Broadleaf Partners, LLC

Growth Equity Portfolio
First Quarter Review
April 2, 2013

Performance Commentary

	Q1 2013	Trailing 12 Months	3 Years (Annualized)	5 Years (Annualized)	Since Inception (Annualized)
Broadleaf	**7.2%**	**6.1%**	**10.5%**	**6.7%**	**6.7%**
S&P 500	10.6%	14.0%	12.7%	5.8%	5.6%
Russell 1000 Growth	9.5%	10.1%	13.1%	7.3%	6.5%

The stock market and the Broadleaf Growth Equity Portfolio (BGEP) enjoyed strong first quarter gains even if our relative results were a tad underwhelming. The BGEP was very strong in January, but our results flattened during the last two months of the quarter while the stock market pressed onwards and upwards to new all-time highs. The market's classic defensive sectors – health care, consumer staples, and utilities – were among the quarter's best performers and a key reason our portfolio had a difficult time keeping up.

Our long term results – over the past five years and since inception – remain strong relative to the S&P 500 and other large cap growth managers on a net of fees basis.

(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.)

Market Review & Outlook

In spite of negative headlines out of Europe and continued unhappiness with Washington D.C., the Dow Jones Industrial Average and S&P 500 set record all-time highs during the quarter, finally erasing the heavy losses suffered during the Great Recession. Continued improvements in corporate profits and easy Fed policy in the face of naggingly slow employment growth have provided a consistent bid to the markets, enabling us to climb the proverbial Wall of Worry.

At the beginning of the year, we stated our belief that the economy would finally move from recovery to expansion mode in 2013 even though overall growth would remain slow for as far as the eyes can see. With the stock market and corporate earnings both at new all-time highs in just the first quarter alone, we're happy with our call, but also just a tad bit concerned that we may have moved too far, too fast.

The Ghost of Second Half Corrections in each of the last three fiscal years reminds us that nothing goes up in a straight line forever. The fact that the stock market's more defensive areas – health care, consumer staples, and utilities – have led in the recent run to new highs also gives us reason to pause. On the one hand, investors have finally been returning to stocks as they've not done in years, likely tip toeing first to high dividend paying, blue chip stocks and following Warren Buffet's lead with acquisitions like HJ Heinz.

With the risk/reward of bonds certainly looking stretched, we were among the first to suggest that stocks could become a serious competitor for investors seeking income a few years ago. However, the sudden ten point surges we saw in stocks like Proctor & Gamble, Pepsi, and Wal Mart this quarter are highly unusual and at least over the last five years, have served as a cautionary signal to investors. We would argue the same of the surge in many health care stocks, particularly with the upcoming rollout of the Affordable Care Act.

Are we bearish? No. Corporate profits are humming along and the housing industry has finally turned the corner, with solid, accelerating metrics announced with almost every passing week. Cheap sources of domestic energy will likely keep a ceiling on the commodity price complex unlike recent years when China's growth sent them ever higher. While the employment situation is improving, it is certainly less than ideal, but with inflation subdued, the Fed will likely keep interest rates low for quite some time. Modest improvements in employment and housing prices are solid offsets to higher tax rates and sequestration.

Periods of slow, but stable growth coupled with modest inflation trends have historically been the very best environments for the stock market. While the defensive characteristics of the recent year to date rally does give us reason to pause, the fundamental backdrop remains constructive. Whether or not the Ghost of Second Half Corrections reappears remains unknowable, but for those investors with longer than a nine month time horizon, it has paid handsomely to ride it through.

Portfolio Characteristics

Top Five Portfolio Holdings

American Tower Corp
Amazon.com
Visa
Roper Industries
Polaris Industries

Sector Concentrations

	Broadleaf	S&P 500
Technology	24.9%	18.0%
Industrials	23.1	10.1
Cons. Disc.	22.1	11.6
Financials	8.5	15.9
Energy	6.1	10.9
Materials	3.9	3.4
Cons. Staples	3.6	10.9
Healthcare	1.5	12.5
Utilities/Tel	1.5	6.5
Cash	4.8	.2

Portfolio Statistics

Avg. Market Cap.	$44.1B
Median Market Cap	$19.4B
Forward P/E Ratio	16.8x
Free Cash Flow Yield	3.5%
Consensus Growth Rate	18.5%
Return on Equity	15.5%
Beta	1.1
Portfolio Yield	0.7%

Organizational Review

Broadleaf's assets under management (AUM) increased to roughly $145mm as of quarter-end. Strong absolute performance results and client growth contributed to the gains in AUM.

Investment Style

The Broadleaf Growth Equity Portfolio employs a concentrated growth style of investing, holding approximately thirty 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 an average market capitalization of $44 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 $100,000. (Prior to 6/30/2009, the minimum account size necessary for composite inclusion had been $250,000. Historical results have not been updated retroactively to reflect this change, but will reflect the change from 6/30/09 forward.) 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 $118.3 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.

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