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To: All Limited Partners and Investors in Dhandho Holdings
From: Mohnish Pabrai, Managing Partner
Date: July 16, 2014
Re: **An Update**

Dear Partners:

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

Acquisition Update

Our first insurance company acquisition, Stonetrust Commercial Insurance, is on track. We completed and executed our purchase agreement in June, 2014. The last two steps to complete the acquisition are:

1. Regulatory approval by the Louisiana Department of Insurance
2. Approval of sale by the Stonetrust policyholders

This acquisition is a win-win for all parties, including the State of Louisiana and the policyholders. So far no significant obstacles have emerged. We expect to complete the acquisition by Sept. 30, 2014. I am as excited as ever to have Stonetrust as our maiden acquisition.

The Next Acquisition

The diligent reader will note that this first acquisition will absorb up to \$65 million in cash and leave us with about \$87 million in cash to be used for future acquisitions. I have already begun my hunt for the next deal. I would prefer to buy another insurance company, so any outbound efforts are focused on insurance. However, I am flexible and willing to look at a wide range of businesses and industries. Please review the Acquisition Criteria tab on our website. If you can think of any privately held

businesses that may be a good fit for Dhandho, please do call or email me. I can provide an answer as to whether we are interested within five minutes – and our check will clear!

Headquarters in San Juan, Puerto Rico

The Commonwealth of Puerto Rico (which is as much a part of the United States as is Kansas) passed a number of compelling tax incentives in 2012 to encourage businesses to set up operations in Puerto Rico to boost the island's economic prospects. Specifically, Act 20, provides a number of tax incentives to corporations who set up export oriented operations in Puerto Rico. It is an ideal fit for Dhandho to base its eventual small holding company team in San Juan and leverage these important incentives. The potential benefits are worth several million dollars a year – and it will only grow over time.

I am a proud American with absolute loyalty to the United States. I would never consider moving core aspects of Dhandho's holding company operations outside the United States. Puerto Rico was specifically of interest because it is part of the United States, its economy is presently in shambles, and it has a very high quality English speaking bilingual workforce. At the holding company level, we will always be very thinly staffed. Excluding me, virtually this entire future small Dhandho team will be based in San Juan, Puerto Rico. It is a win-win for everyone. After closing on the Stonetrust acquisition, we intend to transition Dhandho Holdings into a Puerto Rico C-corp, And, starting in 2015, we'll begin to hold our annual meeting in San Juan and give you an excuse to check out this amazing place.

We still need to go through regulatory approval for these incentives to be decreed to us. So, all of the above is subject to that approval, which we hope to get this year.

Dhandho's new CFO, Roberto G. Lopez Lebron:

I am excited to introduce you to Roberto Lopez, Dhandho's newly appointed Chief Financial Officer. Roberto came strongly referred to us and emerged as the #1 candidate in our exhaustive search where I personally evaluated/spoke to/met with more than two dozen highly qualified CFOs. Roberto was born and raised in San Juan, Puerto Rico. He comes to us with decades of experience at Citibank, BBVA, GE Capital and Omega Group in a variety of financial positions, including CFO. Roberto can be reached at rl@dhandho-holdings.com.

You can view Roberto's profile at:

<http://dhandho-holdings.com/roberto-lopez-chief-financial-officer/>

Public Company/Exchange Listing

After we close on the first acquisition (anticipated in Q3 2014), we will begin working on getting listed as a public company. That process will take 9-12 months. We expect to be listed publicly in mid-2015 and raise up to \$100 million at the time of our listing. If pricing is reasonable, Pabrai Funds intends to invest \$70+ million at the time of our listing as part of the \$100 million. Please note that Dhandho is restricted on the passive equity investments it can make until we are a publicly traded

company. Thus, for the first 18 months, we have a bit of an anchor on performance due to our large cash balances.

Once we are a public company, most of these shackles will disappear. I deliberately put in these restrictions to preserve flexibility until we are a publicly traded entity.

2014 Annual Meetings – Save the Date

This year, we are combining the Dhandho Holdings meeting with the Pabrai Investment Funds Annual Meeting. 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. 13, 2014** 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. 20, 2014** 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: Cocktails
7:15 PM: Dinner

The invites will go out in July, 2014. We are doing it a little differently this year and will be sending it electronically via email . 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.

Quarterly Updates

My intent is to get you short and sweet quarterly updates with salient developments. In addition, you will get quarterly statements from Liccar & Co. until we are a public company. 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 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.

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