



STRIPs  
Annual Review  
December 31, 2018

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Strategy	Trailing 12 Months	3 Years (Annualized)	5 Years (Annualized)
<b>Conservative STRIP</b>	<b>-3.24%</b>	<b>3.39%</b>	<b>2.80%</b>
Conservative Peer Group	-1.68%	3.21%	2.81%
<b>Balanced STRIP</b>	<b>-5.50%</b>	<b>5.89%</b>	<b>4.13%</b>
Balanced Peer Group	-5.85%	4.91%	3.86%
<b>Growth STRIP</b>	<b>-7.03%</b>	<b>6.59%</b>	<b>4.33%</b>
Growth Peer Group	-7.84%	5.80%	4.22%

*\*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**

Do you know how some sports fans say they don't even tune into a game until the fourth quarter because that's what matters most? Well, investing in 2018 was kind of like that.

When we wrote our update a year ago, we celebrated 2017 global equity market returns and predicted that there were more gains ahead, specifically in the US. We positioned our STRIPs for that outcome and the first three quarters of the year played out just as we thought it could. Through 9/30/18, the S&P500 was up by more than 10% while global equity markets and fixed income returns were negative.

And then the fourth quarter happened...

A hoped-for resolution to the tariff standoff with China appeared to be not only unlikely, but maybe even escalating. The Federal Reserve, in spite of tame inflation, was determined to continue raising rates, and press conferences did little to calm the nerves of investors who feared they would go too far. An inversion in the yield curve was spotted and the recession drum began beating. Loudly.

Stocks can generally survive, even thrive, in a rising interest rate environment when the yield curve cooperates and steepens, but when an inversion occurs and recession fears percolate, stocks get sold en masse and questions are asked later. That's exactly what happened. US stocks, large and small, declined dramatically in the fourth quarter, as did international stocks, pushing their already negative returns deeper into the red for the year. And where does all that liquidity go? Safe havens, like cash equivalents, precious metals (gold) and US Treasury bonds. Unimpressive long-term investments to be sure, but shelter from the storm for those who "trade."

When the fourth quarter ended and the final buzzer sounded, even the most conservative of globally diversified portfolios were unable to post positive returns. They did their job, though, of softening the blow and giving back only small single digit percentage declines for the year.

Our STRIPs continue to meet their objectives over longer-term full market cycles, and while we participate to a degree in the downside of short-term swings, we remain confident in our ability to help our clients navigate through the volatility.

So what should we expect in the coming year? We believe that foreign trade risks will remain an issue but progress will be made, and while the US economy is certainly slowing, a recession is not imminent. If the Fed can resist going too far with their rate hikes, and we think they can, then 2019 could prove to be a good year for investors.

Thank you for the trust you place in us and the opportunity to keep you on the right track to meet your investment goals.

## **Performance Disclosures**

*Results reflect the actual performance of Broadleaf's STRIPs Composites. Performance data is shown net of advisory fees, fund 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 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. 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.*

*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.*

*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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