PABRAI INVESTMENT FUNDS

1220 Roosevelt, Suite 200
Irvine, CA 92620-3675
USA

Tel. +1949.453.0609
mp@pabraifunds.com
www.pabraifunds.com

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

From: Mohnish Pabrai, Managing Partner

Date: October 9, 2015

Re: **Q3 2015 Results**

Dear Partners:

For the quarter ended September 30, 2015, $50,000 was added to PIF3 by existing partners.

As a reminder, PIF2 and PIF4 are closed to new investors (or additions from existing investors), and only PIF3 is open to new money from existing or new investors. PIF3 is our offshore fund for Accredited Investors and Institutions based outside the United States. To invest in PIF3, one needs to be a non-US accredited offshore investor, private foundation, endowment, or IRA.

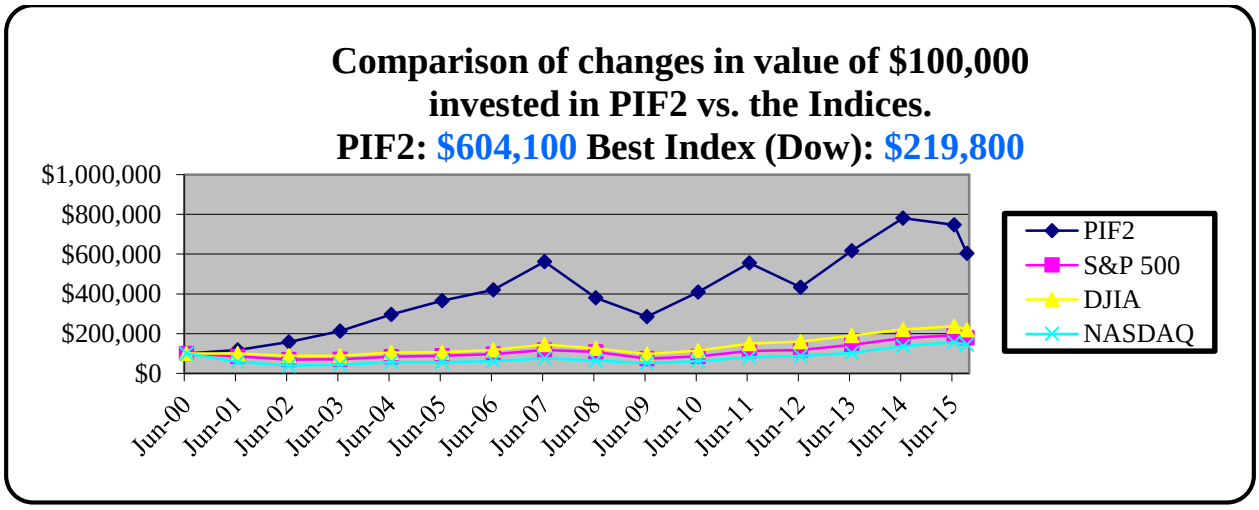
The minimum investment to join as a new partner is $2.5 million for individuals and $10 million for IRAs/Foundations/Endowments. For current investors, the minimum addition to their current investment is $25,000. The next opening is on November 1, 2015. If you are interested or would like more information, please contact Julie Teltscher or me at jteltscher@pabraifunds.com and mp@pabraifunds.com, respectively.

Please note that various indices in this letter are included 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.

The updated performance numbers on all the funds are:

PABRAI INVESTMENT FUND 2 (US Accredited Investors) Performance Summary:

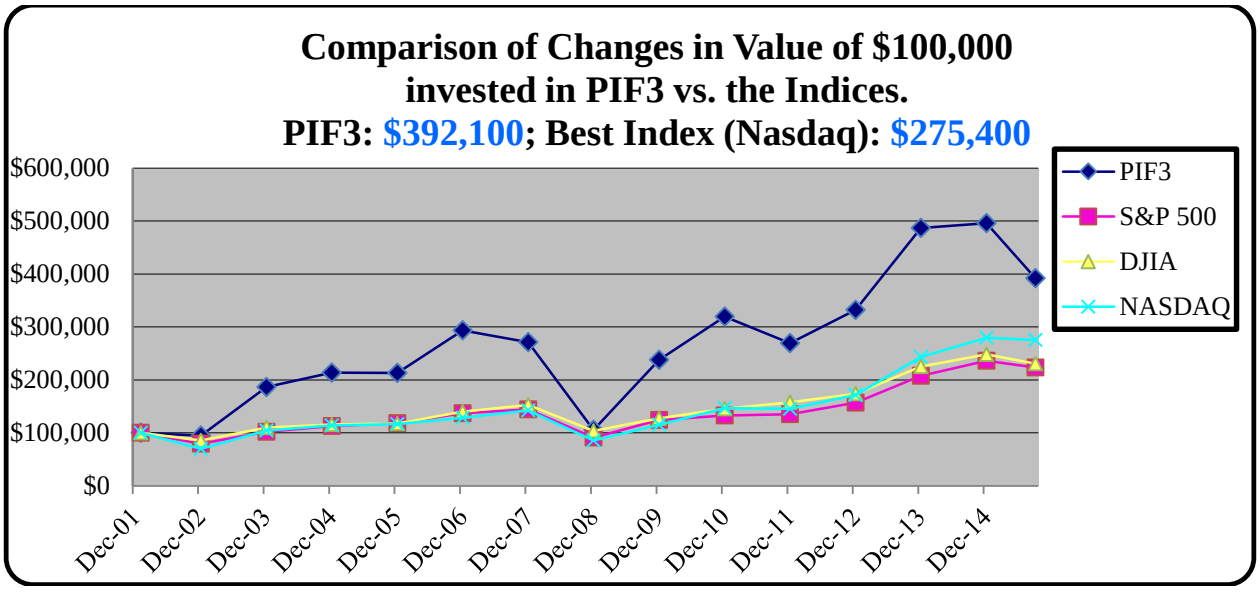
	DJIA	NASDAQ	S&P 500	PIF2 (net to investors)
10/1/00-6/30/01	-0.2%	-41.0%	-14.0%	+17.4%
7/1/01-6/30/02	-10.3%	-32.7%	-18.0%	+35.3%
7/1/02-6/30/03	-0.5%	+11.4%	+0.3%	+34.2%
7/1/03-6/30/04	+18.6%	+26.8%	+19.1%	+38.7%
7/1/04-6/30/05	+0.7%	+1.1%	+6.3%	+23.4%
7/1/05-6/30/06	+11.1%	+6.5%	+8.6%	+15.0%
7/1/06-6/30/07	+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%
7/1/15-9/30/15	-7.0%	-7.0%	-6.4%	-19.1%
1/1/15-9/30/15	-6.9%	-1.5%	-5.3%	-23.0%
Annualized	+5.4%	+2.5%	+4.0%	+12.7%
Cumulative	+119.8%	+45.6%	+79.0%	+504.1%



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 $846,500 as of September 30, 2015 (net to investors). This equates to an annualized return of 14.0% 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 $217,600 on September 30, 2015 – an annualized gain of 4.9%. 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:

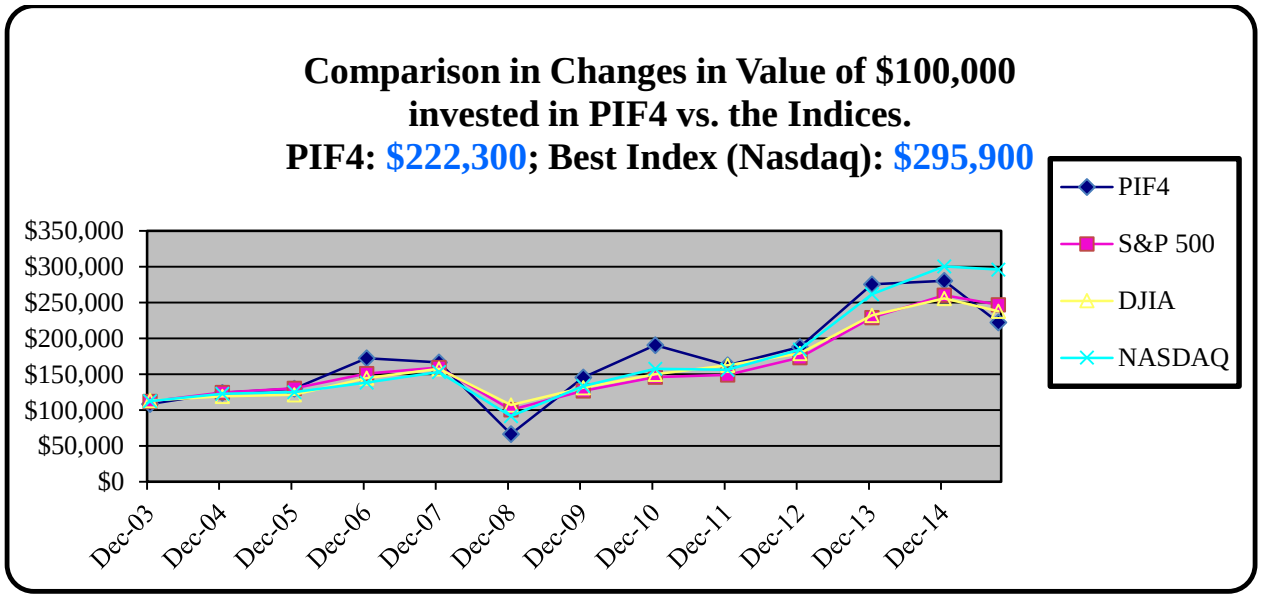
	DJIA	NASDAQ	S&P 500	PIF3 (net to investors)
2/1/02-12/31/02	-14.1%	-29.9%	-20.4%	-5.2%
1/1/03-12/31/03	+28.3%	+50.8%	+28.7%	+96.5%
1/1/04-12/31/04	+5.3%	+9.2%	+10.9%	+14.7%
1/1/05-12/31/05	+1.7%	+2.1%	+4.9%	-0.2%
1/1/06-12/31/06	+19.0%	+10.4%	+15.8%	+37.8%
1/1/07-12/31/07	+8.9%	+10.7%	+5.5%	-7.8%
1/1/08-12/31/08	-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%
1/1/15-9/30/15	-6.9%	-1.5%	-5.3%	-21.0%
Annualized	+6.3%	+7.7%	+6.1%	+10.5%
Cumulative	+130.7%	+175.4%	+123.6%	+292.1%



PIF3 Investors:
A $100,000 investment in PIF3 at inception on February 1, 2002 was worth $392,100 as of September 30, 2015 (net to investors). This equates to an annualized return of 10.5% 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 $275,400 on September 30, 2015 – an annualized gain of 7.7%. 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.

PABRAI INVESTMENT FUND 4 (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%
1/1/15-9/30/15	-6.9%	-1.5%	-5.3%	-20.7%
Annualized	+7.5%	+9.5%	+7.8%	+6.9%
Cumulative	+137.8%	+195.9%	+146.6%	+122.3%



PIF4 Investors:
A $100,000 investment in PIF4 at inception on October 1, 2003 was worth $222,300 as of September 30, 2015 (net to investors). This equates to an annualized gain of 6.9% 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 $295,900 on September 30, 2015 – an annualized gain of 9.5%. 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

On a YTD basis, all three funds are down and lagging the three indices by double digit margins. Things are not as dire as they appear. In the first nine calendar days of October, the fund NAVs have increased by about 14% gain over 9/30/15 levels. If our holdings are different from the indices, we are going to have different results – both short-term and long-term. And we aren't just different, we are massively different versus the benchmark indices in holdings. I am perfectly fine with short-term pain for long-term gain. And in the long-term we expect to do quite well as the gap between current quoted values and underlying intrinsic value is massive.

Pabrai Funds 2015 Annual Meeting Presentation

We had two very successful annual meetings in September at our Soka University venue in California and at Carlucci's in Chicago. We had record attendance in California of over 230 attendees, and over 160 in Chicago! It was a pleasure to meet old friends and partners and welcome new ones. I'm very grateful to Lynn, Betsy, Nickii, Karen and Julie for all their diligence in organizing the various facets of the meetings and dinners so flawlessly.

The link to the annual meeting presentation is here and on our website for your perusal (the password to the video is "Warren"):

https://vimeo.com/139966800

The transcript to the meeting will be posted on the website by the end of January.

Estimated K-1's (for US Investors)

For PIF2 and PIF4 investors, we provide estimated K-1s in October and December. The first one gives the estimated gains through September 30, and the second through November 30th. These will be emailed to you by late-October and late-December, respectively, from our Administrator, Liccar. Your final K-1s are issued in March.

Redemptions

Please note that if you plan to redeem funds, we must have the request in writing by November 2, 2015. Funds go out by January 20th based on the December 31 NAV. You can send in the redemption notice by 11/2, and still reduce or eliminate your request all together up to 12/31. To get the redemption form emailed to you, please nudge Julie Teltscher at jteltscher@pabraifunds.com.

As a reminder to our IRA investors, keep in mind that redemptions are paid in January when submitting a redemption for the Required Minimum Distribution (RMD).

If you are turning 70.5 in 2016, you may need to submit your redemption form this year to satisfy the RMD. If you elect to delay your first RMD as allowed by the IRS until April 1, 2017 and submit your redemption form in 2016, then you will need to also include your second RMD distribution in that total.

Alignment of Interests

My immediate family has a stake of 246,335 units of PIF2, 8,417 units of PIF3, 1,065,179 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 over $39 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 second largest investor in the funds.

Besides a $9 million investment in Dhandho Holdings, my family and I have no other meaningful interests in any other mutual funds, hedge funds or private equity funds. Our interests are completely aligned.

2016 Annual Meetings – Save the Date

There will be our two annual meetings sequentially at Orange County, California & Chicago, Illinois. We are also adding a 3rd annual meeting at our Dhandho Holdings Corporation headquarters in Puerto Rico! The **Puerto Rico** meeting will be on **September 24, 2016**. We are still working out the details (venue, timing, etc.) and will provide more information in the January Letter to Partners.

Prior to the California meeting on September 10, 2016 we will have the 3rd Annual Gran Fondo Dhandho Bike Ride which will start at 8:15am. 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, and ends there around 10:30am. For folks that just wanna chill, you can come to the Starbucks at 10:30am and hang out with the 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

The **California** meeting is scheduled to be on **Saturday, Sept. 10, 2016** 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, Sept. 17, 2016** 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:

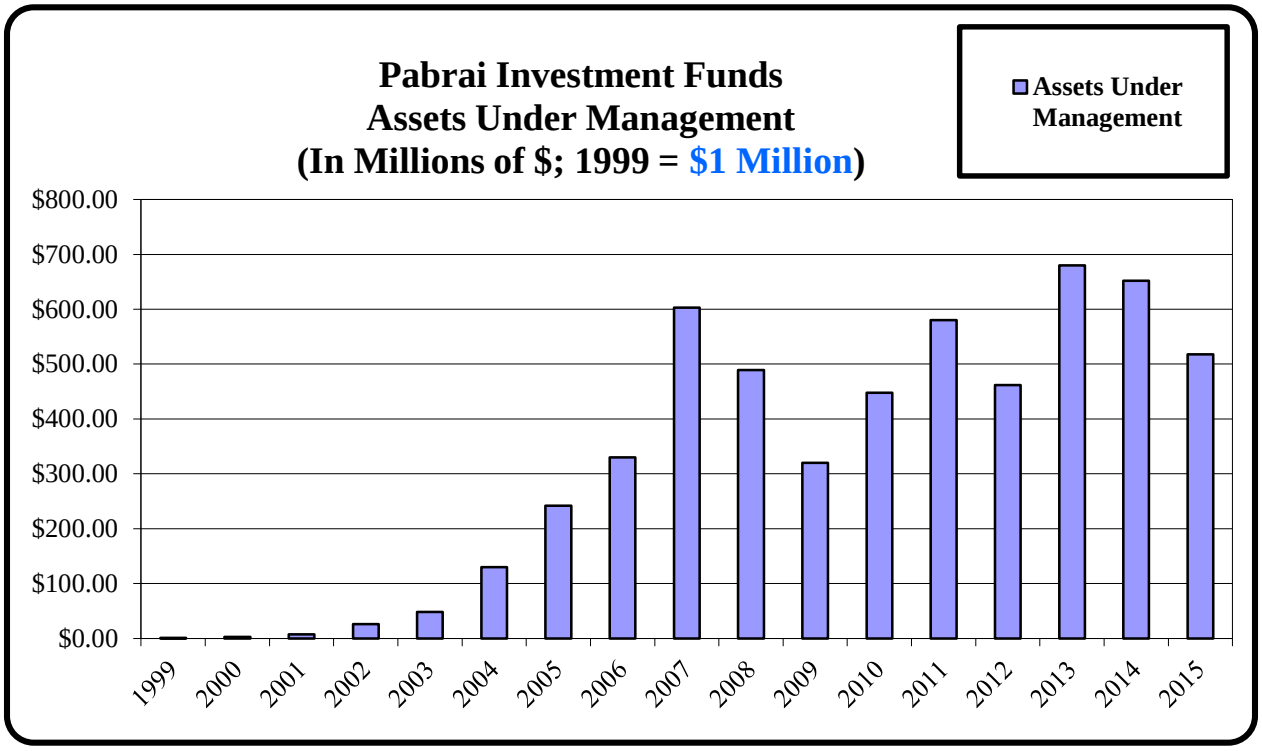
4:00 – 4:30 PM:	Meet and Greet
4:30 – 6:30 PM:	Presentation and Q&A
6:30 – 7:15 PM:	Cocktails
7:15 PM:	Dinner

The invites will go out electronically via email in July 2016. Look for it in your in-box! 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 other than family members must be "accredited investors." The invitation is non-transferable.

I look forward to seeing you in September.

Assets Under Management

There is $518 million in assets under management between all the funds as of September 30, 2015.



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.

Warmly,



Mohnish Pabrai

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Appendix

PIF2's Performance History (Net to Investors)

No. of Units	Date	PIF2 NAV
110,000	10/1/2000	$10.00
330,014	6/30/2001	$11.74
1,027,795	6/30/2002	$15.89
1,950,982	6/30/2003	$21.32
2,445,212	6/30/2004	$29.58
2,696,687	6/30/2005	$36.52
2,646,687	6/30/2006	$41.99
3,013,111	6/30/2007	$56.25
2,934,990	6/30/2008	$38.01
2,468,091	6/30/2009	$28.45
2,409,165	6/30/2010	$40.84
2,257,421	6/30/2011	$55.46
2,180,892	6/30/2012	$43.36
2,057,676	6/30/2013	$61.68
1,906,927	6/30/2014	$78.13
1,795,006	6/30/2015	$74.64
1,795,006	9/30/2015	$60.41

PIF3's Performance History (Net to Investors)

No. of Units	Date	PIF3 NAV
65,100	2/1/2002	$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
4,290,222	1/31/2015	$49.05
4,385,615	2/28/2015	$52.41
4,390,406	3/31/2015	$52.18
4,390,892	4/30/2015	$51.41
4,390,892	5/31/2015	$51.35
4,407,578	6/30/2015	$47.94
4,407,578	7/31/2015	$47.06
4,407,578	8/31/2015	$42.71
4,408,853	9/30/2015	$39.21

PIF4's Performance History (Net to Investors)

No. of Units	Date	PIF4 NAV
595,030	10/1/2003	$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
10,641,808	12/31/2014	$28.03
10,642,015	3/31/2015	$29.52
10,642,015	6/30/2015	$27.49
10,642,015	9/30/2015	$22.23

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.