



Broadleaf Partners, LLC

Growth Equity Portfolio Second Quarter Review June 30, 2019

Performance Commentary

	<u>Q2 2019</u>	<u>Year to Date</u>	<u>Trailing 12 Months</u>	[----- <u>3 Years</u>	<u>Annualized</u> <u>5 Years</u>	<u>10 Years</u>	-----] <u>Since Inception</u>
Broadleaf	4.9%	24.5%	13.6%	23.7%	15.9%	16.5%	11.1%
S&P 500	4.3%	18.5%	10.4%	14.2%	10.7%	14.7%	8.8%

While it was a volatile ride, the second quarter of 2019 ended in positive territory with both the Broadleaf Growth Equity Portfolio and the S&P 500 gaining more than four percent. Our results continue to outpace those of the S&P 500 on a net of fees basis and we rank highly among our large cap growth peers over the short, intermediate and longer terms.

With a performance track record now approaching fourteen years, we also noticed that we're becoming somewhat of a rarer breed on Wall Street, with fewer and fewer funds sticking around for so long. We thank you, our clients, for supporting us along the way, and helping us to be a member of the survivorship bias.

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

The stock market reached a new high in the second quarter, lost nearly 7% from those highs on trade related concerns, and then managed to reclaim new highs once again as hopes for rate cuts grew louder than the simple pause hoped for just a few quarters ago.

In spite of the new highs and an economic expansion that is now the longest and slowest on record, the markets feel fragile and are not without well advertised risks. The more defensive areas of the market have been relative leaders of late, which has historically been a reflection of greater caution than optimism.

To us, this all may suggest that the longest bull market on record isn't yet ready to die. More often than not, tops seem marked by a frothy optimism that overwhelms caution and shuns

the bears into complete hibernation. In spite of the successful IPO launch of a recent class of unicorns, reasons to exercise caution remain well advertised, and fund flows into bonds continue to outpace those of equities.

On the trade front, it is our sense that corporate America is no longer waiting for a resolution or clarity, but is instead moving ahead and reorganizing their supply chains away from China. This, no doubt, disrupts everyone in the short run, but perhaps China has more to lose as the manufacturing permanently flows elsewhere. Perhaps Trump perceives this and knowing it, sees a short term truce as an easy carrot.

Perhaps our approach is similar. Rather than trying to discern the ebb and flow of the economic cycle or the outcome of a trade war, we've long moved on by trying to find the areas that can innovate and grow in spite of it all. In general, our performance in the quarter proved to be broad based with most sectors participating. To the extent trade war concerns abate, cyclical areas and value may find a brief reprieve, but we'd not be inclined to chase.

Portfolio Characteristics

Portfolio Statistics	
Avg. Market Cap.	\$ 234.8B
Median Market Cap	115.8B
Forward P/E Ratio	38.8x
Median P/E Ratio	30.4x
Free Cash Flow Yield	2.9%
Return on Equity	27.8%
Beta	1.03
Portfolio Yield	.7%
3yr Avg Rev Growth	19.8%
3yr Avg EPS Growth	34.2%

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 a weighted average market capitalization of \$234.8 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 \$243.3 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 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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