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February 16, 2021

In June 2015, I wrote a letter to our clients titled, "Returning Home – A Note from Jim Roumell." It was a period of sober reflection, as twelve years of strong relative and absolute performance was replaced by a three-year period (2013 – 2015) of significant portfolio underperformance, driven by style-drift, motivated by a desire to create a more scalable investment firm capable of managing a billion dollars.

The letter, referenced below, articulated two major themes: a return to our historical micro-small cap deep-value investment style, with a private-equity-like approach, applied to the public markets and with me as the *sole* final portfolio decision maker.

In mid-2020, we updated these two themes with an additional one – managing a more concentrated portfolio leveraging our work product. To wit, we articulated moving our portfolio from one with position weightings of 3% to 5% to one with 5% to 7%. In fact, the primary driver behind RAMSX's recent performance is our decision to concentrate high-conviction ideas. Consequently, in mid-2020, we increased several core positions by 100% to 300%.

It's been five years since the "Returning Home" letter, and I'm happy to report that the changes implemented to "return home," and to increase position size, have worked exceptionally well.

The firm could not have accomplished what it has in the past five years without the steady, and extremely hard-working hands, of Craig Lukin (now in his 19th year with RAM), and Tom Gandolfo (now in his 5th year with RAM). While I may be sole ultimate decision-maker, a portfolio manager (PM) must have first-rate analytical research input. Moreover, the team must work well together in order to maximize each individual's strengths. In fact, the numbers reflect Craig and Tom's significant research contributions in both playing offense (buying decisions), and defense (avoiding tempting, but too risky situations). As PM, my job, most succinctly, like an insurance underwriter, is to price risk. I couldn't be better served.

Finally, I want to thank our partner, Lyndhurst, who introduced us to excellent sources of capital – committed, long-term and steady – which has served us very well. Thank you Matt Shaver and Dave Yazdan.

Reflecting on our 3-year time in the "wilderness," in June 2015, I wrote:

> "In the end, the process has only deepened my conviction in pursuing RAM's persistent focus on super cheap, well-capitalized securities. In my opinion, great companies are widely desired by investors and thus rarely on sale. I believe it's very hard to add investment value when dealing with highly liquid markets and/or securities —they're just too efficiently priced. On the other hand, smaller, less-liquid securities can provide an opportunity to add real investment value, albeit with greater volatility, due to the general lack of interest in securities that don't "screen" well.
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> I see RAM as a private equity investor playing in the marketplace of public securities, wherein if our valuation work is good, the public or private market should confirm our analysis within two to three years. There is another issue separate from investment philosophy that is worth highlighting. The fact is, I do not want to share decision-making and I have concluded that I operate best as a sole manager. Recently, I read William N. Thorndike, Jr.'s The Outsiders — Eight Unconventional CEOs and Their Radically Rational Blueprint for Success, and I was struck by two conclusions the author drew after analyzing this exceptional group of leaders. First, they did not delegate capital allocation decisions. Second, as a group, "…their advantage, relative to peers was one of temperament, not intellect." These sentiments reflect what I personally have long felt in my own bones.
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> My results over many years produced handsome returns in the aggregate and I have little doubt those returns are in store going forward.
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> In addition to the recognition that we are deep-value investors to the core, in search of cheap securities, the record also well illustrates that we add the most value investing in micro/small cap securities. As a result, we want to limit our assets under management. I believe we can best accomplish our objective by materially limiting our assets so that the impact from our securities can be widely felt by our investors. Craig and I want a small firm, with modest assets, because it's the one we believe will yield the best results for our investors.
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> In my view, we offer a solid portfolio diversifier to broad market optionality. Full disclosure…patience required.
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> I will return to being the sole portfolio manager, as in years past. There will be one person to hold accountable — me."

Where do we go from here?

We are committed to sourcing well-capitalized, deeply undervalued securities that typically screen poorly wherein the investment edge lies in 1) superior information 2) superior analysis and/or 3) superior temperamental sturdiness, i.e., a willingness to invest against the consensus, anchored in a fundamentally variant view. We remain – generally speaking – uninterested in "great" companies, even if they're decently priced. It's not what we do, and it's not why our clients invest with us. "High uncertainty," Seth Klarman noted, "is frequently accompanied by a low price."

Uncertainty is usually not present in great companies. Our investment returns have been achieved by investing in companies rarely experiencing GAAP earnings or easy-to-see positive underlying dynamics. In fact, for those not inclined to dig beneath the surface, preferring to essentially stop at the reported numbers, the immediate outlooks of our investments often appear to be muddled.

America's motto is, "Give me your tired, your poor, your huddled masses yearning to breathe free." RAM's motto is, "Give me your well-financed out-of-favor, overlooked and misunderstood companies, yearning to be recognized for their assets, IP and future potential."

We will remain cognizant of macro-economic factors. However, we will continue to dedicate our time to bottom-up, fundamental, individual security analysis. Ideally, we don't want to be "market dependent" for our return. My mentor, Marty Whitman, once noted, "The unique advantage of value investing is you don't need the market for a bailout. If you're doing it right, there's going to be a lot of mergers, acquisitions, contests for control and refinancing that pay you."

We have long prided ourselves on having built an enviable network of industry executives and thought leaders, and other like-minded deep-value managers, as we go about our work of sourcing well-capitalized, deeply mispriced securities. In 2020, perhaps as a result of COVID-19, and the additional time spent "working the phones," we added to our network in a material way.

We will – as always – look to better execute our strategy driven by better data, information, reasoning and temperamental steadiness. As we have often said, we are looking to identify companies that we would take private in a *"heartbeat."* We act and think independently – that's at the core of what we do.

Volatility is part of the price typically paid to owning our small/micro-cap securities. Every strategy has its warts. Many strategies, in my opinion, cannot clearly make a case for adding investment value and differentiation, and thus indexing is likely the best way to go. We cannot control Mr. Market's moods as it pertains to our investments, and being overly consumed with his mood, particularly vengeful toward micro-caps on occasion, is a waste of time. We know what we do well, and we will not stray (again) from that simple, but often long to recognize, insight. Charlie Munger said it best, "The single most important thing is to know where you are competent, and where you are not. The human mind tries to make you believe you are smarter than you are."

To be clear, we do not preclude ourselves from buying larger companies, they just rarely offer us an opportunity to add investment value, in our opinion. If the data points are fairly straightforward, if the business is relatively stable, and there are a large number of people pricing the security, what's the chance we're going to add meaningful investment value? One of the great investors who influenced my own thinking, Irving Kahn, noted, "Investing is about finding prospects that grow your capital, not always finding companies that will grow."

The Good Book says, "There is a time for everything," i.e., for planting and for harvesting. There has been a significant amount of recent harvesting, the result of a number of situations working out, such that our cash level today is roughly 45%. Our cash level, at the point of maximum planting in 2020, dropped to the 15% level. We believe we must maintain a 15% to 20% cash level at all times in order to properly manage the fund's liquidity needs (RAMSX offers daily liquidity) given our focus on less liquid areas of the market. However, three 7% positions would get us close to fully invested, given our focus on managing a more concentrated fund.

We will remain opportunistic investors, thus investment decisions will *always* be driven by sourcing compelling individual security candidates, not providing 24/7 market exposure. For us, while we do not sell-short, or use other hedging strategies, we view cash as a strategic tool. To wit, having ample dry powder, at highly opportunistic moments, has served us well, and we believe it will in the future, too.

We have recently initiated three new positions and several more are "on-deck" while we do further work or simply wait for better pricing. We have little doubt that we will secure new ideas and be able to put our capital to work because someone, somewhere, is acting irrationally. We just need to work hard and be patient. As is typical for us, we would expect to re-invest back into previously exited positions that decline to what we view as once again attractive entry points.

This year I turn 60. Can't believe it. Seems like yesterday my brother Steve and I were playing baseball, football or hockey, depending on the season, in the park across the street from 20116 Lyndsey in Detroit, MI. In the summer time, we woke up in the morning and played outside for most of the day. In the winter, the walks home from school could take hours as snowball fights or sneaking onto the back of car bumpers for a ride down a snowy street took place.

At this point, I've made just about every investment mistake in the book: underestimating the stress/outlook of a business, compromising on balance sheet strength, stretching for return, and overestimating the competence and/or integrity of company insiders. Feeling pressure to "get invested" is another one. It is my hope to leverage these experiences, benefiting from greater pattern recognition ability, and the strengthening of my own instincts, to make the decade of my 60s my best. Of course, we will falter, and we will be wrong, in some of our judgments. The past six months' performance has been unusually strong, and it should not be viewed as "normal."

We, along with other investors, were aided – big time – by the role Uncle Sam played in reinflating security prices last year, as a consequence of its massive intervention in the economy, coming both from Federal Reserve bond buying and Congressional policy actions. We're also mindful of the fact that the market "melt-up" may be the result of the deep and widespread faith that monetary and fiscal policy will come to the rescue and cure every economic shock. A friend recently told me of a doctor friend of his who owns stocks on margin because of this person's strong belief that "the government, ultimately, won't let the market fall." He's been right for some time, but how many times can that dynamic play out?

In keeping with the commitment articulated in our 2015 letter, and recognizing that our business has limited scalability due to investment constraints related to micro-cap investing, we have begun to actively discuss restricting new capital into our fund in order to endeavor to maximize the return to our existing shareholders. At this time, no concrete decision has been made. Recently, we fully exited our separately managed account (SMA) business in order to operate more efficiently as a firm and create more research bandwidth in managing RAMSX.

As noted earlier, we have had significant portfolio harvesting recently. As a result, we expect that we will deliver taxable short-term capital gains at the end of this calendar year (note that our fiscal year end is August 31st). Based on what we know today, the short-term distribution will be approximately $2/share (with no long-term capital gain distributions). As a reminder, there were no capital gain distributions last year. Also, of note, as of today, we have no unrealized losses embedded in the portfolio that could shelter the gains. Recent performance has been unprecedented and we believe we prudently took gains on holdings that rapidly reached our estimated valuations. For those looking to make an investment in our fund going forward this year, you should consult with your tax adviser to consider the potential advantages of purchasing our fund in a tax-deferred account.

On another note

Sadly, after President Biden convincingly won the presidential election, a bullhorn was used to baselessly, and incessantly, declare the election a fraud. In fact, "the big lie" was teed up before the actual election took place, declaring the upcoming election "rigged." These efforts fueled a movement that attacked the citadel of our democracy on January 6, 2021. The stunning assault on our democracy should never be forgotten or brushed aside. While the 45th President escaped Senate conviction, history will likely be less forgiving.

Fortunately, corporate America, former cabinet and military officials from both parties, and Americans across the political spectrum stood up and demanded that the election results be honored. AT&T, Comcast, Honeywell, PricewaterhouseCoopers, General Electric, KPMG and Verizon are among companies that have suspended donations to members of Congress who voted against certifying Joe Biden as president. The AFL-CIO and the Chamber of Commerce, long-time political foes, issued a joint statement: "…we are united in our call for the American democratic process to proceed without violence, intimidation or any other tactic that makes us weaker as a nation."

In observing the challenging issues our nation currently faces, I am hopeful that the forces of good will ultimately prevail. Defending our democracy is not just the responsibility of a select few, or just the men and women in uniform (two of whom are my nephews). It's on all of us if we are to ensure that our children, grandchildren and future generations can enjoy the gift of America.

Our Top Holding – GSI Technologies, GSIT

We made our first purchase of GSIT common in September 2016, shortly after the company purchased Israeli software company MikaMonu. The investment thesis rested on a cash-rich company, possessing a market leading position in its legacy, albeit declining, SRAM chip business, with terrific investment optionality on its highly differentiated emerging Associative Processing Unit (APU) AI chip. GSIT was introduced to us by a client who knew the underlying potential of MikaMonu's technology.

While we underestimated the time to bring its Associative Processing Unit (APU) chip to market, the highly patented first-generation Gemini-I chip is now ready for prime time. In our opinion, investors appear to underestimate the value embedded in GSIT's artificial intelligence (AI) intellectual property. We believe the company has made extraordinary strides in developing a genuinely unique AI chip.

AI chips can be broadly broken into two segments: Training and Inference. Investors, thus far, have primarily focused on training, as it comes first in the pecking order of the industry, e.g., NVIDIA. Once something is "trained," that training needs to be implemented, i.e., applied in the real world often requiring the searching of super-large sets of data.

GSI has built the ultimate solution for searching trained databases, the Gemini® APU. Gemini is a memory-centric associative processing unit designed to deliver performance advantages for diverse search applications. Gemini's architecture breaks the Von Neuman model, the foundation of computing since the 1940s. Featuring parallel data processing with two million-bit processors per chip, Gemini performs searches in trained databases more rapidly and efficiently than current solutions. Gemini's massive in-memory processing reduces computation time from minutes to milliseconds, even nanoseconds, and excels in billion item database search applications, like facial recognition, drug discovery, Elasticsearch, and object detection.

Gemini's revolutionary, in-memory processor delivers faster search outcomes, with a scalable architecture that uses dramatically less power. With parallel processing in the memory array, the APU removes other processors' limitations, such as CPU's, often used in search applications today. In-memory computing means that data and responses are no longer required to travel back and forth between the processor and the memory, as in the CPU architecture. All processing happens in the Gemini memory array. Gemini's scalable format, smaller footprint, and significantly lower power consumption make it an ideal solution for edge applications where rapid, accurate responses are critical.

GSIT's APU's sweet spot lies in "*feature matching*" i.e., finding "John" among thousands of faces walking through Heathrow Airport quickly and accurately. Or in drug discovery, in identifying the best match of combination of molecules among a database of billions of molecules. The APU searches the vectorized database for similar features. Unlike CPU-based searches, where the Von Neumann computing model limits speed and scalability, the APU's parallel processing in the memory array removes speed and power consumption limitations to provide faster, more accurate results. With its scalability, Gemini can do more searches simultaneously, which means lower costs and better outcomes for large database search applications.

Below is an interview I did with GSIT at our 2016 Investor Day. Last year, we took our position up materially and it's now roughly 8% of our fund. We currently own about 6% of the company (insiders own 35%). We will likely own our GSIT shares until a future sale, given liquidity constraints.

https://www.roumellasset.com/investor_day_2016.htm

The Israeli equivalent to the United States' Defense Advanced Research Projects Agency (DARPA) is the Ministry of Defense Administration for the Development of Weapons & Technology (MAFAT), which appears to agree with our long-held belief that GSIT's technology is special. MAFAT regularly runs "contests" in order to basically crowdsource best in breed emerging technology companies. **GSIT recently submitted its first entry, and came in 1st place.**

https://ir.gsitechnology.com/news-releases/news-release-details/gsi-technology-takes-home-first-prize-mafat-radar-challenge

In our 2016 write-up, we wrote:

"MikaMonu's cutting-edge, patent-protected, associative computing technology is a new computing model moving from serial data processing (where data is moved back and forth from the processor to the memory) to parallel data processing (where computation and search occur directly in the main processing array)."

MikaMonu's software, combined with GSIT's hardware capabilities, has resulted in the company's new Gemini line of chips.

In one of GSIT's papers, it makes the following claim, "BIOVIA Pipeline Pilot requires 10 minutes to perform a search on a 38 million molecule database, each record of 512 bits. The APU can perform the same search in fractions of a second." We understand that the company is in discussions with BIOVIA, a leading pharmaceutical software development platform company.

BIOVIA is a software company headquartered in the United States, with representation in Europe and Asia. It provides software for chemical, materials and bioscience research for the pharmaceutical, biotechnology, consumer packaged goods, aerospace, energy and chemical industries.

In fact, GSIT's collaboration with Israel's Weizmann Institute of Science, is growing. As of 2019, 6 Nobel laureates and 3 Turing Award winners have been associated with the Institute. In August, the company announced the Institute's use of its Gemini-1 APU in its efforts in Coronavirus research. https://www.globenewswire.com/news-release/2020/08/06/2073971/0/en/Weizmann-Institute-Using-GSI-Technology-s-Gemini-I-APU-to-Accelerate-Search-for-Coronavirus-Treatments.html

The company's Weizmann collaboration dates back to 2018. https://www.globenewswire.com/news-release/2018/10/04/1604799/0/en/GSI-Technology-and-Weizmann-Institute-of-Science-Announce-Collaboration-on-Cheminformatics-Research.html

In April 2020, the company published Gemini-I performance results of query-by-query similarity search on datasets up to one billion items. This was the first published record of 1 millisecond latency with over 92% accuracy on a billion-item dataset. Further, the company noted, "Gemini-I provides superior total cost of ownership results with the smallest system footprint and lowest power usage."

What's GSIT's Gemini chip platform worth? We don't know exactly, but we're confident it's significantly greater than what is implied in today's enterprise value. GSIT is not a quick revenue growth story. We do not expect any meaningful Gemini revenue in 2021; rather, we expect more announcements highlighting expanded use cases and confirmation of the company's unique IP. Two recent pre-revenue AI chip acquisitions underscore our belief: Intel purchased Nervana Systems for $400 million in 2016 and last year purchased Israeli Habana Labs for $2 billion (Crunchbase data reported Habana having an estimated $2 million in revenue). GSIT has previously indicated that it believes its technology is superior to Nervana's IP. https://www.crn.com/what-intel-s-habana-labs-deal-could-mean-for-its-nervana-ai-chips

Karl Ackerman, Cowen's highly regarded semiconductor analyst, recently wrote, "We view companies with compute-capable memory as well-positioned to capture market share for the Edge devices that require extremely power-efficient performance." Of course, GSIT is likely much too small for Mr. Ackerman to cover. In fact, GSIT is (lightly) followed by one sell-side firm. Simply put, it's small, not particularly liquid, and doesn't need capital.

We believe GSIT is ultimately an acquisition target as larger chip makers, with marketing heft and resources, look to acquire chip technologies to enter the AI inference space or strengthen their position in this growing market segment. An acquiror would also get access to GSIT's 103 patents.

In our opinion, what makes GSIT an exceptional investment candidate is its price vs. value proposition. With 23.8 million shares outstanding, the company's market cap is about $190 million, based on an $8/share market price. GSIT has $62 million in cash, resulting in an enterprise value of roughly $128 million. GSIT has financed its Gemini R&D spend solely out of operations and has remained free cash flow positive for the past several years, a stunning accomplishment for a small tech company (Covid did negatively impact GSIT in 2020 and the company burned cash for the first time in several years).

GSIT has an asset that will likely be appreciated by an acquirer not needing the company's office space. In 2010, the company purchased its headquarters We estimate the company's building is worth roughly $13 million ($300/sq ft).

> *"Our executive offices, our principal administration, marketing and sales operations and a portion of our research and development operations are located in a 44,277 square foot facility in Sunnyvale, California, which we purchased in fiscal 2010."*

Further, at GSIT's current share price, outstanding options (something we always weigh, particularly in Silicon Valley tech companies) are not dilutive in any meaningful way. As of September 30, 2020, there were 8.5 million options outstanding. These options were granted at various exercise prices ranging from $4.06 to $9.20. The weighted average exercise price for all outstanding options at September 30, 2020 was $6.17.

Given the current price of $8.00, the option dilution is modest. If all options were exercised today at current market of $8.00, the dilution would only approximate 1.5 million shares (6.3%). Dilution increases as share price increases. For example, if they were all exercised when market price was $10, the dilution would approximate 3.3 million shares (13.9%).

Lastly, GSIT does own and operate its legacy SRAM business (highly concentrated customer base), but has indicated this business unit's decline is anticipated to be offset by its emerging Radiation Hardened and Radiation Tolerant chips and should ultimately be looked at as a flat to slightly growing business, but with better than historical margins. These chips' end markets are aerospace and defense and the company's most recent presentation indicates an ASP of $30K with 85% gross margins. We value the company's legacy business at roughly $50 to $75 million; FY '20 revenue $43 million; FY '19 revenue $51 million; FY '18 revenue $43 million. FY 2021 revenue will be down primarily driven by DoD's delay in certifying aspects of the company's new RAD Hard and RAD Tolerant chips.

Market Capitalization	$190 million
Net Cash	$ 62 million
HQ	$ 13 million
Legacy SRAM	$ 62 million
Implied Gemini Value	$ 53 million

We've now known GSIT for several years and have gotten to know, and deeply trust, its management team, led by CEO and Chairman Lee-Lean Shu, CFO Doug Schirle and VP of Sales Didier Lasserre. This is a highly competent, trustworthy team; not surprisingly, GSIT experiences very low turnover. Insiders own 35% of the company's shares. Recently, I asked Doug and Didier, as fellow shareholders, if they would be supportive of a $400 million ($17/share) offer, similar to the one Nervana received from Intel; speaking only for themselves, each said, "no."

We believe investors are paying next to nothing to access an exciting AI chip platform with Gemini-1 simply being the opening inning in an industry with real tailwinds. To wit, Allied Market Research estimates that the global AI chip market will grow at a 45% CAGR over the next several years reaching $91 billion in 2025 compared to $6.6 billion in 2018. The company's balance sheet, and legacy, and retooled, SRAM business, provide real downside protection in our opinion.

Thank you for your continued trust and confidence.

Kind Regards,

Jim Roumell

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