IRONVINE
CAPITAL PARTNERS, LLC

Investors & Friends of Ironvine-

It's been an eventful year. The advent of a new governing administration in the U.S. has brought trade policy to the forefront of conversation as a key bargaining chip, and one that has been wielded erratically. Conflict in the Middle East escalated, briefly, to the point where the U.S. elected to bomb three key Iranian nuclear facilities. Central banks across the globe have been cutting interest rates, while the US Federal Reserve has held steady as inflationary concerns persist. And Congress passed new legislation with broad reaching tax ramifications for businesses and individuals. Left to decipher the collective impact of these variables, markets have logically reacted with a fair amount of volatility. At one point this year the NASDAQ index was down over 20% but has since rallied more than a third to reach new highs. The Philadelphia Semiconductor Index, as one indicator of momentum, dropped 40% peak-to-trough but has nearly made up the entire drawdown.

While we can't predict *when* these kinds of dislocations will happen, Ironvine's process is designed to take advantage of the reality that dislocations *do* inevitably happen. The overwhelming majority of our resources at Ironvine are dedicated to studying durable, growing businesses run by above average management teams. This work, often invisible to the outside world, continues regardless of market prices. Intuitively, periods of increased volatility tend to present opportunity. The last six months have been reflective of just that, providing a window to initiate investments in five new companies. In fact, Q2 was our most active period of buying and selling since the pandemic. We've discussed Amphenol and a series of investments in the semiconductor value chain in prior letters that together represent a growing percentage of our invested capital. We purchased additional shares of each during the second quarter, but want to highlight some "old iron" investments we believe possess equally attractive future return potential.

A year ago we outlined the thesis behind our investment in John Deere. Twelve months in we remain optimistic about the company's market position and growing technological advantages. Deere has prudently managed production through the current industry downcycle, with inventory and orders suggesting that trough demand levels may be behind us. While tariffs are a headwind for U.S. farmers, the administration has pledged to be supportive, and the return of 100% bonus depreciation in the recently passed tax bill likely boosts demand for the company's equipment.

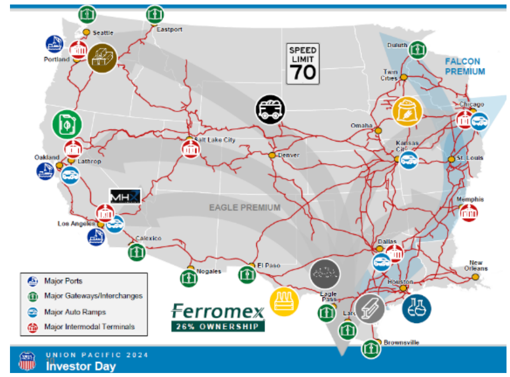
Alongside Deere we've made significant investments in Union Pacific (UP) and Honeywell, purchasing both at below market multiples with what we believe to be durable growth runways. The North American Class I Railroads[1] are the epitome of long-lived, high-quality infrastructure assets boasting significant entry barriers and strong pricing power. In most instances, there is no practical alternative for moving large quantities of bulk and industrial commodities across the country. A 100 car train does the work of 400 trucks[2] on roughly a quarter of the fuel[3] and emissions, while running on privately-owned and maintained track (no taxpayer dollars required).

---

[1] Consisting of BNSF, Union Pacific, CSX, Norfolk Southern, Canadian National, and Canadian Pacific Kansas City
[2] A single railcar can carry more than 140 tons of freight while a tractor/trailer maxes out at a payload of 35 tons
[3] U.S. Class I freight trains are ~**3.5–4x more fuel efficient per ton-mile** than trucks, operating at **470–500 ton-miles per gallon (TPG)** of diesel vs. semi-trailers averaging ~**130–135 TPG**. Rails can transport a ton of freight ~500 miles on one gallon of diesel

UP operates in competition with BNSF in the western two-thirds of the United States with a mix of business that is arguably the crown jewel of North American freight transportation. It has strong positions in heavy commodity and hazardous material end markets like grains, gravel, thermal coal, and chemicals which travel almost solely by rail. UP also has extensive infrastructure serving intermodal freight facilities at the ports of Long Beach and LA where trucks also compete. Its robust access to Midwest crops, dominant petrochemical position in in the Gulf states, and border crossings at all six major gateways into Mexico make UP a critical component of the global supply chain.

**Union Pacific Network Map**



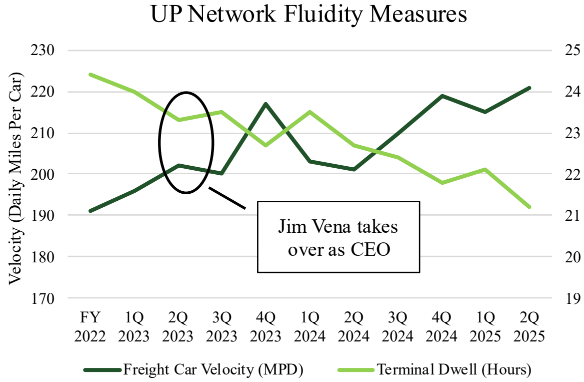

Rails are good businesses, but they are operationally intensive and require an extreme focus on safety, service, and network fluidity. After six years of pedestrian business performance under CEO Lance Fritz, UP brought in industry veteran Jim Vena in 2019 as chief operating officer to give its operations a shot in the arm. Vena started his railroading career at Canadian National Railroad (CN) as a brakeman in 1977. Over the next 40 years he moved up CN's ranks, eventually to COO, honing his operational expertise under long-time CEO and precision scheduled railroading patriarch Hunter Harrison.

The results were almost immediate—UP's operating margins improved seven points to an industry-best 44% under Vena's leadership by taking unnecessary assets and costs out of the network. UP's shares followed, returning 55% over roughly two years. But those gains were short-lived as Vena was seemingly (and stunningly) forced out at the end of 2020. The company's fundamentals began to slip again, catalyzing an activist investor campaign that removed Lance Fritz as CEO and set the stage for Vena's return.

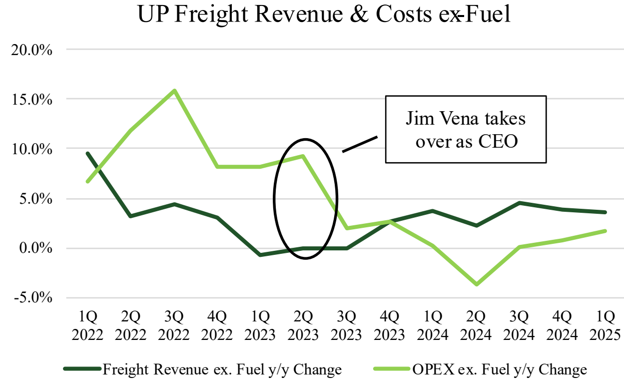
With this change in leadership afoot we invested in UP in March of 2023. Our premise was that service level improvements could unlock the rail's inherent cost advantages, fueling a return to carload growth, higher network density, strong incremental margins, and the premium multiple a 100-year, highly cash generative asset deserves. Roughly two years in Vena has, again, proven to be a valuable change agent.

As the below-left chart shows, Union Pacific's network is running at record efficiency. On time service levels—which languished in the 70%-range in the two years prior to Vena's return—are at record levels and nearing 100%. Markedly improved service has led to firm pricing power, allowing the company to generate strong freight revenue growth despite industrial commodity headwinds, declining coal demand, and a mix shift toward lower revenue intermodal shipments. As importantly, the company has reversed the trend of operating expenses growing faster than freight revenue.

UP Network Fluidity Measures




UP Freight Revenue & Costs ex-Fuel



Jim Vena won't be immune from labor union negotiations, weather events that wash out parts of the network, or bouts of economic retrenchment that cause shipments to fall. But he knows how to operate a rail, understands the fundamental variables he can control, and is going to hold himself and the people working for him accountable to achieve what he thinks is possible.

*"Our mindset here at Union Pacific is to be perpetually dissatisfied with ourselves when it comes to productivity, to keep pushing to find additional opportunities." - Jim Vena*

In June, we bought more Union Pacific and now own it across both of Ironvine's strategies. At $225/share UP's equity is valued at $135 billion. Our base case contemplates distributions to shareholders in the form of dividends and share repurchases approaching $100 billion over the next 10 years. From this price we believe UP shares are primed to generate double digit returns for investors under modest operating scenarios with almost no risk of economic obsolescence in the coming decades.

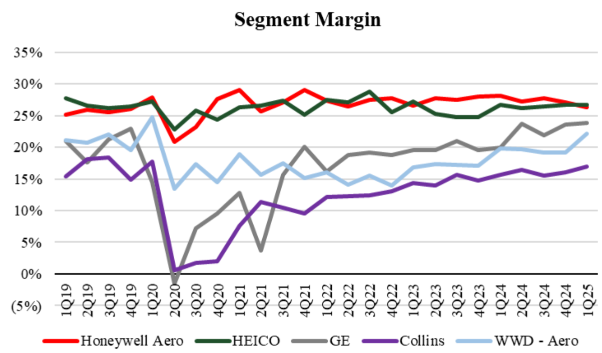
None of our operating assumptions consider the prospects of what industry consolidation could do to eliminate frictional interchange costs and unlock industry revenue growth. As we write this letter, reports that UP is in discussions to create a transcontinental railroad by combining with Norfolk Southern (NSC) are proliferating, as is speculation that BNSF is considering a bid for CSX. The industrial and societal logic for these east-west rail mergers has been obvious to analysts and other freight experts for years[4]. But despite no overlapping track, the regulatory climate hasn't been conducive to such deals, and management teams have been largely unwilling (Vena the exception) to say the quiet part out loud until recently. In sum, the inefficiencies (higher costs, delays, irritated customers) of UP and BNSF handing off freight to Norfolk Southern and CSX is one reason why we have so many trucks on the interstate despite rail cars being able to haul 4x the capacity of a truck using 75% less fuel. We aren't betting on consolidation, but with an estimated $4.5 billion in synergies accruing to a combined UP/NSC who in aggregate generated $15 billion in operating income in 2024, the upside would be material.

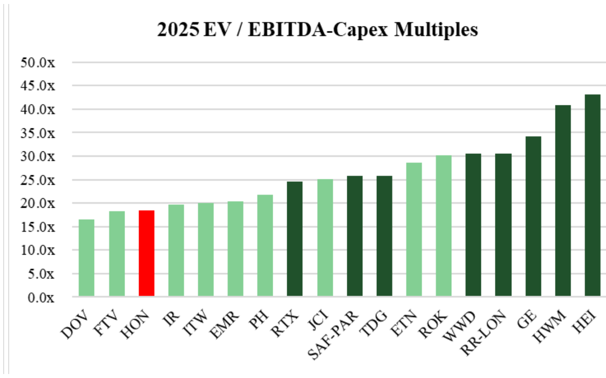
Sticking with the "old iron" theme, Honeywell is most known as a stodgy conglomerate operating across a wide range of industrial, HVAC, and control businesses. While this is true today, in January the company announced a plan to separate its automation, advanced materials, and aerospace businesses into three standalone companies. This transformation caught our attention as Honeywell's aerospace business is solidly entrenched in one of our favorite industries. The aerospace market is unique. The typical new aircraft has a 10-20 year production ramp and 20-30 year useful life, resulting in three to five *decades* of visibility for companies selling original equipment and aftermarket parts. Due to the complexity of commercial airliners and the safety risks inherent in air transportation, products are heavily regulated by the Federal Aviation Administration (FAA), making it difficult to switch suppliers. Once a component is designed into a given program, the manufacturer is bestowed considerable pricing power. The global aircraft fleet has increased every year on record, excluding the pandemic, and the maintenance of this fleet provides the opportunity for high margin, recurring aftermarket revenues to parts suppliers as aircraft are utilized.

Honeywell Aerospace has best-in-class diversification across Tier-1 OEMs with near industry leading margins. Its revenue is split ~60%/40% between aerospace and defense, with a balanced commercial portfolio across transport and business jets with no single platform comprising more than a mid-single digit percentage of sales. Approximately 90% of the global fleet has Honeywell content on board, and the company holds #1 or #2 market positions across auxiliary power units, small engines, and avionics.

[4] Bernstein's Dave Vernon recently estimated these mergers would create $9 billion of incremental industry-wide operating income—almost the equivalent of UP's annual earnings—with the largest component of value creation coming from new traffic driven by lower freight costs and better customer service

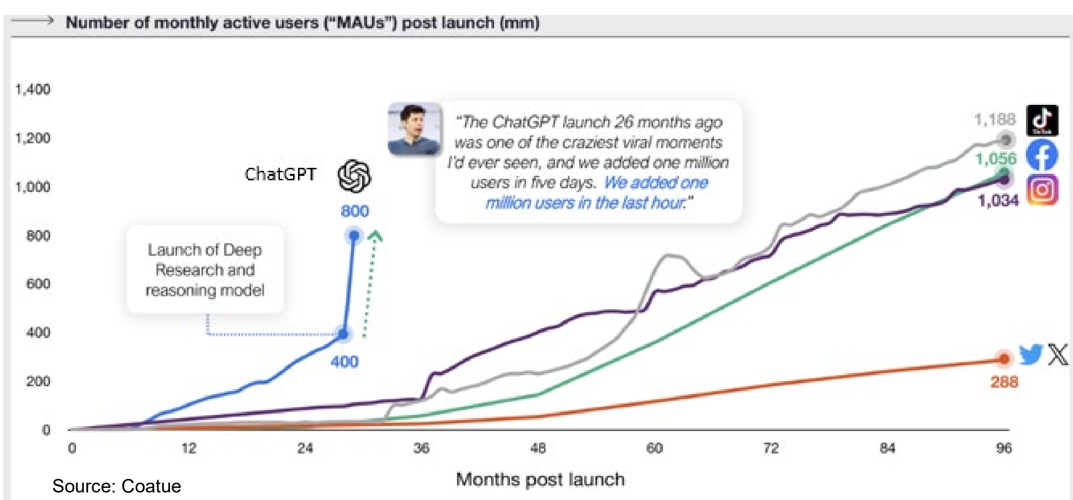
Due to its conglomerate structure, Honeywell has traded at a discount to most of its pure-play aerospace and industrial / automation peers. Separating these two businesses and applying industry specific multiples we find it difficult to argue Honeywell is overvalued. Our standalone analysis suggests Honeywell Aerospace may be worth as much as the company's total market value at our purchase price. Historically, spin-offs have proven an effective tool for driving operational improvement through renewed focus and agility – for which there is substantial opportunity at Honeywell. We believe this presents a relatively low risk, potentially high reward opportunity to own an advantaged aerospace asset.




********************

We closed a successful seven-year investment in Alphabet (Google) during the quarter, selling the remainder of our shares in May. The company holds several world class assets that are likely to become increasingly valuable over time, including YouTube, Waymo, and Google Cloud Platform. Our questions around the future economics of Search, however, have only grown. For perhaps the first time in Google's history, the proliferation of digital assistants like ChatGPT are offering consumers potentially superior alternatives to search. Where time and attention go, so go commerce and advertising dollars. We don't—and aren't sure anyone *can*—know how Alphabet will navigate the transition from essentially unchallenged incumbent to an artificial intelligence-driven world with new on ramps and (potentially) form factors. As we wrote a quarter ago, Google appears to have the AI chops to not only stay in but potentially win what is an increasingly high stakes fight. In our minds, however, there were businesses on offer during the second quarter where AI should prove to be mostly—if not entirely—opportunity. Enhancing / expanding a business is a lower bar than the prospect of reinventing one.






IRONVINE
CAPITAL PARTNERS, LLC

********************

UnitedHealth's stock experienced a significant drawdown during the second quarter after cutting and then removing its 2025 guidance followed by the unexpected resignation of its CEO. U.S. health insurance and the various services provided under the company's Optum umbrella are regularly scrutinized, and appropriately so given the role they play as stewards in both private and public health. The entire industry has come under pressure over the last 18 months due to a combination of rising medical costs and tighter reimbursement. Initially, United was able to offset these headwinds via a combination of operational efficiency[5] and aggressive cost management. But it too has struggled to accurately forecast utilization, and the company is facing increased scrutiny for requiring healthcare providers to obtain approval before providing care at a greater rate than peers. In addition, UnitedHealth is reportedly under investigation by the Justice Department for its Medicare billing practices. We believe the leadership changes made during May were necessary. Former CEO Steve Hemsley is a proven, no-nonsense operator. We have confidence in his ability to sharpen the company's execution. Profits will be down materially this year and may take another couple to fully recover, but from today's stock price we believe patience and fortitude are likely to be amply rewarded.

********************

Please see the following pages for data and commentary specific to each of our strategies.

Amid uncertain and volatile times, we are especially grateful for the trust you place in us. As always, please reach out if you'd like to connect in more detail.

The Ironvine Team
July 25, 2025

[5] Selling, general, and administrative expenses have declined 220 basis points as a percent of revenue since 2023

CONCENTRATED EQUITY

| | YTD 06/30/25 | 1 Year | Annualized Returns as of 06/30/25 — 3 Year | 5 Year | 10 Year | Inception 04/01/12 | Cumulative — Inception 04/01/12 |
|---|---|---|---|---|---|---|---|
| Ironvine Concentrated (net) | 7.70% | 12.72% | 13.12% | 11.96% | 9.05% | 11.32% | 314.12% |
| S&P 500 | 6.20% | 15.16% | 19.71% | 16.64% | 13.65% | 13.95% | 464.15% |
| Equities | (0.54%) | 7.82% | 9.60% | 13.50% | 8.42% | 9.82% | 246.18% |
| Bonds | 5.34% | 6.29% | 1.11% | (2.42%) | 1.26% | 1.57% | 22.91% |
| Cash | 2.13% | 4.75% | 4.66% | 2.82% | 1.97% | 1.49% | 21.68% |

Performance reflects the results of the Ironvine Concentrated Equity Composite. Index returns are shown on a total return basis which assumes the reinvestment of dividends and interest income. Equities represent the total return of the S&P 1500 equal-weighted index. Bonds represent the returns of the Bloomberg US Treasury index with 7-10 years to maturity. Cash represents the returns of the Bloomberg 1-3 month Treasury Bill index. Indices are unmanaged, do not incur fees or other expenses, and are generally not available for investment. See the Important Disclaimers at the end of this document for additional pertinent information.

## Concentrated Equity Second Quarter Highlights

We were again more active than usual this quarter, making two new investments that total 7% of our portfolio's capital at cost. These included Union Pacific, described in detail above, as well as Watsco (WSO), the largest distributor of HVAC equipment in North America. We've followed Watsco for over two years and had a brief window to invest in the company in June.

Watsco has a tight interdependence with HVAC OEMs like Carrier, Rheem, Trane, and others. Those companies engineer and manufacture the equipment and parts, and Watsco, via a network of roughly 700 stores, serves as outsourced distribution to contractors who service the end customer—typically homeowners. Watsco's size relative to peers creates a scale advantage that we believe is durable. With nearly twice the revenue of its closest competitor, Watsco has invested in technology and product capabilities at a scale others can't match. Watsco's 120,000+ contractor customers sell to millions of end users who care more about speed than price, and whose purchase decisions are largely uncorrelated with the broader economy. There are roughly 120 million air conditioners in the US, 80% of which are over 10 years old, and all of which will break at some point. The company is overseen by its 84-year-old founder Al Nahmad, with the day-to-day managed by his 41-year-old son AJ, who combined own 12% of the business. Mr. Nahmad has built one of the most unique cultures of employee buy in we've studied. Executives are compensated in restricted stock that vests at age 62. If a participant leaves prior to that point the stock is forfeited. Excluding the most senior executives, over 160 employees own more than $400 million of Watsco stock. Not surprisingly, the collective result of a band of owner-operators running their own markets has produced industry-leading margins, returns on capital, and growth. At less than 20% market share and no debt on its balance sheet, the company has positioned itself as the buyer of choice for many of the thousands of independent distributors who are likely to look for a succession plan in the coming years. We look forward to growing our capital alongside these folks for the foreseeable future.

| | | | Annualized Returns as of 06/30/25 | | | Cumulative |
|---|---|---|---|---|---|---|
| | YTD 06/30/25 | 1 Year | 3 Year | 5 Year | Inception 01/01/16 | Inception 01/01/16 |
| Ironvine Core (net) | 4.57% | 9.60% | 11.24% | 11.02% | 12.77% | 213.17% |
| S&P 500 | 6.20% | 15.16% | 19.71% | 16.64% | 14.40% | 258.82% |
| Equities | (0.54%) | 7.82% | 9.60% | 13.50% | 9.78% | 142.78% |
| Bonds | 5.34% | 6.29% | 1.11% | (2.42%) | 1.16% | 11.53% |
| Cash | 2.13% | 4.75% | 4.66% | 2.82% | 2.07% | 21.47% |

Performance reflects the results of the Ironvine Core Equity Composite. Index returns are shown on a total return basis which assumes the reinvestment of dividends and interest income. Equities represent the total return of the S&P 1500 equal-weighted index. Bonds represent the returns of the Bloomberg US Treasury index with 7-10 years to maturity. Cash represents the returns of the Bloomberg 1-3 month Treasury Bill index. Indices are unmanaged, do not incur fees or other expenses, and are generally not available for investment. See the Important Disclaimers at the end of this document for additional pertinent information.

## Core Equity Second Quarter Highlights

In addition to the sale of Alphabet, we sold the remainder of our investment in Apple during the second quarter. Next to Microsoft, Apple was our most tenured investment, purchased near the inception of the Core Equity strategy in early 2016. We admire Apple's brand, its $100 billion services platform, and the consistency with which it has expanded its reach around the globe. More recently, however, we have observed the company become less innovative, antagonistic toward developers and customers, and slow to develop or engage with artificial intelligence. Like Microsoft missing mobile, Apple may ultimately find its way in AI given its powerful incumbent position. But the combination of slowing growth, a full valuation, and the possibility of becoming a political football between the U.S. and China led us to redeploy this capital toward businesses with clearer paths to future compounding.

We repurchased shares of Meta Platforms during the quarter. Its core platforms—Facebook, Instagram, WhatsApp, and Messenger—are used monthly by over 3 billion people around the globe. Many of these applications have woven their way into people's daily routines as essential tools for communication, commerce, news, and entertainment. Meta has invested heavily in artificial intelligence over the past several years and is well positioned to utilize this technological prowess for the benefit of everyone in its ecosystem. It is not a stretch to believe that in the near future businesses of all sizes outsource the execution of new customer acquisition, product launches, and/or flash sales to a Meta "digital agent" to execute. Businesses will likely also continue to lean more heavily on WhatsApp chatbots for increasingly sophisticated client interactions, opening additional monetization opportunities for Meta. Few companies have the data, computing power, commercial tools, user base, and trust to establish these capabilities. Meta does. From our vantage point, AI enhances the company's core strengths and creates a potentially lucrative decade-plus reinvestment opportunity for owners.

## 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. 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 strategy is subject to risks inherent in equity investing, including general market risk and issuer-specific risk. Equity securities may experience significant volatility and permanent loss due to company performance, investor sentiment, or broader economic and market conditions. A concentrated portfolio may increase the impact of poor performance by a single security or industry, potentially leading to greater volatility and larger drawdowns than more diversified strategies. There is no guarantee of positive returns or preservation of capital.*

*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 strategy is subject to risks inherent in equity investing, including general market risk and issuer-specific risk. Equity securities may experience significant volatility and permanent loss due to company performance, investor sentiment, or broader economic and market conditions. A concentrated portfolio may increase the impact of poor performance by a single security or industry, potentially leading to greater volatility and larger drawdowns than more diversified strategies. There is no guarantee of positive returns or preservation of 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– 12/31/24. 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– 12/31/24. The Ironvine Core Equity Composite has had a performance examination for the periods 1/1/17– 12/31/24. 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.*

*This information is being presented for informational purposes only. Our investment strategies may not be appropriate for all investors. The presentation includes the opinions of the investment managers and there should be no assumption that our advice will be profitable. Investment involves risk and you may lose money.*