Broadleaf Partners, LLC

Growth Equity Portfolio
First Quarter Review
March 31, 2015

Performance Commentary

	Q1 2015	Last 12 Months	3 Years (Annualized)	5 Years (Annualized)	Since Inception (Annualized)
Broadleaf	**4.0%**	**18.5%**	**15.1%**	**14.1%**	**9.3%**
S&P 500	1.0%	12.7%	16.1%	14.5%	7.9%
Russell 1000 Growth	3.8%	16.1%	16.3%	15.6%	9.1%

The Broadleaf Growth Equity Portfolio (BGEP) enjoyed a nice gain in the first quarter both on an absolute basis and relative to the S&P 500. Performance gains were relatively broad based, both at the sector and individual security levels. Technology and health care related holdings were particular sources of strength during the quarter along with our active decision to underweight the energy and materials sectors.

We remain in the top half of our large cap peer group for the one, three and five year periods ending March 31, 2015 and have outperformed the S&P 500 since inception by roughly 140 basis points annually, net of fees.

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

While the S&P 500 was relatively flat during the quarter, growth stocks outperformed the market as a whole. This is likely a function of increased concerns over a global slowdown and the search for companies that can grow in spite of the economic environment. In addition, the S&P 500 is more exposed to large multi-national corporations based in the United States, where sales and profits were not only under pressure due to economic softness in overseas territories but also due to the adverse currency effects associated with a surging U.S. dollar.

There has been a great deal of news in the market over the course of the first quarter and as a result, we will try to simplify our views as much as possible, providing a brief bullet point on each of the issues most relevant to our investment outlook.

- **The Fed**. The Fed's most recent news conference was dovish, suggesting initial rate increases may be pushed from June to September. Regardless of whether or not the Fed raises rates in June or September, they will likely begin the process in 2015. During the quarter, we increased our weighting in the financial sector for the first time in years, in anticipation of eventual rate increases which are often helpful to the sector.

- **Earnings.** While currency and weather related concerns pressured the results of some domestic companies' overseas operations, the results for those we own and follow (about 100) were as strong as we've seen them in years, with revenues up an average of 9% y/y and earnings up nearly 90% y/y in the first quarter. Innovations in biotech, technology and the consumer discretionary sector are surging.

- **Oil.** Our long term view on oil and commodities continues to be more bearish in nature, a function of both supply and demand related concerns. While rig counts are coming down aggressively in the United States, the fact of the matter remains that we have a lot of oil supply in the ground which can and will be produced if prices firm above a specific level. The demand side, however, is key to our longer term call. Following a massive period of industrialization, we believe many emerging market countries, particularly China, will consume far fewer commodities than they have in recent decades. In our view, the real economies in places like China are far worse than the published statistics are to be believed. At its best, oil and other commodities may be a trade worth fading and likely dead money in the longer term.

- **Europe & China.** Europe has finally embarked on the path of QE, which has generated additional gains for the dollar. While it remains to be seen whether or not these policy initiatives will be effective, we suspect in the long run that they might be. We wouldn't be surprised if China embarks on its own QE path at some point, placing additional upward pressure on the dollar even though they manage their currency against it. We prefer domestic investments and would encourage investors to question the logic of investing in emerging markets simply because they exist. While the Chinese market has done very well this year, speculation more than economic fundamentals, appear to be the driving force.

- **Fund Flows Gone Wild.** As most of our investors know, we believe it is important to have a pulse on what asset classes have benefitted from a relentless torrent of investment dollars, particularly if it has been over a long period of time. In spite of the recent bear market action in energy stocks and our views on softening emerging market fundamentals, exchange traded funds focused in these two areas of the market continue to attract the bulk of new investment dollars in the first quarter, suggesting that investors continue to buy what has worked over the past few years, in hopes of a quick rebound that will unlikely materialize on a sustainable, long term basis. Experience tells us quite clearly that asset classes which have benefitted disproportionately from fund flows gone wild over a long period of time similarly take a disproportionate amount of time to work through their excesses.

- **The U.S. Stock Market.** We continue to be positive on the U.S. stock market, comparing the next few years to a repeat of the late 1990's. At the same time, we are mindful of the stock market volatility that often accompanies the initial changes in Fed policy. While the Fed may delay its rate hikes for a little bit, we clearly don't see new easing on the horizon. The bias is to the upside for interest rates at the short end of the curve. Given the currency effects of decoupled global economies with different monetary policy paths and trouble in the oil patch, the probability of short term crisis feels higher in spite of the strong domestic economy. This too, was a more common environment in the late 1990's – mini crisis caused by short term liquidity problems more often than an economic recession or fears of one. Unfortunately, we don't believe we are capable of timing these events with any degree of accuracy. We intend to stay the course given our positive longer term views, knowing that our investment discipline has proven itself very effective over time.

Portfolio Characteristics

Top Five Portfolio Holdings

Facebook
Apple
Nike
Walt Disney Co
Roper Industries

Sector Concentrations

	Broadleaf	S&P 500
Technology	30.3%	19.7%
Cons. Disc.	30.2	12.5
Healthcare	16.1	15.0
Financials	10.4	16.2
Industrials	7.5	10.4
Cons. Staples	3.6	9.7
Energy	0.0	8.0
Utilities/Tel	0.0	5.3
Materials	0.0	3.2
Cash	1.9	

Portfolio Statistics

Avg. Market Cap.	89.5B
Median Market Cap	37.7x
Forward P/E Ratio	28.5x
Free Cash Flow Yield	2.5%
Consensus Growth Rate	19.3%
Return on Equity	20.6%
Beta	.87
Portfolio Yield	0.7%

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 $89.5 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 $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 was $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 $160.5 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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