and interest for equities and fixed income securities purchased on or after January 1, 2006. The current withholding tax rate is 10% for equities and fixed income securities. Dividends are subject to dividend withholding tax at the rate of 10%. Transactions in equities are not subject to capital gains tax in Turkey. Provisions of tax treaties are reserved. For countries with double taxation treaties, the treaty rate prevails only if it is more favorable than the standard rate. The investments in common stock traded on the Japanese exchange are subject to 15.315% withholding tax on interest and dividend income. Dividends from listed stocks held by individual shareholders with 3% or more stakes are subject to 20.42% withholding tax. No capital gains tax is applied at source in Japan. Exemption and reduced rates for income may be available depending on the specific double tax treaty arrangements between Japan and the foreign investor's country of residence.

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, 2022, open tax years include the tax years ended from December 31, 2020 through December 31, 2022. 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, 2022. 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 contributions, allocations and redemptions on a per share basis. The amounts shown as redemptions payable of \$3,730,132 represent the remaining amount due for redemptions as of December 31, 2022.

#### **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:

# Dhandho India Zero Fee Fund, L.P.

## Notes to Financial Statements

### December 31, 2022

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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, 2022, 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:

**Dhandho India Zero Fee Fund, L.P.**  
**Notes to Financial Statements**  
**December 31, 2022**

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	<b>Assets at Fair Value as of December 31, 2022</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Common stock	\$ 43,207,416	\$ -	\$ -	\$ 43,207,416
Money market funds	174,259	-	-	174,259
	<u>\$ 43,381,675</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,381,675</u>

**4. Partners' Capital**

**Contributions 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 contribution 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 General Partner, in its sole discretion, shall determine the minimum initial investment by each limited partner of the Partnership, as well as minimum additional investment amounts. For the year ended December 31, 2022 the Partnership had contributions of \$4,307,500.

**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. During the year ended December 31, 2022, the General Partner approved partners’ withdrawal requests of \$3,756,774 of which \$3,730,132 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 6% on an 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

# Dhandho India Zero Fee Fund, L.P.

## Notes to Financial Statements

### December 31, 2022

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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, 2022 the General Partner earned no performance allocation.

#### 6. Related Party

At December 31, 2022, the General Partner held no interest in the Partnership.

#### 7. Principal Limited Partner

At December 31, 2022, 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;

**Dhandho India Zero Fee Fund, L.P.**  
**Notes to Financial Statements**  
**December 31, 2022**

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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.

**Covid-19/Epidemic Risk**

Beginning in January 2020, global financial markets have experienced and may continue to experience significant volatility resulting from the spread of a novel coronavirus known as COVID-19. The outbreak of COVID-19 has resulted in travel and border restrictions, quarantines, supply chain disruptions, lower consumer demand and general market uncertainty. The effects of COVID-19 have and may continue to adversely affect the global economy, the economies of certain nations and individual issuers, all of which may negatively impact the Partnership's performance.

**9. Financial Highlights**

Financial highlights are calculated for a limited partner unit outstanding for the year ended December 31, 2022. 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	\$ 11.33
Income from investment operations <sup>(1)</sup>	
Net investment income	0.07
Net realized loss and net change in unrealized depreciation	(3.95)
General Partner allocation	-
Limited Partner unit value, end of year	<u>\$ 7.45</u>
<b>Total return</b>	
Total return before General Partner allocation	(34.24) %
General Partner allocation	-
Total return after General Partner allocation	<u>(34.24) %</u>

**Ratios to average limited partners' capital**

Operating Expenses	0.20 %
General Partner allocation	-
Total operating expenses and General Partner allocation	<u>0.20 %</u>
Net investment income	<u>0.78% %</u>

<sup>(1)</sup> 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, 2023.

**Dhandho India Zero Fee Fund  
Offshore Ltd.**  
Financial Statements  
December 31, 2022

# Dhandho India Zero Fee Fund Offshore Ltd.

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December 31, 2022

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## Report of independent auditors

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

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#### Opinion

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, 2022, and the related statements of operations and of changes in net assets for the year then ended, including the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as of December 31, 2022, 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.

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#### Basis for opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We are required to be independent of the Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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#### Responsibilities of management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for one year after the date the financial statements are available to be issued.



## Report of independent auditors (continued)

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

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### Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

A handwritten signature in black ink that reads 'PricewaterhouseCoopers' in a cursive, flowing script.

March 22, 2023

# Dhandho India Zero Fee Fund Offshore Ltd.

## Statement of Assets and Liabilities

December 31, 2022

(expressed in United States dollars)

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### Assets

Cash	\$ 2,507,239
Investments, at fair value (cost \$25,964,832)	25,628,654
Dividends receivable	9,890
Other assets	6,565
	<hr/>
Total assets	28,152,348

### Liabilities

Accrued expenses	42,595
Redemptions payable	714,418
Payable for investments purchased	7,459
	<hr/>
Total liabilities	764,472

Net assets	<hr/>
	\$ 27,387,876

### Net assets consist of:

Management shares (100 authorized; 100 issued and outstanding)	\$ 1
Shares (3,814,895 issued and outstanding)	27,387,875
	<hr/>

Total net assets	\$ 27,387,876
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Net asset value per share	<hr/>
	\$ 7.18

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, 2022

(expressed in United States dollars)

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### Investment income

Dividend income (net of withholding tax of \$74,923)	\$ 323,509
Interest income	<u>9,113</u>
Total investment income	<u>332,622</u>

### Expenses

Professional fees	64,972
Administration fee	22,000
Other expense	<u>7,537</u>
Total expenses	<u>94,509</u>

Net investment income 238,113

### Net realized and unrealized loss on investments

Net realized loss on investments	(1,855,510)
Net realized loss on foreign currency transactions	(20,088)
Net change in unrealized depreciation on investments (net of reversal of accrued capital gains tax of \$668,256)	<u>(12,811,828)</u>
Net realized and unrealized loss on investments	<u>(14,687,426)</u>
Net decrease in net assets resulting from operations	<u>\$ (14,449,313)</u>

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, 2022

*(expressed in United States dollars)*

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### Decrease in net assets from operations

Net investment income	\$ 238,113
Net realized loss on investments	(1,855,510)
Net realized loss on foreign currency transactions	(20,088)
Net change in unrealized depreciation on investments	<u>(12,811,828)</u>
Net decrease in net assets resulting from operations	<u>(14,449,313)</u>

### Capital transactions

Subscriptions of common shares (610,393 shares)	5,348,022
Redemptions of common shares (210,528 shares)	<u>(1,486,481)</u>
Net change in net assets resulting from capital transactions	<u>3,861,541</u>

Net decrease in net assets for the year	(10,587,772)
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### Net assets at:

Beginning of year	<u>37,975,648</u>
End of year	<u>\$ 27,387,876</u>

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

**Dhandho India Zero Fee Fund Offshore Ltd.**  
**Condensed Schedule of Investments**  
**December 31, 2022**  
*(expressed in United States dollars)*

<u>Number of Shares</u>		<u>Value as Percentage of Partners' Capital</u>	<u>Cost</u>	<u>Fair Value</u>
<b>Common Stocks</b>				
<b>United States</b>				
Semiconductor				
86,000	Micron Technologies Inc.	15.69%	\$ 4,518,471	\$ 4,298,280
	Total United States	<u>15.69%</u>	<u>4,518,471</u>	<u>4,298,280</u>
<b>India</b>				
Chemicals				
1,270,000	Rain Industries Limited	9.56%	3,188,469	2,618,661
Financial Services				
5,060,000	Indian Energy Exchange Limited	31.24%	4,557,054	8,556,983
4,195,000	Edelweiss Financial Services Limited	11.85%	4,727,033	3,245,586
	Other	4.13%	1,129,583	1,131,999
Real Estate Property Development				
518,000	Sunteck Realty Ltd	7.53%	3,560,834	2,063,585
	Total India	<u>64.31%</u>	<u>17,162,973</u>	<u>17,616,814</u>
<b>The Netherlands</b>				
Communication Services				
36,316	Prosus N.V.	9.12%	3,307,195	2,497,960
	Total The Netherlands	<u>9.12%</u>	<u>3,307,195</u>	<u>2,497,960</u>
<b>Turkey</b>				
Industrials				
	Total Turkey	<u>4.44%</u>	<u>976,193</u>	<u>1,215,600</u>
	Total Common Stocks	<u>93.56%</u>	<u>\$ 25,964,832</u>	<u>\$ 25,628,654</u>
	Total Investments	<u>93.56%</u>	<u>\$ 25,964,832</u>	<u>\$ 25,628,654</u>

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

# Dhandho India Zero Fee Fund Offshore Ltd.

## Notes to Financial Statements

December 31, 2022

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### 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. Effective September 28, 2022, the Investment Manager became a registered investment advisor with the U.S. Securities and Exchange Commission. Effective November 17, 2022, the Investment Manager was granted a certificate of registration as a Foreign Portfolio Investor Category 1 and Appropriately Regulated - Investment Advisor, in accordance with the Securities and Exchange Board of India Foreign Portfolio Investor Regulations, 2019, which allows the Investment Manager to directly manage the investment activities of the Fund in India instead of relying on a sub-advisory agreement with Dalal Street LLC. Effective March 1, 2023, the investment management sub-advisory agreement between Dalal Street, LLC and the Investment Manager is terminated.

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-dealer 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 the UBS account. All redemptions and disbursements are made from the Northbrook Bank and Trust - Wintrust Funds Group account.

The Fund has also entered into an agreement with Liccar Fund Services ("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

# Dhandho India Zero Fee Fund Offshore Ltd.

## Notes to Financial Statements

December 31, 2022

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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 asset 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 various international exchanges and, therefore, may be subject to taxes levied in certain countries. The investments in common stock traded on the Indian exchange are subject to short-term capital gains tax at 15% and long-term capital gain tax at 10%. Dividends are subject to dividend withholding tax at 20%. Prior to April 1, 2018 long-term capital gains were not subject to tax. As of December 31, 2022, the Fund reversed prior year accrued tax expenses of \$668,256 related to unrealized Indian capital gains which are not due until realized. The Fund intends to hold the Indian securities for the long-term. The investments in common stock traded on

# Dhandho India Zero Fee Fund Offshore Ltd.

## Notes to Financial Statements

December 31, 2022

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the Korean exchange are subject to 22% withholding tax on interest and dividend income. No capital gains tax is applied at source in South Korea as long as the transaction is conducted via the Korea stock exchange and the investment does not qualify as significant holding exceeding 25% company stock. Capital gains tax rate for significant holdings and over the counter transactions, which includes also corporate actions, is either 22% of the gain or 11% of the sale price, whichever is lower, and is calculated and debited by the local broker executing the sale transaction. The investments in common stock traded on the Amsterdam Euronext exchange are subject to withholding-based taxation. Dividends are subject to Dutch dividend withholding tax at the rate of 15%. No capital gains tax is applied at source in the Netherlands. Provisions of tax treaties are reserved. However, shareholders may qualify for an exemption from or reduction of Dutch dividend withholding tax based on relevant tax treaties concluded by the Netherlands. The investments in common stock traded on the Turkish exchange are subject to withholding based taxation applicable on capital gains and interest for equities and fixed income securities purchased on or after January 1, 2006. The current withholding tax rate is 10% for equities and fixed income securities. Dividends are subject to dividend withholding tax at the rate of 10%. Transactions in equities are not subject to capital gains tax in Turkey. Provisions of tax treaties are reserved. For countries with double taxation treaties, the treaty rate prevails only if it is more favorable than the standard rate. The investments in common stock traded on the Japanese exchange are subject to 15.315% withholding tax on interest and dividend income. Dividends from listed stocks held by individual shareholders with 3% or more stakes are subject to 20.42% withholding tax. No capital gains tax is applied at source in Japan. Exemption and reduced rates for income may be available depending on the specific double tax treaty arrangements between Japan and the foreign investor's country of residence.

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, 2022, open tax years include the tax years ended December 31, 2020 through December 31, 2022. 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, 2022.

### **Payable for investments purchased**

The amount shown as payable for investments purchased represents a net payable to brokers for unsettled purchases of securities as of December 31, 2022. As of December 31, 2022, payable for investments purchased is \$7,459.

### **Redemptions Payable**

The Fund accounts for subscriptions, allocations and redemptions on a per share basis. The amounts shown as redemptions payable of \$714,418 represent the remaining amount due for redemptions as of December 31, 2022.

# Dhandho India Zero Fee Fund Offshore Ltd.

## Notes to Financial Statements

December 31, 2022

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### 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,

# Dhandho India Zero Fee Fund Offshore Ltd.

## Notes to Financial Statements

December 31, 2022

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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, 2022, 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, 2022 as well.

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

	<b>Assets at Fair Value as of December 31, 2022</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Common stocks	\$ 25,628,654	\$ -	\$ -	\$ 25,628,654
	<u>\$ 25,628,654</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,628,654</u>

#### 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 Investment Manager, in its sole discretion, shall determine the minimum initial investment by each investor in the Fund but not less than the statutory minimum, currently \$100,000 for initial subscriptions. Minimum additional amounts are determined by the Investment Manager at its discretion. For the year ended December 31, 2022 the Fund had subscriptions of \$5,548,022.

##### **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.

# Dhandho India Zero Fee Fund Offshore Ltd.

## Notes to Financial Statements

December 31, 2022

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### Redemptions

Subsequent to 90 days after an investor's initial investment in the Fund, an investor may, annually, effective on the December 31<sup>st</sup>, 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 31<sup>st</sup> 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. During the year ended December 31, 2022, the Investment Manager approved shareholder's redemption requests of \$1,686,481 of which \$714,418 was paid out subsequent to year-end.

### Transfers

Interests are not transferable without the consent of the Board of the Fund.

### 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.

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).

For the year ended December 31, 2022, the Investment Manager did not earn any investment management fee.

## 6. Related Party

At December 31, 2022, the Investment Manager held no interest in the Fund.

## 7. Principal Shareholders

At December 31, 2022, five shareholders held approximately 31% of the net asset value of the total common shares issued.

# Dhandho India Zero Fee Fund Offshore Ltd.

## Notes to Financial Statements

December 31, 2022

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### 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 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.

#### **Covid-19/Epidemic Risk**

Beginning in January 2020, global financial markets have experienced and may continue to experience significant volatility resulting from the spread of a novel coronavirus known as COVID-19. The outbreak of COVID-19 has resulted in travel and border restrictions, quarantines, supply chain disruptions, lower consumer demand and general market uncertainty. The effects of COVID-19 have and may continue to adversely affect the global economy, the economies of certain nations and individual issuers, all of which may negatively impact the Fund's performance.

**Dhandho India Zero Fee Fund Offshore Ltd.**  
**Notes to Financial Statements**  
**December 31, 2022**

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**9. Financial Highlights**

Financial highlights are calculated for a Share outstanding for the year ended December 31, 2022. 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.

	<b>Common Shares</b>
<b>Selected per share data</b>	
Net asset value, beginning of year	\$ 11.12
Income from investment operations <sup>(1)</sup>	
Net investment income	0.07
Net realized loss and net change in unrealized depreciation	<u>(4.01)</u>
Net asset value, end of year	<u>\$ 7.18</u>
<b>Total return</b>	
Total return before investment management fees	(35.44) %
Investment management fees	<u>-</u>
Total return after investment management fees	<u>(35.44) %</u>
<b>Ratios to average net assets</b>	
Operating expenses	0.30 %
Investment management Fees	<u>-</u> %
Total operating expenses and investment management fees	<u>0.30</u> %
Net investment income	<u>0.76</u> %

<sup>(1)</sup> Calculated using the average number of shares outstanding during the year.

**10. Subsequent Events**

The Fund has evaluated subsequent events through the issuance of the Fund's financial statements on March 22, 2023.

From January 1, 2023 through March 22, 2023 the Fund received capital contributions of approximately \$614,500 of which \$0 was received in advance.

**Dhandho Junoon LP**  
**Financial Statements**  
**For the Year Ended December 31, 2022**

**Dhandho Junoon LP**  
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**December 31, 2022**

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## Report of independent auditors

### To the General Partner of Dhandho Junoon LP

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#### Opinion

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, 2022, and the related statements of operations and of changes in partners' capital for the year then ended, including the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Partnership as of December 31, 2022, 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.

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#### Basis for opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We are required to be independent of the Partnership and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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#### Responsibilities of management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Partnership's ability to continue as a going concern for one year after the date the financial statements are available to be issued.



## Report of independent auditors (continued)

### To the General Partner of Dhandho Junoon LP

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#### Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Partnership's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

A handwritten signature in black ink that reads "PricewaterhouseCoopers". The signature is written in a cursive, flowing style.

March 22, 2023

**Dhandho Junoon LP**  
**Statement of Assets, Liabilities and Partners' Capital**  
**December 31, 2022**  
*(expressed in United States dollars)*

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<b>Assets</b>	
Cash	\$ 87,103
Investments, at fair value (cost \$6,979,273)	8,407,332
Dividends receivable	4,181
Other assets	<u>4,147</u>
Total assets	<u>8,502,763</u>
<b>Liabilities</b>	
Subscriptions received in advance	50,000
Redemptions payable	400,000
Accrued expenses and other liabilities	<u>32,653</u>
Total liabilities	<u>482,653</u>
<b>Partners' capital</b>	
General partner (15,504 units at \$13.06 per unit)	202,544
Limited partners (598,393 units at \$13.06 per unit)	<u>7,817,566</u>
Total partners' capital	<u>8,020,110</u>
Total liabilities and partners' capital	<u>\$ 8,502,763</u>

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

**Dhandho Junoon LP**  
**Statement of Operations**  
**For the year ended December 31, 2022**  
*(expressed in United States dollars)*

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<b>Investment income</b>	
Dividend income (net of withholding tax of \$7,342)	\$ 52,424
Interest income	474
Total investment income	<u>52,898</u>
<b>Expenses</b>	
Professional fees	27,574
Administration fee	58,500
Total expenses	<u>86,074</u>
Net investment loss	(33,176)
<b>Net realized and unrealized gain/(loss) on investments</b>	
Net realized gain on investments	422,823
Net realized loss on foreign currency transactions	(3,059)
Net change in unrealized depreciation on investments (net of reversal of accrued capital gains tax of \$7,180)	<u>(2,609,193)</u>
Net realized and unrealized gain/(loss) on investments	<u>(2,189,429)</u>
Net decrease in partners' capital resulting from operations	<u>\$ (2,222,605)</u>

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, 2022**  
*(expressed in United States dollars)*

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	<b>General Partner</b>	<b>Limited Partners</b>	<b>Total</b>
<b>Balance, January 1, 2022</b>	\$ 256,853	\$ 10,225,862	\$ 10,482,715
Contributions (11,777 units)	-	160,000	160,000
Withdrawals (30,618 units)	-	(400,000)	(400,000)
Net decrease in partners' capital from operations	(54,309)	(2,168,296)	(2,222,605)
<b>Balance, December 31, 2022</b>	<u>\$ 202,544</u>	<u>\$ 7,817,566</u>	<u>\$ 8,020,110</u>

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

**Dhandho Junoon LP**  
**Condensed Schedule of Investments**  
**December 31, 2022**  
*(expressed in United States dollars)*

Number of Shares		Value as Percentage of Partners' Capital	Cost	Fair Value
<b>Common Stocks</b>				
<b>United States</b>				
	Communication Services			
13,900	Alphabet Inc.	15.38%	939,929	1,233,347
	Consumer Cyclical			
391	Chipotle Mexican Grill Inc	6.76%	240,523	542,508
	Other	1.11%	76,662	89,280
	Financials	1.54%	85,172	123,560
	Lodging	0.44%	21,716	35,287
	Semiconductors			
32,439	Micron Technology Inc	20.22%	1,446,927	1,621,301
	Technology			
1,995	Microsoft Corporation	5.97%	415,020	478,441
	Total United States	<u>51.42%</u>	<u>3,225,949</u>	<u>4,123,724</u>
<b>Canada</b>				
	Consumer Cyclical	0.44%	34,047	35,260
	Consumer Discretionary	<u>0.67%</u>	<u>47,875</u>	<u>53,935</u>
	Total Canada	<u>1.11%</u>	<u>81,922</u>	<u>89,195</u>
<b>China</b>				
	Consumer Cyclical			
23,300	BYD Company Limited	7.17%	364,879	574,951
	Other	<u>0.79%</u>	<u>159,145</u>	<u>63,560</u>
	Total China	<u>7.96%</u>	<u>524,024</u>	<u>638,511</u>
<b>India</b>				
	Chemicals			
235,000	Rain Industries Limited	6.04%	595,637	484,555
	Financial Services			
1,537,768	Edelweiss Financial Services Limited	14.83%	1,428,311	1,189,740
	Total India	<u>20.87%</u>	<u>2,023,948</u>	<u>1,674,295</u>
<b>Turkey</b>				
	Industrials			
353,000	TAV Havalimanlari Holding AS	22.00%	1,005,903	1,764,057
	Total Turkey	<u>22.00%</u>	<u>1,005,903</u>	<u>1,764,057</u>
	Total Common Stocks	<u>103.36%</u>	<u>\$ 6,861,746</u>	<u>\$ 8,289,782</u>
<b>Money Market Funds</b>				
<b>United States</b>				
	UBS Select Prime			
117,527	Preferred Fund	1.47%	117,527	117,550
	Total Money Market Funds	<u>1.47%</u>	<u>117,527</u>	<u>117,550</u>
	Total Investments	<u>104.83%</u>	<u>6,979,273</u>	<u>8,407,332</u>

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

# **Dhandho Junoon LP**

## **Notes to Financial Statements**

### **December 31, 2022**

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#### **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. Effective September 28, 2022, the General Partner became a registered investment advisor with the U.S. Securities and Exchange Commission. Effective November 17, 2022, the General Partner was granted a certificate of registration as a Foreign Portfolio Investor Category 1 and Appropriately Regulated - Investment Advisor, in accordance with the Securities and Exchange Board of India Foreign Portfolio Investor Regulations, 2019.

The Partnership will seek to earn long-term appreciation by investing in common equity securities leveraging a proprietary rules-based stock-picking 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 Partnership, the General Partner has made several changes to the strategy, including a reduction in the number of stocks from 100 to a range of 15-22. In addition, effective October 1, 2020, the General Partner no longer makes investment decisions generated by the Algorithm; all investment decisions are made by the team members of the General Partner, using the Algorithm as a tool to buy or sell securities on behalf of the Partnership.

The Partnership utilizes UBS Financial Services Inc. ("UBS") as its principal broker-dealer and maintains its cash and investments with UBS Securities LLC. Additionally, the Partnership utilizes Kotak Mahindra Bank Limited and UBS Securities LLC. 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 Fund Services ("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 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 income and expenses during the reporting period. Actual results could differ from the estimates included in the financial statements.

# **Dhandho Junoon LP**

## **Notes to Financial Statements**

### **December 31, 2022**

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#### **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 various international exchanges and, therefore, may be subject to taxes levied in certain countries. The investments in common stock traded on the Indian exchange are subject to short-term capital gains tax at 15% and long-term capital gain tax at 10%. Dividends are subject to dividend withholding tax at 20%. Prior to April 1, 2018 long-term capital gains were not subject to tax. As of December 31, 2022, the Partnership reversed prior year accrued tax expenses of \$7,180 related to unrealized Indian capital gains which are not due until realized. The Partnership intends to hold the Indian securities for the long-term. The investments in common stock traded on the Turkish exchange are subject to withholding based taxation applicable on capital gains and interest for equities and fixed income securities purchased on or after January 1, 2006. The current withholding tax rate is 10% for equities and fixed income securities. Dividends are subject to dividend withholding tax at the rate of 10%. Transactions in equities are

# **Dhandho Junoon LP**

## **Notes to Financial Statements**

### **December 31, 2022**

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not subject to capital gains tax in Turkey. Provisions of tax treaties are reserved. For countries with double taxation treaties, the treaty rate prevails only if it is more favorable than the standard rate.

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, 2022, open tax years include the tax years ended from December 31, 2020 through December 31, 2022. 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, 2022.

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. The amount shown as redemptions payable of \$400,000 represents the amount payable for redemptions payable.

#### **Subscriptions received in advance**

Subscription received in advance represents the amount of subscriptions received in advance. The amount shown as subscriptions received in advance of \$50,000 represents the amount received in advance for subscriptions.

#### **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

**Dhandho Junoon LP**  
**Notes to Financial Statements**  
**December 31, 2022**

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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, 2022, 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, 2022 as well.

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

	<b>Assets at Fair Value as of December 31, 2022</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Common stock	\$ 8,289,782	\$ -	\$ -	\$ 8,289,782
Money market funds	117,550	-	-	117,550
	<u>\$ 8,407,332</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,407,332</u>

# Dhandho Junoon LP

## Notes to Financial Statements

### December 31, 2022

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#### 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 General Partner, in its sole discretion, shall determine the minimum initial investment by each limited partner of the Partnership, as well as minimum additional investment amounts. For the year ended December 31, 2022 the Partnership had subscriptions of \$160,000.

##### 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, 2022, the General Partner approved partners’ withdrawal requests of \$400,000 of which \$400,000 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, 2022 the General Partner did not earn any performance allocation.

# Dhandho Junoon LP

## Notes to Financial Statements

### December 31, 2022

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#### 6. Related Party

At December 31, 2022, the General Partner held approximately 3% of the net asset value of the total equity.

#### 7. Principal limited partner

At December 31, 2022, eight limited partners held approximately 64% 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.

##### Covid-19/Epidemic Risk

Beginning in January 2020, global financial markets have experienced and may continue to experience significant volatility resulting from the spread of a novel coronavirus known as COVID-19. The outbreak of COVID-19 has resulted in travel and border restrictions, quarantines, supply chain disruptions, lower consumer demand and general market uncertainty. The effects of COVID-19 have and may continue to adversely affect the global economy, the economies of certain nations and individual issuers, all of which may negatively impact the Partnership's performance.

**Dhandho Junoon LP**  
**Notes to Financial Statements**  
**December 31, 2022**

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**9. Financial Highlights**

Financial highlights are calculated for a limited partner unit outstanding for the year ended December 31, 2022. An individual limited partner's return and ratios may vary based on the 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	\$ 16.57
Income from investment operations <sup>(1)</sup>	
Net investment loss	(0.05)
Net realized gain/(loss) and net change in unrealized depreciation	(3.46)
General Partner allocation	<u>-</u>
Limited Partner unit value, end of year	<u>\$ 13.06</u>
<b>Total return</b>	
Total return before General Partner allocation	(21.14) %
General Partner allocation	<u>-</u>
Total return after General Partner allocation	<u>(21.14) %</u>

**Ratios to average limited partners' capital**

Operating Expenses	0.99 %
General Partner allocation	<u>0.00 %</u>
Total operating expenses and General Partner allocation	<u>0.99 %</u>
Net investment (loss)	<u>-0.38% %</u>

<sup>(1)</sup> 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, 2023.

From January 1, 2023 through March 22, 2023 the Partnership received capital contributions of approximately \$50,000 of which \$50,000 was received in advance.

**Dhandho Junoon Offshore Ltd.**  
**Financial Statements**  
**For the Year Ended December 31, 2022**

# Dhandho Junoon Offshore Ltd.

## Index

December 31, 2022

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## Report of independent auditors

To the Board of Directors of Dhandho Junoon Offshore Ltd.

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### Opinion

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, 2022, and the related statements of operations and of changes in net assets for the year then ended, including the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as of December 31, 2022, 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.

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### Basis for opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We are required to be independent of the Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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### Responsibilities of management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for one year after the date the financial statements are available to be issued.



## Report of independent auditors (continued)

To the Board of Directors of Dhandho Junoon Offshore Ltd.

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### Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

A handwritten signature in black ink that reads 'PricewaterhouseCoopers' in a cursive, flowing script.

March 22, 2023

**Dhandho Junoon Offshore Ltd.**  
**Statement of Assets and Liabilities**  
**December 31, 2022**  
*(expressed in United States dollars)*

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<b>Assets</b>	
Cash	\$ 37,523
Investments, at fair value (cost \$5,102,547)	5,797,753
Dividends receivable (Net of withholding tax of \$595)	1,389
Other assets	<u>6,604</u>
Total assets	<u>5,843,269</u>
<b>Liabilities</b>	
Accrued expenses	16,594
Payable to Investment Manager	<u>89</u>
Total liabilities	<u>16,683</u>
Net assets	<u>\$ 5,826,586</u>
<b>Net assets consist of:</b>	
Management shares (100 authorized; 100 issued and outstanding)	\$ 1
Shares (458,071 issued and outstanding)	<u>5,826,585</u>
Total net assets	<u>\$ 5,826,586</u>
Net asset value per share	<u>\$ 12.72</u>

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

**Dhandho Junoon Offshore Ltd.**  
**Statement of Operations**  
**For the year ended December 31, 2022**  
*(expressed in United States dollars)*

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<b>Investment income</b>	
Dividend income (net of withholding tax of \$11,187)	\$ 40,399
Interest income	547
Total investment income	<u>40,946</u>
<b>Expenses</b>	
Professional fees	34,061
Administration fee	25,000
Total expenses	<u>59,061</u>
Net investment loss	(18,115)
<b>Net realized and unrealized gain/(loss) on investments</b>	
Net realized gain on investments	154,301
Net realized loss on foreign currency transactions	(460)
Net change in unrealized depreciation on investments (net of reversal of accrued capital gains tax of \$2,730)	<u>(1,498,159)</u>
Net realized and unrealized gain/(loss) on investments	<u>(1,344,318)</u>
Net decrease in net assets resulting from operations	<u>\$ (1,362,433)</u>

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, 2022**  
*(expressed in United States dollars)*

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**Decrease in net assets from operations**

Net investment loss	\$ (18,115)
Net realized gain on investments	154,301
Net realized loss on foreign currency transactions	(460)
Net change in unrealized depreciation on investments	<u>(1,498,159)</u>
Net decrease in net assets resulting from operations	<u>(1,362,433)</u>

**Net assets at:**

Beginning of year	<u>7,189,019</u>
End of year	<u>\$ 5,826,586</u>

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

**Dhandho Junoon Offshore Ltd.**  
**Condensed Schedule of Investments**  
**December 31, 2022**  
*(expressed in United States dollars)*

Number of Shares		Value as Percentage of Net Assets	Cost	Fair Value
<b>Common Stocks</b>				
<b>United States</b>				
	Communication Services			
7,400	Alphabet Inc.	11.27%	494,290	656,601
	Consumer Cyclical			
239	Chipotle Mexican Grill Inc	5.69%	146,314	331,610
	Other	4.43%	222,749	257,920
	Financial Services			
1,051	Berkshire Hathaway Inc	5.57%	223,324	324,654
	Lodging			
2,390	Marriott International, Inc.	6.11%	220,830	355,847
	Semiconductors			
17,258	Micron Technology Inc	14.80%	765,046	862,555
	Technology			
	Other	4.37%	222,131	254,449
	Total United States	<u>52.24%</u>	<u>2,294,684</u>	<u>3,043,636</u>
<b>Canada</b>				
	Consumer Cyclical	0.16%	9,010	9,331
	Financial Services	2.38%	146,266	138,750
	Total Canada	<u>2.54%</u>	<u>155,276</u>	<u>148,081</u>
<b>China</b>				
	Consumer Cyclical			
14,000	BYD Company Limited	5.93%	219,737	345,464
	Other	4.21%	637,170	245,398
	Total China	<u>10.14%</u>	<u>856,907</u>	<u>590,862</u>
<b>India</b>				
	Chemicals	1.42%	105,745	82,478
	Financial Services			
1,098,458	Edelweiss Financial Services Limited	14.59%	1,051,134	849,855
	Total India	<u>16.01%</u>	<u>1,156,879</u>	<u>932,333</u>
<b>Turkey</b>				
	Consumer Staples	1.09%	34,852	63,363
	Industrials			
204,000	TAV Havalimanlari Holding AS	17.50%	603,925	1,019,454
	Total Turkey	<u>18.59%</u>	<u>638,777</u>	<u>1,082,817</u>
	Total Common Stocks	<u>99.52%</u>	<u>\$ 5,102,523</u>	<u>\$ 5,797,729</u>
<b>Money Market Funds</b>				
<b>United States</b>				
	Federated Hermes			
24	Treasury Obligations Fund	0.00%	24	24
	Total Money Market Funds	<u>0.00%</u>	<u>24</u>	<u>24</u>
	Total Investments	<u>99.52%</u>	<u>\$ 5,102,547</u>	<u>\$ 5,797,753</u>

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

# **Dhandho Junoon Offshore Ltd.**

## **Notes to Financial Statements**

### **December 31, 2022**

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#### **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. Effective September 28, 2022, the Investment Manager became a registered investment advisor with the U.S. Securities and Exchange Commission. Effective November 17, 2022, the Investment Manager was granted a certificate of registration as a Foreign Portfolio Investor Category 1 and Appropriately Regulated - Investment Advisor, in accordance with the Securities and Exchange Board of India Foreign Portfolio Investor Regulations, 2019.

The Fund will seek to earn long-term appreciation by investing in common equity securities leveraging a proprietary rules-based stock-picking 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 made several changes to the strategy, including a reduction in the number of stocks from 100 to a range of 15-22. In addition, effective October 1, 2020, the Investment Manager no longer makes investment decisions generated by the Algorithm; all investment decisions are made by the team members of the Investment Manager, using the Algorithm as a tool to buy or sell securities on behalf of the Fund.

The Fund utilizes UBS Financial Services Inc. ("UBS") as its principal broker-dealer and maintains its cash and investments with UBS Securities LLC. Additionally, the Fund utilizes Kotak Mahindra Bank Limited and UBS Securities LLC. 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 Fund Services ("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

# **Dhandho Junoon Offshore Ltd.**

## **Notes to Financial Statements**

### **December 31, 2022**

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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.

# **Dhandho Junoon Offshore Ltd.**

## **Notes to Financial Statements**

### **December 31, 2022**

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The Fund executes trades on various international exchanges and, therefore, may be subject to taxes levied in certain countries. The investments in common stock traded on the Indian exchange are subject to short-term capital gains tax at 15% and long-term capital gains tax at 10%. Dividends are subject to dividend withholding tax at 20%. Prior to April 1, 2018, long-term capital gains were not subject to tax. As of December 31, 2022, the Fund reversed prior year accrued tax expenses of \$2,730 related to unrealized Indian capital gains which are not due until realized. The Fund intends to hold the Indian securities for the long-term. The investments in common stock traded on the Turkish exchange are subject to withholding based taxation applicable on capital gains and interest for equities and fixed income securities purchased on or after January 1, 2006. The current withholding tax rate is 10% for equities and fixed income securities. Dividends are subject to dividend withholding tax at the rate of 10%. Transactions in equities are not subject to capital gains tax in Turkey. Provisions of tax treaties are reserved. For countries with double taxation treaties, the treaty rate prevails only if it is more favorable than the standard rate.

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, 2022, open tax years include the tax years ended from December 31, 2020 through December 31, 2022. 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, 2022. 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. The amount shown as redemptions payable represents the amount payable for redemptions payable.

#### **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;

**Dhandho Junoon Offshore Ltd.**  
**Notes to Financial Statements**  
**December 31, 2022**

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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, 2022, 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:

**Dhandho Junoon Offshore Ltd.**  
**Notes to Financial Statements**  
**December 31, 2022**

	<b>Assets at Fair Value as of December 31, 2022</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Common stock	\$ 5,797,729	\$ -	\$ -	\$ 5,797,729
Money market funds	24	-	-	24
	<u>\$ 5,797,753</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,797,753</u>

**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 Investment Manager, in its sole discretion, shall determine the minimum initial investment by each investor in the Fund but not less than the statutory minimum, currently \$100,000 for initial subscriptions. 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, 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 Board of the Fund.

**Distributions**

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

**Dhandho Junoon Offshore Ltd.**  
**Notes to Financial Statements**  
**December 31, 2022**

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**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.

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, 2022, six shareholders held 87% 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.

**Dhandho Junoon Offshore Ltd.**  
**Notes to Financial Statements**  
**December 31, 2022**

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**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.

**Covid-19/Epidemic Risk**

Beginning in January 2020, global financial markets have experienced and may continue to experience significant volatility resulting from the spread of a novel coronavirus known as COVID-19. The outbreak of COVID-19 has resulted in travel and border restrictions, quarantines, supply chain disruptions, lower consumer demand and general market uncertainty. The effects of COVID-19 have and may continue to adversely affect the global economy, the economies of certain nations and individual issuers, all of which may negatively impact the Fund's performance.

**8. Financial Highlights**

Financial highlights are calculated for a Share outstanding for the year ended December 31, 2022. 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.

	<b>Common Shares</b>
<b>Selected per share data</b>	
Net asset value, beginning of year	\$ 15.69
Income from investment operations <sup>(1)</sup>	
Net investment loss	(0.04)
Net realized gain/(loss) and net change in unrealized depreciation	(2.93)
Investment management fee	-
Net asset value, end of year	<u>\$ 12.72</u>
<b>Total return</b>	
Total return before investment management fee	(18.95) %
Investment management fee	<u>(0.00)</u>
Total return after investment management fee	<u>(18.95) %</u>
<b>Ratios to average net assets</b>	
Operating expenses	0.96 %
Investment management fee	-
Total operating expenses and investment management fee	<u>0.96 %</u>
Net investment (loss)	<u>(0.29) %</u>

<sup>(1)</sup> 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, 2023.

# Team Dhandho

**MOHNISH PABRAI**

*Chairman & Chief Executive Officer*

## Austin, Texas

**FAHAD MISSMAR**, *President*

**JAYA BHARATH VELICHERLA**, *Vice President, Quantitative Analysis*

**KIMBERLY ENGLEMAN**, *Compliance and Office Manager*

**ANU GUPTA**, *Admin Team Lead Consultant*, **MEGHA JAIN**, *Administrative Consultant*,

**PAULINE JIN**, *Administrative Assistant*, **ANURADHA KEDIA**, *Administrative Consultant*

## 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)**

Past performance is not indicative of future results. Returns are presented net of all fees and expenses, include the reinvestment of income and are calculated using a simple rate of return. The securities discussed do not represent all securities recommended for the Funds. It is also not a recommendation to buy or sell and one should not presume they will be profitable.

Please be aware that our past Annual Reports may discuss specific securities that have performed well without necessarily addressing those that have underperformed within our Fund(s). Readers should not infer that all investment decisions within the Funds were profitable.

DHANDHO

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