

Dear Fellow Partners:

The Summers Value Fund LP (“the Fund”) returned 43.4% net¹ for the full year 2021, outpacing the Russell 2000 Index ETF return of 14.6% and the Russell Micro-Cap Index ETF return of 18.9%. In the fourth quarter, the Fund returned 8.0% net¹ relative to the Russell 2000 Index ETF return of 2.1% and the Russell Micro-Cap Index ETF return of -2.8%. The Fund has generated a cumulative 78.1% net¹ return since inception compared to the Russell 2000 Index ETF return of 42.1% and the Russell Micro-Cap Index ETF return of 38.4% over the same period.

4Q21 Portfolio Commentary

The top contributors in the fourth quarter included Inotiv (NOTV) and Electromed (ELMD). Both companies have been long-term holdings in the Fund. The biggest detractor in the fourth quarter was Modivcare (MODV), which was pressured by tightness in the labor market and two ill-advised acquisitions. We began trimming our position in Modivcare in the fall and recently exited the position entirely. When we first underwrote our investment in Modivcare almost two years ago, the company had a dominant position in its core non-emergency medical transportation market and a completely un-levered balance sheet. The risk/reward changed dramatically after the company overpaid for several acquisitions in 2021, leaving the company with too much debt for our comfort level especially considering the headwinds now facing the business.

We were profitable on the short side of the portfolio during the fourth quarter driven by our negative view on PLX Pharmaceuticals (PLXP). We shorted PLXP on the thesis that the launch of Vazalore would disappoint against bullish investor expectations. Our due diligence concluded that the market for a high-priced aspirin product is limited as most chronic aspirin users are on fixed incomes. We were also underwhelmed by the clinical profile of the product versus enteric coated aspirin. We covered our position in PLXP in January as the stock approached our \$5 price target. The fund’s remaining short position shares a “short the launch” thesis. In this case, the product has an underwhelming clinical profile and currently lacks insurance coverage. The company is spending tens of millions of dollars to launch the product into an already crowded market. The company has financed its operations with debt, which we think will introduce going concern risk at some point in the future.

The Fund’s performance in December represented our worst month of the year, a trend which has continued into the month of January. It is clear that the Fed announcement to tighten monetary policy in November changed the investment landscape. As of this letter, the Russell 2000 Index and the Russell Micro-Cap Index are both entering bear market territory. Since we launched the Fund in 2018, these indexes have experienced three bear markets defined as a decline of 20% from the highs. As in past bear markets, we will use the sell-off as an opportunity to upgrade the portfolio if possible.

At the end of the quarter, the Fund consisted of eight long positions and two short positions. We exited one long position in the quarter and established two short positions.

Position Updates*Inotiv (NOTV) - \$700 million market cap*

Inotiv is a contract research organization (CRO) providing pre-clinical research services to the pharmaceutical and biotechnology industries. We have written in the past about the turnaround happening at Inotiv spearheaded by CEO Bob Leasure who was hired in 2017. The company made a series of acquisitions in 2021 including Envigo, a purveyor of research models. We believe that Envigo has underappreciated pricing power across its business. The supply chain has been disrupted by COVID-19 at a time when demand for certain research models is high. In aggregate, we expect Inotiv to exceed the current consensus sales estimate in 2022 by \$100 million or roughly 20%. We are modeling sales in 2022 to approach \$575 million with an operating profit of almost \$65 million (11% margin).

Inotiv's stock has declined by over 50% since November and we believe the shares are undervalued at current levels. We expect the company to generate free cash flow per share of \$1.25 in 2022 and over \$2.00 in 2023. The drivers of free cash flow growth include better capacity utilization through increased scale along with the embedded pricing power in the Envigo business. Our price target of \$70 remains unchanged.

UFP Technologies (UFPT) - \$522 million market cap

UFP Technologies is an outsourced manufacturer of medical device products located in Newburyport, Massachusetts. We have owned the company in the Fund for over one year with a cost basis in the low \$50s. UFP features an experienced management team headlined by CEO Jeff Bailey. Mr. Bailey brings an owner-operator mentality to the business, which we find attractive. In our opinion, the company is misunderstood as it was historically a diversified manufacturer of products across multiple segments including the medical, consumer, automotive, aerospace, and industrial markets. In 2018, the company pivoted to focus on the medical segment, which has a more attractive long-term demand profile. We expect the company to generate an ever-growing percentage of sales from the medical segment over time, which should drive higher margins and a re-rating of the shares.

In late December, the company announced the acquisition of DAS Medical for \$105 million or 8.9x trailing EBITDA. The acquisition of DAS is strategically aligned with the company's core medical device manufacturing business and brings low-cost manufacturing capacity in the Dominican Republic. We believe the acquisition makes UFPT a more valuable partner to its customers. After the DAS acquisition, the company will generate over 70% of sales from the medical segment.

We believe that UFPT can generate free cash flow per share of \$4.50 in 2023. The company is leveraged at 1.25x EBITDA following the DAS acquisition. We expect management to pay down the acquisition debt over the next two years given its prodigious free cash flow profile. We have a \$90 price target on UFPT, which represents 20x our forward estimate of free cash flow.

Utah Medical (UTMD) - \$320 million market cap

In late December, Utah Medical paid a \$2 per share special dividend. Utah Medical is a multi-national manufacturer and marketer of medical device products based in Midvale, Utah. We have owned the stock for the past eighteen months. The company features an industry-leading operating margin of almost 40%,

a fortress-like balance sheet, and a long-tenured and skilled management team. The stock trades at an 8% free cash flow yield to enterprise value, which we view as modest for such a high-quality asset. We expect the company to generate \$22 million of free cash flow in 2022 (almost \$6.00 per share) and end the year with \$80 million of cash and zero debt. Our price target on UTMD is \$120 per share.

Partnership Update

Matthew Ingraham joined the firm as an investment analyst in September. Matthew is a California native and a graduate from the University of Southern California. Matthew has increased our ability to turn over more rocks in our pursuit of investment opportunities.

The partnership ended the year with assets of roughly \$30 million. We believe that our strategy has capacity for assets of \$100 million without compromising our opportunity set. We spend very little time on marketing activities and rely mostly on word of mouth to attract new partners who share our value mindset and long-term orientation.

The general partner will continue to pay for the fund accounting, tax, legal and audit fees that are incurred by the partnership in 2022. We have paid these fees out of the operating budget every year since our inception. Our trading fees declined meaningfully in 2021 after we switched prime brokers to Interactive Brokers.

The general partner remains the largest investor in the partnership. My family's investment in the Fund represents our largest asset, which creates alignment with the limited partners.

In Closing

We would like to welcome our newest limited partners who joined the partnership in the fourth quarter and also thank the existing partners who added to their accounts. All of our newest partners committed to the 5-year share class. We strongly believe that our long-term orientation is our greatest competitive advantage. 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

YEAR	MONTHLY FUND PERFORMANCE												ANNUAL			
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	FUND	IWM	IWC	
2018						1.2%	5.4%	2.3%	4.4%	-4.3%	-2.2%	-2.8%	3.5%	-17.4%	-21.5%	
2019	3.8%	2.4%	-5.9%	0.8%	-0.8%	1.1%	-0.4%	-8.4%	0.0%	0.7%	6.5%	5.6%	4.6%	25.4%	22.5%	
2020	7.7%	-11.1%	-4.7%	11.6%	3.0%	-2.9%	5.9%	-6.2%	-2.3%	-1.7%	9.7%	7.7%	14.7%	19.9%	20.7%	
2021	8.1%	2.8%	5.7%	2.0%	4.2%	6.9%	-1.4%	5.7%	-4.4%	14.3%	0.3%	-5.8%	43.4%	14.6%	18.9%	
													CUMULATIVE	78.1%	42.1%	38.4%
													ANNUALIZED	17.5%	10.3%	9.5%

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 ETF (IWM): 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 ETF (IWC): An index measuring the performance of 1,393 small-cap and micro-cap stocks that captures the smallest 1,000 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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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.