

## **Risk Factors**

Prospective Investors should carefully consider the following risk factors, together with all other information set forth in this Memorandum, before deciding to subscribe for Interests. The following risks are not exhaustive, and additional risks not presently known or deemed immaterial may also impact the Fund.

### **GENERAL INVESTMENT RISKS**

#### **Forward-Looking Information**

This Memorandum contains forward-looking statements relating to the Fund's operations and performance, as well as the anticipated performance of the Portfolio Company and, by extension, the underlying investments in **Perplexity AI, Inc., Space Exploration Technologies Corporation, X.AI Corp., and Cashmere Fund**. These statements involve known and unknown risks, uncertainties, and assumptions that may cause actual outcomes to differ materially from those expressed or implied. Forward-looking statements include, but are not limited to, projections regarding performance, plans, expectations, beliefs, and intentions. Words such as "expects," "believes," "anticipates," and similar expressions identify such statements. Investors should not place undue reliance on these statements, which speak only as of the date hereof. The Fund undertakes no obligation to update any forward-looking statement.

#### **No Firm Commitment to Purchase the Interests**

This Offering is being made on a "best efforts" basis. There is no commitment from any party to purchase Interests, and there is no assurance that any or all Interests will be sold. If the Offering is not fully subscribed, the Fund may not raise sufficient capital to achieve its investment objectives, operate efficiently, or provide expected returns to Investors.

#### **Unpredictability of Distributions**

Distributions to Investors are not guaranteed and may not occur. The Fund's ability to make Distributions depends on liquidity events at the Portfolio Company level, which in turn are dependent on a successful exit from **Perplexity AI, Inc., Space Exploration Technologies Corporation, X.AI Corp., and Cashmere Fund**. There is no assurance that any such liquidity event will occur or that sufficient funds will be available for distribution.

#### **Lack of Operating History**

The Fund is a newly formed entity with no operating history, making it difficult to evaluate its future performance. The Portfolio Company may also be newly formed and lack historical performance data. Past performance of similar investments or affiliates is not indicative of future results.

#### **Reliance on Key Persons**

The Fund's success is substantially dependent on management's expertise and decision-making and, to the extent relevant, the Portfolio Company. The loss, unavailability, or diminished contributions of any such key individuals could materially and adversely affect the Fund's performance.

## **General Economic and Other Conditions**

The Fund's performance may be adversely affected by changes in economic, political, or regulatory conditions, including inflation, interest rate fluctuations, market volatility, pandemics, natural disasters, and geopolitical instability. These external factors are outside the Fund's control and may impair the value or performance of its investment.

## **Lack of Control by Investors**

Investors will not participate in the management or control of the Fund and will have no voting rights with respect to the Fund's operations or investment decisions.

## **Lack of Marketability**

The Interests are highly illiquid and are subject to significant restrictions on transfer. There is no public market for the Interests and none is expected to develop. Investors should be prepared to hold their Interests for an indefinite period.

## **RISKS RELATING TO THE FUND'S STRUCTURE AND INVESTMENT IN THE PORTFOLIO COMPANY**

### **Multi-Asset Exposure**

The Fund's assets will be its interest in the Portfolio Company, which is expected to hold only interest in **Perplexity AI, Inc., Space Exploration Technologies Corporation, X.AI Corp., and Cashmere Fund**. As a result, the Fund's performance is entirely dependent on the performance of these companies, and Investors bear the risk of total loss in the event of adverse developments at **Perplexity AI, Inc., Space Exploration Technologies Corporation, X.AI Corp., or Cashmere Fund**.

### **Layered Structure Risk**

The Fund's exposure to underlying companies is achieved through the Portfolio Company, which may hold its interests through additional investment vehicles. Each level of the structure may involve separate costs, operational risks, and dependencies. These layers may affect liquidity and timing of distributions and could reduce overall returns.

### **Dependence on Third-Party Management**

The Fund and the Portfolio Company rely on the management of the underlying investment vehicles and companies. Neither the Fund nor the Portfolio Company will have control or significant influence over the operations, strategy, or liquidity of these entities, and decisions made by their management teams may not align with investors' interests.

### **Multiple Layers of Risk**

The Fund does not hold **Perplexity AI, Inc., Space Exploration Technologies Corporation, X.AI Corp., and Cashmere Fund** securities directly, but rather through an indirect interest in the Portfolio

Company. This structure introduces additional layers of operational, legal, and economic complexity and risk, including reliance on the Portfolio Company's governance, transparency, and decision-making.

### **Lack of Transparency**

The Fund may have limited access to detailed financial or operational information about the Portfolio Companies or **Perplexity AI, Inc., Space Exploration Technologies Corporation, X.AI Corp., and Cashmere Fund**. Neither the Fund nor its Investors will have control over the reporting practices or decision-making of the Portfolio Companies or **Perplexity AI, Inc., Space Exploration Technologies Corporation, X.AI Corp., and Cashmere Fund**. Lack of transparency may impair the Fund's ability to monitor performance or detect adverse developments.

### **Valuation Risk**

Valuation of the Fund's investment in the Portfolio Company will depend on estimates which are inherently subjective, may not reflect realizable market prices, and may be based on assumptions or inputs that prove to be inaccurate.

### **Liquidity Risk**

Interests in both the Fund and the Portfolio Company are generally illiquid. Underlying holdings in **Perplexity AI, Inc., Space Exploration Technologies Corporation, X.AI Corp.** shares are not publicly traded and may be subject to transfer restrictions. The absence of a liquid market for these securities may delay or prevent realization of value and may impair the Fund's ability to make Distributions.

Cashmere Fund, which is expected to represent approximately 50% of the Portfolio Company's assets, provides only limited liquidity, permitting redemptions of up to 5% of its assets under management on a semiannual basis. However, the Portfolio Company retains discretion as to whether to request or exercise such redemptions, and the ability to redeem is contingent on the Portfolio Company securing a portion of the available redemption allocation.

## **RISKS RELATING TO Perplexity AI, Inc., Space Exploration Technologies Corporation, X.AI Corp., and Cashmere Fund**

### **Company-Specific Risks**

**Perplexity AI, Inc., Space Exploration Technologies Corporation, X.AI Corp., and Cashmere Fund** operate in complex and high-risk industries. They face risks including, but not limited to, technological failures, supply chain disruptions, cost overruns, accidents, and delays in mission-critical projects, any of which may significantly impact valuation.

### **Regulatory Risks**

**Perplexity AI, Inc., Space Exploration Technologies Corporation, X.AI Corp., and Cashmere Fund** are subject to extensive regulation by U.S. and foreign government agencies, including licensing, environmental, and national security regulations. Changes in law, failure to obtain or maintain required approvals, or enforcement actions could materially impact operations.

### **Valuation and Exit Risk**

**Perplexity AI, Inc., Space Exploration Technologies Corporation, X.AI Corp., and Cashmere Fund** are privately held companies and there is no assurance that they will pursue or complete a liquidity event, such as an initial public offering or secondary sale. Accordingly, valuations are speculative and subject to significant uncertainty.

**Perplexity AI, Inc., Space Exploration Technologies Corporation, X.AI Corp., and Cashmere Fund May Need Additional Capital to Expand and Fund Their Businesses. The Need for Additional Capital Could Create Potential Dilution in the Future.**

**Perplexity AI, Inc., Space Exploration Technologies Corporation, X.AI Corp., and Cashmere Fund may need additional capital to grow.** As the Interests ultimately represent underlying ownership of **Perplexity AI, Inc., Space Exploration Technologies Corporation, X.AI Corp., and Cashmere Fund**, in the event that **Perplexity AI, Inc., Space Exploration Technologies Corporation, X.AI Corp., and Cashmere Fund** issue additional shares of capital stock in the future—including options or warrants to purchase common stock or preferred stock – there will be dilution to **Perplexity AI, Inc., Space Exploration Technologies Corporation, X.AI Corp., and Cashmere Fund**'s stockholders, and holders of ownership interests in **Perplexity AI, Inc., Space Exploration Technologies Corporation, X.AI Corp., and Cashmere Fund**, which include the Portfolio Companies and, indirectly, the Fund, may experience substantial dilution in their ownership. In the event that **Perplexity AI, Inc., Space Exploration Technologies Corporation, X.AI Corp., or Cashmere Fund** are sold, holders of ownership in **Perplexity AI, Inc., Space Exploration Technologies Corporation, X.AI Corp., and Cashmere Fund**, including the Portfolio Companies, will be subject to distributions as determined by **Perplexity AI, Inc., Space Exploration Technologies Corporation, X.AI Corp., and Cashmere Fund**'s respective liquidation preferences.

**No Control over Perplexity AI, Inc., Space Exploration Technologies Corporation, X.AI Corp., or Cashmere Fund or their Future Valuations.**

Neither the Fund nor the Portfolio Companies (nor any of their respective affiliates) will or will be expected to obtain representation on the board of directors or have any control over the management of **Perplexity AI, Inc., Space Exploration Technologies Corporation, X.AI Corp., and Cashmere Fund**. Thus, the success of the Fund's investments in **Perplexity AI, Inc., Space Exploration Technologies Corporation, X.AI Corp., and Cashmere Fund** depends on the ability and success of the management of **Perplexity AI, Inc., Space Exploration Technologies Corporation, X.AI Corp., and Cashmere Fund** in operating their businesses and maximizing the value of the **Perplexity AI, Inc., Space Exploration Technologies Corporation, X.AI Corp., and Cashmere Fund** securities held indirectly by the Fund, in addition to economic and market factors. There may be no market for the **Perplexity AI, Inc., Space Exploration Technologies Corporation, X.AI Corp., and Cashmere Fund** securities, and any market that does develop may be very limited. Accordingly, valuations may fluctuate considerably and the per share valuations that are negotiated may bear little or no relationship to future valuations of **Perplexity AI, Inc., Space Exploration Technologies Corporation, X.AI Corp., and Cashmere Fund** in any market that may develop for such shares, whether private or public.

#### **Dependence on Government Contracts**

A substantial portion of SpaceX's revenues may be derived from government contracts, which are subject to funding uncertainties, political considerations, and procurement rules. Loss or non-renewal of such contracts could materially affect performance.

#### **Reputational Risk**

Public perception of **Perplexity AI, Inc., Space Exploration Technologies Corporation, X.AI Corp., and Cashmere Fund** can be affected by mission outcomes, media coverage, leadership controversies, or incidents involving safety, ethics, or compliance. Negative publicity may impair valuation and reduce exit opportunities.

## TAX AND FEE RISKS

### **Federal Income Tax Risks**

The Fund intends to be treated as a partnership for U.S. federal income tax purposes. Investors will be required to report and pay taxes on their share of taxable income, regardless of whether Distributions are made. Investors should consult with tax advisors to assess the implications of an investment.

### **Fund Organization Fees, Start-Up Expenditures and Syndication Expenses**

The Fund will incur expenses related to its formation, organization, and this Offering, including legal, accounting, administrative, and marketing costs. These expenses will reduce the amount of capital available for investment and may adversely affect investor returns. For example, the Fund expects to incur an organizational fee of approximately \$10,500, assessed by the administrator, and the Portfolio Company is expected to incur a similar organizational fee of approximately \$40,000. Further, the Portfolio Company is expected to incur additional indirect pass-through fees of \$7,500 associated with the organization and start-up expenses associated with the Underlying Vehicles to which it deploys capital. These fees will be passed through to investors and, when aggregated, may further reduce returns on deployed capital. The fees described in this paragraph are illustrative and not exhaustive.

### **Placement Fees Due Broker**

The Fund will pay OpenDeal Broker LLC a placement fee equal to 5% of gross subscription proceeds. This fee will reduce the capital available for investment and increases the effective cost of an Investor's participation in the Fund.

### **Multi-Fee Structure**

Investors should be aware that the Offering involves multiple layers of fees, which may significantly reduce the net returns on invested capital. As described above, the Broker will receive a placement fee equal to 5% of the gross subscription proceeds. In addition, the Portfolio Company will assess a carried interest of 5% and a one-time management fee of 10% for funds invested into XAI, 4% for funds invested into SpaceX, and 5% for funds invested into Perplexity. These allocations represent approximately 50% of the Portfolio Company's holdings and result in a blended effective one-time management fee equal to approximately 3.17% of gross proceeds.

The underlying investment vehicles associated with Perplexity and SpaceX will, in turn, assess separate one-time pass-through fees of 5% and 6%, respectively. The remaining 50% of the Portfolio Company's holdings, invested in the Cashmere Fund, will incur a recurring annual management fee of 2.5%.

Because these fees are applied at multiple levels, including at the Broker, Portfolio Company, and underlying investment-vehicle levels, and because a portion of such fees are recurring, the aggregate

impact of these costs may materially diminish investor returns relative to the gross performance of the underlying portfolio investments.

### **Fee Disclosure Limitations**

The Fund and the Portfolio Company have reviewed and disclosed all known and material fees and expenses based on information available as of the date of this Memorandum. Certain underlying investment vehicles may impose additional fees or expenses that are not fully determinable at this time. Accordingly, investors may indirectly bear other fees or expenses not specifically identified herein.

### **Changes in the Law; Recent Legislation**

U.S. federal, state, and local tax laws are subject to change, potentially with retroactive effect. Such changes could materially impact the Fund's structure, the tax consequences to Investors, and the after-tax returns on investment.

### **Risk of Audit**

The Fund's tax filings may be subject to examination by the IRS or other taxing authorities. Adjustments resulting from an audit may increase the tax liabilities of affected Investors, and the cost of any audit-related proceedings may be borne indirectly by the Fund or the Investors.

### **No IRS Rulings**

The Fund has not sought and does not intend to seek advance rulings from the IRS regarding any tax matters. As such, there is no assurance that the Fund's tax positions will not be challenged or that such challenges will not result in adverse consequences for Investors.

### **OTHER REGULATORY AND LEGAL RISKS**

#### **Federal and State Securities Laws; Absence of Regulation Applicable to the Fund.**

The Interests are offered pursuant to exemptions from registration under the Securities Act and applicable state laws. As a result, the Fund is not subject to the same level of regulatory oversight or disclosure obligations as a registered investment vehicle.