Dear Fellow Partners:

In light of the current coronavirus (COVID-19) pandemic, we hope everyone is staying safe and healthy. The Summers Value Fund LP ("the Fund") returned -8.8% net[1] during the first quarter of 2020, outpacing the Russell 2000 Index return of -30.9% and the Russell Micro-cap Index return of -32.6%. In the month of March, the Fund returned -4.7% net[1] relative to the Russell 2000 Small Cap Index return of -21.9% and the Russell Micro-cap Index return of -24.1%. The Fund has returned a cumulative -1.2% net[1] since inception compared to the Russell 2000 Index return of -30.0% and the Russell Micro-cap Index return of -36.3% over the same period.

1Q20 Portfolio Commentary

The COVID-19 outbreak created a challenging backdrop for small and micro-cap stocks in the first quarter of 2020. As the scope of the pandemic became better appreciated by investors in March, the Russell 2000 Small Cap Index and the Russell Micro-cap Index posted their worst monthly declines since October of 2008. We will continue to steer clear of making market prognostications, but we believe the pandemic will have a slowing impact across the economy for at least the remainder of this year and potentially beyond. We have spent the majority of our time in recent weeks thinking through different scenarios as they pertain to our portfolio holdings. Whereas we believe that most of the companies we own are recession-resistant, they will not be completely immune from slowing growth and changing consumer behaviors. With unemployment increasing and consumers paying an ever-growing percentage of healthcare costs in the United States, we have recalibrated our expectations accordingly.

Our value-based orientation has served us well thus far in 2020. We have also benefitted from our exposure to the health care sector, which has historically proven to be defensive in periods of market distress. We would like to take this opportunity to remind our investors of a few critical elements of our strategy that have contributed to our year-to-date outperformance:

- We favor cash generative companies with strong balance sheets.
- We do not employ leverage at the fund level.
- We do not use derivatives or other levered financial instruments.
- We are not at risk of near-term redemptions due to our long-term lock-ups.

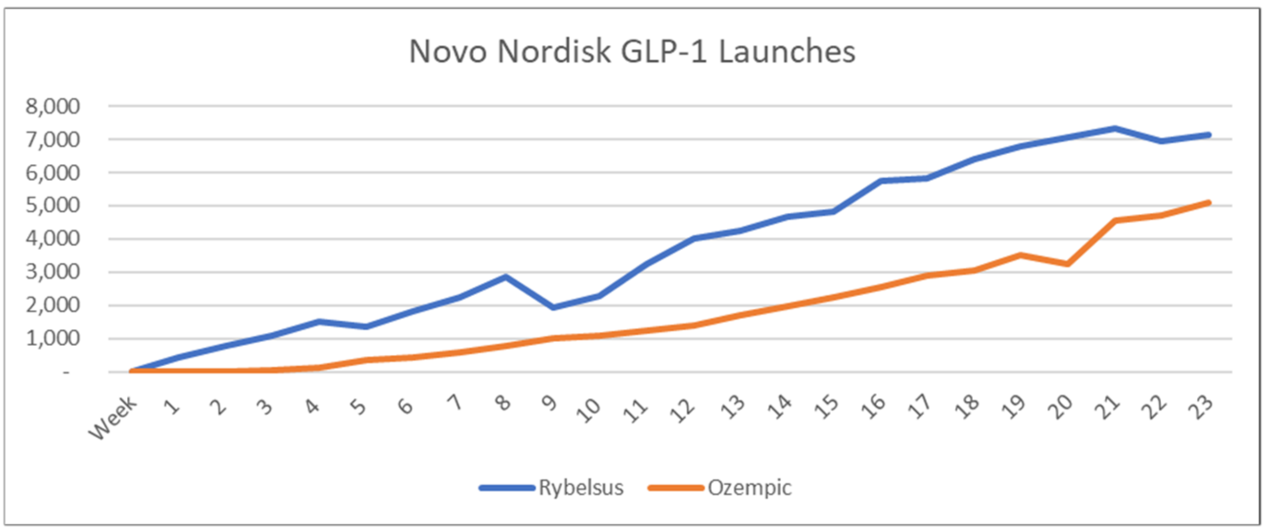
The biggest contributor in the first quarter was Electromed (ELMD), which appreciated by 30% in the period. Electromed reported a strong fiscal 2Q result in January and also announced in March that it was increasing SmartVest manufacturing capacity to meet increased demand from the COVID-19 pandemic. The Fund's biggest detractor in the quarter was Emisphere (EMIS), which declined by 26%. As discussed in greater detail later in this letter, we believe that the launch of Rybelsus continues to progress ahead of plan.

At the end of the quarter, the Fund consisted of 10 long positions against zero short positions having covered our remaining short position in early February. For the quarter, we held little cash and had minimal short exposure. Six of our long positions have been held in the portfolio since our launch, reflecting our long-term outlook. Our international exposure was 14% at the end of the quarter consisting of our positions in Knight Therapeutics (GUD.TO) in Canada and Taro Pharmaceuticals (TARO) in Israel. We added to our Taro position in March when the stock was trading at less than 3x earnings (x-cash).

In the investor update that we provided in mid-March, we discussed how our funnel of investment opportunities was filling up based on market weakness. Companies previously trading at valuations we deemed too expensive for our value-oriented strategy were suddenly trading at far more reasonable valuations. In the week that followed that investor update, we deployed capital into two new investments turning over roughly 10% of the portfolio in the process.

Position Update: *Emisphere Technologies (EMIS)*

We started buying shares of Emisphere in February of 2019 and have added to the position over time. The launch of Rybelsus for the treatment of Type 2 diabetes continues to progress well. As a reminder, Rybelsus is marketed by Novo Nordisk with Emisphere receiving a 2.5% royalty on global sales. As of the first week of April, prescription trends indicated that Rybelsus sales were annualizing at nearly $200 million in their sixth month after its launch. The launch of Rybelsus is trending ahead of its sister drug, Ozempic (injectable), at the same time post-launch as seen in the chart below. Of importance, Ozempic sales are annualizing at $2.6 billion entering its third-year post-launch. Our due diligence with endocrinologists suggests that Rybelsus should become the preferred oral anti-diabetes drug in the market over time given its superior HbA1c-lowering profile (HbA1c is a measure of diabetes control) and weight loss benefits. The drug recently received European Union (EU) approval, which triggered a $15 million milestone payment to Emisphere. The EU launch is expected to occur in the second half of 2020. Rybelsus was also approved in Canada last week with pharmacy stocking to occur in late April. We expect Japanese approval in the near term with a launch occurring in late 2020.



Source: IQVIA TRx data

The basic tenants of our thesis on Emisphere are as follows:

1) The GLP-1 class of drugs should continue to grow at a ~30% annual rate as the body of evidence supporting the use of these drugs continues to grow. The United States alone has 27 million Type 2 diabetic patients. The GLP-1 class has shown the best HbA1c-lowering effects and the best weight-loss benefits in the diabetes market. Several of the drugs in the class, including Ozempic, have shown cardio-protective benefits as well. Rybelsus is currently being evaluated in a large phase 3 trial to determine if it will also show a cardio-protective benefit, which we believe it will.

We are modeling the GLP-1 class of drugs to exceed $20 billion in global sales by 2023. Investing in companies benefitting from secular growth trends is always advantageous.

2) Within the GLP-1 class, Ozempic and Rybelsus have proven to have the best clinical profiles against peers in multiple head-to-head studies. As a result, we expect these drugs to capture the majority of new patient share within the class going forward. Significantly, Rybelsus is the only oral medication in the GLP-1 class as the other drugs all require daily or weekly injections.
3) Rybelsus has the best clinical profile of all the leading oral anti-diabetes drugs, including Januvia and Jardiance. These two drugs generated combined global sales of over $6.5 billion in 2019. Rybelsus proved its superiority to both medications in large-scale, head-to-head trials. As a result, we expect that Rybelsus will capture the majority of share within the oral category over the next five years. We believe that primary care doctors will find Rybelsus particularly attractive given its oral profile. The branded oral drug category generated over $10 billion of global sales in 2019.
4) The combination of attractive GLP-1 market growth, the share gain potential within the GLP-1 class, and the share gain opportunity from the oral drug classes should drive global Rybelsus sales to reach or exceed $10 billion in the next six to seven years. If we are correct, Emisphere will generate revenue of $250 million per year with an extremely attractive margin profile (~90% EBIT margin).

Our due diligence process has consisted of an in-depth analysis of clinical trial data, dozens of physician interviews, a large physician survey (n= 50), payer analysis and a detailed market model. The preponderance of evidence suggests that Rybelsus will be a long-term winner in the anti-diabetes market.

From a corporate perspective, we believe that Emisphere will become a reporting company in the next 12-18 months as Rybelsus sales grow around the world. Moving from a dark company (non-SEC reporting) to an SEC reporting company should increase investor awareness. We also anticipate an up-listing from the over-the-counter exchange to a national exchange in the next 12-18 months, which should make the stock more attractive to institutional investors. We are modeling Emisphere to earn north of 60 cents per share (untaxed) by 2022, which puts the stock at 10x eps for one of the best long-duration growth profiles in the pharmaceutical industry.

In Closing

We would like to welcome our newest limited partner who joined the partnership in the first quarter and also thank the existing investors who added to their accounts. We are incredibly grateful to have 90% of the partnership's capital locked up for five years, which allows us to invest like owners. We continue to 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

APRIL 2020

MONTHLY FUND PERFORMANCE*													ANNUAL		
YEAR	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%										-8.8%	-30.9%	-32.6%
since June 4, 2018											CUMULATIVE		-1.2%	-30.0%	-36.3%
											R-SQUARED		1.00	0.32	0.31

PORTFOLIO CHARACTERISTICS											
# Longs:	10	Long Exposure:	97.2%	Gross Exposure:	97.2%	US Exposure:	83.4%	Largest Long:	28.0%	Top 3:	56.3%
# Shorts	0	Short Exposure:	0.0%	Net Expsoure:	97.2%	Intl Exposure:	13.8%	Largest Short:	0.0%	Top 5:	72.5%

[1]Summers 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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