

Dear Fellow Partners:

The Summers Value Fund LP (“the Fund”) returned 20.4% net¹ in Q3 2025, beating the Russell 2000 Index ETF (IWM), which returned 12.4%, and the Russell 2000 Value Index ETF (IWN), which returned 12.5%. Year-to-date, the Fund is up 4.9% net¹, underperforming the IWM (10.3%), and the IWN (8.9%). Since inception, the Fund has delivered a 12.2% annualized net¹ return compared to 6.8% for IWM and 6.1% for IWN.

Trailing Period Returns	Summers Value Fund LP ¹	Russell 2000 Small-Cap Index ²	Russell 2000 Value Index ³
YTD	4.9%	10.3%	8.9%
1 Year	17.4%	10.6%	7.7%
3 Years	67.3%	52.4%	45.5%
5 Years	117.4%	71.8%	95.4%
Cumulative Since Inception ⁴	132.6%	62.1%	54.3%
Annualized Since Inception ⁴	12.2%	6.8%	6.1%

Healthcare Investing: A Complex Sector Offering a Compelling Investment Opportunity

The healthcare sector has experienced a year of challenges leading to underperformance versus the broader indexes. New leadership at the Food and Drug Administration (FDA) has introduced regulatory uncertainty across the sector. Budget pressure at federal agencies including the National Institutes of Health (NIH) and Centers for Disease Control and Prevention (CDC) has weighed on healthcare spending. Potential adjustments to Medicaid eligibility have stoked fears of reduced reimbursement on healthcare products and services. Lastly, the administration has proposed to curb drug pricing using a most favored nation approach. The United States has subsidized global pharmaceutical and biotechnology research and development for decades through higher prices. Price controls could negatively impact margins in the future, which has unnerved investors.

These crosscurrents have made the healthcare sector one of the most complex corners of the stock market to navigate, souring sentiment and leading many generalist investors to pull back. According to fund flow data, investors withdrew roughly \$13 billion from healthcare funds in 2025, on pace for a record annual outflow. U.S. small-cap equities have experienced \$35 billion in withdrawals, also on pace for a record annual outflow. In contrast, large-cap stocks have experienced \$224 billion in inflows this year. While the headlines have triggered selling pressure for small-cap healthcare stocks, the underlying fundamentals point to a defensive and growing sector poised to reward disciplined, research-driven investors.

Uncertain markets often reveal opportunities overlooked by broader investors. As small-cap healthcare specialists, our understanding of healthcare policy and industry structure can help us identify businesses supported by enduring trends such as product innovation and increased utilization tied to demographic trends. We are finding a growing list of compelling investment opportunities in companies that are poised to generate increasing earnings and cash flow over time. For example, we have increased our portfolio exposure to biopharma stocks this year. Following many years of underperformance, we believe biopharma stocks are poised for outperformance going forward. We are optimistic about the innovation cycle and recognize that large-cap companies will pay sizeable premiums to acquire attractive pipelines with large sales opportunities.

Fund Commentary

Top contributors in Q3 were Zimvie (ZIMV), Liquidia (LQDA), and Consensus Cloud Solutions (CCSI). Zimvie rose after announcing its acquisition by a private equity firm at a 124% premium. Liquidia benefited from strong sales of its respiratory drug, Yutrepia, in its first quarter following launch. Meanwhile, Consensus Cloud Solutions returned to positive revenue growth for the first time in eight quarters, supporting the stock's recovery. We continue to view CCSI as meaningfully undervalued at 6x earnings and have a \$50 price target.

Key detractors included ADMA Biologics (ADMA), Inspire Medical (INSP), and UFP Technologies (UFPT). ADMA declined after reporting weaker-than-expected second quarter results. Inspire Medical underperformed due to a slower-than-expected transition to its Inspire V device. We reduced the position ahead of the second quarter report based on feedback from the field and have since exited fully. UFP Technologies traded lower amid concerns that its largest customer, Intuitive Surgical, could bring more surgical drape production in-house.

The Fund held twelve long positions and no shorts at quarter-end. We initiated a position in uniQure (QURE) following encouraging Phase 3 results for its gene therapy drug in Huntington's Disease, which showed a 75% reduction in disease progression – a game-changing outcome in a field that has been devoid of clinical progress. Given the early stage of development, we have sized the position appropriately. We also closed our short position in ARS Pharma (SPRY) after it achieved our price target. The stock had reflected overly optimistic sales expectations for its allergy treatment, Neffy, when we entered the short position.

At quarter-end, our top five holdings were Electromed (ELMD), Consensus Cloud Solutions, Liquidia, Spok Holdings (SPOK), and Ligand Pharmaceuticals (LGND). At almost 40% of the portfolio, our allocation to pharmaceutical and biotechnology stocks has increased significantly since the beginning of the year.

The Fund received \$73,400 in dividend income during Q3, primarily from Spok Holdings, which yields 7.9%. Our overall dividend yield stands at 0.8%, reflecting our focus on long-term capital growth rather than income generation.

Position Updates*Journey Medical (DERM) – \$175 million market cap*

Journey Medical develops and markets dermatology products. The company recently launched Emrosi for the treatment of rosacea. The rollout continues to be on track, with annualized sales approaching \$30 million in the first six months following its launch. We believe Emrosi could exceed \$100 million in peak sales based on positive physician and patient feedback. The company is positioned for profitability in 2026, supported by a scalable business model. Given ongoing consolidation in the dermatology industry, Journey may also be viewed as an attractive acquisition candidate. Our price target remains \$20 per share.

Ligand Pharmaceuticals (LGND) – \$3.7 billion market cap

Ligand operates a unique business model within the pharmaceutical industry as a royalty aggregator, requiring very little capital to grow because its partners fund product development and commercialization

expenses. We previously owned BioSpecifics and Emisphere, also pharmaceutical royalty companies. They were both acquired during our ownership generating attractive returns for our investors.

Our investment thesis on Ligand centered on the launch of Ohtuvaryre for chronic obstructive pulmonary disease (COPD) and Filspari for nephropathy. We believed both drugs were positioned to drive stronger-than-anticipated results for Ligand over the long run. They have performed exceptionally well so far, with Ohtuvaryre among the strongest pharmaceutical launches in recent years. We expect each drug to reach blockbuster status (\$1 billion-dollar plus) over time.

In December, Ligand will host an analyst day. We anticipate management will raise its long-term financial targets based on the success of Ohtuvaryre and Filspari and maintain our \$250 price target.

In Closing

Thank you to our partners for your continued trust and support. We are grateful for those who added to their accounts this year. We value long-term relationships and the confidence you have placed in us.

Our strategy continues to have ample capacity, and we welcome new investors who appreciate our unique approach. If you know someone who may be interested in learning more, please reach out to Alison Tomlinson at atomlinson@summersvalue.com.

Sincerely,



Andrew Summers, CFA
Managing Partner

Performance Disclosure

¹*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. ⁴June 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.

²**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.

³**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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