

**Item 1. Cover Page**

**Extract Advisors LLC**

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**Part 2A of Form ADV  
(The “Brochure”)**

March 9, 2020

This Brochure provides information about the qualifications and business practices of Extract Advisors LLC (together with its relying adviser Extract Advisors (Canada) Inc., “Extract” or the “Adviser”). If you have any questions about the contents of this Brochure, please contact Ethan Park at 416-900-3264 or [ethan@extractcapital.com](mailto:ethan@extractcapital.com). The information in this brochure has not been approved or verified by the SEC or by any state securities authority.

Additional information about the Adviser also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2. Material Changes**

The Adviser does not consider any of the information contained in this version of the Brochure to represent a material change from the information contained in the version dated December 4, 2019.

Our current and future investors are encouraged to read this Brochure, as well as all of the governing documents applicable to their current or prospective investment, in their entirety. To receive an additional current copy of this Brochure free of charge, please contact Ethan Park at 416-900-3264 or [investor@extractcapital.com](mailto:investor@extractcapital.com).

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#### **Item 4. Advisory Business**

The Adviser is an investment advisory firm organized as a limited liability company under the laws of the State of Delaware with its principal place of business in New York, New York. The Adviser commenced operations as an investment adviser in December of 2011. The Adviser is owned by Darin Milmeister, who serves as the Managing Member.

The Adviser provides discretionary investment advisory services to its clients, which are private pooled investment vehicles (the “Funds”) and may, in the future, include one or more separately managed accounts (the “Separately Managed Accounts” and, together with the Funds, the “Clients”), which are intended for institutional and other sophisticated investors. The Adviser generally has broad and flexible investment authority with respect to the Clients’ investment portfolios. It provides investment advisory services to the Clients based on each Client’s specific investment objectives and strategies. The Adviser does not tailor its advisory services to the individual needs of investors in the Funds. Each Client may have investment restrictions on investing in certain securities or other assets, to the extent such securities are outside of the applicable Client’s existing investment program.

Extract currently does not provide investment advisory services to clients apart from its management of the Funds and does not participate in wrap fee programs. Extract may, from time to time in the future, serve as the investment adviser or management company for additional funds or other accounts.

As of December 31, 2019, the Adviser had approximately \$336,375,400 in client regulatory assets under management, all of which were managed on a discretionary basis.

#### **Item 5. Fees and Compensation**

The Adviser charges certain of the Clients an investment management fee (the “Management Fee”) based on the value of the Client’s assets under management. The Management Fee is generally payable to the Adviser monthly in arrears and is at an annual rate of up to 2% of the value of each investor’s account as of the first day of the applicable month. The Management Fee will be prorated for any period that is less than a full month, and will be adjusted for subscriptions and redemptions. Clients that pay a Management Fee in advance will be refunded a pro rata portion of the fee if the advisory relationship is terminated prior to the end of the relevant billing period. The Adviser instructs the Client’s custodian to deduct the Management Fee from the Client’s account.

Any Management Fees payable to the Adviser will be reduced by the amount of finder’s, directors’, break-up, financing, servicing, leasing, licensing, royalty, administrative, program and other similar fees received by the Adviser or any of its affiliated entities (such as a Fund’s general partner) from companies in which the Fund invests or proposes to invest (the “Management Fee Credits”). If the amount of Management Fee Credits exceeds the Management Fee otherwise payable as of any month, then such excess amount will be applied against future Management Fees (in the order payable until fully used), but will not be carried back to prior periods.

In addition, the Clients are subject to an incentive fee or incentive allocation (collectively, the “Performance Fee”) of up to 30% of all income, gains and losses derived from portfolio investments that exceed either a high-water mark or hurdle, depending on the individual investor’s share class ownership. The Adviser or an affiliate of the Adviser is paid or allocated the Performance Fee. For further information related to payment of Performance Fees, please refer to each Client’s respective offering documents, including, but not limited to, a private placement memorandum, limited partnership agreement and/or investment management agreement (collectively, the “Offering Documents”) for further information related to the calculation and payment of Performance Fees.

The Adviser, in its sole discretion, may waive or modify the Management Fee and the Performance Fee for investors that are members, employees or affiliates of the Adviser, relatives of such persons, and for certain large or strategic investors.

In addition, the Clients will be subject to other expenses, including but not limited to following: administration; operational expenses; trading operations, including brokerage commissions and other costs of executing transactions; interest expenses; legal, accounting, auditing and other professional fees and expenses; tax preparation and “tax matters partner” fees and expenses; custodial fees, bank service fees and other operating expenses; administrative costs (including the fees and out-of-pocket expenses of third-party administrators); any other operating or administrative expenses related to accounting, research, due diligence (excluding travel expenses) and reporting; other costs related to the feeder fund investments in a “master fund”; regulatory and compliance expenses directly related to the Client, as well as costs and expenses relating to the Client’s or Extract’s regulatory compliance, including, without limitation, the costs of compliance programs, examinations, regulatory inquiries and regulatory filings; costs of regulatory, tax and other filings, reporting and compliance, as well as all other tax reporting requirements; annual fees, out-of-pocket expenses and insurance for Client directors; insurance expenses; taxes (other than taxes allocable to one or more, but not all, limited partners of the Client); any indemnification payments; costs related to maintaining a registered office and operating expenses. Clients will also pay any extraordinary expenses or costs that they may incur (e.g., litigation expenses or damages) and any indemnification obligations they may owe a general partner, Extract, Client directors, or their respective affiliates or other appropriate parties. Funds that are part of a master feeder structure will also be allocated a pro rata share of the expenses of the related fund and will indirectly bear the administrative and other expenses of the master fund pro rata based on its interest in the fund. It is important that each investor who is considering an investment in a Fund review the Offering Documents applicable to that Fund for a further detailed description of the fees and expenses applicable to such investment.

Each Client will bear its own expenses, as set forth in its respective investment management or other agreement with the Adviser or its affiliate. Expenses borne by each Client may differ from the expenses borne by other Clients. In certain instances, a Client may bear expenses that the Adviser has agreed to bear for one or more other Clients.

Common expenses may be incurred on behalf of more than one Client. The Adviser seeks to allocate those common expenses among the Clients in a manner that is fair and reasonable over time. However, expense allocation decisions may involve potential conflicts of interest (e.g., an incentive to favor accounts that pay higher incentive fees, or conflicts relating to different expense arrangements with certain clients). The Adviser may use various methods to allocate particular expenses among the Clients depending on the circumstances (e.g., pro rata based on assets under management, relative participation in the transaction related to the expense, general amount of trading activity etc.). The determination as to the method or methods used may be based on relative use of the product or service, the nature or source of the product or service, the relative benefits derived by the Clients from the product or service, or other relevant factors. Nonetheless, investors should note that the portion of a common expense that the Adviser allocates to a Client for a particular product or service, may not reflect the relative benefit derived by that Client from that product or service in any particular instance. The Adviser’s expense allocations often depend on inherently subjective determinations and, accordingly, expense allocations made by the Adviser in good faith will be final and binding on the Clients.

## **Item 6. Performance-Based Fees and Side-by-Side Management**

As discussed in Item 5, the Adviser or a related party is paid or allocated performance-based

compensation by the Clients.

The fact that the Adviser or a related party is compensated based on the Clients' profits may create an incentive for the Adviser to make investments on behalf of the Clients that are riskier or more speculative than would otherwise be the case. Also, the Adviser could be incentivized to favor Clients that pay a relatively higher Performance Fee or Management Fee. These conflicts are also applicable to the Adviser's investment personnel because they are typically compensated on a basis that includes a performance based component.

To mitigate these conflicts, the Adviser has implemented a trade allocation policy and has implemented controls to review investments for compliance with Clients' investment guidelines and restrictions and to review the performance of Clients with similar investment objectives.

## **Item 7. Types of Clients**

Extract currently provides investment management services exclusively to the Funds, which are privately-offered and suitable for institutional and other sophisticated investors. Generally, the minimum investment in the Funds is typically \$250,000; however, the Funds' respective general partner or managing member may accept lower minimum investments in its sole discretion. Any initial and additional subscription minimums for investors are disclosed in a Client's Offering Documents.

## **Item 8. Methods of Analysis, Investment Strategies and Risk of Loss**

The Adviser generally employs a long/short equity strategy that is focused on the issuers in the natural resource sector. Extract's research process generally focuses on determining the fair valuation of a security based on the fundamental economic drivers of the company's business, as well as the value of a company's properties. This process typically involves financial and resource modeling, as well as conversations with third parties with insights into a company's cash generating ability. Clients then invest in securities which Extract identifies as being mispriced, sometimes hedging industry and/or firm-specific risks with offsetting positions in related securities.

There are no material restrictions on the strategies, leverage or markets which may be incorporated into the Clients' portfolios or the percentage of the Clients' assets that may be committed to any particular strategy type, market or instrument, although the Adviser intends to concentrate Client investments in the mining industry. The composition of a Client's portfolio, as well as the liquidity profile and expected position duration of such portfolio, can be expected to change materially over time to the extent strategies implemented by Extract continue to evolve.

This strategy may be deemed to be highly speculative and is not intended as a complete investment program. It is designed only for sophisticated persons who can bear the risk of the loss of their entire investment and who have a limited need for liquidity. The Adviser can give no assurance that its investment strategy will achieve its investment objective. Prospective investors should speak with their legal, tax, and financial advisors prior to making an investment in a Fund.

Furthermore, it is important that each investor who is considering an investment in a Client review the Offering Documents applicable to that Client for a further detailed description of the investment objective, restrictions and guidelines applicable to such investment.

The following summary identifies the material risks related to the Adviser's investment strategy and should be carefully evaluated before making an investment with the Adviser. The following does not intend to identify all possible risks of an investment with the Adviser or provide a full description of the

identified risks, and any client, investor or prospective client or investor should closely review the applicable Offering Documents with respect to, among other things, the terms, conditions and risks of investing:

*Risk of Loss:* Any investment managed by Extract involves a high degree of risk, including the risk that the entire amount invested may be lost.

*Reliance on Key Persons:* The operations of any Client are dependent on Extract, and the operations of Extract are dependent on the services of Mr. Milmeister. Were Mr. Milmeister's services to become unavailable to Extract, the Fund would likely dissolve (as it would were Extract not to be economically viable), possibly under unfavorable market conditions and before the Fund has had a realistic opportunity to achieve its investment objective.

*Market Disruptions; Government Intervention:* The global financial markets have in recent years gone through pervasive and fundamental disruptions that have led to extensive and unprecedented governmental intervention. Such intervention has in certain cases been implemented on an "emergency" basis, suddenly and substantially eliminating market participants' ability to continue to implement certain strategies or manage the risk of their outstanding positions. In addition — as one would expect given the complexities of the financial markets and the limited time frame within which governments have felt compelled to take action — these interventions have typically been unclear in scope and application, resulting in confusion and uncertainty which in itself has been materially detrimental to the efficient functioning of the markets as well as previously successful investment strategies. Clients may incur major losses in the event of disrupted markets and other extraordinary events in which historical pricing relationships become materially distorted. The risk of loss from pricing distortions is compounded by the fact that in disrupted markets many positions become illiquid, making it difficult or impossible to close out positions against which the markets are moving. The financing available to a Client from its banks, dealers and other counterparties is typically reduced in disrupted markets. Such a reduction may result in substantial losses to a Client. Market disruptions may from time to time cause dramatic losses for the Clients, and such events can subject otherwise historically low-risk strategies to unprecedented volatility and risk.

*Cybersecurity:* Extract, its service providers, its counterparties and other market participants on whom Extract relies increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect the Clients or their investors, despite the efforts of Extract, its service providers, its counterparties and other market participants on whom Extract relies to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to the Clients or their investors. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of systems to disclose sensitive information in order to gain access to Extract's data or that of its investors. A successful penetration or circumvention of the security of Extract's systems or the systems of Extract's service providers, counterparties or other market participants on whom Extract relies could result in the loss or theft of an investor's data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause the Clients, Extract, their service providers, their counterparties and other market participants on whom Extract relies to incur regulatory penalties, reputational damage, additional compliance costs or financial loss.

*Counterparty and Credit Risk:* When Extract invests Client assets in options, swaps, derivative or synthetic instruments, forward contracts, or other over-the-counter transactions, the Clients may take a

credit risk with regard to parties with whom it trades, and may also bear the risk of settlement default. These risks may differ materially from those entailed in exchange-traded transactions, which generally are backed by clearing organization guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered into directly between two counterparties may not benefit from such protections and expose the parties to the risk of counterparty default. Recent collapses of large derivative dealers illustrate the risks of such trading. In addition, there are risks involved in dealing with the custodians or brokers who settle Trades on behalf of Clients. Securities and other assets deposited with custodians or brokers may not be clearly identified as being assets of the Client, and hence the Client may be exposed to a credit risk with regard to such parties. In some jurisdictions, the Client may only be an unsecured creditor of its broker in the event of bankruptcy or administration of such broker. Further, there may be practical or time problems associated with enforcing the Clients' rights to its assets in the case of an insolvency of any such party.

*Investing in Illiquid and Long-Term Investments:* Clients may invest in less liquid and restricted, as well as thinly-traded, securities (including privately placed and restricted securities), other less liquid assets, including, without limitation, private equity and various types of private mining transactions. The percentage of each Client's portfolio allocated to such investments is within Extract's discretion. Extract will determine in good faith the "fair value" of the Clients' investments for accounting purposes using valuation models and market information. The Clients' valuation of its illiquid investments may differ materially from the actual or realizable value of such investments, particularly as certain of such investments may have realization events that cause their value to increase or decrease suddenly in a manner not previously reflected in the Net Asset Value at which investors have recently subscribed and/or withdrawn capital.

There may often be no trading market for Clients' long-term investments, and the Clients might only be able to liquidate these positions, if at all, at disadvantageous prices. There can be no assurance that these valuations will accurately predict the price at which an arm's-length buyer would be willing to purchase the securities.

*Portfolio Concentration:* A Fund may engage in private investment activity irrespective of whether certain investors have made an election to opt out of such investments. As a result, the aggregate return of the Fund may be positively or adversely affected by the performance of such private investments which would not impact all Client investors on a pro rata basis. As a result, the performance of one investor's investment in a Fund could be disproportionately affected depending on whether they make such an opt-out election. To the extent a Fund concentrates investments in private investments, an investor's investment performance in the Fund will become more susceptible to fluctuations in value resulting from positive or adverse economic conditions of such private investments. Consequently, the aggregate return of an investor's investment in a Fund may be adversely affected by the unfavorable performance of one or a small number of investments of the Fund's overall investment portfolio.

*Portfolio Transparency:* The respective general partner or managing member of a Fund, in its sole discretion, may provide additional portfolio information to certain Fund investors who are able to demonstrate to the general partner or managing member that the investor is compelled by law, regulation or similar legal mandate to obtain such additional portfolio information ("Regulated Investors"). These Regulated Investors may benefit from additional portfolio transparency that is not provided to all investors. Specifically, Regulated Investors may have additional information when determining whether to redeem from the Fund or subscribe for additional Interests. As a result, investors who are not provided such additional portfolio transparency may be at a disadvantage in making redemption and subscription decisions in comparison to Regulated Investors.



*Short Sales:* The Adviser on behalf of the Clients may sell securities short during the course of implementing its trading or hedging strategies. Short sales can, in certain circumstances, substantially increase the impact of adverse price movements on a Client's portfolio. A short sale involves the risk of a theoretically unlimited increase in the market price of the particular investment sold short. Because the borrowed securities sold short must later be replaced by securities purchased in the market, any appreciation in the market price of these securities results in a loss. Purchasing securities to close out a short position can itself cause the market price of the securities to rise further, increasing losses. Furthermore, the Clients may be prematurely forced to close out a short position if a counterparty from which the Clients borrowed securities demands their return or increases the borrowing costs. There can be no assurance that securities necessary to cover a short position will be available for purchase.

*Concentration:* The Adviser will invest a substantial portion of the Clients' portfolios in companies that are in the mining sector; however the Adviser may make investments in companies in any industry. Additionally, the Clients' portfolios are not subject to any diversification restrictions and may at times allocate a substantial portion of its capital to a limited number of securities or other investments. This lack of diversification may expose a Client to substantial losses in the event the mining sector or one or more concentrated positions experience substantial losses. Accordingly, the investment portfolio of a Client may be subject to more rapid change in value than would be the case if the Client were required to maintain a wider diversification among types of securities, issuers and geographic areas.

*"Event Driven" Investing:* The Adviser may invest Client assets in positions the profitability of which depends on the result of some significant corporate event, for example, a merger, tender offer, exchange offer or liquidation. Corporate events are affected by numerous factors—including not only market movements but also regulatory intervention, shareholders' consent and changes in interest rates and economic outlook—that can have an adverse effect on even the most apparently safe risk arbitrage investments. The risk associated with either the consummation or non-consummation of such transactions is high, and unexpected outcomes can lead to substantial losses.

*Global Securities:* The Adviser may, on behalf of Clients, trade and invest in securities of companies domiciled or operating in numerous countries around the globe. Investing in securities issued by companies in certain regions involves considerations and possible risks not typically involved in investing in securities of companies domiciled and operating in the G-7 nations, including instability of governments, the possibility of expropriation, limitations on the use or removal of funds or other assets, changes in governmental administration or economic or monetary policy, changed circumstances in dealings between nations and confiscatory taxation. The Clients may incur higher expenses from investment in the securities issued in certain countries than from investment in others. Certain nations' securities markets also may be less liquid, more volatile and less subject to governmental supervision than others. The Clients' investments in certain countries could be adversely affected by other factors not present in the United States, including lack of uniform accounting, auditing and financial reporting standards and potential difficulties in enforcing contractual obligations.

*Relative Value Strategies:* The Adviser may employ relative value strategies on behalf of Clients. The success of relative value strategies will be dependent on Extract's ability to exploit relative mispricings among interrelated instruments. Mispricings, even if correctly identified, may not converge within the time frame within which the Clients maintain its positions. Even pure "riskless" arbitrage—which is rare—can result in significant losses if the arbitrage is not able to be sustained (due, for example, to margin calls) until expiration. Extract's relative value strategies are subject to the risks of disruptions in historical price relationships, the restricted availability of credit and the obsolescence or inaccuracy of valuation models. Market disruptions may also force the Client to close out one or more positions. Such disruptions have in the past resulted in substantial losses for funds employing relative value strategies.

*Hedging:* Extract will not, in general, attempt to hedge all market or other risks inherent in the Clients' positions, and may hedge certain risks, if at all, only partially. Specifically, Extract may choose not, or may determine that it is economically unattractive, to hedge certain risks—either in respect of particular positions or in respect of the Clients' overall portfolios. The Clients' portfolio compositions will commonly result in material directional market risks remaining unhedged. Extract may enter into hedging transactions with the intention of reducing or controlling risk. Even if Extract is successful in doing so, the hedging will reduce the Clients' returns. Furthermore, it is possible that hedging strategies will not be effective in controlling risk, due to unexpected non-correlation (or even positive correlation) between the hedging instrument and the position being hedged, increasing rather than reducing both risk and losses.

*Financing Arrangements; Availability of Credit:* The use of leverage may be a significant portion of the Adviser's strategies, and the Client may depend on the availability of credit under certain circumstances in order to finance its portfolio. There can be no assurance that the Client will be able to maintain adequate financing arrangements under all market circumstances, nor that the level of available financing will, in general, be able to support sufficient merger activity for the Client to have a realistic opportunity to achieve its objectives.

*Lack of Market Liquidity/Valuation:* The Adviser may invest Client assets in illiquid instruments. Additionally, despite the generally reasonable volume of trading many instruments traded by the Client, the market for certain of these instruments may have periods of limited liquidity. Lack of liquidity can make it economically unfeasible for the Client to recognize profits on open positions or to close out open positions against which the market is moving. In addition, such instruments may be difficult to value and illiquidity can disconnect market values from the historical pricing indicators used in Extract's investment analysis, and the fewer transactions that take place, the greater the risk that market values do not reflect true pricing relationships or fair value.

*Equity Securities:* Most of Extract's strategies may be based on attempting to predict the future price level of different equity or equity-related securities. Numerous interrelated and difficult-to-quantify economic factors influence the price of equities; there can be no assurance that Extract will be able to predict future price levels correctly. The Clients' directional equity positions may be leveraged, and even comparatively minor adverse market movements can result in substantial losses.

*Debt Securities:* The debt securities in which Extract may invest Client assets may be subject to price volatility due to various factors, including, but not limited to, changes in interest rates, market perception of the creditworthiness of the issuer and general market liquidity. In addition to investment grade debt securities, the Adviser may invest Client assets in low investment grade or non-investment grade debt securities, which are typically subject to greater market fluctuations and risks of loss of income and principal than lower yielding, investment grade securities and are often influenced by many of the same unpredictable factors that affect equity prices.

The Adviser also may invest Client assets in certain hybrid debt instruments, such as convertible bonds and syndicated loans, which are subject to unique risks in addition to overall interest-rate movements and the issuers' ability to repay the debt in accordance with its terms.

*Distressed and High-Yield Securities:* The Adviser may invest Client assets in the securities of issuers in weak financial condition, experiencing poor operating results, needing substantial capital investment, perhaps having negative net worth, facing special competitive or product obsolescence problems or involved in bankruptcy or reorganization proceedings. Investments of this type may involve unique financial and business risks that can result in significant or even total losses. Among the risks inherent in investments in financially troubled issuers is the fact that it is frequently difficult to obtain reliable information as to their true financial condition. The market prices of distressed and high-yield securities

are subject to abrupt and erratic market movements and excessive price volatility, and unusually wide “bid-ask” spreads.

*Small-and Medium-Capitalization Companies:* The Adviser may invest Client assets in the stocks of companies with small-to medium-sized market capitalizations upon emergence from a restructuring or a bankruptcy. While Extract believes such companies often provide significant potential for appreciation, those stocks, particularly smaller capitalization stocks, involve higher risks in some respects than do investments in stocks of larger companies. In addition, due to thin trading in some small-capitalization stocks, an investment in those stocks may be highly illiquid.

*Convertible Securities:* The Adviser may invest Client assets in convertible securities. Convertible securities are generally debt securities or preferred stocks that may be converted into common stock. Convertible securities typically pay current income as either interest (debt security convertibles) or dividends (preferred stocks). A convertible security’s value usually reflects both the stream of current income payments and the value of the underlying common stock. The market value of a convertible security performs like that of a regular debt security; that is, if market interest rates rise, the value of a convertible security usually falls. Since it is convertible into common stock, the convertible security generally has the same types of market and issuer risk as the underlying common stock. Convertible securities that are debt securities are also subject to the normal risks associated with debt securities, such as interest rate risks, credit spread expansion and ultimately default risk, as discussed above. Convertible securities are also prone to liquidity risk as demand can dry up periodically, and bid/ask spreads on bonds can widen significantly.

An issuer may be more likely to fail to make regular payments on a convertible security than on its other debt because other debt securities may have a prior claim on the issuer’s assets, particularly if the convertible security is preferred stock. However, convertible securities usually have a claim prior to the issuer’s common stock. In addition, for some convertible securities, the issuer can choose when to convert to common stock, or can “call” (redeem) the convertible security, which may be at times that are disadvantageous to the Client. Finally, because convertible arbitrage also involves the short sale of underlying common stock, the strategy is also subject to stock-borrowing risk, which is the risk that Extract will be unable to sustain the short position in the underlying common shares.

*Derivatives in General:* The Adviser may make use of various derivative instruments on behalf of Clients, such as convertible securities, options, futures, forwards and interest rate, credit default, total return and equity swaps. The use of derivative instruments involves a variety of material risks, including the extremely high degree of leverage sometimes embedded in such instruments. The derivatives markets are frequently characterized by limited liquidity, which can make it difficult, as well as costly to close out open positions in order either to realize gains or to limit losses. The pricing relationships between derivatives and the instruments underlying such derivatives may not correlate with historical patterns, resulting in unexpected losses.

*Loans:* The Adviser may trade Client assets in the primary and secondary market for loans. Such loans may be privately negotiated transactions, each of which has individualized terms. These positions may be illiquid and difficult to value. In addition, in the case of such trading, the Adviser may come into possession of material non-public information relating to the borrower, preventing the Client from trading in any securities of such issuer.

*Options:* Trading options is highly speculative and may entail risks that are greater than investing in other securities. Prices of options are generally more volatile than prices of other securities. Extract may cause the Clients to buy or sell OTC options—options on securities that are not traded on a securities exchange and are not issued or cleared by an internationally recognized clearing corporation. The risk of

nonperformance by the obligor on such an option may be greater, and the ease with which Extract can dispose of such an option may be less, than in the case of an exchange traded option issued by an internationally recognized clearing corporation.

*Use of Leverage:* The Adviser may directly leverage Clients' investments and may utilize leverage embedded in derivative instruments and securities. This will result in the Clients' controlling substantially more assets than the Clients have equity. Direct leverage increases the Clients' returns if the Clients earn a greater return on investments purchased with borrowed funds than the Clients' cost of borrowing such funds. However, the use of leverage exposes the Clients to additional levels of risk, including (i) greater losses from investments than would otherwise have been the case had the Clients not borrowed to make the investments, (ii) margin calls or interim margin requirements which may force premature liquidations of investment positions and (iii) losses on investments where the investment fails to earn a return that equals or exceeds the Clients' costs of borrowing such funds. In the event of a sudden, precipitous drop in value of the Clients' assets, the Clients might not be able to liquidate assets quickly enough to repay its borrowings, further magnifying its losses. With respect to embedded leverage, the Clients may be subject to major losses in the event that market events disrupt the hedged nature of its positions or it is forced to liquidate positions at a disadvantageous time. Furthermore, the credit extended to the Clients by dealers to permit it to maintain its leveraged positions can be terminated by the dealers largely in their discretion, forcing liquidation at potentially material losses.

*Precious Metals May Have No Numismatic Value:* The Adviser may make investments for Clients in companies or strategies that derive their value, directly or indirectly, from precious metals, which have no numismatic value. Precious metals incur storage costs that are higher than the custody fees paid on financial assets. Prices of precious metals are affected by factors, such as cyclical economic conditions, political events, and monetary policies of various governments and countries. Gold and other precious metals are also subject to governmental action for political reasons. Markets are, therefore, at times volatile, and there may be sharp fluctuations in prices even during periods of rising prices.

*Geographic Concentration Risk; Developing Countries:* Certain precious metals and minerals are geographically concentrated, and events in those parts of the world in which such concentration exists may affect their values. The Adviser will invest Client assets in the securities of companies that have operations in countries with developing economies and are subject to the risks of political and economic instability, including the following: (i) political instability and violence; (ii) war and civil disturbance; (iii) acts of terrorism or other criminal activity; (iv) expropriation or nationalization; (v) changing fiscal, royalty and tax regimes; (vi) fluctuations in currency exchange rates; (vii) high rates of inflation; (viii) uncertain or changing legal requirements respecting the ownership and maintenance of mineral properties, mines and mining operations, and inconsistent or arbitrary application of such legal requirements; (ix) underdeveloped industrial and economic infrastructure; (x) corruption; and (xi) unenforceability of contractual rights.

*Governmental Regulations:* Companies in the mining and minerals industry are dependent on obtaining governmental permits or property rights which are unpredictable. Additionally, governments may pass laws and regulations that materially adversely affect the companies in which the Clients invest.

*Risks of Base Metals:* There are multiple factors that influence base metals prices and make base metals trading risky. The supply and demand for base metals influence the level of metals inventory and can be driven by the current stage of the business cycle. Moreover, unpredictable changes in exchange rates will influence prices as base metals are denominated in U.S. dollars. Fiscal and monetary policies also play a large role in the prices of base metals. Changes in capital spending and exploration will impact new supply, which also influences prices. The possibility of substitution due to higher prices may lead to lower demand in the future. Events based on labor disputes, natural catastrophe events, and power outages

can lead to supply disruptions. Higher input costs (i.e., power prices) can lead to higher production costs, which also influence prices. Investment demand from institutional investors looking for diversification may access the commodities markets via index investing, exchange traded funds, managed futures funds, or hedge funds. This flow may have an impact on the price of base metals.

*Risks of Investment in the Mining and Minerals Sector:* The Clients will invest in securities of companies primarily engaged in exploration, mining, processing, or distribution of precious metals, non-precious metals, and minerals. The metals and minerals industries could be affected by sharp price volatility caused by global economic, financial, and political factors. Risks incident to mining activities, including trends in industrial production that correlate with demand for a particular mineral, and the availability and cost of substitute materials, resource availability, the worldwide balance of demand and supply, and economic cycles, could also adversely affect the industries. Mining operations are subject to extensive laws and regulations, such as mine closure and mined-land reclamation laws, and may have an adverse impact on mining in jurisdictions with those laws. In addition, the level of mineral reserves in a particular mine are subject to uncertainty, and any estimate of the quantity or grade of the reserve may be inaccurate. As the process of mining depletes mineral reserves, the industry depends upon successful strategies to replenish reserves, including alternative exploration sites and advanced technology that enhances the life of a mine. In its pursuit of investments in companies concentrated in the mining and minerals industry, the Clients may be exposed to the substantial risks of loss inherent in each of the above factors. Companies in the mining and minerals industry are subject to risks associated with the exploration, development, and production of minerals, including competition for land, difficulties in obtaining required governmental approval to mine land, inability to raise adequate capital, increases in production costs, and political unrest in nations where sources of minerals are located. In addition, the price of precious metals and minerals is subject to wide fluctuations and may be influenced by limited markets, fabricated demand, expected inflation, return on assets, central bank demand, and availability of substitutes. Investments in mining securities related to mining for precious metals involves additional risks and considerations not typically associated with other types of investments, including the following: (i) the risk of substantial price fluctuations of the price of commodities; (ii) unpredictable international monetary policies, and economic and political conditions; and (iii) possible governmental regulation of metal investments. The exploration of mineral properties is highly speculative in nature, involves substantial expenditures and is frequently non-productive. Even if a company discovers a mineral, it usually takes at least several years from the initial phases of exploration until production is possible.

*Trading on Non-U.S. Exchanges:* Extract may trade on exchanges outside the United States on behalf of the Clients. Trading on such exchanges is not regulated by any United States government agency and may involve certain risks not applicable to trading on United States exchanges. Trading on foreign exchanges involves the additional risks of expropriation, burdensome or confiscatory taxation, moratoriums, exchange or investment controls and political or diplomatic disruptions, each of which might materially adversely affect the Clients' trading activities. In trading on foreign exchanges, the Client is also subject to the risk of changes in the exchange rates between the United States dollar and the currencies in which the foreign contracts are settled. The Clients also may not have the same access to certain trades as do various other participants in non-U.S. markets. Some non-U.S. futures exchanges, in contrast to United States exchanges, are "principals' markets" similar to the forward markets in which performance is the responsibility only of the individual member with whom the Clients have entered into a futures contract and not of any exchange or clearing corporation. In such cases, the Clients will be subject to the risk of the inability or refusal to perform with respect to the individual member with whom the Clients have entered into a futures contract.

*Restrictions on Withdrawals:* Investors in the Funds have limited withdrawal rights. Consequently, investors may be prevented from limiting losses or recognizing profits on a timely basis.

*Distributions in Kind:* Distribution proceeds may be distributed to a withdrawing investor directly or indirectly through a distribution of, without limitation, interests in one or more special purpose vehicles holding assets owned by the Client or participations therein. To the extent a withdrawing investor is distributed interests in one or more special purpose vehicles holding participation interests in the assets of the Client, such withdrawing investor may continue to be at risk of the Client's business until all such assets are sold. The value of proceeds distributed in-kind may increase or decrease before they can be sold either by the withdrawing investor, if received directly, or by Extract, if held through a special purpose vehicle. In the case of interests in special purpose vehicles, the withdrawing investor will share a proportionate portion of the operating and other expenses borne by such vehicle. Additionally, proceeds distributed in-kind to a withdrawing investor, either directly or indirectly, may not be readily marketable. The risk of loss and delay in liquidating these assets will be borne by the withdrawing investor, with the result that such withdrawing investor may ultimately receive significantly less (or no) cash than it would have received on the distribution date if it had been paid in cash. Furthermore, to the extent that a withdrawing investor receives interests in one or more special purpose vehicles, such withdrawing investor will generally have no control over when and at what price the assets in which such vehicles have an interest are sold.

#### **Item 9. Disciplinary Information**

This Item is not applicable.

#### **Item 10. Other Financial Industry Activities and Affiliations**

Neither Extract nor any of its management persons is not registered, nor does it have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Neither Extract nor any of its management persons is registered, or has an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities. Extract is an exempt commodity pool operator and exempt commodity trading advisor with the U.S. Commodity Futures Trading Commission.

Extract and its relying adviser, Extract Advisors (Canada) Inc., are together filing an umbrella registration Form ADV.

#### **Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

The Adviser has adopted a Code of Ethics (the "Code") that obligates the Adviser and its related persons to put the interests of the Clients before their own interests and to act honestly and fairly in all respects in their dealings with the Clients. All of the Adviser's personnel are also required to comply with applicable federal securities laws. For additional information about the Code or to request a copy, please contact Ethan Park at 416-900-3264 or investor@extractcapital.com. See below for further provisions of the Code as they relate to the pre-clearing and reporting of securities transactions by related persons.

The Adviser, in the course of its investment management and other activities, may come into possession of confidential or material nonpublic information about issuers of securities, including issuers in which the Adviser or its related persons have invested or seek to invest on behalf of a Client. The Adviser is prohibited from improperly disclosing or using such information for its own benefit or for the benefit of any other person, including the Clients. The Adviser maintains written policies and procedures reasonably designed to prohibit the communication of such information to persons who do not have a legitimate need to know such information and to otherwise ensure that the Adviser is acting in compliance

with applicable law. In certain circumstances, the Adviser may possess certain confidential or material nonpublic information that, if disclosed, might be material to a decision to buy, sell or hold a security. The Adviser and its personnel are prohibited from communicating such information with respect to the Clients or using such information for the Clients' benefit.

To the extent that the Adviser or its related persons invest in the same securities that the Adviser or a related person recommends to a Client, such practices present a conflict where, the Adviser or its related person is in a position to trade in a manner that could adversely affect the Clients. In addition to affecting the Adviser's or its related person's objectivity, these practices by the Adviser or its related persons may also harm the Clients by adversely affecting the price at which the Client trades are executed. The Adviser has adopted the following procedures in an effort to minimize such conflicts: the Adviser requires its related persons to pre-clear certain transactions in their personal accounts with the Adviser's chief compliance officer (the "Chief Compliance Officer") or his delegate, who may deny permission to execute the transaction if such transaction will have any adverse economic impact on the Client. In addition, the Code prohibits the Adviser or its related persons from executing personal securities transactions of any kind in any securities on a restricted securities list maintained by the Chief Compliance Officer. All related persons to the Adviser are also required to provide broker confirmations of each transaction in which they engage and a quarterly certification of such transactions. Trading in employee accounts will be reviewed by the Chief Compliance Officer or his delegate and compared with transactions for the client accounts and reviewed against the restricted securities list.

To the extent the Adviser buys or sells securities for a Client, at or about the same time that the Adviser or a related person buys or sells the same securities for its own account the Adviser and the related person, if applicable, will do so in accordance with the procedures described above in order to minimize the conflicts stemming from situations where the contemporaneous trading would result in an economic benefit for the Adviser or its related person to the detriment of the client.

## **Item 12. Brokerage Practices**

The Adviser considers a number of factors in selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation. Among others, such factors may include net price, reputation, financial strength and stability, efficiency of execution and error resolution. In selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation, the Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available commission or transaction cost. It is not the Adviser's practice to negotiate "execution only" commission or transaction rates, thus the Clients may be deemed to be paying for research, brokerage or other services provided by a broker-dealer which are included in the commission rate or transaction cost.

The Adviser may receive research or brokerage services from a broker-dealer and/or a third party in connection with Client securities transactions. This is known as a "soft dollar" relationship. The Adviser has not entered, and does not anticipate entering, into any formal soft dollar arrangements. To the extent the Adviser does enter into any soft dollar arrangements, the Adviser will limit the use of "soft dollars" to obtain services that constitute research and brokerage within the meaning of Section 28(e) of the Securities Exchange Act of 1934. Research services within Section 28(e) may include, but are not limited to, research reports (including market research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; meetings with corporate executives; consultants' advice on portfolio strategy; data services (including services providing market data, company financial data and economic data); advice from brokers on order execution; and certain proxy services. Brokerage services within Section 28(e) may include, but are not limited to, and services

related to the execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between and Adviser and a broker-dealer and other relevant parties such as custodians); trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; clearance and settlement in connection with a trade; electronic communication of allocation instructions; routing settlement instructions; post trade matching of trade information; and services required to the SEC or a self-regulatory organization such as comparison services, electronic confirms or trade affirmations.

The Adviser may purchase or sell the same security for the Clients at or near the same time and using the same executing broker. If this were to occur, it is the Adviser's practice, where possible, to aggregate orders for the purchase or sale of the same security submitted at or near the same time for execution using the same executing broker. The Adviser may also aggregate in the same transaction, the same securities for accounts where the Adviser has brokerage discretion. Such aggregation may enable the Adviser to obtain for the Clients a more favorable price or a better commission rate based upon the volume of a particular transaction. When an aggregated order is completely or partially filled, the Adviser allocates the securities purchased or proceeds of sale based on its general trade allocation policy. Notwithstanding the foregoing, an aggregated order may be allocated on a different basis. Reasons for allocation on a different basis may include: a Client's investment guidelines and restrictions, including investors' status as restricted or unrestricted with respect to participation in new issues; available cash; expected capital inflows and outflows; liquidity requirements; legal regulatory reasons; the size of a particular invested position in a Client relative to the size of such position in other Clients and the total portfolio invested position; minimum issuance size or to avoid odd lots. In such a case, a Client may pay a higher commission rate and/or receive less favorable prices than other accounts that are able to participate in an aggregated order. If an order on behalf of more than one Client cannot be fully executed under prevailing market conditions, the Adviser will allocate trades among the Clients on a basis that it considers fair and equitable over time. In addition, the Adviser may determine to make or dispose of an investment for one or more Clients even though the Adviser does not make or dispose of the same investment for another Client. The Adviser may also determine to advise one or more Clients to make a market purchase of a security while also advising another Client to make a market sale on the same day of the same security. It is possible that these actions could result in a situation where the position taken for one Client is unprofitable while another position taken for another Client is profitable. The Adviser shall not be required to account to one Client or any investor of that Client for any such profit. Although it is the Adviser's policy to allocate investment opportunities to an eligible Client on a pro rata basis (based on assets under management), these factors may lead the Adviser to allocate securities to the Clients in varying amounts.

### **Item 13. Review of Accounts**

The Managing Member and other members of the Adviser's investment team regularly review and monitor each Client's portfolio to determine whether positions should be maintained in view of current market conditions. The Adviser's review may consider specific securities held, adherence to investment guidelines and the Client's performance.

The Funds will furnish to investors, as soon as practicable after the end of each fiscal year, audited annual reports containing financial statements examined by the Fund's independent auditors, as well as such tax information as is necessary for each Investor to complete U.S. federal and state income tax or information returns with respect to its interests in the Fund, along with any other tax information required by law. Additionally, the Funds will furnish unaudited monthly reports showing the Funds investor's account value.



Fund investors receive reports from the Funds as described in the Funds' Offering Documents, certain investors may negotiate or request to receive reports from a Fund on a more frequent basis or that include information not provided to other investors (including, without limitation, more detailed information regarding portfolio positions) through the use of Side Letters or otherwise.

#### **Item 14. Client Referrals and Other Compensation**

The Adviser receives certain research or other services from broker-dealers through "soft dollar" arrangements. "Soft dollar" arrangements may create an incentive for the Adviser to select or recommend broker-dealers based on the Adviser's interest in receiving the research or other products or services and may result in the selection of a broker-dealer on the basis of considerations that are not limited to the lowest commission rates and may result in higher transaction costs than would otherwise be obtainable by the Adviser on behalf of the Clients.

The Adviser makes cash payments to third-party solicitors for investor referrals pursuant to a written agreement in accordance with the requirements of the Advisers Act.

#### **Item 15. Custody**

The Adviser will comply with the requirements of the Rule 206(4)-2 of the Advisers Act ("Custody Rule") with regards to custody of assets of the Clients. The Custody Rule imposes certain obligations on registered investment advisers that have custody or possession of any funds or securities in which any client has any beneficial interest. An investment adviser is deemed to have custody or possession of client funds or securities if the adviser directly or indirectly holds client funds or securities or has the authority to obtain possession of them (regardless of whether the exercise of that authority or ability would be lawful). An investment adviser is deemed to have custody if it or its affiliate serves as a general partner to a limited partnership client of the Adviser.

The Adviser is required to maintain the funds and securities (except for securities that meet the privately offered securities exemption in the Custody Rule) over which it has custody with a "qualified custodian". Qualified custodians include banks, broker-dealers, futures commission merchants and certain foreign financial institutions.

Rule 206(4)-2 generally imposes on advisers with custody of clients' funds or securities certain requirements concerning reports to such clients (including underlying investors in certain circumstances) and surprise examinations relating to such clients' funds or securities. For any Separately Managed Accounts for which the Adviser is deemed to have custody, a qualified independent accounting firm shall conduct an annual surprise examination on the holdings over which the Adviser has custody, and the investors in such Separately Managed Accounts shall receive quarterly account statements from the custodians with regard to such holdings. Clients that receive account statements directly from a custodian should carefully review these account statements.

However, The Adviser need not comply with such requirements with respect to pooled investment vehicles if the pooled investment vehicle: (i) is audited at least annually by an independent public accountant, and (ii) distributes its audited financial statements prepared in accordance with generally accepted accounting principles to the client, or, in certain circumstances, all limited partners, members or other beneficial owners, within 120 days (180 days in the case of a fund of fund adviser) of its fiscal year end. The Adviser intends to rely upon this exception, and therefore will be exempt from the Rule 206(4)-2 reporting and examination requirements, with respect to the Funds.

The Funds' accounts are held in custody at qualified custodians including unaffiliated broker dealers and banking institutions. Annually, upon completion of the Funds' year-end audit, the Adviser will distribute audited financial statements to the investors in the Funds. The Adviser shall ensure that audited financial statements for the Funds are delivered to all investors within 120 days of the end of each fiscal year, in compliance with the Custody Rule.

#### **Item 16. Investment Discretion**

The Adviser provides investment advisory services on a discretionary basis to the Clients in a manner that is consistent with the objectives and strategies set forth in each Client's respective Offering Documents.

The Adviser entered into an investment management agreement with each of the Clients, which set forth the scope of the Adviser's discretion, prior to assuming full discretion in managing the Clients' assets.

The Adviser has the authority to determine (i) the securities to be purchased and sold for each of the Clients, subject to each Client's investment restrictions, and (ii) the amount of securities to be purchased or sold for the Clients. Because of the difference in the Clients' respective investment objectives and strategies, risk tolerances, tax status and other criteria, there may be differences among the Clients in invested positions and securities held. Given the nature and availability of securities that the Adviser generally transacts in, the Adviser does not expect to perform cross trades or rebalance trades. However, the Adviser intends to increase or decrease exposure by buying or selling securities that have similar characteristics to and serve as a proxy for securities that may be unavailable.

#### **Item 17. Voting Client Securities**

To the extent the Adviser has been delegated proxy voting authority on behalf of the Client, the Adviser complies with its proxy voting policies and procedures that are designed to ensure that in cases where the Adviser votes proxies with respect to a Client's securities, such proxies are voted in the best interests of the Client.

If a material conflict of interest between the Adviser and the Clients exists, the Adviser will determine whether voting in accordance with the guidelines set forth in the proxy voting policies and procedures is in the best interests of the Client or take some other appropriate action.

For additional information about the Adviser's proxy voting policies and procedures and information about how the Adviser voted the Clients' proxies, please contact Ethan Park at 416-900-3264 or [admin@extractcapital.com](mailto:admin@extractcapital.com).

#### **Item 18. Financial Information**

The Adviser is not required to include a balance sheet because it does not require or solicit the payment of fees six months or more in advance. The Adviser also has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients nor has it been the subject of a bankruptcy proceeding.