Broadleaf Partners, LLC

Growth Equity Portfolio
First Quarter Review
March 31, 2018

Performance Commentary

			[---------	Annualized		--------]
	Q1 2018	Trailing 12 Months	3 Years	5 Years	10 Years	Since Inception
Broadleaf	5.8%	30.7%	14.0%	16.3%	11.4%	10.4%
S&P 500	-0.8%	14.0%	10.8%	13.3%	9.5%	8.6%
Russell 1000 Growth	1.4%	21.3%	12.9%	15.5%	11.3%	10.0%

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.

The Broadleaf Growth Equity Portfolio continued a recent run of strong relative results, even in the down and volatile market experienced during the first quarter. Short, intermediate and long term, our results are ahead of our benchmarks on a net of fees basis.

Passive management vehicles (index funds) have been crowing about their outperformance relative to active managers for years, and even Warren Buffett was in on the action with a recent ten year bet that came to a close at the end of 2017.

That bet, that a group of hedge funds would not outperform the S&P 500 for the ten years ending December 31, 2017, proved a prescient one, and Warren won his million dollar wager. What was not widely shared was the fact that Warren Buffett's company, Berkshire Hathaway, similarly underperformed the market, to the tune of roughly .8% annually.

Well guess what?

Little old, Broadleaf Partners, based in Hudson, Ohio, would have won said wager with Warren Buffett. Had you been a client for the ten year period, you not only would have outperformed the market, but you would have outperformed famed investor Warren Buffett by approximaly 1.6% annually!

Our results aren't from some model that has been backtested, but are based on real live accounts with no second tries or one time, non-GAAP adjustments. Mom would be proud, and since no one else will toot our horn, we will take a moment to do so (and then get back to the quiet work of doing what we always do, managing money).

But what does this mean in dollar terms?

Well, let's do the straightforward math.

If you had invested a million with Warren, a million in the S&P 500, and a million with Broadleaf Partners at the end of 2007, the race would have ended up like this in dollar terms:

Money Manager	**Published Ten Year Annualized Net of Fees Return**	**Starting Investment 12/31/2007**	**Ending Value Ten Years Later 12/31/2017**
Broadleaf Partners	9.3%	$ 1,000,000	$ 2,433,333
S&P 500	8.5%	$ 1,000,000	$ 2,260,983
Warren Buffett - BRK/A	7.7%	$ 1,000,000	$ 2,099,699

Sources: Wall Street Journal, Broadleaf Composite Data

To be sure, all of the results shown above are impressive, reflecting a strong bull market and the miracle of time and compounding. But the differences may also say something else about the relentless debate between active and passive management, fee structures, and what ultimately catches the media's eye.

We wouldn't doubt that there are other undiscovered managers like ourselves out there, managers that charge neither exorbitant fees as may be the case with hedge funds, no fees as is the case with Warren, or low fees as is the case with index funds, but perhaps quite simply, reasonable fees, as is the case with Broadleaf Partners.

Is Warren really a money manager, though? We would say he isn't, but we weren't responsible for making the initial wager nor the media's long time view of him in the same light. Arguably, our task may be somewhat more difficult, since our cash flows typically dry up when bear markets come along, while Warren's wholly owned companies continue to generate wholly owned free cash flows. In a very real sense, we can't buy low, without selling something else first, but Warren can.

Market Review & Outlook

Alas, the past is the past, and the future remains uncertain, as it always is. To that end, what is our thinking on the current state of affairs?

First quarter earnings season wound down a couple of weeks ago, with Nike's earnings report. The quarter had a lot of noise with respect to earnings, largely because of the new tax law changes and the many one-time write offs and benefits that many companies shared. But by our calculations, the revenues of companies we own in the portfolio were up a weighted average 15% in the first quarter from last year's levels, while earnings gained 37%. The first quarter results continued to be very strong, with upside future potential a strong possibility given the tax cuts and resulting free cash flow generation.

The stock market has been very choppy over the last two weeks, after rebounding nicely from the damage done a month or so ago. I believe all the same issues existed two months ago that were knowable at that time, but as opposed to then, we are no longer in earnings season, when positive earnings data at the micro level tends to overwhelm macro level concerns regarding Fed policy and geopolitics. We are now finishing up what I will call the earnings void, a period that will come to an end next week when the large banks will begin, once again, to show their earnings cards.

About two months ago, the markets got dicey partly from liquidity issues associated with low volatility positioning trades – bets that the market would forever be in a lower for longer type environment. I think the next big issue for our markets on the macro front will be the beginning of European rate increases associated with policy normalization. To that end, we could have a repeat of the market's performance in 2015 in 2018 – a period when the US started to normalize rates.

During that period, the only thing that did well in the stock market were the FANG type stocks (**F**acebook, **A**mazon, **N**etflix, **G**oogle), companies that could grow regardless of the macro forces at work. While our market has started to digest the realities of tighter policy begun roughly three years ago, it remains to be seen what will happen as foreign central banks start down a similar path.

We continue to believe 2018 will be a good year, with some added volatility along the way. I think those companies that can grow should do better and while overall returns may be more moderate than last year, they can still be good. At the same time, the FANG complex has started to get bogged down in the regulatory minefield, so the notion that those that can grow will grow, may change. While they will still grow earnings, I'm not so sure we will see multiple expansion as we have in recent years. More likely, multiples may contract until the regulatory outlook clears.

As far as the regulatory comments are concerned, I would make a couple of points. First, I don't think everyone in the tech industry is a bad actor, even though the markets will certainly shoot first and ask questions later. Like guns, technology can be used inappropriately when in a bad actor's hands. It isn't always easy to see the risks of new technologies ahead of time or for that matter, even old technologies, given the surge in school shootings.

Mark Zuckerberg may be right, when he claimed he wasn't sure that Facebook shouldn't be regulated. New tools always have new issues and it is good that he, as the CEO, recognizes a changing world. But we will stick with capitalism, focusing on winners and losers and leaving the blame game for others to sort out. Like Zuck, we have and will continue to adjust our portfolio as the earnings outlook changes.

With regards to the Trump tariffs, China's initial response has been noteworthy. Going forward, China wants to focus more on tech and emerging industries rather than manufacturing and commodities, as it has in recent decades. China knows, as should we, that the long run value added in an economy comes from innovation, a key focus area for our portfolio, and childbirth.

At the same time, a number of Americans have been left behind by the economy of the last twenty years, and Trump is seeking to level the playing field for some of our older industries. Some of this has populist appeal, but I also think some of it may be warranted from a national security perspective.

I know many first hand examples of China blatantly stealing technology from the likes of Cisco and Microsoft, with those companies not doing much in response. Why? Perhaps it reflects a capitalist decision, weighing the benefits of access to a new market and thus greater topline growth with that of future, unchecked competition. The view may be different from a country perspective, however. While it may be a good risk reward for an individual company to overlook stolen technology, it may not be so for an entire country.

Just as China may want to excel in the future of science and high tech so they can look more like the United States than Russia in the future, it could also be true that we may need to safeguard our own production abilities in key commodity areas like steel to ensure that we can still make things down the road, when the inevitable bad actor might figuratively surface with a gun and shoot up an entire school.

In closing, note that China didn't respond with tariffs on companies like Boeing, but did on some commodity areas. Why? They still want access to our tech, including aviation tech. In return for continuing to provide that to them, we may simply in return, want some of our commodity jobs back, to maintain our own security going forward.

I will also add that it is very difficult to compete with a sovereign state that is willing to fund perpetual losses in an industry for the long run, while ours have no such support. It's like UPS and FedEx having to compete with the US Postal Service that never goes bankrupt, simply because they always get the funding they need in spite of perpetual losses. Do we cede these industries to other countries with such policies or do we demand something in return?

These are the debates we are having today, debates that will continue to shape the financial landscape going forward.

Portfolio Characteristics

Top Five Portfolio Holdings
Apple
Amazon
Google
Paypal
Alibaba Group

Sector Concentrations

	Broadleaf	S&P 500
Technology	44.3%	24.8%
Cons. Disc.	17.1	12.6
Healthcare	11.4	13.7
Industrials	11.4	10.2
Financials/RE	9.4	17.5
Energy	2.4	5.7
Cons. Staples	0.0	7.6
Utilities/Tel	0.0	4.8
Materials	2.0	2.9
Cash	2.0	.2

Portfolio Statistics

Avg. Market Cap.	$153.7B
Median Market Cap	103.6B
Forward P/E Ratio	23.5x
Median P/E Ratio	24.2x
Free Cash Flow Yield	3.6%
Return on Equity	28.9%
Beta	1.24
Portfolio Yield	0.9%
3yr Avg Rev Growth	15.7%
3yr Avg EPS Growth	25.6%

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 a weighted average market capitalization of $153.7 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.

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 $207.7 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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