

Fairholme Capital Management, L.L.C.
Client Relationship Summary
March 28, 2024

1. Introduction

Our name is Fairholme Capital Management, L.L.C. We are registered with the Securities and Exchange Commission as an investment adviser. The services offered and fees charged by an investment adviser differ from those of broker-dealers and it is important that you understand the differences. Free and simple tools are available to research investment adviser firms, broker-dealers, and their financial professionals at www.Investor.gov/CRS, which also provides educational materials about broker-dealers, investment advisers, and investing.

2. Relationships and Services

What investment services and advice can you provide me? We offer investment advisory services to retail investors. The principal investment advisory services that we offer to retail investors are through separately managed accounts and mutual funds. There are no material limitations on our services. We continuously monitor your investments. Monitoring of your investments is offered as part of our standard services. Our investment management agreement with you gives us the authority to buy and sell investments on your behalf; however, if you are a managed account client, you may limit our ability to purchase specific issuers or industry/sectors and may direct us to use a particular broker-dealer to execute portfolio transactions for your account. Our advice is not limited to certain types of products or investments. We require a minimum account size of \$25 million to open a managed account with us, which amount may be waived at our discretion. **Please see the more detailed disclosure on the investment services and advice that we can provide to you in Items 4 and 7 of our Form ADV Part 2A, which is available at adviserinfo.sec.gov/firm/summary/107987.**

Conversation Starters. *Given my financial situation, should I choose an investment advisory service? Why or why not? How will you choose investments to recommend to me? What is your relevant experience, including your licenses, education and other qualifications? What do these qualifications mean?*

3. Fees, Costs, Conflicts, and Standard of Conduct

What fees will I pay? Our investment management agreement with you provides that you will pay us an annual asset-based fee of 1% of the net assets in your account. However, we have voluntarily agreed to waive a portion of our investment management fee to an annual rate of 0.80% of your assets under management. We may terminate this voluntary waiver upon 60 days' written notice to you. Because we charge an asset-based fee, the more assets there are in your advisory account, the more you will pay in fees, and we therefore have an incentive to encourage you to increase the assets in your account. You will also pay other fees and costs, including custodial charges, brokerage fees, commissions and related costs, interest expenses, taxes, duties and other governmental charges, transfer and registration fees or similar expenses, costs associated with foreign exchange transactions, other portfolio expenses, and costs, expenses and fees (including investment advisory and other fees charged by other investment advisers with, or funds in, which your account invests) associated with products or services that may be necessary or incidental to such investments or accounts. You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. **Please make sure you understand what fees and costs you are paying. Please see the more detailed disclosure on our fees and costs in Item 5 of our Form ADV Part 2A, which is available at adviserinfo.sec.gov/firm/summary/107987.**

Conversation Starters. *Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?*

What are your legal obligations to me when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have? When we act as your investment adviser, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice we provide you. Here are some examples to help you understand what this means. The following arrangements and activities give us an incentive to make investments for you based on our own interests rather than on your needs.

- *Proprietary Products.* We invest your assets in investments that are issued, sponsored, or managed by us or our affiliates. While we could receive additional compensation from those investments, we waive fees on managed accounts such that managed accounts pay only those fees charged to investors in the mutual fund or other pooled investment vehicle with respect to their assets invested in that vehicle.
- *Personal Trading.* We invest personally in the same (or related) securities that we recommend to you. We also buy or sell securities for you at or about the same time that we buy or sell the same securities for our own accounts. This gives us an incentive to favor our own accounts over your account.

Conversation Starters. How might your conflicts of interest affect me, and how will you address them?

Please see the more detailed disclosure on our conflicts of interest in Items 5, 6, 10, 11, 12, 14, and 17 of our Form ADV Part 2A, which is available at adviserinfo.sec.gov/firm/summary/107987.

How do your financial professionals make money? We pay our portfolio manager a fixed guaranteed payment and a share of our total profit. Our portfolio manager is compensated based on revenue that we earn from providing advisory services, and such revenue is based on the amount of our assets under management.

4. Disciplinary History

Do you or your financial professionals have legal or disciplinary history? No.

Conversation Starters. As a financial professional, do you have any disciplinary history? For what type of conduct?

5. Additional Information

You can find additional information about our investment advisory services at adviserinfo.sec.gov/firm/summary/107987 and on our website www.fairholmecapital.com. You can request up to date information and a copy of our relationship summary by contacting us at 305-358-3000.

Conversation Starters. Who is my primary contact person? Is he or she a representative of an investment adviser or a broker-dealer? Who can I talk to if I have concerns about how this person is treating me?