PABRAI INVESTMENT FUNDS

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

From: Mohnish Pabrai, Managing Partner

Date: April 12, 2017

Re: **Q1 2017 Results et. al.**

Dear Partners:

For the quarter ended March 31, 2017, a total of $13.4 million was added to the various funds by new and existing partners. The additions on a per fund basis are:

PIF2: $6.2 million PIF3: $4.8 million PIF4: $2.4 million

As I had stated earlier, Pabrai Funds is now closed to new funds and investors. After reviewing our assets under management, cash position and available places to put the same to work, I believe it is in the best interest of all investors to stop accepting inflows at this time.

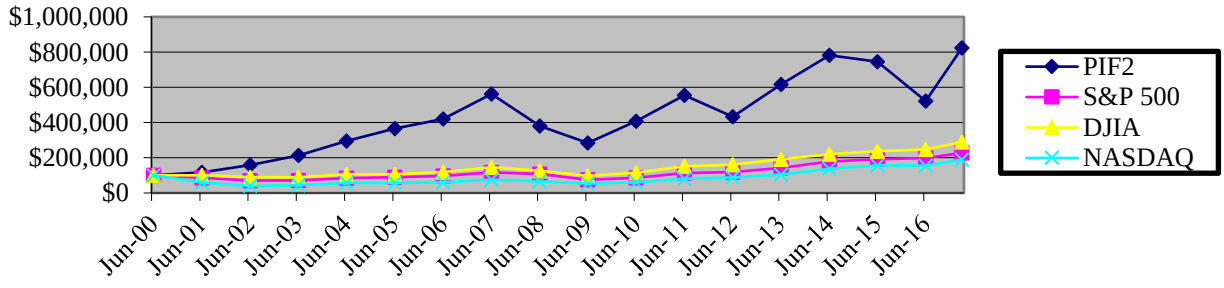
The only exception to the funds being closed is that the general partner (yours truly) can continue to re-invest incentive fees into the funds. Also, the employee retirement plan for my staff and myself can continue to invest in the funds along with any IRA contributions Harina or I make in the future. I'll also allow my kids to join Pabrai Funds as LPs if they choose to do so. These exceptions only align my interests more strongly with yours. Further, resulting inflows are expected to be immaterial – especially considering that incentive fees are simply a re-allocation of existing assets.

The updated performance numbers on all the funds are:

THE PABRAI INVESTMENT FUND II (US Accredited Investors) Performance Summary:

	DJIA	NASDAQ	S&P 500	PIF2 (net to investors)
10/1/00-6/30/01	-0.2%	-41.0%	-14.0%	+17.4%
7/1/01-6/30/02	-10.3%	-32.7%	-18.0%	+35.3%
7/1/02-6/30/03	-0.5%	+11.4%	+0.3%	+34.2%
7/1/03-6/30/04	+18.6%	+26.8%	+19.1%	+38.7%
7/1/04-6/30/05	+0.7%	+1.1%	+6.3%	+23.4%
7/1/05-6/30/06	+11.1%	+6.5%	+8.6%	+15.0%
7/1/06-6/30/07	+23.0%	+20.7%	+20.6%	+34.0%
7/1/07-6/30/08	-13.3%	-11.2%	-13.1%	-32.4%
7/1/08-6/30/09	-23.0%	-19.1%	-26.2%	-25.2%
7/1/09-6/30/10	+18.9%	+16.0%	+14.4%	+43.6%
7/1/10-6/30/11	+30.4%	+32.9%	+30.7%	+35.8%
7/1/11-6/30/12	+5.2%	+5.4%	+3.9%	-21.8%
7/1/12-6/30/13	+18.9%	+17.8%	+20.6%	+42.2%
7/1/13-6/30/14	+15.5%	+31.2%	+24.6%	+26.7%
7/1/14-6/30/15	+7.2%	+14.6%	+7.4%	-4.5%
7/1/15-6/30/16	+4.5%	-1.6%	+4.0%	-30.0%
7/1/16-3/31/17	+17.5%	+23.2%	+14.3%	+57.5%
1/1/17-3/31/17	+5.2%	+10.1%	+6.1%	+23.1%
Annualized	+6.7%	+4.0%	+5.1%	+13.6%
Cumulative	+190.0%	+90.0%	+127.4%	+723.0%

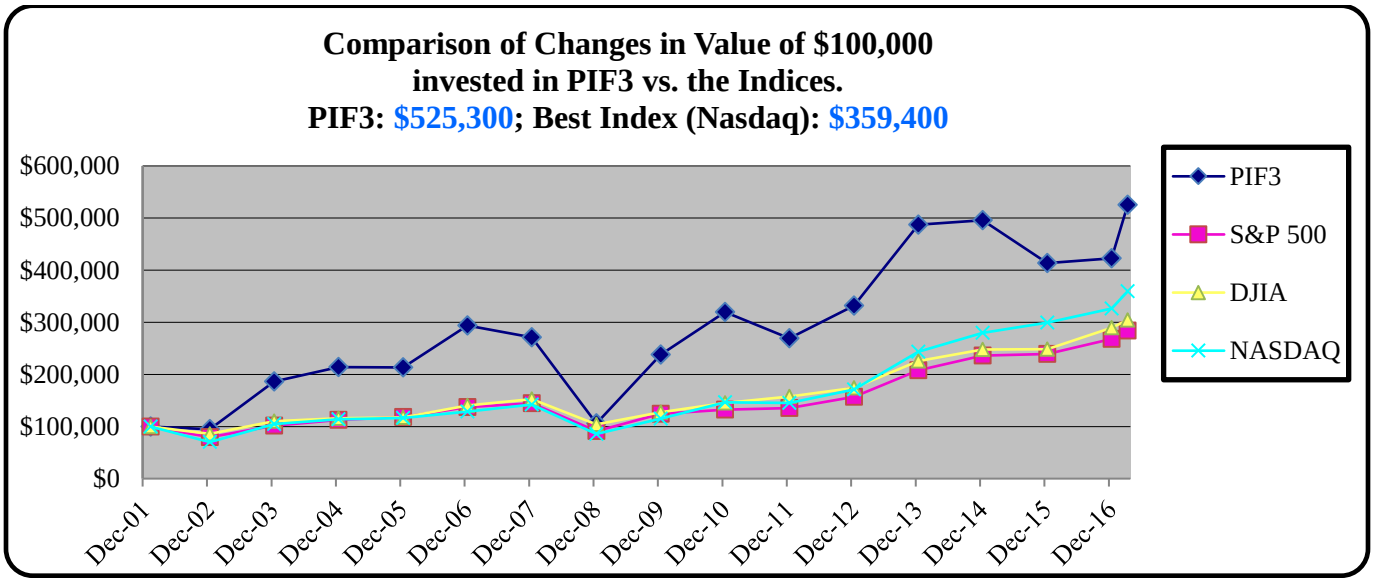
Comparison of changes in value of $100,000 invested in PIF2 vs. the Indices.
PIF2: $823,000 Best Index (Dow): $290,000



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 $1,153,000 as of March 31, 2017 (net to investors). This equates to an annualized return of 14.8% since inception – after all management fees and expenses. The best index over the same period was the Dow and an investment of $100,000 in the DJIA on July 1, 1999 was worth $287,100 on March 31, 2017 – an annualized gain of 6.1%. The Dow 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 (Offshore/IRA Investors) Performance Summary:

	DJIA	NASDAQ	S&P 500	PIF3 (net to investors)
2/1/02-12/31/02	-14.1%	-29.9%	-20.4%	-5.2%
1/1/03-12/31/03	+28.3%	+50.8%	+28.7%	+96.5%
1/1/04-12/31/04	+5.3%	+9.2%	+10.9%	+14.7%
1/1/05-12/31/05	+1.7%	+2.1%	+4.9%	-0.2%
1/1/06-12/31/06	+19.0%	+10.4%	+15.8%	+37.8%
1/1/07-12/31/07	+8.9%	+10.7%	+5.5%	-7.8%
1/1/08-12/31/08	-31.9%	-39.9%	-37.0%	-60.9%
1/1/09-12/31/09	+22.7%	+45.4%	+26.5%	+125.0%
1/1/10-12/31/10	+14.1%	+18.2%	+15.1%	+34.4%
1/1/11-12/31/11	+8.4%	-0.8%	+2.1%	-15.7%
1/1/12-12/31/12	+10.2%	+17.7%	+16.0%	+23.4%
1/1/13-12/31/13	+29.6%	+40.2%	+32.4%	+46.6%
1/1/14-12/31/14	+10.0%	+14.8%	+13.7%	+1.9%
1/1/15-12/31/15	+0.2%	+7.1%	+1.4%	-16.7%
1/1/16-12/31/16	+16.5%	+8.9%	+11.9%	+2.3%
1/1/17-3/31/17	+5.2%	+10.1%	+6.1%	+24.3%
Annualized	+7.6%	+8.8%	+7.1%	+11.6%
Cumulative	+204.4%	+259.4%	+184.1%	+425.3%

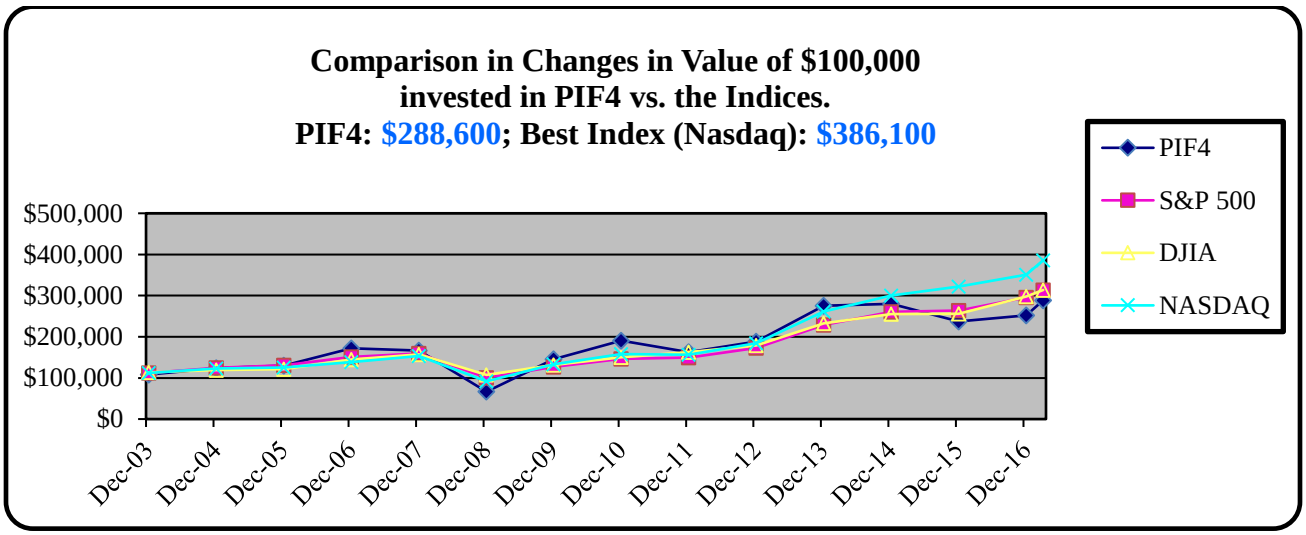


PIF3 Investors:

A $100,000 investment in PIF3 at inception on February 1, 2002 was worth $525,300 as of March 31, 2017 (net to investors). This equates to an annualized return of 11.6% since inception. The best index over the same period was the Nasdaq and an investment of $100,000 in the Nasdaq on February 1, 2002 was worth $359,400 on March 31, 2017 – an annualized gain of 8.8%. The Nasdaq 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 (US Qualified Investors) Performance Summary:

	DJIA	NASDAQ	S&P 500	PIF4 (net to investors)
10/1/03-12/31/03	**+13.4%**	**+12.3%**	**+12.2%**	**+8.4%**
1/1/04-12/31/04	**+5.3%**	**+9.2%**	**+10.9%**	**+14.4%**
1/1/05-12/31/05	**+1.7%**	**+2.1%**	**+4.9%**	**+4.9%**
1/1/06-12/31/06	**+19.0%**	**+10.4%**	**+15.8%**	**+32.4%**
1/1/07-12/31/07	**+8.9%**	**+10.7%**	**+5.5%**	**-3.4%**
1/1/08-12/31/08	**-31.9%**	**-39.9%**	**-37.0%**	**-60.0%**
1/1/09-12/31/09	**+22.7%**	**+45.4%**	**+26.5%**	**+118.8%**
1/1/10-12/31/10	**+14.1%**	**+18.2%**	**+15.1%**	**+30.7%**
1/1/11-12/31/11	**+8.4%**	**-0.8%**	**+2.1%**	**-14.8%**
1/1/12-12/31/12	**+10.2%**	**+17.7%**	**+16.0%**	**+16.1%**
1/1/13-12/31/13	**+29.6%**	**+40.2%**	**+32.4%**	**+46.0%**
1/1/14-12/31/14	**+10.0%**	**+14.8%**	**+13.7%**	**+1.8%**
1/1/15-12/31/15	**+0.2%**	**+7.1%**	**+1.4%**	**-15.4%**
1/1/16-12/31/16	**+16.5%**	**+8.9%**	**+11.9%**	**+6.3%**
1/1/17-3/31/17	**+5.2%**	**+10.1%**	**+6.1%**	**+14.5%**
Annualized	**+8.8%**	**+10.5%**	**+8.8%**	**+8.2%**
Cumulative	**+213.7%**	**+286.1%**	**+213.3%**	**+188.6%**



PIF4 Investors:
A $100,000 investment in PIF4 at inception on October 1, 2003 was worth $288,600 as of March 31, 2017 (net to investors). This equates to an annualized gain of 8.2% since inception. The best index over the same period was the Nasdaq and an investment of $100,000 in the Nasdaq on October 1, 2003 was worth $386,100 on March 31, 2017 – an annualized gain of 10.5%. The Nasdaq 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.

General Comments

The funds are on a tear. Since the beginning of the year, PIF2 and PIF3 are up nearly 25%. Over the last nine months all three funds are up between 49% and 62% versus a 14% gain in the S&P 500 over the same period. The portfolio remains deeply undervalued. I remain bullish on our prospects over the long haul.

While I am a bottoms-up stock picker, it is interesting to note that Pabrai Funds is at an all-time high in holding non-US domiciled assets. About 65% of our total assets under management are invested in non-US businesses. I am including Fiat Chrysler in that list even though it generates much of its cash flow in the US, because its official headquarters is in Europe. We also have the highest exposure we've ever had to companies based in India (over $100 million or over 18% of the pie). I love what we own in India. We'll make a lot of hay from our Indian holdings in the years ahead.

In the last 12 months, I have made just one investment in the US (Southwest Airlines). I don't find the US markets overvalued, but they aren't obviously undervalued either. The pickings in the US have been very slim. Lately we've just been buying a few thinly traded names in South Korea and India.

Performance Differences between the Funds

I get asked frequently why the funds have such different performance. Actually, the performance of all three funds is quite similar. This is in spite of widely variant cash inflows and outflows.

Here is data for all three funds from 1/1/2004 to present to permit a true apple to apples comparison.

NAV HISTORY (Net Asset Value)

					PIF2 10/1/00	PIF3 2/1/02	PIF4 10/1/03
Year	Date	PIF2	PIF3	PIF4	Annual Change	Annual Change	Annual Change
2003	12/31/03	$28.86	$18.63	$10.84			
2004	12/31/04	$34.27	$21.37	$12.40	18.7%	14.7%	14.4%
2005	12/31/05	$37.27	$21.32	$13.01	8.8%	-0.2%	4.9%
2006	12/31/06	$47.09	$29.37	$17.23	26.3%	37.8%	32.4%
2007	12/31/07	$46.52	$27.09	$16.64	-1.2%	-7.8%	-3.4%
2008	12/31/08	$19.01	$10.57	$6.66	-59.1%	-60.9%	-60.0%
2009	12/31/09	$42.29	$23.79	$14.57	122.5%	125.0%	118.8%
2010	12/31/10	$55.12	$31.95	$19.05	30.3%	34.4%	30.7%
2011	12/31/11	$43.01	$26.92	$16.24	-22.0%	-15.7%	-14.8%
2012	12/31/12	$51.84	$33.21	$18.85	20.5%	23.4%	16.1%
2013	12/31/13	$77.75	$48.70	$27.53	50.0%	46.6%	46.0%
2014	12/31/14	$78.41	$49.61	$28.03	0.9%	1.9%	1.8%
2015	12/31/15	$63.52	$41.33	$23.71	-19.0%	-16.7%	-15.4%
2016	12/31/16	$66.86	$42.27	$25.21	5.3%	2.3%	6.3%
2017	3/31/17	$82.30	$52.53	$28.86	23.1%	24.3%	14.5%
Cumulative change 12/31/2003 to 3/31/2017					185.2%	182.0%	166.3%

Alignment of Interests

My immediate family has a stake of 230,592 units of PIF2, 8,417 units of PIF3, 945,138 units of PIF4, and about 33,000 units of PIF4 in a retirement account. In addition, the administrative team at Pabrai Funds owns about 1,300 units of PIF4 and about 5,900 units of PIF3 in various retirement accounts. The aggregate stake in Pabrai Funds of the Pabrai family and staff at Pabrai Funds is worth approximately $48 million.

Pabrai Funds charges no management fee, just performance fees – which are ¼ 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 my being the largest investor in the funds. No performance fees were earned by the funds in Q1 2017.

My family and I have an $8 million investment in Dhandho Holdings, and have invested approximately $520,000 in the newly launched Dhandho Junoon ETF. Besides this, we have no other meaningful interests in any other mutual funds, hedge funds or private equity funds. Our interests are completely aligned.

Chai with Pabrai Blog and Twitter

My blog can be accessed here: http://www.chaiwithpabrai.com. And you can follow me on Twitter here: https://twitter.com/MohnishPabrai. I've finally joined the 21st century!

Annual Report – Will be out in May 2017

Our modus operandi is now to provide expansive commentary in the annual reports and the annual meetings. The quarterly letter will continue to provide updated performance numbers and announcements, but minimal commentary. The annual report is slated to be published in May, 2017.

Final K-1's (for US Investors)

For PIF2 and PIF4 investors, your final K-1s were emailed to you (password protected) in early March. If you (or your accountant) are still waiting for the K-1, please nudge Nickii or Karen at nickii_karen@pabraifunds.com and they will get it to you immediately.

2017 Annual Meetings – Save the Date

There will be two annual meetings held sequentially in Orange County, California & Chicago. These meetings will cover Pabrai Funds, Dhandho Holdings and Dhandho Funds.

Prior to the California meeting on September 9, 2017, we will have the 4th Annual Gran Fondo Dhandho Bike Ride. It's a scenic ride around the Newport Estuary with views of the Pacific Ocean in Newport Beach, California. Biking can be a dangerous activity; we only want folks who are decent bikers on the ride. The ride begins at Starbucks in Newport Beach at 8:15 AM, and ends there around 10:30 AM. For folks that just wanna chill, you can come to the Starbucks at 10:30 AM and hang out with us bikers. Here is a link to the Starbucks location:

http://www.starbucks.com/store/18175/us/jamboree-bristol/3601-jamboree-road-newport-beach-ca-926602961

Several out-of-towners have rented bikes from ARB Cyclery over the years. Here is a link to their website: http://www.arbcyclery.com/. They have a great selection of bikes and will deliver and pick up the bikes from your hotel. Bikers are best off staying at the Newport Beach Marriott Bayview, as it is less than 0.5 miles from our Starbucks rendezvous point. Here is a link to the hotel's website: http://www.marriott.com/hotels/travel/npbst-newport-beach-marriott-bayview/.

I hope you'll join me on Saturday morning to experience some of the magic of Southern California.

The **California** meeting is scheduled to be on **Saturday, September 9th, 2017** at 4:00 PM at:

Soka University
Performing Arts Center
1 University Drive, Aliso Viejo, California 92656 Tel. +1949.480.4000

Soka University has a spectacular campus nestled in the scenic hills of Aliso Viejo. It is a 20-minute drive from Orange County Airport (SNA), and about an hour drive from LAX.

There is a fantastic Marriott Club Sport hotel about 3 miles from Soka University:

Marriott Renaissance ClubSport
50 Enterprise
Aliso Viejo, CA 92656
Reservations: 800-468-3571
Phone: 949-643-6700

There are many hotels in the area. Here is a link to other hotels near Soka University:

http://tinyurl.com/8dmevvu

The **Chicago** meeting is thus scheduled to be on **Saturday, September 16th, 2017** at 4:00 PM at**:**

Carlucci's Restaurant
(The Auditorium)
6111 North River Road, Rosemont, Illinois 60018 Tel. +1847.518.0990

Carlucci's is a five minute taxi ride away from O'Hare airport. The Marriott Suites O'Hare and The Westin O'Hare are both next to the restaurant. In addition, there are a plethora of hotels in the vicinity. Good deals on O'Hare hotels are usually available on the major travel-related websites.

Agenda:

4:00 – 4:30 PM:	Meet and Greet
4:30 – 6:30 PM:	Presentation and Q&A
6:30 – 7:15 PM:	Cocktail Hour
7:15 PM:	Dinner (Chicago only)

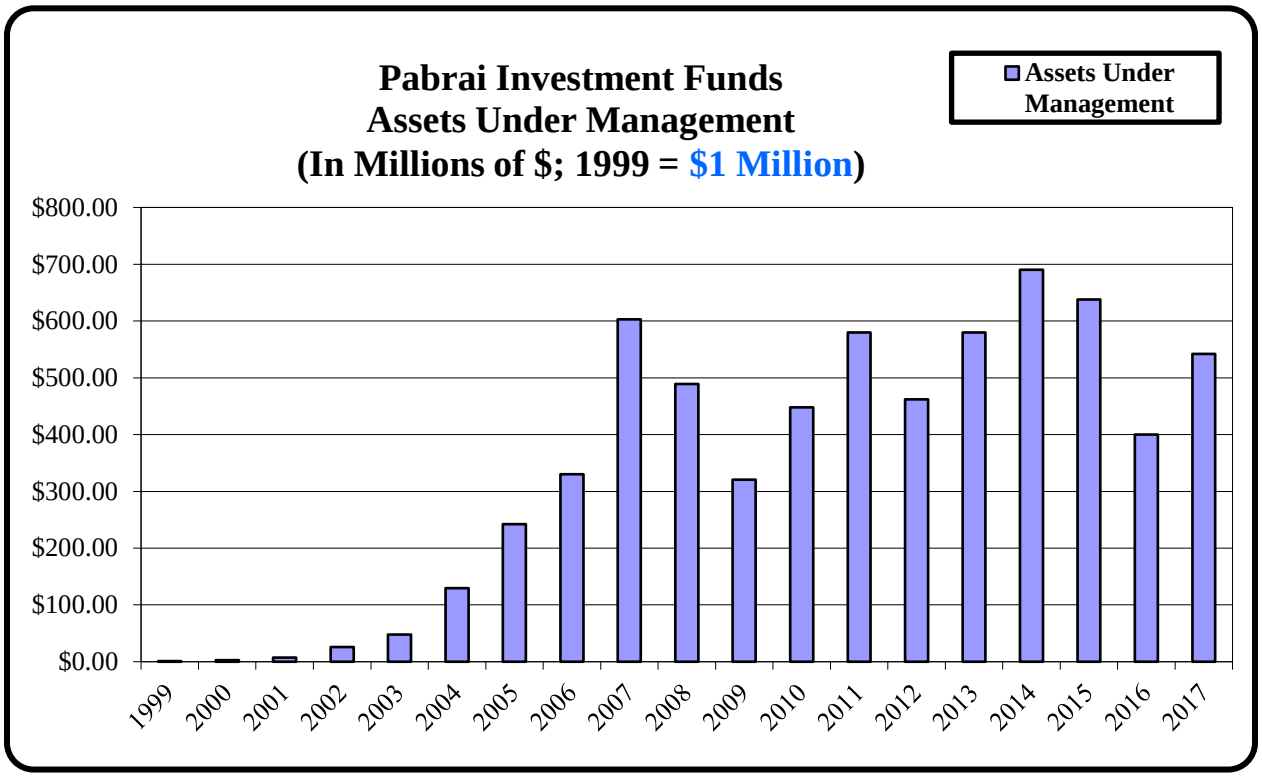
In lieu of dinner in California, we'll have an extended cocktail hour with expanded appetizers (multiple food stations), and lots of tables to sit and chat.

The invites will go out electronically via email in July 2017. Look for it in your inbox! Your significant other and kids of all ages are welcome to attend. As we are now a Registered Investment Advisor, the SEC requires that all guests (excluding family members) must be "accredited investors." The invitation is non-transferable.

I look forward to seeing you in September.

Assets Under Management

There is $535 million in assets under management between all the funds as of April 1, 2017.



Thanks for your continued interest, referrals and support. Feel free to call me at +1949.453.0609 or email me at mp@pabraifunds.com with any queries or comments.

Warm regards,



Mohnish Pabrai

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

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
2,696,687	06/30/2005	$36.52
2,646,687	06/30/2006	$41.99
3,013,111	06/30/2007	$56.25
2,934,990	06/30/2008	$38.01
2,468,091	06/30/2009	$28.45
2,409,165	06/30/2010	$40.84
2,257,421	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
1,744,571	09/30/2016	$60.03
1,699,291	12/31/2016	$66.86
1,774,805	03/31/2017	$82.30

PIF3's Performance History (Net to Investors)

No. of Units	Date	PIF3 NAV
65,100	02/01/2002	$10.00
265,919	12/31/2002	$9.48
485,041	12/31/2003	$18.63
1,774,753	12/31/2004	$21.37
2,478,793	12/31/2005	$21.32
2,930,608	12/31/2006	$29.37
6,438,615	12/31/2007	$27.09
5,415,189	12/31/2008	$10.57
5,038,658	12/31/2009	$23.79
4,885,267	12/31/2010	$31.95
4,701,613	12/31/2011	$26.92
4,318,818	12/31/2012	$33.21
4,384,591	12/31/2013	$48.70
4,290,222	12/31/2014	$49.61
3,805,336	12/31/2015	$41.33
2,433,652	12/31/2016	$42.27
2,482,221	01/31/2017	$46.96
2,483,054	02/28/2017	$49.79
2,530,238	03/31/2017	$52.53

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
9,314,803	12/31/2005	$13.01
11,528,331	12/31/2006	$17.23
16,899,746	12/31/2007	$16.64
15,737,042	12/31/2008	$ 6.66
15,725,066	12/31/2009	$14.57
15,251,129	12/31/2010	$19.05
14,493,713	12/31/2011	$16.24
12,398,564	12/31/2012	$18.85
11,560,683	12/31/2013	$27.53
10,642,015	12/31/2014	$28.03
9,531,764	12/31/2015	$23.71
8,792,042	12/31/2016	$25.21
8,875,194	03/31/2017	$28.86

Past performance is not indicative of future results. Returns are presented net of all fees and expenses, include the reinvestment of income and are calculated using a simple rate of return. The securities discussed do not represent all securities recommended for the Funds. It is also not a recommendation to buy or sell and one should not presume they will be profitable.

Please be aware that our past newsletters may discuss specific securities that have performed well without necessarily addressing those that have underperformed within our Fund(s). Readers should not infer that all investment decisions within the Funds were profitable.