PABRAI INVESTMENT FUNDS

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

From: Mohnish Pabrai, Managing Partner

Date: January 16, 2009

Re: **2008 Results et. al.**

Dear Partners:

For the quarter ended December 31, 2008, $1.9 Million was added to the various funds by existing partners. The additions on a per fund basis are:

PIF2 (US Accredited): $0.1 Million

PIF3 (Offshore/IRA): $1.5 Million

PIF4 (US Qualified): $0.3 Million

In addition, Dec. 31 was also the annual redemption date. A total of $37.1 Million was redeemed from the various funds. The redemptions are a per fund basis:

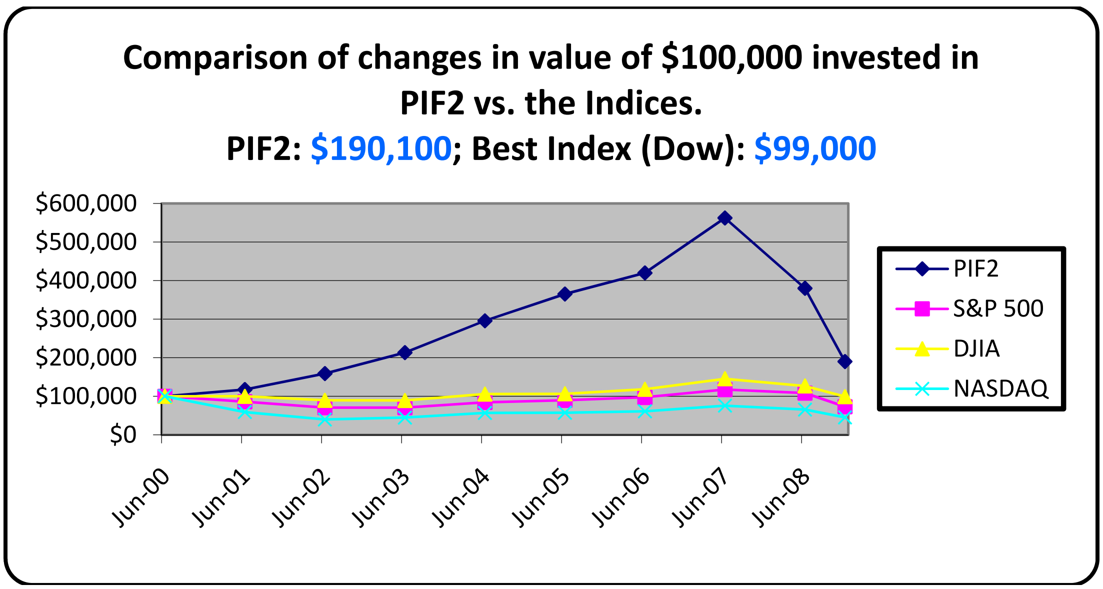
PIF2: $9.3 Million PIF3: $14.0 Million PIF4: $13.8 Million

Included in the above redemptions is $2 Million from PIF2 by Dalal Street, Inc. This is Pabrai family redemptions to cover our residual 2008 taxes, non-reimbursed Pabrai Funds operating expenses and our contributions to The Dakshana Foundation for 2009. I chose to redeem all of it from PIF2 as it is the fund with the largest Pabrai family stake – thus making the absolute amounts invested in PIF2 and PIF4 by the family more balanced.

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 – 12/31/08	-21.4%	-30.9%	-28.5%	-50.0%
1/1/08 – 12/31/08	-31.9%	-39.9%	-37.0%	-59.1%
Annualized	+2.5%	-6.2%	-0.9%	+8.1%
Cumulative	-1.0%	-54.8%	-27.1%	+90.1%

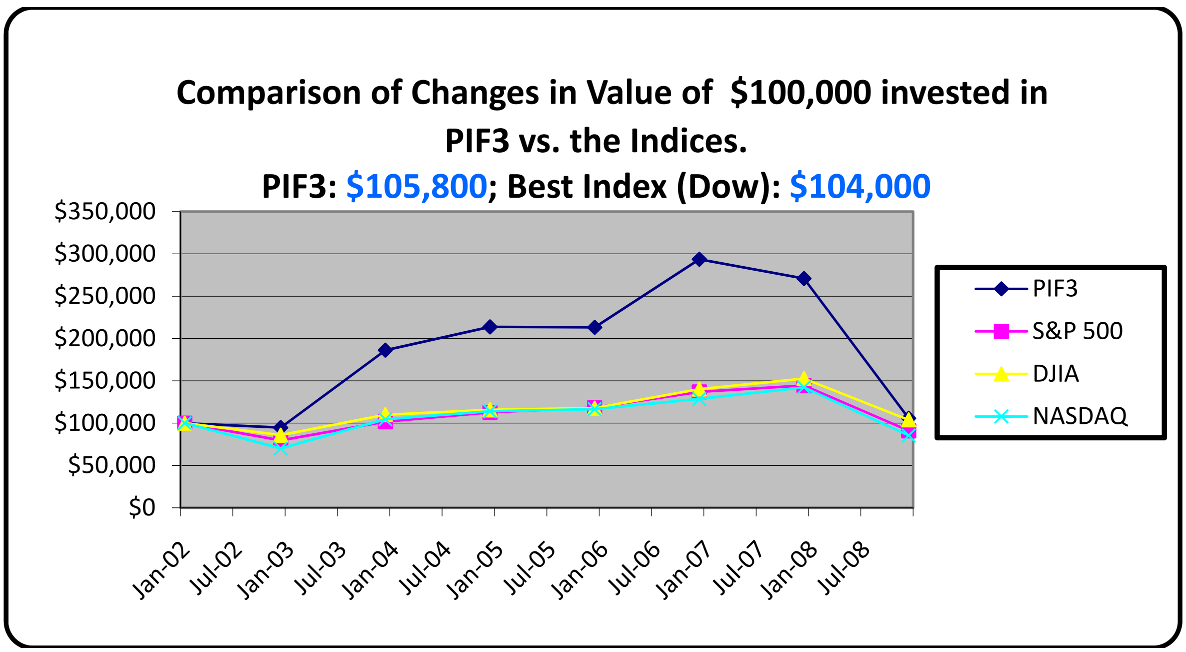


PIF2 Investors:

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 $266,300 as of Dec. 31, 2008 (net to investors). This equates to an annualized return of 10.9% 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 $98,000 on Dec. 31, 2008 – an annualized loss of 0.2%. 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%**
Annualized	**+0.6%**	**-2.3%**	**-1.3%**	**+0.7%**
Cumulative	**+4.0%**	**-14.6%**	**-9.0%**	**+5.8%**

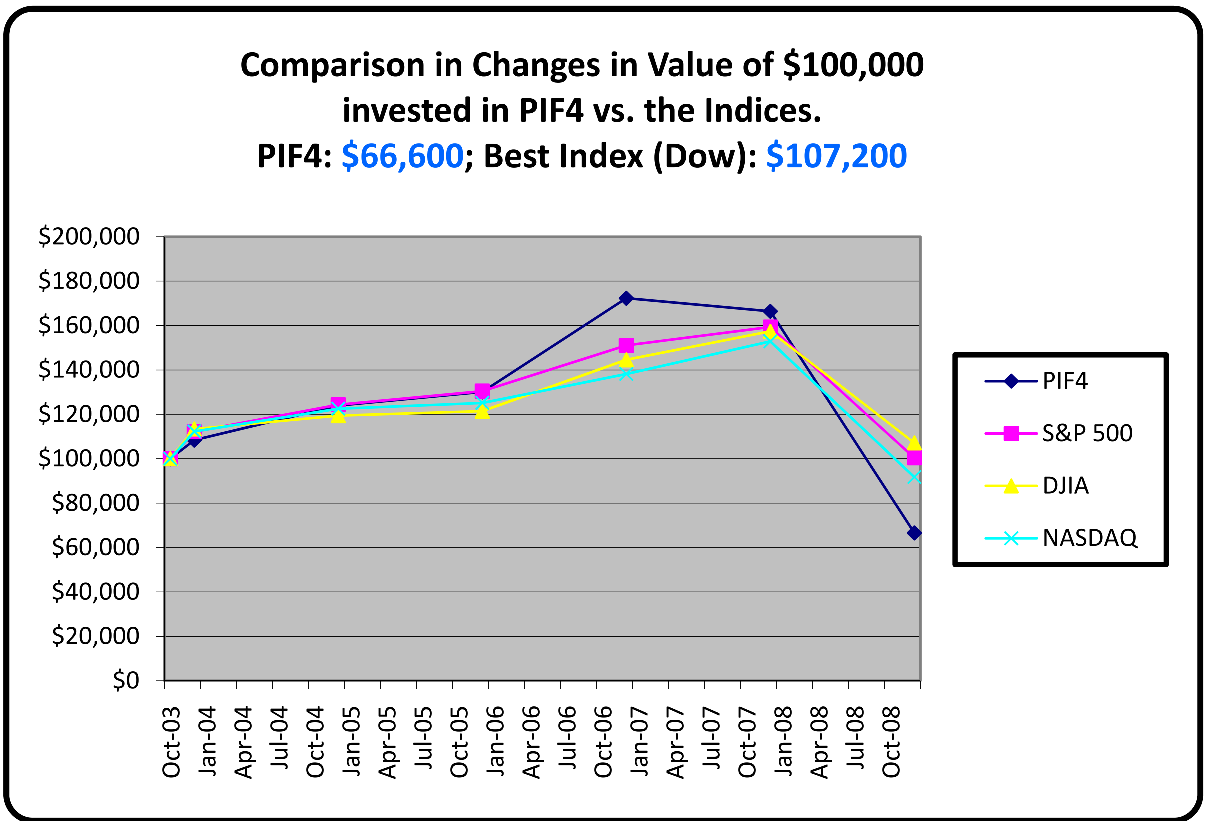


PIF3 Investors:

A $100,000 investment in PIF3 at inception on February 1, 2002 was worth $105,800 as of Dec. 31, 2008 (net to investors). This equates to an annualized return of 0.7% since inception. The best index over the same period was the Dow and an investment of $100,000 in the Dow on February 1, 2002 was worth $104,000 on Dec. 31, 2008 – an annualized gain of 0.6%. The Dow gains include reinvested dividends.

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%
Annualized	+1.3%	-1.6%	+0.1%	-7.5%
Cumulative	+7.2%	-8.2%	+0.4%	-33.4%



PIF4 Investors:

A $100,000 investment in PIF4 at inception on October 1, 2003 was worth $66,600 as of Dec. 31, 2008 (net to investors). This equates to an annualized loss of -7.5% since inception. The best index over the same period was the Dow and an investment of $100,000 in the Dow on October 1, 2003 was worth $107,200 on Dec. 31, 2008 – an annualized gain of 1.3%. The Dow gains include reinvested dividends.

General Comments

2008 has been a very tough year for virtually all markets and all types of assets - US stocks, foreign stocks, small caps, large caps, emerging markets, energy plays, commodities, corporate bonds, convertible bonds, junk bonds, agricultural commodities, commercial real estate, residential real-estate, international real-estate. All these asset classes saw substantial declines. There was no place to hide. Other than US Treasuries, pretty much all long investment ideas performed terribly. And we are still continuing to witness unprecedented declines in US housing prices. Unemployment is growing rapidly in the United States and the world is in the tight grip of a recession that promises to be the worst the US has ever encountered in the last 100+ years (excluding the Great Depression).

All three indices declined between 30-40% in 2008. Pabrai Funds fared far worse. The funds were off by about 60% in 2008. I am very disappointed with our performance numbers. From 1999 through 2007, all three funds outperformed the broad indices – with substantial margins. The severe declines over the last eighteen months have, on paper, wiped out much of our gains over the preceding several years. Many of our holdings are trading at levels that make no sense.

Q408 was especially tough. With en masse liquidations of hedge funds, mutual funds and leveraged investors, stocks and bonds were simply being sold under distress at any price. While the numbers do not yet reflect it, Q408 was the most fertile period of investing I have ever seen in my career. I felt like I was drinking from a fire hydrant. We made ten distinct investments in Q408. Usually I can find no more than one or two good ideas in a quarter. I moved us into some higher quality and deeper discounted names. I feel very good about our future over the next few years. Quite a few assets were bought in Q408 at less than 20 cents on the dollar. We'll reap the rewards of these efforts in the next few months/years. More color on our portfolio composition later in the letter.

Mohnish, how are you feeling?

I did hear from a few of you in the last few weeks. While some calls and emails expressed concern over our performance numbers, the surprising thing for me was that the overwhelming majority of you were focused on asking, "Mohnish, how are you feeling?"

Well, I am actually feeling pretty good. And as Q408 unfolded, my spirits remained elevated – mainly because I remained focused on intrinsic value and was drooling over the incredible opportunity set and valuations. I was in turbo mode trying to read huge piles of 10Ks, 10Qs, annual reports, industry reports, listening to conference calls etc. – so I could pull the trigger while the prices were still incredible. And several triggers were pulled in November and December. We bought into an incredible array of assets at remarkable prices.

While it was indeed tough to watch the severe drops many of our holdings took in Q408, keeping my focus on intrinsic value, rather than fixating on the quoted market value of various positions was fundamental to staying level headed.

"*Remember this principle when something threatens to cause you pain: the thing itself was no misfortune at all; to endure it and prevail is good fortune.*"
- Marcus Aurelius

We have much to learn from one of Rome's greatest emperor-philosophers, Marcus Aurelius. Marcus believed that we should always welcome adversity. If it weren't for adversity, how would we show our virtues?

2008 Redemptions

The hardest thing for me during 2008 has been to witness permanent losses for some of the investors who are redeeming in full. I feel terrible about it. It bothers me the most. Roughly 15% of assets across all three funds are being redeemed. Some of these redemptions are related to partners who, sadly, passed away in 2008. Some are hardship withdrawals where folks need the money. Much of it, however, is assets that came in with the last 1-3 years – and is departing at a substantial loss of principal. I am very happy that 85% of assets are staying. I am confident that we'll get back to our 2007 highs and beyond in the next few years. However, if a partner just redeemed in full, I have no opportunity to make them whole. That's been tough to deal with.

I suspect the next few years will deliver performance that will be in stark contrast to 7/1/07 to 12/31/08. We've had a perfect storm with the 12/31/08 redemption date overlapping with the lowest level PIF4 has ever traded at since inception in 2003 and overlapping with one of the worst years for equity investing in the last 100+ years.

Position Sizing

Almost immediately after I started practicing value investing in 1994, I adopted the 10x10 approach to position sizing. When I found compelling investment ideas, I fixated on putting 10% of our assets into that idea. The reality has been that many times we weren't able to put 10% to work for a variety of reasons:

1. The price moved up before we were done buying.
2. Some market caps which were too small to allow us to invest 10% of assets.
3. The stock was thinly traded or illiquid.
4. Assets came in after we had taken a full position – diluting the 10% position.
5. Didn't have the full 10% available in cash to invest.

For all of the above reasons, reality has been that typically 80% of assets have been invested in 10 (or fewer positions) and 100% of assets have been invested in up to 16 positions.

There is a lot to be said for running a concentrated portfolio. Good investing ideas are scarce. It is very hard to find dozens of them. Also, as Buffett says, why would you invest money in your 30th best idea versus investing more in your very best idea? And Charlie Munger is on record stating that a well diversified portfolio can be constructed with just four positions. Munger said a few years back that, you'd be all set if you lived in a small town and all you had was an ownership interest in:

1. The best office building in town.
2. The best apartments in town.
3. The dominant car dealership in town.
4. The highest revenue McDonald's in town.

Perhaps today Munger would shy away from owning a Ford or GM dealership (he may favor ownership of a BYD dealership), but there is tremendous wisdom in allocating capital in a Munger-esque fashion.

Then we have Seth Klarman of Baupost. Seth has one of the best records of any value investor – spanning nearly three decades. At a recent Columbia Business School conference, Seth mentioned that they rarely put more than 4-6% of assets into a single idea. The maximum they invest is 10% into a single idea. At Baupost, he says, on average, they have made just one 10% bet every 2 years.

In the last 14 years, concentrated value investing has worked pretty well for the investors and for me. However, we've had two periods of extreme volatility in Pabrai Funds. In 2002, we were down around 40% in four months and in the 2007-2008 period we've had big drawdowns. Like in 2002, I believe we'll recover fully from the large drop. However, in the interim, some investors have redeemed in full – and thus will not participate in the ride back up to new highs.

In Q408, I observed that:

1. Good investment ideas were plentiful. They were so abundant that I switched from looking for 50-cent dollars to 10 and 20 cent dollars. Those were much harder to find, but we did find a few.
2. One particular asset class – metals, commodities, mining and natural resource companies – were hammered really hard. There were loads of deep value in this sector.

One needs to be a learning machine and be willing to give up some of our best loved ideas when the evidence suggests they are flawed. Going forward, to temper volatility, Pabrai Funds will endeavor to size positions at 2%, 5% or 10% of assets.

1. The norm going forward is to make 5% bets. So, ideally 20 or fewer positions make up 80% of assets. 5% is a good number. A double has a meaningful impact on the portfolio and a 50% drop means a 2.5% hit to the portfolio. Both are very acceptable.

2. On an exception basis (a la Klarman, once in a couple of years), we'll make 10% bets if seven moons line up.

3. Strongly correlated stocks will be sized at 2% each and bought as a basket. A Zinc producer and an Iron-ore miner aren't identical, but they are likely to correlate strongly. If both are low-cost producers bought at 20 cents on a dollar, a basket approach is vastly more attractive than a single 10% bet.

4. Sometimes stocks exhibit asymmetric odds – for example a 5% chance of a zero and 95% chance of a 5x return. These types of ideas are perfect to be sized at 2%. If the zero hits, the portfolio can handle it without missing a beat. And the upside will move the needle. We bought into a few ideas with these types of attributes in Q408.

Our portfolio has plenty of positions that were sized of 10% at assets. It could take a few years before we've gotten all positions to conform to the above model. We are not there today. New positions will follow the above model going forward, but old positions will not be sold at a loss, just to conform to these bet sizes. This approach will result in lower volatility in the future. We've given up a modest amount of the upside to gain a meaningful drop in volatility going forward.

The Macro View

'There are 60,000 economists in the US, many of them employed full-time trying to forecast recessions and interest rates, and if they could do it successfully twice in a row, they'd all be millionaires by now. Last time I checked they were all still working"

- *Peter Lynch*

I have always been deeply skeptical about macro forecasts. However, there are times when there is considerable clarity about the future. Mr. Buffett has spoken out with clarity and conviction about the future prospects of stocks just four times in his lifetime of allocating meaningful amounts of capital (nearly six decades). My good friend, Whitney Tilson, has done us all a big favor by putting all four documents together for us at:

http://www.tilsonfunds.com/4BuffettMarketCalls.pdf

In 1974 and 1979, Buffett strongly endorsed buying stocks. Both endorsements came at times when the world was deeply pessimistic about the future prospects of stocks. Both calls turned out to be right on.

In 1999, he voiced his deep skepticism for stocks to deliver on the lofty expectations that investors held at the time. We know how 1999 to 2008 has played out for investors. And finally, in October, 2008, he endorsed buying stocks again – for the first time in 29 years! I believe that when we look back at this call in a few years, it'll appear just as prophetic as the previous three calls.

The Smith Family

Let's take a look at a hypothetical "Smith family" that earns \$100,000/year, spends \$135,000/year and in debt to the tune of \$350,000. In addition, this family currently faces tremendous hardships – several family members have serious health issues and need immediate attention and additional spending.

Today, this family pays very low interest rates (1-3%). But with each passing day, the amount owed by this family increases. Eventually, the note holders pay attention to the numbers and realize that there is no chance of a reduction in principal owed for the next several years. The Smith family is unusual. They also have a currency printing press in the basement. Besides taking on more debt, they can also print dollars. Lenders also know that with every dollar the Smith family prints, their claim declines in value. Normally the amount this family earns rises every year, but with the recession in full force, these earnings could go down below \$100,000 for the next year or two.

By 2012, the family's earnings may be \$110,000. However, the debt would have increased to around \$500,000 by then. Interest rates may have risen to 5-6%. The interest on the debt that was \$7,000 in 2008 is now \$30,000. With the added interest cost included, spending is now around \$160,000. And as the deficit rises and lenders get more weary, interest rates rise further – you get the picture.

The Smith family is the US Government. You can multiply all the above numbers by 30,000,000 to get to the real numbers. The federal government owes around 10 Trillion (mostly to foreigners). It is adding to this number at the rate over \$1 Trillion a year. The Federal Government's total annual revenues are under \$3 Trillion. In a few years the debt could exceed \$15 Trillion and the deficit could exceed \$2 Trillion. It is possible that the printing press is put into overdrive to avoid borrowing. In that case, we'll have lower debt numbers and higher inflation.

It seems to me that we are very likely to see high inflation and/or high interest rates in the coming years. In addition, it is very likely the dollar weakens against various hard assets and natural resources.

The broad market does not seem to agree presently. In Q408, we saw US Treasuries rally to the point of zero (even negative) yields on 90-day T-bills. Folks were willing to pay someone to borrow a mattress to stash their cash. Barron's reported this week that Zurich has run out of safe deposit boxes! The 10-year and 30-year Treasuries yields dropped to their lowest level in decades. On Dec. 18, 2008, here are the annualized yields offered on various maturities of US Treasuries:

1 Month:	0.03%	3 Year:	0.92%
3 Month:	0.00%	5 Year:	1.26%
6 Month:	0.15%	7 Year:	1.59%
1 Year:	0.43%	10 Year:	2.08%
2 Year:	0.68%	20 Year:	2.86%
		30 Year:	2.53%

People are willing to lend the Smith family money for 30 years at under 3% annually. I believe it is very likely these lenders will end up losing their shirts. With the flight from all kinds of assets in 2008, the money has mostly ended up in US Treasuries. Any asset class that ends up attracting the masses is the worst one to hold. The biggest bubble today is in US Treasuries.

Pabrai Funds is primarily a stock picking outfit. We know very little about bonds or fixed income. Thus we should be the last ones to pontificate on bonds and US Treasuries. The reason I have ventured out and commented is because the situation is so extreme today. On one hand, yields on US Treasuries are the lowest in decades. On the other hand, yields on every other kind of debt are at their highest levels (relative to treasuries) in decades.

Municipal bonds are among the safest investment class out there – especially when bought as a basket. With their tax-free nature, they typically yield less than treasuries (which are taxable). Today 30-year munis have yields that are 161 percent higher than 30-year T-Bills. It is unprecedented.

Typically the yield delta between 10-year treasuries and Baa rated corporate bond has vacillated between 10 and 400 basis points (0.1% to 4%) for over 45 years - with the average being around 200 basis points (2%). It got over 300 basis points in just 6 of the last 45 years – and quickly fell back to the 2% level. In December 2008, this delta hit 616 basis points – 6.2%! While 10-year treasuries yielded 2%, the Baa corporate bonds yielded over 8% - the widest spread in over half a century.

I believe these spreads between US Treasuries and various types of bonds will get back to historical ranges in the not too distant future. They may even overshoot (very tight spreads).

How can I setup Pabrai Funds to protect and profit from the above? Well, the best assets to own in an inflationary world are businesses whose products are inflation indexed – where prices can be raised at or above the rate of inflation. In addition if a business has done large amounts of capex using old dollars and does not have much need for capex at new dollars, yet can sell products at inflated prices, it is likely a home run. Such a business has a minimal need to take on additional debt. It is a beneficiary of both high interest rates and high inflation.

In Q408, while US Treasuries went to all-time low yields, commodity prices collapsed. Many of these commodities are scarce and face very high demand growth from India, China etc. Those growth engines have slowed down temporarily, but they will be back on track in the next few years. If we bought an interest in a low-cost mine producing copper or iron-ore – and we bought it in November or December of 2008 when they were being given away, we have many different ways for these investments to work out:

1. As demand evaporates and prices drop, all the marginal and high-cost producers shut down operations. Supply drops dramatically.
2. The low-cost producer is still profitable.
3. As demand kicks in the next few years, capacity is constrained and prices rise.
4. It takes more time to bring-on capacity than to shut it down.
5. If we have inflation, new capacity costs more – leading to higher marginal costs and higher prices.
6. As India and China's growth engine gets back on track, demand skyrockets while supply is constrained. Commodity prices rise – as they did recently from 2004-2008.

If someone has a printing press running on overdrive, the best way to protect one's wealth is to own hard assets (low-cost oil barrels in the ground, low-cost iron-ore reserves etc.).

We now own loads of these types of assets. Most were bought at absolutely collapsed and distressed prices. Even if most of the aforementioned does not play out, we'll still do quite well with these holdings. And if some or all of the above play out, we'll end up with massive home runs.

I am comfortable with the allocation and assortment of assets. During Q408, we not only bought hard assets, but made one investment in convertible bonds (another collapsed market), one beaten down blue chip business and one Chinese company. Our holdings are run by the best array of capital allocators we've ever had. Great managers sitting on top of great businesses and assets.

We are deliberately underweighted in businesses directly tied to discretionary consumer spending (e.g. luxury goods). And we're overweighted in areas (like infrastructure) where governments are likely to increase spending. We're a likely beneficiary of high inflation and a weak dollar.

Alignment of Interests

All three funds are below their historic NAVs and hence no fees were earned by any of the funds for the quarter. My immediate family has a stake of 479,206 units of PIF2, 7935 units of PIF3 and 1,242,318 units of PIF4. This stake is worth over $17 Million.

Besides the previously disclosed stake and small investment in Dardashti Capital (worth about $0.7 Million), my family has no interests in any other mutual funds, hedge funds or private equity funds. I have a deep vested interest in the future performance of Pabrai Funds.

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. Our interests are completely aligned. I am very bullish on the long-term future of Pabrai Funds – as demonstrated by my being the single largest investor in the funds. Investors who add funds when we are below the high-water mark (like now), get a free ride (no fees) until we're back at the high water mark plus 6% annualized from that date. It is a great deal.

2009 Annual Meetings – Save the Date

As is our usual modus operandi, there will be two annual meeting sequentially at Chicago, Illinois & Orange County, California. We are moving the Chicago meeting back to Carlucci's - our old beloved venue. I had moved the meeting to the Hyatt O'Hare because there was a decent chance we wouldn't have been able to fit everyone at Carlucci's. I got an expensive education in dealing with union rules and ancillary hotel charges at the various O'Hare area hotels. Our costs for doing an event at Carlucci's is a small fraction of the Hyatt O'Hare.

The Chicago meeting is thus scheduled to be on **Saturday, Sept. 12, 2009** 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.

The **California** meeting is scheduled to be on **Saturday, Sept. 26, 2009** at 4:00 PM at our usual venue:

Hyatt Regency Huntington Beach Resort and Spa
(Grand Ballroom)
21500 Pacific Coast Highway, Huntington Beach, CA 92648 Tel. +1714.698.1234

We will have 10 rooms set aside for the event at a TBD rate. Please call the hotel directly and book your room mentioning Pabrai Investment Funds. Alternately, Hyatt.com usually has good rates and you can book online as well. Please book early as the hotel usually is fully booked around that time. The hotel is closest to Orange County Airport (SNA), though LAX and Long Beach (LGB) are convenient as well.

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

The invites will go out in July 2009. Your significant other and kids of all ages are welcome to attend. I look forward to seeing you in September.

Next Opening – April 1, 2009 (all funds); February 1, 2009 (PIF3)

There are two funds open to new investors to add funds - PIF3 and PIF4.

The minimum investment for PIF4 is now reduced to $1,000,000 and one needs to be a "qualified investor" as defined by the SEC. The offering and subscription documents for PIF4 have details on who is considered a qualified investor. Next opening is April 1, 2009.

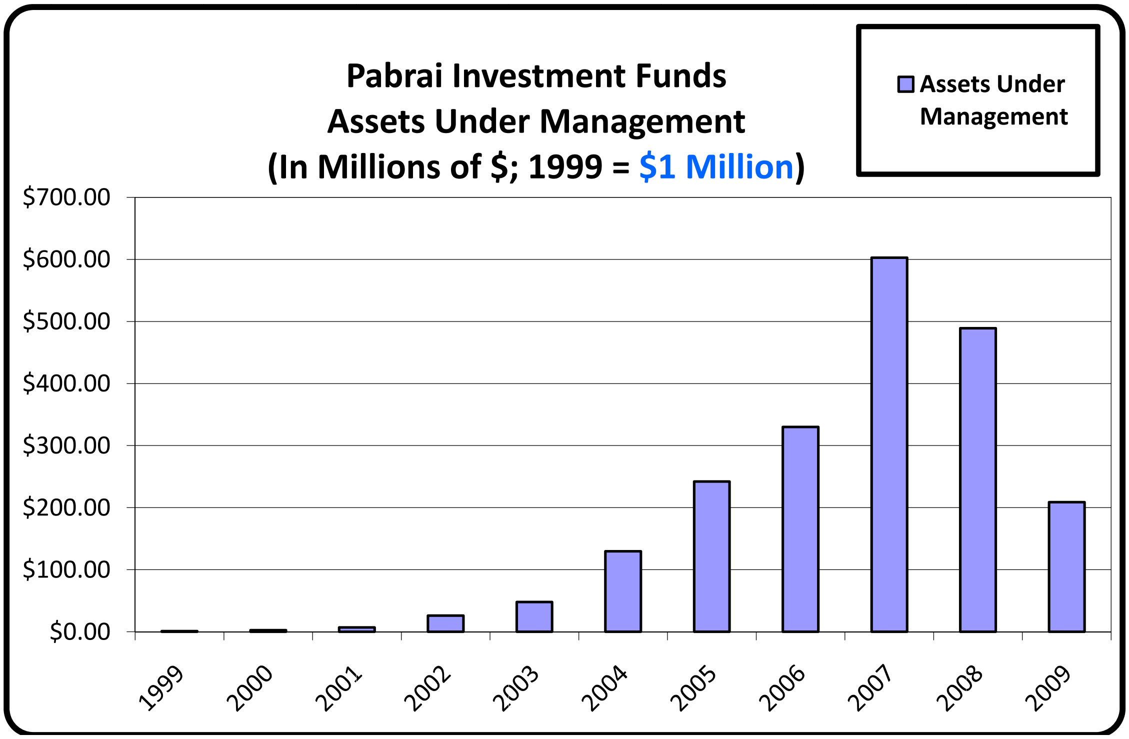
To invest in PIF3, one needs to be a non-US accredited offshore investor. Tax-exempt accounts like IRAs, Roth IRAs and US Family Foundations can invest in PIF3 as well. The minimum investment to join PIF3 as a new partner is $10,000,000 for US Tax-exempt accounts and $1,000,000 for offshore investors. Next opening date for PIF3 is February 1, 2009.

Existing partners in any of the Pabrai Funds can add funds in increments of $25,000 at each opening (with a $25,000 minimum).

PIF2/PIF4 open once every quarter to add funds from new/existing investors (1/1, 4/1, 7/1, 10/1) while PIF3 is open to add funds on the 1st day of every month.

Assets Under Management

There is about $209 Million in assets under management between all the funds as of January 1, 2009.



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

Appendix A

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
2,945,758	9/30/2008	$30.18
2,458,236	12/31/2008	$19.01

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	$10.58

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
17,763,891	9/30/2008	$11.15
15,737,042	12/31/2008	$6.66