OPENING REMARKS

OPERATOR

Good afternoon and welcome to Pabrai Wagons Fund Semi-Annual Investor call. At this time all lines are in listen only mode. Following the opening remarks, we will conduct a Question-and-Answer session. If at any time during this call, you require immediate assistance, please press *0 for the operator. I would now like to turn the conference over to Mr. Canh Tran, the Fund Distribution Manager at the Pabrai Wagons Fund. Please go ahead.

CANH TRAN

Thank you. Good afternoon and welcome again to the Pabrai Wagons Fund Semi-Annual Investor Call. We are glad you can join us. Before we begin, let us start with the usual disclosures. Mutual fund investing involves risk, including the potential loss of principal. The fund is non-diversified, meaning it may focus its assets on fewer individual holdings than a diversified fund. Therefore, the fund is more exposed to individual stock volatility than a diversified fund. The fund may invest in small and medium capitalization companies, which involve additional risks such as limited liquidity and greater volatility than larger capitalization companies. The fund is new, with a limited operating history, and there can be no guarantee that the fund will grow to or maintain an economically viable size. Past performance does not guarantee future results. Opinions expressed are subject to change are not intended to be forecast of future events, a guarantee of future result, nor investment advice. Future holdings and allocation are subject to change at any time and should not be considered a recommendation to buy or sell any security. On the call today, we have our portfolio manager, Mohnish Pabrai, our Senior Analyst and Senior Vice President, Fahad Missmar, and our Vice President, Jaya Velicherla. Now I'd like to hand the call over to Mohnish.

MOHNISH PABRAI

Thanks Canh, and welcome, shareholders, to the second annual semi-annual investor call of the Pabrai Wagons Fund. I am excited that all of you are on this journey with us as partners and investors. Before we get to your questions, which is my favorite part, I'd like to first say a few words about who we are and where we are today. The Pabrai Wagons Fund launched on September 29, 2023, almost twelve months ago. The fund seeks to invest in high-quality businesses and "circles the wagons" around its highest conviction holdings. We look for great franchises that are being offered at substantial discounts to their underlying intrinsic value. When we find them, we try to hold on to them for a long time. From time to time, we may invest in special situations like merger arbitrage opportunities, where we believe the odds of success weigh heavily in our favor. Our focus is on finding the great businesses, wherever they may be, around the globe.

As of June 30, 2024, the fund's 27 securities took us to Turkey, the United States, Canada, Europe, China and Mongolia. We are concentrated with the top five positions making up over 45% of the fund. Our investments reflect four core allocations, which together accounted for 94% of the portfolio on June 30, 2024. These four buckets include first our Turkish workhorses like Coca Cola İçecek, Anadolu EFES and TAV Airports, a handful of US metallurgical and thermal coal businesses, a select few group of US car dealerships, and a select few quality

US homebuilders. I should also add that our first bucket has really, broadly speaking, two separate bets. One is on these beverage brands mainly, and the other is on TAV Airport. So, it's almost what you can think of as five buckets into the four markets. Most of our investments reflect corners of the market that are out of favor. For that reason, they have fallen prey to what we believe is serious mispricing. This pricing dislocation presents us with opportunities to make investments that we believe can compound our capital for years to come. With regard to our performance since inception on September 29, 2023 through August 31, 2024, our retail share class was up 21.54% and our institutional share class was up 21.86%. The S&P 500 was up 33.5% in the same period. The Fund was meaningfully ahead of the S&P 500 six weeks ago but fell behind in August. Our recent underperformance was due to price action and some of our key holdings, which we believe are temporary. We are very bullish on the Fund’s prospects. From here, our singular focus is to beat the S&P 500 over the long run.

With that in mind, it is important to situate the S&P 500 today in its historical context. In September 2000, the S&P 500 traded at a frothy trailing price to earnings ratio of 25.6. For more than the next eleven years, the S&P 500 delivered nearly 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 a trailing PE of 27.2, even higher than its level in 2000 and significantly above its long-term average of 16. It is possible that the S&P 500 will continue 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 PE over 25 can be a risky proposition. By contrast, the Pabrai Wagon Fund's underlying portfolio sports a PE of 7.5. I love what we own and I am very pleased with how the fund is positioned today. Finally, a note on our brokerage platforms. The Pabrai Wagons Fund is currently available on Vanguard, Interactive Brokers and Pershing. We are working to be added to Fidelity and Schwab, but both platforms require expressions of interest from their existing customers. So if you are interested in seeing us on Fidelity, Schwab or any other platform, please email us on info@wagonsfund.com and we can provide you with more information on what you can do to help us get on these platforms. We very much appreciate your support on this and now I will pass the floor over to Fahad Missmar to take us through our pre-submitted questions. Fahad.

FAHAD MISSMAR

Thanks Mohnish and thanks to all investors who pre-submitted their questions. The first question is about the fund's investment in Coca Cola İçecek. CCI has faced boycott pressures from consumers in several of its predominantly Muslim countries, given the Coca Cola company's perceived ties to Israel. In some countries, homegrown Cola brands have risen dramatically in popularity, displacing Coke. How do you evaluate this headwind in the context of CCI's long term prospects?

MOHNISH PABRAI

Yeah, that's a great question. And Coke has a very old history. The company's been around for, I think around 138 years or so. And I remember when I was in high school in Dubai, Coke was banned in Dubai and the United Arab Emirates for somewhat similar reasons to today. I mean, there was a concern then about its ties to Israel and such. And of course, today and for several decades, Coke has been now freely available in the United Arab Emirates and Dubai. In the 138-year history of Coke, there have been plenty of countries where for a variety of reasons, they may temporarily, or even longer periods face issues related to geopolitics. From our perspective, these types of situations are difficult to forecast and difficult to kind of figure out what the trajectory is. What we are able to hang our hat on, is that Coke is sold in 200 countries and in something like 180 out of the 200 countries it has leading market share. It's interesting that the Coca Cola company on their website highlights countries and regions that they consider problematic. From a penetration point of view, they're either unhappy with the distribution partner-bottling partner or in some ways are seeking a change to the situation. And amongst these areas that were problematic countries or regions from Coke's perspective used to be Uzbekistan. I think they may still have some concerns about Bangladesh and most of India, all of India is a concern.

Now, Uzbekistan is a very interesting case, because a few years back, that bottler came up for sale. They had an auction, and Coca Cola İçecek was encouraged to bid on that auction, and the Coca Cola company told them to bid pretty much any price to win that concession because they were very unhappy with the bottling arrangement in Uzbekistan. And, of course, Coca Cola İçecek said that they have a business to run. They can't really pay any price. But the Coca Cola company told them that they would sell them 50% of the bottler that Coca Cola company in Atlanta owned at a well below market price to make the overall deal palatable. But they wanted them to get to that country. And so Coca Cola İçecek prevailed in that auction. Uzbekistan became one of the new countries that were added to Coca Cola İçecek and the Coca Cola company sold their portion of that bottler at a much lower multiple to Coca Cola İçecek. Analysts at that time were very critical of the transaction, where they said that even with the reduced multiple paid for the Coca Cola company's share, the overall deal still was very expensive. They had paid something north of $300 million for around $20 million in pretax earnings. So, it looked like a very rich multiple. If we fast forward to today, which has just been about two or three years since the deal took place, earnings have, more than quadrupled, or there might be pretax over $100 million at this point. So, they've gone up four or five times because the bottle was under managed. It looks like an extremely compelling deal at this point, which is why the Coca Cola company was so interested in making a change. Uzbekistan is an example of a bottling franchise that may come up for sale once in 50 years or 100 years or 200 years. So, these things don't come along every week, I cannot imagine circumstances under which Coca Cola İçecek would want to sell that country's bottling rights.

More recently, Coca Cola İçecek got approximately half of the country of Bangladesh, which is a very significant market. So, if we look at Coca Cola İçecek, I will say that they are bottling in Pakistan. They are bottling now in Bangladesh. And if you know your geography, India sits in the middle of those two countries, and the Coca Cola company is unhappy with their bottling arrangements in India. We view it as low probability, but not a zero probability that in the next few years there's some possibility that some portion of India, Coca Cola İçecek might at least get a chance to bid on. And there are possibilities of a game changer situation if that were to happen with the most populous country in the world where Pepsi dominates because of the poor showing by Coke. Cola İçecek brought in a rockstar CEO whom we met last year. We were blown away when we met him, surprised that they were able to find someone of his caliber.

Kareem is exceptional and our bet is partially on what Kareem can do with their existing footprint. Coke is in many ways a simple business, but also in many ways a very complex business. The per capita consumption of

Coke is very heavily correlated to per capita GDP and the climate of each country. There are a lot of under penetrated regions within Coca Cola İçecek footprint. Someone like Kareem could make a difference there. Our situation is that boycotts, etc. are kind of difficult to handicap. We don't think it makes sense for us to exit because of things related to that. I think we just want to play the long game on this front and we like the power of the brand, we think it travels well and we like the management, and we like the group that has the ownership and the promoter of the company in Turkey. They're all exceptional. So, we hope to keep this investment for a while.

FAHAD MISSMAR

Thanks Mohnish. Next, we have a few questions about our coal investments. The first one is I can see significant value in looking at the remaining life of our coal businesses and their ability to continue generating cash returns for us as shareholders until they run out of coal. However, should we account for the volatility of coal prices when assessing their remaining cash flows to arrive at an accurate, fair value? A year ago, coal companies were generating a lot of cash and returning it to shareholders. The situation has changed today as prices have fallen. How do these swings impact your assessment of the intrinsic value of these businesses?

MOHNISH PABRAI

Yeah, that's a great question. Last year, when we were first looking at some of the different thermal coal and metallurgical coal businesses, their prices and valuations made no sense to us. They were priced as though they would be out of business in a few years. To give you an example, just one of the businesses, CONSOL Energy, is a thermal coal producer. And CONSOL is an interesting business because they forward sell almost 100% of their sales for the next twelve months, are already locked in. They also locked in with minimum and maximum prices, floors and ceilings. CONSOL, for example, has no possibility of having negative cash flows or any kind of financial issues in the next twelve months. And then when you look beyond that, into year two, about 50% of the output has been sold similarly with contracts and floor and ceiling prices. We go to year three, it's about 25%. As we move forward, let's say in the next six months to a year, the second year will also get locked in, and so on. And they are a low-cost producer with some of the highest quality thermal coal.

This thermal coal has many uses globally that are unrelated to the production of power. They are critical resources required for those industrial applications. CONSOL, when we looked at it last year, had a market cap of like $1.8 billion or so. It was a business that was unlikely to pretty much ever have a year where its cash flows would be less than $200 or $250 million. It was likely to have many years where those cash flows might be north of $500 million. This, if we just consider $250 to $500 million of cash flows for several decades, we didn't think that a $1.8 or $2 billion market cap made sense in terms of the discounted cash flows coming out. When we looked at the different coal businesses, we stress-tested our different scenarios. We absolutely understood that there could be periods where pricing could be weak, and cash flows could be weak, and cash flows could even be negative. We considered the situation of what it might do to the franchise value and equity value of these companies' long term. We concluded that all these businesses that we've invested in, for pretty much the first time in the history of these various businesses, have no debt, they are net cash positive. Typically, mining businesses, historically, have never been like that. They've always been highly leveraged. It's usually the leverage that you do them in. Because basically, when the downturn comes and their cash flows are stressed, they do not have an ability to service the debt, which leads to restructuring and bankruptcy, and so on. These companies all went through some serious stresses in the last decade or two. Of course, their situation today is very reversed. Where they are net cash. Also, what these companies have done, for the most part, is that the ones that are buying back shares have very strict requirements for minimum cash. Below which they are unwilling to go, even if their stock price is very attractive. So, we really couldn't see a scenario where the franchise value or the equity value and the ownership that we have would be threatened long term during periods when cash flows are weak.

One of the things about this business is there's an asymmetry. So, if we look at the metallurgical coal producers today, for example, the main index, the premier low vol PLV Index in Australia, which is the primary index globally, is currently at about $185 per ton. It recently bottomed out at $176 per ton. At $185 per ton, a significant amount of production is underwater. They're not able to cover their cash costs. Many of these players have very healthy balance sheets because, in the recent past, coal prices were very strong after the war in Ukraine and so on. So, they have an ability to withstand low prices for some time. But already, for example, something on the order of, at least around 10 million tons of capacity outside of our holdings is underwater and likely to shut down. When these mines shut down, the asymmetry is that they have a lot of difficulty coming back.

So, if I were to contrast this with some other industries, for example, the office building industry. Historically, what has happened in commercial real estate, like offices, for example, office towers, is things get tight. There isn't much availability, and rents start to go up a lot. Almost at the same time, a large number of new office towers are proposed and announced and construction begins. It takes about five years for these office towers to come online. So, typically, what we'd have about five years after a major boom is you would have a glut of supply, because all these towers are coming on, going live at about the same time, and rents collapse. Then when rents collapse, there's a freeze on new construction. Because economically, it makes almost no sense. As we have today in the office market in the US, there's a serious glut of space. There isn't much new construction going on in the offices. But there is no structural situation that prevents new office towers from being announced and built when rents are high. In the coal business, what happens is that when prices collapse, like we have right now, and a mine is shut down, basically, the equipment gets pulled out, the workers are let go, the permits are gone, and that mine is not operating. So, the PLV of 185 or 175, that mine, let's say, is not operating. Let's say at some point the index rose to 250 or 300 or 350, at which point, that mine will be very profitable. It does not really have the ability to come back at that point. Because equipment lead times today, which are not boom times today, are two years. If there were a boom in coal prices, those equipment lead times would be further stretched out. They could be even three or four years. So, you can't get the equipment. The workers are not available. So the mine workers, who were let go, may have retired or gone to another profession or whatever else. When you're trying to hire specialist miners, you cannot create them overnight. So, the workers are not available. And then the capital also is not available. Because if the index is at 300. There's nothing written in stone that six months from now, one year from now, or three years from now, will still be 300. So, debtors are not willing to provide capital. Investors are not willing to provide debt capital. Equity capital is also not available, because of the volatility of coal prices. Coal is a four lettered word. A lot of banks and a lot of financial institutions will not invest in coal. Even if the economics are great. So, for a variety of reasons, when this production goes away, as we are seeing it go away currently, that production is not coming back. Met coal markets are slightly, undersupplied or fairly supplied. There is no real oversupply. When we get any kind of, even a modest tailwind, prices could go up a lot. Supply would not be able to respond. It is our view that our businesses that we've invested in, have very strong financials. We don't see any of them having any stress at current prices, the current index prices, and all of that.

I think there'll be a strong beneficiary when things turn. When we did our work on the coal businesses, we considered a variety of situations. In terms of cash flows, negative cash flows, modest cash flows, euphoric cash flow, and stress tested these businesses. We didn't really see any kind of modest or high probability, that these businesses would have the inability to survive these volatile times. We like the bet and we would keep them. Thanks.

FAHAD MISSMAR

Mohnish, what are your thoughts on the merger of Arch Resources with CONSOL Energy? Are you bullish on the combined entity? They have been better off as separate entities. Is it a negative that the companies cannot buy back shares until after the merger? And how will this merger ultimately affect the Wagons Fund?

MOHNISH PABRAI

Yeah, we were surprised when the merger was announced. And we were shareholders, of course, in both companies, and we like both businesses. One of the big positives that comes around when you put these two companies together is it reduces the odds considerably that there will be any meaningful periods in the future where the combined business would have negative or stressful cash flows. For example, if you look at the current situation today in the coal markets, the thermal coal markets are quite healthy. The API 2 index, which are what a lot of thermal business is tied on, is in a very healthy place right now. And CONSOL is producing very healthy cash flows at this point. Arch Resources, which is predominantly a Met coal producer, has what they call longwall Met coal operations, and it's a low-cost producer. It sits low on the cost curve. Even in a current 185 PLV, Arch is cash flow positive, when a lot of us players are not cash flow positive. Today, if the companies were combined, there would be very healthy cash flows coming out of this entity. Both companies had bought into basically reducing or eliminating their dividends, and not focused on anything else other than using their cash flows to buy back shares. Both the companies' stock prices are quite undervalued relative to the cash flows they are likely to produce for the next several decades.

Basically, we would be surprised if the combined entity runs into any periods, any meaningful periods in the future, where they have stressed cash flows and are unable to do buybacks. We think that scenario would be quite remote because I already said that. CONSOL, for example, forward sells a year in advance and they lock in those margins. Arch forward sells with floating prices, but because they sit low on the cost curve, they would likely always be making money. The combined company, I think would always be making money. We think so if you think of a combined entity with around $5 billion odd market cap, we think in a bad year they would produce something like $500 million of cash flow, and in a good year could produce over a billion in cash flow. If you just think of a company that's buying back 10 to 20% of its shares every year, that's a spectacular situation. Now, I don't think they'll be able to. I don't think the stock market cap will be $5 billion when they are producing more than $100 million a month in cash flow. I think the market would adjust the market cap, but from our perspective, on a total return basis, that's fine with us. I would prefer it if the market cap stayed low, but overall, we think that's a worthwhile bet for us to make. And we like to keep those companies for as long as we can.

FAHAD MISSMAR

Thanks, Mohnish. The next question is, what gives you confidence or what mental model are you using to avoid investing in Nvidia amidst an AI boom where Nvidia is the only real player?

MOHNISH PABRAI

Yeah, it's a good question. I would say many parts of Nvidia would be outside my circle of competence. So that's the first reason that we wouldn't, we don't have an investment in Nvidia. But the thought exercise that I would want to run is with a business like Nvidia, I think Nvidia recently had a market cap that was north of $3 trillion, and it's gone down a little bit. It's about $2.8 trillion or, $3 trillion. The thought experiment I'd like to run in order to make an investment in it is I would need to have some kind of a conviction on what would be the cash flows coming out of Nvidia over the next 10, 20, 30 years, and then discount those back to some reasonable number. Now, Nvidia is currently producing something like $60 billion a year, approximately. I haven't spent a lot of time in the company, so my numbers are very approximate. They are producing about $60 billion a year, and their growth in cash flows, which has been very spectacular in the last few years, is slowing down. So, if those cash flows were to grow at something like 100% a year for the next several years, Nvidia would be cheap on a $2.8 trillion market cap.

In other words, if two or three years from now, the $60 billion cash flow in a single year is $200 billion or $300 billion, or maybe five years from now is $500 or $600 billion, that would be a cheap stock. However there is not enough data that I have that would prompt me to conclude that those types of cash flows are possible or realistic for a company like Nvidia. I was reading the most recent issue of Barron's that just came out on September 16. They had an article on a company that used to be called Schlumberger, which is in the oil field services business. The article points out that in the 1980s, Schlumberger was the Nvidia of the 1980s. Its stock price rise in the 1980s resembled the stock price rise that we've seen in Nvidia more recently. The market cap of Schlumberger around 1990 was about $60 billion, and today it is around $60 billion. Now, they've issued dividends over the years, but I don't think most of us would compare it to home run. If you held it from 1990 till today, your annualized return wouldn't be better than the S&P. I think it would be terrible.

My brother, in high school in Dubai, had interned at Schlumberger. Their Middle east headquarters were in Dubai at the time. So, he was a 17- or 18-year-old intern in the company, in that accounting department or something. I've known of the business for north of 40 years and it's a very high-quality company and it provides very essential services. But, you know, the nature of equity markets is things can get euphoric. If a business like Nvidia, with the $60 billion of cash flows and what I understand about AI were available for $200 billion, even someone like me might be able to go long on it because I could probably see that their cash flows might be strong enough to make it a bargain. But the $60 billion versus the $2.8 trillion, just makes it difficult with my juvenile understanding of the business.

FAHAD MISSMAR

Thanks, Mohnish. I think now we can open the floor up to a few questions from the audience for the remaining time of the call. I'll hand it over to our operator.

MOHNISH PABRAI
Thank you.

LIVE QUESTIONS:

OPERATOR
Ladies and gentlemen, we will now begin the question and answer session. Should you have a question, please press *, followed by the number 1. On your touchstone phone, you will hear a prompt that your hand has been raised. Should you wish to decline from the polling process, please press *, followed by the number 2. If you are using a speakerphone, please make sure to lift the handset before pressing any keys. One moment while we prepare our queue and a roster. Your first question comes from the line of Harry Woo, private investor. Your line is now open.

HARRY WOO
Hi, Mohnish. Could you share a little bit about your investment in Oxy in the fund? Thank you.

MOHNISH PABRAI
Yeah. We started the Pabrai Wagons Fund in late September last year. Mutual funds are very different from the way we run our private partnerships and so on. They have a number of diversification rules, etc. The least number of positions that we could have under the trust that we have these funds under would be something like 15 or 16 positions, more realistically, around 20 to 30 positions. And usually in a year, historically we can come up with one, two, three, or four ideas and we certainly cannot come up with 30 ideas or 20 ideas, just the nature of the speed at which I do things. So, what we had done at that point was that when you look at our positions, there would be some that are very high conviction ideas. We've known these businesses for a while. We've had them as investments elsewhere and so on. We could populate the fund with those when we got going. We had a choice of keeping the fund significantly in cash or having some, of what I would consider placeholders. For example, we used to have Berkshire Hathaway as a placeholder. I think it's a low downside, very well managed, etc. But it does not, from my vantage point, have the same upside potential that for example coal bets would have. Oxy falls into that category. I'm familiar with the business. It's an extremely well-run company with a very strong position in the Permian with its fracking. In fact, they have been the low-cost producer in the Permian and actually done a lot of innovations. Vicki Hollub is a truly once in a generation exceptional manager. And the main determinant of what happens in terms of future returns for Oxy, the biggest driver would be oil prices. We don't have a crystal ball, which tells us that oil prices will be strong in the future. But what we do know is that the US, for example, is producing 11 or 12 million barrels a day. We are the largest producer in the world now, which is spectacular, and wonderful. More than half of that production is fracking production from shale oil. These shale oil wells are very different from the historic way oil has been produced for more than the last hundred years or so. Charlie Munger had a royalty interest in some oil field in Bakersfield which he had bought for something like $1,000 or something 50-60 years ago. Even now he was getting something like $70,000 a

year in royalty payments and dividends from that oil field, which wasn't expected to last this long, but it did. The fracked oil fields coming from shale oils run out in 12-18 months. They run out very quickly. It's like you're on a treadmill. The return characteristics are exceptional on the oil fields in terms of capital you're putting in versus your returns at $80 or $70. It's a great business. If oil prices were to go down meaningfully, the fracked portion of the oil produced globally would dry up quickly, and even maybe some conventional production and exploration would go down. So, it's very different in terms of the way production changes with oil prices today versus the pre fracking era. Some of this is similar to the coal business of asymmetry. We think that the Oxy bet, like I said, we put it more as a placeholder, was a low-risk debt. It has an upside built in for when prices go up. And when prices go down, they are more resilient than most others. That's why we have that bet in the portfolio. It's not a big bet, it's less than 4%.

OPERATOR

Your next question comes from the line of Edward Brown, private investor. Please go ahead.

EDWARD BROWN

Hi, thanks for holding the call. I'd love it if you could talk a little bit about your thoughts on the homebuilder industry that comprises one of the four core allocations. Thank you.

MOHNISH PABRAI

Yeah, it's a good question. We own a few home builders, and we think they're all very high-quality businesses and misunderstood. People tend to think of the home building business as cyclical, and we don't think they're as cyclical as people think they are. So, the US has a shortage, depending on who you talk to, of something north of 5 million homes. We were overproducing a lot of homes leading up to the financial crisis in 2007. I think we were producing well above the 1.5 million housing units we need as a country every year at that point. There was a big glut at that point, but what happened after that? If you look at the statistics of the number of homes that got built in 2008, 2009, 2010, 2011, and so on, and fast forward and carried on to today, we have not averaged anywhere near 1.5 million. That overhang was absorbed a long time ago. We have a shortage of housing units, which is why you get this rhetoric from presidential candidates that we're going to build 5 million homes or something, which is, from my point of view, a pipe dream. Not going to happen. You can't just flip a switch on these things. So, the home builders have two or three things going on which we think are secular trends that play to the benefit of the large national players.

The first is that homebuilding used to be very fragmented. It still is fragmented, but it's consolidated a lot. Where a few large players have the largest market share they've ever had, the reason being they have economies of scale. When we look at Pulte or Toll Brothers or some of these other names like Tripointe, etc., that we have in our portfolio, they have a structural advantage over the mom and pop players. They have a structural advantage in terms of their cost of capital. They can borrow at 5% or 6%, and private player is going to be borrowing at double digits, 15% or something. They've got much higher costs on the financing side. They've also got a big advantage in terms of their cost of production. Homebuilders now look a lot like just-in-time manufacturing. They'll put up a few models. They've basically got people walking through these models, signing contracts, and some of them do stack building. But all their spec homes are mostly sold before they're completed. They start the work after there's a buyer who signed on, which means, that there's not that much of their equity capital going in. The other thing that many of these players have done is that they're backward integrated.

NVR was a pioneer in this, where a number of portions of the home which would be built on site are now built-in kind of manufacturing type production facilities and then trucked over to the home site at a much lower cost than doing it on site. Then in the equity market side, just like with the auto dealers, the market caps do not reflect the long-term cash flows and growth of these businesses relative to their market caps. We think they are a very good bet because they are very good stewards of capital. Most of them are heavily fixated on buybacks. One of them, like Tripoint is 100% buybacks, no dividend. They bought back more than half their shares in the last few years. So, I think that's our thesis. These are very high-quality businesses. They're not as cyclical as people think they are. There's a big shortage of quality homes. Large players have an advantage. And so, we like the position.

OPERATOR

Your next question comes from the line of Prasad Raju, private investor. Your line is now open.

PRASAD RAJU

Hey, Mohnish, thanks for taking this question. Just wanted to ask you about the investments in Turkey. Just wanted to get your thoughts on the time the fund initially invested in these companies, do you believe they are still significantly mispriced at this time?

MOHNISH PABRAI

Yeah, I think some of our highest conviction bets are in Turkey. If you look at our portfolio at the end of June, the top three bets are all in Turkey. And the top three bets, which is TAV is the biggest one, the airport operator, the Anadolu EFES is number two, and Coca Cola İçecek is number three. These three collectively are over 33%. Just exactly 33% of the fund, just slightly below one third. And we like that position. They're all exceptional businesses. They're very undervalued. They have very strong management teams, very strong franchise values, great brands, and a large footprint of earnings and cash flows that comes outside of Turkey. We are very happy with that holding and they are amongst the highest conviction that we have of anything in the portfolio.

OPERATOR

Your next question comes from the line of Elias Moses, private investor. Please go ahead.

ELIAS MOSES

Hi, thank you Mohnish, nice to speak with you. I have a couple of questions. First of all, why do you decide that homebuilders to buy them? I know that as you mentioned, they are consolidated in the markets. Certainly, Lennar, DR Horton have a little bit more advantage because of the size and what they changed about light model instead of the heavy model that they had in the past. Why did you decide on these investments? That's the first question. And the second question, Turkey can have a risk of capital flows or anything that might deteriorate your thesis of investment, that it might change your mind and say, well, even though those are great companies, maybe it is not investable in some sense, not because of the companies, but because of the government. It might affect the way you can pull out your money, in years or decades.

MOHNISH PABRAI

Yeah, those are good questions. Let's take the second one first. When we look at our large holdings in Turkey, these companies, like let's look at the airport operator, you know, TAV airports. TAV airports has a significant amount of its revenue and cash flows coming from outside Turkey. These are separate subsidiaries. In some cases, they are joint ventures with other entities. Quite frankly, those cash flows are outside of Turkey, and they are ring fenced, if you will. So, in a situation that you are bringing up, which I think would be extremely low probability. But if that extreme low probability event comes to pass, we don't believe that their non-Turkish assets would be in any way impaired. We also think that their Turkish assets are so critical to the functioning of the country and the economy. If I look at the airport operator's airports, in their case, they are contractually, even within Turkey, almost all revenue in euros. A lot of the costs are in liras, those are contracts with the government. Those are mission critical airports. So, we don't think that there would be a situation where an impairment that would take us below our average cost.

The same with Anadolu EFES. They are the largest beer company in Russia and Ukraine and half a dozen other countries. Those are very strong markets by a huge order of magnitude. Their beer volumes outside Turkey are massively more than the beer volumes inside Turkey. Same thing, it's ring fenced.

The same thing with Coca Cola İçecek. Their bottling volumes outside Turkey are meaningfully above the volumes inside Turkey. So even if you take a draconian situation of something happening wherever there are some capital flow issues or whatever, we don't believe that the companies get impaired to the point of going below our cost basis or anything like that. That's no probability.

We already covered about the home builders. But, they've all in a very slow way, many decades after they should have done it, gotten NVR envy. They have taken a capital light approach. They haven't gone all the way like NVR has, but they've gone a long way. So, all of them are moving towards having more than half their lots optioned, and working with partners for land banks and all that. The home building business is a very good business. It's misunderstood and undervalued. The companies are very strong, good stewards of capital and doing a good job. We like the position. Maybe we can take one more question.

OPERATOR

Your last question comes from the line of Jason Muhlenkamp, private investor. Please go ahead.

JASON MUHLENKAMP

Thank you for hosting these calls. Just would like you to discuss the Fund's holdings in Greece. Thank you.

MOHNISH PABRAI

You're talking about the shipping company Danaos. We have one position in Greece. They're headquartered in Athens, Danaos Corporation. Danaos is more like, I think it's a very well-run company. It's more like a special

situation where if you study the business, you will find that they have locked in cash flows that are a large portion of their market cap. So, equity markets hate uncertainty, and they heavily punish uncertainty. So Danaos, for example, currently is a beneficiary of the fact that ships cannot go through the Suez Canal, and they have to go around Africa. That has increased the demand and number of days that a ship is on the water for a given voyage and caused tightness in availability and led to significant increases in the daily rates of these ships. In the case of Danaos, they have locked in contracts and cash flows. We just think that it's just not reflected appropriately in the market cap. And so that's why we have that position.
Thank you so much for all your questions. I really enjoy these calls. Also thank you so much for your support and interest in the Wagons Fund.

CANH TRAN

Great.

OPERATOR

Ladies and gentlemen, this concludes today's conference call. Thank you very much for your participation. You may now disconnect it.

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Mutual fund investing involves risk. Principal loss is possible. The Fund is non-diversified, meaning it may focus its assets in fewer individual holdings than a diversified fund. Therefore, the Fund is more exposed to individual stock volatility than a diversified fund. The Fund invests in small- and medium-capitalization companies, which involve additional risks such as limited liquidity and greater volatility than larger capitalization companies. The Fund is new with no operating history and there can be no assurance that the Fund will grow to or maintain an economically viable size. [Download the prospectus.]

According to the Supplement dated 1/19/24 to the Statutory Prospectus dated 9/29/23. Gross expense ratio is 1.91% for retail class and 1.66% for institutional class. The advisor has contractually agreed to cap the fund operating expenses through 10/31/2025. Dhandho Funds (the "Advisor") has contractually agreed to reduce its fees and/or pay Fund expenses (excluding acquired fund fees and expenses, interest expense in connection with investment activities, taxes, extraordinary expenses, shareholder servicing fees and any other class specific expenses) in order to limit Total Annual Fund Operating Expenses After Fee Reduction and/or Expense Reimbursement to 0.90% of the Fund's average daily net assets (the "Expense Cap"). The Expense Cap is indefinite, but will remain in effect until at least October 31, 2025 and may be terminated at any time by the Trust's Board of Trustees (the "Board") upon 60 days' notice to the Advisor, or by the Advisor with consent of the Board.

Fund holdings and allocations are subject to change at any time and should not be considered a recommendation to buy or sell any security.

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Link to Top Ten Holdings: https://www.wagonsfund.com/our-businesses.
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Cash flow: the amount of cash that a company is able to generate after laying out the money required to maintain or expand its asset base.
EBITDA: earnings before interest, tax, depreciation, and amortization.
Price-to-earnings (P/E) ratio: measures a company's current share price relative to its per-share earnings.
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