Broadleaf Partners, LLC

Growth Equity Portfolio
Third Quarter Review
October 1, 2013

Performance Commentary

	Q3 2013	YTD	3 Years (Annualized)	5 Years (Annualized)	Since Inception (Annualized)
Broadleaf	**12.6%**	**20.9%**	**14.5%**	**12.2%**	**7.8%**
S&P 500	5.2%	19.8%	16.3%	10.0%	6.3%
Russell 1000 Growth	8.1%	20.9%	16.9%	12.1%	7.4%

The Broadleaf Growth Equity Portfolio (BGEP) enjoyed a very strong third quarter in absolute and relative terms, enabling it to catch up and surpass the S&P 500's returns on a year to date basis after lagging for the first half of the year. While no single quarter establishes a trend, the results are a clear reminder of how volatile and unpredictable the pattern of stock market gains can be and a warning against radical short term moves by those with long term investment horizons.

As we mentioned in our last quarterly update, investment managers, like baseball players, go through occasional slumps. As long as you haven't given up on our investment process or your ball player's inherent athletic ability, slumps can prove to be among the most rewarding of buying opportunities. The third quarter proved to be just such a case.

At the same time, money managers, like ball players, can also have hot streaks. Selecting and hiring an investment manager on the basis of short term results alone – the good, the bad, or the ugly - is tantamount to judging a book by its cover. While it is exciting to see the Cleveland Browns at 2-2 and the Pittsburgh Steelers at 0-4, the question of sustainability can better be answered by looking at how the fundamentals of the game are being played.

If you have hired us and simply trust us to do our job, please know that we appreciate your confidence and don't take it lightly. At the same time, an educated client is always the best client. The better you understand our investment process, how we think, and how we invest, the better, we believe, your experience with Broadleaf Partners will prove to be.

We share our periodic thoughts in Economic Updates not because we think we have to or because it is a good marketing move, but because we really do put a lot of thinking into how we see the world and accordingly, how we invest the money with which we've been entrusted. Performance is, of course, what we sell, but process is how we get there.

(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

If we had to put our fingers on a single reason for our strong third quarter results, our answer might come as a surprise. Fed tapering, regularly cited as a reason to be cautious and uncertain, is actually a reason for stock pickers to be bullish and hopeful. Here's why:

No one knows exactly when the Fed will take its foot off the gas pedal. Bernanke's recent announcement, in fact, would appear to postpone the timing even further into 2014. But make no bones about it, this summer's Taper Talk is a reminder that Fed policy will at some time, reverse course, and when it does it may no longer be the Fed's policy decisions that drive short term stock market trends, but the fundamentals of an improving economy, innovation, and good old fashioned profit and loss.

Art Laffer, I believe, was famous for explaining incentives with a story about eighth grade students. If you take away test points from A students and give them to the C and D students, the C and D students, will of course enjoy better grades, but over the long run the class averages will suffer as the A students begin to question whether or not their hard work is worth the effort. While I love this story, as I've aged I've also come to another realization that it might not be so simple. Excellent students, engineers and businessmen aren't always motivated exclusively by outside rewards, but sometimes by the sheer enjoyment of the work, the challenge itself or, as I prefer to see it, the privilege of getting to use one's God given talents for the benefit of others. (My Labrador Maggie is wired to fetch balls and will do so with or without reward; the reward is in the fetching itself.)

Quantitative Easing (QE) has been a necessary tool over the last three years, but I also believe it shares similarities to the Laffer story. QE has engendered an investment environment where macroeconomic considerations have driven almost every move in the stock market in a risk on/risk off mentality. Given the explosion of index-based, exchange traded funds, it has

been all too easy and perhaps unprecedented for fast money hedge funds and day traders to gain or shed stock market exposure with literally the click of a button. Quite simply, it hasn't paid to do the homework on individual companies or take company specific risks in an environment where the C and D students are bought with just as much fervor as the A students, simply because everyone is buying and selling ALL stocks by the bucket-full.

All of this could be about to change.

The S&P 500 is a well followed stock market index and over the last three years it has enjoyed a very hot hand, outperforming most active managers. Given the risk on risk off mentality of the markets engendered by an obsessive interest in Fed policy, low interest rates, and QE moves, few have been motivated in the search for excellence in an environment where all enjoy its rewards.

While I don't mean to pick on CalPERS, the giant California based retirement system, their recent decision to focus increasingly on passive investments at the expense of active managers is representative of larger trends in the institutional community, decisions which I believe will ultimately prove to be poorly timed, just as their rush into alternatives like commodities and private equity in 2006-2007 proved to be. (The Yale Model)

The Fed may or may not withdraw its support for the economy any time soon, but if nothing else, this quarter's performance provides a glimpse into what that environment might look like. We believe that when the Fed bloom finally comes off the rose, risk on/risk off investors will no longer get a free ride on the coattails of companies who have continued to do great things, but will actually have to start narrowing their bets and investing directly in these companies as opposed to the markets at large if they hope to outperform.

While the government shutdown is lighting up the Twitter sphere right now, such talk will eventually recede. Over the next few years, we envision a shift in investment thinking as interest rates normalize and government intervention recedes to the background. As the economy sustains itself on its own two feet, individual stock picking strategies should outperform relative to an environment where the tide lifts all boats. This should benefit not only the Broadleaf Growth Equity Portfolio but active management at large.

Portfolio Characteristics

Top Five Portfolio Holdings

Amazon.com
Facebook
Visa
Whole Foods Market
Blackrock

Sector Concentrations

	Broadleaf	S&P 500
Technology	27.9%	17.9%
Cons. Disc.	27.1	12.5
Industrials	18.4	10.7
Healthcare	10.4	13.0
Cons. Staples	6.2	10.0
Financials	5.9	16.3
Energy	1.6	10.5
Utilities/Tel	0.0	5.6
Materials	0.0	3.5
Cash	2.5	

Portfolio Statistics

Avg. Market Cap.	$63.1B
Median Market Cap	$27.6B
Forward P/E Ratio	20.5x
Free Cash Flow Yield	3.3%
Consensus Growth Rate	21.0%
Return on Equity	17.0%
Beta	1.1
Portfolio Yield	0.7%

Organizational Review

Broadleaf's assets under management (AUM) increased to $158.6mm as of quarter end on the strength of recent performance and a new institutional account mandate. To accommodate future growth in our target market, we also increased our minimum account size for the BGEP back to $250,000, the level it was prior to our President, Bill Hoover, joining the firm.

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 $63.1 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 $158.6 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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