JEMEKK LONG/SHORT FUND L.P.

Inception date: July 2004
Q1 2021 Commentary

	Q1 2021	YTD 2021	Since Inception
Jemekk Long/Short Fund	5.26%	5.26%	271.83%
S&P TSX Composite	8.05%	8.05%	251.29%
S&P/TSX Small Cap Index	9.74%	9.74%	97.37%

* Benchmarks quoted in Total Returns

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Market indices had a strong start to 2021 that was heavily driven by stocks that benefitted from the "re-opening" trade and the move-up in longer-term interest rates. The outperformance of the TSX reflects its heavier weighting in banks and resource stocks given the broad market rotation from growth to value stocks. The exception has been gold prices and equities, which appears to be lacking investor inflows despite macro conditions that have been historically bullish. While we have witnessed a steady and broad re-opening of activities in the U.S., the same has not been true in Canada, Europe, India, Brazil and elsewhere where the third wave of Covid-19 has resulted in renewed lockdowns. That said, we remain optimistic on the global economic outlook for the second half of 2021 given expectations of widespread vaccinations in most parts of the world that will have a significant impact on allowing the resumption of most business activities. In the meantime, highly stimulative fiscal and monetary policies around the world have been an important supporting factor to equity markets to date. The Bank of Canada remains committed to ultra low interest rates and quantitative easing to the tune of $4 billion per week until economic slack is absorbed so that its 2% inflation target is sustainably achieved - goals that echo the U.S. Federal Reserve. Combining expectations that highly stimulative fiscal and monetary policies will continue for some time with improving economic activity are likely a formula for higher stock indices for the remainder of the year.

The Jemekk Long Short Fund's greater focus on stock picking vs. macro themes was evidenced by top performers coming from a diverse list of sectors. The top gainer was AirBoss, which reflects the continued challenges that Covid-19 will have for some time. The next best gainer was Protech Health, where the stay-at-home environment has been beneficial to its business (note, the Fund is long PTQ Convertible Debentures). But the next best gainers included Stelco (cyclical benefitting from consumer behavior change towards more products vs. services), TWC (benefit from golf activities and rising land values) and RCI Hospitality (U.S. dine-in restaurant chain). The Fund reduced net exposures throughout the quarter moving from 89% net long to 75%.

However, the Fund still invests with some general macro themes in mind, one of which have been to favor growth more than stocks that are more highly dependent of the re-opening of economic activity. In addition, the Fund continues to have a significant position in gold equities given the continued favorable backdrop of highly stimulative fiscal and monetary policies. Exposures to these sectors, and low exposure to higher beta re-opening stocks, mitigated the performance of the Fund in Q1.

We remain skeptical of the substantial stock price gains of high beta stocks that benefit from the re-opening of economic activities given their high valuations and profit outlooks for many that do not return to pre-Covid levels even into 2023. We believe Covid-19 will continue to have a significant impact on consumer behavior towards higher spending on products and "at home" and less on leisure and services.

After the price of gold consolidated in Q4/20 it then fell from where we earlier believed was a support level. That said, we believe the current macro backdrop that has historically been very positive for gold will ultimately come to fruition. We are not convinced cryptocurrencies will structurally displace gold as the preferred vehicle to protect against monetary debasement and inflation in the long-term. We believe gold will shine again but have reduced our exposures because of recent incongruities to historical norms as it pertains to movements in gold prices and changes in the macroeconomic backdrop.

Following, we would like to highlight a new position in the Fund:

VIQ Solutions Inc. (VQS) - With over 1300 customers in the legal, insurance, law enforcement, and media industries, VQS is a global provider of secure Artificial Intelligence (AI) powered digital recording and transcription solutions. Specifically, VQS offers end-to-end cloud-based software that meets cyber security requirements for its customer base that allows digital voice and video capture technology.

This is a new name for the Fund. We were introduced to the business in Q4/20 and participated in an equity financing. We believe this is an under the radar company with limited analyst coverage. As the company executes, we believe they will garner more exposure. We are intrigued by the company's first mover advantage on bringing AI augmented workflow in the cloud which is transforming the industry. The value proposition is clear - VQS' proprietary platform reduces friction and costs for its customers and most importantly is secure. Security is paramount for the users given the highly sensitive information being transcribed.

VQS has a history of successful accretive acquisitions as well. The two most recently completed deals, ASC Services and wordZXpressed Inc, in Q1/20 introduced a new lucrative segment in Media and the other further strengthened its foothold in their primary verticals. We see more of these strategic accretive acquisitions in the future for VQS but would advise management to be highly selective when acquiring companies versus acquiring for revenue only resulting in excessive dilutive financings.

VQS trades at 3x '22 Sales, well below its peer group and VQS has 90% recurring revenues with Gross Margins going from 31% in FY18 to 52% in FY20 and growing. The Total Addressable Market (TAM) for VQS is US$10b and the company has been sourcing customers organically through: a global partner network; a government tender process; and leveraging their current client base of which is very sticky (~5-7 yr contracts).

While there remains a near-term challenge in battling new Covid-19 variants in many parts of the world the economic outlook in the second half of 2021 has generally become less uncertain given the proven efficacy of vaccines and the highly visible planned roll-out of vaccine supply in the coming months. We are optimistic on the overall economic outlook and will continue with our rationale of which sectors may offer the best risk/reward parameters, but the Fund's greater bias towards stock picking will remain.

We thank you for your continued support and after a long winter we hope all will be able to better enjoy what life has to offer this upcoming summer. We look forward to communicating with you at the end of Q2.

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