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PABRAI INVESTMENT FUNDS

Annual Report 2025

PABRAI INVESTMENT FUNDS

2025 Annual Report

Table of Contents

Letter to Partners	2
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Performance Summaries:

Appendix A: Pabrai Investment Fund II	12
Appendix B: Pabrai Investment Fund 3	15
Appendix C: Pabrai Investment Fund IV	17
Appendix D: PIF2/PIF3/PIF4 NAV History.....	19

Audited Financial Statements:

Pabrai Investment Fund II, June 30, 2025	23
Pabrai Investment Fund 3, December 31, 2025	38
Pabrai Investment Fund IV, December 31, 2025	54
Team Pabrai	69

Dear Partners & Investors:

PIF2, PIF3, and PIF4 were down 12%, 20% and 6%, respectively, in 2025. In contrast, the S&P 500 was up 18%. For the last three years (inclusive of 2025), the funds are up 18-22% annualized versus 9% for the S&P 500. We have some wood to chop to beat the S&P 500 consistently over five years and longer periods - and we're off to a great start towards that goal in 2026. More on that in a bit.

Table 1

As of 12/31/25		Annualized				
	PIF2	S&P 500	PIF3	S&P 500	PIF4	S&P 500
1 Year	-12.3%	17.9%	-20.0%	17.9%	-6.3%	17.9%
3 Years	18.7%	8.9%	21.6%	8.9%	17.7%	8.9%
5 Years	9.5%	14.5%	12.2%	14.5%	4.5%	14.5%
10 Years	6.9%	13.1%	8.9%	13.1%	4.0%	13.1%
15 Years	7.7%	13.9%	9.3%	13.9%	5.7%	13.9%
Inception	12.4%	8.2%	11.0%	9.9%	6.8%	11.1%

The overheated S&P 500 has had a tremendous run for the last 10+ years and I believe it is likely to struggle for the next decade. Howard Marks expects the S&P 500 to deliver average returns between +2% and -2% annually over the next ten years¹. I agree with him.

The situation is very different for Pabrai Funds. All three funds are changing hands at an amount I consider to be well below their underlying intrinsic value, which I expect to grow meaningfully. Thus, Pabrai Funds is likely to have a good decade.

The three funds were up 15-17% in Q1 2026 versus -4% for the S&P 500. As a result, our longer-term results are a bit better than they were at the end of 2025. While PIF3 has outperformed the S&P 500 for virtually all periods since inception in 2002, the other two funds have their work cut out for them.

Here is the same table as of 3/31/26:

Table 2

As of 3/31/26		Annualized				
	PIF2	S&P 500	PIF3	S&P 500	PIF4	S&P 500
1 Year	34.2%	17.8%	25.6%	17.8%	42.1%	17.8%
3 Years	27.1%	18.3%	30.0%	18.3%	25.6%	18.3%
5 Years	12.6%	12.1%	16.6%	12.1%	7.2%	12.1%
10 Years	12.3%	14.2%	14.7%	14.2%	8.7%	14.2%
15 Years	8.0%	13.3%	10.1%	13.3%	6.3%	13.3%
Inception	12.9%	7.9%	11.6%	9.6%	7.4%	10.8%

Our strong Q1 2026 performance has continued into Q2 2026. The three funds are up 22-27% YTD through June 8 vs. 9% for the S&P 500.

Concentrated Portfolios

Table 3. Allocation at Pabrai Funds as of 6/8/26

	PIF2	PIF3	PIF4
Reysas	43%	50%	27%
Met Coal	27%	21%	28%
TAV Airports	12%	13%	16%
Top 3 bets	82%	84%	71%

Our top three bets make up 71-84% of the three funds. We are highly concentrated and have no plans to diversify our holdings. If your total exposure to Pabrai Funds is more than 20% of your investable assets, my suggestion is to trim your exposure down to 20% by redeeming some of your interest in the funds at the next redemption window.

If your exposure to Pabrai Funds is below 20% of your investable assets, I would do nothing. The reasons for that are as follows:

1. On a look-through basis, there is no single bet at Pabrai Funds that is over 10% of your investable assets. There are worse problems in life than having under 10% of your assets in what I believe is a deeply undervalued compounder like Reysas.

2. These top three bets are in distinctly different industries and I believe they are mostly non-correlated. They are unlikely to have their respective intrinsic values go down at the same time.

3. I believe we are like a tightly wound spring.

My conviction on all three bets remains as strong as ever. I would, however, not be surprised if one of these bets does not meet our expectations. It is just unlikely that we are going to have home runs across the entire portfolio with no strike outs. We have had plenty of commentary on Reysas, met coal and TAV Airports over the years. You can re-read all the past commentary here: [Reysas](#), [Met Coal](#) and [TAV Airports](#).

Our Journey with Coal So Far

In 2005, Pabrai Funds invested in Ipsco, a specialty tubular steel producer. We paid \$44/share for Ipsco, which had \$15/share of excess cash on its balance sheet with no debt. Ipsco had issued guidance that they expected to generate free cash flow of \$13/share in each of the next two years. Ipsco's steel went into pipelines, oil wells etc. They had firm purchase orders from pipeline builders - which is what led to the high-conviction future guidance. Cash on hand plus cash coming in the next two years was \$41/shares versus a \$44 stock price. Mr. Market was ascribing virtually no value to the company's very significant plant, equipment, inventory and other tangible and intangible assets.

Ipsco was a cyclical business. Earnings could be zero or even negative after two years. Even with that uncertainty, Ipsco looked wildly undervalued. I found the situation intriguing and decided to make a full 10% bet on Ipsco. A year later, in 2006, the company announced that they would have another year of \$13/share in earnings. By now, the stock had moved up to around \$90. We had a 100+% gain in a year.

As I was thinking about whether it was time to sell Ipsco, I woke up one morning to see Ipsco trading at \$152/share. A Swedish company had offered to buy the business for \$160/share. One femtosecond later, I sold our entire Ipsco position.

I have narrated this story in a few talks over the years to illustrate the point that low risk coupled with high uncertainty can lead to high rewards. Mr. Market may not understand how to price these businesses correctly and therein lies the opportunity.

In mid-May 2023, after the first quarter 2023 13Fs had come out, someone posted on X that David Einhorn's Consol Energy bet looked very similar to Mohnish's Ipsco bet in the early 2000s. I was tagged in the post and had never ever heard of Consol Energy before. I decided to take a peek, and it was soon evident that Consol indeed shared many traits with our Ipsco bet.

Consol Energy produces some of the highest quality thermal coal in the world. Their mines cover hundreds of square miles under Pittsburgh. Consol is a bottom quartile low-cost producer and their PMC mines have been producing coal for over 150 years. Consol does highly efficient longwall mining. The thick coal seams coupled with close proximity to power plants in the area and their Baltimore coal terminal appear to be the reason the company has never filed for bankruptcy or faced financial stress in its entire 150-year history. I went underground in their PMC coal mine, visited their processing plant and their Baltimore coal terminal in 2023. It was an eye-opening visit. Consol's CEO, Jimmy Brock, has been a coal miner all his life and I believe he is the best longwall thermal coal miner in North America. It was easy for me to become a fan of Jimmy. I think he is simply a first-class leader.

Consol forward sells a large portion of its thermal coal production. Consol's coal is sold up to four years into the future. The price is set based on major thermal coal indices like the API. However, both the buyer and seller prefer to have collars around index price. For example, the contract might state that the price will be set when the ship is loaded based on the API index price prevailing then but cannot be below \$70 a ton or above \$80 a ton. These forward sales and collars are what makes Consol similar to Ipsco. It wasn't as clean as Ipsco as it did not cover their entire production, but there was more visibility than Ipsco as some sales were locked in 3-4 years out. And when I did the math on Consol's market cap versus likely future cash flows, it was a very favorable bet to make. We put 10% of Pabrai Funds assets into Consol Energy.

As I continued to study the industry, it became clear that we should have exposure to metallurgical coal. Met coal is much rarer in the Earth's crust and a mandatory input into producing non-recycled iron and steel. One cannot have a modern civilization without met coal. Premium met coal for export in sizable quantities is only produced in limited geographies around the planet: Western Australia, the Appalachians in the US, Western Canada, Russia and Mongolia.

I studied three met coal producers in the United States (Alpha Metallurgical Resources, Arch Resources and Warrior Met Coal) and one in Mongolia (Mongolian Mining

Corporation). There were merits to investing in all of them, but each had distinct advantages and disadvantages that made picking the top 1-2 bets challenging.

On the thermal side, we had just one pure-play and that was Consol. In my opinion, it was a low-cost producer with long life reserves, great management, a great balance sheet and a commitment to buyback. So, we went long Consol.

Things were more complicated on the met side. Mongolian Mining did surface mining and had the lowest mining cost. However, they were very far from any port, and virtually all output had to be sold to Chinese steel mills near the Mongolian border. The mine is in Southern Mongolia in the Gobi Desert and is trucked to the Chinese border. The logistics are costly and horrendous with lots of delays and inefficiencies in crossing the border. I visited the mine in Mongolia in 2024 and also made a trip to the Chinese border to get a firsthand feel for the logistics. Mongolian Mining has first class managers and founders. I believe they have great reserves and are excellent operators. Even with the discounted sale price and expensive logistics, I think it is a good business.

Choosing between Alpha and Warrior continues to be difficult. Warrior is a longwall miner and has developed the highly complex Blue Creek mine on budget and ahead of time. It is a bottom quartile low-cost producer. In addition, its Alabama mines aren't too far from the Port of Mobile. They can get the coal to the port via rail or barge. This dual option makes their transport cost to the port range from \$20-30/ton. Warrior produces a large amount of High Vol A (HVA) coal, which has led to a very wide discount to the PLV index. In my view Warrior's team is first class. I believe they are the best longwall met coal miners in the United States. They are very committed to returning capital to shareholders. However, they have a stronger belief in dividends than buybacks, which is tax inefficient.

Alpha does room and pillar mining with continuous miners, which works well in smaller mines, but is significantly more expensive than longwall mining. In addition, their mines are further away from the port than Warrior and are dependent on a single railroad to transport the coal. The railroads (correctly) extract their pound of flesh to transport this coal. At today's distressed coal prices, Alpha pays about \$30/ton to the railroads. When the index is \$300 or higher, it's \$60/ton. At high index prices, Warrior is unlikely to pay more than \$25-30/ton to the railroads because they have the barge option and rail transport cost for the railroads is far lower in Alabama than it is from Central Appalachia to the Mid-Atlantic coal terminals.

Alpha’s disadvantage of smaller mines is also an advantage. They can produce several varieties of met coal and can turn on and off production at their various mines at relatively short notice based on market demand. In addition, with their own coal terminal they can blend various coals to meet specific customer needs. Alpha also buys coal from smaller Central Appalachia producers to fine tune their blends. In distressed times, they are well positioned to acquire smaller miners who may not have rail access etc. When they acquire these mines, they can leverage their economies of scale and drop costs. Because of this plug and play situation, I believe Alpha could be producing met coal 75-100 years from now – decades after Warrior ceases to exist.

In my opinion, Alpha has the most enlightened capital return program of all the players. They have clearly stated that all capital will be returned via buybacks. In the last four years their diluted share count has gone down by 32%. During much of this period, met coal prices were weak. I expect that by 2035, Alpha may have bought back 2/3 of its current shares outstanding and be left with about 4 million shares outstanding. At that point, it will likely switch to being a dividend payer as the holders of those 4 million shares (like us) will not sell.

We had also invested in Arch Resources because they were a longwall met coal miner with significant thermal assets. As we got to know the business and management better, we viewed Arch as somewhat inferior to Warrior and Alpha and exited. It was deeply disappointing when Arch and Consol agreed to merge in 2024. It destroyed the Consol thesis and we exited Consol. We also fully sold out of our Mongolian Mining bet and decided to hitch our coal wagon to just Alpha and Warrior. And that is where we are today.

Calibrating Our Coal Bet	
<u>Full Exits:</u> Arch Resources, Consol Energy, Mongolian Mining	
<u>Partial Sales Along the Way:</u> Alpha Metallurgical Resources, Warrior Met Coal	
First Bought on:	5/22/2023
Last Sold on:	2/11/2025
Total Amount Invested:	\$361 million
Total Proceeds (incl. dividends):	\$372 million
Realized Gain:	\$11 million



The musical chairs that we played with our various coal plays over the last three years thankfully resulted in a small realized gain of \$11 million and a much larger unrealized gain. Studying and visiting these various coal businesses over the last three years has been a priceless education. I am very pleased that Pabrai Funds has \$272 million invested (as of 6/8/2026) in these two fine businesses that we hope to own for a while.

PIF2 and PIF3 are Open to New Investors

PIF2 is the oldest fund and has been closed to new investors for many years. SEC rules limit PIF2 to a total of 100 partners and the fund currently has three open slots. PIF2 is open to US-based investors who are Qualified Clients. The minimum investment to join PIF2 as a new partner is \$25 million.

PIF3 is our offshore fund for non-US accredited offshore investors, and U.S. IRAs, foundations, and endowments. The minimum investment to join PIF3 as a new partner is \$10 million. PIF3 is closed to new and existing IRAs but continues to be open to US foundations/endowments and foreign investors.

PIF4 is open to US-based investors who are Qualified Purchasers. The minimum investment to join PIF4 as a new partner is \$10 million.

For existing investors in any of the funds, the minimum addition to their current investment is \$25,000. Here are the deposit slips for [PIF2](#), [PIF3](#) and [PIF4](#). If you are interested in or would like more information about the July 1, 2026 opening, please contact me at mp@pabraifunds.com or Kimberly Engleman at ke@pabraifunds.com.

New Bank and Wire Instructions for Subscriptions and Deposits

PIF2, PIF3 and PIF4 have all changed the bank that they use to accept incoming wires for new subscriptions and additional deposits from Northbrook Bank & Trust (Wintrust) in Chicago to Horizon Bank in Austin, Texas. As a result, the wire instructions that you will use to wire your contributions to any of the three funds have now changed to the Horizon Bank instructions. **Please do not use the Wintrust instructions anymore as those accounts are closed.** The Horizon instructions have all been updated on all our subscription agreements and deposit slips. If you have any questions or need any assistance, please do not hesitate to contact Kimberly Engleman at ke@pabraifunds.com.

Alignment of Interests

My immediate family has a stake of 167,886 units of PIF2 and 227,121 units of PIF4. The administrative team at Pabrai Funds and I own 42,917 units of PIF4 and 11,773 units of PIF3 in various retirement accounts. In addition, The Dakshana Foundation owns 86,246 units of PIF3. The aggregate stake of the Pabrai family, the Pabrai Funds team and The Dakshana Foundation in Pabrai Funds is worth approximately \$58 million.

Pabrai Funds charges no management fee, just performance fees – which are a fourth of the returns over 6% annualized (subject to high-water marks). I only get paid when you make money. When you win, I win. I am very bullish on the long-term future of Pabrai Funds – as demonstrated by the fact that my family, together with entities that I control, are collectively the second largest investor in the funds.

I have an approximately \$4.6 million investment in Dhandho Holdings. Additionally, The Dakshana Foundation has an approximately \$0.5 million investment in Dhandho Holdings. Besides this, I have no other meaningful interests in any other mutual funds, hedge funds or private equity funds. Our interests are completely aligned.

2026 Annual Meeting Presentation

The Annual Meeting presentation slides are posted on our website (the password to the video is “Munger”). Here is the link:

<https://vimeo.com/1186313849>

An Exceptional Team

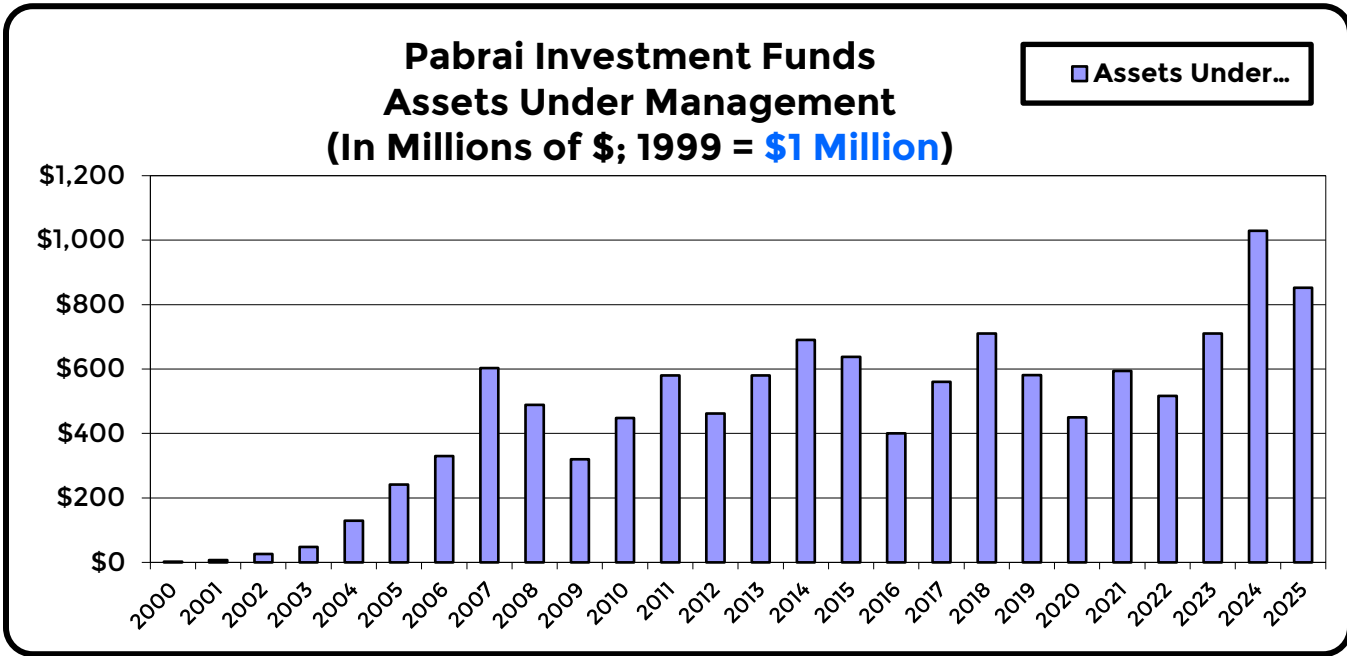
Fahad, Kimberly, Anu, Anuradha, Karthiga and Pauline are simply a delight to work with. I have nothing but praise for the crew at Liccar, and Mike Froy at Dentons. Along with our offshore legal advisors Conyers, Dill and Pearman, our auditors, the Cayman PwC team under Brian Rando and Chicago PwC team under Ethan Roberts, are a pleasure to work with. Ajay Desai and his group at UBS is our primary broker and custodian, and they are also very much a part of our team. Also part of our team is Citadel for US securities, and AkBank’s Ak Investment, our broker in Turkiye. I am blessed to be able to work with these exceptional groups in Austin, Chicago, BVI, Cayman Islands, and Turkiye. It makes my job a pure joy.

2027 Annual Meeting

As we did this year, we intend to have two annual meetings sequentially in April 2027: an in-person meeting in Austin, Texas and a virtual meeting. These meetings will cover Pabrai Funds, Dhandho Holdings and Pabrai Wagons Advisors (Dhandho Funds). We will provide dates for both events in future letters.

Assets Under Management

There is \$852 million in assets under management between all the funds as of December 31, 2025.



It is a true joy to manage Pabrai Funds. I love it! Thanks for your continued interest, referrals and support. Feel free to call me at +1.512.999.7110 or email me at mp@pabraifunds.com with any queries or comments.

Warm regards,

A handwritten signature in dark ink, appearing to read 'Mohnish Pabrai', with a stylized, flowing script.

Mohnish Pabrai

Note: The assets under management in the above graph are as of December 31 for all annual periods. 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. As an example, the Funds may invest in foreign securities or fixed income instruments; however the indices presented only include U.S. securities. These indices are purely a basket of stocks, and the Funds may invest in securities other than stocks such as bonds, warrants and preferred stocks. The Funds typically hold fewer than 10 positions as compared to 500 in the S&P, 30 in the DJIA, and thousands in the NASDAQ. Therefore, the Funds are significantly more concentrated than the benchmark indices and may experience notably higher volatility and return characteristics from these indices.

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Appendix A*

THE PABRAI INVESTMENT FUND II, LP (US Qualified Investors) Performance Summary:

	S&P 500	PIF2 (net to investors)
Fiscal Year		
10/1/00-6/30/01	-14.0%	17.3%
7/1/01-6/30/02	-18.0%	35.5%
7/1/02-6/30/03	0.3%	34.1%
7/1/03-6/30/04	19.1%	38.8%
7/1/04-6/30/05	6.3%	23.5%
7/1/05-6/30/06	8.6%	15.0%
7/1/06-6/30/07	20.6%	34.0%
7/1/07-6/30/08	-13.1%	-32.4%
7/1/08-6/30/09	-26.2%	-25.2%
7/1/09-6/30/10	14.4%	43.6%
7/1/10-6/30/11	30.7%	35.8%
7/1/11-6/30/12	5.4%	-21.8%
7/1/12-6/30/13	20.6%	42.2%
7/1/13-6/30/14	24.6%	26.7%
7/1/14-6/30/15	7.4%	-4.5%
7/1/15-6/30/16	4.0%	-30.0%
7/1/16-6/30/17	17.9%	64.9%
7/1/17-6/30/18	14.4%	23.9%
7/1/18-6/30/19	10.4%	-19.2%
7/1/19-6/30/20	7.5%	-10.6%
7/1/20-6/30/21	40.8%	39.7%
7/1/21-6/30/22	-10.6%	-28.9%
7/1/22-6/30/23	19.6%	24.6%
7/1/23-6/30/24	24.6%	86.3%
7/1/24-6/30/25	15.1%	-25.2%
Calendar Year 2025 (1/1/25 - 12/31/25)	17.9%	-12.3%
Since Inception:		
Annualized (10/1/00-12/31/25)	8.4%	11.5%
Cumulative (10/1/00-12/31/25)	662.3%	1475.7%

* Please see additional details on next page.

The Fund's fiscal year ends June 30. Individual period returns are presented for each fiscal year (July 1 through June 30).

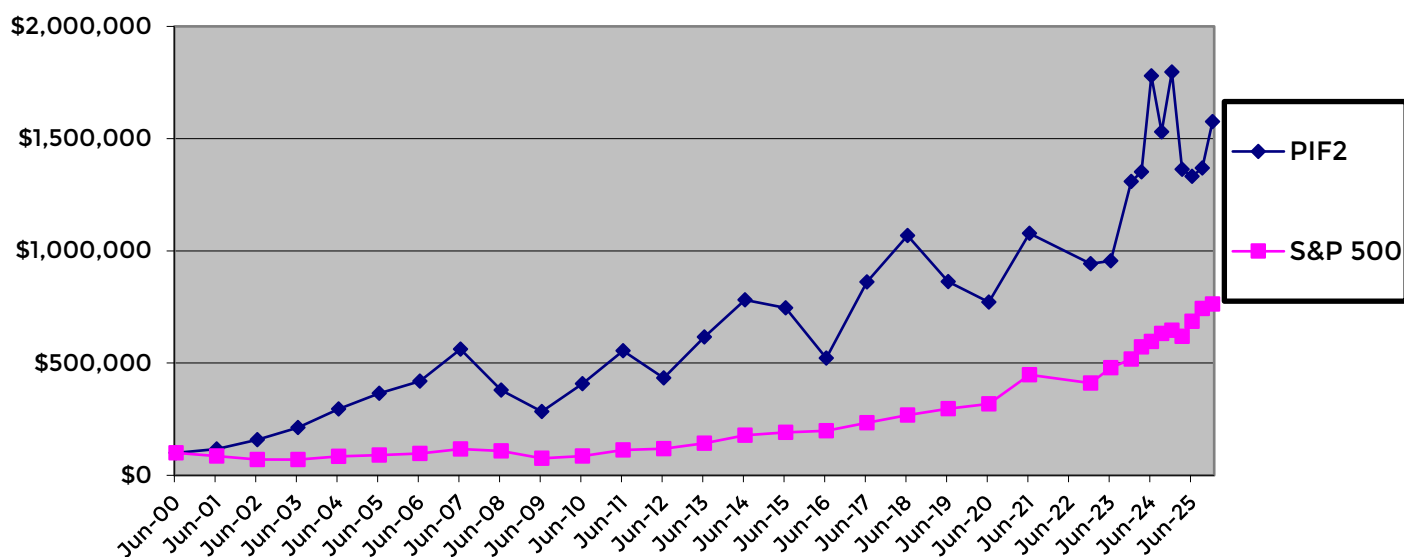
A calendar year return is also presented for the most recently completed calendar year for benchmark comparison purposes.

The fiscal year and calendar year periods contain an overlapping six-month period: for example, January 1 through June 30, 2025 is reflected in both the fiscal year return for the period ended June 30, 2025 and the calendar year return for the period ended December 31, 2025.

The annualized and cumulative returns since inception are calculated over a single continuous period from inception (October 1, 2000) through December 31, 2025 and do not double-count any period of performance. The S&P 500 returns are provided for comparison purposes only. The Fund does not seek to replicate the performance of any index, and the S&P 500 may not be representative of the Fund's investment strategy.

**Comparison of changes in value of \$100,000
invested in PIF2 vs. the Indices.**

PIF2: \$1,575,700 S&P 500: \$762,300



PIF2 Investors:

A \$100,000 investment in PIFI at inception on July 1, 1999 and rolled over into PIF2 on 12/31/02 (\$197,900) was worth \$2,207,500 as of December 31, 2025 (net to investors). This equates to an annualized return of 12.4% since inception – after all fees and expenses. An investment of \$100,000 in the S&P 500 on July 1, 1999 was worth \$810,000 on December 31, 2025 – an annualized gain of 8.2%. The S&P 500 gains include reinvested dividends. In the graph above, the start date for PIF2 is shown as June 2000 for readability. The correct start date is October 2000.

Appendix B

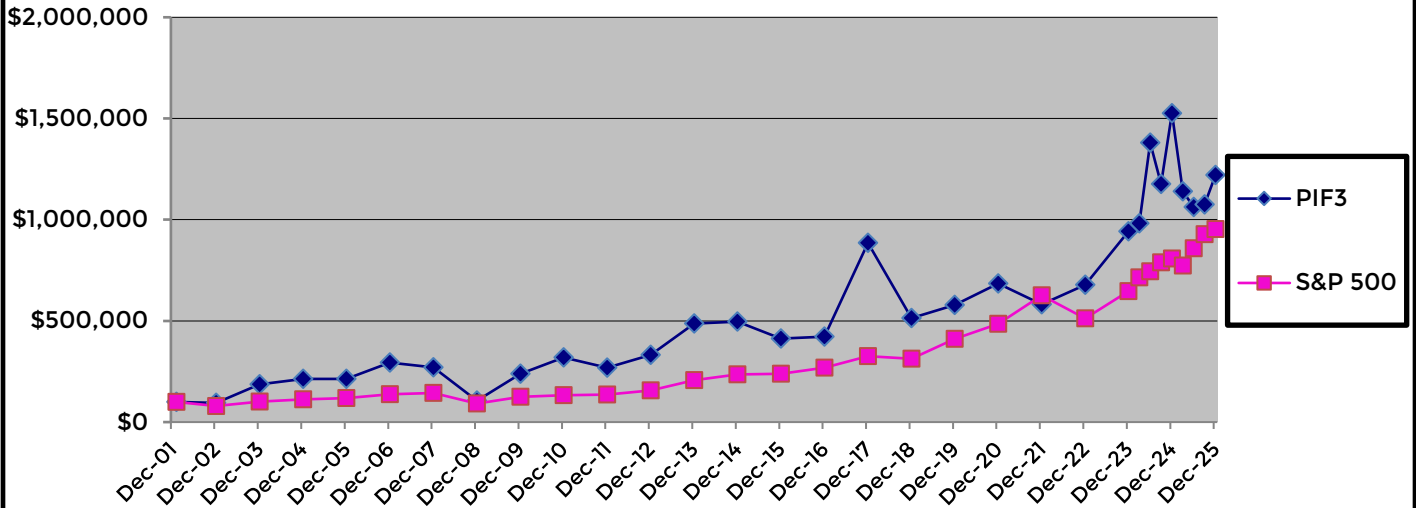
PABRAI INVESTMENT FUND 3, LTD (Offshore/IRA Investors) Performance Summary:

	S&P 500	PIF3 (net to investors)
Fiscal Year		
2/1/02-12/31/02	-20.9%	-5.2%
1/1/03-12/31/03	28.7%	96.5%
1/1/04-12/31/04	10.9%	14.7%
1/1/05-12/31/05	4.9%	-0.2%
1/1/06-12/31/06	15.8%	37.7%
1/1/07-12/31/07	5.5%	-7.7%
1/1/08-12/31/08	-37.0%	-61.0%
1/1/09-12/31/09	26.5%	125.0%
1/1/10-12/31/10	15.1%	34.3%
1/1/11-12/31/11	2.1%	-15.7%
1/1/12-12/31/12	16.0%	23.4%
1/1/13-12/31/13	32.4%	46.6%
1/1/14-12/31/14	13.7%	1.9%
1/1/15-12/31/15	1.4%	-16.7%
1/1/16-12/31/16	12.0%	2.3%
1/1/17-12/31/17	21.8%	109.2%
1/1/18-12/31/18	-4.4%	-41.9%
1/1/19-12/31/19	31.5%	12.5%
1/1/20-12/31/20	18.4%	18.4%
1/1/21-12/31/21	28.7%	-15.2%
1/1/22-12/31/22	-18.1%	16.8%
1/1/23-12/31/23	26.3%	38.9%
1/1/24-12/31/24	25.0%	61.9%
1/1/25-12/31/25	17.9%	-20.0%

Since Inception:		
Annualized (2/1/02-12/31/25)	9.9%	11.0%
Cumulative (2/1/02-12/31/25)	852.6%	1120.7%

**Comparison of changes in value of \$100,000
invested in PIF3 vs. the Indices.**

PIF3: \$1,220,700; S&P 500: \$952,600



PIF3 Investors:

A \$100,000 investment in PIF3 at inception on February 1, 2002 was worth \$1,220,700 as of December 31, 2025 (net to investors). This equates to an annualized return of 11.0% since inception. An investment of \$100,000 in the S&P 500 on February 1, 2002 was worth \$952,600 on December 31, 2025 – an annualized gain of 9.9%. The S&P 500 gains include reinvested dividends. In the graph above, the start date for PIF3 is shown as December 31, 2001 for readability. The correct start date is Feb. 1, 2002.

Appendix C

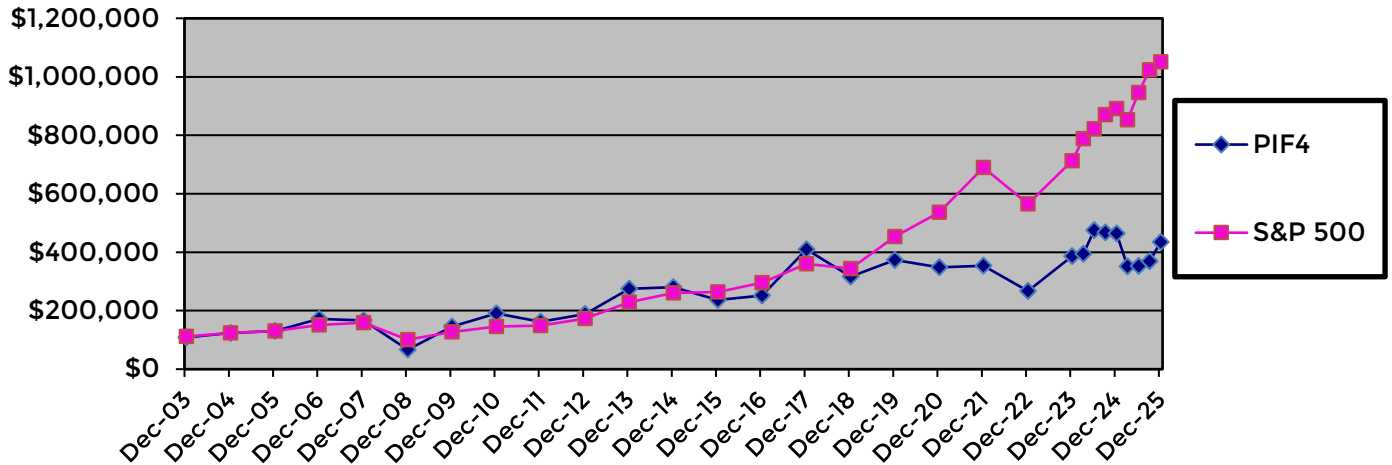
THE PABRAI INVESTMENT FUND IV, LP (US Qualified Investors) Performance Summary:

	S&P 500	PIF4 (net to investors)
Fiscal Year		
10/1/03-12/31/03	12.2%	8.4%
1/1/04-12/31/04	10.9%	14.4%
1/1/05-12/31/05	4.9%	4.9%
1/1/06-12/31/06	15.8%	32.4%
1/1/07-12/31/07	5.5%	-3.4%
1/1/08-12/31/08	-37.0%	-60.0%
1/1/09-12/31/09	26.5%	118.8%
1/1/10-12/31/10	15.1%	30.8%
1/1/11-12/31/11	2.1%	-14.8%
1/1/12-12/31/12	16.0%	16.1%
1/1/13-12/31/13	32.4%	46.0%
1/1/14-12/31/14	13.7%	1.8%
1/1/15-12/31/15	1.4%	-15.4%
1/1/16-12/31/16	12.0%	6.3%
1/1/17-12/31/17	21.8%	62.4%
1/1/18-12/31/18	-4.4%	-22.7%
1/1/19-12/31/19	31.5%	18.0%
1/1/20-12/31/20	18.4%	-6.7%
1/1/21-12/31/21	28.7%	1.5%
1/1/22-12/31/22	-18.1%	-24.4%
1/1/23-12/31/23	26.3%	44.7%
1/1/24-12/31/24	25.0%	20.2%
1/1/25-12/31/25	17.9%	-6.3%

Since Inception:		
Annualized		
(10/1/03-12/31/25)	11.1%	6.8%
Cumulative		
(10/1/03-12/31/25)	950.4%	334.9%

**Comparison of changes in value of \$100,000
invested in PIF4 vs. the Indices.**

PIF4: \$434,900; S&P 500: \$1,050,400



PIF4 Investors:

A \$100,000 investment in PIF4 at inception on October 1, 2003 was worth \$434,900 as of December 31, 2025 (net to investors). This equates to an annualized gain of 6.8% since inception. An investment of \$100,000 in the S&P 500 on October 1, 2003 was worth \$1,050,400 on December 31, 2025 – an annualized gain of 11.1%. The S&P 500 gains include reinvested dividends. In the graph above, the start date for PIF4 is shown as Dec 31, 2003 for readability. The correct start date is Oct. 1, 2003.

Appendix D

PIF2's NAV History (Net to Investors)

No. of Units ¹	Date	PIF2 NAV
110,000	10/01/2000	\$10.00
330,014	06/30/2001	\$11.73
1,027,795	06/30/2002	\$15.90
1,950,982	06/30/2003	\$21.32
2,445,212	06/30/2004	\$29.58
2,696,688	06/30/2005	\$36.52
2,634,780	06/30/2006	\$41.99
2,969,380	06/30/2007	\$56.25
2,931,045	06/30/2008	\$38.01
2,463,647	06/30/2009	\$28.45
2,393,859	06/30/2010	\$40.84
2,257,420	06/30/2011	\$55.46
2,180,892	06/30/2012	\$43.36
2,057,676	06/30/2013	\$61.68
1,906,927	06/30/2014	\$78.13
1,795,006	06/30/2015	\$74.64
1,684,602	06/30/2016	\$52.26
1,774,805	06/30/2017	\$86.17
1,959,084	06/30/2018	\$106.77
1,884,302	06/30/2019	\$86.30
1,829,713	06/30/2020	\$77.13
1,833,800	06/30/2021	\$107.77
1,807,057	06/30/2022	\$76.64
1,861,149	06/30/2023	\$95.50
1,868,719	06/30/2024	\$177.96
1,937,853	06/30/2025	\$133.14
1,900,958	12/31/2025	\$157.57

¹ Except for units on the inception date (the first row), the number of units in this column are net of redemptions as of the specified date effective the first day of the following quarter.

PIF3's NAV History (Net to Investors)

No. of Units ²	Date	PIF3 NAV
65,100	02/01/2002	\$10.00
266,019	12/31/2002	\$9.48
479,673	12/31/2003	\$18.63
1,633,201	12/31/2004	\$21.37
2,450,650	12/31/2005	\$21.33
2,876,646	12/31/2006	\$29.37
6,336,472	12/31/2007	\$27.10
5,405,734	12/31/2008	\$10.58
5,038,652	12/31/2009	\$23.80
4,885,248	12/31/2010	\$31.95
4,701,614	12/31/2011	\$26.92
4,318,818	12/31/2012	\$33.21
4,375,863	12/31/2013	\$48.70
4,290,222	12/31/2014	\$49.61
3,798,683	12/31/2015	\$41.33
2,330,096	12/31/2016	\$42.27
2,381,430	12/31/2017	\$88.45
2,379,615	12/31/2018	\$51.42
2,376,897	12/31/2019	\$57.85
2,326,717	12/31/2020	\$68.52
2,438,032	12/31/2021	\$58.11
2,623,843	12/31/2022	\$67.86
2,629,823	12/31/2023	\$94.28
2,686,957	12/31/2024	\$152.63
2,663,398	12/31/2025	\$122.07

² Except for units on the inception date (the first row), the number of units in this column are net of redemptions as of the specified date effective the first day of the following quarter.

PIF4's NAV History (Net to Investors)

No. of Units ³	Date	PIF4 NAV
595,030	10/01/2003	\$10.00
1,219,330	12/31/2003	\$10.84
5,627,712	12/31/2004	\$12.40
9,055,843	12/31/2005	\$13.01
10,833,516	12/31/2006	\$17.23
15,891,190	12/31/2007	\$16.64
15,688,228	12/31/2008	\$6.66
14,864,752	12/31/2009	\$14.57
15,246,424	12/31/2010	\$19.05
14,493,713	12/31/2011	\$16.24
12,398,564	12/31/2012	\$18.85
11,560,682	12/31/2013	\$27.53
10,641,808	12/31/2014	\$28.03
9,531,765	12/31/2015	\$23.71
8,701,894	12/31/2016	\$25.21
8,039,765	12/31/2017	\$40.96
7,809,565	12/31/2018	\$31.64
6,628,989	12/31/2019	\$37.33
6,019,728	12/31/2020	\$34.82
5,759,043	12/31/2021	\$35.33
5,674,342	12/31/2022	\$26.69
5,304,941	12/31/2023	\$38.62
5,646,298	12/31/2024	\$46.42
5,238,853	12/31/2025	\$43.49

³ Except for units on the inception date (the first row), the number of units in this column are net of redemptions as of the specified date effective the first day of the following quarter.

Important Disclosures:

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.

Due to the high concentration in a small number of holdings, each Fund's performance may be hurt disproportionately by the poor performance of one or only a few stocks.

Before making any investment decision, consider whether it is suitable for you and consider seeking advice from your own financial or investment adviser.

Please be aware that our current and 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.

The Pabrai Investment Fund II, L.P.
Financial Statements
June 30, 2025

The Pabrai Investment Fund II, L.P.
Index
June 30, 2025

	Page(s)
Report of Independent Auditors	1-2
Financial Statements	
Statement of Assets, Liabilities and Partners' Capital	3
Statement of Operations	4
Statement of Changes in Partners' Capital	5
Condensed Schedule of Investments	6
Notes to Financial Statements	7-13



Report of Independent Auditors

To the General Partner of The Pabrai Investment Fund II, L.P.

Opinion

We have audited the accompanying financial statements of The Pabrai Investment Fund II, L.P. (the “Partnership”), which comprise the statement of assets, liabilities and partners’ capital, including the condensed schedule of investments, as of June 30, 2025 and the related statements of operations and of changes in partners’ capital, including the related notes for the year then ended (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Partnership as of June 30, 2025, and the results of its operations and changes in its partners’ capital for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Partnership and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Partnership’s ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors’ Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from



fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Partnership's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

PriceWaterhouseCoopers LLP

Chicago, Illinois
August 29, 2025

The Pabrai Investment Fund II, L.P.
Statement of Assets, Liabilities and Partners' Capital
June 30, 2025
(expressed in United States dollars)

Assets

Cash	\$	90,178
Investments, at fair value (cost \$170,362,329)		258,173,666
Other assets		<u>23,500</u>
Total assets	\$	<u>258,287,344</u>

Liabilities

Subscriptions received in advance	\$	200,000
Accrued expenses		<u>73,201</u>
Total liabilities		<u>273,201</u>

Partners' capital

General partner (167,885 units at \$133.14 per unit)		22,352,961
Limited partners (1,769,967 units at \$133.14 per unit)		<u>235,661,182</u>
Total partners' capital		<u>258,014,143</u>
Total liabilities and partners' capital	\$	<u>258,287,344</u>

The accompanying notes are an integral part of these financial statements.

The Pabrai Investment Fund II, L.P.

Statement of Operations

Year Ended June 30, 2025

(expressed in United States dollars)

Investment Income

Dividend income	\$ 1,335,029
Interest income	32,501
Total investment income	<u>1,367,530</u>

Expenses

Professional fees	107,727
Administration fees	42,000
Margin interest expense	581
Total expenses	<u>150,308</u>

Net investment income

1,217,222

Realized and unrealized gain / (loss) on investments and foreign currencies

Net realized gain on investments (less foreign taxes on capital gains of \$564,467)	6,821,642
Net realized (loss) on foreign currency transactions	(80,315)
Net change in unrealized appreciation/(depreciation) on investments and foreign currencies	<u>(92,771,288)</u>
Net realized and unrealized gain/(loss) on investments and foreign currencies	<u>(86,029,961)</u>

Net decrease in partners' capital resulting from operations	<u>\$ (84,812,739)</u>
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The accompanying notes are an integral part of these financial statements.

The Pabrai Investment Fund II, L.P.
Statement of Changes in Partners' Capital
Year Ended June 30, 2025
(expressed in United States dollars)

	General Partner	Limited Partners	Total
Balance, June 30, 2024	\$ 29,876,581	\$ 302,677,765	\$ 332,554,346
Subscriptions (119,127 units)	-	19,255,000	19,255,000
Redemptions (49,994 units)	-	(8,982,464)	(8,982,464)
Net decrease in partners' capital from operations	(7,523,620)	(77,289,119)	(84,812,739)
Balance, June 30, 2025	<u>\$ 22,352,961</u>	<u>\$ 235,661,182</u>	<u>\$ 258,014,143</u>

The accompanying notes are an integral part of these financial statements.

The Pabrai Investment Fund II, L.P.
Condensed Schedule of Investments
Year Ended June 30, 2025
(expressed in United States dollars)

<u>Number of Shares</u>		<u>Value as a Percentage of Total Partners' Capital</u>	<u>Cost</u>	<u>Fair Value</u>
Common Stocks				
Turkey				
Industrials				
208,000,000	Reysas Tasimacilik ve Lojistik Ticaret A.S.	31.31%	10,521,502	80,774,874
8,400,000	Tav Havalimanlari Holding A.S.	21.63%	36,720,725	55,809,537
Real Estate				
47,000,000	Reysas Gayrimenkul Yatirim Ortakligi	9.08%	4,082,745	23,434,831
	Total Turkey	62.02%	51,324,972	160,019,242
United States				
Basic Materials				
166,557	Alpha Metallurgical Resources, Inc.	7.26%	23,061,040	18,734,331
576,000	Warrior Met Coal, Inc.	10.23%	34,893,472	26,398,080
Energy				
940,744	Noble Corp PLC	9.68%	29,082,373	24,976,753
666,000	Valaris LTD	10.87%	32,000,472	28,045,260
	Total United States	38.04%	119,037,357	98,154,424
	Total Common Stocks	100.06%	170,362,329	258,173,666
	Total investments	100.06%	\$ 170,362,329	\$ 258,173,666

The accompanying notes are an integral part of these financial statements.

The Pabrai Investment Fund II, L.P.

Notes to the Financial Statements

June 30, 2025

1. Organization

The Pabrai Investment Fund II, L.P. (the "Partnership"), an Illinois Partnership, was organized and commenced operations on October 1, 2000. The Partnership will continue indefinitely until wound up in accordance with the provisions of the Partnership's Limited Partnership Agreement dated as of October 1, 2000, as amended (the "LP Agreement").

Dalal Street, LLC serves as the Partnership's General Partner (the "General Partner") and is responsible for the management of the Partnership's assets. The Partnership's objective is to obtain above market returns and long-term appreciation by investing principally in marketable securities of U.S. and non-U.S. companies. The Partnership has not adopted fixed guidelines for diversification and, therefore, may be subject to more rapid change in value than would be the case if the Partnership were required to maintain wide diversification.

The Partnership utilizes UBS Financial Services Inc. ("UBS") as its principal broker-dealer and maintains its cash and investments with UBS. Additionally, the Partnership utilizes UBS Securities LLC and Ak Yatirim. The Partnership also utilized Kotak Mahindra Bank Limited ("Kotak") and CLSA Global Markets Pte. Ltd. during the year ended June 30, 2025.

For part of the period ended June 30, 2025 contributions from investors were received into the Northbrook Bank & Trust – Wintrust Funds Group ("Wintrust") account, and all withdrawals and disbursements were made from the Wintrust account. Contribution and withdrawal processing has been moved to Horizon Bank for the period ended June 30, 2025.

The Partnership has also entered into an agreement with Liccar Fund Services ("Liccar") to perform general administrative tasks of the Partnership, including the keeping of financial records, preparation of reports to limited partners and approval of all disbursements.

2. Significant Accounting Policies and Risks

Method of Reporting

The Partnership's financial statements are presented in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). The General Partner has evaluated the structure, objectives and activities of the Partnership and determined that the Partnership meets the characteristics of an investment company.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires the General Partner to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from the estimates included in the financial statements.

Contingencies and Commitments

In the normal course of business, the Partnership enters into contracts that contain a variety of representations and warranties and which provide general indemnifications. The Partnership's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Partnership that have not yet occurred. However, based on experience, the General Partner expects the risk of material loss to be remote.

The Pabrai Investment Fund II, L.P.

Notes to the Financial Statements

June 30, 2025

Security Valuation

Investments listed on a national securities exchange are valued at their last sales price on the date of valuation on the primary exchange. In the event no such price is available for such date, then the last reported sale price within the last five-day period preceding the valuation date is utilized. If no such price is reported, then the security will be valued at the representative bid price at the close of business on the valuation date. Investments whose market quotations are not readily available are valued at fair value as determined in good faith under procedures established by the Investment Manager. Because of the inherent uncertainty of valuation, the estimate of fair value may differ from the values that would have been used had a ready market existed and the differences could be material. Money market funds are valued at net asset value per share, which approximates fair value. The Partnership also held Participatory Notes ("P-Notes") with CLSA Americas, LLC. P-Notes are financial instruments issued by Foreign Institutional Investors (FIIs) that provide exposure to Indian securities without direct registration with the Securities and Exchange Board of India ("SEBI"). P-Notes are linked to underlying Indian equities listed on recognized stock exchanges. P-notes are valued at the price per share of the underlying investment, which approximates fair value. During the year ended June 30, 2025, the Partnership sold all the P-Notes to comply with the regulatory requirements of the Securities and Exchange Board of India ("SEBI").

Notwithstanding the foregoing, if in the reasonable judgment of the Partnership, in its sole discretion, the listed price for any security held by the Partnership does not accurately reflect the value of such security, the Partnership may value such security at a price which is greater or less than the quoted market price for such security.

Valuation of Investments

The Partnership values its investment in at fair value as determined in good faith by the General Partner in accordance with Accounting Standards Codification ("ASC") 820. Because of inherent uncertainty of valuations, estimated values may differ significantly from values that would have been used had a ready market for the investment existed, and the difference could be material.

Security Transactions and Income and Expense Recognition

Investment transactions are recorded on trade date. Income and expenses are recorded on the accrual basis and dividend income and capital gain distributions are recorded on the ex-dividend date net of foreign dividend withholding taxes. Realized gains and losses are recorded on the specific identification method.

Foreign Currency Transactions

Assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts at the year-end exchange rates. Purchases and sales of these assets and liabilities and income and expense items denominated in foreign currencies are translated into U.S. dollar amounts on the respective dates of such transactions. The Partnership does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of investments held.

Income Taxes

No provision is made in the accompanying financial statements for liabilities for federal, state or local income taxes since such liabilities are not the responsibility of the Partnership. Each partner is required to report on his/her income tax return his/her proportionate share of the items of income and deduction of the Partnership.

The Partnership executes trades on various international exchanges and, therefore, may be subject to taxes levied in certain countries. The investments in common stock traded on the Indian exchange are subject to short-term capital gains tax at 20% and long-term capital gain tax at 12.5%. Dividends are subject to dividend withholding tax at 20%. Prior to April 1, 2018 long-term capital gains were not subject to tax. During the year ended June 30, 2025, the Partnership sold of all its Indian Securities and surrendered its Foreign Portfolio Investor ("FPI") license to invest in Indian Securities under the

The Pabrai Investment Fund II, L.P.

Notes to the Financial Statements

June 30, 2025

regulations set by the SEBI. The Partnership also held Participatory Notes ("P-Notes") with CLSA Americas, LLC that were later sold during the year ended June 30, 2025 to comply with the regulatory requirements of the SEBI. The investments in common stock traded on the Turkish exchange are not subject to withholding based taxation applicable on capital gains and interest for equities and fixed income securities purchased on or after January 1, 2006. The current withholding tax rate is 15% for equities and 10% fixed income securities. Dividends are subject to dividend withholding tax at the rate of 15%. Transactions in equities are not subject to capital gains tax in Turkey.

The General Partner has continued to evaluate the application of ASC 740, "Income Taxes", and has determined that no reserves for uncertain tax positions were required to have been recorded. Open tax years are those that are open for exam by taxing authorities. During the year, the partnership received a notice from the Indian Income Tax Department under section 133 (6) of the Indian Income Tax Act, 1961. The notice requires the partnership to provide evidence for verification of foreign remittances as per the filed return for the Assessment Year 2022-23 as sorted by the Assessing Officer. The partnership does not anticipate any tax liability or tax benefits as a result of any of the proceedings undertaken by the Indian Income Tax Department. The Partnership has reviewed all open tax years for major jurisdictions and concluded that no changes are needed to the Partnership's financial position or results of operations. There is no tax liability resulting from unrecognized tax benefits relating to uncertain income tax positions taken or expected to be taken on the tax return for the fiscal year ended June 30, 2025. The Partnership is also not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefit will significantly change in the next twelve months.

Subscription received in advance

There were \$200,000 of subscriptions received in advance as of June 30, 2025.

Statement of Cash Flows

The Partnership meets the criteria and has elected not to provide a Statement of Cash Flows as permitted by the Financial Accounting Standards Board's ASC 230-10-15, "Statement of Cash Flows-Exemption of Certain Enterprises and Classification of Cash Flows from Certain Securities Acquired for Resale."

3. Fair Value Measurement

The Partnership follows financial reporting rules that establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are as follows:

Level 1 Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Partnership has the ability to access at the measurement date,

Level 2 Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active,

Level 3 Inputs that are unobservable.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by the General Partner. The General Partner considers observable data to be that market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources

The Pabrai Investment Fund II, L.P.

Notes to the Financial Statements

June 30, 2025

that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the General Partner's perceived risk of that instrument. Investments whose values are based on quoted market prices in active markets, and are therefore classified within level 1, include active listed equities and certain money market securities. The General Partner does not adjust the quoted price for such instruments, even in situations where the Partnership holds a large position, and a sale could reasonably impact the quoted price. Investments that trade in markets that are not considered to be active, but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs, are classified within level 2. These include investment-grade corporate bonds and less liquid listed equities. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

The inputs used by the General Partner in estimating the value of the level 3 investment may include the original transaction price, recent transactions in the same or similar instruments, completed or pending third-party transactions in the underlying investment or comparable issuers, subsequent rounds of financing, recapitalizations and other transactions across the capital structure, offerings in the equity or debt capital markets, and changes in financial ratios or cash among others. Level 3 investments may also be adjusted to reflect illiquidity and/or non-transferability, with the amount of such discount estimated by the General Partner in the absence of market information. The fair value measurement of level 3 investments does not include transaction costs that may have been capitalized as part of the security's cost basis. Assumptions used by the General Partner due to the lack of observable inputs may significantly impact the resulting fair value and therefore the Partnership's results of operations.

As of June 30, 2025, and during the year then ended, the Partnership had no transfers into or out of Level 3 and there were no purchases of level 3 investments. There were no transfers between levels 2 and 3 during the year ended June 30, 2025.

The following table presents the financial instruments carried on the Statement of Assets, Liabilities and Partners' Capital by level:

Investments at Fair Value as of June 30, 2025				
Investment Type	Level 1	Level 2	Level 3	Total
Investments				
Common stocks	\$258,173,666	\$ -	\$ -	\$258,173,666
Total Investments	\$258,173,666	\$ -	\$ -	\$258,173,666

4. Partners' Capital

Subscriptions and Units

All Partners of the Partnership must be "accredited investors" as defined in Regulation D adopted under the Securities Act of 1933. In exchange for each Partner's subscription to the Partnership, the Partnership issues Units, which represent an undivided proportionate interest in the assets and liabilities of the Partnership. Units were initially issued at \$10 and are subsequently offered at Unit Value. As of any valuation date, the Unit Value is determined by dividing the Partners' Capital of the Partnership by the total number of Units outstanding. The initial investment by each limited partner may not be less than \$10,000,000, and can be adjusted at the General Partner's discretion. Each additional investment may not be less than \$25,000. During the year ended June 30, 2025, the Partnership accepted additional capital contributions from new or existing investors of \$19,255,000. The Partnership also received subscriptions in advance of \$200,000 as of June 30, 2025.

The Pabrai Investment Fund II, L.P.

Notes to the Financial Statements

June 30, 2025

Redemptions

A limited partner may make complete or partial redemptions of \$25,000 or greater as of December 31 of any year with at least 60 days advance notice to the General Partner, provided that no partial redemptions which would reduce a Limited Partner's Capital account to below \$100,000 will be accepted.

During the year ended June 30, 2025, the General Partner approved limited partner redemption requests of \$8,982,464, all of which were paid before June 30, 2025.

Transfers

Interests are not transferable without the consent of the General Partner.

Distributions

The Partnership will not ordinarily, but may at the General Partner's discretion, make distributions to its Partners.

Allocations of Profits and Losses

Net Profits, which includes net changes in unrealized appreciation or depreciation of investments and realized investment gains or losses and income and expense, are generally allocated at least annually and each time new Units are issued/redeemed, in proportion to the Units held at the beginning of such fiscal period, except for the performance allocation to the General Partner as described in Note 5.

Guarantee

The General Partner has a guarantee obligation with respect to the original capital investment of limited partners made prior to July 15, 2001. The General Partner guarantees each limited partner's original capital investment as set forth in the LP Agreement from loss, provided that a limited partner and the invested capital has been in the Partnership for not less than five years and provided that a limited partner made the original capital investment prior to July 15, 2001. The current amount of the guarantee obligation is \$607,375. This guarantee obligation does not include any limited partners entering the Partnership subsequent to that date, including the original capital investment made by partners in Pabrai Investment Fund 1, L.P. ("PIF1") prior to the merger of PIF1 with the Partnership. Mohnish Pabrai, the principal of the General Partner, has executed the LP Agreement as a personal guarantor of the General Partner with respect to this obligation.

5. Performance Allocation

The General Partner is entitled to a performance allocation equal to 25% of the amount by which the increase, if any, in the NAV Per Unit exceeds 6% on a per annum basis over the "High Water Mark" in effect immediately prior to the applicable valuation date. The valuation date is defined as the last day of each fiscal year and the day immediately preceding the date upon which a capital contribution of the Partnership or withdrawal of capital in excess of \$25,000 is made. Therefore, the timing of the measurement of the performance allocation can be as frequent as quarterly or as infrequent as annually. The "High Water Mark" initially means the NAV Per Unit of \$10, and is adjusted, as of each valuation date, to equal the greater of (a) the High Water Mark immediately prior to such valuation date, increased at a per annum rate of 6% or (b) the NAV Per Unit as of such valuation date.

During the year ended June 30, 2025, the General Partner earned no performance allocation.

6. Financing Arrangements

The Partnership may obtain financing through margin borrowing arrangements. The margin loans may not exceed 50% of partners' capital without the Partners' written unanimous consent. On December 5, 2011, the Partnership entered into a securities loan agreement with UBS Financial Services, Inc. ("UBS") providing for the lending of securities to UBS. UBS provides the Partnership an irrevocable letter of credit as collateral. The value of the collateral is at least equal to 100% of the market value of the loaned securities, based on a daily mark to market by UBS. The Partnership

The Pabrai Investment Fund II, L.P.

Notes to the Financial Statements

June 30, 2025

earns income based on the aggregate market value of the loaned securities, which is included in securities lending income in the statement of operations.

For the year ended June 30, 2025, the Partnership did not participate in any securities lending transactions.

7. Related Party

At June 30, 2025, the General Partner held approximately 8.66% of the total outstanding partnership units.

8. Risks

Market and Credit Risks

The success of any investment activity is influenced by general economic and financial conditions that may affect the level and volatility of security prices and interest rates. Unexpected volatility, illiquidity, governmental action, currency devaluation, or other events in the U.S. or global markets in which the Partnership may directly or indirectly hold positions could impair the Partnership's ability to carry out its business and could cause the Partnership to incur substantial losses.

The Partnership's trading activities expose the Partnership to both market risk and credit risk.

Market risk is the potential for changes in fair value of financial instruments from market changes, including fluctuations in market prices. Market risk is directly affected by the volatility and liquidity in the markets in which the related underlying assets are traded.

Credit risk exists from the possibility of loss from the failure of the counterparty to perform according to the terms of a contract.

The Partnership has a substantial portion of its assets on deposit with brokers in connection with its trading of certain investments and its cash management activities. In the event of a financial institution's insolvency, recovery of the Partnership assets on deposit may be limited.

Currency Risks

The Partnership invests in assets and liabilities denominated in foreign currencies which are translated into U.S. dollar amounts at the period-end exchange rates. The value of these assets and liabilities are exposed to fluctuations in the foreign currencies as compared to the US dollar.

Emerging Markets Risk

Investments in securities and instruments traded in developing or emerging markets, or that provide exposure to these securities or markets, can involve additional risks relating to political, economic, or regulatory conditions not associated with investments in U.S. securities and instruments or investments in more developed international markets. For example, emerging markets may be subject to, among other risks, greater market volatility, lower trading volume and liquidity, greater social, political and economic uncertainty, governmental controls on foreign investments and limitations on repatriation of invested capital, lower disclosure, corporate governance, auditing and financial reporting standards, fewer protections of property rights, restrictions on the transfer of securities or currency, and settlement and trading practices that differ from U.S. markets and markets of more developed countries. Each of these factors may impact the ability of the Partnership to buy, sell or otherwise transfer securities, adversely affect the Partnership and cause the Partnership to decline in value.

The Partnership is subject to risks associated with unforeseen or catastrophic events, including, but not limited to, geopolitical events, terrorist attacks, natural disasters, and the emergence of a pandemic, which could create economic, financial, and business disruptions. These events could lead

The Pabrai Investment Fund II, L.P.

Notes to the Financial Statements

June 30, 2025

to operational difficulties that could impair General Partner's ability to manage the Partnership's activities. The General Partner seeks to manage this risk through continuity and resiliency planning.

9. Financial Highlights

Financial highlights are calculated for a limited partner unit outstanding for the entire period. An individual Limited Partner's return and ratios may vary based on timing of capital transactions. The ratios are computed based on the average limited partners' capital, calculated for all limited partners as a group.

Selected per unit data

Limited Partner unit value, beginning of year	\$ 177.96
Income from investment operations ⁽¹⁾	
Net investment income / (loss)	0.63
Net realized gain / (loss) and net change in unrealized appreciation / (depreciation) on investments	(45.45)
Limited Partner unit value, end of year	<u>\$ 133.14</u>

Total return

Total return before performance allocation	(25.18) %
Performance allocation	0.00
Total return after performance allocation	<u>(25.18) %</u>

Ratios to average limited partners' capital

Operating expenses	0.05 %
Performance allocation	0.00
Total operating expenses and performance allocation	<u>0.05 %</u>
Net investment income / (loss)	<u>0.40 %</u>

⁽¹⁾ Calculated using the average number of LP units outstanding during the year.

10. Subsequent Events

The Partnership has evaluated subsequent events through the issuance of the Partnership's financial statements on August 29, 2025. The evaluation did not result in any subsequent events that required disclosure and/or adjustment.

**Pabrai Investment
Fund 3, Ltd.**
Financial Statements
December 31, 2025

Pabrai Investment Fund 3, Ltd.

Index

December 31, 2025

	Page(s)
Report of Independent Auditors	1-2
Financial Statements	
Statement of Assets and Liabilities	3
Statement of Operations	4
Statement of Changes in Net Assets	5
Condensed Schedule of Investments	6
Notes to Financial Statements	7-14

Report of Independent Auditors

To the Board of Directors of Pabrai Investment Fund 3, Ltd.

Opinion

We have audited the accompanying financial statements of Pabrai Investment Fund 3, Ltd. (the "Fund"), which comprise the statement of assets and liabilities, including the condensed schedule of investments, as of December 31, 2025, and the related statements of operations and of changes in net assets for the year then ended, including the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as of December 31, 2025, and the results of its operations and changes in its net assets for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

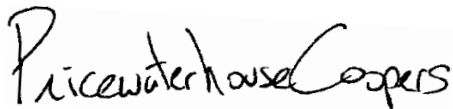
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one

resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

The logo for PricewaterhouseCoopers, featuring the company name in a stylized, handwritten-style font.

March 26, 2026

Pabrai Investment Fund 3, Ltd.

Statement of Assets and Liabilities

December 31, 2025

(expressed in United States dollars)

Assets

Cash	\$ 365,140
Investments, at fair value (cost \$187,488,767)	348,958,336
Other assets	<u>7,015</u>
Total assets	<u>349,330,491</u>

Liabilities

Redemptions payable	18,645,939
Subscription received in advance	5,510,000
Accrued expenses and other liabilities	<u>50,078</u>
Total liabilities	<u>24,206,017</u>

Net assets	<u>\$ 325,124,474</u>
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Net assets consist of:

Manager's shares (100 authorized; 100 issued and outstanding)	\$ 100
Common shares (10,000,000 authorized; 2,663,298 issued and outstanding)	<u>325,124,374</u>
Total net assets	<u>\$ 325,124,474</u>
Net asset value per common share	<u>\$ 122.07</u>

The accompanying notes are an integral part of these financial statements.

Pabrai Investment Fund 3, Ltd.

Statement of Operations

Year Ended December 31, 2025

(expressed in United States dollars)

Investment income

Dividend income (net of withholding tax of \$60,672)	\$	178,255
Interest income		42,766
Total investment income		<u>221,021</u>

Expenses

Professional fees		68,583
Administration fee		44,600
Interest expense		2,639
Total expenses		<u>115,822</u>

Net investment income (loss)		105,199
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Net realized and unrealized gain/(loss) on investments

Net realized gain on investments (less foreign taxes on capital gains of \$53,784)		20,673,092
Net realized loss on foreign currency transactions		(94,468)
Net change in unrealized depreciation on investments		<u>(103,442,010)</u>
Net realized and unrealized gain/(loss) on investments		<u>(82,863,386)</u>
Net decrease in net assets resulting from operations	\$	<u>(82,758,187)</u>

The accompanying notes are an integral part of these financial statements.

Pabrai Investment Fund 3, Ltd.
Statement of Changes in Net Assets
Year Ended December 31, 2025
(expressed in United States dollars)

Increase / (decrease) in net assets from operations

Net investment income (loss)	\$ 105,199
Net realized gain on investments (less foreign taxes on capital gains of \$53,784)	20,673,092
Net realized loss on foreign currency transactions	(94,468)
Net change in unrealized depreciation on investments	<u>(103,442,010)</u>
Net decrease in net assets resulting from operations	<u>(82,758,187)</u>

Capital transactions

Subscriptions of common shares (155,947 shares)	19,305,985
Redemptions of common shares (179,506 shares)	<u>(21,522,196)</u>
Net change in net assets resulting from capital transactions	<u>(2,216,211)</u>
Net decrease in net assets for the year	(84,974,398)

Net assets at:

Beginning of year	<u>410,098,872</u>
End of year	<u>\$ 325,124,474</u>

The accompanying notes are an integral part of these financial statements.

Pabrai Investment Fund 3, Ltd.
Condensed Schedule of Investments
December 31, 2025
(expressed in United States dollars)

Number of Shares		Value as Percentage of Net Assets	Cost	Fair Value
Common Stocks				
Turkey				
	Consumer, Non Cyclical			
	Other	1.42%	\$ 3,572,652	\$ 4,624,006
	Industrials			
321,179,602	Reysas Tasimacilik ve Lojistik Ticaret AS	33.46%	1,012,411	108,786,241
10,529,000	TAV Havalimanlari Holding A.S.	22.48%	45,632,955	73,102,226
	Real Estate			
57,768,332	Reysas Gayrimenkul Yatirim Ortakligi	8.69%	12,319,926	28,240,485
	Total Turkey	66.05%	62,537,944	214,752,958
United States				
	Basic Materials			
156,000	Alpha Metallurgical Resources, Inc.	9.59%	43,603,948	31,181,280
10,306,083	Transocean Ltd.	13.09%	33,554,918	42,564,123
632,000	Warrior Met Coal Inc	17.14%	43,055,422	55,723,440
	Total United States	39.82%	120,214,288	129,468,843
	Total Common Stocks	105.87%	182,752,232	344,221,801
Money Market Funds				
United States				
	UBS Select (Cay) Government			
4,736,535	Preferred Fund Ltd	1.46%	4,736,535	4,736,535
	Total Money Market Funds	1.46%	4,736,535	4,736,535
	Total Investments	107.33%	187,488,767	348,958,336

The accompanying notes are an integral part of these financial statements.

Pabrai Investment Fund 3, Ltd.

Notes to Financial Statements

December 31, 2025

1. Organization

Pabrai Investment Fund 3, Ltd. (the “Fund”), a British Virgin Islands Corporation, was organized on November 9, 2001 and commenced operations on February 2, 2002. The Fund will continue indefinitely until wound up in accordance with the provisions of the Fund’s Articles of Association.

The Fund has been recognized as a professional fund under the Securities and Investment Business Act, 2010 (British Virgin Islands) (the “Funds Act”). The shares of a “professional fund” as defined in the Funds Act may be made available (including issued or transferred) to persons who are “professional investors” within the meaning of the Funds Act and on the basis that investment in the Fund by each investor is not less than \$100,000.

Dalal Street, LLC serves as the Fund’s Investment Manager (the “Investment Manager”) and is responsible for the management of the Fund’s assets. The Fund’s objective is to obtain above market returns and long term appreciation by investing principally in marketable securities of U.S. and non-U.S. companies. The Fund has not adopted fixed guidelines for diversification and, therefore, may be subject to more rapid change in value than would be the case if the Fund were required to maintain wide diversification.

The Fund utilizes UBS Financial Services Inc. (“UBS”) as its principal broker-dealer and maintains its cash and investments primarily at UBS. Additionally, the Fund utilizes UBS Securities LLC and AK Yatirim.

All subscriptions and proceeds from investors are received into the Horizon Bank account, and all redemptions and disbursements are made from the Horizon Bank account.

The Fund has also entered into an agreement with Liccar Fund Services (“Liccar”) to perform all general administrative tasks of the Fund, including keeping the financial records, preparation of reports to shareholders and approval of all disbursements.

2. Significant Accounting Policies

Method of Reporting

The Fund’s financial statements are presented in accordance with accounting principles generally accepted in the United States of America (“US GAAP”). The Investment Manager has evaluated the structure, objectives and activities of the Fund and determined that the Fund meets the characteristics of an investment company.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from the estimates included in the financial statements.

Contingencies and Commitments

In the normal course of business, the Fund enters into contracts that contain a variety of representations and warranties and which provide general indemnifications. The Fund’s maximum exposure under these arrangements is unknown, as this would involve future claims that may be

Pabrai Investment Fund 3, Ltd.

Notes to Financial Statements

December 31, 2025

made against the Fund that have not yet occurred. However, based on experience, the Investment Manager expects the risk of material loss to be remote.

Security Valuation

Investments listed on a national securities exchange are valued at their last sales price on the date of valuation on the primary exchange. In the event no such price is available for such date, then the last reported sale price within the last five-day period preceding the valuation date is utilized. If no such price is reported, then the security will be valued at the representative bid price at the close of business on the valuation date. Investments whose market quotations are not readily available are valued at fair value as determined in good faith under procedures established by the Investment Manager. Because of the inherent uncertainty of valuation, the estimate of fair value may differ from the values that would have been used had a ready market existed and the differences could be material. The Fund also held Participatory Notes ("P-Notes") with CLSA Americas, LLC. P-Notes are financial instruments issued by Foreign Institutional Investors (FIIs) that provide exposure to Indian securities without direct registration with the Securities and Exchange Board of India ("SEBI"). P-Notes are linked to underlying Indian equities listed on recognized stock exchanges. During the year ended December 31, 2025, the Fund sold all the P-Notes to comply with the regulatory requirements of the Securities and Exchange Board of India ("SEBI"). Money market funds are valued at net asset value per share, which approximates fair value. Notwithstanding the foregoing, if in the reasonable judgment of the Fund, in its sole discretion, the listed price for any security held by the Fund does not accurately reflect the value of such security, the Fund may value such security at a price which is greater or less than the quoted market price for such security.

Valuation of Investments

The Fund values its investment at fair value as determined in good faith by the Investment Manager in accordance with ASC 820. Because of inherent uncertainty of valuations, estimated values may differ significantly from values that would have been used had a ready market for the investment existed, and the difference could be material.

Security Transactions and Income and Expense Recognition

Investment transactions are recorded on the trade date. Income and expenses are recorded on the accrual basis and dividend income and capital gain distributions are recorded on the ex-dividend date net of foreign dividend withholding taxes. Realized gains and losses are recorded on the specific identification method.

Foreign Currency Transactions

Assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts at the year-end exchange rates. Purchases and sales of these assets and liabilities and income and expense items denominated in foreign currencies are translated into U.S. dollar amounts on the respective dates of such transactions. The Fund does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of investments held.

Income Taxes

The Fund has conducted and intends to conduct its operations so that it will not be engaged in a United States trade or business and, therefore, will not be subject to United States federal income tax on its net income from United States sources, except for United States withholding tax at a 30% rate on United States source dividend income received. Generally, there is no withholding on portfolio interest income and capital gains derived from United States securities.

Pabrai Investment Fund 3, Ltd.

Notes to Financial Statements

December 31, 2025

The Fund executes trades on various international exchanges and, therefore, may be subject to taxes levied in certain countries. The investments in common stock traded on the Indian exchange are subject to short-term capital gains tax at 20% and long-term capital gain tax at 12.5%. Dividends are subject to a dividend withholding tax at 20%. Prior to April 1, 2018, long-term capital gains were not subject to tax. The Fund also held Participatory Notes ("P-Notes") with CLSA Americas, LLC that were later sold during the year ended December 31, 2025 to comply with the regulatory requirements of the SEBI. The investments in common stock traded on the Turkish exchange on or after January 1, 2006 are exempt from Withholding Tax applicable on capital gains and interest for equities and fixed income securities. Dividends on Turkish equities are subject to a 15% withholding tax and 10% for fixed income securities. Provisions of tax treaties are reserved. For countries with double taxation treaties, the treaty rate prevails only if it is more favorable than the standard rate.

Under the current British Virgin Islands legislation, the Fund is not required to pay taxes in the British Virgin Islands on income or capital gains. Because the Fund is not subject to taxation in the British Virgin Islands and it is management's opinion that its method of operations does not result in its being subject to income taxes, no provision for taxes has been made in these financial statements.

Management has continued to evaluate the application of Accounting Standards Codification ("ASC") 740, "Income Taxes", and has determined that no reserves for uncertain tax positions were required to have been recorded as a result of the adoption of ASC 740. Open tax years are those that are open for exam by taxing authorities. Typically, tax authorities can audit returns filed within the last three to six years, depending on the jurisdiction. As of December 31, 2025, open tax years include the tax years ended December 31, 2022 through December 31, 2025. The Fund is not aware of any examinations in progress. The Fund has reviewed all open tax years and major jurisdictions and concluded that the adoption of these financial reporting rules resulted in no effect to the Fund's financial position or results of operations. There is no tax liability resulting from unrecognized tax benefits relating to uncertain income tax positions taken or expected to be taken on the tax return for the fiscal year ended December 31, 2025. The Fund is also not aware of any other tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefit will significantly change in the next twelve months.

Redemptions Payable

The Fund accounts for subscriptions, allocations and redemptions on a per share basis. The amounts shown as redemptions payable of \$18,645,939 represent the remaining amount due for redemptions as of December 31, 2025.

Subscription received in advance

There were \$5,510,000 shown as subscriptions received in advance as of December 31, 2025.

Statement of Cash Flows

The Fund has elected not to provide a Statement of Cash Flows as permitted by the Financial Accounting Standards Board's Accounting Standards Codification (ASC) 230-10-15, "Statement of Cash Flows-Exemption of Certain Enterprises and Classification of Cash Flows from Certain Securities Acquired for Resale."

3. Fair Value Measurement

The Fund has financial reporting rules that establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements)

Pabrai Investment Fund 3, Ltd.
Notes to Financial Statements
December 31, 2025

and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are as follows:

Level 1 Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Fund has the ability to access at the measurement date;

Level 2 Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active;

Level 3 Inputs that are unobservable.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by the Investment Manager. The Investment Manager considers observable data to be that market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the Investment Manager's perceived risk of that instrument.

Investments whose values are based on quoted market prices in active markets, and are therefore classified within level 1, include active listed equities, and certain money market securities. The Investment Manager does not adjust the quoted price for such instruments, even in situations where the Investment Manager holds a large position and a sale could reasonably impact the quoted price.

Investments that trade in markets that are not considered to be active, but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs, are classified within level 2. These include investment-grade corporate bonds, P-Notes, and less liquid listed equities. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

The inputs used by the Investment Manager in estimating the value of the level 3 investment include the original transaction price, recent transactions in the same or similar instruments, completed or pending third-party transactions in the underlying investment or comparable issuers, subsequent rounds of financing, recapitalizations and other transactions across the capital structure, offerings in the equity or debt capital markets, and changes in financial ratios or cash flows. Level 3 investments may also be adjusted to reflect illiquidity and/or non-transferability, with the amount of such discount estimated by the Investment Manager in the absence of market information. The fair value measurement of level 3 investments does not include transaction costs that may have been capitalized as part of the security's cost basis. Assumptions used by the Investment Manager due to the lack of observable inputs may significantly impact the resulting fair value and therefore the Fund's results of operations.

Pabrai Investment Fund 3, Ltd.
Notes to Financial Statements
December 31, 2025

As of December 31, 2025, and during the year then ended, the Fund had no investments classified within Level 3. There were no transfers in or out of either Level 1 or Level 2 as of or during the year ended December 31, 2025.

The following table presents the financial instruments carried out in the Statement of Assets and Liabilities by level:

	Assets at Fair Value as of December 31, 2025			
	Level 1	Level 2	Level 3	Total
Common stock	\$ 344,221,801	\$ -	\$ -	\$ 344,221,801
Money market funds	\$ 4,736,535	\$ -	\$ -	\$ 4,736,535
	<u>\$ 348,958,336</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 348,958,336</u>

4. Share Capital

Non-Voting common shares

The Fund has authorized 10,000,000 shares of non-voting common shares with a par value of \$0.01 per share. Such common shares were offered at an initial price of \$10 per share, and are thereafter offered at the then Net Asset Value of such shares. The common shares have no voting rights, but do participate in all profits and losses of the Fund, including net changes in unrealized appreciation or depreciation of investments and realized investment gains or losses and income and expense (including the investment management fee as described in Note 5). Such profits and losses are generally allocated at least annually and each time new common shares are issued and redeemed.

The net asset value of a common share is determined by dividing the net assets attributable to the common shares by the total number of common shares outstanding.

The Investment Manager, in its sole discretion, shall determine the minimum initial investment by each investor in the Fund but not less than the statutory minimum, currently \$100,000 for initial subscriptions. Minimum additional investment amounts are determined by the Investment Manager in its discretion.

For the year ended December 31, 2025 the Fund had subscriptions of \$19,305,986.

The Fund allows for additions on a quarterly basis, on the first day of every quarter.

Manager's Shares

The Fund has authorized 100 shares of voting, non-participating Manager's Shares with a par value of \$1.00 per share. The Manager's Shares, which are the sole voting shares, are not entitled to participate in any profits or income of the Fund. The Manager's Shares are redeemable at par and are owned by Dalal Street LLC.

Redemptions

A shareholder may make complete or partial redemptions in amounts of \$25,000 or greater as of December 31 of any year with at least 60 days advance notice to the Investment Manager. The Fund, in its discretion, may at any time redeem all or a portion of the shares of any investor. Redemptions may be paid in cash or, at the discretion of the Investment Manager, in-kind. The

Pabrai Investment Fund 3, Ltd.

Notes to Financial Statements

December 31, 2025

Investment Manager may, at its discretion, allow redemptions of amounts differing from the aforementioned criteria.

During the year ended December 31, 2025, the Investment Manager approved shareholders' redemption requests of \$21,522,196 of which \$18,645,939 was paid out subsequent to year-end.

Transfers

Interests are not transferable without the consent of the Directors.

Distributions

The Fund will not ordinarily, but may at the Investment Manager's discretion, make distributions to its Shareholders.

5. Investment Management Fee

The Investment Manager receives an investment management fee, payable on December 31 of each year and on the final trading day immediately preceding a subscription or redemption to the Fund, in an amount equal to 25% of the amount by which the increase, if any, in the net asset value of the Fund at the time such fee is payable, exceeds 6%, on an annualized basis, of the net asset value at the time such fee was most recently paid. No investment management fee is payable unless the net asset value of a common share is at its historic highest value, after giving effect to distributions, share splits or share dividends, if any. During the year ended December 31, 2025, the Investment Manager earned no investment management fee.

6. Principal Shareholders

At December 31, 2025, three shareholders held approximately 27% of the net asset value of the total common shares issued.

7. Related Party

At December 31, 2025, six affiliates of the Investment Manager together held less than 4% of the net asset value of the total common shares issued.

8. Risks

Market and Credit Risks

The success of any investment activity is influenced by general economic and financial conditions that may affect the level and volatility of security prices and interest rates. As recent events have demonstrated, unexpected volatility, illiquidity, governmental action, currency devaluation, or other events in the U.S. or global markets in which the Fund may directly or indirectly hold positions could impair the Fund's ability to carry out its business and could cause the Fund to incur substantial losses.

The Fund's trading activities expose the Fund to both market risk, the risks from changes in fair value, and credit risk, the risk of failure by another party to perform according to the terms of a contract.

Market risk is the potential for changes in fair value of financial instruments from market changes, including fluctuations in market prices. Market risk is directly affected by the volatility and liquidity in the markets in which the related underlying assets are traded.

Pabrai Investment Fund 3, Ltd.
Notes to Financial Statements
December 31, 2025

Credit risk exists from the possibility of loss from the failure of the counterparty to perform according to the terms of a contract. The Fund has a substantial portion of its assets on deposit with brokers in connection with its trading of certain investments and its cash management activities. In the event of a financial institution's insolvency, recovery of the Fund assets on deposit may be limited.

Currency Risks

The Fund invests in assets and liabilities denominated in foreign currencies which are translated into U.S. dollar amounts at the year-end exchange rates. The value of these assets and liabilities are exposed to fluctuations in the foreign currencies as compared to the US dollar.

Emerging Markets Risk

Investments in securities and instruments traded in developing or emerging markets, or that provide exposure to these securities or markets, can involve additional risks relating to political, economic, or regulatory conditions not associated with investments in U.S. securities and instruments or investments in more developed international markets. For example, emerging markets may be subject to, among other risks, greater market volatility; lower trading volume and liquidity; greater social, political and economic uncertainty; governmental controls on foreign investments and limitations on repatriation of invested capital; lower disclosure, corporate governance, auditing and financial reporting standards; fewer protections of property rights; restrictions on the transfer of securities or currency; and settlement and trading practices that differ from U.S. markets and markets of more developed countries. Each of these factors may impact the ability of the Fund to buy, sell or otherwise transfer securities, adversely affect the Fund and cause the Fund to decline in value.

Pabrai Investment Fund 3, Ltd.
Notes to Financial Statements
December 31, 2025

9. Financial Highlights

Financial highlights are calculated for a Common Share outstanding for the year ended December 31, 2025. An individual investor's return and ratios may vary based on the timing of capital transactions. Ratios are computed based on average monthly net assets.

	Common Shares
Selected per share data	
Net asset value, beginning of year	\$ 152.63
Income from investment operations ⁽¹⁾	
Investment income	0.04
Net realized gain and net change in unrealized depreciation	(30.60)
Investment management fee	-
Net asset value, end of year	<u>\$ 122.07</u>
Total return	
Total return before investment management fee	(20.02)%
Investment management fee	<u>0.00 %</u>
Total return after investment management fee	<u>(20.02)%</u>
Ratios to average net assets	
Operating expenses	0.03 %
Investment management fee	<u>0.00 %</u>
Total operating expenses and investment management fee	<u>0.03 %</u>
Net investment income (loss)	<u>0.03 %</u>

⁽¹⁾ Calculated using the average number of shares outstanding during the year.

10. Subsequent Events

The Fund has evaluated subsequent events through the issuance of the Fund's financial statements on March 26, 2026.

From January 1, 2026 through March 26, 2026, the Fund received capital contributions of approximately \$8,510,000 of which \$5,510,000 was received in advance and is included in the Statement of Assets and Liabilities as of December 31, 2025.

**The Pabrai Investment
Fund IV, L.P.**
Financial Statements
December 31, 2025

The Pabrai Investment Fund IV, L.P.
Index
December 31, 2025

	Page(s)
Report of Independent Auditors	1-2
Financial Statements	
Statement of Assets, Liabilities and Partners' Capital	3
Statement of Operations	4
Statement of Changes in Partners' Capital	5
Condensed Schedule of Investments	6
Notes to Financial Statements	7-13

Report of Independent Auditors

To the General Partner of The Pabrai Investment Fund IV, L.P.

Opinion

We have audited the accompanying financial statements of The Pabrai Investment Fund IV, L.P. (the "Partnership"), which comprise the statement of assets, liabilities and partners' capital, including the condensed schedule of investments, as of December 31, 2025, and the related statements of operations and of changes in partners' capital for the year then ended, including the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Partnership as of December 31, 2025, and the results of its operations and changes in its partners' capital for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Partnership and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Partnership's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

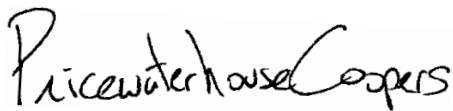
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement

when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Partnership's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

The logo for PricewaterhouseCoopers, written in a stylized, cursive script.

March 26, 2026

The Pabrai Investment Fund IV, L.P.
Statement of Assets, Liabilities and Partners' Capital
December 31, 2025
(expressed in United States dollars)

Assets

Cash	\$ 759,427
Investments, at fair value (cost \$179,556,071)	<u>253,828,455</u>
Total assets	<u>\$ 254,587,882</u>

Liabilities

Withdrawals payable	\$ 23,510,354
Contributions received in advance	3,106,000
Provision for foreign tax payable	74,000
Accrued expenses	<u>83,592</u>
Total liabilities	<u>26,773,946</u>

Partners' capital

General partner (227,121 units at \$43.49 per unit)	9,876,462
Limited partners (5,011,732 units at \$43.49 per unit)	<u>217,937,474</u>
Total partners' capital	<u>227,813,936</u>
Total liabilities and partners' capital	<u>\$ 254,587,882</u>

The accompanying notes are an integral part of these financial statements

The Pabrai Investment Fund IV, L.P.
Statement of Operations
Year Ended December 31, 2025
(expressed in United States dollars)

Investment Income	
Dividend income	\$ 1,525,063
Interest income	100,090
Total investment income	<u>1,625,153</u>
Expenses	
Professional fees	94,572
Administration fee	65,000
Interest expense	11,305
Total operating expenses	<u>170,877</u>
Net investment income	1,454,276
Net realized and unrealized gain/(loss) on investments	
Net realized gain on investments (less foreign taxes on capital gains of \$590,680)	12,720,258
Net realized loss on foreign currency transactions	(52,658)
Net change in unrealized depreciation on investments	<u>(30,274,950)</u>
Net realized and unrealized gain/(loss) on investments	<u>(17,607,350)</u>
Net decrease in partners' capital resulting from operations	<u>\$ (16,153,074)</u>

The accompanying notes are an integral part of these financial statements

The Pabrai Investment Fund IV, L.P.
Statement of Changes in Partners' Capital
Year Ended December 31, 2025
(expressed in United States dollars)

	General Partner	Limited Partners	Total
Balance, January 1, 2025	\$ 10,542,398	\$ 251,544,855	\$ 262,087,253
Contributions (142,303 units)	-	5,725,784	5,725,784
Withdrawals (549,749 units)	-	(23,846,027)	(23,846,027)
Net decrease in partners' capital from operations	<u>(665,936)</u>	<u>(15,487,138)</u>	<u>(16,153,074)</u>
Balance, December 31, 2025	<u>\$ 9,876,462</u>	<u>\$ 217,937,474</u>	<u>\$ 227,813,936</u>

The accompanying notes are an integral part of these financial statements

The Pabrai Investment Fund IV, L.P.
Condensed Schedule of Investments
December 31, 2025
(expressed in United States dollars)

Number of Shares		Value as a Percentage of Partners' Capital	Cost	Fair Value
Common Stocks				
Turkey				
Consumer Non-Cyclical				
15,493,082	Gimat Magazacilik Sanayi ve Ticaret A.S.	7.11%	\$ 14,810,814	\$ 16,208,167
Industrials				
53,753,000	Reysas Gayrimenkul Yatirim Ortakligi	11.53%	26,000,666	26,277,560
70,200,103	Reysas Tasimacilik ve Lojistik Ticaret A.S.	10.44%	9,107,507	23,777,367
8,710,000	Tav Havalimanlari Holding A.S.	26.54%	31,007,196	60,473,016
	Total Turkey	55.62%	80,926,183	126,736,110
United States				
Basic Materials				
163,000	Alpha Metallurgical Resources, Inc.	14.30%	26,109,414	32,580,440
259,098	Valaris Ltd.	5.73%	12,431,195	13,058,539
7,361,000	Transocean Ltd	13.34%	26,001,089	30,400,930
544,000	Warrior Met Coal Inc	21.05%	31,000,234	47,964,480
	Total United States	54.42%	95,541,932	124,004,389
	Total Common stocks	110.04%	176,468,115	250,740,499
Money Market Funds				
United States				
	UBS Select Government Preferred Fund	1.36%	3,087,956	3,087,956
	Total Money Market Funds	1.36%	3,087,956	3,087,956
	Total Investments	111.40%	\$ 179,556,071	\$ 253,828,455

The accompanying notes are an integral part of these financial statements

The Pabrai Investment Fund IV, L.P.

Notes to Financial Statements

December 31, 2025

1. Organization

The Pabrai Investment Fund IV, L.P. (the “Partnership”), a Delaware partnership, was organized and commenced operations on October 1, 2003. The Partnership will continue indefinitely until wound up in accordance with the provisions of the Partnership’s Limited Partnership Agreement dated as of October 1, 2003, as amended (the “L.P. Agreement”).

Dalal Street, LLC serves as the Partnership’s General Partner (the “General Partner”) and is responsible for the management of the Partnership’s assets. The Partnership’s objective is to obtain above market returns and long-term appreciation by investing principally in marketable securities of U.S. and non-U.S. companies. The Partnership has not adopted fixed guidelines for diversification and, therefore, may be subject to more rapid change in value than would be the case if the Partnership were required to maintain wide diversification. The Partnership cannot purchase securities on margin, enter into futures or forward contracts, enter into the short sales of securities, or engage in certain other investment activities without the approval of limited partners owning not less than 50% of the capital balance of the Partnership.

The Partnership utilizes UBS Financial Services Inc. (“UBS”) as its principal broker-dealer and maintains its cash and investments primarily at UBS. Additionally, the Partnership utilizes UBS Securities LLC and AK Yatirim.

All subscriptions and proceeds from investors are received into the Horizon Bank account, and all redemptions and disbursements are made from the Horizon Bank account.

The Partnership has also entered into an agreement with Liccar Fund Services (“Liccar”) to perform all general administrative tasks of the Partnership, including keeping the financial records, preparation of reports to limited partners and approval of all disbursements.

2. Significant Accounting Policies

Method of Reporting

The Partnership’s financial statements are presented in accordance with accounting principles generally accepted in the United States of America (“US GAAP”). The General Partner has evaluated the structure, objectives and activities of the Partnership and determined that the Partnership meets the characteristics of an investment company.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires the General Partner to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from the estimates included in the financial statements.

Contingencies and Commitments

In the normal course of business, the Partnership enters into contracts that contain a variety of representations and warranties and which provide general indemnifications. The Partnership’s maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Partnership that have not yet occurred. However, based on experience, the General Partner expects the risk of material loss to be remote.

Security Valuation

Investments listed on a national securities exchange are valued at their last sales price on the date of valuation on the primary exchange. In the event no such price is available for such date, then

The Pabrai Investment Fund IV, L.P.

Notes to Financial Statements

December 31, 2025

the last reported sale price within the last five-day period preceding the valuation date is utilized. If no such price is reported, then the security will be valued at the representative bid price at the close of business on the valuation date. Investments whose market quotations are not readily available are valued at fair value as determined in good faith under procedures established by the Investment Manager. Because of the inherent uncertainty of valuation, the estimate of fair value may differ from the values that would have been used had a ready market existed and the differences could be material. The Partnership held Participatory Notes ("P-Notes") with CLSA Americas, LLC. P-Notes are financial instruments issued by Foreign Institutional Investors (FIIs) that provide exposure to Indian securities without direct registration with the Securities and Exchange Board of India ("SEBI"). P-Notes are linked to underlying Indian equities listed on recognized stock exchanges. During the year ended December 31, 2025, the Partnership sold all the P-Notes to comply with the regulatory requirements of the Securities and Exchange Board of India ("SEBI"). Money market funds are valued at net asset value per share, which approximates fair value. Notwithstanding the foregoing, if in the reasonable judgment of the Partnership, in its sole discretion, the listed price for any security held by the Partnership does not accurately reflect the value of such security, the Partnership may value such security at a price which is greater or less than the quoted market price for such security.

Valuation of Investments

The Partnership values its investment at fair value as determined in good faith by the General Partner in accordance with ASC 820. Because of inherent uncertainty of valuations, estimated values may differ significantly from values that would have been used had a ready market for the investment existed, and the difference could be material.

Security Transactions and Income and Expense Recognition

Investment transactions are recorded on trade date. Income and expenses are recorded on the accrual basis and dividend income and capital gain distributions are recorded on the ex-dividend date net of foreign dividend withholding taxes. Realized gains and losses are recorded on the specific identification method.

Foreign Currency Transactions

Assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts at the year-end exchange rates. Purchases and sales of these assets and liabilities and income and expense items denominated in foreign currencies are translated into U.S. dollar amounts on the respective dates of such transactions. The Partnership does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of investments held.

Income Taxes

No provision is made in the accompanying financial statements for liabilities for federal, state or local income taxes since such liabilities are not the responsibility of the Partnership. Each partner is required to report on his/her income tax return his/her proportionate share of the items of income and deduction of the Partnership.

The Partnership executes trades on various international exchanges and, therefore, may be subject to taxes levied in certain countries. The investments in common stock traded on the Indian exchange are subject to short-term capital gains tax at 20% and long-term capital gain tax at 12.5%. Dividends are subject to a dividend withholding tax at 20%. Prior to April 1, 2018, long-term capital gains were not subject to tax. During the year 2024, the Partnership sold all its Indian Securities and, in 2025, all its P-Notes and surrendered its Foreign Portfolio Investor ("FPI") license under the regulations set by the Securities and Exchange Board of India (SEBI). The investments

The Pabrai Investment Fund IV, L.P.

Notes to Financial Statements

December 31, 2025

in common stock traded on the Turkish exchange on or after January 1, 2006 are exempt from Withholding Tax applicable on capital gains and interest for equities and fixed income securities. Dividends on Turkish equities are subject to a 15% withholding tax and 10% for fixed income securities. Provisions of tax treaties are reserved. For countries with double taxation treaties, the treaty rate prevails only if it is more favorable than the standard rate.

Management has continued to evaluate the application of Accounting Standards Codification ("ASC") 740, Income Taxes, and has determined that no reserves for uncertain tax positions were required to be recorded as a result of the adoption of ASC 740. Open tax years are those subject to examination by taxing authorities. As of December 31, 2025, open tax years include the fiscal years ended December 31, 2022 through December 31, 2025.

In 2024, the Partnership received an intimation from the Indian Income Tax Department under Section 143(1) of the Income Tax Act, 1961 ("Act") for the Assessment Year 2018–19. This section mandates an initial processing of the Income Tax return by the Indian Assessing Authorities, wherein the claim for carry forward of losses was disallowed. In 2025, the Partnership filed an appeal with the Commissioner of Income Tax (CIT) Appeals under Section 250 of the Act, which was dismissed. Subsequently, the Partnership filed an appeal with the Income Tax Appellate Tribunal to dispute the disallowance. Management expects a favorable outcome from the Tribunal, allowing the carry forward of losses, and therefore does not anticipate any additional tax demand. However, the Partnership has estimated that its maximum exposure, should the appeal fail, is approximately \$74,000 and has recorded a provision for this amount.

The Partnership is not aware of any other examinations in progress. After reviewing all open tax years and major jurisdictions, management has concluded that the adoption of ASC 740 resulted in no effect on the Partnership's financial position or results of operations.

As of December 31, 2025, there is no tax liability resulting from unrecognized tax benefits relating to uncertain income tax positions taken or expected to be taken on the tax return. Furthermore, the Partnership is not aware of any tax positions for which it is reasonably possible that the total amount of unrecognized tax benefits will significantly change within the next twelve months.

Withdrawals Payable

The Partnership accounts for contributions, allocations and withdrawals on a per unit basis. For the year ended December 31, 2025, the General Partner approved withdrawals of \$23,846,027 of which \$23,510,354 represent the remaining amount due for withdrawals as of December 31, 2025.

Contributions received in advance

There were \$3,106,000 contributions received in advance as of December 31, 2025.

Statement of Cash Flows

The Partnership has elected not to provide a Statement of Cash Flows as permitted by the Financial Accounting Standards Board's Accounting Standards Codification (ASC) 230-10-15, "Statement of Cash Flows-Exemption of Certain Enterprises and Classification of Cash Flows from Certain Securities Acquired for Resale."

3. Fair Value Measurement

The Partnership has adapted financial reporting rules that establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are as follows:

The Pabrai Investment Fund IV, L.P.

Notes to Financial Statements

December 31, 2025

Level 1 Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Partnership has the ability to access at the measurement date;

Level 2 Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active;

Level 3 Inputs that are unobservable.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by the General Partner. The General Partner considers observable data to be that market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the General Partner's perceived risk of that instrument. Investments whose values are based on quoted market prices in active markets, and are therefore classified within level 1, include active listed equities, and certain money market securities. The General Partner does not adjust the quoted price for such instruments, even in situations where the Partnership holds a large position and a sale could reasonably impact the quoted price. Investments that trade in markets that are not considered to be active, but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs, are classified within level 2. These include investment-grade corporate bonds, P-notes and less liquid listed equities. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

The inputs used by the General Partner in estimating the value of the level 3 investment include the original transaction price, recent transactions in the same or similar instruments, completed or pending third-party transactions in the underlying investment or comparable issuers, subsequent rounds of financing, recapitalizations and other transactions across the capital structure, offerings in the equity or debt capital markets, and changes in financial ratios or cash. Level 3 investments may also be adjusted to reflect illiquidity and/or non-transferability, with the amount of such discount estimated by the General Partner in the absence of market information. The fair value measurement of level 3 investments does not include transaction costs that may have been capitalized as part of the security's cost basis. Assumptions used by the General Partner due to the lack of observable inputs may significantly impact the resulting fair value and therefore the Partnership's results of operations.

As of December 31, 2025, and during the year then ended, the Partnership had no investments classified within Level 3. There were no transfers in and out of either Level 1 or Level 2 as of or during the year ended December 31, 2025.

The Pabrai Investment Fund IV, L.P.

Notes to Financial Statements

December 31, 2025

The following table presents the financial instruments carried on the Statement of Assets and Liabilities and Partners' Capital by level:

Assets at Fair Value as of December 31, 2025				
	Level 1	Level 2	Level 3	Total
Investments				
Common stock	\$ 250,740,499	\$ -	\$ -	\$ 250,740,499
Money market funds	\$ 3,087,956	\$ -	\$ -	\$ 3,087,956
Total investments	\$ 253,828,455	\$ -	\$ -	\$ 253,828,455

4. Partners' Capital

Contributions and Units

All limited partners of the Partnership must be "qualified purchasers" as defined in the Investment Company Act of 1940. In exchange for each Partner's contribution to the Partnership, the Partnership issues Units, which represent an undivided proportionate interest in the assets and liabilities of the Partnership. Units were initially issued at \$10 on October 1, 2003 and are subsequently offered at Net Asset Value Per Unit. As of any valuation date, the Net Asset Value Per Unit is determined by dividing the Partners' Capital of the Partnership by the total number of Units outstanding. The General Partner, in its sole discretion, shall determine the minimum initial investment by each investor in the Partnership but in no event less than \$20,000. Minimum additional investment amounts are determined by the General Partner in its discretion.

For the year ended December 31, 2025, the Partnership had contributions of \$5,725,784.

Withdrawals

A limited partner may make complete or partial withdrawals of \$25,000 or greater as of December 31 of any year with at least 60 days advance notice to the General Partner, provided that no partial withdrawal which would reduce a limited partner's capital account to below \$100,000 will be accepted. The General Partner, in its discretion, may at any time require the withdrawal of any limited partner and withdrawal of the corresponding limited partner interest. Withdrawals may be paid in cash or, at the discretion of the General Partner, in-kind. During the year ended December 31, 2025, the General Partner approved partners' withdrawal requests of \$23,846,027 of which \$23,510,354 were paid out subsequent to year-end.

Transfers

Interests are not transferable without the consent of the General Partner.

Distributions

The Partnership will not ordinarily, but may at the General Partner's discretion, make distributions to its Partners.

Allocations of Profits and Losses

Net Profits, which includes net changes in unrealized appreciation or depreciation of investments and realized investment gains or losses and income and expense, are generally allocated at least annually and each time new Units are issued/redeemed, in proportion to the Units held at the beginning of such fiscal period, except for the performance allocation to the General Partner as described in Note 5.

The Pabrai Investment Fund IV, L.P.

Notes to Financial Statements

December 31, 2025

5. General Partner Allocation

The General Partner is entitled to a performance allocation equal to 25% of the amount by which the increase, if any, in the Net Asset Value Per Unit exceeds 6% on a per annum basis over the “High Water Mark” in effect immediately prior to the applicable valuation date. The valuation date is defined as the last day of each fiscal quarter and the day immediately preceding the date upon which a capital contribution of the Partnership or withdrawal of capital in excess of \$25,000 is made. The “High Water Mark” initially means the Net Asset Value Per Unit of \$10, and is adjusted, as of each valuation date, to equal the greater of (a) the High Water Mark immediately prior to such valuation date, increased at a per annum rate of 6% or (b) the Net Asset Value Per Unit as of such valuation date.

During the year ended December 31, 2025, the General Partner earned no performance allocation.

6. Related Party

At December 31, 2025, the General Partner held approximately 5% of the total outstanding limited partnership units.

7. Risks

Market and Credit Risks

The success of any investment activity is influenced by general economic and financial conditions that may affect the level and volatility of security prices and interest rates. As recent events have demonstrated, unexpected volatility, illiquidity, governmental action, currency devaluation, or other events in the U.S. or global markets in which the Partnership may directly or indirectly hold positions could impair the Partnership's ability to carry out its business and could cause the Partnership to incur substantial losses.

The Partnership's trading activities expose the Partnership to both market risk, the risks from changes in fair value, and credit risk, the risk of failure by another party to perform according to the terms of a contract.

Market risk is the potential for changes in fair value of financial instruments from market changes, including fluctuations in market prices. Market risk is directly affected by the volatility and liquidity in the markets in which the related underlying assets are traded.

Credit risk exists from the possibility of loss from the failure of the counterparty to perform according to the terms of a contract.

The Partnership has a substantial portion of its assets on deposit with brokers in connection with its trading of certain investments and its cash management activities. In the event of a financial institution's insolvency, recovery of the Partnership assets on deposit may be limited.

Currency Risks

The Partnership invests in assets and liabilities denominated in foreign currencies which are translated into U.S. dollar amounts at the year-end exchange rates. The value of these assets and liabilities are exposed to fluctuations in the foreign currencies as compared to the US dollar.

Emerging Markets Risk

Investments in securities and instruments traded in developing or emerging markets, or that provide exposure to these securities or markets, can involve additional risks relating to political, economic, or regulatory conditions not associated with investments in U.S. securities and

The Pabrai Investment Fund IV, L.P.

Notes to Financial Statements

December 31, 2025

instruments or investments in more developed international markets. For example, emerging markets may be subject to, among other risks, greater market volatility; lower trading volume and liquidity; greater social, political and economic uncertainty; governmental controls on foreign investments and limitations on repatriation of invested capital; lower disclosure, corporate governance, auditing and financial reporting standards; fewer protections of property rights; restrictions on the transfer of securities or currency; and settlement and trading practices that differ from U.S. markets and markets of more developed countries. Each of these factors may impact the ability of the Partnership to buy, sell or otherwise transfer securities, adversely affect the Partnership and cause the Partnership to decline in value.

8. Financial Highlights

Financial highlights are calculated for a limited partner unit outstanding for the entire year. An individual limited partner's return and ratios may vary based on timing of capital transactions. The ratios are computed based on the average limited partners' capital, calculated for all limited partners as a group.

Selected per unit data

Limited Partner unit value, beginning of year	\$ 46.42
Income from investment operations ⁽¹⁾	
Net investment income	0.26
Net realized gain and net change in unrealized depreciation	(3.19)
General Partner allocation	-
Limited Partner unit value, end of year	<u>\$ 43.49</u>

Total return

Total return before General Partner allocation	(6.32) %
General Partner allocation	-
Total return after General Partner allocation	<u>(6.32) %</u>

Ratios to average limited partners' capital ⁽¹⁾

Operating Expenses	0.08 %
General Partner allocation	<u>0.00 %</u>
Total operating expenses and General Partner allocation	<u>0.08 %</u>
Net investment income	<u>0.66 %</u>

⁽¹⁾ Calculated using the average number of units outstanding during the year.

9. Subsequent Events

The Partnership has evaluated subsequent events through the issuance of the Partnership's financial statements on March 26, 2026.

From January 1, 2026 through March 26, 2026, the Partnership received capital contributions of approximately \$3,256,000 of which \$3,106,000 was received in advance and is included in the Statements of Assets, Liabilities and Partner's Capital as of December 31, 2025.

Team Pabrai

MOHNISH PABRAI
Managing Partner

Office Team

KIMBERLY ENGLEMAN, *Chief Compliance Officer and Office Manager*
ANU GUPTA, *Admin Team Lead - Consultant*,
PAULINE JIN, *Administrative Assistant*, **ANURADHA KEDIA**, *Administrative Consultant*,
KARTHIGA SHANMUGHAM, *Administrative Consultant*,
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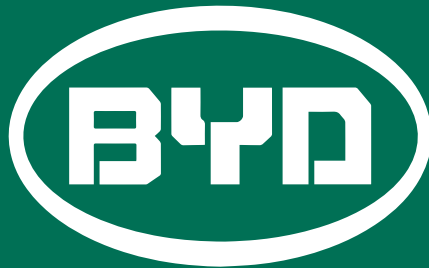
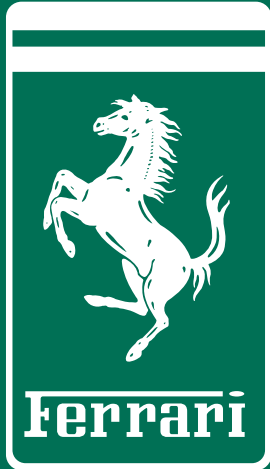
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