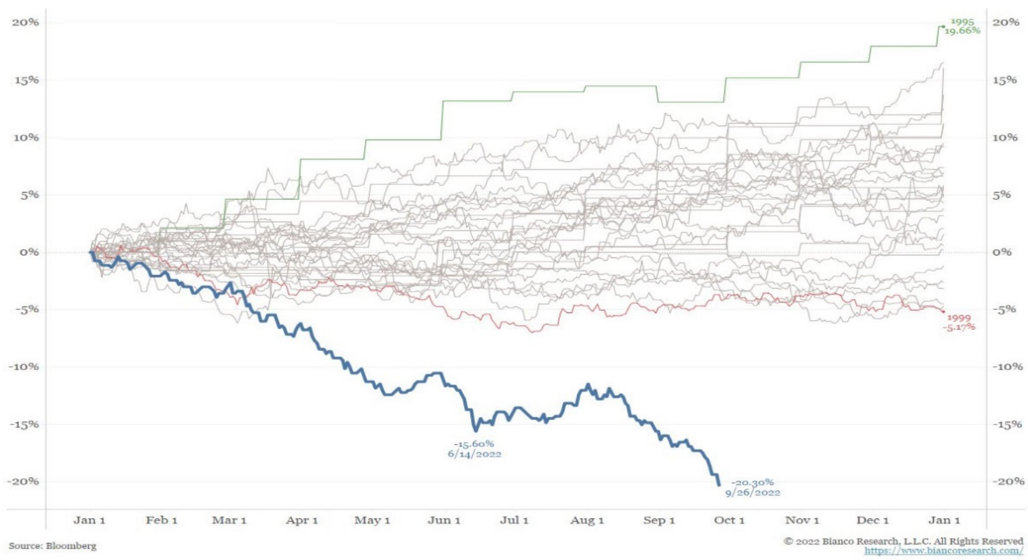
Investors & Friends of Ironvine-

While much of the *non*-financial world remained in flux well over a year after the worst of the pandemic, capital markets returned to relative normalcy more quickly thanks largely to rapid and sustained global central bank involvement. The inflation resulting from these actions, however, has proven systemic and difficult to tame, leading to an equally swift and coordinated response by those same central banks in the opposite direction. As daily life has for the most part normalized in the non-financial world, global markets are now the ones finding themselves in a state of flux as monetary policy reverses course. Debt capital markets are demonstrating stress reminiscent of the late '90s Asian debt crisis and post-September 11th terrorist attacks. The Bloomberg Global Aggregate Index, a broad measure that includes some 28,000+ bonds and $58 trillion in market value, is down approximately 22% year-to-date. This move, captured below in blue, is extraordinary[1]. The U.S. Treasury market, normally a bastion in difficult times, is down 15%. And equity markets here and abroad have come under increasing pressure over the last several months as concerns of a pending economic slowdown have risen.

Year-to-Date Total Return for the Bloomberg Global Aggregate Index

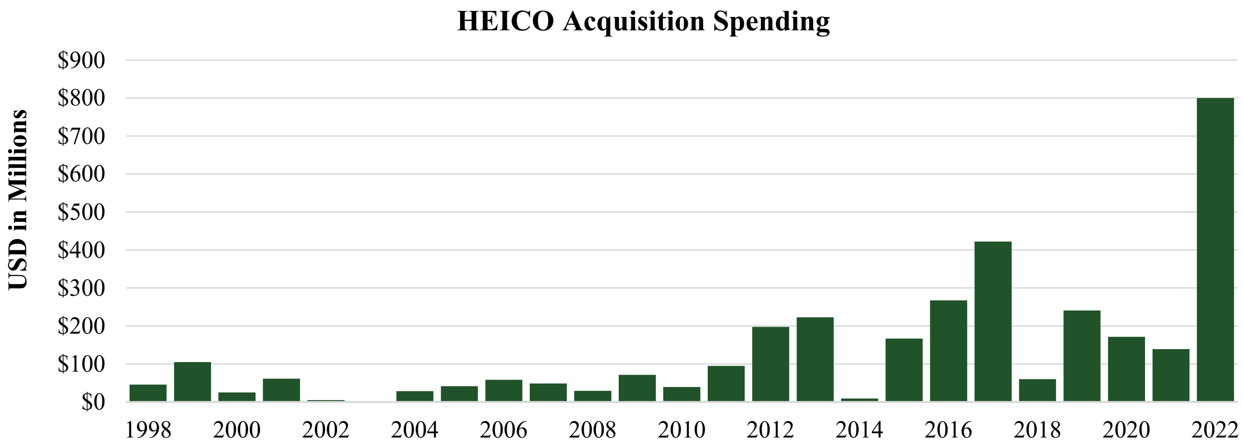


It's not all stormy skies, however, especially for businesses and management teams that have remained disciplined amidst swaths of otherwise frothy behavior. We rest well at night knowing the collection of companies we own is likely to emerge stronger from the present malaise. Approximately 40% of our holdings across the firm have no net debt on the books. Another 20-25% could repay all borrowings with

[1] The fainter lines on this chart represent individual annual calendar year total returns for the Aggregate Index since its inception in 1990. Note that the next worst year was -5.17% during 1999.

two years or less of free cash flow (after all capital expenditures, interest, and taxes). It's during times like these where patient operators can continue to make sound investments while others lack the flexibility or wherewithal to do so. Case in point: global M&A spending is down 34% year-to-date through September, the largest decline since 2009, with deals in the Americas down 40%. Conversely, many of our businesses are primed—culturally and financially—for a buyer's market.

HEICO, the aerospace parts manufacturer we purchased in earnest during March 2020, provides a real time lens into the value of patience. Coming into the pandemic, the company had significant balance sheet firepower following a couple of lean years when few acquisitions met its disciplined investment criteria. Early in 2020, the company came close to consummating a sizable transaction, but backed away upon further due diligence. The pipeline of potential sellers grew as COVID-induced stress increased across the global aerospace market, and HEICO expanded its credit facility more than 40% to $1.85 billion. CEO Laurens Mendelson and his team continued the search for new businesses to bring into the fold, but nothing came to fruition. The next 18 months were crickets. However, as interest rates rose and asking prices returned to the strike zone early in 2022, HEICO quickly capitalized on what is all but certain to be its largest ever year of acquisitions (see table below). Assuming the purchase of electronic component manufacturer Exxelia closes as expected during the first quarter of 2023, we estimate the company will have expanded its earnings power by nearly 15% while only modestly increasing financial leverage. And this team of owner-operators may not be done if the aerospace marketplace remains opportunity rich.



Source: Company filings and press releases. 2022 figures reflect both closed and announced transactions

Elsewhere in Ironvine portfolios, CoStar Group has amassed roughly $4 billion in net cash on its balance sheet. After remaining price disciplined in its pursuit to acquire real estate data provider CoreLogic (CEO Andy Florance officially walked away in March of 2021), market values for the majority of what we believe CoStar may be interested in purchasing have fallen significantly. There are several possibilities that excite us and Florance's track record suggests the probability of enhancing CoStar's asset base and reinvestment runway over the next 12 months has increased. If further patience is required, $4 billion in cash would contribute ~$150 million in annual interest income if invested in short duration U.S. Treasury bills, which could temporarily fund a significant piece of the company's growing residential investment. Berkshire Hathaway, Danaher, JPMorgan, LabCorp, Thermo Fisher Scientific, UnitedHealth Group, and Visa are also poised to play meaningful offense amidst this downturn, over and above what we expect each to invest within their core businesses in normal course. Our emphasis on strong balance sheets and exemplary stewardship has historically resulted in positive surprises during downturns. We've been adding to our stakes in a number of these companies in recent weeks, and we're excited to see what value these teams can create as the landscape has shifted markedly from a year ago.

****

In August, we sold what remained of our investments in Liberty Broadband and Comcast[2]. As we have detailed in prior letters, intensifying competition is resulting in significantly slower broadband customer growth, which when combined with levered balance sheets is creating an increasingly precarious situation.

This was a large and successful investment of ours with roots dating back to before the merger of Charter, Time Warner Cable, and Bright House Networks in 2016. At the time, these businesses exuded most of the qualities we look for in companies. High speed internet connectivity had grown to become an essential product for homes and small/medium-sized businesses yet was still underpenetrated. Across most U.S. markets, Charter and Comcast enjoyed local monopolies or duopolies where they competed against legacy phone companies operating with inferior, copper-based networks.

Video subscribers, which are expensive to service from an operational (content/call center costs) and capital (cable boxes) point of view, were shrinking and becoming a negligible contributor to the cable industry's profits, resulting in a powerful mix shift toward its growing base of high margin broadband customers. And Charter had a management team and board with a history of share cannibalization, increasing the likelihood that free cash flow growth would be augmented on a per-share basis by a shrinking share count. And it was.

But then came the fiber overbuilders, equipped with superior technology to cable's coax architecture in terms of speed, reliability, and ultimately, cost. Add Fixed Wireless Broadband services offered by T-Mobile and Verizon, and cable incumbents have the start of a competitive mess on their hands.

In short, a well-protected, two-player market structure increasingly dominated by cable has quickly devolved into an arms race against fiber overbuilders and fixed wireless offerings. More competition means more consumer choice, which will lead to pressure on monthly prices. Indeed, we expect the promotional environment to get heated in the years ahead as a growing number of broadband providers fight for customers, and we have exited our investments as a result.

****

One of our more vibrant internal discussions over the course of the year has centered on the level of customer entrenchment at Adobe, and the corresponding magnitude and duration of growth we should reasonably assume as a result. As a quick refresher, Adobe has three lines of business. The cash cow is its suite of software tools that are the de facto standard for millions of graphic designers, video editors, and other creative professionals. The second is its Acrobat program, which is the software necessary to view PDF file types. The company has leveraged PDF's ubiquity to create a fast-growing subscription business that allows users to edit, sign, and otherwise manipulate these files. Finally, Adobe has assembled its Digital Experience business through a series of acquisitions with the aim of helping enterprises drive marketing decisions based on real time customer profiles and data-driven analytical tools.

[2] We refer to Liberty Broadband and Charter interchangeably in these letters. At the time of our final sales, our combined investments in Liberty Broadband and Comcast represented 4.5% of Core Equity assets and 6.5% of Concentrated Equity assets, respectively.

Our investment has been predicated on the first two businesses maintaining their leadership roles and the Digital Experience business, by nature of its early-mover advantage, continuing to grow and scale into its existing cost base.

Through August Adobe's market value had come down materially, driving ongoing debate as to whether the lower stock price was an opportunity to increase our position. Central to those discussions was the threat posed by a pair of emerging competitors gaining noticeable traction, measured by the size and passion of their respective customer bases and the ease of adoption inherent in their "freemium" business models. Our work indicated that Adobe's core suite of design tools was likely to remain the product of choice for the most advanced users, but that products offered by upstarts Figma and Canva were gaining share in the fastest growing portions of the market.

As our research progressed, we awoke on September 15th to headlines that Adobe had agreed to purchase Figma for roughly $22 billion in cash and stock, a staggering 55 times the company's 2022 *revenue* expectations. While the logic of the combination made sense, the timing (issuing deeply discounted equity) and price (two times Figma's value 15 months prior) made it clear our competitive concerns were valid. The market was equally caught off guard by the deal terms, and Adobe's market value dropped by the entire $22 billion purchase price in a single trading session.

Adobe's primary motivation for the purchase is to gain control of Figma's web-based, "multi-player" design architecture that has created a new paradigm of collaboration simply not possible with legacy applications like Adobe's. The deal will almost certainly face regulatory scrutiny. However, if consummated, the combined entity will benefit from deep technical tooling available only in Adobe's products, and leading-edge collaborative applications that expand the user base across a broader range of both creative and non-creative professionals. While several questions remain, we're intrigued by the prospect of the combination's ability to garner deep buy in with the next generation of creative users.

Stepping back, Adobe is trading at its lowest valuation multiple since successfully transitioning to a software-as-a-service model. Even ignoring the impact of Figma (which is expected to be accretive in year two after close), we believe standalone Adobe will generate roughly $7 billion in free cash flow in the coming fiscal year. The business has no debt and is currently valued at approximately $140 billion, representing a free cash flow yield of 5%. We think it's likely that cash stream will grow at double digit rates, and with the addition of Figma's technical capabilities, that growth rate likely persists for longer than it otherwise would have. If we're right, our willingness to be patient amidst the current drawdown should be rewarded.

****

"You make most of your money in a bear market. You just don't realize it at the time."

- *Shelby Davis*

As we undertake a fresh examination of the businesses in our investment universe, we see some interesting opportunities arising amidst the present uncertainty. The step function increase in US Treasury rates has had a negative impact on equity valuations. This mark-to-market has been painful, but there's reason to be optimistic for those focused on the long run. Some historical context may be helpful in this regard. From

1992 to 2007, the 10-year US Treasury bond traded consistently at yields between 4% and 7%. Despite greater competition from these "risk-free" alternatives, the average forward earnings multiple on the S&P 500 over this 15-year period was approximately 16.9 times.[3] While a recession would undoubtedly dent S&P 500 earnings, the index is presently trading at 15.7x forward estimates, suggesting a significant portion of the headwind from higher interest rates[4] may already be reflected in stock prices. Of course, markets rarely spend much time trading at averages, and prices often detach themselves from economic reality for periods of time.

However, with earnings multiples having compressed across many of our companies, we can envision an environment where the primary driver of returns over the next handful of years will once again be the "E" in the price-to-earnings (P/E) ratio—the rate of change in underlying earnings. It's this likelihood combined with our focus on durability that leaves us increasingly constructive on the present opportunity set. Our valuation work suggests Ironvine portfolios are collectively approaching discounts last seen during the height of Covid-19 uncertainty in March of 2020. Despite the possibility of darker days in the economy, we believe this collection of businesses will continue to grow their earnings power at attractive rates in the coming years. As the deck grows increasingly stacked in favor of long-term business buyers, we continue to invest the incremental capital we earn right alongside you.

****

The addendums to this letter contain additional information on each of our strategies.

Thank you for your continued trust and confidence.

The Ironvine Team

October 26, 2022

[3] Excluding 1998, 1999, and 2000 which represented the height of the "dot-com bubble." Including those years the forward P/E of the S&P 500 was ~18x.
[4] The 10-year U.S. Treasury bond currently yields 4.2%

	YTD 09/30/22	1 Year	Annualized Returns as of 09/30/22 3 Year	5 Year	Inception 04/01/12	Cumulative Inception 04/01/12
Ironvine Concentrated (net)	(25.63%)	(22.23%)	7.59%	9.14%	9.95%	170.79%
S&P 500	(23.87%)	(15.47%)	8.16%	9.24%	11.47%	212.80%

Performance reflects the results of the Ironvine Concentrated Equity Composite. See the Important Disclaimers at the end of this document for additional pertinent information.

Concentrated Equity Highlights

- Returned -5.4% net of fees in the third quarter of 2022
- Sold our remaining investments in Liberty Broadband ($110/share) and Comcast ($40/share) for reasons outlined in recent letters
- Added to our investments in JPMorgan Chase ($115/share), Thermo Fisher Scientific ($585), and Visa ($213/share) with a portion of the proceeds from the cable/broadband sales

Top 10 Holdings as of 9/30/2022	
MICROSOFT CORP.	10.0%
ALPHABET INC.	7.3%
AMAZON.COM INC.	6.4%
THERMO FISHER SCIENTIFIC INC.	6.1%
AON PLC	6.0%
VISA INC.	5.9%
COSTAR GROUP INC.	5.8%
BERKSHIRE HATHAWAY INC.	5.4%
JPMORGAN CHASE & CO.	5.3%
S&P GLOBAL INC.	5.0%
Top 10 as % of Assets	**63.0%**

Company	Portfolio Contribution
Top Contributors - LTM 9/30/2022	
DOLLAR TREE, INC.	1.1%
DOLLAR GENERAL CORP.	0.4%
Top Detractors - LTM 9/30/2022	
META PLATFORMS	(3.7%)
ALPHABET INC.	(2.4%)
LIBERTY BROADBAND INC.	(2.3%)
ADOBE INC.	(2.2%)
MICROSOFT CORP.	(2.2%)

CORE EQUITY

	YTD 09/30/22	1 Year	Annualized Returns as of 09/30/22 3 Year	5 Year	Inception 01/01/16	Cumulative Inception 01/01/16
Ironvine Core (net)	(25.45%)	(19.96%)	9.14%	11.36%	12.03%	115.25%
S&P 500	(23.87%)	(15.47%)	8.16%	9.24%	10.73%	98.95%

Performance reflects the results of the Ironvine Core Equity Composite. See the Important Disclaimers at the end of this document for additional pertinent information.

Core Equity Highlights

- Returned -5.4% net of fees in the third quarter of 2022
- Sold our remaining investments in Liberty Broadband ($110/share) and Comcast ($40/share) for reasons outlined in recent letters
- Added to our investments in Catalent ($75/share) and JPMorgan Chase ($115/share) with the proceeds from the cable/broadband sales
- As we do in all environments, we have been actively seeking opportunities to improve the durability and future return prospects of Core Equity amidst the present market downturn; we identified several of these opportunities and have been active during the first several weeks of October—we look forward to updating you on our thinking in our fourth quarter communication

Top 10 Holdings as of 9/30/2022	
MICROSOFT CORP.	5.6%
THERMO FISHER SCIENTIFIC INC.	5.5%
DANAHER INC.	4.4%
COSTAR GROUP INC.	4.4%
HEICO CORP. CL A	4.4%
BERKSHIRE HATHAWAY INC.	4.3%
DOLLAR GENERAL CORP.	4.1%
AON PLC	4.0%
ALPHABET INC.	3.9%
CATALENT INC.	3.9%
Top 10 as % of Assets	**44.4%**

Company	Portfolio Contribution
Top Contributors - LTM 9/30/2022	
DOLLAR TREE, INC.	1.0%
DOLLAR GENERAL CORP.	0.4%
UNITEDHEALTH GROUP INC.	0.1%
BANK OF AMERICA	0.1%
Top Detractors - LTM 9/30/2022	
CATALENT INC.	(2.2%)
META PLATFORMS INC.	(2.1%)
PAYPAL HOLDINGS, INC.	(1.9%)
ADOBE INC.	(1.5%)
MOODY'S CORP.	(1.2%)

Important Disclaimers

Please visit our website at https://ironvinecapital.com for copies of our Form ADV, Customer Relationship Statement, and Privacy Policy.

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. Holdings mentioned, including the Ironvine Core Equity 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 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.

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."

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 a 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.

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.

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– 12/31/21. 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– 12/31/21. The Ironvine Core Equity Composite has had a performance examination for the periods 1/1/17– 12/31/21. The verification and performance examination reports are available upon request.

GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

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 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. For more information about any of the above contact Paul Penke at 402.916.1702 or ppenke@ironvinecapital.com. No part of this article may be reproduced in any form, or referred to in any other publication, without express written permission.