

## **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 First Layer Vehicle and, by extension, the underlying investment in Space Exploration Technologies Corp. 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 Distributions from the First Layer Vehicle, which are contingent upon a successful exit or other Liquidity Event with respect to Space Exploration Technologies Corp. There is no assurance that any such liquidity event will occur or that sufficient funds will be available for distribution.

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#### **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 and First Layer Vehicle. 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**

### **Single-Asset Exposure**

The Fund's sole asset will be its interest in the Portfolio Company, which is expected to hold only interests in the First Layer Vehicle, which in turn is expected to hold only shares in Space Exploration Technologies Corp. As a result, the Fund's performance is effectively dependent on the performance of a single company, and Investors bear the risk of total loss in the event of adverse developments at Space Exploration Technologies Corp.

### **Multiple Layers of Risk**

The Fund does not hold Space Exploration Technologies Corp. 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.

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### **Lack of Transparency**

The Fund may have limited access to detailed financial or operational information about the Portfolio Company, the First Layer Vehicle or Space Exploration Technologies Corp. Neither the Fund nor its Investors will have control over the reporting practices or decision-making of the Portfolio Company or Space Exploration Technologies Corp. 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 illiquid Space Exploration Technologies 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.

## **RISKS RELATING TO SPACE EXPLORATION TECHNOLOGIES CORP.**

### **Company-Specific Risks**

Space Exploration Technologies Corp. operates in complex and high-risk industries, including space transportation and satellite communications. It faces 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**

**Space Exploration Technologies Corp.** is 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.

### **Integration and Strategic Risks Associated with the Acquisition of xAI**

Space Exploration Technologies Corp. has recently acquired artificial intelligence company xAI. The integration of xAI with SpaceX's existing launch, satellite communications, and infrastructure businesses may create operational, financial, and management challenges. The combined company may pursue initiatives involving artificial intelligence development and advanced computing infrastructure that could require significant capital investment and long development timelines.

There can be no assurance that the anticipated strategic benefits of the acquisition will be realized or that the integration of xAI's operations, personnel, and technologies will be successful. If the integration is unsuccessful, requires greater investment than expected, or results in operational disruptions or management distraction, SpaceX's business, financial condition, and valuation could be adversely affected.

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### **Risks Related to a Potential Initial Public Offering**

Space Exploration Technologies Corp. has publicly discussed the possibility of an initial public offering of certain businesses, including its satellite communications operations. However, there can be no assurance that any such offering will occur, or that it will occur within any particular timeframe. Market conditions, regulatory considerations, strategic decisions by the company, or other factors could delay or prevent any such transaction.

Even if an initial public offering were to occur, there can be no assurance regarding the valuation, structure, or liquidity of the offering, or whether holders of privately acquired securities would be able to participate in or benefit from such liquidity event. Investors should not assume that an investment will result in near term liquidity through a public offering.

### **Valuation and Exit Risk**

Space Exploration Technologies Corp. is a privately held company and there is no assurance that it will pursue or complete a liquidity event, such as an initial public offering or secondary sale. Accordingly, valuation is speculative and subject to significant uncertainty.

### **Space Exploration Technologies Corp. May Need Additional Capital to Expand and Fund Losses Until the Business Reaches Scale. The Need for Additional Capital Could Create Potential Dilution in the Future.**

**Space Exploration Technologies Corp.** may need additional capital to grow. As the Interests ultimately represent underlying ownership of **Space Exploration Technologies Corp.**, by way of intermediate vehicles, in the event that **Space Exploration Technologies Corp.** issues additional shares of capital stock in the future—including options or warrants to purchase common stock or preferred stock – there will be dilution to **Space Exploration Technologies Corp.**'s stockholders, and holders of ownership interests in **Space Exploration Technologies Corp.**, which include the Portfolio Company and, indirectly, the Fund, may experience substantial dilution in their ownership. In the event that **Space Exploration Technologies Corp.** is sold, holders of ownership in **Space Exploration Technologies Corp.**, including the Portfolio Company and First Layer Vehicle, will be subject to distributions as determined by Space Exploration Technologies Corp's liquidation preference.

### **No Control over Space Exploration Technologies Corp. or their Future Valuations.**

Neither the Fund, Portfolio Company, or First Layer Vehicle (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 **Space Exploration Technologies Corp.**. Thus, the success of the Fund's investment in **Space Exploration Technologies Corp.** depends on the ability and success of the management of **Space Exploration Technologies Corp.** in operating their businesses and maximizing the value of the **Space Exploration Technologies Corp.** securities held indirectly by the Fund, in addition to economic and market factors. There may be no market for the **Space Exploration Technologies Corp.** 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 limited or no relationship to future valuations of **Space Exploration Technologies Corp.** in any market that may develop for such shares, whether private or public.

### **Reputational Risk**

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Public perception of **Space Exploration Technologies Corp.** 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 significant expenses related to its formation, organization, and this Offering, including legal, accounting, and marketing costs. These expenses will reduce the amount of capital available for investment and may adversely affect Investor returns.

## **Placement Fees Due Broker**

The Fund will pay OpenDeal Broker LLC a placement fee equal to 10% 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.

## **Multiple Fee Structure**

Investors should be aware that multiple layers of fees may significantly reduce net returns. The Fund will pay a one-time management fee equal to 7% of gross proceeds to at the Portfolio Company level and expense fees in the amount of 4%, with the minimum fee of \$5,500 and a maximum fee of \$12,000 at the Fund Level. In addition, the First Layer Vehicle will assess its own one-time management fee equal to 2% of invested capital and a carried interest of 10% of net profits assessed by the First Layer Vehicle, and both the Second Layer Vehicle and First Layer Vehicle will assess their own expense fees, which may also be paid from invested capital. The Broker will also receive a placement fee equal to 10% of gross subscription proceeds, as described above. These fees compound to reduce the amount of capital earning a return.

## **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.