



STRIPs  
Annual Review  
December 31, 2015

<u>Strategy</u>	Trailing <u>12 Months</u>	3 Years (Annualized)	5 Years (Annualized)
<b>Conservative STRIP</b>	<b>-2.12%</b>	<b>3.68%</b>	<b>4.88%</b>
Conservative Peer Group	-0.49%	2.74%	3.65%
<b>Balanced STRIP</b>	<b>-2.19%</b>	<b>7.00%</b>	<b>6.18%</b>
Balanced Peer Group	-1.13%	6.28%	5.83%
<b>Growth STRIP</b>	<b>-3.46%</b>	<b>8.11%</b>	<b>6.45%</b>
Growth Peer Group	-1.68%	7.87%	6.55%

*\*Please see important disclosures at the end of this document*

### **Broadleaf Strategic Investment Portfolios (STRIPs)**

Broadleaf Strategic Investment Portfolios (STRIPs) are objective-based, globally diversified portfolios designed to match an investors' desire for market participation with a level of risk management that corresponds to their risk tolerance.

For risk averse investors, we offer a Conservative STRIP, designed to preserve capital while outpacing inflation over the long-term. Growth oriented investors who are able to tolerate some short-term volatility benefit from our Growth STRIP, which has a greater emphasis on long-term capital appreciation. We also offer a Balanced STRIP for those investors whose risk appetite falls somewhere in between.

These portfolios are best suited for investors who engage Broadleaf Partners to manage all or virtually all of their investments, and therefore expect a diversified portfolio that meets with their investment objectives. Diversification is achieved in each STRIP by investing across multiple asset classes and styles, seeking to meet their objectives by investing in US and international equities, alternative investments, diversified fixed income investments and cash equivalents.

Results are compared against two metrics. First, we determine whether or not each STRIP is achieving its stated objective, and second, we compare the performance of each STRIP to a group of similar publicly traded mutual funds that pursue the same objectives that we've set out to achieve.

## **Performance & Commentary**

2015 was a challenging year for globally diversified portfolios.

According to Morningstar, all of the asset allocation fund categories that they track finished the year in the red. Whether conservatively positioned or invested further out on the risk spectrum, profits were elusive. In the U.S., large cap growth stocks gained, driven by a narrow group of stocks in that category, but outside of that group, losses for the year were the norm.

The Fed Decision dominated the financial news headlines all year. We maintained our underweight position in long-term fixed income, believing that the Fed would raise rates sooner rather than later, signaling that the US economy was healthy enough to withstand a move towards a more normalized interest rate environment. By definition, if underweight one area of the market, then we must be overweight at least one other, and our greatest overweight was U.S. value stocks for the majority of the year. As the Fed delayed their rate hike decision, our investments in these and other yield alternatives underperformed the fixed income that we otherwise would have owned, causing our performance to lag that of our peer group in all three STRIPs.

In the second half of the year, with the Fed still dominating the headlines, we made some adjustments that balanced the STRIPs more in a way to take advantage of our belief that stocks in general would begin to perform based on their individual merits rather than the “rising tide lifts all boats” phenomenon that has been the case for the prior few years. This case for active over passive management played out well and our STRIPs performed very well into year-end.

Although our STRIPs continue to meet our stated objectives and outperform our peers on a longer-term basis, our fourth quarter success wasn’t enough to make up for the relative deficits we experienced early in 2015. That said, we expect the recent strength to persist as our investment theme plays into 2016.

Our broad expectations for the year are that the price of oil, the economic health of China and the Fed will continue to be the stories of the day, and a somewhat jittery market will ensue. At the time of this writing, the U.S. stock market is trying to set a record for its worst start in history, and the culprit appears to be a slowdown in China and falling oil prices in the U.S. Didn’t we just see this movie about five months ago? While 2016 begins with a thud, we don’t believe that it represents the beginning of a significant selloff, and in fact we expect to see positive outcomes down the road. We’ll continue to invest for the long-term, staying on track by making adjustments along the way.

Best wishes for a prosperous 2016, and as always, we appreciate the trust that our friends and clients have placed in us.

## **Performance Disclosures**

*Results reflect the actual performance of Broadleaf's STRIPs Composites. 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. All figures are shown net of actual fees. The U.S. Dollar is the currency used to express performance.*

*Broadleaf's STRIPs Composites include all fully discretionary accounts invested in their respective model portfolios with a minimum initial account size of \$100,000. To be included in the composite, an account must have been under management for at least one full quarter and be at least 90% similar to the model for composite inclusion. If a significant cash flow in an underlying composite account during the quarter causes it to deviate from our intended 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.*

*Comparative peer group performance is calculated using a simple average return of a sample of publicly available mutual funds with similar investment objectives and risk parameters that closely match each of the three models that we manage. The sample group for each strategy includes mutual funds managed by Vanguard, Fidelity and Russell Investments. Specific funds are available upon request.*

*This information should not be regarded as in any way representing the likely future performance of the portfolios in absolute terms or in comparison to their peers. 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.*

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