Broadleaf Partners, LLC

Growth Equity Portfolio
Third Quarter Review
September 30, 2017

Performance Commentary

				[--------- Annualized --------]			
	Q3 2017	Year to Date	1 Year	3 Years	5 Years	10 Years	Since Inception
Broadleaf	**6.5%**	**24.2%**	**23.6%**	**11.0%**	**14.5%**	**8.6%**	**9.5%**
S&P 500	4.5%	14.2%	18.6%	10.8%	14.2%	7.4%	8.4%
Russell 1000 Growth	5.9%	20.7%	21.9%	12.7%	15.3%	9.1%	9.6%

Growth stocks enjoyed strong third quarter results, bringing our year to date return on a net of fees basis to 24.2% for the Broadleaf Growth Equity Portfolio. After lagging the major indices considerably last year, 2017 has been growth's opportunity to shine, something we discuss further in the market review and outlook section, below. Our annualized returns are now ahead of the market's over the past three, five, ten years and since inception 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

We have been relatively silent this year with our intra quarter market commentaries, not wanting to "jinx" our solid results by sharing too many words, thoughts or opinions. Just as we said in our Second Quarter Performance Commentary, the market has continued its bifurcated performance for the past three years, with growth stocks taking the lead in 2017 after lagging for most of 2016.

While the S&P 500 is up a solid 14.2% this year, it has, under the surface, been a tale of two markets, with large cap growth portfolios up 20% or more, while smaller cap and value oriented portfolios have lagged significantly, up as little as 2% on a year to date basis.

For us, the dichotomy in performance largely comes down to one thing, which the market continues to wrestle with on a nearly quarterly basis, including the last few weeks. If the economy can return to the considerable cyclical forces that dominated it for most of the past

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three decades (think boom and bust), value stocks and the reflation trade will likely surge in anticipation of the "good old days." If, however, we are more than likely in a lower for longer growth environment, then those companies that can grow in spite of the economy will continue to outperform, as has been the case this year.

We consider the idea of a reflation trade or the Trump trade as the biggest risk to how we've positioned our portfolio, not because we don't believe that tax cuts would help the economy, but because we don't believe it is likely to make a significant impact on the economy at this stage of the recovery. Unlike past tax cuts that occurred immediately following recessions, this one would likely – if even approved, and that is a big if given Washington's record – not be implemented until next year and over a period of many years, likely amounting to 20-30 basis points of additional GDP growth on an annual basis.

Historically, anticipated upcycles in the economy drove considerable incremental margins across the corporate landscape, generating significant and sustained outperformance for value stocks as they progressed towards their peak earnings potential. In our view, the past two declines in the economy have made a permanent mark on both individual investors and corporate finance executives who, in spite of a potential tax windfall, are unlikely to spend it in a crazy, spirited fashion as may have been the case in prior decades.

We define risk as having an "understanding of where uncertainty is growing." While we believe the risks of an economic recession are low right now, we believe that if Washington D.C. is able to put in place and enact a tax reform program, it would likely lead to another year of mean reversion, with value stocks surging forward in anticipation of greater animal spirits for the economy. Indeed, this remains the biggest risk for our portfolio after such a large run this year.

Our longer term take is that even if the reflation trade gains steam on the back of fiscal stimulus like the passage of tax cuts, it is unlikely to drive the types of incremental margins or spending that most of us who grew up in the business became accustomed to. It would certainly, however, help the overall health of the stock market to see this year's batch of disenfranchised laggards catching up, but it is also equally unclear whether or not that would require a setback in the stocks of those that have already been doing well, like those that we own.

We continue to believe it makes the most sense to stay focused on those that can grow in spite of the economy over the longer term, but similarly recognize that without an expanding pie for all, the political risks and populist backlash towards those that are doing well will only become louder.

A week or so ago, I was honored to be a featured panelist at the University of Akron's 2017 Economic Summit titled "Finding Opportunities and Managing Risks in a Trump Era Economy." As I said at that time, I believe most investors are horribly served by investing on the basis of their political views. Investing solely in gold if you were upset with Bernanke or Obama, or going to cash because you hated the night Trump won the surprise election have both been mistakes in a market that over time, tends to reward the patient and those focused on long term profit growth opportunities.

Portfolio Characteristics

Top Five Portfolio Holdings

Facebook
Apple
PayPal
Google
Amazon

Sector Concentrations

	Broadleaf	S&P 500
Technology	47.9 %	23.2%
Cons. Disc.	20.4	11.9
Healthcare	12.7	14.5
Industrials	8.9	10.2
Financials/RE	6.0	17.6
Cons. Staples	1.9	8.2
Energy	0.0	6.1
Utilities/Tel	0.0	5.3
Materials	0.0	3.0
Cash	2.2	

Portfolio Statistics

Avg. Market Cap.	$207.1B
Median Market Cap	114.2B
Forward P/E Ratio	29.2x
Median P/E Ratio	23.6x
Free Cash Flow Yield	3.7%
Return on Equity	31.6%
Beta	1.1
Portfolio Yield	0.7%
3yr Avg Rev Growth	16.2%
3yr Avg EPS Growth	23.6%

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 an average market capitalization of $207.1 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 and Russell 1000 Growth indices 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.

<u>Performance Disclosures</u>

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 $188.8 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 and Russell 1000 Growth Index have 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, while the Russell 1000 Growth is a broad based index reflecting the performance of a growth investing style bias. Both indices are based on total returns which includes dividends. 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 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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