

Dear Fellow Partners:

The Summers Value Fund LP (“the Fund”) returned 17.5% net¹ during the first quarter of 2021, outpacing the Russell 2000 Index return of 12.9% but underperforming the Russell Micro-Cap Index return of 24.0%. The first quarter represented the best quarterly performance for the Fund since inception. In the month of March, the Fund returned 5.7% net¹ relative to the Russell 2000 Small Cap Index return of 1.4% and the Russell Micro-Cap Index return of 2.4%. The Fund has returned a cumulative 45.5% net¹ since inception compared to the Russell 2000 Index return of 34.7% and the Russell Micro-Cap Index return of 39.7% over the same period.

1Q21 Portfolio Commentary

The biggest contributor in the first quarter was Inotiv (NOTV), which changed its name from Bioanalytical Systems (BASI) after its annual meeting in March. The stock price increased by 62% in the period as investors began to appreciate the company’s bright outlook. Inotiv announced a key executive hire in February with the addition of Greg Beattie as Chief Operating Officer. Mr. Beattie joined Inotiv following a long tenure at Charles River Labs (CRL). Insiders continued to purchase the stock in the open market during the quarter, which we viewed favorably. It was widespread insider buying in 2020 that originally attracted us to the stock. The Fund’s worst performer in the quarter was Knight Therapeutics (GUD.TO), which appreciated by 2.8%. We have owned Knight since inception and are carrying a small loss in the position. We believe that Knight is a cheap stock based on asset value on the balance sheet, but the company has struggled to integrate the acquisition of Biotoscana in Latin America.

We exited our position in Eagle Pharmaceuticals (EGRX) in the first quarter after a series of pipeline setbacks. Eagle was the Fund’s smallest position at year end 2020. We had owned the stock since our inception and ended up taking a small loss on the position. Other than our sale of Eagle, we did not make any changes in the first quarter and our trading activity was limited.

At the end of the quarter, the Fund consisted of eight long positions against zero short positions having covered our remaining short position in December of last year. Three of our long positions have been held in the portfolio since launch, reflecting our long-term approach.

COVID-19 Outlook

As we exit the pandemic period, we own several companies (32% portfolio exposure) that are poised to benefit from an economic recovery in the United States. The companies – Utah Medical (UTMD), UFP Technologies (UFPT) and Electromed (ELMD) – suffered business disruptions last year due to the COVID-19 pandemic. With vaccination rates rapidly improving, we believe the economic backdrop is set to improve meaningfully through the rest of 2021. As the economy re-opens, these companies should see a resumption of demand as hospitals satisfy patient back-logs. In its recently released annual report, Utah Medical provided an illustration of its operating leverage stating that *an 8% improvement in sales would equate to an 18% improvement in pre-tax profits*. UFP Technologies used the pandemic period to make its business more efficient as it decreased its full-time labor force by 13% in late 2020. We have already seen signs of improvement from Electromed in its fourth quarter results as detailed in the “position update” section below. In total, we are expecting these companies to grow sales and profits at above-

average rates in 2021/22 as patient demand for medical devices increases to pre-pandemic levels or higher.

Each of these three companies also features an un-levered balance sheet, a history of high returns and free cash flow generation and a shareholder-friendly management team. None of these positions represented our best performers in the first quarter; however, we believe the stocks have material upside potential remaining.

Position Update: *Electromed (ELMD) - \$90 Million Market Cap*

Electromed is one of Fund's long-standing investments, and it continues to be a top position today. We remain bullish on the company despite the stock having appreciated over 100% since we began buying shares in 2018. In the fourth quarter of 2020, the company performed better-than-expected, setting records for both sales and profits, while at the same time spending a record amount of money on R&D to support a new product launch.

It is our belief that impending index changes have kept the stock from reflecting the company's strong fundamentals. It was announced that Electromed would be added to the Russell 3000 Index in May of last year. Unfortunately, the stock has underperformed the indexes since it was added while many other companies are trading at significantly higher valuations. As such, we believe that Electromed could be deleted from the Russell 3000 Index this year. The deletion may cause indiscriminate selling on the announcement although we believe some of this selling (or shorting) has already occurred.

We are prepared to add to our position on any weakness related to an index deletion, which should be announced in early May. We believe the company can generate 50 cents in earnings in FY22 (June fiscal year) with additional growth in future periods. With an un-levered balance sheet (\$27 million of cash and receivables) and an industry-leading gross margin (78%), we believe the company represents an attractive takeout candidate if the stock does not appreciate to reflect the company's favorable outlook. Our price target remains \$17.50, which represents 70% upside from the current price.

In Closing

We would like to welcome our newest limited partner who joined the partnership in the first quarter and also thank the existing partners who added to their accounts. We are incredibly grateful to have over 90% of the partnership's capital committed for five years, which allows us to invest like owners. We strongly believe that our long-term orientation is one of our greatest competitive advantages. Our strategy continues to have ample capacity, and we seek like-minded individuals to join the partnership. Interested parties can reach out to me directly at andy@summersvalue.com.

Sincerely,



Andrew Summers, CFA
Managing Partner

¹Summers Value Fund LP net return is the unaudited, net return, based on a hypothetical investor who invested at fund inception and pays a management fee and incentive allocation applicable to Class B Interests (1.25% management fee; 20% incentive fee above a 6% annual cumulative hurdle rate). Net return is not necessarily indicative of any single investor's performance. An investor's return may vary from the results shown based on different fee structures and fund-level expenses. The performance information given is historic and should not be considered as an indication of future performance. Performance reflects the reinvestment of dividends and income.

Definitions:

Indexes: The performance of market indexes is being provided for the purpose of making general market data available as a point of reference only. These indexes are widely recognized by investors, followed by the investment industry and readily available to the investing public. The indexes do not reflect fees and expenses associated with the active management of portfolios. Furthermore, it should be noted that investors may not be able to invest directly in the indexes. The performance returns of the indexes were obtained from recognized statistical sources and include the reinvestment of earnings. Although Summers Value Partners LLC believes these sources to be reliable, it is not responsible for errors or omissions from these sources.

Russell 2000 Index: An index measuring the performance of approximately 2,000 small-cap companies in the Russell 3000 Index, which is made up of 3,000 of the biggest U.S. stocks. The Russell 2000 serves as a benchmark for small-cap stocks in the United States.

Russell Micro-Cap Index: An index measuring the performance of 1393 small-cap and micro-cap stocks that captures the smallest 1000 companies in the Russell 2000 plus 393 smaller U.S. – based listed stocks. The broad index represents the smallest tradable securities that still meet exchange listing requirements, so OTC stocks and pink sheet securities are excluded.

Enterprise Value (EV): Market Capitalization – Cash + Debt = EV

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Summers Value Partners LLC is committed to communicating with our investment partners as candidly as possible because we believe our investors benefit from understanding our investment philosophy, investment process, stock selection methodology and investor temperament. Our views and opinions include “forward-looking statements” which may or may not be accurate over the long term. You should not place undue reliance on forward-looking statements, which are current as of the date of this report. We disclaim any obligation to update or alter any forward-looking statements, whether as a result of new information, future events or otherwise. While we believe we have a reasonable basis for our appraisals and we have confidence in our opinions, actual results may differ materially from those we anticipate.

The information provided in this material should not be considered a recommendation to buy, sell or hold any particular security.

Prior to investing, investors should carefully review the offering memorandum and related documents, including the risks described therein associated with investing in the Fund. Potential investors are also encouraged to ask questions to Summers Value Partners LLC to ensure they understand many of the risks associated with investing. Additional information can be available upon request.