Broadleaf Partners, LLC

Growth Equity Portfolio
Fourth Quarter Review
December 31, 2017

Performance Commentary

	Q4 2017	2017	3 Years (Annualized)	5 Years (Annualized)	10 Years (Annualized)	Since Inception (Annualized)
Broadleaf	9.5%	36.0%	13.4%	16.7%	9.3%	10.1%
S&P 500	6.6%	21.8%	11.4%	15.8%	8.5%	8.8%

Growth stocks enjoyed strong results in the fourth quarter, bringing full year 2017 returns on a net of fees basis to 36% for the Broadleaf Growth Equity Portfolio. After lagging the major indices considerably last year, 2017 was certainly growth's opportunity to shine. Our annualized returns are ahead of the S&P 500's over the past three, five, and ten years and are also in the top quartile of large cap growth managers over the last one, three and ten year periods.

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. The fund's peer group is Morningstar's large cap growth category.

Market Review & Outlook

In spite of immense chaos from Washington, DC and a national media engulfed in daily "fake news" controversy, the financial markets finished 2017 in epic fashion. The S&P 500 gained 21.8% for the full year, with most subgroups finishing in positive territory. Large cap growth funds led the way with average gains of nearly 28%, while small cap value funds were the last car on the gravy train, posting gains of about 9%.

Key to the market's strong fourth quarter results was the passage of much needed corporate tax reform. As recently as one quarter ago, we remained skeptical that the legislation would pass given the failures of Washington in recent years and, even then, remained doubtful that passage would change the longer term narrative of "lower for longer". This view was not only our own, but those of multiple executives on recent earnings conference calls who expressed doubt that tax cuts would cause them to suddenly make investments in areas they weren't already willing to make.

But now that tax cuts have passed, we can't help but believe that positive changes will be forthcoming over a period of years, not just months and quarters. For some domestic companies, the benefits may amount to as much as a 40% improvement in annual free cash flow, and even if they only spend ten percent of that extra cash on new projects, it will amount to something for the economy as a whole.

Reduced tax rates represent a long term tailwind for the economy simply because it means companies will have more options and choices about the future. Not all companies will benefit equally, but all will benefit. Do I believe that most companies will spend the windfall with drunken abandon? No, I do not. But again, it does mean they will have more choices going forward, and more choices imply potentially greater value down the road, as long as wisdom rules the day.

To be sure, the tax cuts are coming late in the current economic cycle, but this may end up being the overall point – the passage as a view towards the longer term benefit and not some knee jerk, short term "trade". Corporations in Germany recently expressed the view in a Wall Street Journal article that reduced tax rates in the United States would make our soil more fertile for their manufacturing needs than had recently been the case, opening the prospect for more domestic jobs.

In the end, lower tax rates improve the outlook on the job front, the productivity front, and the shareholder front. As a money manager, I don't see how such a thing can be a bad one. Whether or not it will lead to better tax revenues for the government as a result of trickle down effects will remain the subject of great debate and gnashing of teeth, but from the perspective of this shareholder, also a reality for another day.

We suspect the markets returns will broaden in the coming year and believe many will be surprised by what the future has in store. As we do most years, we will be reviewing and updating our investment playbook for 2018 and publishing it in the coming weeks. Stay tuned and happy investing!

Portfolio Characteristics

Top Five Portfolio Holdings
Alphabet
Apple
Amazon
PayPal
Facebook

Sector Concentrations

	Broadleaf	S&P 500
Technology	44.7 %	23.8%
Cons. Disc.	17.9	12.2
Healthcare	12.6	13.8
Industrials	10.9	10.3
Financials/RE	9.2	17.6
Energy	2.6	6.1
Cons. Staples	0.0	8.2
Utilities/Tel	0.0	5.0
Materials	0.0	3.0
Cash	2.1	

Portfolio Statistics

Avg. Market Cap.	$156.9B
Median Market Cap	95.2B
Forward P/E Ratio	24.9x
Median P/E Ratio	25.5x
Free Cash Flow Yield	3.6%
Return on Equity	40.5%
Beta	1.18
Portfolio Yield	0.9%
3yr Avg Rev Growth	16.2%
3yr Avg EPS Growth	27.9%

Investment Style

The Broadleaf Growth Equity Portfolio employs a concentrated growth style of investing, holding approximately 25-30 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 a weighted average market capitalization of $156.9 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 index over a three to five-year time horizon or full market cycle. 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 $199.9 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 index is based on total returns which includes dividends. While we believe this is an appropriate benchmark 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 five 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.

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