



Fairmount Funds Management LLC

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March 28, 2024

This brochure ("**Brochure**") provides information about the qualifications and business practices of Fairmount Funds Management LLC, an investment adviser registered with the United States Securities and Exchange Commission (the "**SEC**"). If you have any questions about the contents of this Brochure, please contact Erin O'Connor, our chief compliance officer, at eoconnor@fairmountfunds.com or 267-262-5300. The information in this Brochure has not been approved or verified by the SEC or by any state securities authority.

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

Additional information about Fairmount Funds Management LLC is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2: Material Changes

Since Fairmount's most recent annual update, dated March 31, 2023, the following material changes have been made to this Brochure:

- Item 4 has been updated to reflect the October 1, 2023, dissolution of Fairmount Healthcare Fund LP and Fairmount Healthcare Feeder Fund Ltd.
- Item 5 has been updated to reflect a revised management fee schedule for Fairmount Healthcare Fund II and Offshore Fund II.
- Item 6 has been updated to reflect Fairmount's ability to form co-investment vehicles.
- Item 8 has been updated to reflect the new company formation facet of Fairmount's investment strategy.
- Item 8 has been updated to include Co-Investments and Joint Investments with Third Parties risk descriptions.

In addition, the Firm routinely makes updates throughout this Brochure to update its assets under management and enhance and clarify the description of its business practices, risks, compliance policies and procedures, as well as to respond to evolving industry best practices.

You may request our brochure by contacting us at 267-262-5300 or eoconnor@fairmountfunds.com.

Item 3: Table of Contents

Item 2: Material Changes	2
Item 3: Table of Contents	3
Item 4: Advisory Business	4
Item 5: Fees and Compensation	4
Item 6: Performance-Based Fees and Side-By-Side Management	7
Item 7: Types of Clients	8
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss	8
Item 9: Disciplinary Information	20
Item 10: Other Financial Industry Activities and Affiliations	20
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	21
Item 12: Brokerage Practices	22
Item 13: Review of Accounts	23
Item 14: Client Referrals and Other Compensation	24
Item 15: Custody	24
Item 16: Investment Discretion	24
Item 17: Voting Client Securities	24
Item 18: Financial Information	25

Item 4: Advisory Business

Fairmount Funds Management LLC, a Delaware limited liability company (hereinafter "**Fairmount**," "**we**," "**us**," "**our**" or the "**Firm**"), was founded by Peter Harwin and Tomas Kiselak, the principal owners of the Firm (the "**Managing Members**") in August 2016. The Managing Members are responsible for the Firm's daily management and portfolio selection.

Fairmount Healthcare Fund II GP LLC and Fairmount Healthcare Co-Invest II GP LLC both Delaware limited liability companies (the "General Partners"), are affiliated with the Firm and owned by the Managing Members.

Fairmount provides discretionary investment management services to qualified investors through its privately placed pooled investment vehicles (the "**Funds**"):

- (i) Fairmount Healthcare Fund II LP ("**Fairmount Healthcare Fund II**") and Fairmount Healthcare Feeder Fund II LP ("**Offshore Fund II**," and together with Fairmount Healthcare Fund II, the "**Partnerships**");
- (ii) one Special Purpose Vehicle (the "**SPV**"); and
- (iii) Fairmount Healthcare Co-Invest II LP ("**Co-invest II**").

Offshore Fund II invests all its assets in Fairmount Healthcare Fund II. Offshore Fund II's **shareholders**, Fairmount Healthcare Fund II and Co-invest II's **limited partners**, and the **members** of the SPV are hereafter collectively referred to as the "**Investors**" where appropriate. We do not tailor our advisory services to the individual needs of any Investor.

Fairmount manages investments primarily focused on healthcare and life science companies, including companies developing drugs, devices, diagnostics, services, and/or healthcare IT. Investments are generally comprised of common stock, preferred shares, warrants, options, baskets of securities, exchange-traded funds, restricted shares, contingent value rights, and investments in privately held companies. We focus on small and midsize market capitalization companies and may invest long and/or short and may choose to hedge some or all of our positions.

As of December 31, 2023, the Firm managed approximately \$2,277,000,000 in client assets, all of which were managed on a discretionary basis.

Information about the Funds presented in this Brochure is indicative of Fund terms and practices. Interests in any Fund are offered to eligible investors only through their respective confidential offering memoranda and other offering and governing documents, which should be read in their entirety prior to investment. This Brochure is not an offer of interests in any Fund.

Item 5: Fees and Compensation

Management Fee

Under the terms of the Private Placement Memorandum for Fairmount Healthcare Fund II and Offshore Fund II, Fairmount receives a flat management fee of 1.25% per annum based on the net asset value attributable to the capital account of each limited partner or

shareholder. Such management fees are paid quarterly in advance and are directly deducted from client accounts.

All management fees are calculated independently by the Partnerships' administrator and reviewed by Fairmount's Chief Financial Officer. Fairmount, in its sole discretion, may waive, reduce, or rebate management fees with respect to certain Investors, including affiliates of the General Partners or Fairmount.

Fairmount does not receive a management fee in connection with its management of the SPV or Co-Invest II.

Additional Fees and Expenses

The Partnerships will bear certain specific and/or customary fund expenses, including those detailed in their respective governing documents and/or agreements. These fees and expenses typically include: (i) fees, costs and expenses for and/or relating to attorneys, accountants, advisers, consultants related to potential or actual investments (including sourcing consultants, operating consultants, research consultants, industry expert consultants, scientists, engineers and/or subject-matter consultants), administrators, custodians, depositaries and paying agents, domiciliation agents, valuation experts (including a valuation agent), data providers (including related systems and services from such data providers and data management software, as well as any information technology, hardware and other technology incorporated into the cost of obtaining such data) and other advisers and professionals (including temporary personnel or consultants that may be engaged on short- or long-term arrangements as deemed appropriate by Fairmount and any strategic advisors, consultants, senior advisors and other similar professionals who are not Fairmount employees but who may be employees of portfolio companies or other entities in which a Partnership invests) (including audit and certification fees, the costs of preparing, printing and distributing reports to investors, maintaining accounts, calculating net asset values, processing subscriptions and investor communications and expenses incurred in connection with negotiating and complying with the provisions of any side letters, including administering "most favored nations" provisions therein); (ii) fees payable to any placement agent engaged pursuant to local legal or regulatory requirements in connection with the offering of Partnership interests outside the United States; (iii) brokerage commissions, prime brokerage fees, custodial expenses, other bank service fees and other investment costs, fees and expenses; (iv) expenses associated with auditing; (v) trade support services, including, but not limited to, pre- and post-trade support software and related support services (including any and all fees, costs and expenses of any investment, books and records, portfolio compliance and reporting systems such as Bloomberg terminals, including consultant, software licensing, data management and recovery services fees and expenses) and data services providing price feeds, news feeds, securities and company information and company fundamental data; (vi) risk analysis and risk reporting by third parties and risk-related and consulting services; (vii) fees of providers of specialized data and/or analysis related to a portfolio company and the sector and asset classes in which a Partnership has made or intends to make an investment; (viii) research and technology expenses (including newswire, quotation services, publications, periodicals, subscriptions, data base services and data processing that are related to research activities on behalf of a Partnership, and information services); (ix) expenses associated with investor communications and reporting (including annual information sessions or meetings and maintenance of a website or other portal); (x) fees, costs and expenses related to communications in connection with investment-related travel (including internet access fees), travel, lodging, international cellular charges, out-of-office meals and other similar expenses related thereto; (xi) other fees, costs and expenses incurred in developing, bidding on, evaluating, investigating,

negotiating, financing, refinancing, structuring, obtaining regulatory approvals for, purchasing, trading, clearing, settling, monitoring, maintaining custody of, holding and disposing of investments, whether or not such investments are consummated, including any due diligence, valuation (including fees and expenses of valuation agents), financing, legal, accounting, advisory and consulting expenses in connection therewith, costs in connection with proxy contests (including fees and expenses of professionals relating thereto), any costs and expenses arising from any foreign exchange or other currency transactions, any insurance, indemnity, litigation, investigation or similar expense, and any expenses related to short sales; (xii) expenses associated with withdrawals, redemptions, admissions, issuances and transfers (including preparation of any form transfer agreements) of interests in a Partnership on an ongoing basis; provided that the applicable transferor/transferee shall bear the material costs of any transfer; (xiii) other expenses associated with the acquisition, holding, monitoring and disposition of investments (including any brokerage, trading, custody or hedging costs, expenses or commissions and similar expenses necessary for a Partnership to receive, buy, sell, exchange, trade and otherwise deal in and with securities and other property of such Partnership (including expenses relating to spreads, short dividends, negative rebates, financing charges, currency hedging costs and investing in temporary investments)); (xiv) interest and other expenses incurred in respect of a Partnership's borrowings, guarantees and other financing; (xv) costs and expenses of any lenders, investment banks and other financing sources; (xvi) fees, costs and expenses incurred in connection with a Partnership's financial statements, reports, notices, tax returns and Schedule K-1s (or similar schedules), if applicable (including any audits relating thereto), including the costs of creating, translating, printing and distributing such financial statements, notices, reports, tax returns and Schedule K-1s (or similar schedules), if applicable (whether by a Partnership, any affiliate of such Partnership and/or any service provider or agent engaged by the Partnership and/or its affiliate in connection therewith), and any postage costs and expenses related to Partnership matters; (xvii) out-of-pocket fees, costs and expenses, if any, incurred in connection with a Partnership's legal, tax and regulatory compliance with U.S. federal, state, local, non-U.S. or other law or regulation and the compliance with the rules of any self-regulatory organization; any and all entity-level taxes (including withholding and entity taxes to the extent not allocable to specific investors or capital accounts) and governmental fees or other charges payable by or with respect to or levied against a Partnership or its investments, whether payable to U.S. federal, state, non-U.S. or other governmental agencies, including real estate, stamp or other transfer taxes; any and all expenses related to complying with FATCA; any and all wind-up and liquidation expenses; any and all fees and expenses related to regulatory filings relating to a Partnership and its activities (including expenses relating to reporting with respect to a Partnership and its activities on any reports to be filed with the U.S. Securities and Exchange Commission or the U.S. Commodity Futures Trading Commission, expenses relating to compliance, reports, disclosures, filings and notifications contemplated by or otherwise prepared in accordance with any state, U.S. federal or national securities authority of any jurisdiction), and, with respect to the above, the fees, costs and expenses incurred to audit such reports and filings, provide access to such reports, filings and information (including through a website or other portal) and a Partnership's pro rata share of expenses associated with the information, technology, communication, research and reporting costs (including internally allocated charges) utilized for the benefit of such Partnership, as applicable; and other similar expenses related to such Partnership but, for the avoidance of doubt, excluding filing fees, costs and expenses related to the preparation and filing of Form ADV and Form PF; (xviii) fees, costs and expenses related to the organization, maintenance and operation of any special purpose vehicle and any other intermediate entity established for a Partnership's investment purposes, including any travel and accommodation expenses related to such entity; (xix) all out-of-pocket costs and expenses, if any, incurred by or on behalf of a Partnership or any special purpose vehicle, or in anticipation of and to facilitate any potential

co-investment alongside such Partnership, in developing, bidding on, negotiating and structuring a prospective or potential investment which is not ultimately made or a proposed disposition of an investment that is not actually consummated, including (A) any legal, accounting, advisory, consulting or other third party expenses in connection therewith and any travel and accommodation expenses, (B) all fees (including commitment fees), costs and expenses of lenders, investment banks and other financing sources in connection with arranging financing for a proposed investment that is not ultimately made, (C) any deposits or down payments of cash or other property which are forfeited and (D) broker fees and expenses (including retainers or similar fees and advancement of expenses), to the extent not reimbursed by an entity in which a Partnership has invested or proposes to invest or other third parties; provided that Fairmount shall use commercially reasonable efforts to have any applicable co-investors bear their attributable share of such “broken deal expenses” associated with the potential co-investment; (xx) expenses of reorganizing (including an initial public offering or a merger or acquisition), reconstituting, recapitalizing, restructuring, winding up and/or liquidating a Partnership or any special purpose vehicle or any other entity established for such Partnership’s investments (including, for the avoidance of doubt, any fees and expenses of third parties related thereto) or any broken deal costs associated with the same; (xxii) fees, costs and expenses associated with investor meetings; (xxiii) costs of any directors and officers liability or other insurance (including any premiums for insurances maintained by Fairmount as investment manager); (xxiv) fees, costs and expenses relating to the maintenance of registered offices, corporate licensing and similar expenses; (xxv) fees, costs and expenses incurred in connection with any amendments, modifications, revisions or restatements to the constituent documents of a Partnership or any special purpose vehicles; (xxvi) other extraordinary expenses, including indemnification costs and expenses, the costs and expenses of any litigation involving a Partnership or entities in which it has an investment and the amount of any judgments or settlements paid in connection therewith (which litigation costs and expenses include all those related to all proceedings, actual or threatened, in which Fairmount, its respective affiliates, their respective members, partners, directors, officers, employees and legal representatives (e.g., executors, guardians and trustees), including persons formerly serving in such capacities, may be involved, as a party or otherwise, arising out of or in connection with such person’s service to or on behalf of, or management of the affairs or capital of, a Partnership, or which relate to such Partnership). A portion of a Partnerships’ expenses may be shared with other investment entities or accounts managed by the Firm, General Partners, or any of their respective affiliates on an equitable basis as determined by the Firm.

Fairmount does not receive a brokerage commission or any other compensation attributable to the sale of securities or investment products and our personnel do not receive such compensation.

Item 6: Performance-Based Fees and Side-By-Side Management

Incentive Allocation

In addition to the management fees described in Item 5, the General Partner is entitled to be paid performance-based compensation by the Partnerships. Fairmount, in its sole discretion, may waive, reduce, or rebate performance-based fees with respect to certain Investors, including affiliates of the General Partner or Fairmount.

Performance-based fee arrangements create an incentive for Fairmount to recommend investments that are riskier or more speculative than those that we might recommend under a different fee arrangement. Such fee arrangements also create an incentive to favor

performance-based-fee or higher- fee-paying clients over other clients in the allocation of investment opportunities, or in other ways. Fairmount has adopted and implemented Trade Allocation and Aggregation procedures reasonably designed to ensure that all clients are treated fairly and equally and to prevent this conflict from influencing the allocation of investment opportunities among clients.

Co-Investment Opportunities

Fairmount is permitted, in its sole discretion, to offer opportunities to co-invest in certain investments of the Partnerships to (i) certain Investors and/or any of their respective affiliates; (ii) other investment funds, managed accounts, joint ventures, proprietary accounts or other accounts managed or advised by Fairmount or its affiliates; or (iii) any affiliates of the General Partners or Fairmount or any other third parties that the General Partners or Fairmount believes may benefit the Partnerships or an investment. Such co-investment opportunities are made available when Fairmount determines that while it is in the best interests of the Partnerships to acquire the full amount of a particular investment (as opposed to not making the investment), it is further in the best interests of the Partnerships, due to diversification, portfolio management, leverage management, investment profile, risk tolerance or other exposure guidelines or limitations, cash flow or other considerations, for the Partnerships to acquire or otherwise hold less economic exposure to the investment than the full amount.

Co-investment opportunities may or may not give preference to investors that have made commitments over a certain threshold as opposed to other investors. Co-investment opportunities may be acquired at the same time and on the same terms as the Partnerships making the primary investment, or at different times or on different terms. With respect to Co-Invest II, Fairmount will receive carried interest, which is paid based on net profits after a full return of capital to investors and subject to a preferred rate of return. Fairmount, in its sole discretion, may waive, reduce, or defer receipt of carried interest with respect to certain Investors, including affiliates of Fairmount.

Please see Item 12 for a discussion of Fairmount's allocation methodology.

Item 7: Types of Clients

Our clients are the Funds. Any initial minimum investment required to invest in a Fund is described in each Fund's respective offering memorandum. The Funds are open only to certain financially sophisticated investors who meet eligibility criteria.

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

Investment Objective

Fairmount invests in healthcare and life science companies, including companies developing drugs, devices, diagnostics, services, and/or healthcare IT. Investments will likely be comprised of a combination of common stock, preferred shares, warrants, options, baskets of securities, exchange-traded funds, restricted shares or contingent value rights (to the extent a market exits), and investments in privately held companies. Fairmount Healthcare Fund II's investment objective is to outperform the NASDAQ Biotechnology Index (NBI) rounded to the nearest 0.01. For the avoidance of doubt, the NBI is not a total return index and does not consider the reinvestment of dividend returns. We generally focus on small and mid-size market capitalization companies and will predominantly focus on long investments with the ability to engage in shorting and hedging where considered necessary

or desirable in our discretion.

There can be no assurance that the investment objectives of any of the Funds will be achieved, and certain investment practices (e.g., the use of leverage and short sales) may, in some circumstances, increase any adverse impact to which the investment portfolio may be subject. The specific risks of each Fund are described more fully in their respective governing documents. There are limitations inherent to all descriptions of investment strategies, techniques, and risks due to the complexity and subjectivity of such processes.

New Company Formation

In 2021, in pursuit of investing in promising new therapies developed by biotechnology and life science companies, Fairmount founded Paragon Therapeutics, Inc. ("Paragon"), a Delaware corporation, as its discovery engine for best-in-class biologics. Paragon is a privately held company, majority-owned by the Partnerships. With Fairmount's strategic direction, Paragon pursues unique therapeutic concepts and enables their rapid proof-of-concept validation. Once a program or set of programs achieves significant progress, a new, privately held company can be formed to enable advancement of the program(s) to clinical trials. Such Paragon spinout companies are, at the time of initial funding, also majority-owned by the Partnerships. In certain cases, Fairmount will offer a co-investment opportunity in connection with the launch of a spinout.

Investment Process

Fairmount utilizes internal and third-party tools for due diligence purposes including, but not limited to, interviews with management, consultations with key opinion leaders in medicine, drug development experts, datasets and analysis compiled by third-party data and research providers, and sell side research and analysis. On occasion, the Firm commissions new surveys or datasets, and/or hires consulting firms or other research firms to validate its investment theses. Where significant capital is deployed, the Firm's employees and/or representatives may secure an appointment or be elected to the board of directors of the entity in which the Funds invest. Such positions may place such employee and/or representative of Fairmount in a position where he or she is prevented from taking certain actions in respect of the Funds that he or she otherwise would have taken had such representative of Fairmount not served in such positions or must make a decision that is not in the interests of the Funds. Net compensation received, if any, for serving on the board of a portfolio company held in the Funds shall be for the sole benefit of the Fund in which the portfolio company is held and not for the benefit of the employee.

Drug development typically requires multi-year time horizons. Certain of the Funds' assets or instruments may take a long period of time to reach valuations that merit selling the assets or instrument. Even though the strategy may not result in reduced trading liquidity, the Firm expects the strategy to result in low portfolio turnover.

Fairmount pursues an opportunistic strategy where entry into positions may be contingent on drug development or corporate events taking place at unknown times and causing material price moves in underlying securities. Fairmount believes that in order to take advantage of the material price moves following these events, the Partnerships need to maintain adequate cash balances to permit purchases of securities rapidly following these events. As a result, Fairmount tends to deploy any new capital over an extended period of time in anticipation of these discreet events.

Risk of Loss

The Funds are deemed to be a speculative investment and are not intended as a complete investment program. The Funds are designed only for sophisticated persons who are able to bear the risk of an investment in the Funds. No assurance can be given that any investment implemented by Fairmount will be successful and, because of the speculative nature of the Funds' investment and trading strategy, Investors may suffer a significant loss of their invested capital, including loss of the entire investment.

The following list of risk factors is not a complete explanation of all the risks associated with an investment in the Funds. Investors should read this Brochure and any organizational or offering documents before determining to invest with us. We strongly encourage potential Investors to carefully consider and to consult regarding the same with their professional advisors, as they deem necessary.

Certain Risks Relating to Investment Strategy***Investment and Trading Risk Generally***

An investment in the Funds involves a high degree of risk, including the risk that the entire amount invested may be lost. No guarantee or representation is made that the Funds' investment program will be successful. We will be investing the Funds' assets in securities, some of which may be particularly sensitive to economic, market, industry, regulatory and other variable conditions. The markets in which the Funds expect to invest have recently experienced significant volatility and losses. No assurance can be given as to when or whether adverse events might occur that could cause immediate and significant losses to the Funds.

Concentration of Investments

The Funds invest primarily in publicly held healthcare and/or life sciences companies, although a portion of the Funds' portfolios is invested in privately held healthcare and/or life sciences companies. Furthermore, it is expected that a majority of the Funds' investments may be concentrated in a limited number of long investments (excluding temporary investments and securities used to hedge the Funds' portfolios) and/or a particular industry. The result of such limited diversification and/or concentrations is that a loss in any category or position could have a material adverse impact on the Funds' capital. Because the Funds will concentrate their investments in the healthcare and life sciences sector, their investments will become more susceptible to fluctuations in value resulting from adverse business or economic conditions affecting the healthcare and life sciences sector. The Funds will also be susceptible to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements in the healthcare and life sciences sector.

Event Driven Transactions

Fairmount invests in securities whose market value is expected to be meaningfully affected by future events. These outcomes are, by definition, uncertain, and our trading decisions will be based on whether we believe the market price does not accurately reflect the probability of particular outcomes. We will need to forecast the likelihood of the events on which investment decisions are based and analyze the likely impact of the event if it occurs. If the proposed event does not occur or is delayed, the market price of such securities could decline and result in losses to the Funds. In certain transactions, the Funds might not be hedged against market fluctuations unrelated to the anticipated event but that may affect the value of the consideration to be received. This could result in losses even if the event occurred and the outcome of the anticipated event was beneficial to the position. It is also possible that the short-term market reaction to a particular outcome may be unfavorable

even if the long-run result is favorable.

Healthcare and Life Sciences Sector Risk

Fairmount invests in the healthcare and life sciences industry. Companies in this industry may not be profitable and may not have products approved for market, and investing in securities and other instruments of these companies involves substantial risks. Such risks include, but are not limited to, the following: (i) the fact that certain companies may have limited operating histories; (ii) the fact that the scarcity of management and marketing personnel with appropriate scientific or medical training may result in slow or impeded growth of a company; (iii) the possibility of lawsuits related to patents or products; (iv) obsolescence of products; (v) change in government policies; (vi) changes in investor sentiments and preferences with regard to investments in the healthcare and life sciences sector (some of which are generally perceived as risky); (vii) volatility in the U.S. stock markets that affects the prices of healthcare and/or life sciences company securities resulting in substantial volatility in the performance of the Funds; (viii) the difficulty and burden of securing intellectual property rights in the field of medical devices, diagnostics, pharmaceuticals and biotechnology; (ix) the fact that many companies in the healthcare and life sciences sector are subject to extensive government regulation; and (ix) difficulty in obtaining FDA approvals.

Competitive Industry. The healthcare and life sciences industry is generally dominated by large multi-national corporations. The companies in which Fairmount invests have substantially less financial and technical resources than those generally available to large multi-national corporations. Such large multi-national corporations may be better able to adapt to the challenges presented by continuing rapid and major scientific, regulatory, and technological changes as well as related changes in governmental and third-party reimbursement policies.

New and Rapidly Evolving Nature of Healthcare and Life Sciences Sector. The market for most of the products and technologies developed by healthcare and life sciences companies is rapidly evolving and, for some, only beginning to develop. Several specific risks can be typical of a market characterized by rapid change and frequent new product and service introductions. First, the public market for healthcare and/or life sciences companies continues to be volatile. The state of the market may adversely affect the development of companies and the market value of the securities they issue. Second, products and technologies produced by certain companies in this industry may become obsolete. This can be a function of the significant technological change that persists in the healthcare and life sciences industry, the highly uncertain levels of demand and market acceptance for new products, or the intense competition. Third, companies may have limited operating histories or histories of net losses and may expect net losses for the foreseeable future. As such, projections as to future performance of such companies may have very little performance data as basis. Certain markets' growth and intense competition exacerbate these conditions. There are many competitors in the healthcare and life sciences sector that have already been funded which will force such companies to compete with more established companies for financing. Lastly, the healthcare and life sciences industry is subject to stringent regulatory regimes.

Limited History of Product Development. Pre-revenue stage healthcare and/or life sciences companies may have no products approved for sale. The potential products of such a company could require significant additional development and preclinical and clinical testing, as well as burdensome regulatory approval.

Additional Capital or Financing Needs. A healthcare and/or life sciences company will likely require substantial funds to conduct research and development activities, clinical trials, and apply for regulatory approvals for any potential products. If adequate capital or financing is not available, such company may be required: (i) to delay, reduce the scope of or eliminate one or more of its development programs or forfeit its rights to licensed products or technologies; (ii) to obtain funds or financing through arrangements with collaborative partners or others that may require the company to relinquish rights to certain of its technologies, product candidates, or products that the company would otherwise seek to develop or commercialize itself; (iii) to license the rights to such products on terms that are less favorable to the company than might otherwise be available; or (iv) to terminate operations, liquidate, and/or declare bankruptcy.

Dependence on Single Products. Pre-revenue stage healthcare and/or life sciences companies may only have one product under development. In such case, there can be no assurance that the single product will be approved for marketing by the FDA or any foreign regulatory agency. Further, competition may develop from other new and existing products. In either case, if a company is dependent on a single product, the consequences of such failure could be devastating to the prospects of such company.

Uncertainty Related to Clinical Trials. Before obtaining regulatory approval for the commercial sale of its products and their respective indications, a healthcare company is required to demonstrate that the products are safe and effective for use in each target usage. This demonstration will usually require preclinical studies and multiple clinical trials. The results from preclinical studies and early clinical trials may not predict the results that will be obtained in large-scale testing, and there can be no assurance that the clinical trials conducted by a company or its partners will demonstrate sufficient safety and efficacy to obtain required regulatory approvals or will result in marketable products. Several companies in the pharmaceutical, biotechnology, and medical device industries have suffered significant setbacks in advanced clinical trials, even after achieving promising results in earlier trials. The process of obtaining and maintaining regulatory approvals may vary and involves substantial regulatory discretion, is expensive, and often takes many years, if approval is obtained at all. There is the possibility that unacceptable side effects will be discovered during preclinical or clinical testing of a company's products. Even after approval for marketing, a product may later be shown to be ineffective or to have unacceptable side effects not discovered during testing, requiring limitations on its use or withdrawal from the market.

The research, development, preclinical and clinical trials, manufacturing, labeling, and marketing related to a healthcare company's products are subject to an extensive regulatory approval process by the FDA and other regulatory agencies in the U.S. and abroad. The process of obtaining FDA and other required regulatory approvals for drug and biologic products and medical devices, including required preclinical and clinical testing, is lengthy, expensive, and uncertain. If a company fails to comply with the FDA's requirements, it may face a number of consequences, including, but not limited to: (a) fines; (b) injunctions; (c) civil penalties; (d) recall or seizure of products; (e) total or partial suspension of production; (f) failure of the FDA to grant pre-market clearance or approval of devices or products; (g) withdrawal of marketing approvals; (h) limited indicated uses for which potential products may be marketed; (i) costly requirements imposed on activities; and (j) criminal prosecution.

Uncertainty Related to Healthcare Reimbursement and Reform Measures. In both the United States and other markets, sales of a healthcare company's products and, consequently, a company's overall success, will depend in part on the availability of reimbursement from third-party payors, including, among others, government health administration authorities such as federal Medicare and state Medicaid, private health insurers, and other organizations. Healthcare providers rely on these third-party payors to pay for all or a portion of the cost of the products and services they provide. Obtaining appropriate coverage and reimbursement for their products and services from third-party payors is, thus, critical to their success. Government and other third-party payors increasingly attempt to contain healthcare costs by limiting both coverage and level of reimbursement for certain products. If government and other third-party payors do not provide adequate coverage and reimbursement levels for certain products, the market acceptance of those products may be drastically limited, with such limitation resulting in harm to the company's business.

Risks Related to Litigation and Regulatory Actions. Companies in the healthcare and life sciences industry are often subject to significant risks related to litigation, regulatory action and liability for damages and penalties in connection with their operations, or products or services offered. The testing, marketing, and sale of medical and healthcare and life sciences products, services, and biotechnologies entail an inherent risk of product liability. Accordingly, companies in the healthcare and life sciences industry are exposed to potential liability risks inherent in the testing, manufacturing, marketing, and sale of healthcare and life sciences products and/or the provision of healthcare and life sciences services. A liability claim or the imposition of liability may have an adverse effect on a company's reputation, its ability to attract and retain clinical trial volunteers, the market price of a company's securities, and on the company's performance. This may permanently impair the value of, and/or cause the total loss of an investment in, a healthcare and/or life sciences investment, including pre-revenue stage healthcare and/or life sciences companies. Further complicating the industry, the litigation, enforcement, and liability environment in the healthcare and life sciences industry is constantly evolving, and new judicial decisions and legislative and regulatory activity may increase exposure to claims and liability.

Uncertain Protection for Intellectual Property. In addition to operation, testing, and product-related litigation risk for companies in the healthcare and life sciences industry, intellectual property rights in the fields of medical devices, diagnostics, pharmaceuticals, and biotechnology are highly uncertain and frequently involve complex legal and scientific questions. The healthcare and life sciences product industry places considerable importance on obtaining patent and trade secret protection for new technologies, products, and processes. The success of a pre-revenue healthcare and/or life sciences investment may depend, in part, on its ability to obtain patent protection for its products, preserve its trade secrets, and operate without infringing the proprietary rights of others. Healthcare and/or life sciences companies may not be able to successfully obtain additional issued patents relating to their products, methods, processes, services, or other technologies, or they may be unable to do so in a timely manner. Even if issued, patents may be challenged, narrowed, invalidated, or circumvented, or others may obtain patents claiming aspects similar to those covered by such patents and patent applications, which factors could limit a company's ability to stop competitors from marketing similar products or services, limit the length of term of patent protection they may have for

their products or services, and expose them to substantial costs and risks in litigation and administrative proceedings and drain resources.

Material Non-Public Information

Because of its ongoing responsibilities in connection with investment-related activities, Fairmount will acquire confidential information and/or material non-public information or be otherwise restricted (or determine to be restricted) from initiating transactions in certain potential investment opportunities and will enter into confidentiality or “stand-still agreements” with respect to certain potential investment opportunities. In addition, during the research and diligence process, Fairmount may share and receive information from other market participants, which increases the likelihood that Fairmount will receive material non-public information and be required to (or elect to, due to our deliberately restrictive policy) restrict trading in certain securities. In such circumstances, Fairmount may restrict the Funds, or the Funds may be restricted by law, policy, or contract, for a period of time, from (i) unwinding a position, (ii) establishing an initial position or taking a greater position, and (iii) pursuing related investment opportunities. If such restrictions or limitations apply to securities in which the Funds are invested, then such restrictions or limitations could give rise to substantial investment losses.

Liquidity Risks

Despite the potentially heavy volume of trading in some of the securities traded by Fairmount, certain of the Funds’ investment positions are likely to be long-dated and illiquid and may experience prolonged periods of illiquidity. The Funds may invest in restricted or non-publicly traded securities of public companies and securities on foreign exchanges. The Funds may, from time to time, hold large positions with respect to a specific type of security, which may reduce the Funds’ liquidity.

If other market participants seek to dispose of similar securities at the same time, the Funds may be unable to sell their securities or prevent losses relating to such securities. The market for the Funds’ investments may be limited and there may be certain restrictions on the Funds’ ability to liquidate investments on a timely basis at a reasonable value. Fairmount may have to sell, distribute, or otherwise dispose of one or more investments at a disadvantageous time if it is able to do so at all. As a result, Fairmount may sell, distribute, or otherwise dispose of one or more of its investments for a price which is less than the price that could have been obtained if the investments were held for a longer period of time. Conversely, the Funds may not be able to dispose of certain assets for a substantial amount of time.

Furthermore, if the Funds incur substantial trading losses, the need for liquidity could rise sharply, while their access to liquidity could be impaired. In addition, in conjunction with a market downturn, Fairmount’s counterparties could incur losses of their own, thereby weakening their financial condition and increasing the Funds’ counterparty credit risk. A lack of liquidity has historically been the cause of substantial losses in the financial markets.

Investments in Privately Held Companies

Fairmount acquires equity stakes in privately held companies. The success of the Funds’ investments in such privately held companies will depend in part on the performance and abilities of such companies’ controlling shareholders. While Fairmount is expected to hold “control” positions in certain of the Funds’ investments in privately held companies, it is not expected that this will always be the case. In instances where Fairmount does not hold a “control” position, the Firm may have reduced ability to influence the management of such companies and disagreements with controlling or other shareholders or management over the strategy and operations of such companies could arise. As a result of the foregoing, such investments may perform poorly.

Co-Investments

From time to time, Fairmount may offer co-investment opportunities to one or more Funds, Investors, and/or third parties. In allocating co-investment opportunities, Fairmount will consider any factors it deems relevant, including the sophistication, transaction speed, tenure as an investor with Fairmount or its affiliates or commitment to making co-investment funds available. In any event, no investor should have any expectation of receiving an investment opportunity or to be owed any duty or obligation in connection therewith. Certain co-investors may invest on different (and more favorable) terms than those applicable to a Fund and may have interests or requirements that conflict with and/or adversely impact a Fund (for example, with respect to liquidity requirements, available capital, the timing of acquisitions and disposals or other rights). Fairmount will generally seek to ensure that the Funds and third-party co-investors participate in any co-investment and related transactions on comparable terms to the extent practicable and share in corresponding investment-related expenses (which for the avoidance of doubt, applies with respect to the terms of such transactions and does not extend to the fees, incentive allocations and/or other terms that may apply to the Fund or such third-party co-investors, which terms may differ). Investors should note, however, that this may not be practicable in all circumstances and a Fund may participate in such investments on different and potentially less favorable terms than such parties if Fairmount deems such participation in a Fund's interest.

Joint Investments with Third Parties

From time to time, Fairmount may acquire interests in certain issuers in cooperation with third-party partners through jointly owned acquisition vehicles, joint ventures, or other structures. In these situations, Fairmount's ability to manage such investments will depend on the nature and terms of the joint arrangements with such partners and Fairmount's relative ownership stake in the applicable investment, each of which will be determined by negotiation at the time of the investment. Such investment structures could afford relatively little or no operational and/or management control to Fairmount, and by extension to the Funds.

Thinly Traded, Non-Publicly Traded and Illiquid Securities

Certain investments held by the Funds are expected to be thinly traded or may lack a liquid trading market altogether, which may result in the inability of Fairmount to sell any such investment (or do so at desirable prices), or to close out a transaction (or do so at desirable prices) or to cover the short sale of an investment, thereby incurring potentially unlimited losses. Certain investments may also be subject to limitations on resale. Limitations on resale may have an adverse effect on the marketability of such securities and Fairmount might be unable to dispose of investments purchased in private placements or other illiquid securities promptly or at reasonable prices. The Funds might also have to register such restricted investments in order to dispose of them, resulting in additional expense and delay. In such circumstances, Fairmount may be subject to additional potential liabilities as a seller of such investments under a registration statement or similar document. Adverse market conditions could impede such a public offering of investments. Moreover, determining the fair value of thinly traded, non-publicly traded investments is challenging and determining the values ascribed to such investments is likely to involve certain subjective assumptions.

Short Sales

From time to time, Fairmount shorts securities as part of our investment and/or hedging strategies. A short sale involves the sale of a security that a Fund does not own in order to hedge related risks. To make delivery to the buyer, a Fund generally must borrow the security, and the Fund is obligated to pay the lender of the security a stock borrow fee as well as any dividend or interest payable on the security until it returns the security to the

lender. Short selling allows a Fund to profit from declines in market prices to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to the Fund of buying those securities to cover the short position. There can be no assurance that the Fund will be able to maintain the ability to borrow securities sold short. In such cases, the Fund could be "bought in" (i.e., forced to purchase securities in the open market to return to the lender). There also can be no assurance that the securities necessary to cover a short position will be available for purchase at or near prices quoted in the market. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

The SEC and other regulatory authorities in other jurisdictions have in the past and may in the future adopt restrictions or other requirements on short sales, which may affect Fairmount's ability to execute certain investment strategies.

Undervalued Securities

One of Fairmount's core philosophies is to invest in securities that are undervalued, based on our due diligence and analysis. Opportunities in undervalued securities arise from market inefficiencies, or because of faulty analysis by market participants of the potential impact (positive or negative) that specific events or trends may have on the value of a security. The identification of trading opportunities in undervalued securities is a difficult task, and there is no assurance that such opportunities will be successfully recognized or acquired. While investing in undervalued securities offer the opportunity for above-average returns, these investments involve a high degree of financial risk and can result in substantial losses.

Loans of Portfolio Securities

When lending portfolio securities, the securities lent may not be returned to the Funds on a timely basis. Therefore, the Funds may lose the opportunity to sell the securities at a desirable price. Such loans also involve risks of delay in receiving additional collateral if the value of the collateral decreases below the value of the securities loaned or even the loss of rights to the collateral should the borrower of the securities fail financially. Additionally, if a borrower of securities files for bankruptcy or becomes insolvent, disposition of the securities may be delayed pending court action. The Funds may also record realized gains or losses on securities deemed sold due to a borrower's inability to return securities on loan.

General Risks

General Economic and Market Conditions

The success of the Fairmount's activities will be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of the Funds' investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect, among other things, the level and volatility the prices and the liquidity of the Funds' investments.

Extreme volatility or illiquidity could impair the Funds' profitability or result in losses. The Funds may maintain substantial trading positions that can be adversely affected by the level of volatility in the financial markets.

Hedging

Fairmount is not required to hedge any particular risk in connection with a particular

transaction or the Funds generally. Nonetheless, Fairmount expects to engage in hedging transactions for the Funds from time to time, and may utilize a variety of financial instruments, such as short sales, options, swaps, caps and floors, and futures and forward contracts and similar derivatives, both for investment purposes and for hedging purposes. While Fairmount may enter into hedging transactions to seek to reduce risk (hedging transactions typically do not eliminate risk), such transactions may not be fully effective in mitigating the risks in all market environments or against all types of risk (including unidentified or unanticipated risks), thereby incurring losses. In addition, such hedging transactions may result in a poorer overall performance than if Fairmount had not engaged in any such hedging transactions. Hedging strategies themselves are subject to significant transaction costs. It should be noted that: (1) Fairmount does not, in general, attempt to hedge all market or other risks inherent in the Funds' positions, hedges certain risks only partially, if at all, and may not anticipate certain risks and (2) the Funds' portfolios will always be exposed to certain risks that cannot be hedged.

To the extent that Fairmount hedges, its hedges will not be static but rather will need to be continually adjusted based on Fairmount's assessment of market conditions, as well as the expected degree of non-correlation between the hedges and the portfolio or positions being hedged. Moreover, for a variety of reasons, Fairmount may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent a Fund from achieving the intended hedge or expose a Fund to risk of loss. The success of Fairmount's hedging strategies will depend on our ability to implement such strategies efficiently and cost-effectively, as well as on the accuracy of our ongoing judgments concerning the hedging positions to be acquired by the Funds. The successful utilization of hedging and risk management transactions requires skills complementary to those needed in the selection of the Funds' portfolio holdings.

In certain transactions, a Fund may not be "hedged" against market fluctuations, or, in liquidation situations, may not accurately value the assets of the company being liquidated. This can result in losses, even if the proposed transaction is consummated. Fairmount may not hedge a position in a Fund's portfolio because a hedge may not be available, it may be too costly in light of the likelihood of the possible risk actually occurring, or the risk simply could not be reasonably anticipated. It may not be possible for Fairmount to hedge against all risks at a price sufficient to protect a Fund's assets from a decline in value of its portfolio positions. It may be especially difficult to successfully (i) protect against possible changes in the market value of a Fund's investment portfolio resulting from fluctuations in the securities markets and/or changes in interest rates, (ii) protect a Fund's unrealized gains in the value of such Fund's investment portfolio, (iii) facilitate the sale of any such investments, (iv) enhance or preserve returns, spreads or gains on any investment in a Fund's portfolio and/or (v) protect against any increase in the price of any securities Fairmount anticipates purchasing at a later date.

Derivative Securities and Instruments Generally

Derivative instruments, or "Derivatives," include futures, options, swaps, structured securities and other instruments and contracts that are derived from or the value of which is related to one or more underlying securities, financial benchmarks, currencies, or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark currency or index at a fraction of the cost of investing in the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to Derivatives of such asset. However, there are a number of other risks associated with Derivatives trading.

Transactions in certain Derivatives are subject to clearing through a U.S. clearinghouse while other derivatives are subject to risks of trading in the over-the-counter markets, and others are subject to non-U.S. regulatory regimes. Price movements of futures and options contracts and payments pursuant to derivative agreements are influenced by, among other things, the longevity of the contract, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The value of futures, options, and derivative agreements also depends upon the price of the assets that are underlying them. In addition, the Fund's assets are also subject to the risk of the failure of any of the clearinghouses or counterparties.

Options

On occasion, Fairmount writes (i.e., sells) and purchases put and call options. Sales of options where the Funds do not own the underlying asset to which the option is referenced can involve theoretically unlimited risk.

The seller (writer) of a call option which is covered (e.g., the writer holds the underlying security) may hedge its long position in the underlying security by earning premium upon the sale of the option. In exchange for the premium, the seller assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security (to the extent the decline exceeds the premium received) and gives up the opportunity for gain on the underlying security above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option. The securities necessary to satisfy the exercise of an uncovered call option may be unavailable for purchase, except at much higher prices, thereby reducing or eliminating the value of the premium. Purchasing securities to cover the exercise of an uncovered call option can cause the price of the securities to increase, thereby exacerbating the loss. The buyer of a call option assumes the risk of losing its entire premium investment in the call option.

The seller (writer) of a put option which is covered (e.g., the writer has a short position in the underlying security) may hedge its short position in the underlying security by earning premium upon the sale of the option. In exchange for the premium, the seller assumes the risk of an increase in the market price of the underlying security above the sales price (in establishing the short position) of the underlying security (to the extent the increase exceeds the premium received) and gives up the opportunity for gain on the underlying security if the market price falls below the exercise price of the option. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security below the exercise price of the option. The buyer of a put option assumes the risk of losing its entire investment in the put option.

Volatility is a principal component of options pricing. If the volatility in the market for the asset underlying the options held or sold by a Fund changes materially, the Fund could incur substantial losses even if the options in question would have generated substantial profits if the current price levels had been in effect at expiration.

Swaps

Transactions in swap markets present certain risks similar to those in the futures, forward, and options markets, including: (i) the swap markets generally are not regulated by any governmental authorities; (ii) there generally are no limitations on daily price moves in swap transactions; (iii) speculative position limits are not applicable to swap transactions, although the counterparties may limit the size or duration of positions available as a consequence of credit considerations; (iv) participants in the swap markets are not required to make

continuous markets in swaps contracts; and (v) the swap markets are “principals” markets, in which performance with respect to a swap contract is the responsibility only of the counterparty with which the trader has entered into a contract (or its guarantor, if any), and not of any exchange or clearing corporation. As a result, the Funds will be subject to the risk of the inability of or refusal to perform with respect to such contracts on the part of their swap counterparties, as well as risks relating to the creditworthiness of such counterparties, market risk, liquidity risk and operations risk. Swap agreements can be individually negotiated and structured to include exposure to a variety of different types of investments or market factors. Depending on their structure, swap agreements may increase or decrease exposure to long-term or short-term interest rates, non-U.S. currency values, corporate borrowing rates, or other factors such as security prices, baskets of equity securities, or inflation rates. Depending on how they are used, swap agreements may increase or decrease the overall volatility of the portfolio. The most significant factor in the performance of swap agreements is the change in the specific interest rate, currency, individual equity values or other factors that determine the amounts of payments due to and from the Funds. If a swap agreement calls for payments by the Funds, the Funds must be prepared to make such payments when due. In addition, if a counterparty’s creditworthiness declines, the value of swap agreements with such counterparty can be expected to decline, potentially resulting in losses.

Counterparty Risk

Fairmount has established relationships and expects to establish additional relationships to execute Derivative transactions, or to obtain financing, Derivative intermediation, and prime brokerage services that permit the Funds to trade in any variety of markets or asset classes over time; however, there can be no assurance that we will be able to establish or maintain such relationships. An inability to establish or maintain such relationships could limit Fairmount’s trading activities, create losses, preclude the Funds from engaging in certain transactions, financing or trading at optimal rates and terms. In particular, there is a risk that the Funds’ counterparties may be required to restrict the amount of credit granted to the Funds due to such counterparty’s own financial difficulties, which could result in a forced liquidation of a substantial portion of the Funds’ portfolios. Moreover, a disruption in the Derivative trading, financing, Derivative intermediation, and prime brokerage services provided by any such relationships before Fairmount establishes additional relationships could have a significant impact on the Firm’s business due to the Funds’ reliance on such counterparties. These risks are accentuated for contracts with longer maturities, where events may intervene to prevent settlement.

Fairmount effects transactions in over-the-counter (“OTC”) or interdealer markets from time to time. The stability and liquidity of “over-the-counter” (“OTC”) Derivatives transactions depends in large part on the creditworthiness of the parties to the transactions. The participants in such markets are typically not subject to the credit evaluation and regulatory oversight to which members of “exchange-based” markets are subject. In the OTC markets, the Funds enter into a contract directly with dealer counterparties, which may expose the Funds to the risk that a counterparty will not settle a transaction in accordance with its terms because of a solvency or liquidity problem with the counterparty, which failure would likely result in a loss to the Funds. Delays in settlement may also result from disputes over the terms of the contract (whether or not bona fide). These “counterparty risks” are accentuated for contracts with longer maturities, where events may intervene to prevent settlement. In addition, the Funds could have a concentrated risk in a particular counterparty, which may mean that if such counterparty were to become insolvent or have a liquidity problem, losses would be greater than if the Funds had entered into contracts with multiple counterparties. Certain OTC Derivative contracts require that the Funds post collateral and a counterparty may breach its obligation to return that collateral.

New Issues

From time to time, the Funds purchase equity securities issued through initial public offerings (“IPOs”). These include registered offerings under the Securities Act of 1933 (“new issues”). Investing in new issues poses unique risks arising out of their transient illiquidity, lack of trading history, and concentration of ownership. If the Funds elect to trade in “new issues,” Investors that are “restricted persons” under applicable FINRA rules may not be permitted to participate fully in the returns generated by those trades. As a result, Investors who are not “restricted persons” may be allocated all, or a larger portion than their typical *pro rata* share, of the profits and/or losses related to new issue offerings. Under such circumstances, certain restricted persons will not receive gains from the new issue investment. Similarly, Investors who are not restricted persons will receive more than their *pro rata* share of the losses from such an investment.

Cybersecurity Risk

As part of its business, Fairmount processes, stores, and transmits large amounts of electronic information, including information relating to the transactions of Funds and certain personally identifiable information of Investors, employees, and counterparties. Similarly, service providers of Fairmount and the Funds, including an administrator, process, store, and transmit such information. Fairmount has procedures and systems in place that it believes are reasonably designed to protect such information and prevent data loss and security breaches. The techniques used to obtain unauthorized access to data, disable or degrade service, or sabotage systems change frequently and may be difficult to detect for long periods of time. Hardware or software acquired from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. Network connected services provided to Fairmount by third parties could be susceptible to compromise, leading to a breach of Fairmount’s network. Fairmount’s systems or facilities could be susceptible to employee error or malfeasance, government surveillance, or other security threats. Breach of Fairmount’s information systems could cause information relating to the transactions of the Funds and personally identifiable information of Investors to be lost or improperly accessed, used, or disclosed.

Fairmount’s service providers, including those of the Funds, are also subject to electronic information security threats. If a service provider fails to adopt or adhere to adequate data security policies, or in the event of a breach of its networks, information relating to the transactions of a Fund or personally identifiable information of Investors, employees and counterparties may be lost or improperly accessed, used, or disclosed.

The loss or improper access, use, or disclosure of Fairmount’s or the Funds’ proprietary information may cause Fairmount or the Funds to suffer, among other things, financial loss, business disruptions, liability to third parties, regulatory intervention, or reputational damage.

Item 9: Disciplinary Information

To the best of our knowledge, there are no legal or disciplinary events that are material to an Investors’ or potential Investors’ evaluation of Fairmount’s advisory business or the integrity of Fairmount’s management.

Item 10: Other Financial Industry Activities and Affiliations

This Item is not applicable.

Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

Fairmount has adopted a “**Code of Ethics**” designed to meet the requirements of Rule 204A-1 of the Investment Advisers Act of 1940 (the “Advisers Act”). The Code of Ethics applies to the Firm’s Access Persons. “Access Persons” include, generally, any partner, officer, or director of Fairmount and any employee or other supervised person of Fairmount who, in relation to advisory clients, (1) has access to non-public information regarding any purchase or sale of securities, or non-public information regarding securities holdings, or (2) is involved in making securities recommendations, or has access to such recommendations that are nonpublic. All Fairmount employees are deemed to be Access Persons, as well as certain affiliated employees/consultants as determined by the Chief Compliance Officer.

Our Code of Ethics sets forth a standard of business conduct for Fairmount and requires Access Persons to place the interests of clients above their own interests and the interests of the Firm, and to abide by applicable laws and regulations. Further, Access Persons are required to promptly bring violations of the Code of Ethics to the attention of Fairmount’s Chief Compliance Officer. All Access Persons are provided with a copy of the Code of Ethics and are required to acknowledge receipt of the Code of Ethics upon hire and on at least an annual basis thereafter.

Employees must obtain pre-clearance before taking certain actions including, but not limited to, engaging in an outside business activity, receiving, or offering gifts or entertainment worth a substantial monetary value from or to persons doing business with the Firm, or making contributions, payments or gifts to political candidates or parties.

We will provide a copy of our Code of Ethics to our Investors, or any prospective investor or client, upon request. A request may be made by contacting our Chief Compliance Officer, Erin O’Connor, at 267-262-5300 or eoconnor@fairmountfunds.com.

While Fairmount endeavors to provide all investors with equal information, from time to time, in response to questions and requests and in connection with due diligence meetings and other communications, Fairmount may provide certain prospective and existing investors in the Funds additional information that other prospective or existing investors may not receive through ordinary course reporting. Prospective and existing investors in the Funds can request additional information, but Fairmount may determine not to provide some or all items requested. In all such cases, such information could affect an investor’s investment or redemption decisions. Each prospective and existing investor in the Funds is responsible for asking such questions as it believes are necessary to make its own investment decision, and each such prospective and existing investor must decide for itself whether the limited information Fairmount provides, and Funds themselves, are or will be sufficient for such investor’s needs.

Personal Trading

Under the Firm’s personal trading policies, Access Persons are strictly prohibited from transacting in the securities of any issuer in the Healthcare sector, including synthetics that provide exposure to those issuers. Access Persons may retain healthcare positions acquired prior to their employment by or association with Fairmount and/or positions that were acquired prior to the implementation of the current applicable prohibitions but must obtain the Chief Compliance Officer’s prior written consent to sell any such positions.

Access Persons are permitted to transact in securities falling outside of the Healthcare sector so long as the employee obtains preclearance from the Chief Compliance Officer prior to proceeding with the transaction. Preclearance of a transaction is generally valid until the close of trading on the day on which preclearance was granted, or, in cases where approval is granted after the close of trading, the request will be valid until the close of the next trading day. The trading window can be extended by the Chief Compliance Officer if circumstances warrant such an extension. Access Persons are generally prohibited from participating in IPOs and must obtain Chief Compliance Officer preclearance before making an investment in a private placement or private fund. Access Persons must provide the CCO with a list of their personal accounts and an initial holdings report within ten (10) days of becoming an Access Person. In addition, Access Persons must provide holdings and transaction reports quarterly.

Participation or Interest in Client Transactions

Employees, affiliates of the employees, and relatives of the employees may make investments in the Funds. Such investments may present a conflict where an employee is in a position to trade in a manner that could adversely affect the Funds (for example, by placing his or her own trades before or after Fund trades are executed in order to benefit from any price movements due to the Funds' trades). As indicated above, Fairmount has adopted a personal trading policy designed to minimize such conflicts.

Without the consent of a majority in interest of the limited partners and shareholders of the relevant Fund, Fairmount shall not cause any of the Funds to make investments in any privately held company in which the Managing Members, the General Partners, or their respective affiliates are invested; provided that, a Fund may invest in companies that the Managing Members, the General Partners, or their respective affiliates have invested in (i) alongside investors in a Fund through the SPV, co-investment vehicle or other similar alternative investment vehicle (each a "**Permitted Vehicle**") or (ii) prior to such Managing Member's, General Partner's or affiliate's employment by or association with the Firm. Additionally, without the consent of a majority in interest of the limited partners of the relevant Fund(s), the Managing Members, the General Partners, and their respective affiliates shall not invest in the securities of companies invested in by a Fund, other than through their indirect interests in the Funds or any Permitted Vehicle, unless such Managing Member, General Partner, or affiliate acquired the securities prior to their employment by or association with the Firm.

Item 12: Brokerage Practices

Fairmount is authorized to select broker-dealers and other counterparties to be used for executing securities transactions for the Funds and uses reasonable due diligence in selecting such counterparties. In selecting broker-dealers to execute transactions, we do not need to solicit competitive bids and do not have an obligation to seek the lowest available commission cost. The Funds may be deemed to be paying for research, brokerage or other services provided by the broker which are included in the commission rate.

Fairmount shall also have the authority to select and appoint custodians of the assets of the Funds. The Firm's authority is limited by its own internal policies and procedures and each Fund's investment guidelines.

Best Execution

In selecting an appropriate broker-dealer to effect a client trade, we seek to obtain “**Best Execution**,” meaning the most favorable execution under the circumstances with respect to the Funds’ portfolio transactions. The best net price, giving effect to brokerage commissions (if applicable), spreads, and other costs, is normally an important factor in this decision, but several other judgmental factors are considered as they are deemed relevant, and the best net price may be outweighed by one or more of these other factors. The factors may include, but are not limited to: Fairmount’s knowledge of negotiated commission rates and spreads currently available (if applicable); the nature of the security or instrument being traded; the size and type of the transaction; the nature and character of the markets for the security to be purchased or sold; the desired timing of the trade; the activity existing and expected in the market for the particular security; confidentiality; the execution, clearance, and settlement capabilities, including its systems, facilities, and record-keeping, as well as the reputation and financial stability of the counterparty selected and others which are considered; the Firm’s knowledge of actual or apparent operational or compliance problems of any counterparty; the counterparty’s execution services rendered on a continuing basis and in other transactions and its experience in handling similar transactions; the reasonableness of any applicable spreads or commissions; or such other factors as Fairmount may determine to be relevant from time to time. Accordingly, the commission rates charged by brokers in the foregoing circumstances may be higher than those charged by other brokers who may not offer such services.

Fairmount’s Management Committee monitors trading practices and activities in an effort to assess whether trading activity is being conducted in an overall fair and equitable manner and with a view to achieving best execution. The Management Committee reviews the performance of its broker-dealers and other counterparties periodically.

Soft Dollars

The Firm does not currently use “**Soft Dollars**” generated by the Funds’ trading activities to purchase research services or products that would otherwise have been the Firm’s expense. The Investment Management Agreement permits the use of soft dollars in the future and the Firm intends to keep any such arrangements within the parameters of the Safe Harbor of Section 28(e) of the Securities Exchange Act of 1934.

Allocation Methodology

Fairmount’s Trade Allocation and Aggregation policies require the Firm to treat all Clients in a fair and equitable manner. In no event shall the allocation of orders be based on considerations other than the best interests of the Client. On a given trading day, when a purchase or sale of the same security or instrument is made on behalf of multiple Clients, the transactions shall be averaged as to price, and may be allocated as to amount, in a manner which the Firm believes to be equitable to its Clients.

Item 13: Review of Accounts

The Firm’s Managing Members and investment professionals continuously monitor and analyze the transactions, positions, and investment levels of the Funds to ensure that they conform with the investment objectives and guidelines that are stated in the Funds’ offering documents. In these reviews, particular attention is paid to changes in the investment’s fundamentals, changes in the markets that could affect price levels, and overall risk management. Fairmount engages in active management for the Funds and the Firm reviews

transactions, positions, and cash balances daily.

Account Reporting

Annually, Fairmount will distribute an audited financial report with respect to the previous fiscal year to all Investors within 120 days of fiscal year end for all Funds. For the Partnership, written reports including: monthly unaudited account statements, monthly performance estimates, monthly portfolio holdings, and a semiannual investor letter to all shareholders and limited partners are also distributed. In addition, taxable investors in the Funds shall generally receive Schedule K-1s by March 31 of each year. Fairmount also communicates with Investors on an as-needed basis to address additional questions. Fairmount meets with Investors at virtual and in-person meetings as necessary. These communications address investment performance, risk management, individual portfolio positions, or other issues.

As discussed in Item 11, in response to questions and requests and in connection with due diligence meetings and other communications, Fairmount may, from time to time, provide certain prospective and existing investors in the Funds additional information that other prospective or existing members might not receive through ordinary course reporting.

Item 14: Client Referrals and Other Compensation

This Item is not applicable.

Item 15: Custody

Rule 206(4)-2 of the Advisers Act (the “Custody Rule”) imposes specific conditions on investment advisers who have actual or deemed custody of client assets. The General Partners are deemed to have custody of the Funds’ assets by virtue of their status as the general partners of the Funds. Fairmount complies with the Custody Rule by meeting the conditions of the pooled vehicle annual audit provision. Annually, the Funds are subjected to an audit (as defined in section 2(d) of Article 1 of Regulation S-X) by an accountant registered with the Public Company Accounting Oversight Board and audited financials are distributed to Investors within 120 days of the respective Fund’s fiscal year end.

Item 16: Investment Discretion

Fairmount has full discretionary authority over the Funds including authority to make decisions with respect to the securities to be bought and sold, as well as the amount and price of those securities. Prior to assuming full discretion in managing the Funds’ assets, Fairmount entered into an investment management agreement that sets forth the scope of its discretion. Additionally, the Firm has full discretion over the broker-dealers to be used for transactions and the commissions to be paid to those broker-dealers. These terms are established in the offering documents of each Fund.

Item 17: Voting Client Securities

Fairmount accepts the authority to vote the Funds’ securities, as applicable. As such, we have adopted written policies and corresponding procedures to comply with Rule 206(4)-6 of the Advisers Act and with our fiduciary obligations (the “Proxy Voting Policy”). Our Proxy Voting Policy is designed to ensure that proxies are voted solely in the best interest of the Funds holding such securities.

When voting proxies on behalf of the Funds, our primary objective is to make decisions in the best interest of the Funds. In fulfilling our obligations to our clients, we will act in a manner deemed to be prudent and diligent to enhance the economic value of the underlying securities held by each of our Funds. Our procedures also require identifying and addressing any potential conflicts of interest associated with voting a proxy. If a material conflict of interest exists, Fairmount will determine whether voting in accordance with the guidelines set forth in the Procedures is in the best interests of the Client or whether taking some other action may be more appropriate. Investors cannot direct voting of proxies.

The Managing Members are responsible for making all proxy voting decisions in accordance with the Proxy Voting Policy, our Director of Operations is responsible for facilitating the voting, and our Chief Compliance Officer is responsible for monitoring the effectiveness of the Proxy Voting Policy.

Upon written request, we will provide Investors with a copy of our proxy voting policies and procedures and/or a record of all proxy votes cast by the Funds.

Item 18: Financial Information

Fairmount has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.