Broadleaf
PARTNERS

Growth Equity Portfolio
Fourth Quarter Review
December 31, 2025

			[----------------------------Annualized	----------------------------]			
	Q4 2025	**1 Year**	**3 Years**	**5 Years**	**10 Years**	**15 Years**	**Since Inception**
Broadleaf	-1.8%	14.5%	24.3%	12.7%	17.8%	16.1%	13.2%
S&P 500	2.7%	17.9%	23.0%	14.4%	14.8%	14.1%	11.0%

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.

Performance Commentary

Although a disappointing fourth quarter dashed our chances of outperforming for the full year, it was still a good one in absolute terms and the third year in a row with double-digit gains. Even better news is that I became a grandpa during the fourth quarter! Pete, who has been writing these updates in recent quarters, and his wife Nicole gave birth to Maisie Grace MacKay on December 19th. Mom and dad are healthy, resting and learning the ropes of what it takes to nurture and support the four-stage cycle of all newborns…eating, pooping, sleeping, and crying. Join me in congratulating Pete and Nicole!

Market Review and Outlook

This year felt more unusual than it was in reality. We ended the year in a positive fashion, but it felt as though we were not seeing the ball as clearly as we would like. After pacing the markets through the third quarter, AI related spending fears hit us with a jab during the fourth. We will have more to say about the coming year in our Annual Playbook published next month, but we think it is important to acknowledge the elevated risks given the recent narratives, while simultaneously projecting our continued optimism about the future for growth and innovation in the portfolio.

Absent massive AI data center related spending that has benefitted a swath of sectors across the economy in 2025, GDP growth might have been relatively flattish. The narrative of the last few weeks that we are in a bubble reached crescendo levels but has also been sounding off at various decibel levels repeatedly in the last two years, ever since NVDA launched its data center GPU's. We aren't as willing to declare we are in a bubble that is about to pop as others are, but do believe, that if investors want to participate in a once in a generation, game changing technology like the internet before it, we will have to focus on the long haul, and get used to the noise along the way. The technology's development remains in its infant stages and, perhaps like Maisie Grace, will require some 24/7 care, attention, and yes, financial support, to become all that she is hoped for and more in adulthood.

In other areas, the consumer was a tale of two cities in 2025. While spending overall has remained strong in the face of the third year of stock market gains, spending by some has been more guarded in the face of higher interest rates, a punkish housing economy, and a shift in labor demand. Folks who had an attitude of "I can always get another job" not so long ago, are a bit more circumspect in today's environment. AI productivity gains in specific areas of the economy like tech and white-collar labor have likely contributed to changing sentiments in the labor market as well.

Some economists have called this a K-shaped economy, indicative of two realities, one the experience of the high-end consumer and the other of the low end. While we agree with the K shaped idea, we are not so sure it is represented by the high end versus low end consumer, as much, perhaps, as one marked by those who have participated in financial market gains and those that have not. Regardless of what the K shaped economy represents, the existence of two legs – whatever they are - may very well make for a continued volatile political climate.

Reviewing our Three Cycles of Investment Value often helps us to gain clarity and see the ball better in a fast-paced and fluid environment. As regular readers of our work know, our three cycles include the Economic Cycle, the Innovation Cycle, and the Credit Cycle.

On the Economic Cycle front, the economy continued to chug along in 2025, primarily driven by AI related capex offset to a degree by tariff related uncertainties. AI related spending drove cyclical gains for both the industrial and financial sectors, which also boosted pockets of the tech and communications sector. The consumer discretionary sector remained punk, at least from a stock market sense, as consumers spent in areas like travel, but were more restrained in areas sensitive to higher rates and tariffs. Key to the have and have nots within each sector has been a slice of the AI pie, which, for better or worse, was Time Magazine's "Person of the Year" for 2025.

As we think about 2026, it could likely be more of the same, but with a potential dose of excitement from stimulus associated with the Trump administration's Big Beautiful Bill. Accelerated depreciation should be helpful to the economics of CAPEX plans already in the queue, but we are not as convinced that handing out stimulus checks to consumers will offer much more than a short-term sugar rush.

Using the tariff revenue and capital gains tax receipts associated with the strong stock market as rebates to consumers may be a shrewd political move, but we are not quite sure how it helps to address the perennial concerns over the budget deficit, save for the fact that it may give some greater control over how their "used to be" tax dollars are spent. Parabolic moves in gold and silver as well as fund flows to international markets, which saw improved gains in 2025, may also be reflective of these concerns.

Incidentally, we would argue that markets tend to do the best exiting a recession. Unlike other periods, the United States and rest of world have largely been out of sync, cyclically speaking, with the USA avoiding a recession last year, while many parts of Europe experienced one. This out of sync nature may partly explain the improvement in European shares, despite generally downbeat GDP growth in overseas markets. The valuation differential has long existed, but the different growth dynamics may have served as a catalyst for a re-rating.

As it relates to the Innovation Cycle, all eyes remain on Artificial Intelligence. The drumbeat over whether we are in another dotcom/telecom bubble shifted into another gear as famed short seller Michael Burry announced he had bearish positions in Palantir and Nvidia and concerns over OpenAI's funding levels tanked Oracle's stock. Letting a little air out of the trade each quarter has been a pattern for most of the last two years, likely reflecting lessons learned by today's portfolio managers who lived through what happened nearly twenty-five years ago. While we can at times identify with the existential angst, we take comfort in both the opportunity ahead as well as the fact that the real black swans rarely are so loudly forecast ahead of time. In fairness, Burry did get the housing call right, but can he do it again? Only time will tell, something he has acknowledged.

Ed Yardeni, an economist and former employee we worked with, believes that the power of AI will manifest itself in a broadening of the market away from just the Magnificent 7 to the S&P 493 in 2026. His view is that competition among the hyperscalers for compute will pressure their fat profit margins, helping those who use the technology more than those who provide it in the nearer term. After years of relative outsized gains, a case could be made for multiples to finally begin converging between the two groups, similar to what we may have seen playing out with domestic and international markets in 2025.

Ed's trade gained some traction in the fourth quarter, perhaps boosted by Burry's bearish bets, but unlike Burry, we do not believe Ed would say he is a bear on artificial intelligence. To be sustained, how might relative earnings gains broaden to the S&P 493? Perhaps in the need for less white-collar labor for a given unit of economic output and even some blue-collar productivity as AI enables robotics to do more things alongside humans.

This indeed, may already be what we are seeing in some of the "softness" in the labor market, if you could call it that. We believe this view has plausibility, but we are not convinced that corporations outside of the Mag 7, the technology's suppliers, will be getting something for nothing. Many will unlikely want consumers pointing large language models at their proprietary data without necessary safeguards in place, which may partly explain the heavy M&A in the security and observability space we are seeing more recently and perhaps a rush of enterprise LLM agreements to come.

We remain bullish about the AI theme, but don't believe, at least at this point, that gains in SP493 have to come at the expense of the Mag7. Using the parallel once again, international markets did outperform domestic markets in 2025, but ours still did well. In essence, the narrative pitting the two against one another may sell well in the media but is likely far too simplistic to be realized hook, line and sinker in such a generalized fashion. It is our position that gains will accrue where productivity driven earnings follow suit, but like the legs of a K-shaped economy, the winners and losers may not be as obvious as they seem.

On the Credit Cycle front, for the first time in many years, the financial sector, led by banks, has started to outperform. Funding sources of growth outside of internally generated cash flows have become more en vogue, particularly the debt markets, both public and private.

Leverage is something we have always shied away from when it comes to investing our portfolios, but we understand that for some businesses, the use of debt can be a wise long-term, and less expensive source of capital, particularly as it relates to managing risk. Capex has been a dirty word that Wall Street has absolutely despised in the last two decades, but without it, one can't Make America Great Again. Rather than taking capex as a bearish signal, we see it as a signal from some of America's greatest wealth creators of all time – like Larry Ellison of Oracle - that they see clear opportunity in a revitalized American future. Unlike recent decades, the opportunity set in the coming one may look different; a more capex intensive economy may be more cyclical and therefore more volatile than we are used to, but perhaps can also be just as rewarding.

We don't sense Fund Flows Gone Wild as was our observation during the SPAC bubble a couple of years ago, but we are also not too naïve to understand that the IPO market has long been supplanted by an increasingly efficient venture capital private equity market, where funding rounds are very advanced into the English alphabet, with billions being raised at market caps approaching a trillion dollars. In this sense, the private markets may be more vulnerable than the public markets, but considering their interconnectedness, we must be mindful of both. Relative to public company data, private company data is scarce, suggesting narrative, media and sentiment may be the only tools available for assessment.

If the long-term dreams of artificial intelligence are to be realized, most experts contend that massive spending will need to be sustained for years, meaning greater contributions from the Credit Cycle in the future. As we mentioned earlier, the AI theme has driven most of the economy's growth in the past year across a far wider swath of industries than is generally acknowledged, including perhaps a capital gains environment that has sustained consumer spending more than might have otherwise been the case. Those that are bearish should be careful of what they wish for.

History does suggest efficiency gains will be achieved in such a massive spending cycle along with some disruptive Deep Seek moments along the way. Profits and returns will come to those who remain faithful regarding the things they can't always see, at least clearly. In charting new paths where seeing the ball isn't as easy, we are reminded that very often throughout history, the obstacles are the path.

From a portfolio perspective, we are managing the BGEP with an eye on the greatest, sustainable long term growth opportunities in the marketplace of investable public companies. We are keeping our eyes wide-open, knowing that we will unlikely make a successful call on whether or not a bubble exists unless or until it becomes more obvious - in which case it may be too late - or our sell discipline takes us out of select individual names.

This should not be taken as a bearish point of view, but a sober assessment that investors need to be prepared, as always, for any rough seas that lie ahead, should they occur. During the inflation scare a few years ago, we did make some adjustments to our portfolio when we perceived growth elsewhere, but we don't see doing so at this point in time. ***Clients should make sure that their exposure to the BGEP is consistent with the duration risks they are willing to assume given their personal circumstances and time horizons. Yes, that is the fine print, made bold!*** For those that are interested in the alternative approaches Broadleaf has to offer, Jared and Bill would welcome your call.

We'll write more about our expectations for 2026 in a month or so, but in the meantime, enjoy the New Year!

Portfolio Characteristics

Portfolio Statistics	
Avg. Wtd. Market Cap.	$1.67T
Median Market Cap	$218.8B
Forward P/E Ratio	28x
Median P/E Ratio	43x
Free Cash Flow Yield	2.2%
Median Return on Equity	30.7%
Beta	1.33
Portfolio Yield	.6%
3yr Avg Rev Growth	21.5%
3yr Avg EPS Growth	30.9%

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. 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 ideas and themes are of particular interest.

Investment Objective

The portfolio's goal is to provide equity-like returns and to outperform the S&P 500 over a three to five-year time horizon or full market cycle, utilizing a growth-oriented investment style. The portfolio is suitable for investors seeking 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 had been $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 $568 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 has been used for comparative benchmark purposes because the goal of the stated strategy is to provide equity-like returns and to outperform the S&P 500 over a three to five-year time horizon or full market cycle. The S&P 500 is a broad-based index reflecting the performance of the equity market in general. The S&P 500 Index is based on total returns which includes dividends. We monitor the performance of our growth style of investing by comparing our results to those of other large cap growth peers. 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 fifteen 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.

Portfolio attributes such as yield are presented to provide insight into the composition or profile of the portfolio and its underlying assets. These attributes are not intended to be measures of actual or future performance or income. Unless otherwise indicated, attributes are shown gross of advisory fees and expenses. The overall impact of fees and expenses is best reflected in the portfolio's gross and net performance 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.

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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