

RAPID SCALE

BROCHURE

Form ADV Part 2

March 2023



Executive Summary

RAPID SCALE LLC ("Rapid Scale") is a Registered Investment Advisory (RIA) under the United States Securities and Exchanges Commission (SEC CIK #1899941) as well as the United States Financial Industry Regulatory Authority (FINRA CRD #318269). Rapid Scale's SEC file number is 801-128365.

An "investment adviser" means any person who, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities, or who, for compensation and as part of a regular business, issues or promulgates analyses or reports concerning securities. Registration with the SEC or any state securities authority does not imply a certain level of skill or training.

This brochure provides information about the qualifications and business practices of Rapid Scale. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. If you have any questions about the contents of this brochure, please contact us at:

848 North Rainbow Blvd #8008
Las Vegas, NV 89107
United States of America

Email: info@rapidscale.vc
Phone: +1 650 918 7684

Additional information about Rapid Scale is available on the SEC's website at www.adviserinfo.sec.gov.

Material Changes - Item 2

The purpose of this section is to inform you of any material changes since the previous versions. Our **March 2023** brochure adds information explaining our Wrap Fee Program.

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Advisory Business - Item 4

Description of Services and Fees

Rapid Scale is a registered investment adviser based in Las Vegas, Nevada. We are a limited liability company, formed under the laws of the State of Nevada. We have been providing investment advisory services since 2021. Isaac de la Pena, CEO & CCO and Damien Balsan, COO & CIO, are the Managing Members and principal owners of Rapid Scale.

You may see the term Associated Person throughout this Brochure. As used in this Brochure, this term refers to anyone from our firm who is an officer, employee, and all individuals providing investment advice on behalf of our firm. Such persons are properly registered as investment adviser representatives in applicable jurisdictions where required.

Financial Vehicle Management Services

Rapid Scale structures and manages financial vehicles that invest in North American and International private equities, for the most part in the form of early stage technology ventures. These financial vehicles can be multi-asset (known as "Funds") or single-asset (known as "Special Purpose Vehicles" or "SPVs").

In the case of the SPVs, the single asset is known in advance of the client's investment decision and thus is non-discretionary. In the case of the Funds, our firm provides discretionary portfolio management services to our clients. Discretionary portfolio management means that we will make investment decisions without contacting the client. These decisions will be made based upon the state investment strategy and objectives of the Fund.

Our investment advice is tailored to meet our clients' needs and investment objectives. If you decide to hire our firm, we will meet with you to gather your financial information, determine your goals, and help you decide how much risk you should take in your investments. The information we gather will help us implement an asset allocation strategy that will be specific to your goals, whether we are actively investing for you or simply providing you with advice.

Wrap Fee Programs

We sponsor our own Wrap Fee Program in which we provide an all-inclusive management fee, typically a one-time or annual fee over AUM for the Pooled Investment Vehicles that we manage. The fee includes everything from advisory services to incorporation, registration and administration costs, as well as accounting and annual tax reporting services. Our customers appreciate the simplicity and financial predictability that such a program provides.

Assets Under Management

As of December 2023 we had approximately \$85,000,000 in assets under management.

Fees and Compensation - Item 5

Asset Class Basis

Rapid Scale does not discriminate by customer size and wants to provide equal opportunity to investors regardless of whether their wealth is large or they have more moderate savings. Instead, Rapid Scale has implemented a flat, simple fee schedule based on the underlying asset class of the products in the customers' portfolio, under the logic that products with more complexity tend to correlate with a major risk and return profile, require a larger combination of talent and effort to perform and therefore are subject to higher fees. Furthermore, the customer pays no fees on cash reserves built up within the client portfolio: only money that generates value for the customer pays fees.

Management Fee

Typically our Funds have a lifetime of 10 years with 5 years of investment period followed by 5 years of liquidation period. We charge a 2% annual management fee on Fund investments, calculated over total committed capital during the investment period, and over remaining assets under management during the liquidation period.

SPVs are less complex products and thus we charge a 0.5% annual management fee. To further simplify accounting, tax and reporting requirements we typically charge the fee in advance calculated over a 10 year expected lifetime, resulting in a 5% one-time management fee.

Performance-Based Fees and Side-by-Side Management - Item 6

Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account.

The success fee is always agreed upon the creation of the investment vehicle and varies between 10 and 20%, depending on the complexity of the instrument and the amount of work implied to support the portfolio companies. The success fee is paid on any profit (including, but not limited to, capital gains), net of principal, management fee and any other fees or charges, realized by Rapid Scale on behalf of the customer.

Rapid Scale also engages in side-by-side management. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees.

Types of Clients - Item 7

We offer investment advisory services to individuals, high net worth individuals, pension and profit sharing plans, trusts, estates, charitable organizations, and corporations, or other business entities.

Rapid Scale only works with Accredited Investors and Qualified Purchasers. Generally, we require a minimum of \$1,000,000 to establish an advisory relationship. At our sole discretion, we may waive this requirement. This requirement can be met by combining two or more accounts owned by you or related family members.

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

Methods of Analysis

When valuing early-stage businesses of the kind invested by Rapid Scale, analysts cannot rely on things like discounted cash flow figures because even when the companies already have revenues the financial data usually only goes back a few years. The five pillars we look at when evaluating investment opportunities are Product, Business Model, Market, Competition and Team.

This involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, but also the outlook for the company's industry, the relative market power of incumbents and the presence of other startups with similar approaches or substitutive technological solutions.

Investment Strategies

We typically invest in companies registered in the United States in order to reduce the legal risks, but operating in emerging markets in order to tackle some major systemic issues in these geographies (for instance, financial inclusion, accessibility to preventive health care, etc) thus opening the opportunity for outsized returns. We actively help these companies to become category leaders in their regions and, with the proper fit, access the North American market for further growth and investment opportunities.

We favor B2B investments in the industries in which we have prior experience and capacity to add value in the portfolio companies through advice and connections. We also prioritize products that incorporate artificial intelligence technologies since the automation of cognitive processes can bring a direct increase of productivity, and therefore a positive lift in valuations, for the companies adopting these solutions.

General Investment Risk

All investments come with the risk of losing money. Investing involves substantial risks, including complete possible loss of principal plus other losses and may not be suitable for many members of the public. Investments, unlike savings and checking accounts at a bank, are not insured by the government to protect against market losses. Different market instruments carry different types and degrees of risk and you should familiarize yourself with the risks involved in the particular market instruments in which you intend to invest.

Loss of Value

There can be no assurance that a specific investment will achieve its investment objectives and past

performance should not be seen as a guide to future returns. The value of investments and the income derived may fall as well as rise and investors may not recoup the original amount invested. Investments may also be affected by any changes in exchange control regulation, tax laws, withholding taxes, international, political and economic developments, and governmental economic or monetary policies.

Risk Associated with Investing in Equities

Investments in equities generally refers to buying shares of stocks by an individual or firms in return for receiving a future payment of dividends and capital gains if the value of the stock increases. There is an innate risk involved when purchasing any kind of stock that it may decrease in value and the investment may incur a loss.

Risk Associated with Investing in Private Equities

Private equities are not registered with the Securities and Exchange Commission and may not be registered with any other regulatory authority. Accordingly, they are not subject to certain regulatory restrictions and oversight to which other issuers are subject. There may be little public information available about their performance. Moreover, as sales of shares of private companies are generally restricted, it could be difficult for a client to sell its shares of a private company at an advantageous price and time. Since shares of private companies are not publicly traded, from time to time it may be difficult to establish a fair value for the client's investment in these companies.

Foreign Exchange Risk

Foreign investments may be affected favorably or unfavorably by exchange control regulations or changes in the exchange rates. Changes in currency exchange rates may influence the share value, the dividends or interest earned and the gains and losses realized. Exchange rates between currencies are determined by supply and demand in the currency exchange markets, the international balance of payments, governmental intervention, speculation, and other economic and political conditions. If the currency in which a security is denominated appreciates against the US Dollar, the value of the security will increase. Conversely, a decline in the exchange rate of the currency would adversely affect the value of the security.

Cybersecurity Risk

Our firm and our service providers are subject to risks associated with a breach in cybersecurity. Cybersecurity is a generic term used to describe the technology, processes, and practices designed to protect networks, systems, computers, programs, and data from cyber-attacks and hacking by other computer users, and to avoid the resulting damage and disruption of hardware and software systems, loss or corruption of data, and/or misappropriation of confidential information. In general, cyber-attacks are deliberate; however, unintentional events may have similar effects. Cyber-attacks may cause losses to clients by interfering with the processing of transactions, affecting the ability to calculate net asset value or impeding or sabotaging trading. Clients may also incur substantial costs as the result of a cybersecurity breach, including those associated with forensic analysis of the origin and scope of the breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, litigation, and the dissemination of confidential and proprietary information. Any such breach could expose our firm to civil

liability as well as regulatory inquiry and/or action. In addition, clients could be exposed to additional losses as a result of unauthorized use of their personal information. While our firm has established a business continuity plan and systems designed to prevent cyber-attacks, there are inherent limitations in such plans and systems, including the possibility that certain risks have not been identified. Similar types of cyber security risks are also present for issuers of securities, investment companies and other investment advisers in which we invest, which could result in material adverse consequences for such entities and may cause a client's investment in such entities to lose value.

Pandemic Risk

Large-scale outbreaks of infectious disease can greatly increase morbidity and mortality over a wide geographic area, crossing international boundaries, and causing significant economic, social, and political disruption. It is difficult to predict the long-term impact of such events because they are dependent on a variety of factors including the global response of regulators and governments to address and mitigate the worldwide effects of such events. Workforce reductions, travel restrictions, governmental responses and policies and macroeconomic factors will negatively impact investment returns.

Disciplinary Information - Item 9

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Rapid Scale's advisory business or of the integrity of its management personnel. We have no material history of legal or disciplinary events to report under this item. However, information regarding management persons of our firm and Rapid Scale can be found at www.adviserinfo.sec.gov.

Other Financial Industry Activities of Affiliations - Item 10

Neither Rapid Scale nor any of our Associated Persons, including Mr. de la Pena and Mr. Balsan, are registered as, or have pending applications to register as, a broker/dealer, Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or are currently an associated person of any the foregoing types of entities.

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

Description of our Code of Ethics

Rapid Scale has adopted a Code of Ethics (the "Code") to address investment advisory conduct. The Code focuses primarily on fiduciary duty, personal securities transactions, insider trading, gifts, and conflicts of interest. The Code includes Rapid Scale's policies and procedures developed to protect client's interests in relation to the following topics:

- The duty at all times to place the interests of clients first;
- The requirement that all personal securities transactions be conducted in such a manner as to be consistent with the code of ethics.
- The responsibility to avoid any actual or potential conflict of interest or misuse of an employee's position of trust and responsibility;
- The fiduciary principle that information concerning the identity of security holdings and financial circumstances of clients is confidential; and
- The principle that independence in the investment decision-making process is paramount.

A copy of Rapid Scale's Code of Ethics is available upon request.

Personal Investment Practices

Most of the time Rapid Scale and/or its Advisory Representatives will take positions in the same securities as the clients. Due to the specific nature of the investment vehicles managed by Rapid Scale, this is not considered a conflict of interest with clients, but rather a sign of trust in the securities offered by Rapid Scale, having what is often called "skin in the game".

Regardless of that fact, we will uphold our fiduciary responsibilities to our clients in all circumstances. Front running (trading ahead of clients) is prohibited. Should a conflict occur because of materiality (e.g., an investment proposal in which Rapid Scale and/or its Advisory Representatives have a prior interest of any kind), a clear and complete disclosure will be made to the client(s) ahead of the offering.

Brokerage Practices - Item 12

We do not receive client referrals from broker-dealers and custodians with which we have an institutional advisory arrangement. Also, we do not receive other benefits from a broker-dealer in exchange for client referrals.

Review of Accounts - Item 13

Rapid Scale monitors client's managed accounts on a continuous basis and recommends a formal review with the client at least annually. Accounts are reviewed by the Associated Person assigned to the account. Additional reviews may be offered in certain circumstances. Triggering factors that may stimulate additional reviews include, but are not limited to, changes in economic conditions, changes in the client's financial situation or investment objectives, or a client's request. Clients are encouraged to notify our firm if changes occur in their personal financial situation.

Clients will receive information at least on an annual basis. Additionally, Rapid Scale will provide performance reports on an as needed basis.

Client Referrals and Other Compensation - Item 14

We do not receive economic benefits from third parties in exchange for providing investment advice or other advisory services to our clients.

We and our related persons do not compensate, either directly or indirectly, any person or entity who is not our supervised person for client referrals.

Custody - Item 15

We do not have physical custody of any of your funds. However, we are deemed to have custody over your funds or securities because of the fee deduction authority granted by the client.

We do have physical custody of the private equity securities in the portfolios of our investment vehicles since these are illiquid and non-transferrable.

Investment Discretion - Item 16

Rapid Scale offers management services on a discretionary basis for Funds. Clients must grant discretionary authority in the fund subscription agreement.

Voting Client Securities - Item 17

Generally, Rapid Scale does vote on behalf of the clients in respect of securities over which the Company has voting discretion in a manner consistent with the best interests of the Company's clients.

Financial Information - Item 18

Our firm does not have any financial conditions or impairments that would prevent us from meeting our contractual commitments to you.

Requirements of State-Registered Advisers - Item 19

This section is not applicable because our firm is SEC registered.

Additional Information

Confidentiality

Rapid Scale views protecting its customers' private information as a top priority and, pursuant to the requirements of the Gramm-Leach-Bliley Act, the firm has instituted policies and procedures to ensure that customer information is kept private and secure. Rapid Scale does not disclose any nonpublic personal information about its customers or former customers to any non-affiliated third parties, except as permitted by law. In the course of servicing a client account, Rapid Scale may share some information with its service providers, such as transfer agents, custodians, broker-dealers, accountants, and lawyers.

Rapid Scale restricts internal access to nonpublic personal information about its clients to those employees who need to know that information in order to provide products or services to the client. Rapid Scale maintains physical and procedural safeguards that comply with state and federal standards to guard a client's nonpublic personal information and ensure its integrity and confidentiality. It is the firm's policy never to sell information about current or former customers or their accounts to anyone. It is also the firm's policy not to share information unless required to process a transaction, at the request of the client, or as required by law.

A copy of the firm's privacy policy notice will be provided to each client prior to, or contemporaneously with, the execution of the agreement for advisory services. Thereafter, the firm will deliver a copy of the current privacy policy notice to its clients on an annual basis.