IRONVINE CAPITAL PARTNERS, LLC

CORE EQUITY

Fellow Investors-

For the first quarter of 2021, the Ironvine Core Equity composite increased 3.9%. Since inception, Core Equity's annual rate of return stands at 18.3% which equates to a cumulative return of approximately 142%. These figures, along with the data in the following table, are presented on a total return basis and shown net of all fees and expenses.

		Annualized Returns as of 03/31/21			Cumulative
	1 Year	3 Year	5 Year	Inception 01/01/16	Inception 01/01/16
Ironvine Core Equity (net)	63.68%	21.26%	18.67%	18.31%	141.77%
S&P 500	56.35%	16.78%	16.29%	15.76%	115.58%

Note: Ironvine Capital Partners performance data is presented net of all fees and expenses
Please refer to the Important Disclaimers at the end of this document

Long-term interest rates returned to pre-pandemic levels during the quarter, reflecting ongoing healing in the U.S. economy and expectations of higher inflation ahead. The valuation framework underlying each of the 30 businesses we own contemplates a wide range of operating and macroeconomic environments. Our "base" cases, which reflect the individual company scenarios we believe are most likely to take place, have envisioned some combination of higher interest rates and more measured market sentiment driving valuation multiples lower in the years ahead. To be clear, we don't know that this *will* in fact take place, or when. However, in the event it does, we believe healthy per share growth across our portfolio companies provides an offset and the opportunity for high single digit rates of return from today's prices. That may not sound exciting in absolute terms, but the rising rate scenario is unlikely to treat fixed income and its various proxies nearly as kind. If long-term interest rates were to instead remain closer to present levels, we would expect investor returns to more closely resemble underlying free cash flow growth. And on that score, we like what the future appears to hold for our businesses.

During last quarter's letter, we highlighted pockets of public market pricing that had us scratching our heads. Fast forward three months, and the fear of missing out on rising asset prices continues to stiff arm risk aversion in many of those same—and perhaps a few new—areas. Ironvine's investment philosophy and process, which we've outlined in past writings and cover in detail on our website[1], steer us clear of speculative excess. As such, we remain unconcerned about any *lasting* impact on Ironvine portfolios when the greed/fear pendulum in these corners inevitably swings the other direction. Having invested through three significant market downturns (2001-02, 2008-09, 2020) and the profitable multi-year periods that emerged from each, we construct our Core and Concentrated Equity strategies expecting to encounter all kinds of stock market weather. While collective expectations appear to be somewhat ahead of fundamental reality at present, we have found this market state to be more the norm than the exception. Our eyes remain

[1] Ironvine website: www.ironvinecapital.com

firmly fixed on the long term, and we see an acceleration of fruitful reinvestment activity taking place within many of our companies that should widen their respective competitive leads as we move forward.

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A business' ability to reinvest significant sums of capital at attractive rates of return is one of the primary characteristics we seek when making an investment. We often refer to these opportunities as a company's "reinvestment runway." Ideally, these additional investments take place within a business' core strengths, where advantages are established, protected, or enhanced by fresh streams of capital. In other instances, reinvestment takes place in adjacencies that leverage and strengthen a company's core while simultaneously opening new opportunities for growth. Both of these paths fall under the category of "organic" reinvestment—that is, opportunities native to a given business. A potential third avenue for reinvestment is the outright purchase of existing assets or companies via merger or acquisition. Often referred to as "inorganic" growth, this avenue typically (though not always) involves a "control premium" paid to the owner(s) in recognition of foregone future cash flows. All three forms present viable means of creating growing and lasting value for owners, though <u>in</u>organic reinvestment introduces nuances that require additional consideration.

Why do we spend significant time assessing a business' reinvestment opportunities? The short answer is that knowing how much capital can be deployed, and at what rates, provides a means of framing the rate at which our capital is likely to compound in the future. For those planning to hold a stock for only a short period of time, understanding a company's reinvestment runway matters only conceptually. The market's *perception* of future opportunities instead drives the outcome. For Ironvine investors and others with a longer-term horizon, reinvestment runways hold the key to durable growth and play a central role in determining the prices from which owners of a minority business stake can earn healthy future returns.

A tangible example of reinvestment at work within one of our portfolio companies might be the easiest way to illustrate. John Huber of Saber Capital introduced a straightforward framework we found useful in a letter he authored in 2016. We apply it here as a means of unpacking the thinking behind our decision to purchase Catalent (CTLT) two years ago. As a quick refresher, Catalent provides outsourced development and manufacturing services to biopharmaceutical and consumer companies across the globe. At the time of purchase, there were many businesses both within and outside the healthcare industry available at less demanding headline valuations. Intuitively, cheaper is better, right? When comparing like-for-like companies, this is undeniably true. But in reality, no two businesses are identical. Each comes with its own set of risks and opportunities. As investors, our primary job is to differentiate between—and choose wisely among—numerous potential opportunities. For the sake of comparison let's look at a classic "value investment," Company A. In the spring of 2019, Company A traded at a significant discount to the broader market (~9x earnings vs. ~17x for the S&P 500), produced lots of free cash flow, paid a healthy dividend, and sentiment appeared to have nowhere to go but up (i.e. one could express a contrarian opinion that the business was in the early stages of reinventing itself under new leadership). It represented a nice contrast to a business with the opportunity to reinvest heavily in its core at high returns.

Before delving into the details in the table at the top of the following page, let's start with the punch line: **over the long-term, a business that reinvests meaningful sums of capital at attractive rates of return will produce a superior outcome than one that cannot, even from higher initial price points.** At the time of purchase in April 2019, Catalent traded at a ~175% premium to Company A (25x earnings vs. 9x), as well as a 47% premium to the broader market (25x earnings vs. 17x). Indeed, one had to dig a few layers deeper to understand why Catalent *might* prove to be the better long-term investment despite the higher price tag. Following the company's purchases of Cook Pharmica (2017) and Paragon Biosciences (2019), we identified what we believed to be a significant opportunity to serve the rapidly growing biologic and gene and cell therapy industries as they matured and scaled. Our thesis at the time was that Catalent is well-positioned to invest $5 to $10 billion at unusually attractive and durable rates of return over the next decade. A snapshot of the two competing opportunities appeared as follows:

April 2019	Catalent	Company A
All figures in $mm except where otherwise noted		
Cash Earnings Power	254	5,500
Market Capitalization	6,385	50,000
Implied Multiple of Earnings Power	25x	9x
% of Cash Earnings Reinvestable	65-75%	10-20%
Return on Reinvestment	20-25%	10-15%
Cumulative Dividends over 10 years	3,682	41,366
Earnings Power in 10 Years*	1,841	4,960
Illustrative Year 10 Multiple	18x	11x
Implied Year 10 Market Capitalization	33,136	54,556
Internal Rate of Return (IRR)	19%	10%
Multiple of Money (MoM)	5.8x	1.9x

** Company A elected to sell a piece of its business during '20, which lowered earnings -- estimated after-tax proceeds are included in Cumulative Dividends*

The black framed box outlining our assessment of the reinvestment opportunity and potential rates of return represents the key difference between Catalent and Company A. Presuming we are directionally correct with each of those ranges, we then assume non-reinvested earnings are paid out to owners each year over the ensuing ten years resulting in "cumulative dividends" of ~$3.7 billion and ~$42 billion, respectively. It remains possible Company A deploys more capital than we have imagined (its reinvestment rate is instead 30-40%), and perhaps at higher returns (though we're doubtful, especially at higher percentages of reinvestment). The reverse is also a possibility for Catalent (lower reinvestment at lower returns). Regardless, the lesson is what we're after here. **Even assuming investors value Catalent's future earnings at a lower rate (18x vs. 25x at purchase) and Company A's with a modestly higher degree of respect (11x vs. 9x), basic arithmetic demonstrates ten years of fruitful reinvestment produces the superior outcome.**

A few additional thoughts are worthy of mention:

- Catalent is but two years into the hypothetical ten-year period outlined above. Nothing in business is certain, and we thus urge readers not to assume Catalent is somehow exempt from the rigors of markets and competition. Management must execute and progress must continue in proving out numerous delivery modalities before the above outcome would approach reality.

- We own numerous other businesses across Ironvine's two equity strategies with excellent reinvestment runways. Catalent is one company on a longer list that includes Microsoft, Thermo Fisher, CoStar Group, HEICO, and Dollar General, among others.

- Businesses further along in the harvesting phases of their lifecycles can likewise prove worthy investments, particularly if ongoing organic growth requires minimal investment and they are led by astute capital allocators. Ironvine holdings Lowe's, Apple, Moody's, and new addition Aon indeed fit this profile. For those interested in a thorough discussion of Aon's investment merits, we would encourage you to read the first quarter Concentrated Equity letter on Ironvine's website.

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A snapshot of Core Equity's largest positions at quarter end, as well as a summary of the key contributors and detractors over the past twelve months is provided below. Your individual account weightings may differ slightly from the table depending upon the timing of cash flows, the size of your account, and/or rounding.

Top 10 Holdings as of 3/31/2021	
Company	**Allocation**
MICROSOFT CORP.	5.5%
CATALENT INC.	4.8%
THERMO FISHER SCIENTIFIC INC.	4.4%
LOWE'S COMPANIES INC	4.1%
WALT DISNEY CORP.	3.9%
HEICO CORP. CLASS A	3.8%
LABORATORY CORP. OF AMERICA	3.8%
LIBERTY BROADBAND CORP.	3.8%
ALPHABET INC.	3.7%
BERKSHIRE HATHAWAY INC. CL B	3.6%
Top 10 as % of Assets	**41.5%**

Company	Average Weight	Portfolio Contribution
Top Contributors -12 months ended 3/31/2021		
LOWE'S COMPANIES INC	5.1%	5.5%
CATALENT INC.	4.7%	4.6%
APPLE INC.	3.5%	4.6%
LAB. CORP. OF AMERICA	3.9%	4.0%
MICROSOFT CORP.	5.7%	3.5%
Top Detractors -12 months ended 3/31/2021		
RAYTHEON TECNOLOGIES	0.1%	0.0%
OTIS WORLDWIDE CORP.	0.0%	0.0%

The twelve-month performance period outlined above captures the post-pandemic year almost exactly as U.S. stock market indices bottomed on March 23, 2020. Portfolio strength during this period extended well beyond our top five contributors, as 12 additional businesses provided in excess of 200 basis points of gross performance each. Encouragingly, that list included a handful of newer investments seeded over the past 24 months—PayPal, Danaher, Thermo Fisher, HEICO, and Analog Devices. During the quarter, we closed Core Equity's position in US Bancorp to fund our purchase of Aon plc, and we initiated a starter position in a new mid-cap information services business we plan to outline in more detail in a future letter.

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In closing, we're pleased to announce that Ironvine hired Paul Penke as Head of Operations and Client Portfolio Manager in March. As a longtime friend and follower of the firm, Paul brings over a dozen years of actuarial consulting experience to Ironvine. In the near term, Paul's efforts will be focused on day-to-day operations, allowing us to direct our time toward incremental research and strategy. In time, Paul will own portions of our client communication efforts, and we believe he has the skillset and demeanor to potentially grow into additional roles. Given his background analyzing large data sets, garnering insights, and presenting solutions to business owners and executives, we're confident Paul will be a valuable resource to clients.

Paul has been a student of investing for nearly two decades and is cut from the same philosophical cloth as each of us. In fact, Paul has already invested the majority of his net worth in Ironvine's strategies. Since inception, one of the hallmarks (and differentiators) of Ironvine has been our commitment to invest the overwhelming majority of our respective net worth directly alongside clients. We are fortunate to have found a high caliber colleague who chose to join us in Ironvine's primary pursuit: a decades-long effort to compound capital at attractive rates via ownership in a collection of outstanding businesses.

We look forward to introducing Paul to many of you in the coming months!

The Ironvine Investment Team

April 28th, 2021

Important Disclaimers

We recently updated our Form ADV and Customer Relationship Statement. There were no material changes to these documents, but if you would like to review a copy of them, please visit our website at https://ironvinecapital.com or contact us at 402-715-5224.

Reported performance figures represent an average, or composite, of our progress. Individual returns will vary based on the timing of your investment with us, fee differentials, or other account-specific circumstances. Client reporting, including positioning and performance, is sent under separate cover.

Past performance is not a guarantee or a reliable indicator of future results. All investments contain risk and may lose value. This material contains the current opinions of the authors such opinions are subject to change without notice. This material is distributed for informational purposes only. Forecasts, estimates, and certain information contained herein are based upon proprietary research and should not be considered as investment advice or a recommendation of any particular security, strategy or investment product. Information contained herein has been obtained from sources believed to be reliable, but not guaranteed. Core Equity portfolio holdings mentioned, including the Top Ten Holdings, are subject to change and are not recommendations to buy or sell any security.

Ironvine Capital Partners, LLC ("Ironvine") is an independent registered investment adviser registered with the United States Securities and Exchange Commission. The firm definition includes all assets that are managed by Ironvine.

The Ironvine Core Equity Composite *includes all accounts over which Ironvine deems to have discretion and that follow the composite strategy. Ironvine Core Equity seeks to earn above average long-term returns by investing primarily in portfolio of common equity securities with a particular focus on companies that have the ability to generate high and sustainable returns on invested capital.*

The Ironvine Core Equity Composite was created on 12/29/2017, with an inception date of January 1, 2016. The strategy does not seek to directly track or compare itself to any particular equity benchmark, but the composite is compared against the total return of the S&P 500. The benchmark includes 500 stocks representing all major industries of the economy. Ironvine Core Equity employs a total return strategy and the S&P 500 is provided as it is the most widely recognized alternative to any actively managed mandate amongst global investors. Past performance is not indicative of future results. All results are calculated in US Dollars and include reinvestment of dividends and other earnings.

Ironvine claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® standards. Ironvine has been independently verified for the periods 12/1/13– 12/31/20. A firm that claims compliance with the GIPS® standards must establish policies and procedures for complying with all the applicable requirements of the GIPS® standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS® standards and have been implemented on a firm-wide basis. The Ironvine Core Equity Composite has had a performance examination for the periods 1/1/17– 12/31/20. The verification and performance examination reports are available upon request.

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Performance presented prior January 1, 2017 occurred while the Portfolio Manager, Richard L. Jarvis, was affiliated with a prior firm. Mr. Jarvis was the only individual responsible for selecting the securities to buy and sell at the predecessor firm and was a primary decision maker in that capacity at Ironvine until his retirement on 12/31/20. This performance record was incorporated into the Ironvine Core Equity Composite in compliance with the portability requirements of the GIPS standards. A copy of the Portability report is available upon request.

Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. To be included in the composite an account must have a minimum value of $25,000 at the beginning of a month. The U.S. Dollar is the currency used to express performance. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. Returns are presented net of management fees and commissions and include the reinvestment of all income. Net of fee and commission performance was calculated using actual management fees and commissions. The investment management fee schedule for the composite is tiered, at 1.0% for relationships less than $10 million, 0.90% for relationships between $10 million - $25 million, 0.80% for relationships between $25 million - $50 million, 0.70% for relationships between $50 million - $100 million, and 0.60% for relationships above $100 million (each tier indicated as an annual percentage charged quarterly). Actual investment advisory fees incurred by clients may vary. The collection of fees produces a compounding effect on the total return net of fees. For example, a portfolio that earned 8% annually for ten years would result in a cumulative return of 115.9% before investment management fees and 96.7% net of such fees, assuming a 1.0% fee per year. The annual dispersion calculation shown above reflects the asset weighted standard deviation of returns around the asset weighted mean return.

The firm's list of composite descriptions is available upon request. Effective 1/1/2017 Ironvine merged with Saddle Road Partners, LLC.. The surviving entity is Ironvine Capital Partners, LLC.

For more information about any of the above contact Ryan Mendlik at 402.715.5224 or rmendlik@ironvinecapital.com. No part of this article may be reproduced in any form, or referred to in any other publication, without express written permission.