JEMEKK LONG/SHORT FUND L.P.

Inception date: July 2004
Q3 2021 Commentary

	Q3 2021	YTD 2021	Since Inception
Jemekk Long/Short Fund	-2.40%	5.55%	272.88%
S&P TSX Composite	0.17%	17.48%	281.96%
S&P/TSX Small Cap Index	-2.54%	16.73%	109.95%

* Benchmarks quoted in Total Returns

Gerard Ferguson, CFA
CEO, Portfolio Manager

Rick Ummat, CFA
Portfolio Manager

The third quarter saw the first meaningful decline in market indices since the Covid-19 induced sell-off in March 2020. We continue to believe market indices remain in a secular Bull market and thus we view such corrections as a normal occurrence. The quarter also saw greater than normal stock move divergences between sectors and even companies within sectors. While inflation concerns have understandably been heightened, with much discussion of severe supply-chain issues as well as escalating energy prices, we continue to have a positive long-term view of both the global economy and stock market indices. This is due to our belief that very strong consumer demand is unlikely to dissipate in the foreseeable future. While the Bank of Canada has acknowledged recently high inflation figures have been unexpectedly persistent, they remain steadfast in their belief inflation is transitory, which importantly means we are unlikely to see a change in the near-term interest rate policy. Our enthusiasm is buoyed by continuing progress on vaccine availability and effectiveness along with a breakthrough new Covid-19 oral therapy developed by Merck. Despite some heated rhetoric during the recent Canadian election, we find negligible change to the outlook of any stock sector. With election related headlines now behind us it allows for clearer thought in making stock selections. We have a particularly positive view for the North American consumer and business sector because the continent is not, and not likely to, face an energy supply/price crisis of the magnitude being experienced most everywhere else in the world.

The Jemekk Long Short Fund saw highly uncorrelated share price moves within its portfolio holdings. Sectors that typically move in tandem had highly diverged. An example was technology was a top 2 positive contributor to the performance of the fund, but communication was a top 2 negative contributor.

As well we saw Kirkland Lake Gold make a solid positive contribution, but which was about equally offset by the decline in Osisko Royalties. The performance in the quarter was impacted by our holding in TWC after the company withdrew its appeal for the re-development of its Glen Abbey gold course. While that was an unfortunate event, we regard TWC as having a value proposition that is under-appreciated and where future redevelopment on its many golf course assets over time holds a lot of potential. On the positive, the top contributor was energy due to the performance of Kelt Exploration, which greatly outpaced the more modest gain of the S&P/TSX Capped Energy Index.

The Fund continues to focus on companies with strong secular growth prospects. We are also positive on the global economic outlook, with North America expected to be particularly strong, so we strive to look for opportunities that also benefit from a cyclical upturn as well. As a result, we have significant weightings in the consumer discretionary sector that includes Air Canada, and financials anchored by Canadian Western Bank, as well as continued exposure to energy with Kelt Exploration being one of the few E&Ps with a balanced approach between returns and growth. Despite temptations for potential quick gains, we are continuing to avoid valuation challenged high-beta re-opening stocks, despite them remaining very much in favor amongst much of the investing public, as the recent pullback in these names have not been sufficient to warrant closer consideration. The Fund moderately reduced exposures during the quarter from 87% to 83% net long.

JEMEKK CAPITAL MANAGEMENT
3 Church Street, Suite 301 I Toronto, Ontario I M5E 1M2 I 416-597-4502 | jemekk.com

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

Thinkific Labs Inc. (THNC) - An April 2021 IPO, Thinkific is a global provider of cloud based e-learning software that allows individuals to create customizable course content to be marketed. Specifically, there are over 50 thousand course creators, that do not need to be software specialists, creating and customizing courses for learners. Creators are provided with the tools needed to build and design their sites to display their content. Thinkific also allows creators to market and sell their content, offering a full suite of business tools that are integrated in its software such as Shopify, PayPal, and Mailchimp to name a few.

Why we like THNC:

• End-to-end Platform - We have reviewed the competitive landscape and believe Thinkific's moat is its complete solution. In other words, some offerings from competitors are missing key components to run an online course. Thinkific rather, is a one stop shop arming course creators everything required to launch their service (very Shopify-like).

• Large TAM - Thinkific has a total addressable market of over $30b. THNC has scaled dramatically over the past few years, and we do not see that moderating anytime soon. As of Q2, ARR grew 81% year over year to $38.1mm (ARR CAGR of 98% between 2016 and 2020). Thinkific is growing at over 2x its peer group.

• Payment Optionality - We believe this is a growth vector for THNC the market is not fully appreciating. The payment side of the business offers a lot of white space for THNC to drive incremental revenue and EBITDA contribution. Payments went live in July with general availability and a default for all new clients in North America. With respect to KPI's, we expect Payments to grow Average Revenue per User (ARPU) and Lifetime Value (LTV) while maintaining its Customer Acquisition Cost (CAC). This is a very favorable dynamic.

However, we are paying close attention to management's commentary on growth visibility and spending. These issues could weigh on the stock and since management is new to the public market arena, we are not at full position but prefer to add on positive execution.

To us, Thinkific shares some DNA with Shopify. Not only is THNC partnered with SHOP where both parties enjoy a symbiotic relationship but similar to Shopify, the core mission of Thinkific is to empower entrepreneurs.

As we enter the final quarter of 2021, we remain positively disposed towards capital markets. The backdrop of a recovering economy, continued low interest rates, and a return to normalcy all support higher equity returns. As such, we remain towards the higher end of exposure ranges at 83% net long, although employing zero leverage, allowing us to quickly adjust in the event of a change in the above narrative.

We thank you for your continued support and look forward to communicating with you at the end of Q4.

Gerard Ferguson: 1.416.777.4491
Rick Ummat: 1.416.777.4496
Michael Lam 1.416.597.4502