

# DHANDHO

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To: All Limited Partners and Investors in Dhandho Holdings  
From: Mohnish Pabrai, Managing Partner  
Date: January 27, 2017  
Re: **Notice of Relocation to Irvine**

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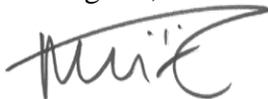
Dear Partners:

Hope all is well. In an effort to simplify our operations, Dhandho has closed its office in San Juan. While we believe Puerto Rico is a great place to do business, it no longer makes sense for us to continue operating an office in San Juan. Our CFO, Fahad Missmar, has moved from San Juan to Irvine.

Additionally, to simplify the tax treatment of Dhandho's stock portfolio, Dhandho transferred its holding co. public stock portfolio, and substantially all of its holding co. cash, from Dhandho Holdings Corp (a Puerto Rico c-corp) to Dhandho Holdings LP and Dhandho Holdings Qualified Purchaser LP (both Delaware entities) in proportion to their ownership. By doing this, Dhandho's investment portfolio will be held in pass-through entities, and we can push out *future* realized gains and losses (2017 and beyond) on that portfolio to your K-1s.

Attached is an official notice, which describes in more detail what I've summarized above. Thanks for your continued support. Feel free to call or email me if I can be of any service.

Warm regards,



Mohnish Pabrai



January 27, 2017

Re: Notice of Relocation from Puerto Rico to Mainland USA

To the Limited Partners of the Funds:

Reference is hereby made to the Amended and Restated Limited Partnership Agreements (as amended, collectively, the "Partnership Agreements") of Dhandho Holdings, L.P. ("DHLP") and Dhandho Holdings Qualified Purchaser, L.P. ("DHQP"), each a Delaware limited partnership (collectively, the "Funds"). All capitalized terms used herein but not otherwise defined shall have the meanings given to them in the Partnership Agreements. On or prior to the date hereof, Dhandho GP, LLC, the general partner of the Funds (the "General Partner"), using the discretionary authority granted to it by the Partnership Agreements, consummated the following transactions (collectively, the "Redomestication Transactions"):

- The General Partner caused Dhandho Holdings Corp., a Puerto Rico corporation ("Dhandho Corp"), to distribute to its sole shareholders, DHLP and DHQP, in proportion with DHLP's and DHQP's respective ownership of the capital stock of Dhandho Corp:
  - A. all of Dhandho Corp's investment portfolio, including common stocks and warrants of 6 publicly-traded companies with an aggregate market value of approximately \$46 million as of the date hereof;
  - B. approximately \$13.5 million of cash; and
  - C. all of the capital stock of Dhandho Funds LLC, a Puerto Rico LLC ("Dhandho Funds"), which serves as (i) the investment advisor to two private funds (i.e., Dhandho Junoon LP and Dhandho Junoon Offshore Ltd.), and (ii) the sponsor of the Dhandho Junoon ETF.

After giving effect to the above-referenced distributions, the remaining assets of Dhandho Corp consisted of (i) approximately \$2 million of cash, (ii) the Stonetrust business, (iii) Dhandho India, (iv) Coverage HQ Insurance I. I. Corp ("CoverageHQ"), and (v) approximately \$16 million of potentially marketable capital loss carryforwards.

- The General Partner caused Dhandho Funds to be redomiciled from Puerto Rico to Delaware.
- The General Partner closed Dhandho Corp's offices in San Juan, Puerto Rico, and relocated all of Dhandho's employees and operations to a portion of the office space already used by an affiliate of the General Partner in Irvine, California.
- The General Partner intends to close Coverage H.Q. and to distribute to its sole shareholders, DHLP and DHQP, in proportion with DHLP's and DHQP's respective ownership of the capital stock of Dhandho Corp, all of CoverageHQ's investment portfolio consisting primarily of common stock and warrants of 5 publicly-traded companies, with an aggregate market value of approximately \$7.5 million as of the date hereof.
- The General Partner intends to cause Dhandho Corp to defer the effective date of the tax exemption decree granted to Dhandho Corp under the Puerto Rico 20 Act (as defined below) by the Office of Industrial Tax Exemption of Puerto Rico by four years (i.e., from February 25, 2015 to February 25, 2019). The term "Puerto Rico Act 20" refers to Puerto Rico's Act No. 20 of 2012, as amended, which was adopted by the Commonwealth of Puerto Rico in 2012 to encourage businesses, including investment management businesses such as Dhandho Corp, to establish operations in Puerto Rico.

The purpose of the Redomestication Transactions was to (1) consolidate business operations and teams in California, and (2) transfer the common stock investment portfolios of Dhandho Corp to U.S. pass-through entity for U.S. federal tax purposes which are DHLP and DHQP.

EACH LIMITED PARTNER SHOULD CONSULT ITS OWN TAX ADVISER REGARDING THE FEDERAL, STATE, LOCAL AND FOREIGN INCOME TAX CONSEQUENCES OF THE REDOMESTICATION TRANSACTIONS AND ITS CONTINUED INVESTMENT IN THE FUNDS.

Please feel free to contact us if you have any questions or would like any additional information regarding the Redomestication Transactions.

DHANDHO GP, LLC



By: \_\_\_\_\_  
Mohnish Pabrai, Manager