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To: All Limited Partners and Investors in Dhandho Holdings  
From: Mohnish Pabrai, Managing Partner  
Date: October 10, 2014  
Re: **Quarterly Update**

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Dear Partners:

Hope all is well. This is a quarterly update on the ongoing at Dhandho.

### **Acquisition Update**

Our acquisition of Stonetrust is progressing through the regulatory approval process of the Louisiana Department of Insurance. We now expect the acquisition to close by the end of 2014. Demutualizations are complicated and, in hindsight, our previous date of September 30 was optimistic.

In the meantime, we continue to be impressed with the quality of the business and people at Stonetrust and we are more thrilled than ever to welcome Stonetrust as a part of Dhandho. On July 29, 2014, Stonetrust and Dhandho issued a press release announcing Stonetrust's agreement to be acquired by Dhandho.

You can view the statement at:

<http://dhandho-holdings.com/stonetrust-dhandho-press-release/>

### **The Next Acquisition**

As the approval process for our Stonetrust acquisition moves along, I have been actively pursuing promising leads among property and casualty (P&C) insurance companies for our next acquisition.

As always, please review the Acquisition Criteria tab on our website, and please do not hesitate to contact me if you think of any privately-held companies that may be a good fit for Dhandho. While Dhandho is open to a wide range of businesses and industries, I have become increasingly excited by P&C insurance for our next acquisition, and would appreciate any promising leads in that space in particular.

### **Public Company/Exchange Listing**

After we close our Stonetrust acquisition, we will embark on the process of getting listed as a public company. Once started, that process should take between 9 to 12 months. We expect to raise between \$100-150 million at the time of listing, \$70 million of which will be contributed by Pabrai Funds, if pricing is reasonable.

Until it is a publicly traded company, Dhandho is restricted from making passive equity investments. As a result, our initial performance will be held down by our large cash balances. This restriction was deliberate to preserve flexibility until we are publicly traded.

### **Headquarters Moved to San Juan, Puerto Rico**

Dhandho has officially moved its headquarters to San Juan, Puerto Rico.

The Commonwealth of Puerto Rico (which is just as much a part of the United States as is Kansas) passed several significant tax incentives in 2012 to encourage businesses to set up operations on the island, which has struggled with economic growth in recent years. The potential tax benefits could be worth several million dollars a year to Dhandho – and will only grow over time. The benefits are subject to regulatory approval, and Dhandho is currently working through the approval process.

At the holding company level, Dhandho will be thinly staffed, and that will manifest itself in our lean team in Puerto Rico. I will continue to work out of my office in California, with the rest of the team in San Juan.

### **New Dhandho Team Members, Fahad Missmar and Marina Torres**

I am excited to introduce you to Fahad Missmar, Dhandho's new Executive Vice President for Finance, who now manages our office in San Juan. Since early June, Fahad has worked closely with me on a number of projects, including building out Dhandho's future acquisition pipeline. I have been impressed with Fahad and look forward to continuing to work with him as he manages our financial operations. Fahad can be reached at [fm@dhandho-holdings.com](mailto:fm@dhandho-holdings.com).

You can view Fahad's profile at:

<http://dhandho-holdings.com/fahad-missmar-evp-finance/>

I am also excited to introduce you to the second member of Dhandho's San Juan office, Marina Torres, who has joined as Director of Finance & Operations. Marina is a native of Puerto Rico and has

spent two decades in various finance and operations focused roles with international and local companies on the island. Marina can be reached at [mt@dhandho-holdings.com](mailto:mt@dhandho-holdings.com).

You can view Marina's profile at:

<http://dhandho-holdings.com/marina-torres-director/>

### **Pabrai Funds/Dhandho Holdings 2014 Annual Meeting Presentation**

We had two very successful annual meetings in September at our Soka University venue in California and at Carlucci's in Chicago, with record attendance of over 200 attendees in California and over 160 in Chicago! It was a pleasure to meet old friends and partners and welcome new ones. I'm very grateful to Lynn, Betsy, Nickii, Karen, Julie and Fahad for all their diligence in organizing the various facets of the meetings and dinners so flawlessly.

The link to the annual meeting presentation is here and on our website for your perusal (the password to the video is "Warren"):

<http://vimeo.com/106862214>

The transcript to the meeting will be posted on the website by the end of January.

### **Google Talks Presentation, July 21, 2014**

I gave a presentation entitled, Dhandho: Heads I Win: Tails I Don't Lose Much, at Google Headquarters in the Silicon Valley as part of their Authors@Google program. I had a great time on the Google campus. Here is a link to the presentation:

[https://www.youtube.com/watch?v=E\\_nWM4vjgqE](https://www.youtube.com/watch?v=E_nWM4vjgqE)

### **2015 Annual Meetings – Save the Date**

As is our usual modus operandi, there will be two annual meetings sequentially at Orange County, California & Chicago, Illinois.

The **California** meeting is scheduled to be on **Saturday, Sept. 12, 2015** at 4:00 PM at:

#### Soka University

Performing Arts Center

1 University Drive, Aliso Viejo, California 92656

Tel. +1949.480.4000

Soka University has a spectacular campus nestled in the scenic hills of Aliso Viejo. It is a 20 minute drive from Orange County Airport (SNA), and about an hour drive from LAX.

There is a fantastic Marriott Club Sport hotel about 3 miles from Soka University:

[Marriott Renaissance ClubSport](#)

50 Enterprise

Aliso Viejo, CA 92656

Reservations: 800-468-3571

Phone: 949-643-6700

There are many hotels in the area. Here is a link to other hotels near Soka University:

<http://tinyurl.com/8dmevvu>

The **Chicago** meeting is thus scheduled to be on **Saturday, Sept. 19, 2015** at 4:00 PM at:

[Carlucci's Restaurant](#)

(The Auditorium)

6111 North River Road, Rosemont, Illinois 60018

Tel. +1847.518.0990

Carlucci's is a five minute taxi ride away from O'Hare airport. [The Marriott Suites O'Hare](#) and [The Westin O'Hare](#) are both next to the restaurant. In addition, there are a plethora of hotels in the vicinity. Good deals on O'Hare hotels are usually available on the major travel-related websites.

Agenda:

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

The invites will go out electronically via email in July 2015. Look for it in your inbox! Your significant other and kids of all ages are welcome to attend. As we are now a Registered Investment Advisor, the SEC requires that all guests other than family members must be “accredited investors.” The invitation is non-transferable.

I look forward to seeing you in September.

After we are a public company, Dhandho will hold its annual meetings in San Juan, Puerto Rico.

**Longtime Pabrai Funds (and recent Dhandho Holdings) Investor to be honored by President Obama!**

One of our early investors in PIF2 since 2002, MIT graduate and Stanford Emeritus Professor Thomas Kailath was awarded the National Medal of Science by President Obama. Professor Kailath was also awarded the Padma Bhushan by the Government of India in 2009. It is among the highest civilian awards given by the Government of India. This National Medal of Science recognizes individuals who have made outstanding contributions to science and engineering. Here is a link to the White House press release:

<http://www.whitehouse.gov/the-press-office/2014/10/03/president-obama-honors-nation-s-top-scientists-and-innovators>

And recent press coverage in India:

[http://www.business-standard.com/article/current-affairs/who-is-prof-thomas-kailath-10-things-you-must-know-about-the-us-national-medal-of-science-winner-114100400391\\_1.html](http://www.business-standard.com/article/current-affairs/who-is-prof-thomas-kailath-10-things-you-must-know-about-the-us-national-medal-of-science-winner-114100400391_1.html)

Professor Kailath has been a wonderful investor in Pabrai Funds for over 12 years. His track record in choosing investment managers is amongst the very best!

### **Quarterly Updates**

These quarterly updates are intended to provide you with a concise summary of the most important developments at Dhandho to date. Thanks for your continued interest, and support for Dhandho.

Feel free to call me at +1949.453.0609 or email me at [mp@dhandho-holdings.com](mailto:mp@dhandho-holdings.com) with any queries or comments.

Warmly,

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

Mohnish Pabrai

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 newsletters 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.