PABRAI INVESTMENT FUNDS

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mp@pabraifunds.com

To: All Limited Partners and Investors of the Pabrai Investment Funds

From: Mohnish Pabrai, Managing Partner

Date: January 14, 2026

Re: **Q4 2025 Letter to Partners**

Dear Partners:

For the January 1, 2026 opening, a total of $14.4 million was added to the various funds by new and existing partners. The additions on a per fund basis are:

PIF2: $2.6 million PIF3: $8.5 million PIF4: $3.3 million

December 31, 2025 was our annual redemption date. A total of $52 million was redeemed from the various funds in 2025. In 2025, aggregate subscriptions were about $27.6 million, and redemptions were $52 million.

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 $10 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 closed to new investors and is only open to additions from existing investors.

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 April 1, 2026 opening, please contact me at mp@pabraifunds.com or Kimberly Engleman at ke@pabraifunds.com. The updated performance numbers on all the funds are:

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

	S&P 500	PIF2 (net to investors)
10/1/00-6/30/01	-14.0%	17.4%
7/1/01-6/30/02	-18.0%	35.3%
7/1/02-6/30/03	0.3%	34.2%
7/1/03-6/30/04	19.1%	38.7%
7/1/04-6/30/05	6.3%	23.4%
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	3.9%	-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	24.5%	86.3%
7/1/24-6/30/25	15.1%	-25.2%
1/1/25-12/31/25	17.9%	-12.3%
Annualized	**8.4%**	**11.5%**
Cumulative	**662.3%**	**1475.7%**

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

	S&P 500	PIF3 (net to investors)
2/1/02-12/31/02	-20.4%	-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%	37.8%
1/1/07-12/31/07	5.5%	-7.8%
1/1/08-12/31/08	-37.0%	-60.9%
1/1/09-12/31/09	26.5%	125.0%
1/1/10-12/31/10	15.1%	34.4%
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	11.9%	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%
Annualized	**9.9%**	**11.0%**
Cumulative	**852.6%**	**1120.7%**

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

	S&P 500	PIF4 (net to investors)
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%	30.7%
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	11.9%	6.3%
1/1/17-12/31/17	21.8%	62.4%
1/1/18-12/31/18	-4.4%	-22.8%
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%
Annualized	**11.1%**	**6.8%**
Cumulative	**950.4%**	**334.9%**

General Comments

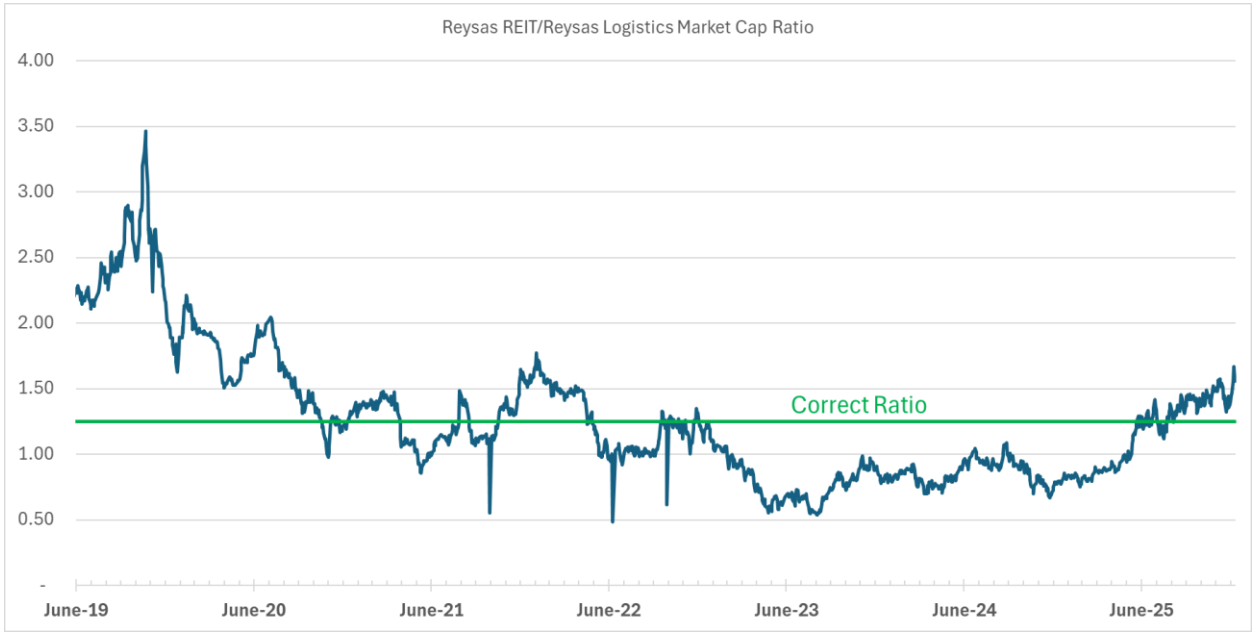
The three funds, PIF2, PIF3 and PIF4, had significant drawdowns of 12%, 20% and 6% respectively, in 2025 versus an 18% rise in the S&P 500. The biggest factor for our sub-par 2025 performance was a 47% drop in Reysas Logistics in 2025. Reysas Logistics is our largest position and, across the three funds, this unrealized loss was approximately $200 million. While the numbers do not currently reflect it, it was actually a very good year for us. More on that later.

Joined at the Hip!

In addition to Reysas Logistics, we have an approximately $80 million position in Reysas REIT, which was flat for the year. Reysas Logistics owns 62% of Reysas REIT and that makes up about 75% of my estimate of the value of Reysas Logistics. The two stocks are joined at the hip and should logically trade in lockstep. Equities markets, especially in Turkiye, are anything but rational, so this divergence has plenty of precedence.

My best estimate of the conservative liquidation value of Reysas REIT as of 12/31/2025 is over $2.5 billion. Its market cap at year-end was about $1 billion. It follows from this that the conservative liquidation value of Reysas Logistics stake in Reysas REIT is $1.55 billion. Reysas Logistics owns several other businesses that in my view have a collective value of around $500 million. Thus, it would make logical sense for Reysas Logistics to trade at about 70-80% of the market capitalization of Reysas REIT.

At the beginning of 2025, Reysas Logistics had a market capitalization of $1.3 billion versus about $1 billion for Reysas REIT – about a 30% higher market cap. And at the end of 2025, it had a market cap of $680 million – about 30% below Reysas REIT. Here is the historic ratio of how these two stocks have traded relative to each other since we first invested in these businesses in 2019.



It was profitable until the first half of last year to sell Reysas Logistics and buy Reysas REIT at. And we did that to the tune of selling 40 million shares of Reysas Logistics in PIF3 and using the proceeds to buy Reysas REIT. We only did this arbitrage in PIF3 where there are no tax implications.

The founders of Reysas have expressed through their body language that they would prefer that we not increase our already large stake in Reysas Logistics. They have no such concerns with our ownership of Reysas REIT. We therefore do these trades in just one direction – whenever it is favorable.

The Good News

Reysas REIT is in the midst of one of the fastest periods of growth since it was founded. They have announced that they expect their leased real estate footprint to double in the next three years. They are also now building some of the largest warehouses they have ever built. These new 1+ million square foot warehouses are several times bigger than almost all of the warehouses that they currently own. Reysas rarely does speculative construction. I believe virtually all these warehouses will have signed leases before construction begins. I estimate that the liquidation value of Reysas REIT may exceed $5 billion by 2029. Reysas Logistics may have a liquidation value of $3.5 to $4 billion by then.

The PIFs own 30% of Reysas Logistics and 8% of Reysas REIT. In my view, the 2029 liquidation value of these holdings may be around $1.5 billion, versus a market value of $280 million at the end of 2025.

Additionally, given the capital allocation prowess at Reysas, I believe its intrinsic value is meaningfully higher than liquidation value and, at some point, the market may value it at its intrinsic value. Finally, Turkiye is aggressively attacking its inflation problem with considerable success. Turkiye ended 2025 with inflation running at around 20% versus over 100% a few years back. They hope to be at mid-single digit annual inflation in 2-3 years. By 2029, the Turkish economy could be firing on all cylinders, and the market value of Reysas' portfolio may be considerably higher.

The bottom line is that we don't have any great crystal ball here. We think we own a good business that is deeply undervalued. The company is a proven compounder, and in my view intrinsic value is likely to be meaningfully higher in the years ahead. And the stock may trade closer to its intrinsic value in the years ahead. My plan is to do nothing with our position and cheer the father and son founders of Reysas on from the sidelines.

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 $50 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. No fees were earned in Q4 2025.

I have an approximately $4.5 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.

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.

Online Portal for Investment Statements

Your 12/31 investor statements for each Fund have been uploaded to your investor portal. If you have trouble accessing your investor portal or need to reset your password, please contact Kimberly Engleman at ke@pabraifunds.com for assistance.

Final K-1's (for US Investors)

For PIF2 and PIF4 investors, we expect your final K-1s to be uploaded to your portal in March 2026 by Liccar.

Firm Brochure, Brochure Supplement, and Privacy Notice:

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

Suggestion Box

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

2026 Annual Meeting

There will be two annual meetings held sequentially in 2026: an in-person meeting in Austin, Texas and a virtual meeting. These meetings will cover Pabrai Funds, Dhandho Holdings and Dhandho Funds.

The **In-Person Austin** meeting is scheduled to be held on **Saturday, April 11th, 2026** at 4:00 PM Central Time at:

St. Edwards University
John Brooks Williams Science Center South
3001 South Congress, Austin, Texas 78704-6489 Tel: +1 512-448-8400

St. Edwards has a beautiful campus lined with 100-year-old Texas live oak trees and is only 10 minutes from downtown Austin. It is also a 10-minute drive from Austin-Bergstrom International Airport (AUS).

There are many hotels and Airbnbs in downtown Austin, and cheaper options 10-15 miles out.

Agenda for the Austin meeting:

4:00 – 4:30 PM: Meet and Greet
4:30 – 6:30 PM: Presentation and Q&A
6:30 – 7:15 PM: Cocktail Hour

The **Virtual** meeting is scheduled to be held via video conference on **Saturday, April 18, 2026,** at 1:00 PM Central Time. Confirmed guests will receive instructions via email on how to attend the virtual meeting.

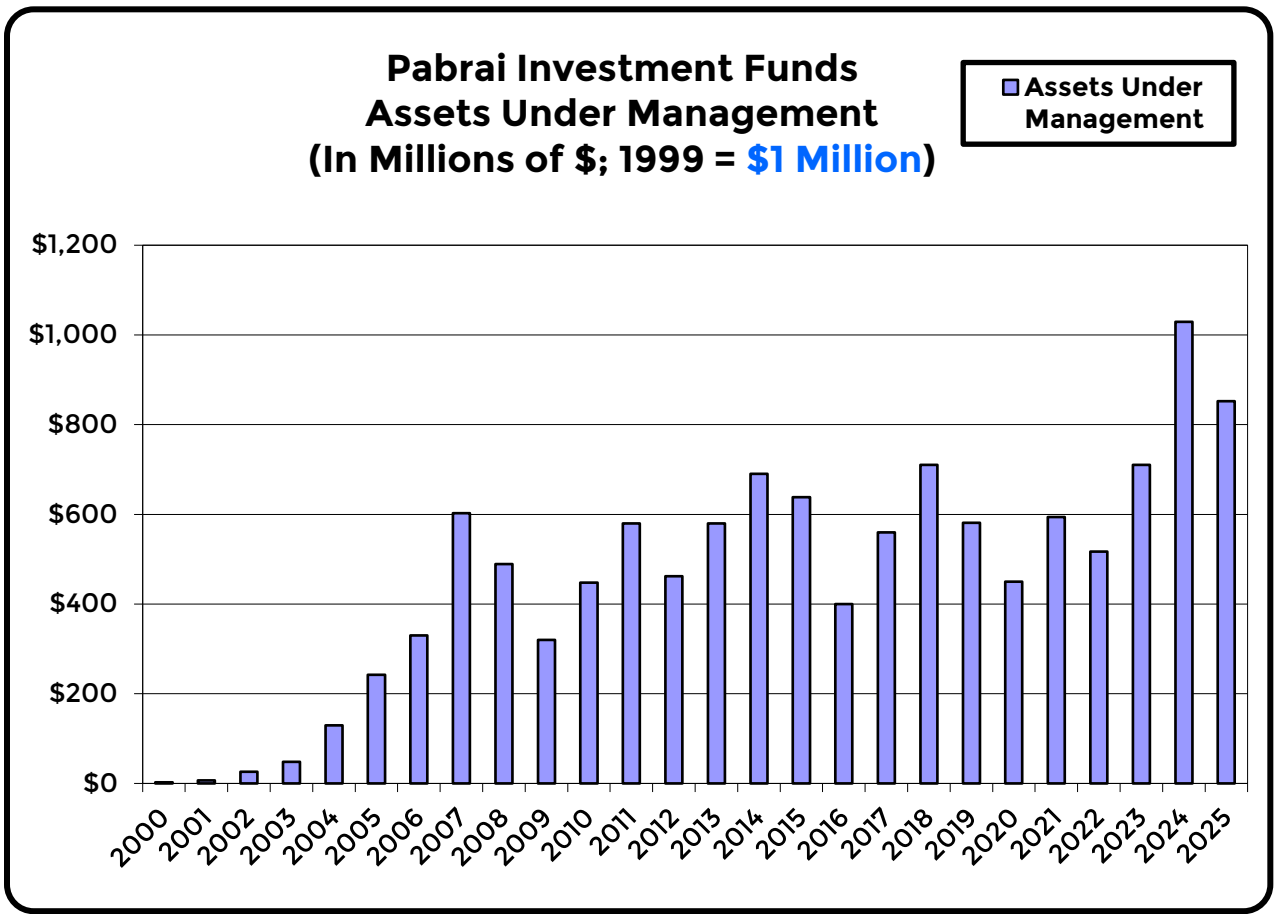
Agenda for the virtual meeting:

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

The invites will go out electronically via email in January. Look for it in your inbox! If you don't receive it, please contact invite@pabraifunds.com. Your significant other and young kids are welcome to attend. As we are a Registered Investment Advisor, the SEC requires that all guests must be "accredited investors," which includes your adult kids (22 years or older). The invitation is non-transferable. I look forward to seeing you in April.

Assets Under Management

There is $852 million in assets across all three funds as of December 31, 2025.



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

Warm regards,



Mohnish Pabrai

Note: The assets under management in the above graph are as of June 30 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

PIF2's Performance History (Net to Investors)

No. of Units	Date	PIF2 NAV
110,000	10/01/2000	$10.00
330,014	06/30/2001	$11.74
1,027,795	06/30/2002	$15.89
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
1,840,690	12/31/2023	$130.96
1,861,689	03/31/2024	$135.13
1,868,719	06/30/2024	$177.96
1,901,452	09/30/2024	$153.03
1,926,412	12/31/2024	$179.67
1,935,651	03/31/2025	$136.27
1,937,853	06/30/2025	$133.14
1,941,232	09/30/2025	$136.91
1,900,958	12/31/2025	$157.57

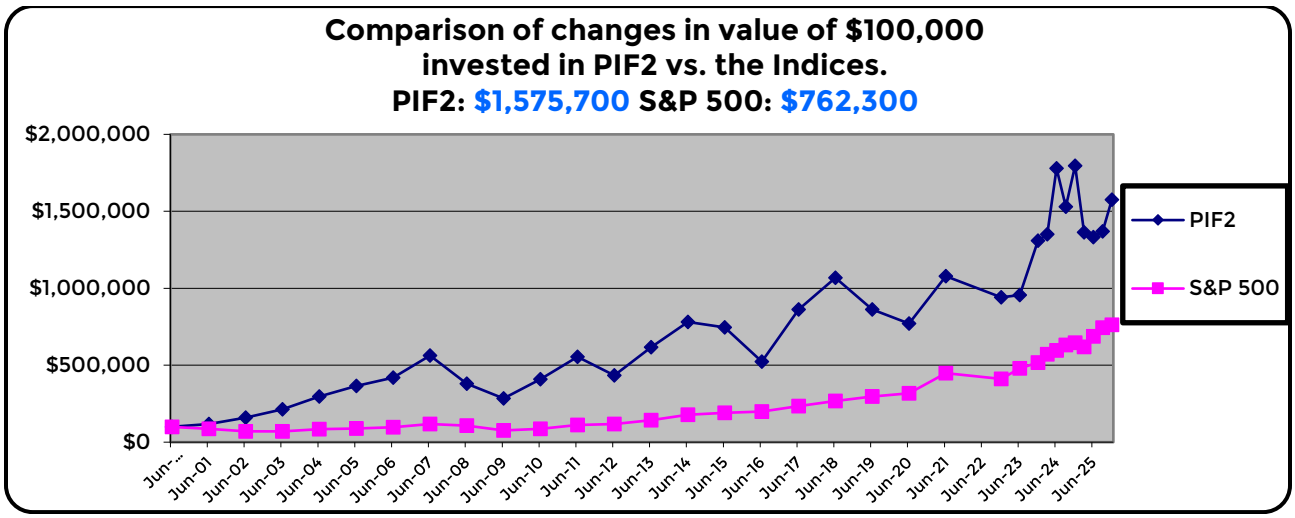
PIF3's Performance History (Net to Investors)

No. of Units	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	$21.32
2,876,646	12/31/2006	$29.37
6,336,472	12/31/2007	$27.09
5,405,734	12/31/2008	$10.57
5,038,652	12/31/2009	$23.79
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
2,733,774	03/31/2024	$98.12
2,800,444	06/30/2024	$138.09
2,828,995	09/30/2024	$117.58
2,686,957	12/31/2024	$152.63
2,736,103	03/31/2025	$113.96
2,792,703	06/30/2025	$106.26
2,799,351	09/30/2025	$107.48
2,663,398	12/31/2025	$122.07

PIF4's Performance History (Net to Investors)

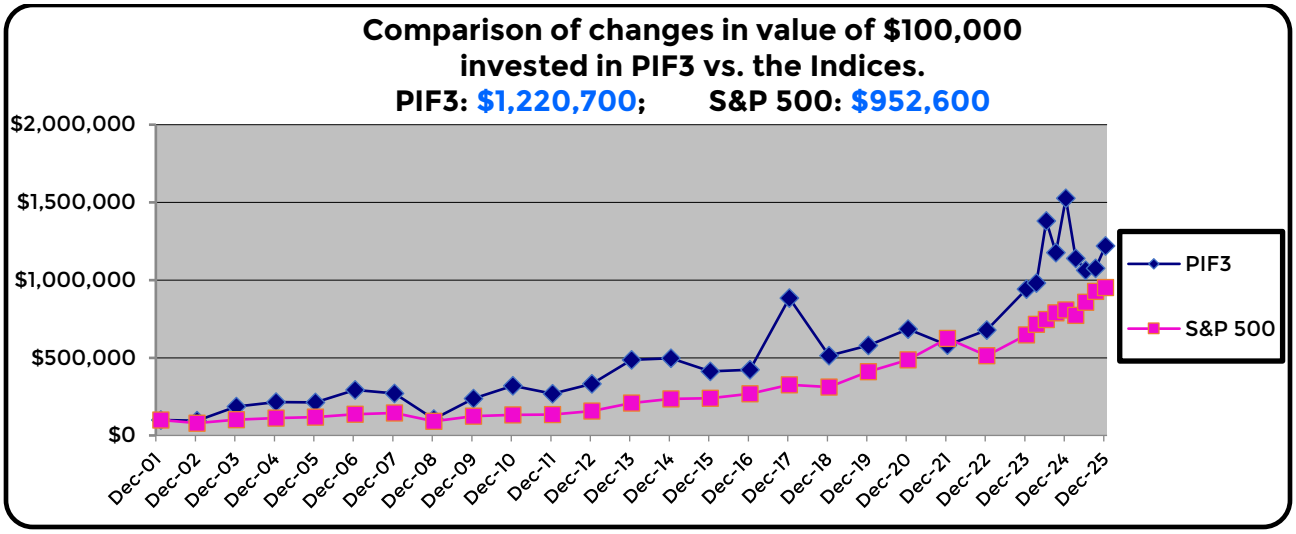
No. of Units	Date	PIF4 NAV
595,030	10/01/2003	$10.00
1,219,330	12/31/2003	$10.84
5,627,712	12/31/2004	$12.40
9,055,843	12/31/2005	$13.01
10,833,516	12/31/2006	$17.23
15,891,190	12/31/2007	$16.64
15,688,228	12/31/2008	$6.66
14,864,752	12/31/2009	$14.57
15,246,424	12/31/2010	$19.05
14,493,713	12/31/2011	$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
5,386,505	03/31/2024	$39.47
5,793,964	06/30/2024	$47.52
5,852,687	09/30/2024	$46.79
5,646,298	12/31/2024	$46.42
5,708,043	03/31/2025	$35.12
5,751,543	06/30/2025	$35.24
5,763,724	09/30/2025	$36.89
5,238,853	12/31/2025	$43.49

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



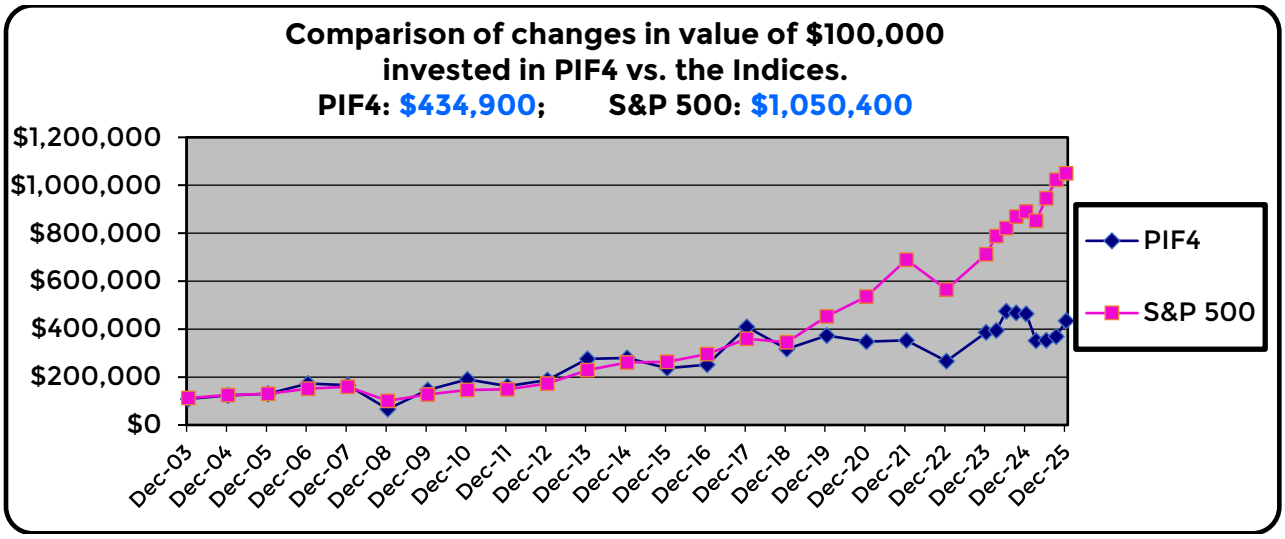
PIF2 Investors:
A $100,000 investment in PIFI at inception on July 1, 1999 and rolled over into PIF2 on 12/31/02 ($197,900) was worth $2,207,500 as of December 31, 2025 (net to investors). This equates to an annualized return of 12.4% since inception – after all fees and expenses. An investment of $100,000 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.

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



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.

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



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.

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.