



FAIRHOLME FUNDS

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FAIRHOLME FUNDS, INC.

Miami, FL
December 15, 2017

RE: December 2017 Dividends and Distributions

THE FAIRHOLME FUND (FAIRX)

On December 15, 2017, the Fairholme Fund (NASDAQ: FAIRX) distributed an Ordinary Income dividend of \$0.25971 per share to shareholders of record as of December 14, 2017. **The Fairholme Fund's Net Asset Value ("NAV") was reduced by the total amount of the distribution.**

The Record Date, Ex-Dividend Date, Payable Date, and Cents-Per-Share are as follows:

Distribution Type	Record Date	Ex-Dividend Date	Payable Date	Cents-Per-Share
Ordinary Income	December 14, 2017	December 15, 2017	December 15, 2017	\$0.25971
Total				\$0.25971

THE FAIRHOLME FOCUSED INCOME FUND (FOCIX)

On December 15, 2017, the Fairholme Focused Income Fund (NASDAQ: FOCIX) distributed an Ordinary Income dividend of \$0.11053 per share, a Short-Term Capital Gain* distribution of \$0.05650 per share, and a Long-Term Capital Gain distribution of \$0.46342 per share to shareholders of record as of December 14, 2017. **The Fairholme Focused Income Fund's Net Asset Value ("NAV") was reduced by the total amount of the distribution.**

The Record Date, Ex-Dividend Date, Payable Date, and Cents-Per-Share are as follows:

Distribution Type	Record Date	Ex-Dividend Date	Payable Date	Cents-Per-Share
Ordinary Income	December 14, 2017	December 15, 2017	December 15, 2017	\$0.11053
Short-Term Capital Gain*	December 14, 2017	December 15, 2017	December 15, 2017	\$0.05650
Long-Term Capital Gain	December 14, 2017	December 15, 2017	December 15, 2017	\$0.46342
Total				\$0.63045

*Net short-term capital gains, when distributed, are generally taxable as ordinary income and are reported as Ordinary Dividends on Form 1099-DIV.

THE FAIRHOLME ALLOCATION FUND (FAAFX)

On December 15, 2017, the Fairholme Allocation Fund (NASDAQ: FAAFX) distributed an Ordinary Income dividend of \$0.11886 per share to shareholders of record as of December 14, 2017. **The Fairholme Allocation Fund's Net Asset Value ("NAV") was reduced by the total amount of the distribution.**

The Record Date, Ex-Dividend Date, Payable Date, and Cents-Per-Share are as follows:

Distribution Type	Record Date	Ex-Dividend Date	Payable Date	Cents-Per-Share
Ordinary Income	December 14, 2017	December 15, 2017	December 15, 2017	\$0.11886
Total				\$0.11886

Past performance is not a guarantee of future results.

Investing in the Funds involves risks including loss of principal. The Funds' investment objectives, risks, charges, and expenses should be considered carefully before investing. The [prospectus](#) contains this and other important information about the Funds, and it may be obtained by calling Shareholder Services at 1-866-202-2263 or visiting our website www.fairholmefunds.com. Read it carefully before investing.

The Fairholme Fund is non-diversified, which means that The Fairholme Fund invests in a smaller number of securities when compared to more diversified funds. Therefore, The Fairholme Fund is exposed to greater individual stock volatility than a diversified fund. The Fairholme Fund also invests in foreign securities, which

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.

The Fairholme Focused Income Fund (the “Income Fund”) is a non-diversified mutual fund, which means that the Income Fund invests in a smaller number of securities when compared to more diversified funds. This strategy exposes the Income Fund and its shareholders to greater risk of loss from adverse developments affecting portfolio companies. The Income Fund’s investments are also subject to interest rate risk, which is the risk that the value of a security will decline because of a change in general interest rates. Investments subject to interest rate risk will usually decrease in value when interest rates rise and rise in value when interest rates decline. Also, securities with long maturities typically experience a more pronounced change in value when interest rates change. Debt securities are subject to credit risk (potential default by the issuer). The Income Fund may invest without limit in lower-rated securities. Compared to higher-rated fixed income securities, lower-rated debt may entail greater risk of default and market volatility.

The Fairholme Allocation Fund (the “Allocation Fund”) is a non-diversified mutual fund, which means that the Allocation Fund can invest in a smaller number of securities when compared to more diversified funds. The Allocation Fund may invest in lower-rated securities, which may have greater market risk. This strategy exposes The Allocation Fund and its shareholders to greater risk of loss from adverse developments affecting portfolio companies. The allocation of investments among the different asset classes, such as equity or fixed-income asset classes, may have a more significant effect on The Allocation Fund’s net asset value when one of these classes is performing more poorly than others.

Fairholme Distributors, LLC (12/17)