

Dear Fellow Partners:

The Summers Value Fund LP (“the Fund”) returned -.4% net¹ during the third quarter of 2021, outpacing the Russell 2000 Index return of -4.6% and the Russell Micro-Cap Index return of -5.4%. Year-to-date, the Fund has returned 32.9% net¹ relative to the Russell 2000 Index return of 11.6% and the Russell Micro-Cap Index return of 21.6%. The Fund has returned a cumulative 64.6% net¹ since inception compared to the Russell 2000 Index return of 33.8% and the Russell Micro-Cap Index return of 37.2% over the same period.

3Q21 Portfolio Commentary

The top contributors in the third quarter included Inotiv (NOTV) and ModivCare (MODV). Each of these companies has been owned in the portfolio for over one year. Both companies have recently announced significant acquisitions that we believe enhance the customer value proposition and widen the competitive moat around each business. The biggest detractor in the third quarter was Scott’s Liquid Gold (SLGD), which has suffered from supply chain issues and stock-outs caused by the pandemic. We view the recent management and board changes at the company positively.

At the end of the quarter, the Fund consisted of nine long positions against zero short positions. We initiated a new position in a recent spin-off, which features a collection of durable and growing consumer brands. It is profitable with a completely un-levered balance sheet, and a management team that has been buying stock in the open market. At this time, the position is at the lower end of the portfolio. While we are still getting to know the company, our initial due diligence concludes that it checks a lot of the boxes that we look for in an investment. Our valuation work suggests that the stock has the potential to double over a three-to-four-year period.

One of our primary objectives is to deliver attractive long-term performance in an uncorrelated manner. Since inception, the Fund has exhibited low correlation relative to the indexes to which we compare including an R² of .39 against the Russell 2000 Index and an R² of .41 against the Russell Micro-Cap Index. The uncorrelated nature of the Fund is a byproduct of our independent research process and our investable universe, which encompasses stocks that are not widely known and are not included in the major indexes.

Position Updates

Inotiv (NOTV) - \$525 million market cap

Inotiv announced the acquisition of Envigo (private) in a \$545 million transaction during the third quarter. A quick summary of the transaction can be found [here](#). Envigo is a leading provider of research models to the pharmaceutical industry as well as academic centers and other contract research organizations (CROs) in the United States and Western Europe. The acquisition strengthens Inotiv’s business by ensuring a continuous supply of research models at a time when demand is high and supply is limited. It also makes the company a more valuable service provider to its customers and creates significant cross-selling opportunities amongst a larger client base. On a pro forma basis, we expect Inotiv to generate \$425-450 million of sales in 2022. With additional scale and operating leverage, the company’s EBITDA margin should approach 20% over the next few years. Using peer valuations from the CRO industry, we believe that Inotiv is worth \$70-80 per share. The convertible debt offering that was used to finance the

transaction has created a short-term overhang on the stock that we expect will dissipate in the months ahead. The stock remains a top position in the Fund today.

Electromed (ELMD) - \$95 million market cap

We have long lamented Electromed's low valuation relative to medical device peers and to our estimate of its intrinsic value. We nominated a slate of qualified directors in early August following several years of trying to promote positive change at the company. After two months of negotiations, we signed a cooperation agreement that can be found [here](#). The agreement includes the announcement of two new directors who will replace two long-time directors including the Chairman. The agreement also includes the formation of a Finance and Strategy Committee to explore options to enhance shareholder value. While we were negotiating with the company, two of its competitors were acquired including Hill-Rom (HRC) and International Biophysics' (private) AffloVest business. Based on the multiples paid for these two peers, we believe that Electromed could be worth up to \$25 per share in an acquisition scenario. We are encouraged by the refreshed board of directors and the formation of the Committee. Our standstill agreement expires before next year's nomination period. This will allow us to re-engage with the company if meaningful progress towards shareholder value creation is not achieved.

In Closing

In last year's third quarter letter we wrote, *"The portfolio contains more value today than at any point since our launch and we are optimistic about the portfolio's future return potential. We are patiently waiting for the market to recognize the imbedded value in the portfolio."* Since that writing, the Fund has appreciated by 54% net¹. We will rarely be in a position to make such a pronouncement about the value we see in the portfolio, but we do believe that our opportunity set remains attractive. We continue to identify and evaluate interesting investment ideas that meet our hurdle for business quality and value and that have not yet been discovered by institutional investors.

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

YEAR	MONTHLY FUND PERFORMANCE												ANNUAL		
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	FUND	IWM	IWC
2018						1.2%	5.2%	2.3%	4.4%	-4.3%	-2.2%	-2.7%	3.5%	-18.2%	-21.6%
2019	3.8%	2.4%	-5.9%	0.8%	-0.8%	1.1%	-0.4%	-8.4%	-0.3%	0.7%	6.5%	5.6%	4.6%	23.7%	20.7%
2020	7.6%	-11.0%	-4.7%	11.6%	3.0%	-2.9%	5.9%	-6.2%	-2.3%	-1.7%	9.7%	7.7%	14.7%	18.4%	19.3%
2021	8.1%	2.8%	5.7%	2.0%	4.2%	6.9%	-1.4%	5.7%	-4.4%				32.9%	11.6%	21.6%
													64.6%	33.8%	37.2%
													16.1%	9.1%	10.0%

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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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.