Broadleaf Partners, LLC

Growth Equity Portfolio
Fourth Quarter Review
December 31, 2022

Performance Commentary

	Q4 2022	2022	[--------- 3 Years	Annualized 5 Years	10 Years	--------] Since Inception
Broadleaf	4.1%	-22.9%	10.5%	14.7%	15.7%	11.4%
S&P 500	7.6%	-18.1%	7.7%	9.4%	12.6%	9.0%

Stocks outperformed bonds in the fourth quarter, as earnings remained strong and companies continued to successfully pass along price increases to consumers. This is further evidence that 2022 was more about the Fed, valuation multiples and Wall Street more than it was about Main Street and the real economy. Broadleaf lagged the index during the quarter/year, but tracked well relative to our growth peers. Our numbers continue to speak for themselves over the intermediate and long-term, and while there are no guarantees, we maintain a high conviction in our process over the next market cycle.

Fund Inception 8/18/05. Portfolio performance reflects Broadleaf's Growth Equity Composite, described more fully under the caption "Performance Disclosures." You are urged to read that information in its entirety in connection with any evaluation of Broadleaf's performance statistics. All figures are shown net of actual fees. Any assumed fees have been calculated on a pro forma basis, reflecting the highest fee levels that Broadleaf would charge clients per our disclosures in Part II of our Form ADV.

Market Review & Outlook

The fourth quarter experienced a similar pattern of performance to that of the third. A strong rally through a generally positive earnings season and then a sell-off as investor attention returned to macroeconomic fundamentals, including inflation, interest rates and Fed policy.

For the full year, earnings in general were strong and forward earnings estimates remained stable, suggesting that this year's twenty percent decline in the stock market was all about interest rate increases and their effect on earnings multiples. It is quite simple math; when rates go up, as they have this year, prices of various asset classes must decline to provide greater competitive rates of return for those buying today. This is why both bonds and stocks have done so poorly in 2022 even as earnings have remained stable.

As the calendar turns to 2023, market strategists continue to forecast a potential second down leg for the markets as the aggressive rate hikes experienced in 2022 slow the economy and throw it into an outright earnings recession. Some see this happening in early 2023, while others feel it could take longer given the significant tailwinds of healthy consumer balance sheets, strong wage growth, and healthy overall employment levels. Many strategists were predicting this for 2022 as well; they are now claiming that they've been early, but not yet wrong. Monetary policy does act with a lag in the real economy to be sure, but now through a few earnings seasons, it remains in the lagging department.

In the past few decades, rate hike campaigns aimed at slowing the economy have ended up popping inflated asset bubbles systemic enough to derail growth in the overall economy. In spite of declines in pandemic beneficiary stocks, SPAC's and crypto this go around, nothing (so far) has been systemic enough to do the same. Areas of strength have been offsetting the areas of weakness, areas of underinvestment offsetting areas of overinvestment.

This continued path represents an outcome that doesn't get much airplay, perhaps because it isn't as polarizing, media worthy or attention grabbing. Though rare, soft landings and rolling recessions aren't unprecedented, and perhaps are even the least unspectactular: a no landing scenario remains possible for 2023. In fact, during prior periods where inflation was higher, like today, recessions seemed more frequent, but not nearly as deep as those of the past few decades.

In our view, much of what we've experienced this year traces back to the pandemic. There remain continued ripple effects associated with shutting down the entire global economy and then turning it back on again. The ***Economic Cycle*** has asserted its influence over the ***Innovation Cycle*** as everyday industries try to establish new equilibrium prices that will clear supply and demand. A reading of history suggests that pandemics are often accompanied by natural disasters, famines, wars, greater social unrest and even inflation. In this sense, what we are seeing today may not be so unusual, but the norm.

In our book, we're not so sure an earnings recession will come in 2023 as most seem to expect. Some industries are indeed softening , but others are still strong or strengthening. The labor market remains healthy, and if political elections are really all about "the economy stupid", then perhaps the midterm results are trying to tell us something that Wall Street has not yet picked up on – perhaps "it ain't all that bad".

If we indeed are going to Make America Great Again, an aspiration both parties could agree on if they chose to agree on anything, we're going to need to invest in some "old" areas of the economy that may to some extent be responsible for the inflation we are seeing today. From this point of view, the Fed can slow and then pause further rate hikes as future inflation readings allow, but they should refrain from a "pivot" to lowering rates which might only encourage further speculation in the areas that we've already overfunded relative to those that we've ignored.

The Fed can reduce inflation by hiking rates and slowing demand in the short run, but to sustain that path, we're going to need to see some improvement from the supply side as well. The only way to get that may be to incent investments where we really need it - in physical goods, real assets and manual labor – rather than enabling speculation in more innovation disruptors that often, though not always, remain in the category of unrealized dreams.

While modern day prophets don't exist, as a society, we certainly crave them. Forecasts are easily made at this time of the year, but as the previous year shows, are often far off the mark. We're banking on a soft landing, but knowing that we don't know what we don't know, we're also far more diversified than we ever have been from a sector perspective.

We know the markets will recover over the long term and that recessions are a fact of life in any economy, but our experience has also taught us that new leaders often arise every ten or so years from the ashes of the former winners. Income inequality at the sector level is often resolved by Adam Smith's Invisible Hand, by providing a different opportunity set of investments for investors based on changing demands. In this sense, inflation today is a signal for where we may need new productive capacity. Innovation can remain a part of that, but investing in the people that provide manual labor to important areas of the economy that have been sorely neglected can as well. Trends in demographics and de-globalization only further this need.

There are always opportunities somewhere in the markets, even when the stock market indices decline. Our job is to position accordingly and then press our bets as we gain greater clarity and confidence in those themes. As we mentioned a few years ago in an update, tomorrow's winners aren't always the same as those of yesterday; eventually LeBron James ages out, ceding playing time to new up and comers. Former prophets and gurus die, but the world moves on.

We'll be publishing our 2023 Investment Playbook in a few weeks' time with additional details, so stay tuned!

Portfolio Characteristics

Portfolio Statistics

Avg. Wtd. Market Cap.	$126.9B
Median Market Cap	$88.3B
Forward P/E Ratio	18x
Median P/E Ratio	21x
Free Cash Flow Yield	5.0%
Median Return on Equity	31.2%
Beta	1.14
Portfolio Yield	1.0%
3yr Avg Rev Growth	12.9%
3yr Avg EPS Growth	20.3%

Investment Style

The Broadleaf Growth Equity Portfolio employs a concentrated growth style of investing, holding approximately 25-35 equity positions from a cross section of economic sectors. Morningstar would classify us as a large cap growth manager, but we will invest in select small and midsize companies as unique opportunities avail themselves. Currently, the portfolio has an average market capitalization of $126.9 billion. Sector exposures are strongly influenced by our views on three determinants of investment value, which we define as the economic cycle, the innovation cycle, and the credit cycle. Individual securities are ultimately selected on the basis of their long term growth potential, profitability, and intrinsic value as measured by their free cash flow generating characteristics. Innovative new ideas and themes are of particular interest.

Investment Objective

The portfolio's goal is to outperform the S&P 500 over a three to five-year time horizon or full market cycle, utilizing a growth oriented investment style. The portfolio is suitable for investors seeking an exposure to a concentrated investment style which may be more volatile than the market as a whole. Investors should consider it as a portion of their investment portfolio within the context of their overall asset allocation and related investment goals.

Performance Disclosures

Results reflect the actual performance of Broadleaf's Growth Equity Composite. Performance data is shown net of advisory fees and trading costs. Broadleaf may charge different advisory fees to clients based on several factors, but primarily based on the size of a client's account. Broadleaf's basic fee schedule is available on its Form ADV, Part II. Results reflect the reinvestment of dividends and distributions, if any. Leverage has not been utilized. The U.S. Dollar is the currency used to express performance.

Broadleaf's growth Equity Composite includes all fully discretionary accounts utilizing our growth equity style of investing with a minimum initial account size of $250,000. (From firm inception to 6/30/2009 our minimum account size for composite inclusion was $250,000 and from 6/30/2009 to 6/30/2013, the minimum was $100,000. Historical results have not been updated retroactively to reflect changes in account minimums, but are reflected on a going forward basis.) To be included in the composite, an account must have been under management for at least one full quarter. If a significant cash flow in an underlying composite account during the quarter causes it to deviate from our intended growth style, we will remove the account for the period in which the significant cash event occurred. A significant cash flow is currently defined as 10% or more.

Total firm assets at quarter end were $351.6 million. Prior to January 5th, 2006 the firm did not have any investment advisory clients. As a result, composite data prior to March 31st, 2006 only reflects the performance of Doug MacKay's personal retirement account.

The S&P 500 Index has been used for comparative benchmark purposes because the goal of the stated strategy is to provide equity-like returns. The S&P 500 is a broad based index reflecting the performance of the equity market in general. The S&P 500 Index is based on total returns which includes dividends. We monitor the performance of our growth style of investing by comparing our results to those of other large cap growth peers. While we believe these are appropriate benchmarks to use for comparison purposes, it should be expected that the volatility of the Broadleaf Growth Equity Portfolio may be higher due to its concentrated nature.

Performance information since inception reflects actual performance of the composite over a period of greater than ten years. You are cautioned that information concerning comparative performance over this period of time may bear no relationship whatsoever to performance over other time periods. This information should not be regarded as in anyway representing the likely future performance of the portfolio in absolute terms or in comparison to the indices. Investment in securities, including mutual funds, involves risk of loss. Past performance is no guarantee of future returns.

Broadleaf Partners, LLC is a registered investment advisor with the Securities and Exchange Commission. The firm maintains a complete list and description of composites, which is available upon request.

Performance information contained in this document including any reference to the purchase or sale of a security, or a strategy, is not intended to constitute personalized investment advice. Personalized investment advice is always dependent on individual factors, involves risk and is not a guarantee that any investment will produce favorable results.

For Additional Information Contact:

Doug MacKay, CFA
CEO & Chief Investment Officer
(O) 330.650.0921
dmackay@broadleafpartners.com

Bill Hoover
President & COO
(O) 330.650.0921
bhoover@broadleafpartners.com