



# IRONVINE

CAPITAL PARTNERS, LLC

*“...the world is complex, and new technology, business model invention, competitors, global issues, or people and cultural shifts can come into play. We’re in the middle of some of the biggest inflections of our lifetime (e.g. AI, robotics, space industrialization, geopolitical and military conflict). And, just as proficient golfers need to be skilled across driving, approach shots, chipping, and putting, durable companies must be adept at managing different elements of inflections.”*

- Andy Jassy, Amazon CEO, 2025 Letter to Shareholders

## Investors & Friends of Ironvine-

While ChatGPT and Gemini tend to dominate conversations about AI due to their consumer reach, it is AI startup Anthropic<sup>1</sup> that has increasingly unsettled markets with the rapid adoption of its Claude family of enterprise products. Anthropic’s early efforts focused on developers, building tools that quietly gained traction among engineers. That changed in May 2025 with the introduction of Claude Code and the birth of “vibe coding,” the practice of building fully functional applications via natural language prompts. Such a shift threatened to dramatically lower barriers to creating useful software and began to call into question the durability of traditional development workflows, helping catalyze a sharp selloff in software equities<sup>2</sup> as investors began to price in a world of higher competitive intensity.

With the release of Claude Cowork Legal and Financial Analysis tools in February 2026, those concerns broadened beyond software into a wide range of white-collar industries. The platform’s ability to automate seemingly complex workflows—from legal processes to data analysis—demonstrated that disruption was not confined to developers but could potentially extend across key enterprise functions as AI grows from mere assistant to a functional “agentic employee” capable of valuable, billable work. Alongside accelerating fears of structural change in employment and the broader economy, markets reacted with immediate and increasingly indiscriminate selling, punishing any information services stock perceived to be reliant on human-centric workflows. Businesses like FactSet, Verisk, Gartner, and Morningstar all lost 20%-30% of their equity value in the 10 trading days following Cowork’s February release. Even the vaunted ratings agencies and indices businesses—Moody’s, S&P Global, and MSCI—shed a quarter of their value as investors questioned the defensibility of their moats. Perhaps nothing illustrates the hair-trigger environment better than the 24% intraday plunge of logistics giant CH Robinson. The catalyst wasn’t a storied competitor, but Algorhythm Holdings—an AI startup that until its 2024 rebranding was The Singing Machine Company, a seller of karaoke hardware—who claimed its platform was helping customers scale freight volumes significantly without a corresponding increase in operational headcount.

As public equity markets continued to bifurcate into AI winners and losers during the first quarter we witnessed the widest dispersion in stock prices across our investment universe since early 2020. Short-term price movements are not typically a subject that interests us but given how pronounced the volatility was in the quarter the snapshot below is worth highlighting. As of the end of March, our investment universe

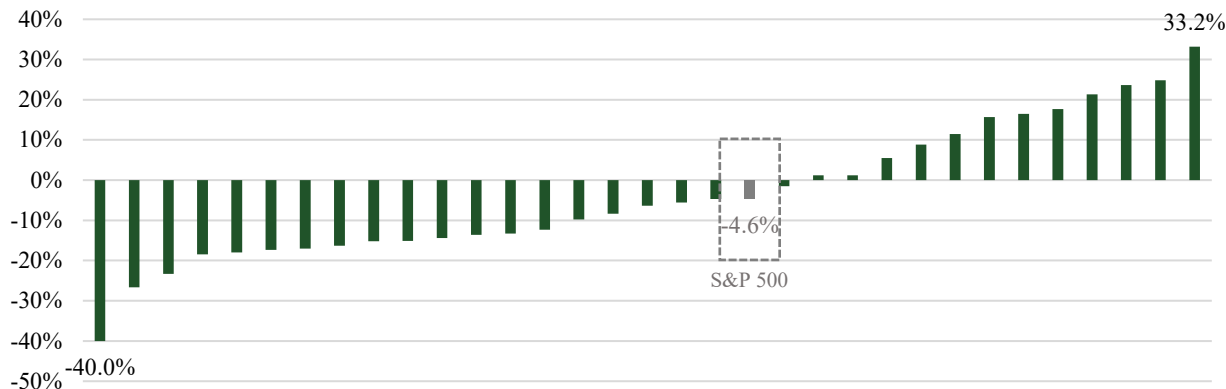
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<sup>1</sup> OpenAI, Alphabet, & Anthropic are the companies; ChatGPT, Gemini, & Claude Code/Cowork are the products  
GPT 5.3, Gemini 3.1, & Claude 4.6 are the models

<sup>2</sup> The iShares Software Sector ETF (ticker ITV) has declined over 35% since November ‘25

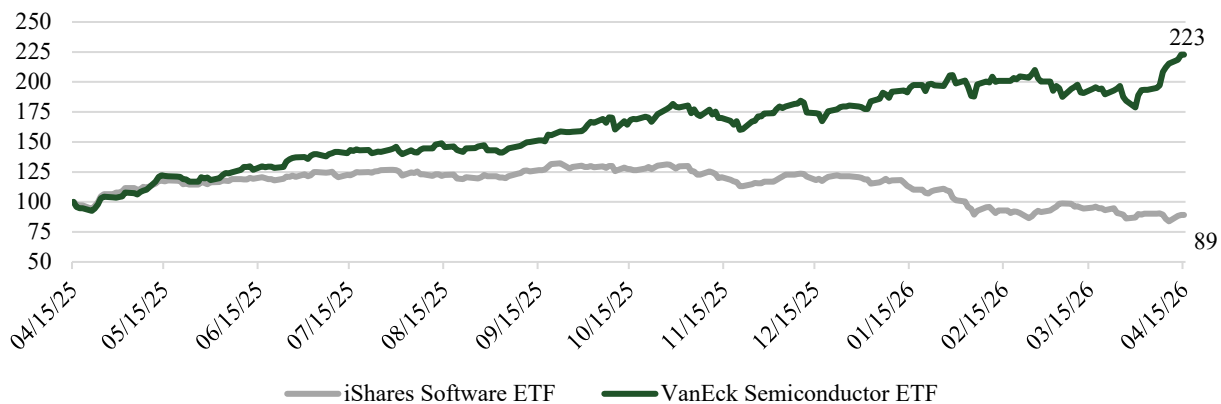
traded at its widest discount to our notion of fair value since the brief “Liberation Day” selloff a year ago and approached levels last seen during the fall of 2022. Several businesses we admire traded at or near decade-low valuations.

### Ironvine-Owned Companies' First Quarter Total Return



It wasn't just Ironvine companies that experienced violent price swings. Wall Street's “fear gauge,” the CBOE Volatility Index—VIX for short—surged 69% during the quarter, its largest jump since the first three months of 2020. Amid the turbulence, we capitalized on the opportunity to improve the forward return profiles of our two strategies believing that in most instances long-term reality is likely to fall somewhere between the current extremes. The sharp divergence in performance between software and semiconductor stocks over the past year paints a clear picture of sentiment.

### Software vs. Semiconductors - Last 12 Months Indexed to 100



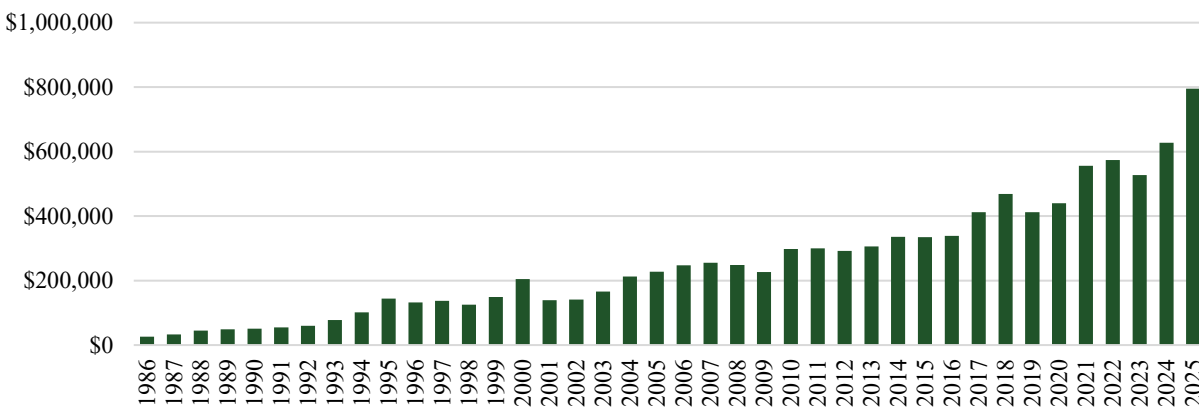
The following is how we *presently* envision the pace of change impacting our portfolios using some broad categories, although these are not carved in stone. There will undoubtedly be surprises that bring new terrain, which we will aim to navigate with Ironvine's usual tools—curiosity, rigor, and humility.

The first set of companies should be relatively insulated from change. In most instances, we believe AI will be an opportunity for greater efficiency as opposed to something transformational. For example, it's almost certain that Union Pacific and Burlington Northern's endowed positions as the most efficient shippers of heavy freight become more valuable as the economy grows over time. HEICO's ability to design, certify, manufacture, and sell thousands of aircraft parts at discounted prices is unlikely to be disrupted (although we recently spent some time creatively challenging that position). The same is true for Honeywell. Over

the last several quarters we've been accumulating shares of the largest HVAC distributor in the country, Watsco. Its network would be very difficult to displace. The footprint reaches roughly 700 locations across various dealer territories, serving more than 120,000 contractors who in turn reach millions of homeowners. Watsco also benefits from a unique culture of employee ownership that has consistently produced above market growth for several decades. Each of these companies (and others like them) will need to adopt new and yet-to-emerge tools in order to hold their advantages. We would expect AI-driven efficiencies to be mostly an evolutionary—as opposed to a revolutionary—opportunity with non-trivial execution risk that accompanies the adoption of any new technology.

A second set of businesses stands to meaningfully benefit as they enable the accelerating pace of innovation. We wrote about the essential nature of Taiwan Semiconductor (TSMC), Applied Materials, and Analog Devices in our [Fourth Quarter 2024 letter](#). All three hold key positions in the semiconductor value chain alongside ASML whose monopoly we covered in detail in our [Third Quarter 2025 letter](#). TSMC, ASML, and Applied Materials provide unparalleled process knowledge and high precision equipment at a time where manufacturing complexity is rising and customers are clamoring for capacity. Amphenol (which we highlighted in our [First Quarter 2025 Letter](#)) and Analog Devices both sell tens / hundreds of thousands of SKUs that enable the detection, movement, connection, and protection of power and data, i.e. the brains and nervous system necessary to utilize technology in the physical world. Sentiment has shifted quickly, and dramatically, in favor of this group of businesses as semiconductor sales are expected to approach \$1 trillion this year (several years faster than what we underwrote 24 months ago; see chart below for historical context). We remain optimistic about their long-term prospects and continue to have material exposure to the sector but have used recent strength to pare back the overall size of our investment.

**Semiconductor Industry Sales**  
(\$ in millions)



The third set is one we have sought to avoid—companies facing clear threats to the economics of their core business(es) from the ongoing adoption of AI. Many, but not all, software businesses fall into this category. For example, we sold our investment in Adobe in December 2024 as questions surfaced about the future of content generation and advertising placement. There is undoubtedly a portion of this universe that will emerge unscathed and perhaps become even better than what we are presently able to imagine. A decent number of physical retailers have thrived since the proliferation of e-commerce as one parallel. But it is difficult for us to invest, even at historically undemanding prices, where we perceive an elevated probability of a business needing to remake itself.

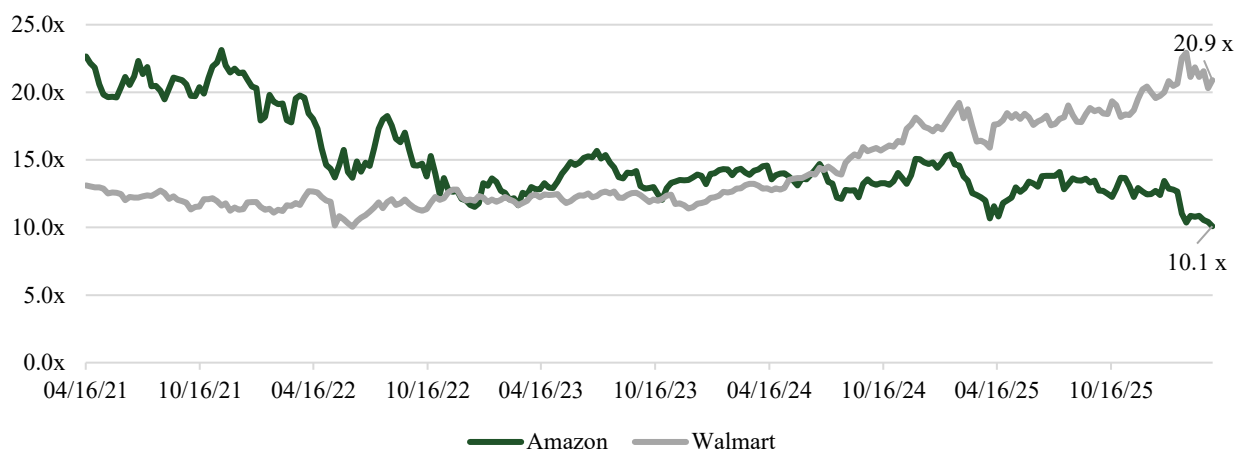
Chart source: World Semiconductor Trade Statistics

The final bucket consists of everything that doesn't fit cleanly into one of the first three categories. From inception Ironvine's strategy has been fairly simple: be choosy about competitive position, align ourselves with skilled and properly incentivized managers, and exercise discipline on entry points to enable our capital to compound at double digit rates. This narrow approach has led us to own and follow a collection of businesses that generally trades at a premium because of their perceived durability. The apple cart has been upset in this universe in recent quarters. Terminal values of many franchises historically regarded as iron-clad have quickly been viewed as far less certain. We own several with deep customer intimacy, proprietary datasets, strong brand value, and painstakingly constructed physical networks that we believe will increase in value for many years to come, but that now trade at or near decade-low implied valuations.

Our largest investment, Amazon, is a good example of this phenomenon. Amazon Web Services (AWS), the company's \$130 billion cloud computing platform, has been perceived as both AI winner and AI loser at different points over the three-plus years since ChatGPT arrived. We believe model-agnostic, strategically located, low-cost inference capacity positions AWS well in most versions of a brave new world. (It's important to keep in mind that not every compute workflow is AI-driven.) Amazon retail, with its increasingly dominant physical distribution network, would seem impervious—or at least indifferent—to AI disruption on the surface. In a world where agents shop and transact on an individual's behalf, however, the trajectory of Amazon's \$85 billion advertising business (a key profit engine) becomes less clear. Amazon retail is still a juggernaut in this scenario, but perhaps a less profitable one. Last week a new data point entered the conversation with CEO Andy Jassy revealing the growing scale of Amazon's custom semiconductor business which is now approaching \$50B in annual revenue.<sup>4</sup> The point here is that there is a mix of both secular opportunity and risk residing inside Amazon. Our confidence in this team's ability to navigate the path forward lies in part in a culture that exemplifies the spirit beneath Jassy's observation that *"it's better to capture more of the transformational upside than to miss much of it by cutting it too fine. If you learn something new that requires course correcting, do it quickly. Inflections aren't usually smooth or calm. They favor the bold and adaptable."*

The chart below depicts the growing divergence between the world's two largest retail operators. Over the course of the last two years, Amazon has gone from trading roughly at parity with Walmart to now trading at a 50% discount. We're not suggesting Walmart's present valuation is the correct future baseline, but a decade-low multiple for Amazon strikes us as compelling in light of the opportunities ahead.

**Amazon vs. Walmart NTM EBITDA Multiple**



<sup>4</sup> Actual revenue is over \$20 billion growing at a triple-digit rate; if AWS were a third-party customer, revenue would be ~\$50 billion

Following the February selloff, the rating agencies, which also straddle the risks and opportunities presented by AI, trade near their lowest multiple of expected earnings since 2022.<sup>5</sup> We believe Moody's and S&P Global will remain *largely* unscathed by the commercialization of AI automation tools. These are benchmarks, standards, and stamps-of-approval type businesses that generate the bulk of their revenue and operating income from the widely recognized opinions they give. For both businesses, their non “standards” franchises consist of highly curated data sets and workflow tools (aka software)—the bulk of which run on proprietary data or homegrown databases that are deeply entrenched in the bowels of insurance, banks, and other capital markets customers. Much of this is what we refer to as “data exhaust.” For instance, S&P's Market Intel segment and Moody's Analytics sell subscriptions to research its credit analysts are doing that ultimately lead to ratings. Claude's finance tools might help a bank build its own financial desktop system to replace Capital IQ or FactSet, but it is unlikely to factor into a company's decision to get its bonds rated.

Before AI, Constellation Software (CSU) was broadly viewed as possessing a strong moat and seemingly limitless runway to redeploy cash flows into vertical market software acquisitions at high returns. The market reflected that confidence: just last year, the shares approached \$4,000 and traded at roughly 45x trailing free cash flow. That narrative has since unraveled. In the months that followed, the stock fell sharply as two developments converged—the sudden resignation of founder Mark Leonard for health reasons, and a growing belief that AI could erode traditional software economics. Together, these forces catalyzed a rapid and decisive shift in investor sentiment that led to a 50% drawdown in the value of CSU's equity. And although we agree that barriers to developing software have come down, we believe this business is stickier than the price suggests. Domain knowledge, critical systems of record, and customer intimacy are Constellation's differentiating attributes—not its code. Constellation CEO Mark Miller said it well in March:

*“Building products and features faster will not be what differentiates us long term. That capability will become widely available. It's going to be table stakes. What will matter is what our businesses have spent many years developing—deep vertical knowledge, a genuine understanding of customer workflows and processes, the data inside their solutions and the trusted relationships they've built.”*

We would add two additional qualities that set Constellation apart from the bulk of the software universe: 1) the team has proven it can deploy large sums of excess capital over time at attractive returns and its opportunity set has grown richer as valuations have come down, and 2) the company does not need to figure out how to wean itself off significant share-based compensation (it has none). We'll repeat what we said last quarter: The opportunity to partner with a deep bench of talent that collectively owns several billion dollars of CSU stock at 18x<sup>6</sup> our estimate of 2026 free cash flow is not one that we envisioned happening.

There are dozens of other businesses we own or follow closely that fall into this “messy middle” where the market is currently pricing the future as being far less certain. Microsoft's software business, long heralded as one of the most durable subscription models in enterprise services, faces scrutiny as it has yet to find product market fit with its CoPilot AI tools. Market sentiment on Visa and Mastercard has soured as questions around agentic commerce potentially disrupting global payment flows have surfaced. Aon, Brown & Brown, and the rest of the insurance brokerage industry fell out of favor last year due to a softening insurance market and now face disintermediation-related questions that rhyme with the dawn of the internet era. CoStar Group, already a lightning rod because of CEO Andy Florance's stubborn commitment to the struggling Homes.com platform, faces new questions about whether its proprietary data sets and advantaged

<sup>5</sup> At the time of this writing, S&P Global trades at 21x expected earnings, its lowest multiple since the pandemic lows in March 2020. Moody's trades at 25x, its lowest multiple since 2022

<sup>6</sup> At the time of this writing, CSU's trailing 12-month multiple of free cash flow has fallen from 45x to 19x



marketplace businesses can defend their historically attractive economics. In each of these cases valuation multiples are at or near 10-year lows.

We're attempting to avoid being overly dogmatic about how things will play out. In so doing the classic adage attributed to Mark Twain is top of mind: *"It ain't what you don't know that gets you into trouble. It's what you know for sure that just ain't so."* We've had ongoing and fervent debates about the opportunity set across many industries. In most instances, we're of the mind that reality will likely differ from current perception. Incumbency is often an underappreciated advantage when it comes to domain expertise, depth of customer relationships, integration into existing workflows, security, and many other practical considerations where inertia makes change harder and slower than it might otherwise be. Some of the dislocations we're seeing set the stage for attractive returns, with a handful of opportunities that look particularly compelling over a multi-year horizon. Amidst the whipsaw of daily headlines, it is important to remember that we are partnered with some exceptional teams and leaders that have built companies for change.

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Please see the following pages for data and commentary specific to each of our strategies. We are grateful for your trust and welcome your feedback.

The Ironvine Team  
April 22, 2026



**IRONVINE**  
CAPITAL PARTNERS, LLC

**CONCENTRATED EQUITY**

	YTD 03/31/26	Annualized Returns as of 03/31/26					Cumulative
		1 Year	3 Year	5 Year	10 Year	Inception 04/01/12	Inception 04/01/12
Ironvine Concentrated (net)	(5.61%)	4.90%	8.94%	5.98%	11.33%	10.48%	303.84%
S&P 500	(4.33%)	17.80%	18.32%	12.06%	14.16%	13.64%	499.04%
Equities	1.83%	16.18%	10.28%	5.73%	10.05%	10.05%	282.38%
Bonds	(0.29%)	4.05%	2.40%	(0.55%)	0.90%	1.67%	26.12%
Cash	0.88%	4.12%	4.84%	3.42%	2.26%	1.63%	25.35%

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.





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**CORE EQUITY**

	YTD 03/31/26	Annualized Returns as of 03/31/26				Cumulative	
		1 Year	3 Year	5 Year	10 Year	Inception 01/01/16	Inception 01/01/16
Ironvine Core (net)	(4.82%)	3.92%	9.39%	5.28%	11.77%	11.76%	212.64%
S&P 500	(4.33%)	17.80%	18.32%	12.06%	14.16%	13.94%	281.01%
Equities	1.83%	16.18%	10.28%	5.73%	10.05%	10.10%	168.17%
Bonds	(0.29%)	4.05%	2.40%	(0.55%)	0.90%	1.32%	14.43%
Cash	0.88%	4.12%	4.84%	3.42%	2.26%	2.21%	25.14%

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## Important Disclaimers

**We recently updated our Form ADV, Customer Relationship Statement, and Privacy Policy. 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 402-916-1705.**

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.

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

**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.

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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 Finn Lucas at 402.916.1705 or [flucas@ironvinecapital.com](mailto:flucas@ironvinecapital.com). No part of this article may be reproduced in any form, or referred to in any other publication, without express written permission.

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