JEMEKK TOTAL RETURN FUND L.P.

Inception date: April 2008
Q3 2021 Commentary

	Q3 2021	YTD 2021	Since Inception
Jemekk Total Return Fund	-2.49%	2.72%	108.60%
S&P TSX Composite	0.17%	17.48%	125.19%
S&P 500	0.58%	15.92%	330.70%

* Benchmarks quoted in Total Returns

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The quarter saw the first meaningful correction of more than 5% for market indices since the Covid-19 induced sell-off in March 2020. We consider the recent pullback as being part of a normal event within a continuing secular Bull market as history suggests a correction of the recent magnitude was long overdue. We are cognizant that the pullback was not without some rationale. Inflation is seemingly becoming less transient and more structural in nature where clearly abnormal factors in past months, like record high used-car prices, have been replaced by more structural factors like rising rents, wages, and energy prices. And, of course, higher inflation could prompt the first interest rate rise to come sooner than expected. Notwithstanding, our favorable view of the global economic outlook is predicated on seeing very healthy consumer demand and increasing mobility highlighted by relaxed air travel rules for international passengers. We see such strength as being underpinned by incrementally positive news on vaccines and the recent announcement of a breakthrough oral therapy for Covid-19 patients developed by Merck. Consumer demand is being under-satiated by severe supply-chain bottlenecks and electricity shortages in Europe and China. While this will mean global GDP growth will be lower than it should otherwise be it also means the visibility of strong demand has been greatly prolonged which reduces longer-term risk factors. 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 Total Return Fund entered Q3 with 82% net exposure which reflected our bullish stance regarding equity markets, however we were quick to reduce exposures during the correction exiting the quarter 73% net long. The Fund was well positioned for most of the quarter with its continued focus on high-quality growth stocks in technology and consumer discretionary sectors. In particular, FAANG stocks (where the Fund holds Amazon and Facebook) were outperforming until the last couple of weeks of Q3. The sudden and sharp sell-off primarily in growth stocks late in the quarter reversed the Fund's trend of outperformance. During the third quarter, the Fund did not have exposures to some S&P 500 sectors that were positive, notably health care, utilities, and real estate.

To specifically address two areas of underinvestment that negatively (due to low or no exposure) affected performance for the Fund year to date, we would highlight Financials and Energy. Financials (predominately Bank Stocks) have benefitted from a contribution of a catchup trade, and rising rates. Not an area of particular expertise for us, we have largely missed this 22% return for the sector, which remains the largest weight in the TSX. Conversely, Energy (a smaller weight) has had a huge return YTD (+36%) largely missed by the Fund, whose strength has largely surprised us with the magnitude, although volatile, of it's contribution YTD. Both sectors remain underweight, however we continue to closely monitor both for opportunities.

Stock moves were generally very erratic across most sectors. We do not often see the top 3 stock contributors in both the positive and negative categories to be in the same sectors (in the case of this past quarter in the energy and technology sectors). Due to the increasingly erratic movements in the energy sector the Fund chose to reduce exposures in that area and rely much more heavily on our holdings in the consumer cyclicals and financial services as our currently preferred methods of exposure to the cyclical sector.

Other than minor fund changes in the energy and financial services sectors, the core focus on the Fund remained largely unchanged.

We see high-quality growth stocks with a long runway of secular growth as one of the most attractive investment sectors. Our core holdings remain with profitable technology companies, including previously unmentioned names Adobe and Microsoft, as well as brand leaders like Lululemon, while we continue to view Shopify as a uniquely exciting growth story that is on the verge of generating high levels of profitability. We continue to have exposures in the gold sector as we await expectations of improving investor interest with inflation becoming a greater concern. In addition, we have several company specific names, with many exposed to a strong N.A. economy and/or to more favorable N.A. cost structures. Following, we would like to highlight a new position in the Fund:

Intuit Inc. (INTU) - A leading global financial technology company, Intuit offers a compelling suite of solutions to help its over 100 million customers ranging from individuals to small and medium size businesses (SMB). Specifically, Intuit owns TurboTax, QuickBooks, Credit Karma, and in the past quarter has proposed to acquire Mailchimp. Intuit has a long track record of exceptional execution by empowering individuals to run their own business with the latest in technology and ease of use which is paramount to SMBs.

Why we like the proposed Mailchimp acquisition:

• Mailchimp helps complete the end-to-end offering from Intuit by bringing in a scaled presence in the front office with a broad product portfolio and over $800mm in revenue and 13mm users. The current suite of products from Intuit are primarily back office only.

• Mailchimp is much more than email marketing, the company has successfully expanded to offering website development, e-commerce, marketing and automation, and most importantly, customer relationship management (CRM).

• Although its the largest acquisition ever for INTU, the deal is expected to be accretive to 2022 EPS. Similar to QuickBooks, Mailchimp is a subscription-based model resulting in 95% monthly recurring revenues.

• Currently, INTU has less than 5% of sales from outside of North America. Mailchimp has over 50%. We like how international Mailchimp is and presents an opportunity to cross sell with Intuit's other products.

Intuit recently had its annual investor day which we attended and confirmed our positive stance on the company. Management outlined the growth paths of its core consumer segments and recent acquisitions to help pursue its $290b total addressable market. Intuit has achieved great success, but we see momentum continuing by offering software that is the backbone for individuals and SMBs to run their companies seamlessly.

As we enter the final quarter of 2021, we remain committed to our belief that the backdrop suggests capital markets moving higher. Currently of 73% net long, towards the higher end of our historical range, our positioning reflects this view. However, we remain liquid, and can adjust quickly, if conditions change, either positively or negatively.

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

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