

Fairmount Funds Management LLC

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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

There have been no material changes to this Brochure since its most recent update in March 2021. 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.

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Item 4: Advisory Business

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

Fairmount Healthcare Fund GP LLC and Fairmount Healthcare Fund II GP LLC, each a Delaware limited liability company (the "General Partners"), are affiliated with the Firm and owned by the Principals.

Fairmount Funds provides discretionary investment management services to qualified investors through its privately placed pooled investment vehicles: Fairmount Healthcare Fund LP (the "**Fairmount Healthcare Fund**"); Fairmount Healthcare Fund II LP ("**Fairmount Healthcare Fund II**" and together with the Fairmount Healthcare Fund, the "**Fairmount Healthcare Funds**"); the Fairmount Healthcare Feeder Fund Ltd (the "**Offshore Fund**"); Fairmount Healthcare Feeder Fund II Ltd. (the "**Offshore Fund II**" and together with the Offshore Fund, the "**Offshore Funds**"); and two Special Purpose Vehicles (the "**SPVs**"). The Offshore Funds invest all their assets in the Fairmount Healthcare Funds. The Fairmount Healthcare Funds and the Offshore Funds are referred to collectively as the "**Partnerships**," and, together with the SPVs, as the "**Funds**." The Offshore Funds' **shareholders**, the Fairmount Healthcare Funds' **limited partners**, and the **members** of the SPVs 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 Funds manages investments primarily focused on healthcare and life science companies, including companies developing drugs, devices, diagnostics, services, and/or healthcare IT. The investments are generally comprised of common stock, preferred shares, warrants, options, baskets of securities, exchange-traded funds and may occasionally include restricted shares, contingent value rights, or 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, 2020, the Firm managed approximately \$700 million in client assets, all of which were managed on a discretionary basis.

Item 5: Fees and Compensation

Management Fee

Fairmount Funds receives an annual management fee of between 0.5% to 1.5%, depending on the Partnerships' aggregate assets under management, excluding the assets attributable to the Firm and its affiliates. The management fee is applied to the capital account of each limited partner and shareholder. Such management fees are directly deducted from client accounts (generally monthly in arrears) according to the terms of the pertinent Partnership's governing documentation. Fairmount Funds, in its sole discretion, may waive or modify the management fee for any Investor.

Fairmount Funds does not receive a management fee in connection with its management of the SPVs.

Additional Fees and Expenses

The Partnerships will bear (i) operating costs and expenses (including fees and expenses of professionals providing services to the Partnerships, including legal, audit, accounting, tax and administration, costs of any liability insurance obtained on behalf of the Partnerships; costs of reporting and providing information to Investors); due diligence, research and travel expenses related to Partnerships' potential and actual investments (including Bloomberg and other data/subscription fees); and consulting, legal and other professional fees relating to potential and actual investments, and (ii) all other costs and expenses related to its operations and investments, including, without limitation, brokerage commissions and other transaction costs (*see also*, Item 12: Brokerage Practices); costs in connection with proxy contests (including fees and expenses of professionals relating thereto); clearing and settlement charges; custodial fees and prime brokerage fees; margin and interest expense and commitment fees on debit balances or borrowings; borrowing charges on securities sold short; organizational expenses; costs of any litigation or investigation involving the Partnerships' activities; indemnification expenses; regulatory costs; any issue or transfer taxes chargeable in connection with any securities transactions; any entity level taxes; regulatory filing and license fees to the extent incurred with respect to the Partnerships and not in the ordinary course of business of the Firm; and any extraordinary expenses. A portion of the 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.

We do 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 Partners are entitled to be paid performance-based compensation by the Partnerships. Fairmount Funds, in its sole discretion, may waive or modify the performance-based compensation for any Investor.

Performance-based fee arrangements may create an incentive for us to recommend investments that may be riskier or more speculative than those that we might recommend under a different 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 Funds has procedures designed and implemented to ensure that all clients are treated fairly and equally and to prevent this conflict from influencing the allocation of investment opportunities among clients.

Item 7: Types of Clients

Our clients are the Funds. Any standard minimum investment required to invest in a Fund is described in each Fund's offering memorandum.

Investors in the Funds must each be (i) an "accredited investor," as defined in Rule 501(a) of Regulation D, promulgated pursuant to Section 4(2) of the Securities Act of 1933, as amended, and (ii) a "qualified purchaser," as that term is defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended.

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

Investment Objective

We will invest in healthcare and life science companies, including companies developing drugs, devices, diagnostics, services, and/or healthcare IT. Investments will likely be comprised of common stock, preferred shares, warrants, options, baskets of securities, exchange-traded funds and may occasionally include restricted shares or contingent value rights (to the extent a market exists). The Fairmount Healthcare Fund investment objective is to provide positive absolute returns in various market conditions and generally outperform healthcare sector and broader market indices. The Fairmount Healthcare Fund II investment objective is to outperform the NASDAQ Biotechnology Index (NBI) rounded to the nearest 0.01% in various market conditions. We will generally focus on small and mid-size market capitalization companies and will invest long and/or short and choose to hedge some or all our positions for any reason.

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.

Investment Process

The Firm generally expects to utilize both internal and third-party tools for due diligence purposes. Such due diligence has in the past and may in the future include: interviews with management, consultations with key opinion leaders in medicine, drug development experts, members of Firm's advisory board, datasets and analysis compiled by third-party data and research providers, and sell side research and analysis. At times, the Firm may commission new surveys or datasets, and/or hire consulting firms or other research firms to validate its investment theses. Where significant capital may be deployed, the Firm's employees and/or representatives may be nominated as board observers or directors to oversee the investment.

Drug development requires multi-year time horizons. The Funds may invest in assets or instruments that 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 will likely result in low portfolio turnover.

The Firm intends to pursue 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. The Firm believes that in order to take advantage of the material price moves following these events, the Funds needs to maintain adequate cash balances to permit purchases of securities rapidly following these events. As a result, the Firm may 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 Funds 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 of 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.

Risk Factors

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 expects 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 will invest primarily in healthcare and 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. Losses in one or more large positions, or a downturn in an industry in which the Funds are concentrated, could materially adversely affect the Funds' performance. This limited diversification may result in the concentration of risk, which, in turn, could expose the Funds to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements in such securities.

Specific Healthcare and Life Sciences Sector Risk

Fairmount Funds focuses generally on investments in the healthcare and life sciences industries. Companies in these industries are subject to extensive government regulation, which may change in a way adverse to the industry. Research and development in these industries is costly and long in duration and the approval of new products is lengthy and uncertain. As a result, investments in these sectors may be riskier than other market sectors. In addition, the investments the Funds will make will generally be subject to certain risks inherent in the healthcare and life sciences industries, including, but not limited to:

1. **Rapid Changes.** The healthcare and life sciences sectors are characterized by significant and rapid change. A company's research, technologies, and/or products may quickly be rendered obsolete by the research and discoveries of competitors prior to revenue generation.
2. **Volatility.** The market value of healthcare and life sciences companies in general has been highly volatile, with significant price fluctuations that are often unrelated to the operating performance of particular companies.
3. **Product Failure.** The success of healthcare and life sciences companies often hinges upon the success of one product or potential products (or a small number of products or potential products). It is possible that potential products may fail to produce intended results, produce results that were unexpected or unintended, and/or fail to obtain necessary regulatory approvals including Food and Drug Administration ("FDA") approval. In addition, the cost of obtaining such regulatory approvals could be substantial.

4. **Product Liability Risks.** Healthcare companies, and drug companies in particular, face inherent risks of product liability exposure related to the testing and/or selling of products. Product liability claims may result in, among other things: (a) injury to reputation; (b) withdrawal of clinical trial volunteers; (c) litigation costs; (d) decreased demand for products; and (e) substantial monetary awards to third parties.
5. **Key Personnel.** Healthcare and life sciences companies often depend on key scientific, research, and/or management personnel. Such companies' abilities to pursue the development of current and future potential products depends largely on retaining the services of existing personnel and hiring additional qualified personnel to perform research and developments. Such companies may not be able to attract and retain personnel on acceptable terms given the competition for such personnel among life sciences companies. Any such failure to attract and retain personnel might delay the development of products and result in harm to the companies' business.
6. **Proprietary Rights.** The success of healthcare and life sciences companies depends, in part, on the ability to maintain protection for products and/or technologies under the patent laws of the United States and other countries, and on the ability to avoid infringing the proprietary rights of others. The patent positions of healthcare and life sciences companies can be highly uncertain and involve complex legal and factual questions. In addition, such companies often rely upon unpatented technology, trade secrets, and other confidential information that may be difficult to protect.
7. **Government Regulations and Regulatory Approvals.** Certain product candidates of life sciences companies likely will be subject to extensive and rigorous government regulations. The FDA regulates the development, testing, manufacture, safety and record keeping, labelling, distribution and promotion of, among other things, certain medical devices and pharmaceutical products. 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.
8. **Third Party Reimbursement; Healthcare Reform.** The ability of certain life sciences companies to commercialize certain of their products and potential products depends, in part, upon the availability of reimbursement from third-party payors, such as government health administration authorities, private health insurers, and other organizations. 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 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 companies' business.

Business Continuity and Cybersecurity Risks

The Firm relies on information technology systems to process, transmit, store, and protect the electronic information and financial data that are critical to its business. Furthermore, a significant portion of the communications between the Firm's employees, service providers, and investment partners depends on information technology and electronic information exchange. As with all companies, Fairmount Funds' information technology systems are

vulnerable to data breaches, interruptions, infrastructure failures, breaches of cybersecurity, market disruptions, or failures due to events beyond our control, including but not limited to natural disasters, theft, terrorist attacks, computer viruses, hackers, and general technology failures. Such technological disruptions or other adverse events could result in an inability to access our systems or could cause other disruptions that would negatively impact our business. While the Firm has established business continuity plans and systems designed to prevent cyber-attacks, such plans and systems are subject to inherent limitations. Similar types of cyber security risks also are present for issuers of securities in which the Funds invest, which could result in material adverse consequences for such issuers, and may cause the Funds' investments in such securities to lose value. In addition, we do not control the cybersecurity plans and systems put in place by third-party service providers, and such third-party service providers may have limited indemnification obligations to us or the Funds.

Leverage Risk

Because many derivatives have a leverage component (i.e., a notional value in excess of the assets needed to establish and/or maintain the derivative position), adverse changes in the market value or level of the underlying asset, rate, or index can result in a loss substantially greater than the amount invested in the derivative itself. Certain derivatives have the potential for unlimited loss, regardless of the size of the initial investment.

Undervalued Securities

One of the core philosophies of the Funds 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 opportunities for above-average returns, these investments involve a high degree of financial risk and can result in substantial losses.

Event Driven Transactions

From time to time, we expect to trade securities whose market values are expected to be meaningfully affected by future events. The outcome of future events is, 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 the security could decline and result in losses to the Funds if at the time the Funds are net long the security. 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 run market reaction to a particular outcome may be unfavorable even if the long-run result is favorable.

Hedging Transactions

We will seek to hedge the Funds' foreign currency exposures. We expect to engage in other hedging transactions for the Funds from time to time, but there is no guarantee such hedging transactions will succeed in reducing portfolio risk. Accordingly, the Funds' portfolios may not be protected in a variety of circumstances, including, (i) to protect against possible changes in the market value of the Funds' investment portfolios resulting from fluctuations in the securities markets and/or changes in interest rates, (ii) to protect the

Funds' unrealized gains in the value of the Funds' investment portfolios, (iii) to facilitate the sale of any such investments, (iv) to enhance or preserve returns, spreads or gains on any investment in the Funds' portfolios, and (v) to protect against any increase in the price of any securities the Funds anticipate purchasing at a later date. We have no obligation to hedge all or any portion of the Funds' portfolios and may engage (or not engage) in hedging transactions in our sole discretion. The success of the Funds' hedging strategies will be subject to our ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments in the portfolio being hedged. Since the characteristics of many securities change as markets change or time passes, the success of the Funds' hedging strategy will also be subject to our ability to continually recalculate, readjust, and execute hedges in an efficient and timely manner. While the Funds' hedging transactions seek to reduce risk, such transactions could result in a poorer overall performance for the Funds than if they had not engaged in any such hedging transactions. For a variety of reasons, we may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation could prevent the Funds from achieving the intended hedge or expose the Funds to risk of loss. 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, the Funds 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. We may not hedge a position in the Funds' portfolios because a hedge may not be available, it may be too costly due the likelihood of the possible risk actually occurring, or the risk simply could not be reasonably anticipated.

Liquidity Risk

As a result of the Funds' investment strategies, certain investments (especially private equity investments and those involving financially distressed companies) may have to be held for a substantial period of time before they can be liquidated to the Funds' greatest advantage or, in some cases, at all. Certain investments that are illiquid at the time of the investment or become illiquid, restricted or difficult to value may be segregated as "Designated Investments" and may represent capital not available for withdrawal by Investors. Further, such investments may be extremely difficult to value with any degree of certainty.

Short Selling

From time to time, the Funds short securities as part their hedging strategy. Short selling involves the sale of securities the Funds borrow but do not actually own, usually made with the anticipation that the prices of the securities will decrease and the Funds will be able to make a profit by purchasing the securities at a later date at lower prices. The Funds will incur a loss on a short sale if the price of the security increases prior to the time they purchase the security to replace the borrowed security. A short sale presents greater risk than purchasing a security outright since there is no ceiling on the possible cost of replacing the borrowed security, whereas the risk of loss on a "long" position is limited to the purchase price of the security. Closing out a short position may cause the security to rise further in value creating a greater loss. The Funds may also incur additional costs in connection with short sale transactions, including in the event that they are required to enter into a borrowing arrangement in advance of any short sales. Moreover, the ability to continue to borrow a security is not guaranteed and the Funds are subject to strict delivery requirements. The inability of the Funds to deliver securities within the required time frame may subject the Funds to mandatory close out by the executing broker-dealer. A mandatory close out may subject the Funds to unintended costs and losses. Certain action or inaction by third parties, such as executing broker-dealers or clearing broker-dealers, may materially impact the Funds' ability to effect short sale transactions. Such action or inaction may include a failure

to deliver securities in a timely manner in connection with a short sale effected by a third-party unrelated to the Funds.

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 the Funds' ability to execute certain investment strategies.

General Economic and Market Conditions; Disruptions

The success of the Funds' 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 of securities' prices, the liquidity of the Funds' investments and the availability of certain securities and investments. Volatility or illiquidity could impair the Funds' profitability or result in losses. The Funds may maintain substantial trading positions that can be materially adversely affected by the level of volatility in the financial markets, with the larger the positions, the greater the potential for loss.

Disruptions in financial markets can significantly affect the prospects of portfolio companies in which the Funds invest, our ability to assess those prospects, and our ability to adapt the Funds' portfolios and market exposures. Developments and disruptions may be global in nature or may occur in particular markets, but even developments outside of markets in which the Funds are invested may affect securities prices within the invested markets.

General Risks of Derivatives Use

Derivatives trading is highly speculative. 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. For example, because many Derivatives are leveraged, and thus provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement may not only result in the loss of the entire investment, but may also expose the Funds to the possibility of a loss exceeding the original amount invested. Derivatives may also expose investors to liquidity risk, as there may not be a liquid market within which to close or dispose of outstanding Derivatives contracts.

Options

Trading options is highly speculative and may entail risks greater than investing directly in underlying securities. Option prices are generally more volatile than other securities' prices. The value of an option may decline because of a change in the value of the underlying asset relative to the strike price, the passage of time, changes in the market's perception as to the future price behavior of the underlying asset, or any combination thereof. In the case of the purchase of an option, the risk of loss of an investor's entire investment (i.e., the premium paid plus transaction charges) reflects the nature of an option as a wasting asset that may become worthless when the option expires. Where an option is written or granted (i.e., sold) uncovered, the seller may be liable to pay substantial additional margin, and the risk of loss

is unlimited, as the seller will be obligated to deliver, or take delivery of, an asset at a predetermined price which may, upon exercise of the option, be significantly different from the market value. Over-the-counter options that the Funds may use in their investment strategies generally are not assignable except by agreement between the parties concerned, and no party or purchaser has any obligation to permit such assignments. The over-the-counter market for options is relatively illiquid, particularly for relatively small transactions.

Counterparty Risk

The Funds effect transactions in over-the-counter (“OTC”) or interdealer markets. The participants in such markets typically are not subject to the credit evaluation and regulatory oversight to which members of “exchange-based” markets are subject. As a result, many of the protections afforded to participants on regulated exchanges are not available in connection with derivative transactions and other OTC transactions. The lack of these protections exposes the Funds to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide), a credit or liquidity problem, or other causes, thus causing the Funds to suffer a loss. Such counterparty risk is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Funds have concentrated their transactions with a single or small group of counterparties. The Funds are not restricted from concentrating any or all of their transactions with one counterparty. The ability of the Funds to transact business with any one or number of counterparties and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Funds.

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. Pursuant to FINRA Rule 5130, “restricted persons” may not participate in gains or losses from new issues. 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.

Item 9: Disciplinary Information

To the best of our knowledge, there are no legal or disciplinary events that are material to our Investors’ or potential Investors’ evaluation of our advisory business or the integrity of our 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 and Personal Trading

Fairmount Funds has adopted a “**Code of Ethics**” that describes the high standard of conduct that we require of our employees and establishes procedures prohibiting employees from engaging in security transactions for their own or related accounts that might be detrimental to the interests of the Funds. The Code of Ethics includes provisions relating to reporting personal securities transactions, the confidentiality of client information, giving or receiving significant gifts, engaging in outside business activities that compete with the Firm, and trading on inside information and spreading rumors. Our employees are required to certify their adherence to the terms set forth in the Code of Ethics upon commencement of employment and annually thereafter. Employees also are required to provide quarterly certifications of compliance with certain Code of Ethics provisions.

The foundation of our Code of Ethics is based upon the following underlying fiduciary principles:

- Employees must at all times place the interests of the Funds first;
- Employees must ensure that all personal securities transactions are conducted consistent with the Code of Ethics;
- Employees must not take inappropriate advantage of their position at the Firm; and
- Employees must comply with all applicable federal securities laws.

All of our employees are required to direct their brokers to send duplicate copies of personal discretionary brokerage account statements to the CCO on a quarterly basis. These records are used to monitor compliance with Fairmount Funds employee personal trading policies. Employees are prohibited from purchasing or selling securities that appear on the Firm’s Restricted List and must obtain pre-approval from the CCO before: (i) liquidating legacy healthcare equity securities; (ii) engaging in any outside business activities, and (iii) making any private investments.

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 us at 267-262-5300 or eoconnor@fairmountfunds.com.

Participation or Interest in Client Transactions

Employees, affiliates of the employees, and relatives of the employees may make investments in the Funds. This 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, we have adopted a personal trading policy in an effort to minimize such conflicts.

Without the consent of a majority in interest of the Limited partners in the relevant Fund(s), Fairmount Funds shall not cause any of the Funds to make investments in any privately held company in which the Principals, the General Partners or their respective affiliates are invested; provided that, a Fund may invest in companies that the Principals, the General Partners or their respective affiliates have invested in (i) alongside investors in a Fund through the SPVs, co-investment vehicles or other similar alternative investment vehicles (each a “**Permitted Vehicle**”) or (ii) prior to such Principal’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 Principals, 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 Principal, General Partner or affiliate acquired the securities prior to their employment by or association with the Firm.

Item 12: Brokerage Practices

Fairmount Funds is authorized to determine the broker-dealer to be used for executing securities transaction for the Funds. 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. It is not our practice to negotiate "execution only" commission rates; therefore, 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.

We 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 generally the execution of a securities transaction for a client in such a manner that a client's total costs or proceeds in the transaction are most favorable under the circumstances. Accordingly, in seeking Best Execution, we will take into consideration the price of a security offered by the broker-dealer, as well as a broker-dealer's full range and quality of their services including, among other things, their facilities, reliability and financial responsibility, execution capability, commission rates, responsiveness to us, brokerage and research services provided to us (for example, research ideas, analysis, and investment strategies), special execution and block positioning capabilities, clearance, and settlement and custodial services. Broker-dealer performance is reviewed regularly.

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.

Item 13: Review of Accounts

The Firm's Principals 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, we pay particular attention to changes in the investment's fundamentals, changes in the markets that could affect price levels, and overall risk management. Fairmount Funds engages in active management for the Funds and the Firm reviews transactions, positions, and cash balances on a daily basis.

Account Reporting

We 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 Partnerships, we also distribute written reports including: monthly unaudited NAV statements, month-end performance reports, and a semiannual investor letter to all shareholders and limited partners. In addition, taxable investors in the Funds shall generally receive Schedule K-1s by March 31 of each year.

Item 14: Client Referrals and Other Compensation

This Item is not applicable.

Item 15: Custody

We will comply with Rule 206(4)-4 of the Investment Advisers Act of 1940, as amended, by meeting the conditions of the pooled vehicle annual audit provision. Annually, upon completion of the Funds' annual audits, we will distribute the audited financials to Investors within 120 days of the respective Fund's fiscal year end.

Item 16: Investment Discretion

We will have full discretionary authority over the Funds including authority to make decisions with respect to which 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 Funds 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

We have, and in the future will continue to accept, the authority to vote the Funds' securities, as applicable. As such, we have adopted policies and corresponding procedures to comply with Rule 206(4)-6 promulgated under the Investment Advisers Act and with our fiduciary obligations (the "Proxy Voting Policy"). Our Proxy Voting is designed to ensure that we vote proxies 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. In acting upon these matters on behalf of the Funds, we will seek to avoid material conflicts of interest between our interests and the interests of the Funds. Investors cannot direct voting of proxies.

The Principals are responsible for making all proxy voting decisions in accordance with the Proxy Voting Policy while our Chief Compliance Officer is responsible for facilitating the voting and monitoring the effectiveness of the Proxy Voting Policy.

Upon 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

This Item is not applicable.