Broadleaf Partners, LLC

Growth Equity Portfolio
Third Quarter Review
September 30, 2018

Performance Commentary

				[---------	Annualized		--------]
	Q3 2018	**YTD**	**1 Year**	**3 Years**	**5 Years**	**10 Years**	**Since Inception**
Broadleaf	7.2%	23.0%	34.7%	21.4%	17.0%	14.6%	11.3%
S&P 500	7.7%	10.6%	17.9%	17.3%	14.0%	12.0%	9.1%
Russell 1000 Growth	9.2%	17.1%	26.3%	20.6%	16.6%	14.3%	10.8%

The Broadleaf Growth Equity Portfolio enjoyed absolute gains in the third quarter, rising 7.2% and bringing year to date results to 23%, net of fees. Performance gains continued to come from the technology and consumer discretionary sectors during the quarter, as has been the case for most of the year, but market breadth also improved, in an encouraging sign, with participation broadening to the health care and industrials sectors for the portfolio as well.

Over nearly every period we track - short, intermediate, long term and since inception - our results are beating our benchmarks and our peer group on a net of fees basis. It's equally difficult to believe, at least for me, that Broadleaf has been around for thirteen years!

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

To me, there were three overriding themes for the market during the third quarter – tariffs, new stock market highs, and rising risks of regulation, particularly for the tech sector.

Let's discuss each, in turn.

While the Broadleaf Growth Equity Portfolio has enjoyed very strong results this year, until very recently, participation hadn't been all that broad, with the more economically cyclical sectors of the economy struggling in the face of Fed rate hikes and tariff talk. Paradoxically, this changed a bit after the latest round of tariffs on China were imposed. The market's performance broadened out a bit, with the sectors most likely to be affected by the tariffs enjoying a relief rally, in a sell the rumor buy the news type fashion.

Going forward, it looks increasingly likely that the Trump administration will impose tariffs on *all* Chinese imports in a long term attempt to bring back a portion of the U.S. manufacturing jobs lost in recent decades. Most of the economists we respect believe the tariffs will be a *partial* offset to the more important and powerful corporate tax cuts enacted earlier in the year. All things being equal, if the tariffs are fully imposed, GDP growth may be .3% lower annually than it otherwise might have been.

In spite of the continued political concerns coming from Washington, the stock market finally recovered and surpassed the highs achieved in late January. Rather than just a few narrow sectors and companies driving the bulk of the markets gains for the year, other areas started to participate, enabling the S&P 500 to hit these new highs. Symbolically, the Dow Jones Industrial Average enjoyed more than a few days in the sunshine, while the NASDAQ played second fiddle. Personally, I do not subscribe to the view that just because we are at new market highs, we won't or can't go any higher. Eventually, we will, but after two dreadful recessions in the last eighteen years, I can understand the resistance to an off to the races type mentality.

Finally, and perhaps consistent with the buy the Dow Jones and fade the NASDAQ trade has been the global, regulatory focus on protecting consumers' privacy rights. These bipartisan concerns can be seen most clearly in the performance of Facebook's stock and in the fines coming from Europe on the likes of Alphabet, formerly Google. I suspect that part of the trade into lagging cyclicals in recent weeks has been as much about selling the rumor/buying the tariff news as finding a place to park some profits being harvested from the tech sector and the FANG stocks in particular.

All the same, this trade has occurred on several occasions in the past year, but it has yet to find footing and establish a new trend. With interest rates likely headed higher around the globe now, it is my belief that the fears of cyclical peak earnings will remain front and center, limiting sustained rotation. Aside from Facebook's company specific issues, I continue to believe that the path of least resistance on the earnings front will remain more attractive, likely and less risky in the areas we're currently exposed. Historically speaking, fourth quarters are often a time for laggards to play catch up and leaders to pause. As always, time will tell, but that's our best thinking.

On a final footnote, the S&P 500 recently changed its sector makeup, moving former tech companies Google and Facebook and consumer discretionary company Netflix into a newly minted communication sector, with several other telecom and media companies. The net of the changes will be a slightly smaller tech exposure for the S&P 500. Given recent long term trends in bank branch closings, we wouldn't be surprised if a similar shift eventually occurs for companies like Visa, MasterCard, and PayPal – as they move from the current place in tech sector to perhaps financials, where they may more accurately belong.

While scary for many, technology has always been the birthplace of new ways of doing old things.

Portfolio Characteristics

Top Five Portfolio Holdings

Apple
Amazon
Microsoft
Alphabet
Facebook

Sector Concentrations

	Broadleaf	S&P 500
Technology	49.0%	26.2%
Cons. Disc.	14.0	13.1
Healthcare	13.8	15.0
Industrials	9.0	9.6
Financials	6.5	13.3
Energy	2.4	6.0
Materials	1.5	2.4
Real Estate	1.3	2.7
Cons. Staples	0.0	6.7
Utilities/Tel	0.0	4.8
Cash	2.5	.2

Portfolio Statistics

Avg. Market Cap.	$ 182.6B
Median Market Cap	98.4B
Forward P/E Ratio	23.4x
Median P/E Ratio	23.9x
Free Cash Flow Yield	3.6%
Return on Equity	26.8%
Beta	1.23
Portfolio Yield	.9%
3yr Avg Rev Growth	18.1%
3yr Avg EPS Growth	26.0%

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 $182.6 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

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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 $234.42 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 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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