PABRAI INVESTMENT FUNDS

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

From: Mohnish Pabrai, Managing Partner

Date: October 14, 2021

Re: **Q3 2021 Results**

Dear Partners:

For the quarter ended September 30, 2021, $3.6 and $1.3 million was added to PIF3 and PIF4 respectively.

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 one open slot. We have a handshake deal for a new investor to take this slot on January 1. Thus, for all practical purposes, PIF2 is closed to new investors.

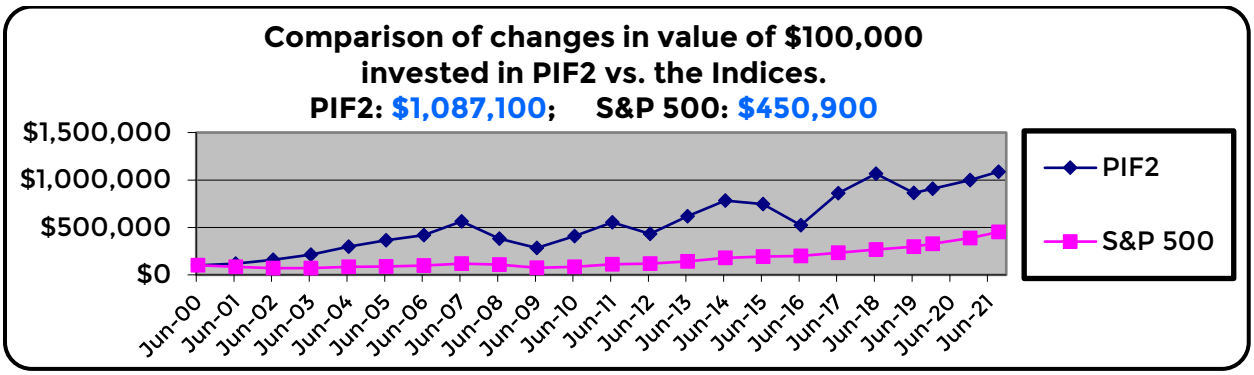
PIF3 is our offshore fund for non-US accredited offshore investors, and U.S. IRAs, foundations, and endowments. The minimum investment to join PIF3 as a new partner is $3.5 million. PIF4 is for qualified US-based investors. The minimum investment to join PIF4 as a new partner is $5 million.

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. Here are the deposit slips for PIF2, PIF3 and PIF4. If you are interested in or would like more information about the January 1, 2022 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:

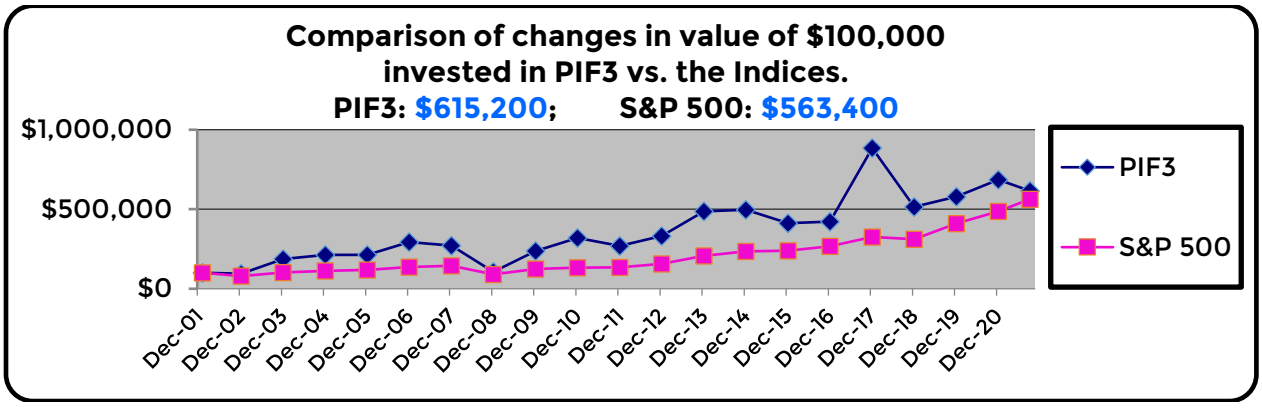
	S&P 500	PIF2 (net to investors)
10/1/00-6/30/01	-14.0%	17.4%
7/1/01-6/30/02	-18.0%	35.3%
7/1/02-6/30/03	0.3%	34.2%
7/1/03-6/30/04	19.1%	38.7%
7/1/04-6/30/05	6.3%	23.4%
7/1/05-6/30/06	8.6%	15.0%
7/1/06-6/30/07	20.6%	34.0%
7/1/07-6/30/08	-13.1%	-32.4%
7/1/08-6/30/09	-26.2%	-25.2%
7/1/09-6/30/10	14.4%	43.6%
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%
1/1/21-9/30/21	15.9%	8.7%
Annualized	**7.4%**	**12.0%**
Cumulative	**350.9%**	**987.1%**



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 $1,523,000 as of September 30, 2021 (net to investors). This equates to an annualized return of 13.0% since inception – after all fees and expenses. An investment of $100,000 in the S&P 500 on July 1, 1999 was worth $478,900 on September 30, 2021 – an annualized gain of 7.3%. 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:

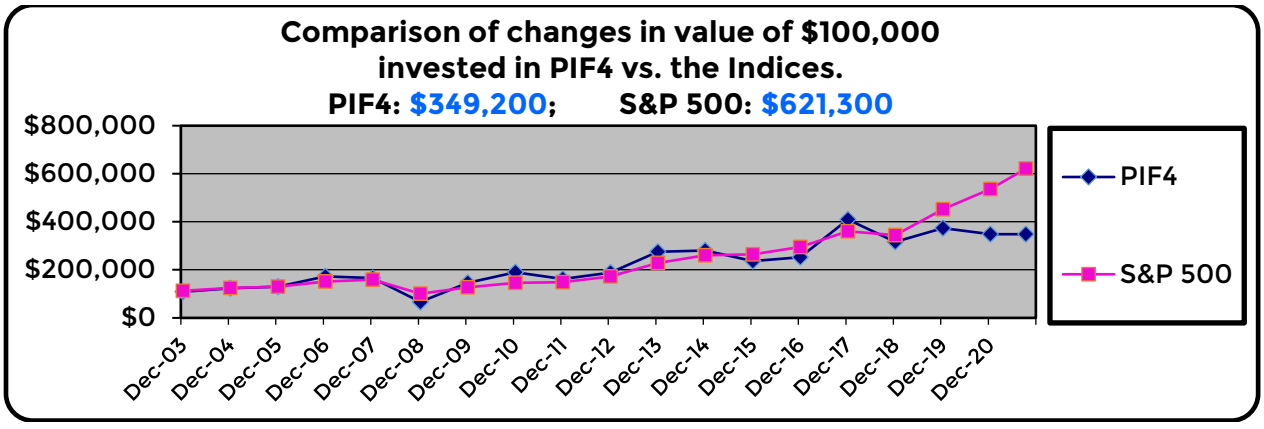
	S&P 500	PIF3 (net to investors)
2/1/02-12/31/02	-20.4%	-5.2%
1/1/03-12/31/03	28.7%	96.5%
1/1/04-12/31/04	10.9%	14.7%
1/1/05-12/31/05	4.9%	-0.2%
1/1/06-12/31/06	15.8%	37.8%
1/1/07-12/31/07	5.5%	-7.8%
1/1/08-12/31/08	-37.0%	-60.9%
1/1/09-12/31/09	26.5%	125.0%
1/1/10-12/31/10	15.1%	34.4%
1/1/11-12/31/11	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%
1/1/21-9/30/21	15.9%	-10.2%
Annualized	**9.2%**	**9.7%**
Cumulative	**463.4%**	**515.2%**



PIF3 Investors:
A $100,000 investment in PIF3 at inception on February 1, 2002 was worth $615,200 as of September 30, 2021 (net to investors). This equates to an annualized return of 9.7% since inception. An investment of $100,000 in the S&P 500 on February 1, 2002 was worth $563,400 on September 30, 2021 – an annualized gain of 9.2%. 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:

	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%
1/1/21-9/30/21	15.9%	0.3%
Annualized	**10.7%**	**7.2%**
Cumulative	**521.3%**	**249.2%**



PIF4 Investors:
A $100,000 investment in PIF4 at inception on October 1, 2003 was worth $349,200 as of September 30, 2021 (net to investors). This equates to an annualized gain of 7.2% since inception. An investment of $100,000 in the S&P 500 on October 1, 2003 was worth $621,300 on September 30, 2021 – an annualized gain of 10.7%. 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.

General Comments

The funds and the various indices were mostly flat for the quarter with the exception of PIF3, which was down 9.3%. PIF3 was negatively affected by the forced selling I described in the Q2 2021 Letter to Partners.

While the funds have underperformed the markets since 2018, with the sole exception of March 2009, I have never been more bullish on the future prospect of Pabrai Funds. Other than Q1 2009, the funds are presently trading at their widest discount to underlying intrinsic value in over two decades. I would not be surprised if we end up delivering 15-20% annualized returns from now through 2030. I recommend reviewing the PIF2, PIF3 and PIF4 decks to get some color on why I am so optimistic on our prospects when markets are at all-time highs.

The holdings of all three funds have almost no overlap with any major index. I love the fact that we have large exposures to businesses like Edelweiss, Micron, Rain Industries, Seritage, Reysas, Shinoken and a few non-disclosed compounders in Turkey. I am also certain that one or more of these holdings will end up being duds (I wish I knew which ones!). Even if I am right on just two thirds of our portfolio and redemptions stay muted, our NAV will be multiple billions by 2030.

Edelweiss Financial

Let's take a peek under the covers of one of our holdings in India, Edelweiss Financial. Historically, virtually all household savings in India were concentrated in real estate, gold, under the mattress and bank deposits. Very little went into mutual funds or individual stocks. For example, in 2013, a country with a population of 1.4 billion had around $93 billion invested in mutual funds. This has grown to over $500 billion in the last ten years – an annualized growth rate of 27%. It is still paltry. In the United States mutual fund assets exceed GDP. Even with all the past growth, Indian mutual fund assets are just 1/6th of GDP. India's mutual fund and ETF assets will be growing at a double-digit rate for decades.

Asset Management products like ETFs and Mutual Funds are just one of Edelweiss' offerings. They also have a wonderful array of Wealth Management, Life Insurance and P&C Insurance businesses. In addition, they are the Oaktree of India with market leadership in bankruptcy and distressed debt investing. Most of this is off balance sheet through their distressed debt funds. In the coming decade, Edelweiss is likely to spawn and spin off several businesses. The first one, Wealth Management, will be spun out by 2023. Its market cap alone may exceed the current market cap of the entire mothership.

Edelweiss has a very creative, capable and entrepreneurial leadership team that is thoughtful about new businesses they start and scale. It makes up around 10% of our assets today. The business may be worth 5-10 times its current value in the next 5-10 years. I have no plans to lighten up on our Edelweiss position for a long time. It is just one of many irons we have in the fire. And it is not our best bet.

A Big Selling Mistake – Indian Energy Exchange (IEX)

In mid-2018, Pabrai Funds bought 11.5 million shares of IEX for $25.4 million. Over the last few years, I have met with more than 200 management teams of listed businesses in India. Of these 200+ businesses, I was most impressed with the mind-blowing business model, culture and management team of IEX.

When we invested in 2018, less than 3% of India's electricity usage was transacted through IEX's servers. IEX keeps around 1% of the amount transacted as its fee. 70+% of these fees flow through as after-tax net income. IEX was trading at more than 40x trailing earnings, growing at 20+% a year and had 95% market share. Normally a cheapskate like me would take a pass and wait for such a business to be available at a better price. I was so impressed with them that I set all that aside and forced myself to pay up.

Because it is such a critical infrastructure asset, the Indian government does not allow any single foreign investor to own more than 5% of IEX. I bought every share I could and between Pabrai Funds and the India Funds we became the proud of owner 4.99% of IEX. The plan was to just keep this position forever.

As entire economies began shutting down in March 2020, equity markets went into freefall. While there were plenty of bargains around, our own portfolio was down as well. IEX was one of the few stocks that we had recently invested in that were still trading around what we had paid for it. I sold all the IEX shares owned by Pabrai Funds. The India funds owned about 1.2% of IEX. They held on as their mandate is to invest in India and I had zero new ideas for India investments.

We bought Seritage Growth Properties (SRG) around then and it has done well. We have approximately doubled our money in SRG so far. However, IEX is up over 5x over the same period. Over 7% of India's electricity is now transacted through IEX's servers, they have introduced several new products, launched a gas exchange (which they believe will be larger than their electricity exchange eventually), started cross-border energy trading with Nepal (with Bangladesh and Bhutan to start soon). Bangladesh's population is about 10% of India's population, but their per capita GDP is higher. Also, Bangladesh's internal cost for producing electricity is multiples of India. Eventually Bangladesh may give IEX significant added tail winds.

Coal prices have recently skyrocketed around the world and India is facing an unprecedented shortage of coal. At the same time, electricity consumption is up robustly in India as the economy has come roaring back. The end result is that IEX's growth rate has gone parabolic. IEX also has strong tail winds from the rapid adoption of electric scooters. When electric cars take off in India, per capita electricity usage will increase meaningfully.

IEX now trades at over 100x trailing earnings, but is still embryonic. Seritage is still deeply undervalued. It is too soon to tell how dumb I was, but I wish I had left our IEX position untouched and found another way to buy Seritage.

All is not lost. While it is not helpful to Pabrai Funds investors, the India funds not only kept their IEX position, they've added modestly to it. The India Funds have $110 million in assets and IEX is now 38% of their assets.

The IEX saga does provide a glimpse of the kind of impact just one great bet can have on the portfolio. The Pabrai Funds portfolio is loaded with many potential multi-baggers. We don't need all of them to get to the promised land to have a great outcome. The key is that I not touch the portfolio for 5-10 years. It is hard, but with each passing year I am getting better at doing nothing.

Benchmark Indices

Historically we have compared our performance to the Dow, Nasdaq and the S&P 500. I realized several years ago that it was unwieldy and needlessly complicated to have three benchmarks. When we later launched the India Funds and Junoon, I limited the benchmark index to just the S&P 500.

The S&P 500 is a great benchmark index and a great alternative for most investors. It is very easy and cheap for anyone to invest in a low-cost S&P 500 index fund or ETF. The Nasdaq has been erratic since we launched in 1999 - not a mainstream choice for most investors - and the Dow always seems to be behind the times. Moving forward, Pabrai Funds will only show the S&P 500 as a benchmark in our various charts and graphs. This improves readability and it is simpler when I report results.

All of the past 22+ years of letters and annual reports which historically gave data on all three indices remain on the website. Also, going forward, we'll be happy to give you comparisons to the other indices upon request.

We Have Moved to Texas!

Pabrai Funds, Dhandho Holdings, Dhandho Funds and Dakshana have all closed their Irvine, California office and operations, and the office and team have permanently relocated to Austin, Texas. We are excited for our next chapter in the Lone Star State!

Please note our new address and telephone number:

1250 S. Capital of Texas Highway
Suite 1-520
Austin, Texas 78746-6414
USA

Tel: +1.512.999.7110.

Pabrai Funds 2021 Annual Meeting Presentation

Due to Covid, our Annual Meeting was held virtually via video conference on September 18. This 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 and one digital meeting.

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

Pabrai Funds/Dhandho 2021 Annual Meeting Transcript

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

Pabrai Funds/Dhandho 2021 Annual Meeting Presentation on Vimeo

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 17,610 units of PIF3 in various retirement accounts. In addition, The Dakshana Foundation owns 92,070 units of PIF3. The aggregate stake of the Pabrai family, the Pabrai Funds team and The Dakshana Foundation in Pabrai Funds is worth approximately $43 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 2021.

I have an approximately $7.5 million investment in Dhandho Holdings. Additionally, The Dakshana Foundation has an approximately $0.7 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

Your 9/30 investor statement has 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.

Our fund administrator, Liccar, will be migrating all investor portals to a new platform over the next few months. You will receive an email from Liccar with instructions on how to set your password on the new platform. Please look out for Liccar's email and please follow the instructions to set your credentials as soon as possible after receipt of that email.

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. Your 9/30 estimate is already on your online portal and the 11/30 estimate will be uploaded by late-December (if applicable), 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 1, 2021. 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 Kimberly Engleman at ke@pabraifunds.com.

The redemptions forms are also on our website:

PIF2 Redemption Form 2021
PIF3 Redemption Form 2021 - US
PIF3 Redemption Form 2021 - Offshore
PIF4 Redemption Form 2021

Last year the Coronavirus Aid, Relief and Economic Security (CARES) Act temporarily waived 2020 required minimum distributions (RMDs) from tax-deferred 401(k)s and individual retirement accounts (IRAs). In addition, the RMD age threshold was permanently increased from 70.5 to 72.

There is no longer an RMD waiver for 2021. As a result, everyone age 72 and older as of December 31, 2021 must take their RMD by year end to avoid the 50% penalty. If this is their first RMD then they have until April 1, 2022.

We 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. The purpose of this is to allow folks who are 72 years or older and who are invested in the PIFs with retirement assets to meet their annual RMDs. These investors can also still redeem whatever they wish on 12/31 with 60 days' advance notice.

We recommend that these folks make their first redemption request with the next 5 years in mind and redeem 20% of their balance. They can then keep those retirement funds in cash or a low-cost index fund with daily liquidity (e.g., an S&P 500 index fund with their broker/custodian) and tap that annually for RMDs as needed. Then, each year, they can redeem an additional 3.5% - 7% to make sure that they have sufficient funds for RMDs at all times.

RMD redemptions at September 30 totaled $312,173 from PIF4.

Chai With Pabrai Blog

Please check out my blog www.ChaiWithPabrai.com which I try to keep updated. With zero travel due to Covid, I have reduced my decline rate on speaking to students. I try to do 1-2 Zoom sessions with students every month. This is about the max. of what I am interested in doing. Here are some recent additions to the blog:

Q&A with Brown University Value Investing Speaker Series - August 2, 2021

I very much enjoyed my Q&A session with Itai Parnes for Brown University Value Investing Speaker Series. Itai did his homework and asked wonderful questions. I talked about Spawners, Chinese Big Tech Regulation and how to raise capital when you start a Fund.

Q&A with Brown University Value Investing Speaker Series - August 2, 2021

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

2022 Annual Meetings – Tentative Dates

Covid-permitting, we are excited for the return of our in-person annual meeting in 2022! We intend to have two annual meetings held sequentially in 2022: 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 tentatively scheduled to be held on **Saturday, September 10th, 2022** at 4:00 PM Central Time. The location will be determined and announced in this section of a future letter. Similar to our annual meetings pre-Covid, the Austin meeting will be followed by a cocktail hour with refreshments and light food served. We may also have a bike ride earlier in the day – stay tuned for more details!

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 tentatively scheduled to be held via video conference on **Saturday, September 24th, 2022** at 2:00 PM Central Time. Confirmed guests will receive instructions via email on how to attend the virtual meeting.

Agenda for the virtual meeting:

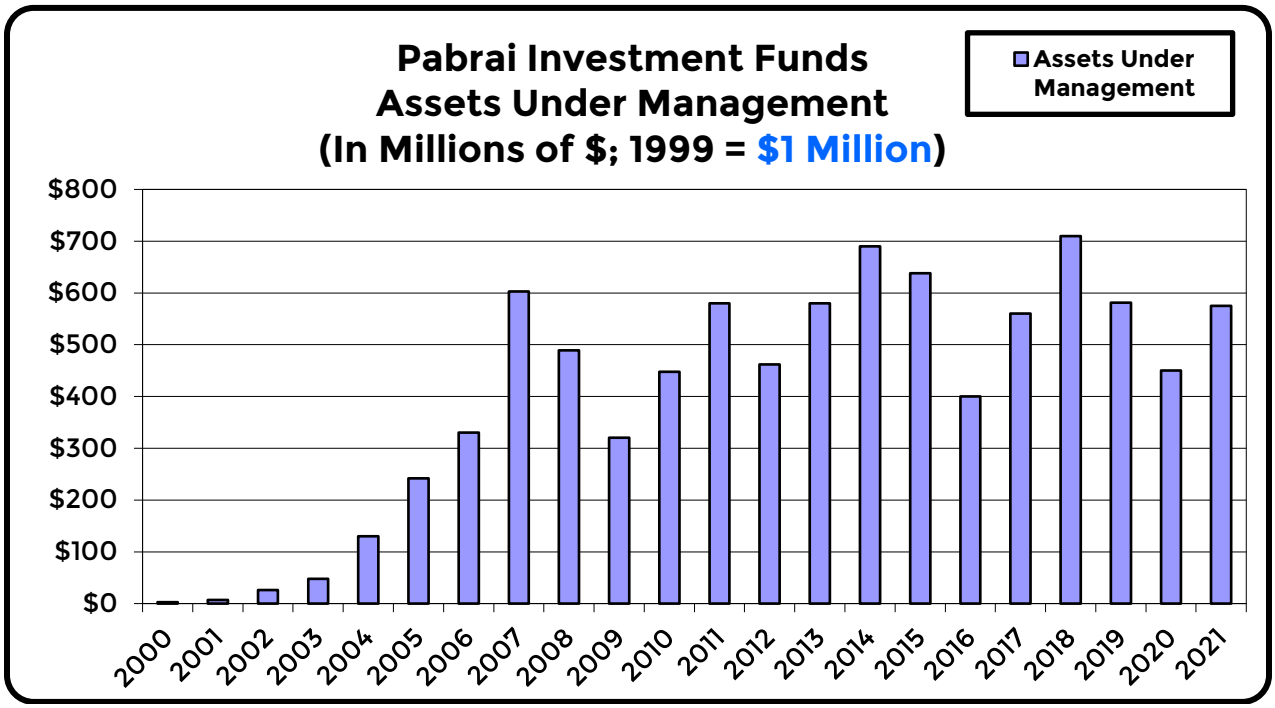
2:00 – 4:00 PM Central Time: Presentation and Q&A

The invites will go out electronically via email in July 2022. 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 $575 million in assets under management between all the funds as of September 30, 2021.



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.

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
1,833,800	03/31/2021	$101.15
1,841,919	06/30/2021	$107.77
1,841,919	09/30/2021	$108.71

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
2,326,717	12/31/2020	$68.52
2,447,468	03/31/2021	$66.38
2,503,234	06/30/2021	$67.88
2,562,361	09/30/2021	$61.52

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
6,034,088	12/31/2020	$34.82
6,273,790	03/31/2021	$35.24
6,295,904	06/30/2021	$35.75
6,331,699	09/30/2021	$34.92