

FAIRHOLME

Ignore the crowd.

THE FAIRHOLME FUND (FAIRX)

Average Annual Total Returns as of 06/30/2012:

	<u>1 Year</u>	<u>5 Year</u>	<u>10 Year</u>
Fairholme Fund	-6.96%	1.18%	9.01%
S&P 500	5.45%	.22%	5.33%
30-Day SEC Yield	-0.69%		
Expense Ratio	1.02% *		

* Includes acquired fund fees of .02%. Acquired fund fees and expenses are those expenses incurred indirectly by the Fairholme Fund as a result of investments in securities issued by one or more investment companies.

Cumulative Returns as of 06/30/2012:

	<u>1 Year</u>	<u>5 Year</u>	<u>10 Year</u>
Fairholme Fund	-6.96%	6.02%	136.95%
S&P 500	5.45%	1.09%	68.13%

Performance information quoted above represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be higher or lower than the performance quoted herein. The Fairholme Fund imposes a 2.00% redemption fee on shares held less than 60 days. Performance data does not reflect the redemption fee. If reflected, total returns would be reduced. Fairholme performance numbers assume reinvestment of dividends and capital gains and include all expenses, including acquired fund fees and expenses incurred indirectly by the Fairholme Fund in securities issued by investment companies. While the Fairholme Fund has no front or back loads, or 12b-1 fees, management fees and other expenses still apply. Any questions you may have, including most recent month-end performance, can be answered by calling Shareholder Services at 1-866-202-2263.

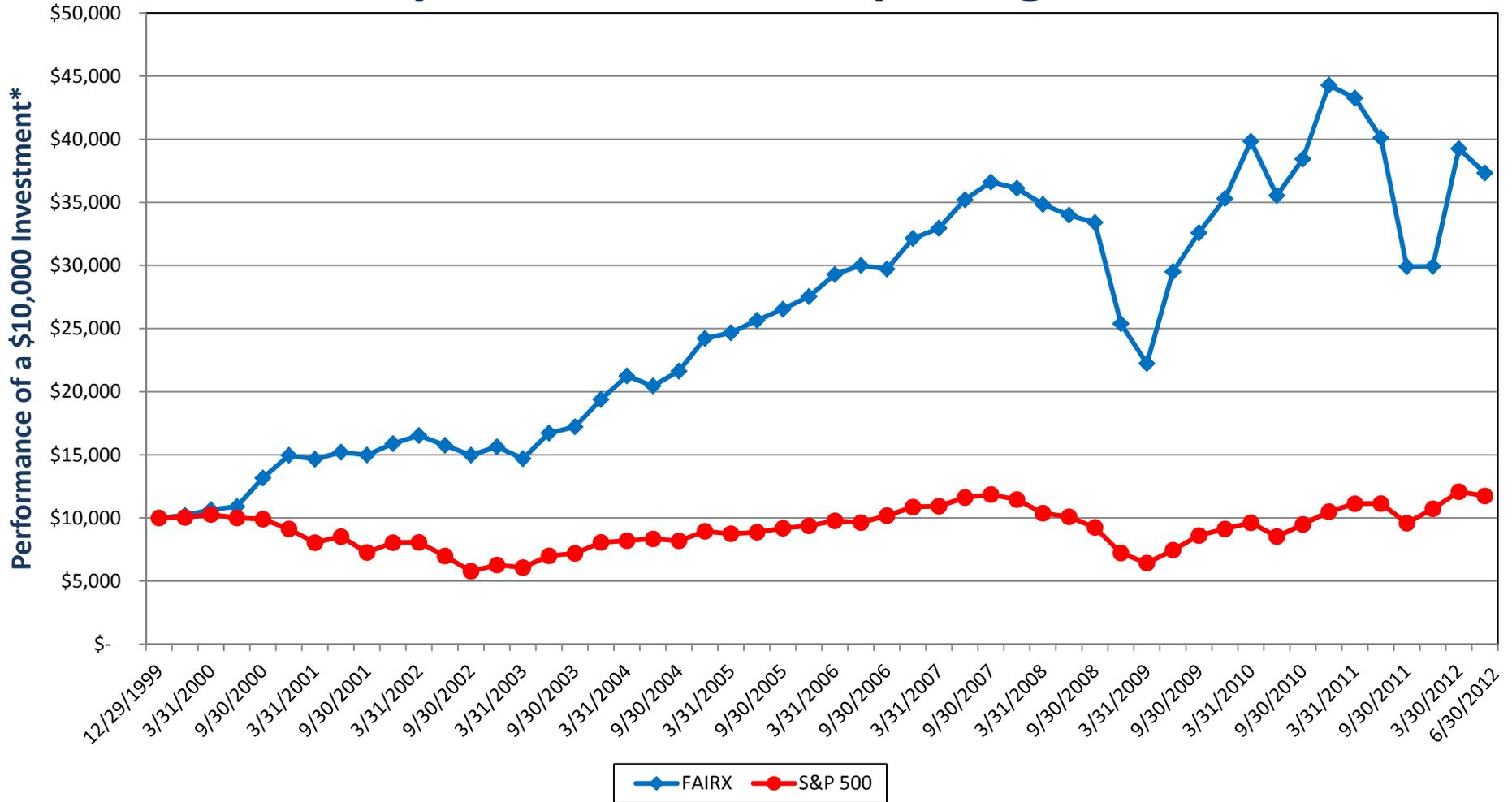
The S&P 500 Index is a broad based measurement of changes in the stock market, is used for comparative purposes only, and is not meant to be indicative of the Fund's performance, asset composition or volatility. Given the wide scope of securities held by S&P 500, it should be inherently less volatile. Our results may differ markedly from those of the S&P 500 in either up or down market trends. The performance of the S&P 500 is shown with all dividends reinvested into the index and does not reflect any reduction in performance for the effects of transaction costs or management fees. Investors cannot invest directly in an index.

Additional supplementary information can be found at the end of the presentation.

GUIDING PRINCIPLES

- Shareholders First* ✓
- Don't Lose* ✓
- Focus on Value* ✓
- Long-Term Performance* ✓
- Ignore The Crowd* ✓

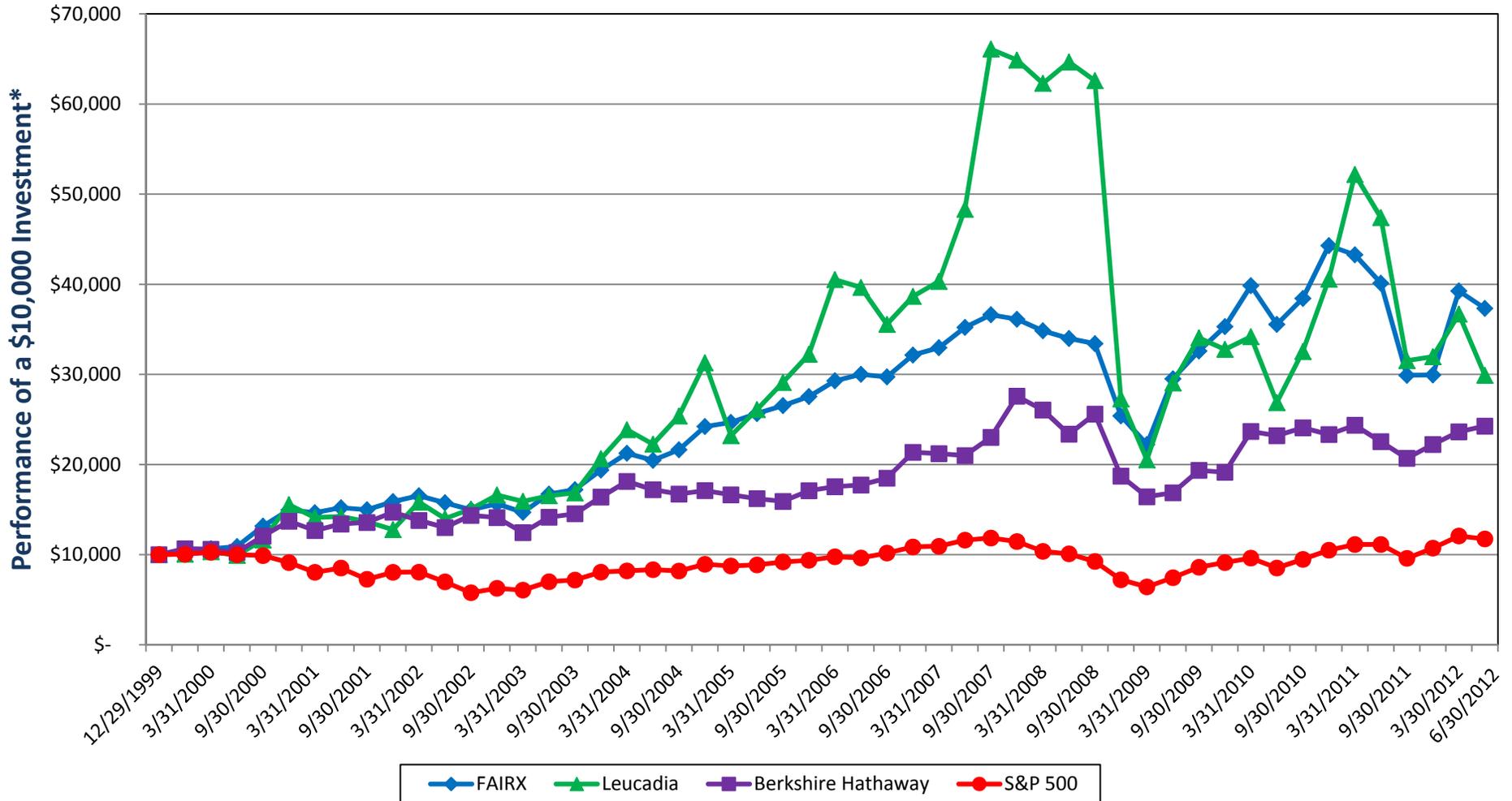
Our performance since inception has been quite good...



Past performance is no guarantee of future results.

* Based on total return since FAIRX inception on 12/29/1999.
See last page for supplementary information.

...And, we've even kept pace with our heroes.



Past performance is no guarantee of future results.

Berkshire Hathaway and Leucadia are holding companies whose returns are affected by regulations that differ from those of a mutual fund. See last page for further explanation.

* Based on total return since FAIRX inception on 12/29/1999.
See last page for supplementary information.

Perception vs. Reality

While negative market sentiment reduced the FAIRX NAV by 10% over the last twelve months, our portfolio's book value grew by 2%.*



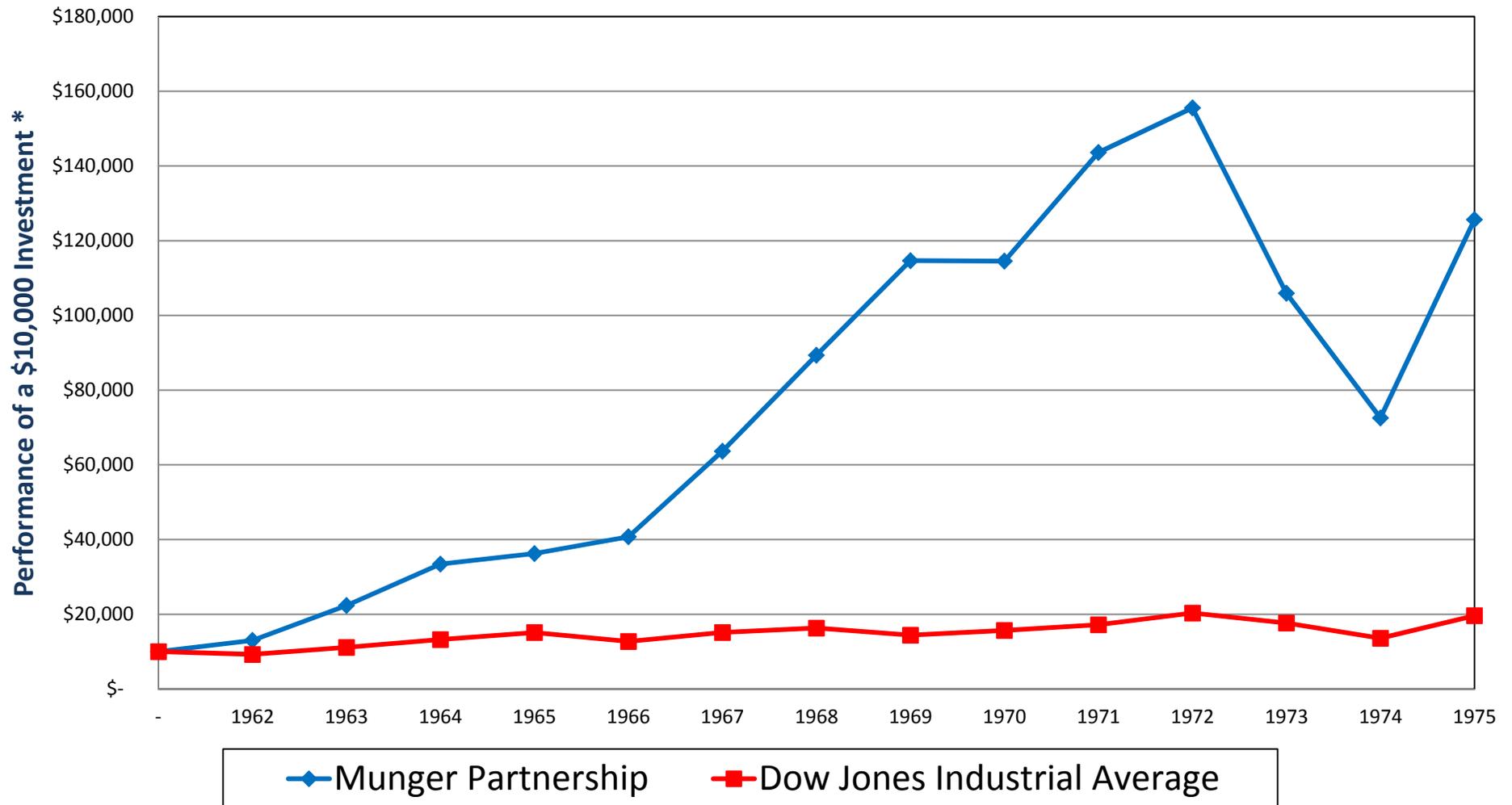
"Book value" is the net asset value of a company, calculated by subtracting total liabilities from total assets.

* Fairholme performance numbers assume reinvestment of dividends and capital gains and include all expenses.

** FAIRX NAV as of 6/30/2011; Estimated Book Value derived from Q2 2011 10-Q's.

*** FAIRX NAV as of 6/30/2012; Estimated Book Value derived from Q1 2012 10-Q's.

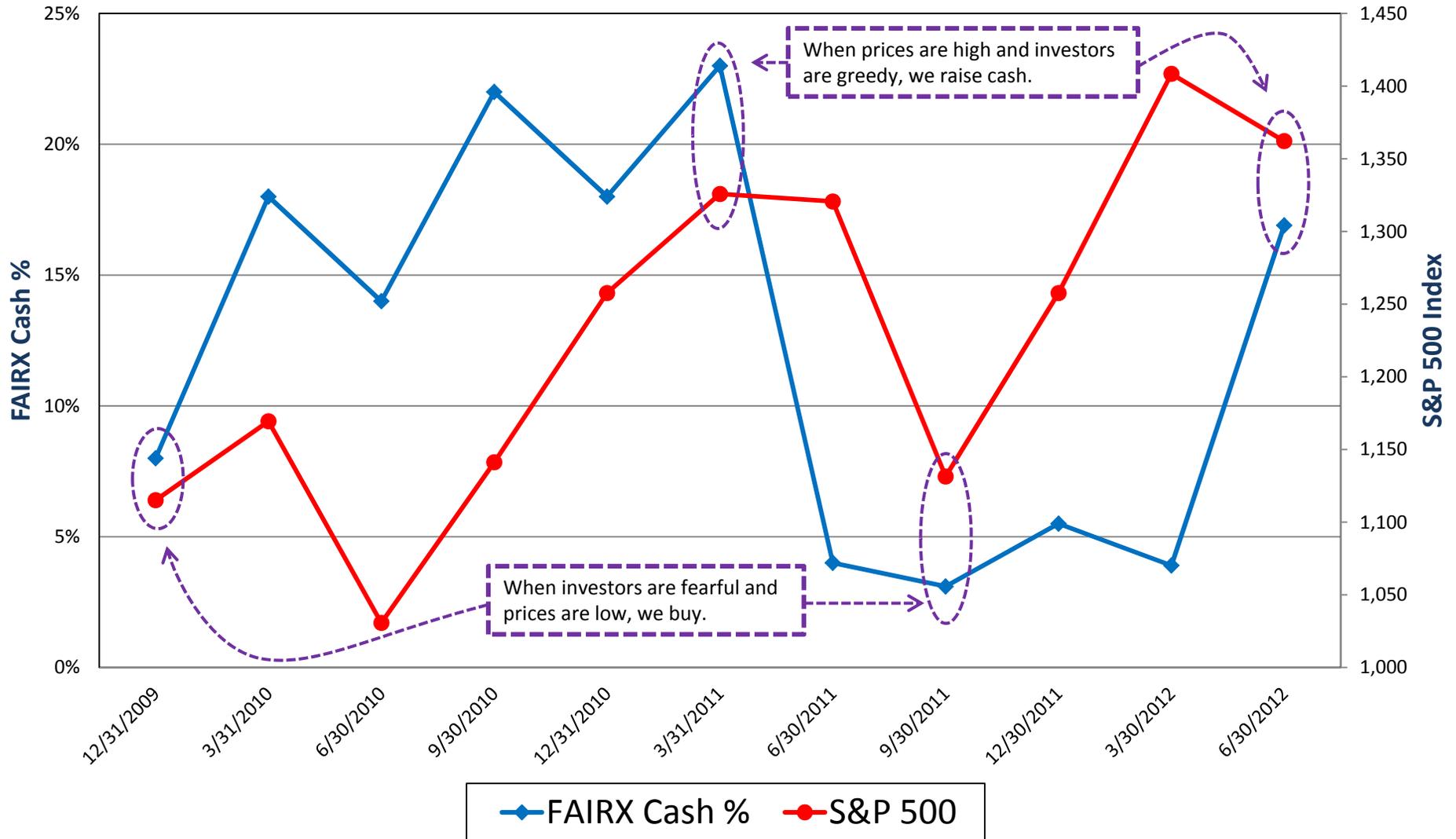
Value investing is a long-term strategy...even Charlie Munger's private partnership (pre-Berkshire Hathaway) had tough investment periods.



The "Munger Partnership" was a private investment partnership managed by Charles Munger, who currently serves as Vice-Chairman of Berkshire Hathaway.

* Past performance is no guarantee of future results. See last page for supplementary information.

Greedy when others are fearful, and fearful when others are greedy.

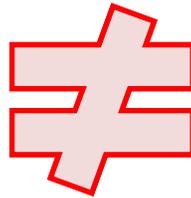


Value investors do not equate current “volatility” with “risk” over the long-term...

Vol·a·til·i·ty: [vol-uh-til-i-tee]

Merriam-Webster Dictionary

“Characterized by or subject to rapid or unexpected change.”



Risk: [r-sk]

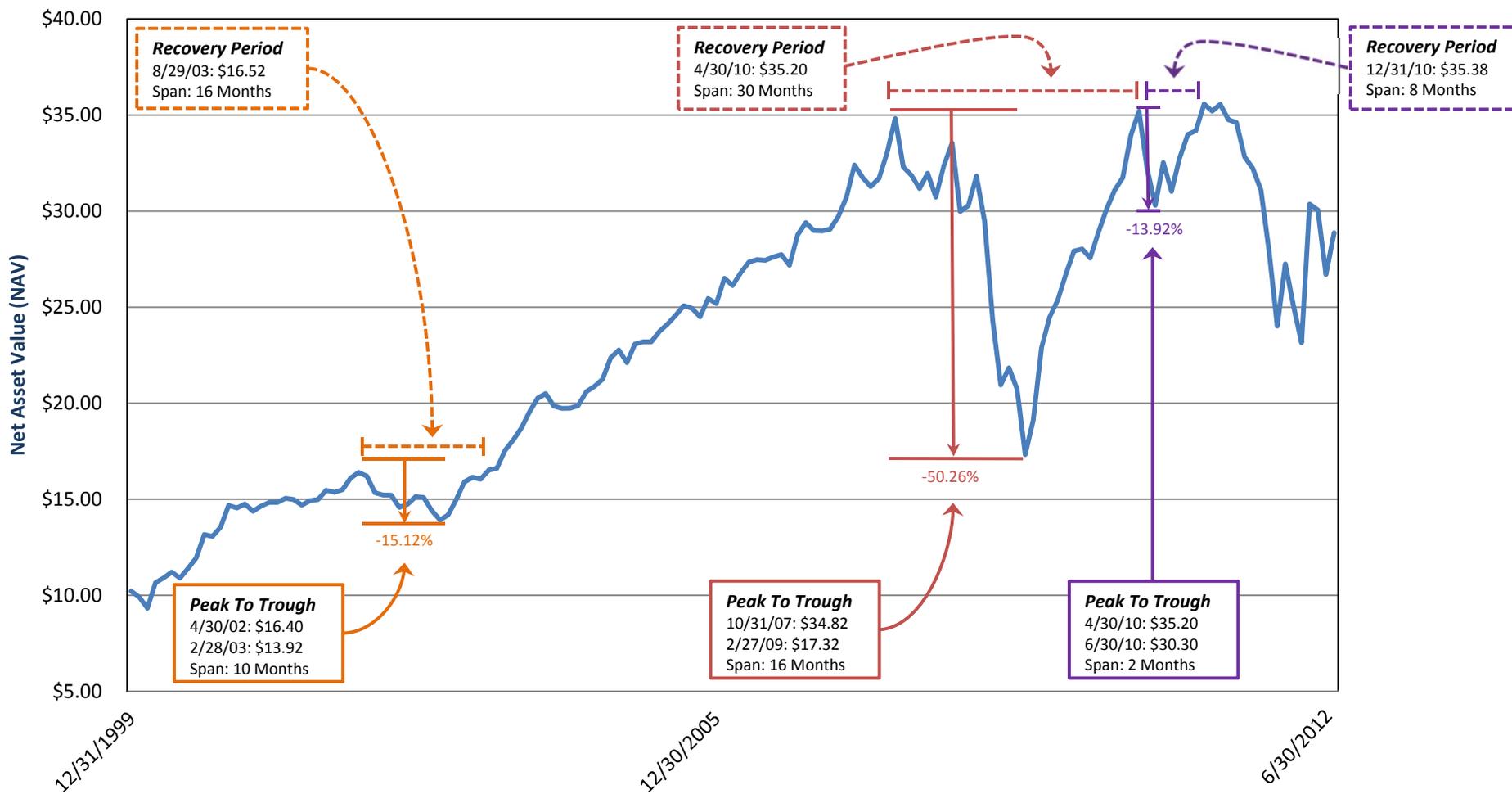
Merriam-Webster Dictionary

“The chance that an investment will lose value.”

We think of risk as the potential for permanent loss of capital.

Market price volatility only measures short-term perception of long-term risk.

FAIRX Recovery Periods



Patience, Discipline and Grit

“Value...is not quite enough. Buying low is a start...but you need the patience, discipline and grit to buy lower and still lower if the opportunity presents itself, shutting out the extraneous noise coming from within the market and over the airwaves.”

Seth A. Klarman
President, The Baupost Group
April 8, 2011



**KEEP
CALM
AND
CARRY
ON**

“Periods of volatility and stress sometimes allow what we buy cheap to become cheaper, creating unusual opportunity. Fairholme's history includes many instances of short-term ‘embarrassment’ leading to long-term victory.”

Bruce R. Berkowitz
Letter to Clients
October 2006

* This poster was initially produced in 1939 by the United Kingdom Ministry of Information, and was intended to strengthen morale at the beginning of the Second World War.

FAIRHOLME

Ignore the crowd.

The Fairholme Fund is non-diversified, which means that it invests in a smaller number of securities when compared to more diversified funds. Therefore, the Fairholme Fund is exposed to greater individual security volatility than diversified funds. The Fairholme Fund can invest in foreign securities which may involve greater volatility and political, economic, and currency risks and differences in accounting methods. The Fairholme Fund may also invest in “special situations” to achieve its objectives. These strategies may involve greater risks than other fund strategies. Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. Lower-rated and non-rated securities present greater loss to principal than higher-rated securities.

The Fairholme Fund’s investment objectives, risks, charges, and expenses should be considered carefully before investing. The prospectus contains this and other important information about the Fairholme Fund, and may be obtained by calling shareholder services at (866) 202-2263 or by visiting our website at www.fairholmefunds.com. Read it carefully before investing.

Nothing in this presentation should be taken as a recommendation to anyone to buy, hold, or sell certain securities or any other investment mentioned herein. Our opinion of a company’s prospects should not be considered a guarantee of future events. **Investors are reminded that there can be no assurance that past performance will continue, and that a mutual fund’s current and future portfolio holdings always are subject to risk.** As with all mutual funds, investing in the Fairholme Fund involves risk including potential loss of principal.

The performance quoted for Berkshire Hathaway (“Berkshire”) and Leucadia National Corporation (“Leucadia”) is based on the closing market price of Berkshire’s Class A Common Stock and Leucadia’s common shares. Berkshire is a conglomerate holding company owning subsidiaries that engage in a number of diverse business activities including property and casualty insurance and reinsurance, freight rail transportation, utilities and energy, finance, manufacturing, services and retailing. Leucadia is a diversified holding company engaged in a variety of businesses, including manufacturing, land based contract oil and gas drilling, gaming entertainment, real estate activities, medical product development and winery operations. Berkshire and Leucadia are not mutual funds. They are subject to different corporate, securities, and tax regulations that affected their return in ways different than a mutual fund. Berkshire has not paid a dividend. Its earnings are retained and taxed at prevailing corporate income tax rates. The quoted returns for Berkshire and Leucadia do not reflect capital gains tax a shareholder would pay upon sale of their stock. As a registered mutual fund, Fairholme Fund’s net investment income is exempt from corporate taxation provided it is paid out as dividends. The Fund’s quoted returns do not reflect a shareholder’s taxes on dividends or upon redemption of shares. As of February 29, 2012, Berkshire and Leucadia were among the Fund’s top ten holdings, representing 3.7% and 4.2% of the Fund’s total net assets. The Fairholme Fund’s portfolio holdings are generally disclosed as required by law or regulation on a quarterly basis through reports to shareholders or filings with the SEC within 60 days after quarter end. A complete list of the Fairholme Fund’s top ten holdings is available on our website at www.fairholmefunds.com.

Opinions expressed are those of the author and/or Fairholme Capital Management, L.L.C. and should not be considered a forecast of future events, a guarantee of future results, nor investment advice.

Fairholme Distributors, LLC (07/12)