



Broadleaf Partners, LLC
Growth Equity Portfolio
First Quarter Review
March 31, 2011

Performance Commentary

	<u>Q1 2011</u>	<u>Last 12 Months</u>	<u>3 Years (Annualized)</u>	<u>5 Years (Annualized)</u>	<u>Since Inception (Annualized)</u>
Broadleaf	5.1%	16.0%	5.9%	3.3%	6.3%
S&P 500	5.9%	15.7%	2.4%	2.6%	3.7%

It was a very strong first quarter for the S&P 500, the strongest, in fact, since 1998. While all sectors of the market enjoyed gains, the results were relatively concentrated in nature as only two sectors did better than the market itself. Energy and industrials gained 17% and 9%, respectively, while all other sectors lagged the S&P 500's 6% gain. Clearly, an overweight position in these two sectors would have helped investors trying to outperform the S&P 500.

While we lagged the overall market slightly this quarter, we started to gain ground in the final two weeks, a trend in momentum that we hope to see continue as 2011 progresses. Our weighting in industrial and materials stocks benefitted the portfolio as did individual stock picks within the consumer discretionary sector. Volatility within the technology sector and a less than market weighting in energy dampened results relative to the benchmark.

For the full one, three and five year periods, our results remain respectably above those of our primary benchmark, the S&P 500. Since inception, the Broadleaf Growth Equity portfolio has gained 6.3% annually net of fees, roughly 250 basis points ahead of the S&P 500.

(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

Two weeks ago, we published our most recent Economic Update, [Forgetful](#). In it, we discussed our views of the events in Japan and Northern Africa, comparing their impact on the economy and the stock market to the oil spill and European contagion last year. Though the current events are very painful in the short run, we believe that the economic recovery will prove resilient and that one year from now, an economic expansion will be more evident than is perhaps the case today.

Cyclicalities will remain an important theme for investors in 2011, but as the transition to expansion matures, those companies that can maintain above average rates of growth should shine the most. Innovation based themes in all sectors will be standouts, particularly companies that are creating entirely new product markets or expanding into new market geographies.

Usually every economic expansion tends to have a dominant leadership sector. In the 80's, packaged goods and health care excelled, in the 90's it was tech and last decade, it was housing and commodities. Assuming this time is no different, our bet rests with the industrial sector today. "Planes, trains and automobiles" may be mature markets domestically, but in many developing markets, penetration rates remain low and further expansion of these areas represent a true productivity tool, similar to the dawning of industrial America one hundred years ago.

While the uncertainty over oil prices, a possible new downturn in housing, recent natural disasters and issues of social unrest remain, history suggests that it is the lack of such concerns, rather than their presence, that usually precedes market tops.

Portfolio Characteristics

Top Five Portfolio Holdings

Conoco Phillips
Amazon.com
Qualcomm
General Electric
Google

Sector Concentrations

	<u>Broadleaf</u>	<u>S&P 500</u>
Technology	22.0%	18.1%
Industrials	22.0%	11.3%
Cons. Disc.	17.2%	10.5%
Financials	11.6%	15.8%
Energy	10.7%	13.3%
Healthcare	6.2%	11.0%
Materials	5.7%	3.7%
Utilities/Tel	1.4%	6.2%
Cons. Staples	0.0%	10.2%
Cash	3.1%	

Portfolio Statistics

Avg. Market Cap.	\$ 55.5B
Median Market Cap.	\$24.8B
Forward P/E Ratio	17.1 x
Free Cash Flow Yield	4.0%
Consensus Growth Rate	15.6%
Return on Equity	20.3%
Beta	1.2
Portfolio Yield	1.2%

Organizational Review

Assets under management continued to grow at a nice pace given the strong market and the addition of several new, institutional caliber client relationships. While we always believed a strong, five year performance track record would be an important milestone for our firm, we've been pleasantly surprised by its actual impact on our business to date. Over the intermediate term, we intend to focus our marketing efforts within our region and will hire additional staff/make investments as our business grows.

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 \$56 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 index 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 \$93.5 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 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 slightly 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 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 Securities and Exchange Commission. The firm maintains a complete list and description of composites, which is available upon request.

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