IRONVINE
CAPITAL PARTNERS, LLC

CONCENTRATED EQUITY

Investors & Friends of Ironvine-

Ironvine's Concentrated Equity portfolios grew 13.1% in the second quarter of 2021, bringing our year-to-date returns to 18.9%. From its inception over nine years ago, the strategy has compounded at an average annual rate of 14.2%, which equates to an absolute return of 241%. These figures, along with the data in the following table, are presented on a total return basis inclusive of dividend and interest income and shown net of all fees and expenses.

			Annualized Returns as of 06/30/21			Cumulative
	YTD 06/30/21	1 Year	3 Year	5 Year	Inception 04/01/12	Inception 04/01/12
Ironvine Concentrated (net)	18.95%	45.05%	21.59%	20.24%	14.20%	241.53%
S&P 500	15.25%	40.79%	18.67%	17.65%	15.12%	267.91%

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

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It's been roughly five years since we began articulating an intensifying focus on business durability in our communications with you. In our 2017 yearend letter, we discussed in detail what this focus looks like from a process perspective, and we've revisited the topic on numerous occasions since then. Concepts like competitive advantage, scale economies, switching costs, and capital efficiency have taken center stage in our writing over the past several years. As has our pursuit of acyclicality through businesses that sell essential, mission critical products and services. The idea of long-duration growth—earned at the crossroads of structural trends, strategic positioning, and hustle—and the non-linear value it can create for patient owners has also been an important and well-visited subject in these letters. We've observed that illustrating investments vis-à-vis our process can be helpful in visualizing how a business works its way from an idea at our desks to a position in our portfolios. We also find the discipline of writing to be productive in that it keeps our minds fixated on what it is we're trying to accomplish and how—the essence of which is to grow our collective capital at an attractive rate of return by investing in dominant, growing, and well-run businesses with vast financial resources at their disposal.

So how are we doing? What has this "quest to quality" yielded over the past five years? Well, with an adherence to these guardrails, a lot of hard work, and some good fortune, we've made progress in assembling a portfolio of franchises that we believe leaves us in excellent stead. The table below compares the businesses that comprised the top 90% of investments we held on 6/30/16 to those we owned at quarter end. Today, we own a more competitively entrenched, more capital efficient, and faster growing collection of businesses than we did five years ago. For instance, on a weighted average basis, we estimate today's group earns 26% on each dollar of invested capital compared to 14% in 2016. The portfolio is also on stronger financial footing today (aggregate leverage of just 1.0x net debt/EBITDA vs. 2.5x), which should allow it to better withstand—and potentially even benefit from—the vagaries of economic cycles.[1]

Composition of top 90% of Assets

6/30/2016			6/30/2021		
Business	Ticker	% of Assets	Business	Ticker	% of Assets
Liberty Broadband	LBRDK	15%	Microsoft	MSFT	11%
JPMorgan Chase	JPM	13%	Liberty Broadband	LBRDK	10%
Berkshire Hathaway	BRK.B	10%	Alphabet (Google)	GOOG	9%
Microsoft	MSFT	9%	Facebook	FB	7%
Liberty Global	LBTYK	8%	JPMorgan Chase	JPM	7%
Cimpress	CMPR	8%	Berkshire Hathaway	BRK.B	6%
Calpine	CPN	7%	Visa	V	6%
Allergan	AGN	6%	Moody's	MCO	6%
Moody's	MCO	6%	S&P Global	SPGI	5%
Live Nation	LYV	5%	Adobe	ADBE	4%
Liberty SiriusXM	LSXMK	5%	Thermo Fisher Scientific	TMO	4%
			Comcast	CMCSA	4%
			Dollar Tree	DLTR	4%
			HEICO	HEI	3%
			Aon	AON	3%

Of course, we can't be certain that each of these businesses will remain dominant into perpetuity. Competition is fierce, management teams change, and technological advances continue to unlock new products and services that change the way society functions. The only thing about the future we can predict with certainty is that it will produce its fair share of surprises. With that said, the strength of this particular group of businesses leaves us more confident heading into the competitive warfare ahead than at any point in our firm's nearly 10-year history. Stay tuned.

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One of the more recent steps we've taken to improve the aggregate economics of our portfolio can be illustrated by describing our investment in Thermo Fisher Scientific (TMO), which we believe is among the most durable and well-run businesses in the healthcare value chain. Thermo Fisher exists to serve the everyday needs of research companies of all stripes with instruments, chemicals, lab supplies and value-added services (contract manufacturing, supply chain management, clinical trial solutions). One can think of Thermo as providing the modern day "picks and shovels" to those "mining" for breakthrough ideas in medicine, technology, material science, environmental stewardship, and beyond.

Researchers, scientists, engineers, and laboratory personnel often work in highly regulated and/or precision-focused environments. The need for consistency in process creates high switching costs[2] for these teams, which serve as barriers to entry for competitors. As well, the iterative nature of research leads to gradual innovation cycles for most of the instruments TMO designs and places. And measuring, analyzing, and producing samples often includes the repeated consumption of chemicals, proprietary cartridges, supplies

[1] You may also notice that we hold more investments today, which is a shift we made to lessen business-specific risk on the margin while maintaining the benefits of concentration

[2] Switching costs, and the protection they afford a business from losing market share to a competitor, is one of the more potent sources of competitive positioning—judging the strength of which is an important component of our process in deriving a business's durability

and diagnostic services. This razor/razorblade-like combination produces an attractive base of recurring revenue[3] that represents approximately three-quarters of Thermo Fisher's sales.

Global spending by private enterprise, governments and academia on research and development has grown consistently over the past several decades. The COVID-19 pandemic has further increased industry activity, bolstered the financial positions of many private sector participants, and created global awareness of the value of preparedness for future infectious disease events. Before the pandemic, Thermo believed its addressable market was growing 3% to 5% annually, thanks in part to the increasing application of its technologies beyond medicine in the industrial, technology, and environmental settings. While time will tell whether longer-term industry growth has indeed inflected upward, many of Thermo Fisher's customers have come to view the company as a trusted advisor, in addition to supplier. This expanded role together with a consistently fresh product line-up, unrivaled product breadth, and global commercial reach has allowed Thermo to consistently win a greater share[4] of its customers' wallets each year.

In his eleven-year tenure as CEO, Marc Casper has proven to be an outstanding steward of Thermo Fisher's brands, commercial resources, and capital. Under his leadership, TMO has consistently widened the company's competitive lead by deepening customer intimacy, giving the team a valuable pulse on where industry resources are heading and the opportunity to meet customer needs as (or even before) they arise. When management identifies a gap in its product set or the opportunity to add value by entering an adjacent market, it moves quickly to build solutions in house (new viral transport media plant in Kansas or cell therapy manufacturing site in San Francisco) or acquire the capability (Brammer Bio for gene therapy, Mesa Biotech for point-of-care molecular diagnostics). Thermo has been an astute buyer and is now bringing its M&A playbook to bear on contract research organization PPD in a deal valued at ~$21 billion. The company already plays a key role in scientific discovery and the development and manufacturing of medicines through its Patheon subsidiary. PPD bridges these existing capabilities by positioning Thermo to help biopharmaceutical and medical device customers more efficiently assess safety, efficacy, and health outcomes through outsourced clinical trial management.

We've written about the importance—and scarcity—of long-term mindsets on the part of public company managers.[5] Wall Street's appetite for visibility, especially in the near-term, often leads boards and management teams to suboptimal decisions in the name of placating this desire. Actions like those demonstrated by Mr. Casper below are indicative of a team that understands the risk inherent in a mindset / culture overly beholden to near-term projections.

"It's interesting…a couple of investors asked me super specific questions like 'commit to something in 2022.' And I said…you don't want me to commit to something in 2022. What you want me to do is manage the company super well to create short and long-term shareholder value. If I commit to something, I just eliminate the degree[s] of freedom to be able to achieve that [outcome]…what I can say is that we're taking the actions to make our base business grow faster…we're taking the actions to strengthen our strategic position."

Leaving aside the sizable financial benefits of Thermo's role in global testing efforts during the pandemic, we believe the company is poised to grow revenue organically in the mid- to high-single digits going

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[3] High levels of recurring revenue that is subscription-like in nature is a telltale sign of a non-cyclical business, and another one of the six key attributes we assess in arriving at a company's durability

[4] The ability to grow profitably and predictability by taking market share (piece of the pie is growing) within a growing end market (the pie itself is growing) is a third component of our process in assessing business quality

[5] The stewardship of a company's resources—human and financial—its customers, suppliers, and other external stakeholders is a another of the six components of our process we use to judge the strength of a business

forward. The company's Practical Process Improvement (PPI) business system, disciplined and effective acquisition program, and thoughtful approach to share repurchase leave Thermo Fisher well-positioned to grow per-share free cash flow at double-digit rates well into the future. We are excited to watch and learn from this dynamic company in the years that follow.

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We are optimists. Human ingenuity is bound to result in society making progress. It will be lumpy at times, but progress will endure nonetheless. Armed with property rights, a good legal structure, and packed full of entrepreneurial animal spirits, an equity stake in American industry is going to be a productive investment over any extended period of time. If one can establish a method of uncovering the more advantaged businesses in that bunch—a choice few that are dominant and will grow over a significant duration because the products and services they sell create surplus value for society—what started out as a productive investment will likely grow into something better. That has been our experience and we expect it will continue to be so. It won't be linear. We *will* see bouts of economic retrenchment, market panics, and so on. But over time, an investment program that hitches itself to good businesses and management teams adept at making their own luck should steadily compound value through all types of economic weather. Our hunch is that we've built such a program. We'll keep fine tuning it, iterating, and evolving as we find new businesses, learn new things, and incorporate new tools in the spirit of doing a better job, and we look forward to updating you on the progress we make on each of these fronts in the quarters and years ahead.

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Thank you for your continued support.

The Ironvine Investment Team

August 4th, 2021

Important Disclaimers

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.

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 Concentrated Equity Composite *includes all accounts over which Ironvine deems to have discretion and that follow the composite strategy. Ironvine Concentrated Equity seeks to earn above average returns by investing primarily in a concentrated portfolio of global issuers in all facets of capital structures, including and not limited to common and preferred stocks, debt instruments, convertibles etc.*

The Ironvine Concentrated Equity Composite was created on December 1, 2013, with an inception date of April 1, 2012. 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 Concentrated 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 Capital Partners ("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 Concentrated Equity Composite has had a performance examination for the periods 12/1/13– 12/31/20. The verification and performance examination reports are available upon request.

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Performance presented prior December 1, 2013 occurred while the Portfolio Management Team was affiliated with a prior firm and the Portfolio Management Team members were the only individual(s) responsible for selecting the securities to buy and sell. A review of the performance record for compliance with the portability requirements of the GIPS standards was completed by an independent accounting firm. The verification and performance examination report are available upon request.

Prior to October 2017 the composite was named "The Ironvine Composite."

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 1.00% 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 (Saddle Road). The surviving entity is Ironvine Capital Partners, LLC.