

Dear Fellow Partners:

The Summers Value Fund LP (“the Fund”) returned -1.8% net<sup>1</sup> in Q2 2025, trailing the Russell 2000 Index ETF (IWM), which returned 8.5%, and the Russell 2000 Value Index ETF (IWN), which returned 4.9%. Year-to-date, the Fund is down 12.8% net<sup>1</sup>, underperforming the IWM (-1.8%), and the IWN (-3.2%). Since inception, the Fund has delivered a 9.7% annualized net<sup>1</sup> return compared to 5.3% for IWM and 4.6% for IWN.

| Trailing Period Returns                 | Summers<br>Value Fund LP <sup>1</sup> | Russell 2000<br>Small-Cap Index <sup>2</sup> | Russell 2000<br>Value Index <sup>3</sup> |
|---|---------------------------------------|--|--|
| 1 month                                 | <b>2.7%</b>                           | 5.4%   | 4.9%                                     |
| YTD                                     | <b>-12.8%</b>                         | -1.8%  | -3.2%                                    |
| 1 Year                                  | <b>7.5%</b>                           | 7.5%   | 5.3%                                     |
| 3 Years                                 | <b>46.2%</b>                          | 32.7%  | 23.3%                                    |
| 5 Years                                 | <b>75.3%</b>                          | 60.4%  | 78.1%                                    |
| Cumulative Since Inception <sup>4</sup> | <b>93.2%</b>                          | 44.2%  | 37.1%                                    |
| Annualized Since Inception <sup>4</sup> | <b>9.7%</b>                           | 5.3%   | 4.6%                                     |

### Fund Commentary

Top contributors in Q2 were SPOK Holdings (SPOK), OTC Markets (OTCM), and Ligand Pharmaceuticals (LGND). SPOK reported solid Q1 results in April, and 2025 guidance appears conservative. OTCM returned to revenue growth in Q1, driven by higher trading volume. Detractors included Electromed (ELMD), Vestis (VSTS), and Zimvie (ZIMV). Electromed declined for the second consecutive quarter following strong gains in 2024. On July 21, Zimvie announced it would be acquired by private equity firm Archimed for \$19 per share, a 124% premium to the prior closing price. Zimvie is the sixth portfolio company to be acquired since the Fund’s inception in 2018.

The Fund currently holds eleven long positions and two short positions. We recently added Inspire Medical (INSP), a stock we have owned before. We are bullish on the launch of the Inspire V device for obstructive sleep apnea and purchased shares near five-year lows. We also initiated two short positions in Q2 in pharmaceutical companies where we believe sales expectations are too high. At quarter-end, our top five holdings were Electromed, Spok Holdings, Consensus Cloud Solutions (CCSI), ADMA Biologics (ADMA), and OTC Markets.

The Fund received \$107,985 in dividend income in Q2, primarily from our position in Spok Holdings, which yields 7%. The Fund’s annual dividend yield is approximately 1.3%, excluding special dividends. Though dividends offer a modest boost to returns, our primary objective is long-term capital growth.

Despite a difficult start to the year, we believe the businesses in the portfolio remain fundamentally strong. The portfolio is currently trading at the widest discount to intrinsic value since mid-2022. With low valuations and solid company performance, we are optimistic about future returns.

### Market Update

The Russell 2000 Index rose 8.5% in Q2, but healthcare lagged, posting an overall decline. Sector sentiment remains weak amid uncertainty from the new administration in Washington. Proposals to curb drug pricing,

cut Medicare and Medicaid reimbursement, and scale back research funding have caused a broad retreat from healthcare stocks. Adding to the uncertainty, new FDA leadership has raised fears of approval delays for drugs and devices. Thus far, we have seen no evidence to suggest those fears are warranted.

### Position Update

*Journey Medical (DERM) -- \$160 million market cap*

We began building a position in Journey Medical in February. Journey is a dermatology-focused pharmaceutical company with products including Accutane for the treatment of acne and Qbrexza for excessive underarm sweating (hyperhidrosis). The company generated \$55 million in revenue in 2024, with a modest operating loss. Journey is led by CEO Claude Marauoi, along with several senior members who previously worked at Mediscis, a dermatology company acquired by Bausch Health for \$2.6 billion in 2012. This group brings deep sector experience and holds a significant equity stake in the business.

We were attracted to Journey ahead of the launch of Emrosi, a new oral treatment for rosacea approved by the FDA in November 2024. In Phase 3 trials, Emrosi was tested head-to-head against Oracea, the prior standard of care (with peak sales of over \$300 million before going generic) and showed superior efficacy with a similar safety profile. With patent protection through 2039, we believe Emrosi is well positioned to become the new standard of care among oral rosacea therapies.

Emrosi launched in April, and early prescription demand has been strong, with sales already annualizing over \$15 million. Journey's cost structure — including thirty-five sales reps — is already in place, so revenue growth should scale efficiently. We believe Emrosi could reach \$100 million in sales within a few years, making the company profitable and cash flow positive. We forecast untaxed earnings per share of \$1.50 by 2027 and assign a price target of \$20 per share.

### In Closing

The Fund marked its seventh anniversary in June. As we begin a new performance year, I want to thank our investors for their trust and partnership. Managing your hard-earned capital alongside my own is the privilege of my career, and I take that responsibility seriously every day.

Our strategy continues to have ample capacity, and we welcome like-minded investors to join the partnership. Interested parties may contact Alison Tomlinson at [atomlinson@summersvalue.com](mailto:atomlinson@summersvalue.com).

Sincerely,



Andrew Summers, CFA  
Managing Partner

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**Performance Disclosure**

<sup>1</sup>*Summers Value Fund LP current year net return is unaudited. Net returns are based on the 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. Performance reflects the reinvestment of dividends and income. The performance information given is historic and should not be considered as an indication of future performance. <sup>4</sup>June 4, 2018*

**Definitions:**

**Indexes:** The performance of market indexes is 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 are unmanaged and do not reflect fees and expenses associated with the active management of portfolios. The performance returns of the indexes were obtained from recognized statistical sources and include the reinvestment of dividends and income. Although Summers Value Partners LLC believes these sources to be reliable, it is not responsible for errors or omissions from these sources.

<sup>2</sup>**iShares Russell 2000 Index ETF (IWM):** The Russell 2000 Index measures the performance of approximately two thousand small-cap companies in the Russell 3000 Index, which is made up of 3,000 of the largest U.S. company stocks. This unmanaged index serves as a benchmark for U.S. small-cap stocks in the United States.

<sup>3</sup>**iShares Russell 2000 Value ETF (IWN):** The Russell 2000 Value Index measures the performance of companies from the broadly diversified Russell 2000 universe that reflect value characteristics. This unmanaged index serves as a benchmark for U.S. small-cap value stocks in the United States.

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