IRONVINE
CAPITAL PARTNERS, LLC

CORE EQUITY

Investors & Friends of Ironvine-

For the second quarter of 2021, the Ironvine Core Equity composite increased 8.8%. Since inception, Core Equity's annual rate of return stands at 19.3% which equates to a cumulative return of approximately 163%. 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 06/30/2021	1 Year	3 Year	5 Year	Inception 01/01/16	Inception 01/01/16
Ironvine Core Equity (net)	13.19%	41.88%	23.88%	20.25%	19.25%	163.39%
S&P 500	15.25%	40.79%	18.67%	17.65%	16.72%	134.01%

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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We can imagine regular consumers of the business press are reaching (or have passed) a point of fatigue with inflation-related commentary and prognostication. Trust us, we get it. But the fact is, widespread and persistent inflation—or at least the prospect of it—has not been a reality for the better part of two-plus decades in most of the western world. We will leave the debate about how long North America may see it, how high it will reach, and just how much is healthy to the academics. What matters to all of us is how Ironvine portfolios will fare should the relatively benign environment we've experienced throughout our firm's nearly 10-year history change.

The underlying pillars of our investment philosophy are designed to allow for the continued growth of capital against a wide range of economic backdrops. Our preference for oligopoly market structures, asset-light business models (those that require few tangible assets to operate and grow), and companies with a demonstrated ability to protect and expand margins is particularly well-suited to navigating inflationary environments. Differentiated and scaled offerings where there is limited and rational competition provide a greater degree of latitude in navigating cost pressure. Ironvine holdings Microsoft, Alphabet and Aon serve as textbook examples. Not needing to pour significant money back into a business to keep the lights on or add the next new product or service is also an advantage when the costs of doing so are rising. Danaher, PayPal, and CoStar Group, among other Core Equity businesses, fit this bill. Companies that create increasing value for customers are generally able to capture a portion of that growing value on behalf of owners in the form of higher prices. Starbucks and Charter Communications (which we own indirectly via a stake in Liberty Broadband) have each done so responsibly. In total, we estimate that roughly two-thirds of the Core Equity strategy consists of businesses that stand to benefit from somewhat higher rates of inflation.

For roughly a quarter of our holdings, higher inflation is likely to be more of a mixed bag. Catalent, our second largest holding, manufactures the majority of its medicines under three- to five-year contracts with built in price escalators. Significant capacity additions across its gene and cell therapy platform amidst rising costs, however, will require CEO John Chminski and his team to keep a sharp pencil during future customer negotiations. While industry demand exceeds supply and is expected to for some time, such a state is not permanent and newer revenue streams will need to come on at levels that account for higher initial investment. At Dollar Tree, where every item in the store is $1.00, soaring ocean freight prices have already taken a bite out of near-term profits. Higher wages must also be addressed by operational efficiencies and other means as price increases are a non-starter. The flip side of these pressures is that consumers are typically looking to stretch their dollar(s) further in an inflationary environment, making the company's value proposition that much more attractive. We are carefully monitoring the impacts of this push-and-pull dynamic and are hopeful Dollar Tree management builds aggressively upon the Dollar Tree *Plus!* initiative's early success.

We expect approximately 10% of the Core Equity strategy to face headwinds if / as inflation runs above normal levels. We include both Laboratory Corporation of America and Lowe's in this bucket, despite each being an above average business. LabCorp's diagnostics platform is labor intensive, logistics-heavy and has several large customers—including the federal government—that make passing cost increases on difficult. At Lowe's, persistent inflation is likely to dampen demand in time. While the company's scale and modernized inventory management system are competitive differentiators, widespread inflation seems likely to result in higher interest rates and a potentially waning incentive to pour additional money into one's home (particularly on the heels of several banner years of home improvement spending). We lightened our position in both companies this year following strong contributions to performance over the past 18 months.

In summary, we believe a sizable majority of Core Equity is positioned to either hold its own or potentially benefit during a period of rising inflation. This is a direct result of an investment process that remains laser focused on competitive entrenchment, capital efficiency and judiciously-wielded pricing power.

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During the summer months, we like to share the results of an internal exercise in which we frame our strategy as if it were a single operating company. We affectionately refer to this hypothetical business as "Core Equity Co.," or CEC for short. The purpose of the exercise is to take stock—as objectively as possible—of the underlying health of the collection of businesses we own. Has the combination of strategic investment, competition, governance decisions, economic and political developments, and portfolio activity over the past year maintained, improved or led to deterioration in CEC's prospects? The table below provides a snapshot of some of the key variables we monitor in attempting to answer that question.

Portfolio Characteristics	6/30/2021	6/30/2020	6/30/2019
Free Cash Flow Yield (NTM)	3.7%	4.0%	5.0%
Return on Invested Capital	25%	18%	19%
5-yr EBITA growth (IVCP est.)	9.3%	8.6%	7.4%
Net Financial Leverage	1.3x	1.8x	1.5x
Ironvine Durability Ranking	2.00	1.99	2.24
Total Portfolio Holdings	30	29	29

Before briefly walking through each of the above metrics, we'll save any suspense by leading with the conclusion: **the results of CEC's "wellness-check" demonstrate improvement against an already high bar**. To be sure, Core Equity's progress won't always be linear. And from today's vantage point, increases in the quality and durability of CEC are likely to be modest given progress made over the past 24 months. In total, we are pleased with the strong underlying operating performance of CEC's subsidiary businesses over the course of the past year and believe CEC is positioned to compound capital at an attractive rate over the ensuing years.

Free Cash Flow (FCF) Yield provides a means of assessing the market price of CEC relative to the excess cash we expect it to generate over the course of the next twelve months (NTM). A lower yield means a higher price for future cash flows, with a higher yield signaling the opposite. Once again, the price being assigned to CEC is higher this year, consistent with the rising valuations being assigned to most publicly traded assets. As well, free cash flows are temporarily lower for several of CEC's constituents due to aggressive reinvestment (Catalent, Facebook) and/or a more gradual healing from pandemic-related slowdowns (HEICO, Disney, Comcast). Of course, we have no control over how the market prices CEC (oh, to be a private equity firm!). So we instead focus intently on growth in the FCF generating power of our businesses. While not exact, CEC's 5-year operating profit growth forecast (EBITA, which stands for earnings before interest, taxes, and non-cash amortization expenses) provides a reasonable proxy for the organic increase in FCF we anticipate over time.

Return on invested capital (ROIC) measures the productivity of the capital CEC's constituents put to work in their businesses. Effectively, for each dollar invested, how much do we get back in a given year? An investor buying an S&P 500 index fund or ETF owns a collection of businesses that typically earns a return on total capital of 8-9%. As the table on page 2 outlines, CEC produced returns on capital roughly three times that rate over the past year (25%) bringing its three-year average to just shy of 21%. The ~700 basis point increase versus the prior year's 18% was driven by improvements at our technology and life sciences companies, as well as the absence of the most difficult economic period of the pandemic (Q2 2020). Fully two-thirds of CEC's companies saw an improvement in ROIC last year. One additional nuance regarding ROIC bears mention—CEC's 25% return is burdened by intangible assets stemming from acquisitions made in past years. In most instances, we do not believe these assets represent a future call on capital (meaning they won't require similar dollar amounts to be refreshed or replaced). If we are right, and each of our companies ceased being acquisitive tomorrow, we would anticipate CEC's reported return on capital to eventually approach the greater than 60% return it presently earns on *tangible* capital. This return profile, in part, also explains CEC's lower FCF yield (durable, higher returning businesses are worth more) and why we are heartened by the higher degree of reinvestment taking place at many of CEC's subsidiary companies.

As we wrote a year ago, we viewed the increase in CEC's financial leverage as a temporary phenomenon resulting primarily from pandemic-driven business disruption. CEC's more discretionary businesses have demonstrated significant improvement over the past 12 months, which has driven cash flow generation back to more normal levels. After having retired debt and/or with more cash on hand, several of our "COVID beneficiaries" have capitalized on the opportunity to deploy additional capital via acquisitions. Danaher, less than 15 months removed from completing the ~$21 billion purchase of GE Biopharma (subsequently renamed Cytiva), recently announced an agreement to acquire plasmid DNA manufacturer Aldevron for $9.6 billion in cash. We like the strategic rationale, Aldevron's dominant position, and the growing demand profile for plasmids as gene, cell, and RNA-based therapies continue to progress. By way of contrast, we are equally pleased by the discipline demonstrated on the part of HEICO and CoStar Group. Both companies are overcapitalized and eager to grow but have exercised prudence in the face of elevated asking prices.

The Ironvine Durability Ranking represents the aggregation of the above four metrics as well as more qualitative assessments of reinvestment runway and stewardship at the management and board level. We rank CEC companies along each of these six dimensions, scoring them from '1' (highest/best) to '6' (lowest/worst) and weight the results based upon individual position size. The higher the aggregate Durability Ranking, the more durable we believe our hypothetical operating company to be. We are pleased by an aggregate score of 2.00 for CEC, as it is indicative of the underlying qualities that drive durable growth in value over time. Each Ironvine partner and employee is a larger owner of CEC today as compared to a year ago, and we remain enthusiastic about its intermediate and long-term prospects.

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A snapshot of Core Equity's largest positions at quarter end, as well as a summary of the key contributors to performance over the past twelve months is provided below. There were no detractors over the prior year, which we attribute more to the overall environment than any newfound skill on the part of your managers. 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 6/30/2021	
Company	**Allocation**
MICROSOFT CORP.	5.8%
CATALENT INC.	4.5%
THERMO FISHER SCIENTIFIC INC.	4.5%
ALPHABET INC.	4.2%
LIBERTY BROADBAND CORP.	4.0%
MOODY'S CORP.	4.0%
LOWE'S COMPANIES INC	3.9%
HEICO CORP. CL A	3.9%
S&P GLOBAL INC.	3.8%
FACEBOOK INC.	3.8%
Top 10 as % of Assets	**42.4%**

Company	Average Weight	Portfolio Contribution
Top Contributors -12 months ended 6/30/2021		
APPLE INC.	3.0%	2.5%
CATALENT INC.	4.8%	2.3%
LAB. CORP. OF AMERICA	3.8%	2.3%
LOWE'S COMPANIES INC	4.9%	2.3%
ALPHABET INC.	3.6%	2.3%
Top Detractors -12 months ended 6/30/2021		
(None)		

We did not purchase shares of any new companies during the second quarter, and overall portfolio activity was light. Our investment philosophy and process make quiet quarters more the norm than the exception, especially against a backdrop of generally rising equity prices. Despite the lack of surface activity, our research engine is humming with the goal of continuing to broaden and deepen the pool from which our next opportunities arise.

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We hope you enjoy the remaining summer months. Thank you yet again for your trust and confidence.

The Ironvine Investment Team

August 4th, 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.