

Dear Fellow Partners:

The Summers Value Fund LP (“the Fund”) returned 13.6% net¹ during the second quarter of 2021, outpacing the Russell 2000 Index return of 4.1% and the Russell Micro-Cap Index return of 3.8%. Year-to-date, the Fund has returned 33.4% net¹ relative to the Russell 2000 Small Cap Index return of 17.0% and the Russell Micro-Cap Index return of 28.6%. The Fund has returned a cumulative 65.3% net¹ since inception compared to the Russell 2000 Index return of 40.2% and the Russell Micro-Cap Index return of 45.1% over the same period.

2Q21 Portfolio Commentary

The biggest contributor in the second quarter was Inotiv (NOTV), which appreciated by 33% and was added to the Russell 2000 Index in June. The company announced two acquisitions in the quarter along with very strong first quarter results. We are encouraged by the progress the company has made in a short period of time. The biggest detractor in the second quarter was Utah Medical (UTMD), which has yet to recover following the pandemic. We believe the company’s business is poised to rebound in the second half of this year as elective procedures return to baseline.

We exited our position in Knight Therapeutics (GUD.TO) in the second quarter following a change in the company’s leadership. Our thesis on Knight revolved around the track record of the company’s CEO Jonathan Goodman. While Mr. Goodman will remain on the board of directors, we decided to sell our position following the announcement that he would be stepping down as CEO. We had owned the stock since our inception and ended up taking a small loss on the position.

We shorted two stocks during the second quarter. The larger of the two short positions at 5% exposure returned almost 20% while we lost 5% on a smaller position with 1% exposure. The net result of our shorting activities contributed almost 100 basis points in the quarter. Although shorting will never be the centerpiece of our strategy, we will continue to selectively short stocks as opportunities arise.

At the end of the quarter, the Fund consisted of eight long positions against zero short positions. Three of our long positions have been held in the portfolio since launch, reflecting our long-term approach. For the first time since our launch, the Fund does not hold any foreign securities.

Insider Buying as a Signal

We track insider buying activity on a regular basis. Insiders know more about a company’s future prospects than outsiders, and their actions can be noteworthy. Large insider purchases or purchases by multiple insiders can signal the potential for attractive future returns. We consider insider buying activity to be a far more valuable signal than insider selling, which can be motivated by a multitude of factors.

It was widespread insider buying below \$5 per share that initially piqued our interest in Inotiv. Rarely had we seen so much buying taking place across so many different insiders. This was a signal that positive things could be happening at the company. After further due diligence, it was clear that exciting changes were afoot, and we started buying shares almost one year ago. It is even more rare for insiders to continue buying shares at much higher prices. During May and June, we saw additional buying from a cluster of insiders at Inotiv including the COO, CFO, CSO and head of HR. We are encouraged that these

insiders continue to see value in the shares at prices ranging from \$23 to \$29. Our continued bullish stance on the stock is partly underpinned by insider's desire to own more stock at higher prices combined with the positive execution by the management team since we established our position.

Recently, we came across another off-the-run company that featured significant insider buying activity from board members and management. The stock has been dormant for over twenty years; however, the company is undergoing significant change including the addition of new board members and a new management team. The company is also undergoing a shift in its corporate strategy. The company, as it stands, contains two disparate businesses under one roof. One business is a fantastic growth business with attractive margins, while the other business is a laggard with underwhelming growth and margin prospects. We believe the path forward includes selling or exiting the laggard business, which would unlock the potential of the growth business. Peers to the growth business are being valued by the public market at many multiples higher than where the stock currently trades. As the unwind of the laggard business plays out, we expect to see a re-rating of the remaining business that could lead to outsized returns for the partnership. As a result, we have been building our position over the past several months as we track the company's progress against this goal.

Three-Year Anniversary

The Fund marked its three-year anniversary during the second quarter. We have consistently communicated to our partners that we believe a 13-15% annual return net of fees is achievable over the long term. In our first three years, we exceeded those expectations compounding at almost 18% annually net of fees. Along the way, we have endured short-term periods of significant underperformance, but that is to be expected with a concentrated strategy. Relative to the small and micro-cap indexes, the Fund has outperformed since inception. The Fund's volatility, as measured by standard deviation, has been meaningfully lower than that of the indexes since inception. The companies that we own in the Fund are profitable with strong balance sheets and have businesses with largely inelastic demand profiles. We believe these attributes have contributed to the lower volatility profile. We are encouraged by our early results, and we remain committed to our strategy of owning high-quality small and micro-cap companies over a multi-year time horizon.

In Closing

We would like to welcome our newest limited partners who joined the partnership in the second 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 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.