



Broadleaf Partners, LLC

STRIPs Annual Review December 31, 2014

<u>Strategy</u>	<u>Trailing 12 Months</u>	<u>3 Years (Annualized)</u>
Conservative STRIP	6.11%	7.23%
Conservative Peer Group	4.97%	5.36%
Balanced STRIP	5.41%	11.68%
Balanced Peer Group	5.85%	10.90%
Growth STRIP	5.74%	14.56%
Growth Peer Group	5.59%	13.55%

**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

2014 was a mixed year around the globe.

In the U.S., the stock market has done well, gas prices are down at the pump, and the job market continues to improve. It was a different story in other parts of the world as the Eurozone recovery lost momentum and talk of looming deflation returned, Japan slipped into recession and China's growth rate continued to decelerate. Add to that the drastic collapse in the price of crude oil and the economic pressures unleashed on those countries that are exporters of the commodity (Russia's stock market lost nearly 45%), and you have a recipe for a nervous and volatile global market. The safe-haven investment of 2014 was once again government bonds. Even with yields well below average, investors continued to pile into long bonds, pushing yields even lower.

All three STRIPs continued to meet our stated objectives and outperform our peers on a long-term basis. In addition, we posted respectable results in 2014, aided by our overweight positions in U.S. large-cap equities and domestic REITs, and our underweight positions in commodity-related funds and international equities. Our decision to lighten up on longer maturity fixed income detracted from our relative performance as investors drove prices of long bonds up in search of (phantom) safety and yield.

Our 2015 playbook is similar to that of 2014 in which we continue to favor U.S. over international equities, with a particularly bearish view of China, and prefer to minimize exposure to long-term bond funds which are likely to post negative total returns when interest rates eventually begin to normalize. While we don't believe interest rates will move substantially higher from here, it's difficult envisioning them substantially lower from current levels, especially if the Fed starts to raise rates at the short end of the curve. Relative to bonds, common stocks should once again offer far greater value to investors in 2015, on both a risk and return basis. Those seeking income will likely continue to buy equities as a source of not only yield, but increasingly total return.

Although there are some occasional tweaks and adjustments along the way, we'll stay the course into 2015 and monitor our investment themes as they develop.

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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