

DHANDHO

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To: All Limited Partners & Investors of Dhandho Holdings
From: Mohnish Pabrai, Managing Partner
Date: July 17, 2024
Re: Q2 2024 Letter to Partners

Dear Partners:

Hope all is well. The estimated NAV at 6/30 was \$1.84 per unit for Dhandho Holdings LP. After adding the \$0.40/unit distribution during the quarter, DHLP is up 10% from its final audited 3/31 NAV of \$2.04 per unit. The estimated NAV at 6/30 was \$1.91 per unit for Dhandho Holdings Qualified Purchaser LP. After adding the \$0.25/unit distribution during the quarter DHQPLP is up 12.5% from its final audited 3/31 NAV of \$1.92 per unit. The 6/30 estimates hold our interest in Tandem (41% of the NAV) at the latest valuation available to us, which is the value at 3/31. The remainder of the NAV is almost entirely in our public stock portfolio, which drives the quarterly fluctuations.

This quarter, we completed our 5th cash distribution to Dhandho Holdings investors since inception. We have now returned 82.5-84% of the initial invested capital that most of you invested in 2014. We are eager to return 100% of that initial capital to you as and when we can. Timing will partially depend on our sources of liquidity. A chunk of our NAV is still stuck in the illiquid venture capital fund, Tandem, and we have no visibility as to when we may get distributions or liquidity from them.

The Wagons Fund:

Our primary focus continues to be to manage and scale the Pabrai Wagons Fund mutual fund (Retail class ticker: WAGNX; Institutional class ticker: WGINX). The Fund is only 10 months old, but we are off to a great start. Its current AUM is \$36 million, up 2x from its AUM 3 months ago and up 13x from its AUM at the beginning of 2024. We continue to receive interest and inflows daily. Once we cross the 12-month mark, we can apply to get on to the Schwab and Fidelity platforms. That access should bring in meaningful assets.

The Wagons Fund loses money to Dhandho Funds until its AUM is over \$150 million. But after that it becomes a very high margin business. At \$1 billion in AUM, pre-tax income may be around \$6-7 million. If we beat the S&P 500 over the next few years, I would not be surprised to see AUM eventually get to that level. The business would have a value of \$60-\$100 million at that point, or 2-3x the current DH NAV, and push out excess cash as dividends. However, the NAV today ascribes no value to the Wagons Fund, which is correct given the uncertainties involved.

In addition to scaling, the Wagons Fund is delivering exceptional performance. The Fund is ahead of the tech-heavy S&P 500 on both a since inception and year-to-date basis through 7/16/24. The Fund is beating the index without NVIDIA or any meaningful exposure to the tech stocks that have driven the S&P 500.

Pabrai Wagons Fund Performance		
As of 7/16/24	YTD	Since Inception
WAGNX	27.86%	37.86%
WGNIX	28.01%	38.18%
S&P 500	19.72%	33.72%

In September 2000, the S&P 500 traded at a quite frothy trailing price-to-earnings ratio (P/E) of 25.6. For more than the next 11 years, the S&P 500 delivered zero returns inclusive of reinvested dividends. It was not a fun ride.

History does not repeat itself, but it does rhyme. Today, the S&P 500 trades at trailing P/E of 27.5 - almost identical to its level in 2000 and significantly above its long-term average of 16. It is entirely possible that the S&P 500 continues its upward trajectory for the next few quarters before reverting to its long-term multiple. While the S&P 500 has historically been a great choice for long-term compounding, buying into it at a trailing P/E over 25 could be a risky proposition.

By contrast, the Wagons Fund's underlying portfolio sports a P/E of 7.5. We believe the odds of our outperforming the S&P 500 from here are plausible.

As owners of Dhandho Funds, you can keep tabs on the Wagons Fund at its website: WagonsFund.com.

Mechanism to Exit:

Although I do not recommend that anyone sell their Dhandho units, we do have a mechanism to get you liquidity by helping you sell units if you want to move on. Several folks have expressed an interest in buying Dhandho units and insiders (excluding me) will have a preference to further align interests. Please email Fahad Missmar (fm@dhandhofunds.com) if this is of interest.

Alignment of Interests

My investment in Dhandho Holdings was worth about \$5.4 million at the 6/30/24 estimated NAV and The Dakshana Foundation's interest is 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, etc.

2023 Annual Report

The [2023 Annual Report](#) of Dhandho Holdings is on the website for your perusal.

We have moved!

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

**4407 Bee Cave Road
Suite 513
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Firm Brochure, Brochure Supplement, and Privacy Notice

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

Online Portal for Investor Statements and Audited Financials

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

Chai With Pabrai Blog

Please check out my blog www.ChaiWithPabrai.com which I try to keep updated. I try to do 1-2 Zoom sessions with students every month. This is about the max. of what I am interested in doing. Here are some recent additions to the blog:

Session at University of Nebraska, Omaha on May 3, 2024

I very much enjoyed my session with the students University of Nebraska. I talked about a business's intrinsic value and how an owner defines it, focusing on downside in investments, and cloning successful models.

[Session at The University of Nebraska, Omaha on May 3, 2024](#)

Interview at The Investor's Podcast on April 4, 2024

I very much enjoyed my interview with Shaan Puri at My First Million podcast. I talked about Warren Buffett's early entrepreneurial adventures, learnings from Buffett and Charlie Munger, and some basic traits of value investors and entrepreneurs.

[Interview at The Investor's Podcast on April 4, 2024](#)

Suggestion Box

We are always interested in hearing how we can better serve you. Please feel free to email me any suggestions/feedback you may have at mp@dhandhofunds.com.

2025 Annual Meeting

There will be two annual meetings held sequentially in 2025: 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, March 29th, 2025** 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, April 5, 2025**, at 1:00 PM Central Time. Confirmed guests will receive instructions via email on how to attend the virtual meeting.

Agenda for the virtual meeting:

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

The invites will go out electronically via email in January. Look for it in your inbox! If you don't receive it, please contact 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 March.

Thanks for your continued interest, referrals and support. Feel free to call me at +1512.999.7110 or email me at mp@dhandhofunds.com with any queries or comments.

Warm regards,

A handwritten signature in black ink, appearing to read "Mohnish Pabrai". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Mohnish Pabrai

Note: Various indices are included throughout this letter for reference. Reference to an index or benchmark does not imply that the strategy will achieve returns, experience volatility, or have other results similar to the index.

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Appendix A

Dhandho Holdings LP Performance History (Net to Investors)

No. of Units	Date	NAV	Cumulative Capital Returned	NAV + Capital Returned
11,216,447	03/31/2014	\$10.00	\$0.00	\$10.00
11,216,447	12/31/2014	\$9.93	\$0.00	\$9.93
11,216,447	12/31/2015	\$8.36	\$0.00	\$8.36
11,146,447	12/31/2016	\$8.73	\$0.00	\$8.73
11,145,609	12/31/2017	\$4.92	\$5.00	\$9.92
11,143,443	12/31/2018	\$4.12	\$5.00	\$9.12
11,122,506	12/31/2019	\$3.73	\$6.00	\$9.73
11,100,968	12/31/2020	\$2.64	\$7.50	\$10.14
11,100,968	12/31/2021	\$2.68	\$7.50	\$10.18
11,100,968	12/31/2022	\$1.59	\$8.00	\$9.59
11,089,632	12/31/2023	\$2.06	\$8.00	\$10.06
11,086,204	03/31/2024	\$2.04	\$8.00	\$10.04
11,086,204	06/30/2024	\$1.84* estimate	\$8.40	\$10.24

Dhandho Holdings Qualified Purchaser LP Performance History (Net to Investors)

No. of Units	Date	NAV	Cumulative Capital Returned	NAV + Capital Returned
3,621,240	03/31/2014	\$10.00	\$0.00	\$10.00
4,002,192	12/31/2014	\$9.93	\$0.00	\$9.93
4,072,192	12/31/2015	\$8.36	\$0.00	\$8.36
4,072,192	12/31/2016	\$8.73	\$0.00	\$8.73
4,072,192	12/31/2017	\$4.92	\$5.00	\$9.92
4,072,192	12/31/2018	\$4.11	\$5.00	\$9.11
4,071,304	12/31/2019	\$3.72	\$6.00	\$9.72
4,070,472	12/31/2020	\$2.59	\$7.50	\$10.09
4,070,472	12/31/2021	\$2.54	\$7.50	\$10.04
4,070,472	12/31/2022	\$1.50	\$8.00	\$9.50
4,070,472	12/31/2023	\$1.88	\$8.00	\$9.88
4,070,472	03/31/2024	\$1.92	\$8.00	\$9.92
4,070,472	06/30/2024	\$1.91* estimate	\$8.25	\$10.16

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.