PABRAI INVESTMENT FUNDS

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www.pabraifunds.com

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

From: Mohnish Pabrai, Managing Partner

Date: October 9, 2020

Re: **Q3 2020 Results**

Dear Partners:

For the quarter ended September 30, 2020, a total of $775,000 was added to the various funds by new and existing partners. The additions on a per fund basis are:

PIF2: $175,000 PIF3: $600,000

The funds are currently open to all existing Pabrai investors to add funds. New investors can add funds to PIF3 and PIF4. PIF2 will remain closed to new investors as it hardly has any slots available. The next opening is January 1, 2021.

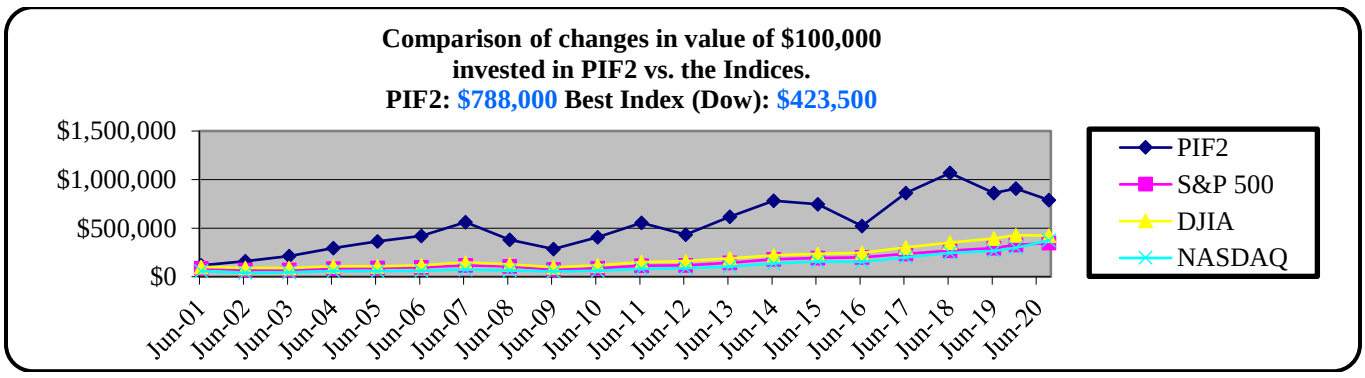
PIF3 is our offshore fund for non-US accredited offshore investors, and U.S. IRAs, foundations, and endowments. The minimum investment to join PIF3 as a new partner is $1 million for individuals and $10 million for IRAs/foundations/endowments. PIF4 is for qualified US-based investors. The minimum investment to join PIF4 as a new partner is $4 million.

For current investors in any of the funds, the minimum addition to their current investment is $25,000. For IRA investors the minimum is $5,000. If you are interested in or would like more information about the January 1, 2021 opening, please contact me at mp@pabraifunds.com or Valerie Magursky at vm@pabraifunds.com.

The updated performance numbers on all the funds are:

THE PABRAI INVESTMENT FUND II, LP (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%
7/1/16-6/30/17	+22.1%	+28.4%	+17.9%	+64.9%
7/1/17-6/30/18	+16.3%	+23.6%	+14.4%	+23.9%
7/1/18-6/30/19	+12.2%	+7.8%	+10.4%	-19.2%
7/1/19-6/30/20	-0.5%	+27.0%	+7.5%	-10.6%
7/1/20-9/30/20	+8.2%	+11.2%	+8.9%	+2.2%
1/1/20-9/30/20	-0.9%	+25.4%	+5.6%	-13.2%
Annualized	+7.5%	+6.8%	+6.4%	+10.9%
Cumulative	+323.5%	+273.4%	+246.9%	+688.0%

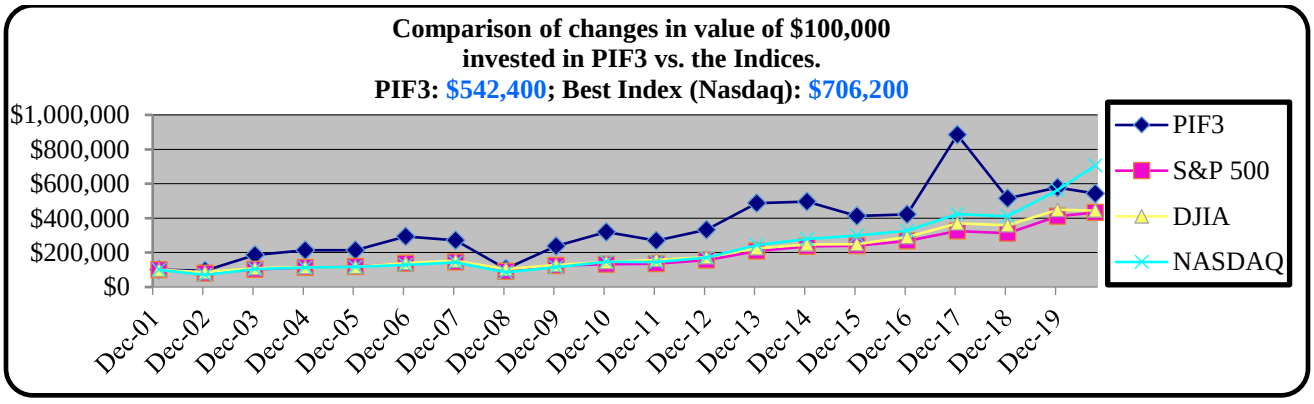


PIF2 Investors:

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 $1,104,000 as of September 30, 2020 (net to investors). This equates to an annualized return of 12.0% since inception – after all fees and expenses. The best index over the same period was the Nasdaq and an investment of $100,000 in the Nasdaq on July 1, 1999 was worth $511,800 on September 30, 2020 – an annualized gain of 8.0%. 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, LTD (Offshore/IRA Investors) Performance Summary:

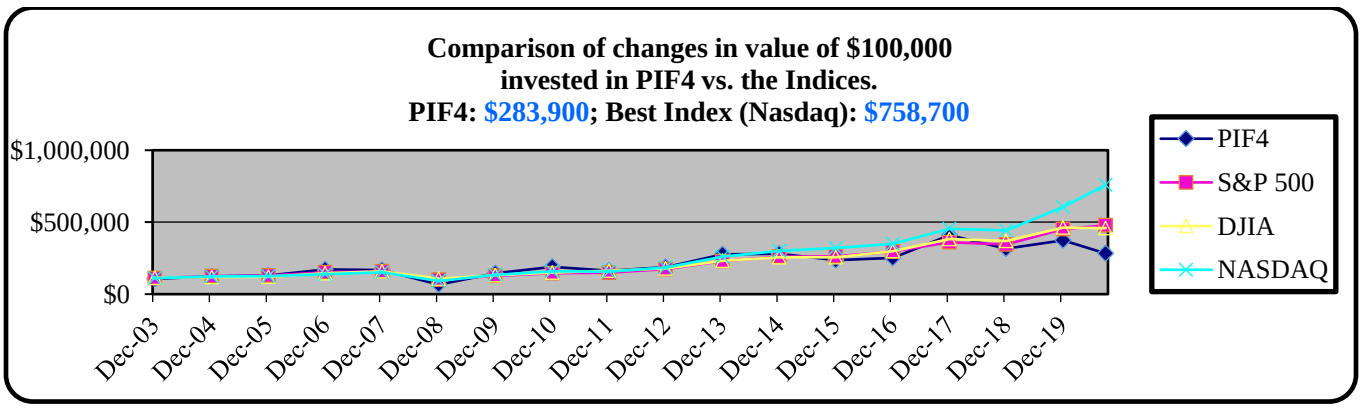
	DJIA	NASDAQ	S&P 500	PIF3 (net to investors)
2/1/02-12/31/02	-14.1%	-29.9%	-20.4%	-5.2%
1/1/03-12/31/03	+28.3%	+50.8%	+28.7%	+96.5%
1/1/04-12/31/04	+5.3%	+9.2%	+10.9%	+14.7%
1/1/05-12/31/05	+1.7%	+2.1%	+4.9%	-0.2%
1/1/06-12/31/06	+19.0%	+10.4%	+15.8%	+37.8%
1/1/07-12/31/07	+8.9%	+10.7%	+5.5%	-7.8%
1/1/08-12/31/08	-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%
1/1/17-12/31/17	+28.1%	+29.7%	+21.8%	+109.2%
1/1/18-12/31/18	-3.5%	-2.8%	-4.4%	-41.9%
1/1/19-12/31/19	+25.3%	+36.7%	+31.5%	+12.5%
1/1/20-9/30/20	-0.9%	+25.4%	+5.6%	-6.2%
Annualized	+8.3%	+11.0%	+8.2%	+9.5%
Cumulative	+344.6%	+606.2%	+333.4%	+442.4%



PIF3 Investors:
A $100,000 investment in PIF3 at inception on February 1, 2002 was worth $542,400 as of September 30, 2020 (net to investors). This equates to an annualized return of 9.5% 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 $706,200 on September 30, 2020 – an annualized gain of 11.0%. 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, LP (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%
1/1/17-12/31/17	+28.1%	+29.7%	+21.8%	+62.4%
1/1/18-12/31/18	-3.5%	-2.8%	-4.4%	-22.8%
1/1/19-12/31/19	+25.3%	+36.7%	+31.5%	+18.0%
1/1/20-9/30/20	-0.9%	+25.4%	+5.6%	-24.0%
Annualized	+9.4%	+12.7%	+9.6%	+6.3%
Cumulative	+358.1%	+658.7%	+378.0%	+183.9%



PIF4 Investors:

A $100,000 investment in PIF4 at inception on October 1, 2003 was worth $283,900 as of September 30, 2020 (net to investors). This equates to an annualized gain of 6.3% 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 $758,700 on September 30, 2020 – an annualized gain of 12.7%. 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.

Pabrai Funds 2020 Annual Meeting Presentation

Due to Covid, the Pabrai Funds Annual Meeting was held virtually for the first time via video conference on September 12. This was also the first meeting that was only open to investors. I was surprised by how seamless it was and several investors preferred the digital meeting to the live ones in the past! As a result, going forward we'll be switching from two live meetings to just one live meeting in California and one digital meeting.

I got an earful from our Aussie and New Zealand based investors that the time difference made it very impractical for them to attend. It is hard to come up with a time that works for all of Europe and all of Asia Pacific, but perhaps the answer is to change the start time every year. We started at 10 AM Pacific this year and will plan to start at noon next year – and so on.

The Annual Meeting presentation slides and transcript are posted on our website. Here is the link to the transcript:

http://pabraifunds.com/website/2020_PIF_AM_Transcript.pdf

The transcript is best read in conjunction with the presentation slides (the password to the video is "Munger"):

https://vimeo.com/457923174

General Comments

All three indices hit multi-year lows in Q1 2020 as the global Covid shutdown led to record unemployment and business turmoil. We were not immune and the three funds were down 28-40% in Q1 2020. The funds have recovered quite strongly since then, but, depending on the fund, we are still down 6-24% YTD.

As I mentioned at the annual meeting, in our twenty-one-year history, we have had four lousy years and seventeen good ones. 2007 to '09 and Q1 2018 to Q1 '20 were periods with significant declines. All three funds compounded at 23-27% for nearly a decade after 2009. Our portfolio is similarly positioned for robust gains in the years ahead. We have a number of deeply undervalued compounders run by great managers. All I have to do is not get in my own way and sell any of these businesses prematurely. It looks like a nice ride for the next 5-10 years.

Alignment of Interests

My immediate family has a stake of 175,859 units of PIF2 and 433,197 units of PIF4. The administrative team at Pabrai Funds and I own 54,157 units of PIF4 and 14,754 units of PIF3 in various retirement accounts. In addition, The Dakshana Foundation owns 77,006 units of PIF3. The aggregate stake of the Pabrai family, the Pabrai Funds team and The Dakshana Foundation in Pabrai Funds is worth approximately $33 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. No fees were earned in Q3 2020.

I have an approximately $6.3 million investment in Dhandho Holdings. Additionally, The Dakshana Foundation has an approximately $0.4 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.

Online Portal for Investment Statements

All of you should have received an email from Liccar Fund Services with instructions to set up your own online portal to access your investor statements moving forward. Your 9/30 investor statement will be uploaded to your portal later this month and you will receive an email alerting you when it is available.

If you have not yet set your investor portal password, please contact Valerie Magursky at vm@pabraifunds.com for assistance.

Estimated K-1's (for US Investors)

For PIF2 and PIF4 investors, we provide estimated K-1's in October and another in December if there are material changes to the first estimate. The first one gives the estimated gains through September 30th, and the second, if applicable, through November 30th. These will be uploaded to the online portal by late-October and late-December (if applicable), respectively, by our Administrator, Liccar. Your final K-1's will be issued in late March.

Redemptions

Please note that if you plan to redeem funds, we must have the request in writing by November 2, 2020. Funds go out approximately 20 business days after year end based on the December 31 NAV. To get the redemption form emailed to you, please nudge Valerie Magursky at vm@pabraifunds.com.

The redemptions forms are also on our website:

PIF2 Redemption Form 2020
PIF3 Redemption Form 2020 - US
PIF3 Redemption Form 2020 - Offshore
PIF4 Redemption Form 2020

As a reminder to our older IRA investors, keep in mind that redemptions are paid in January when submitting a redemption for any Required Minimum Distribution (RMD). If you are turning 72 in 2021, 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, 2022 and submit your redemption form in 2021, then you will need to also include your second RMD distribution in that total.

We also have an annual redemption date on September 30th only for retirement accounts invested in the PIFs in which the beneficial owner is 72 years or older to assist in meeting RMD requirements. The maximum amount that these folks can redeem on September 30th is 25% of the value of their balance on that date. These investors can also still redeem whatever they wish on 12/31 with 60 days' advance notice.

RMD redemptions at September 30 totaled $156,079 from PIF4.

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

2021 Annual Meetings – Tentative Dates

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

Prior to the California meeting, we will have the 7th 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 The Path Bike Shop. Here is a link to their website: http://www.thepathbikeshop.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 tentatively scheduled to be on **Saturday, September 11th, 2021** 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:

https://www.soka.edu/hotels-near-soka

Agenda for the California 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

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 **Virtual** meeting is tentatively scheduled to be held via video conference on **Saturday, September 18th, 2021** at 12:00 PM Pacific Time. Confirmed guests will receive instructions via email on how to attend the virtual meeting.

Agenda for the virtual meeting:

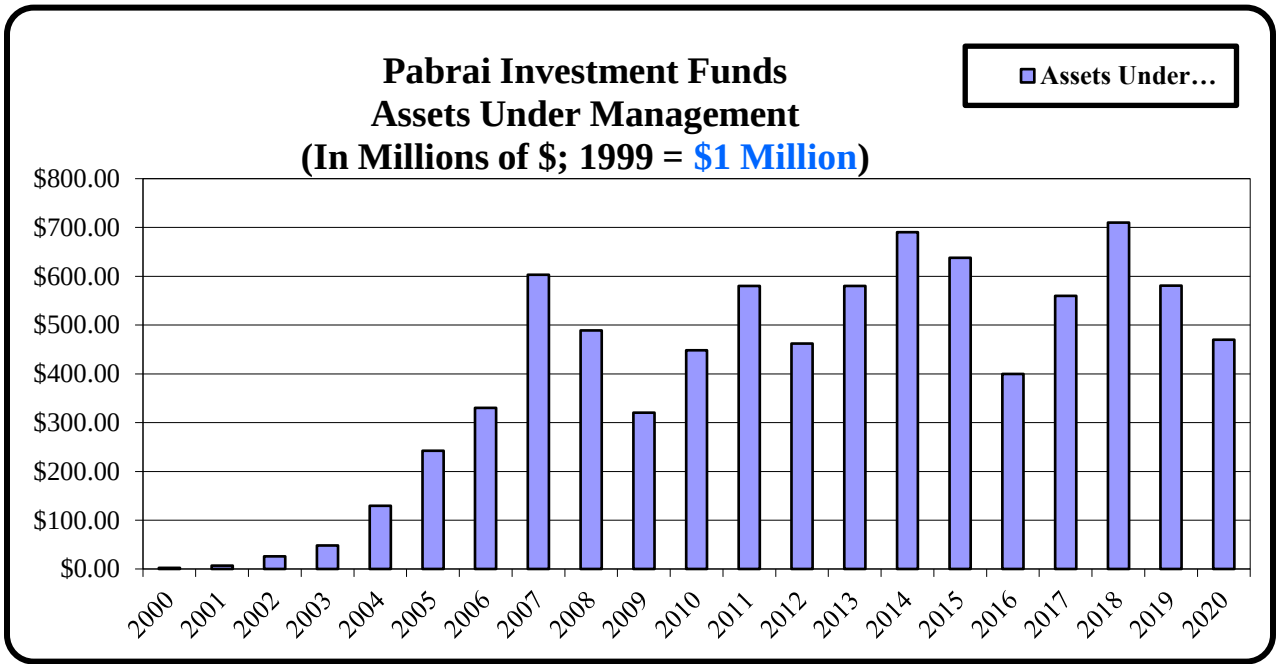
12:00 – 2:00 PM Pacific Time:	Presentation and Q&A

The invites will go out electronically via email in July 2021. 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 now 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 September.

Assets Under Management

There is $469 million in assets under management between all the funds as of September 30, 2020.



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

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
2,696,687	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
1,774,805	06/30/2017	$86.17
1,959,084	06/30/2018	$106.77
1,896,122	06/30/2019	$86.30
1,830,037	06/30/2020	$77.13
1,832,258	09/30/2020	$78.80

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
2,409,693	12/31/2017	$88.45
2,473,097	12/31/2018	$51.42
2,376,897	12/31/2019	$57.85
2,404,303	03/31/2020	$41.81
2,454,453	06/30/2020	$50.45
2,465,515	09/30/2020	$54.24

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
8,040,030	12/31/2017	$40.96
7,809,565	12/31/2018	$31.64
6,628,989	12/31/2019	$37.33
6,671,572	03/31/2020	$22.25
6,744,417	06/30/2020	$27.46
6,738,919	09/30/2020	$28.39

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.