



Broadleaf Partners, LLC Growth Equity Portfolio Third Quarter Review September 30, 2008

Performance Commentary

	<u>Q3 2008</u>	<u>Year to Date</u>	<u>Last 12 Months</u>	<u>3 years (Annualized)</u>	<u>Since Inception (Annualized)</u>
Broadleaf	-17.8%	-23.1%	-21.3%	0.7%	1.2%
S&P 500	-8.4%	-19.3%	-22.0%	0.2%	0.5%

(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.)

This was clearly a difficult quarter for both the stock market and the Broadleaf Growth Equity Portfolio. After significantly outperforming our benchmark in the second quarter, our results lagged during the third, largely due to our positions in technology and industrial stocks and the heightened concerns over a global economic slowdown. While we have largely been underweight energy stocks, this group also weighed on results. On the other hand, our health care, consumer discretionary and financial positions generally performed in line with the S&P 500's overall decline.

During the quarter, we took action to reduce our positions in the technology and industrial sectors. In addition to letting a couple of names go for company specific reasons, we also took profits by trimming others that had done well. Consistent with our desire to position the portfolio for an eventual recovery in the economy, we added to our consumer discretionary and financial positions, two sectors that typically do the best as the economic cycle turns.

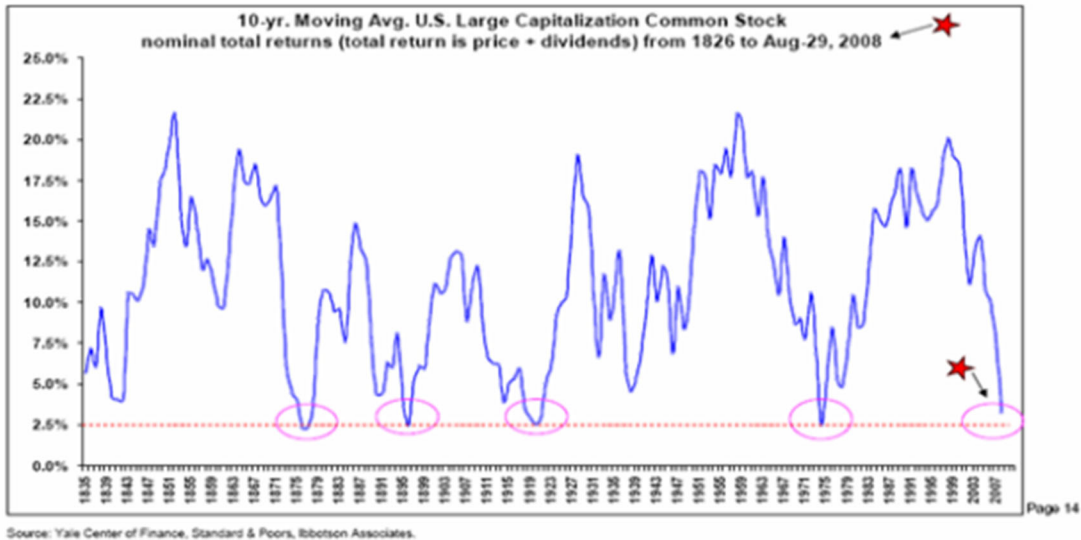
While a bailout plan for the financial sector is still in the works, we believe something will eventually get done, giving us greater confidence that a floor will be established for the sector. We have been tempted by the defensive characteristics of the consumer staples sector, but given its nice run, believe that higher cash levels may offer a better risk/reward ratio at this time.

Our cumulative and annualized performance figures since inception were impacted by the market's decline in the quarter, but nevertheless remain slightly above our benchmark. The good news is that our three year performance figures – even though marginal in nominal terms – would still place us in the top 27% of large cap growth managers tracked by Morningstar.

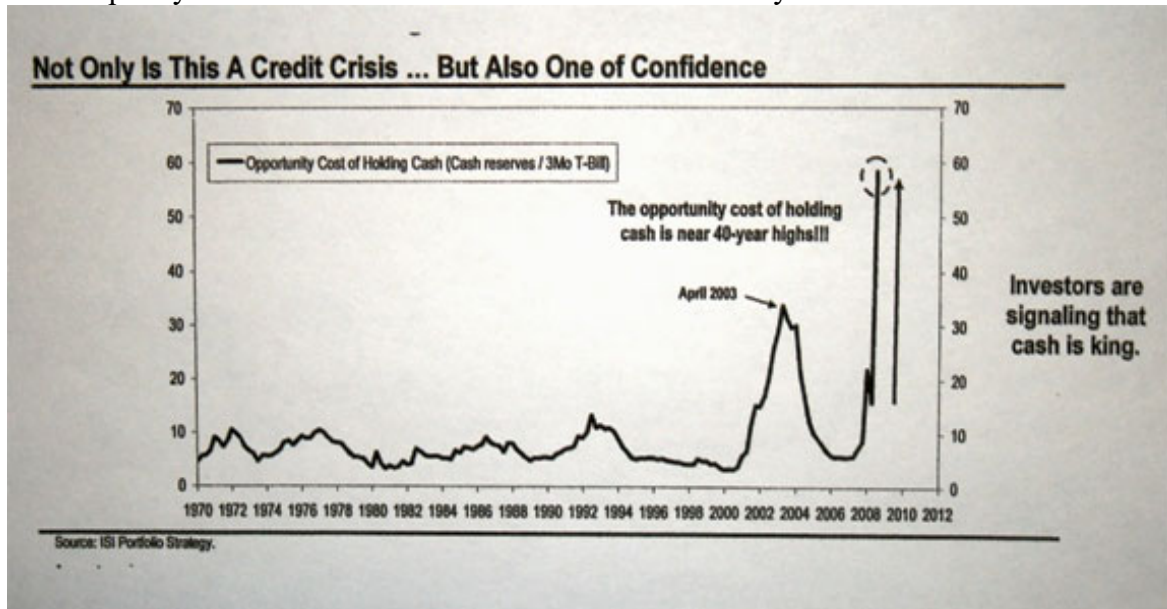
Market Review & Outlook

Doom and gloom is plentiful these days. It is far more difficult, on the other hand, to find anything positive to talk about, so we figured we would do just that by sharing three possible catalysts for a more favorable environment in the future.

The first chart below - courtesy of Barry Bannister at Stifel Nicholas - shows ten year moving average returns for large cap stocks going back nearly two hundred years. The good news is that when ten year average rates of returns have hit 2.5% as they have now (this chart is as of August 29, 2008), it has typically signaled an improvement in future ten year rates of return.



The second chart is courtesy of Francois Trahan at ISI Group. This chart shows that cash reserves have never been higher than they are today given extremely low short term Treasury bill yields. This suggests that the fear premium is at extreme levels even though short-term bill rates have yielded as little as .1% in recent weeks! If sentiment changes even slightly, there is plenty of cash on the sidelines that could find its way back into the markets.



The final observation is that we are in the midst of a significant Presidential campaign and have been for most of the past eighteen months. Political campaigns, for better or worse, invariably heighten the emphasis on the negatives as a catalyst for “change”. Historically speaking, when a Democratic Presidential candidate has been favored, the stock market has declined by as much as twenty percent from the time a VP selection is chosen to Election Day. After the election, however, the stock market has historically turned and done quite well. Uncertainty of outcome appears to be more relevant in this case than the outcome itself.

Again, we do not wish to minimize the uncertainty in the economy right now, particularly considering recent bank failures and government bailout talk. But the bad news is all over the papers and to a certain extent already evident in the performance of the stock market. A little balance right now – from the positive side – may prove constructive.

Portfolio Characteristics

Top Ten Holdings

Gilead Sciences
 Charles Schwab
 Google
 Intuitive Surgical
 Walt Disney
 T Rowe Price
 Activision
 Celgene
 Wells Fargo
 Roper Industries

Portfolio Statistics

Avg. Market Cap.	\$39.2B
Median Market Cap.	\$25.5B
Forward P/E Ratio	17x
Free Cash Flow Yield	4.1%
Consensus Growth Rate	17.8%
Return on Equity	25.5%
5 Year Beta	1.3x

Sector Concentrations

	<u>Broadleaf</u>	<u>S&P 500</u>
Technology	19%	16%
Industrials	18%	11%
Financials	17%	16%
Healthcare	15%	13%
Cons. Disc.	15%	9%
Energy	6%	14%
Utilities	3%	4%

Organizational Review

During the third quarter, we added several new client accounts and also launched our first formal marketing campaign to share the results of our three year investment track record. In spite of the recent setbacks in the market, we believe our investment process is sound and that our fundamental outlook for the economy is on the right track.

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. One of our larger accounts tripled the size of their portfolio during the quarter and as a result of this sizeable cash flow, it will temporarily be removed from the composite, consistent with the aforementioned policy.*

As of September 30th, 2008, total composite assets in this style were \$11.4 million consisting of 14 separate account relationships. Total firm assets at quarter end were \$15.5 million, spread across 44 discretionary accounts. 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 three years. 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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