Broadleaf Partners, LLC

Growth Equity Portfolio
First Quarter Review
March 31, 2014

Performance Commentary

	Q1 2014	One Year	3 Years (Annualized)	5 Years (Annualized)	Since Inception (Annualized)
Broadleaf	**-1.9%**	**21.3%**	**12.1%**	**21.8%**	**8.3%**
S&P 500	1.8%	21.9%	14.7%	21.2%	7.4%
Russell 1000 Growth	1.1%	23.2%	14.6%	21.7%	8.3%

Our portfolio had a tough first quarter, declining nearly 2% in an otherwise positive market environment. The last ten or so trading days were particularly difficult for fundamentally strong, high growth companies, a topic we explore more fully in the Market Review & Outlook section of this update.

Our goal is to outperform our primary benchmarks over a full market cycle, which has typically meant five or more years. While we have achieved this objective on a long term, net of fees basis, the stop and start nature of the economy has made attainment of this goal more elusive over the past three years.

While time will tell, we anticipate that our relative results will improve as the economic cycle finally matures and moves more convincingly into a stage of sustained expansion, marked by the hallmark signs of increased M&A and capital spending activity in lieu of the almost singular focus on dividends and stock buybacks from the corporate suite.

(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

The last ten days of the quarter were brutal for the market and, in particular, growth stocks and the Broadleaf Growth Equity Portfolio (BGEP). March 18th sticks out as a unique date; over eight straight trading sessions, our portfolio gave up 482 basis points of relative performance, wiping out the superior returns we had been enjoying relative to the index just as the quarter came to a close.

While it's a mundane task, we've been keeping daily performance records of the BGEP and our comparative indices since we launched the portfolio nearly nine years ago. Having this data comes in handy for periods like today. In reviewing our records, the end of the quarter spiral proved to be a record, surpassing the prior 439 basis point consecutive days of decline we experienced in 2008, a period with a far different set of economic circumstances.

Having more than six days of consecutive relative underperformance has been a pretty unusual event for the portfolio, occurring twelve times in the past nine years. The longest streak was just last year, when we underperformed for eleven straight days in a row and lost 310 bps of relative performance. Prior to that, seven days was the record, occurring three times, followed by nine instances of six days in a row. On average, for the twelve such periods, we've lost 304 basis points.

While this doesn't necessarily mean that the carnage is close to an end, it does suggest that we'd at least get a bounce sometime soon. We do not believe we are going into a recession as was the case the last time we had such a significant bout of underperformance in 2008.

What was so special about March 18th anyway?

Well, on March 18th, The Fed's new chair, Janet Yellen, spoke publicly for the first time and based on her comments, reminded the markets that tapering efforts would continue and that rate increases could be closer than anticipated. While the Fed is NOT raising rates today, the end of quarter jitters suggests that the market will anticipate that possibility.

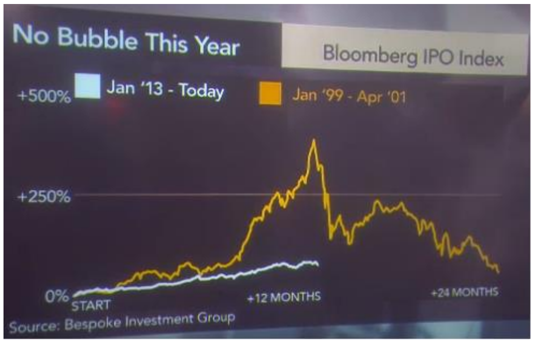
As mentioned in our 2014 Investment Playbook, the markets suffered horribly in 1994 when the Fed increased rates 300 basis points in a few short months, a period we recall all too well. However, a few months later, when it was recognized that rate increases were merely a function of an improving economy and not significant inflation problems, stocks turned the corner and growth stocks in particular resumed their leadership position, a place which they maintained for another six or so years. We suspect the same could happen this time around.

While we know that a backup in interest rates will affect growth stocks in the short run, the timing of the backup is unpredictable and based on our view of an expanding economy and not a looming recession, likely to be short lived.

Considering our macroeconomic outlook which calls for the end of the commodity supercycle marked by a slower growing China and new abundant sources of domestic energy, inflation could be restrained for years, a key variable in the Fed's interest rate policy decisions. With unemployment remaining high and a relentless technology based focus on making a whole host of economic assets more productive (Airbnb, Uber, for instance), interest rates might justifiably remain lower for much longer, independent of what the Fed even thinks or does.

Are there faint signs of a bubble in some areas of the economy like biotech and high tech? Having lived through them, I will admit that Facebook's ballsy purchases of WhatsApp and Oculus VR give us pause. And yet at the same time, I also recall how crazy people felt about Mark Zuckerberg's purchase of Instagram a couple of years ago and Google's buyout of YouTube nearly a decade ago, both of which, in hindsight, proved to be genius moves.

From the tech bubble, I discovered the view, which is now part of our investment philosophy, that the credit cycle plays an important role in creating, sustaining and ultimately popping asset bubbles. While the initial public offering (IPO) market has improved, it is hardly in a state of excess, at least relative to the tech boom years.



(sorry for the poor screen shot)

Merger and acquisition activity and improving capital markets are signs of an expanding economy at this stage, in my opinion, and not its impending end. At the same time, we remain extremely vigilant for signs of broad based excess, where ***all*** companies are valued as though they are the next Google, rather than just a narrow few.

At this stage of the game, we believe we're simply changing gears, a process that brings out the jitters and near term muscle memory of all who have lived through previous asset bubbles. We think, however, that we have another gear to go before getting off the highway entirely makes sense. In the meantime, we will rely on our sell discipline to take gains along the way and our investment philosophy to identify a mix of companies that will experience improving results as the economy matures while balancing it with profitable, high growth innovators who are creating new markets and new wealth for an entirely new generation of young (and old) investors.

Portfolio Characteristics

Top Five Portfolio Holdings

Facebook
Visa
Google
Biogen
Apple

Sector Concentrations

	Broadleaf	S&P 500
Technology	26.6%	18.6%
Cons. Disc.	22.2	12.1
Industrials	18.5	10.7
Healthcare	11.6	13.4
Financials	7.9	16.4
Cons. Staples	5.2	9.7
Energy	3.3	10.1
Utilities/Tel	0.0	5.5
Materials	0.0	3.5
Cash	4.7	

Portfolio Statistics

Avg. Market Cap.	$71.5B
Median Market Cap	$31.2B
Forward P/E Ratio	18.5x
Free Cash Flow Yield	3.1%
Consensus Growth Rate	20.7%
Return on Equity	19.7%
Beta	1.00
Portfolio Yield	0.8%

Organizational Review

Broadleaf's assets under management (AUM) were $162.8mm at quarter end. We currently have six employees, including three who are part time.

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 $71.5 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 $162.8 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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