



Broadleaf Partners, LLC

Growth Equity Portfolio First Quarter Review March 31st, 2007

Performance Commentary

	<u>Q1-2007</u>	<u>YTD</u>	<u>Since Inception</u>
Broadleaf	3.50%	3.50%	17.69%
S&P 500	0.64%	0.64%	20.15%

(Fund Inception 8/19/05. 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 assumed 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.)

It was a strong quarter on both an absolute and relative basis for the Broadleaf portfolio. The portfolio gained 3.50% compared to 0.64% for the S&P 500. Strong performance from our consumer discretionary, energy, financial, technology and industrial holdings were partially offset by relative weakness from our health care and consumer staples positions during the quarter.

Since inception, the portfolio's returns are within 250 basis points of the S&P 500's returns over the same period. Given the overall economic environment and our belief that it will be one which favors growth investments (after nearly seven years of relative underperformance), we are optimistic that both our portfolio's returns should converge on the S&P 500's over the course of the coming year or two.

Market Review & Outlook

Following several harrowing at-bats, the markets managed to eke out some modest gains for the first quarter. As we open the second quarter, we continue to see great promise for the stock market in spite of a number of current worries.

Subprime lending issues were an early concern for the markets in the first quarter. As we stated in our earlier update, we believe the subprime lending issues aren't a new concern for the markets, but are merely a symptom of an existing and known problem with the weak residential housing market. The good news is that these manageable concerns should cause the Fed to pause before making any changes to monetary policy.

While the markets recovered somewhat from their initial early quarter plunge, a ten percent spike in energy prices during the last week or two caused the gears to shift into neutral. Higher

energy prices are clearly a cautionary red flag, but are likely more related to geopolitical concerns following Iran's capture of several British soldiers than to a change in overall demand for oil or our longer term views of the commodity.

Inflation may experience some seasonal creep over the next few weeks and remains too high for the Fed to start lowering interest rates anytime soon. Ultimately, we believe slower domestic growth and increasing global competition will bring inflation to more acceptable levels.

As we begin to see first quarter earnings results, we suspect they will show a slowing economy, consistent with our overall economic views. In spite of this, we believe stocks, and growth stocks in particular, should do quite well as investors place a premium on companies whose growth is less tied to the economy as a whole.

Portfolio Characteristics

<u>Top Ten Holdings</u>
Cognizant Technology
Gilead Sciences
Schlumberger Ltd.
Google
Goldman Sachs
Proctor & Gamble
Chicago Mercantile Exchange
Charles Schwab
Rockwell Collins
Qualcomm

<u>Portfolio Statistics</u>	
Avg. Market Cap.	\$39.3 B
Median Market Cap.	\$16.1 B
Forward P/E Ratio	27.9x
Free Cash Flow Yield	3.4%
Consensus Growth Rate	21.1%
Implied Growth Rate	18.1%
Return on Equity	23.3%
5 Year Beta	1.20x

<u>Sector Concentrations</u>		
	<u>Broadleaf</u>	<u>S&P 500</u>
Technology	28%	15%
Healthcare	18%	12%
Financials	13%	22%
Cons. Disc.	15%	11%
Industrials	11%	11%
Staples	7%	9%
Energy	7%	10%

Organizational Review

We had a strong quarter, both in terms of investment performance and feedback from our clients and friends. Among the highlights:

- We managed to outperform the S&P 500 Index in spite of what was an often volatile and somewhat lackluster quarter for the markets. Based on a review of the Large Cap

Growth category of mutual funds tracked by Morningstar, this quarter's results would have placed us in the top ten percent of similarly managed portfolios.

- We published several topical Economic Updates. In addition to being quoted by the Cleveland Plain Dealer, Akron Beacon Journal and an industry trade publication, we received a number of positive comments and encouraging feedback from our readers.
- The number of daily hits to our website has at least doubled from levels just a quarter ago.
- We added several new clients and continued to further our relationships with several existing and new institutional consultants, both locally and in other areas of the country.

Investment Style

The Broadleaf Growth Portfolio employs an all-cap, concentrated growth style, holding approximately thirty equity positions from a cross section of economic sectors. Sector exposures typically reflect the outcome of our bottoms up stock selection process, which is influenced by our assessment of the economy and other long term trends. Innovative new ideas and themes are of particular interest to us and our all-cap approach provides us with the flexibility to invest anywhere we find it. Currently, the portfolio is biased towards large cap stocks with an average market capitalization of \$39 billion. 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.

Investment Objective

The portfolio's goal is to outperform the S&P 500 Index over a three to five-year time horizon. 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.

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. 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.*

As of March 31st, 2007, total composite assets in this style were \$5.1 million consisting of nine separate account relationships. Prior to January 5th, 2005 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. The S&P 500 is a broad based index reflecting the performance of the equity market in general. The index is based on total returns which includes dividends. While we believe this is an appropriate benchmark 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 just slightly less than 20 months. You are cautioned that information concerning comparative performance over such a limited period may bear no relationship whatsoever to performance over a longer period. 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 State of Ohio. The firm maintains a complete list and description of composites, which is available upon request.

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