

Franklin Regional Retirement System

Performance Review
March 2016

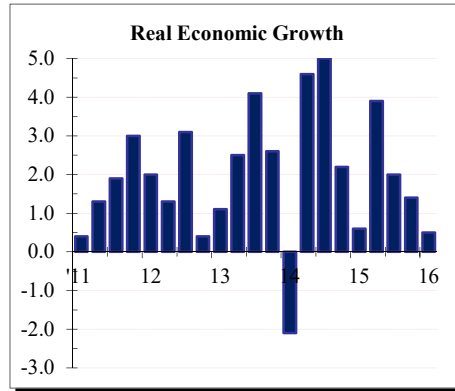


DAHAB ASSOCIATES
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ECONOMIC ENVIRONMENT

Steady As She Goes

The first quarter of 2016 saw the US economy grow at 0.5%, according to the advance estimate from the BEA, slower than the fourth quarter's 1.4%,



but still a positive figure. Still, there was a lot of good news to report. Plenty of jobs added and there was also a strong feeling of consumer satisfaction. By March, there was enough of an increase in manufacturing and service activity to point to an awakening economy. The Federal Reserve Board weighed these positive developments against low inflation, a

recovering housing market, the low level of exports and extreme investor jitters in the equity and commodity markets. As a result, it announced the Fed funds rate would remain unchanged for the present. A more detailed commentary about the economy follows:

- A disappointing 0.5% expansion (advance estimate) in GDP during the first quarter was a decline from Q4's modest 1.4% advance. Full year 2015 growth was 2.4%, identical to that of 2014.
- Non-farm payrolls increased by a healthy 215,000 in March and averaged a 209,000 monthly gain for the quarter. March employment increased in the retail, construction and health care sectors. Job losses occurred in manufacturing and mining. The unemployment rate initially ticked down to 4.9% and then reverted to 5.0% in March. More importantly, new unemployment claims have been below 300,000 for 58 consecutive weeks, the longest period since 1973. Quite favorably, the labor participation rate has edged up 0.6% since last September to 63.0%. In addition, the average earnings rate, including benefits, has risen slightly to \$25.43/hour.
- Consumer confidence helped to buoy expectations. The Consumer Confidence Index grew from February's 94.0 to 96.2 in March.

- Home prices climbed 6.8% for the year ending in February and are within 6.5% of the 2006 peak. Colorado, Washington, and Oregon were the leaders in price appreciation.
- The March ISM Manufacturing Index was encouraging as March was the first month since last fall to move into an expansion phase (51.8%). Production looked even better, rising from 52.8% the prior month to 55.3% in March; likewise, new orders climbed from 51.5% to 58.3%. Manufacturing gains were greatest in the printing, furniture, mineral products, machinery and plastics sectors. However, activity declined among apparel, electronic products, and transportation equipment.
- The Non-Manufacturing Index also moved higher, from 53.4% in February to 54.5%. Service sector gains were widespread among education, information, wholesale trade, finance, insurance and health care.
- Weak demand in China continued to depress commodity prices. Nonetheless, there was significant price change disparity among 29 different commodities. The best performers were gold (+16%); iron ore (+24%); and lumber (+21%). Gold's first quarter gain was the highest in years and represented a massive flight to safety in the January/February period. Higher iron ore prices reflected renewed confidence in the global economy while lumber mirrored US gains in furniture making and homebuilding. Energy posted a turnaround of sorts. While gasoline prices rose 14%, natural gas prices plummeted 16% due to high inventories and a generally warm winter.
- Inflation or the lack of it remains a challenge for the Fed. Gas prices at the pump began to rise and there was a tiny increase in salaries. Import prices also ticked up as the US dollar fell in value against most other currencies. These changes were enough to nudge up the inflation rate, but probably not enough to satisfy the Fed. The March quarter's CPI increase was -0.1%.

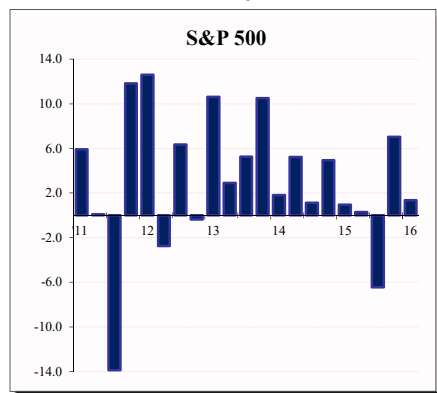
DOMESTIC EQUITIES

One Heck of a Ride

From the first trading day of the year until February 11th, the market was in free fall. The financial press was obsessed with China's economic slowdown and market mismanagement; European deflation; malaise or

worse among emerging markets; free-falling oil and related commodity prices; and the circus surrounding the US Presidential candidates. Most worrisome was the prospect of looming domestic and global recession. Jittery investors sold down stocks close to the point of a bear market. No stock sector was spared. Miraculously, China pulled its act together; the European Central Bank creatively expanded its quantitative easing program; emerging markets rose from the ashes in sync with firming commodity prices; and domestic economic statistics began to brighten. Further, geopolitical events tilted positive (e.g. the fragile Syrian cease fire and minor inroads against ISIS) and, importantly, the Fed made it clear that rate hikes were deferred. Investors were back to “risk-on” for the rest of the quarter. By March 31st, the US stock market pretty much ended where it started. The whole rapid fire sequence of events was startling as though a tornado had passed through and then put everything back into place.

In spite of all the volatility, the S&P 500 achieved a decent 1.3% return while the NASDAQ lost 2.4%. The more defensive DJIA added 2.2%. It



was clearly a value style quarter, with every value index trumping its growth counterpart. The Russell Large Cap Growth Index rose 0.7%, but was outpaced by the Russell Large Cap Value Index (+1.6%). Mid-cap and small-cap style differences were more pronounced, as the Russell Mid Cap Growth Index rose a modest 0.6% while the Russell Mid Cap Value Index added 3.9%. The Russell Small Cap Growth Index lost 4.7% compared to the Russell Small Cap Value Index, which gained 1.7%. Investors focused on dividends, cyclical, defensive orientation and beaten down names and all favored value stocks. Real estate stocks (REITs), soon to be represented by their own S&P sector, performed at the top of the major indices; the NAREIT index rose 5.8%.

Below is a table demonstrating how negative all markets became by February 11th, only to be followed by a dramatic updraft between that date and quarter-end. This V-shaped market roller coaster ride, all within a 90-day period, was a new phenomenon:

Index	Jan 4 – Feb 11	Feb 12- Mar 31	Full quarter
S&P 500	-10.3	+13.0	+1.3
NASDAQ	-14.7	+14.3	-2.4
DJIA	-9.8	+13.3	+2.2
Russell 2000	-15.9	+17.1	-1.5

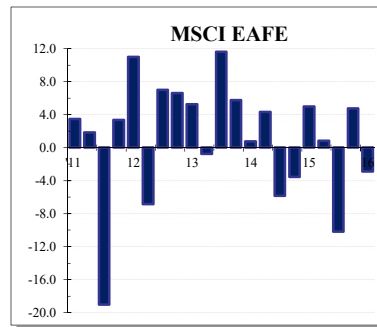
Most S&P sector returns were positive, but it was the defensive utility stocks that grabbed center stage, surging more than 16%. The commodity turnaround gave basic industry stocks a hefty 8.3% boost with a 4.4% lift to energy stocks, in particular. Diversified service stocks, ranging from internet providers to media, pushed ahead 6.5%. The financial sector was the worst performer, losing almost 4%, as banks contended with low lending rates and regulatory scrutiny. Weak sales for big-ticket consumer products and drug pricing concerns led to a modest slide in the non-durable consumer sector.

By quarter-end, the S&P dividend yield held steady at 2.1%. The average price/earnings ratio dropped slightly, to 22.9. Yet more than 50% of the index companies had P/E ratios north of 20, indicating that the current market is not cheap.

INTERNATIONAL EQUITIES

Developed Markets: Slow growth in Europe and Japan weighed heavily
Emerging Markets: A Welcome Commodity Bounce

The MSCI EAFE Index was off 2.9%. A combination of several factors



more than offset aggressive ECB moves, including: very slow economic growth; negative banking revelations; the overhang of a welcoming immigration policy; and ISIS terrorism. Germany, the biggest European player, lost 2.4%. Auto makers and chemical and pharmaceutical company Bayer contributed to the decline. While smaller in size, the Italian market tumbled almost 12% on the back of the banking sector’s massive bad loans. The Swiss banking sector and especially UBS was that country’s Achilles’ heel, causing the Swiss market to fall 5.1%.

Australia continued its run up from Q4, adding more than 2%. This time, the country's stocks benefited from higher commodity prices rather than the prior quarter's positive banking news. Its currency strength proved no impediment. The Pacific Rim was a bifurcated market; Japanese stocks reversed field from the prior quarter, falling 6.4%. Investors were not encouraged by the BOJ decision to extend its negative interest rate policy. In addition, domestic consumer demand continued to be lethargic and a strengthening yen hurt exports. The rest of the Pacific developed markets fared far better. Singapore stood out with a gain of more than 5%.

Israel, long a market darling, lost its luster, dropping 10%. This was attributable to Israeli-Palestinian troubles and a falloff among tech shares. Finally, Canadian shares [Canada is technically not an EAFE country] took off like a rocket; its shares climbed 11.5% mainly because of commodity price gains, particularly in the energy sector.

Emerging Markets staged a remarkable 5.8% advance, easily surpassing the performance of US and developed markets. The increase was largely commodities-driven, with help provided by the ECB and the slow-moving Fed. Shares of Brazil's Bovespa Stock Exchange soared as investors returned to that market. Russia also provided a double digit gain (15.7%). As an oil-based economy, Russia benefited directly from a price increase of roughly \$10 per barrel. In Southeast Asia, India's market fell a moderate 2.5% due to Prime Minister Modi's difficulties passing economic reform legislation and a rise in the banking sector's non-performing loans. China gave back 4.8% amid a slowing economy, albeit from a very high level. Investors also gave thumbs down to the country's currency and retail trading tactics. The slow but steady effort to reorient the economy from export-driven to consumer-driven added to the uncertainty.

Latin American markets soared, largely stemming from commodity gains. The overall Latin American market rose more than 19%. Eastern European markets, especially Hungary (+17.3%) and Poland (+13.9%), profited from both the increased ECB stimulus and tackling the tremendous refugee problems early on.

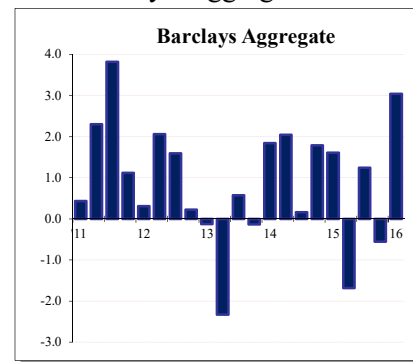
BOND MARKET

Solid Gains Throughout as Rates Decline

Early into the quarter, recession fears drove yields upward. But, rates tightened all along the yield curve in sync with bottoming oil prices;

ECB's added stimulus; a benign jobs market; and a deferred Fed rate hike. The result was a substantial Treasury rally and similar gains on the corporate side. Among Treasury instruments, the longer the maturity, the better the result. Three-to-five year maturities returned 2.5%. Seven-to-ten year bonds rose 4.7%. Twenty-year and longer issues jumped 8.5%!

The Barclays Aggregate Index earned 3.0% for the quarter, more than



most stock market indices. Treasuries, combined, added 3.2%. Corporates rose still more or 4.0%. Among corporates, industrials and utilities earned at or near 5%. Financial names were an also ran, with a 2.3% gain, as banks were under a serious regulatory and profitability cloud. Residential mortgage securities returned a lower 2.0%. However, commercial property bonds (CMBS) added 3.6%. Short-maturity asset-backed paper (ABS) rose 1.4%.

High yield bonds also participated in the rally, gaining 3.4%. Interestingly, it mattered little how risky the bond. BA-rated credits averaged 3.9%, while much lower quality CAA debt returned 3.7%. The very lowest-rated CA-D bonds gained only moderately more or 4.7%. Metals and mining bonds, reflecting the positive reversal in commodity prices, soared 12.6%. Despite rising oil prices, energy bonds earned only 2.8%; part of the rationale was that energy companies were still smarting from plummeting profits and some had already declared bankruptcy.

EM sovereign debt posted a very strong 5.0% return. Among regions, Latin America performed best. Its 6.7% advance was largely due to more favorable commodity prices.

CASH EQUIVALENTS

Still Zero

Treasury bills and related money market instruments continued to offer only a nominal return. One had to extend beyond two-years to achieve even a 1% yield.

MARKET SUMMARY

ECONOMIC STATISTICS

	CURRENT QTR	LAST QTR
GDP	0.5	1.4
Unemployment	5.0	5.0
CPI All Items Year/Year	0.90	0.70
Fed Funds Rate	0.50	0.50
Industrial Capacity	74.8	75.4
US Dollars per Euro	1.14	1.09

MAJOR INDEX QUARTER RETURNS

INDEX	PERFORMANCE
Russell 3000	1.0
S&P 500	1.3
Russell Mid	2.2
Russell 2000	-1.5
MSCI EAFE	-2.9
MSCI Emg Mkts	5.8
NCREIF ODCE	2.2
Barclays Agg	3.0
90 Day Tbills	0.1

EQUITY RETURN DISTRIBUTIONS

	QUARTER			TRAILING YEAR		
	VAL	COR	GRO	VAL	COR	GRO
LC	1.6	1.2	0.7	-1.6	0.5	2.5
MC	3.9	2.2	0.6	-3.4	-4.1	-4.8
SC	1.7	-1.5	-4.7	-7.7	-9.8	-11.9

MARKET SUMMARY

- * Q1 GDP is estimated at 0.5%
- * Unemployment remains at 5%.
- * CPI increased by 0.9%, year over year.
- * Value stocks out performed their growth counterparts in particular, among the smaller cap sizes.
- * The US dollar weakened relative to the Euro.

INVESTMENT RETURN

On March 31st, 2016, the Franklin Regional Retirement System's Composite portfolio was valued at \$120,054,443, representing an increase of \$786,619 from the December quarter's ending value of \$119,267,824. Last quarter, the Fund posted withdrawals totaling \$1,523,269, which offset the portfolio's net investment return of \$2,309,888. Income receipts totaling \$782,269 plus net realized and unrealized capital gains of \$1,527,619 combined to produce the portfolio's net investment return.

For the cumulative period since March 2011, the fund has recorded net withdrawals totaling \$5.6 million and posted net investment gains of \$39.2 million. For the period since March 2011, if the total fund returned a compound annual rate of 7.75% it would have been valued at \$120.1 million or \$4,761 more than the actual value as of March 31st, 2016.

RELATIVE PERFORMANCE

Total Fund

The Franklin Regional Policy Index is the weighted return of each asset classes' benchmark in proportion to its target allocation.

In the first quarter, the Composite portfolio gained 2.0%, which was 0.9% above the Franklin Regional Policy Index's return of 1.1% and ranked in the 9th percentile of the Public Fund universe. Over the trailing year, the portfolio returned 0.5%, which was 0.4% less than the benchmark's 0.9% performance, and ranked in the 8th percentile. Since March 2011, the portfolio returned 7.7% on an annualized basis and ranked in the 9th percentile. For comparison, the Franklin Regional Policy Index returned an annualized 8.3% over the same period.

PRIT Core

The Custom Core Index is a target-weighted passive index of the asset classes used in the PRIT Core Fund. Among the indices used is the Cambridge Private Equity Index. A flat return for the quarter was assumed, due to the unavailability of performance.

The PRIT core portfolio returned 2.0% in the first quarter, 1.0% greater than the Custom Core Index's return of 1.0% and ranked in the 9th percentile of the Public Fund universe. Over the trailing twelve-month period, the PRIT core portfolio returned 0.3%; that return was 0.7% greater than the benchmark's -0.4% return, and ranked in the 10th percentile. Since March 2011, this component returned 7.1% per annum and ranked in the 28th percentile. The Custom Core Index returned an annualized 6.3% over the same time frame.

Domestic Equity

The Custom Equity Index is the weighted return of the S&P 500, S&P 400, and Russell 2000 indices based on the System's equity manager target allocations.

For the first quarter, the domestic equity segment returned 2.0%, which was 1.4% greater than the Franklin Regional Equity Index's return of 0.6% and ranked in the 26th percentile of the Domestic Equity universe. Over the trailing twelve-month period, this segment's return was -3.1%, which was 1.5% above the benchmark's -4.6% return, ranking in the 48th percentile. Since March 2011, this component returned 9.4% annualized and ranked in the 61st percentile. The Franklin Regional Equity Index returned an annualized 9.2% during the same period.

International Equity

The international equity segment returned -1.6% during the first quarter; that return was 1.3% above the MSCI EAFE Index's return of -2.9% and ranked in the 60th percentile of the International Equity universe. Over the trailing twelve months, the international equity portfolio returned -5.3%, 2.6% greater than the benchmark's -7.9% performance, ranking in the 37th percentile.

Real Estate

During the first quarter, the real estate segment returned 2.5%, which was 0.3% greater than the NCREIF NFI-ODCE Index's return of 2.2%. Over the trailing twelve-month period, this component returned 11.0%, which was 2.7% less than the benchmark's 13.7% return. Since March 2011, this component returned 12.9% on an annualized basis, while the NCREIF NFI-ODCE Index returned an annualized 13.2% over the same period.

Fixed Income

During the first quarter, the fixed income component gained 3.0%, which was equal to the Barclays Aggregate Index's return of 3.0% and ranked in the 50th percentile of the Core Fixed Income universe. Over the trailing twelve months, the fixed income portfolio returned 1.9%, which was 0.1% below the benchmark's 2.0% performance, ranking in the 66th percentile. Since March 2011, this component returned 4.6% annualized and ranked in the 24th percentile. The Barclays Aggregate Index returned an annualized 3.8% over the same time frame.

ASSET ALLOCATION

On March 31st, 2016, PRIT core comprised 48.2% of the total portfolio (\$57.8 million), while domestic equities totaled 25.1% (\$30.1 million). The account's international equity segment was valued at \$5.5 million, representing 4.6% of the portfolio, while the real estate component's \$12.2 million totaled 10.2%. The portfolio's fixed income represented 11.0% and the remaining 1.0% was comprised of cash & equivalents (\$1.2 million).

Franklin Regional Retirement System
 Total Fund Asset Allocation Analysis
 As of March 31, 2016

Total Fund Assets \$ 120,054,443

Allocation by Manager						
	PRIT Fund Actual Allocation	FRRS Allocation	Target Allocation	Target Dollars	Actual Dollars	+/- Dollars
<u>PRIT Core Fund</u>	<u>100.0%</u>	<u>48.2%</u>	<u>45.0%</u>	\$ 54,024,499	\$ 57,824,793	\$ 3,800,294
Domestic Equity	19.7%	9.5%			\$ 11,368,354	
Int'l Equity	17.1%	8.2%			\$ 9,864,910	
E.M. Int'l Equity	7.1%	3.4%			\$ 4,082,430	
Core Fixed Income	13.5%	6.5%			\$ 7,783,217	
Value Added Fixed Income*	8.6%	4.1%			\$ 4,972,932	
Real Estate	9.7%	4.7%			\$ 5,609,005	
Timber/Natural Resources	3.4%	1.6%			\$ 1,966,043	
Alternatives-Private Equity	11.5%	5.5%			\$ 6,655,634	
Hedge Funds	7.6%	3.6%			\$ 4,365,772	
Port. Alpha Wind down	1.4%	0.7%			\$ 792,199.66	
Overlay	0.6%	0.3%			\$ 364,296.20	
<u>Separate Accounts</u>		<u>51.8%</u>	<u>55.0%</u>			
Polen Capital		6.1%	6.0%	\$ 7,203,267	\$ 7,344,832	\$ 141,565
O'Shaughnessy		5.8%	6.0%	\$ 7,203,267	\$ 6,925,096	\$ (278,171)
Seizert		4.6%	5.0%	\$ 6,002,722	\$ 5,539,406	\$ (463,316)
Daruma		4.4%	5.0%	\$ 6,002,722	\$ 5,313,878	\$ (688,844)
Systematic		4.7%	5.0%	\$ 6,002,722	\$ 5,627,610	\$ (375,112)
PRIT International		4.6%	5.0%	\$ 6,002,722	\$ 5,493,174	\$ (509,548)
PRIT RE		10.1%	10.0%	\$ 12,005,444	\$ 12,185,442	\$ 179,998
Prudential		0.0%	0.0%	\$ -	\$ 90	\$ 90
IR&M		11.0%	13.0%	\$ 15,607,078	\$ 13,191,947	\$ (2,415,131)
Cash		0.5%	0.0%	\$ -	\$ 608,175	\$ 608,175

*Includes Distressed Debt

Allocation by Asset Class						
	Actual Allocation	Target Allocation		Actual Allocation	Target Allocation	+/- Dollars
Franklin Regional Total	(%)	(%)	+/- Percent	(\$)	(\$)	
Domestic Equity	35.1%	35.0%	0.1%	\$ 42,119,176	\$ 42,019,055	\$ 100,121
Int'l Equity	16.2%	15.0%	1.2%	\$ 19,440,514	\$ 18,008,166	\$ 1,432,348
Fixed Income	21.6%	25.0%	-3.4%	\$ 25,948,096	\$ 30,013,611	\$ (4,065,514)
Real Estate	14.8%	14.0%	0.8%	\$ 17,794,537	\$ 16,807,622	\$ 986,915
Timber	1.6%	2.0%	-0.4%	\$ 1,966,043	\$ 2,401,089	\$ (435,046)
Alternatives-Private Equity	5.5%	5.0%	0.5%	\$ 6,655,634	\$ 6,002,722	\$ 652,912
Hedge Funds	4.6%	4.0%	0.6%	\$ 5,522,268	\$ 4,802,178	\$ 720,090
Cash	<u>0.5%</u>	<u>0.0%</u>	<u>0.5%</u>	\$ 608,175	\$ -	\$ 608,175
	100.0%	100.0%		\$ 120,054,443	\$ 120,054,443	

EXECUTIVE SUMMARY

PERFORMANCE SUMMARY

	Qtr / YTD	1 Year	3 Year	5 Years
Total Portfolio - Gross	2.0	0.5	8.0	7.7
<i>PUBLIC FUND RANK</i>	(9)	(8)	(4)	(9)
Total Portfolio - Net	1.8	-0.1	7.4	7.1
<i>POLICY INDEX</i>	1.1	0.9	8.1	8.3
PRIT Core - Gross	2.0	0.3	7.2	7.1
<i>PUBLIC FUND RANK</i>	(9)	(10)	(17)	(28)
<i>CUSTOM CORE IDX</i>	1.0	-0.4	5.9	6.3
Domestic Equity - Gross	2.0	-3.1	11.0	9.4
<i>DOMESTIC EQUITY RANK</i>	(26)	(48)	(39)	(61)
<i>CUSTOM EQ INDEX</i>	0.6	-4.6	9.1	9.2
<i>PRIT EQUITY</i>	0.9	-0.7	10.8	10.9
<i>S&P 500</i>	1.3	1.8	11.8	11.6
<i>S&P 400</i>	3.8	-3.6	9.5	9.5
<i>RUSSELL 3000</i>	1.0	-0.4	11.1	11.0
<i>RUSSELL 1000</i>	1.2	0.5	11.5	11.4
<i>RUSSELL 1000G</i>	0.7	2.5	13.6	12.4
<i>RUSSELL 1000V</i>	1.6	-1.6	9.4	10.2
<i>RUSSELL MID</i>	2.2	-4.1	10.5	10.3
<i>RUSSELL 2000</i>	-1.5	-9.8	6.8	7.2
International Equity - Gross	-1.6	-5.3	---	---
<i>INTERNATIONAL EQUITY RANK</i>	(60)	(37)	---	---
<i>MSCI EAFE</i>	-2.9	-7.9	2.7	2.7
Real Estate - Gross	2.6	11.1	12.5	12.9
<i>NCREIF ODCE</i>	2.2	13.7	13.6	13.2
Fixed Income - Gross	3.0	1.9	3.0	4.6
<i>CORE FIXED INCOME RANK</i>	(50)	(66)	(22)	(24)
<i>BARCLAYS AGG</i>	3.0	2.0	2.5	3.8
<i>PRIT FIXED</i>	6.3	0.4	5.2	5.9
<i>GOV/CREDIT</i>	3.5	1.8	2.4	4.0
<i>INT AGGREGATE</i>	2.3	2.2	2.1	3.1
<i>INT GOV/CREDIT</i>	2.4	2.1	1.8	3.0

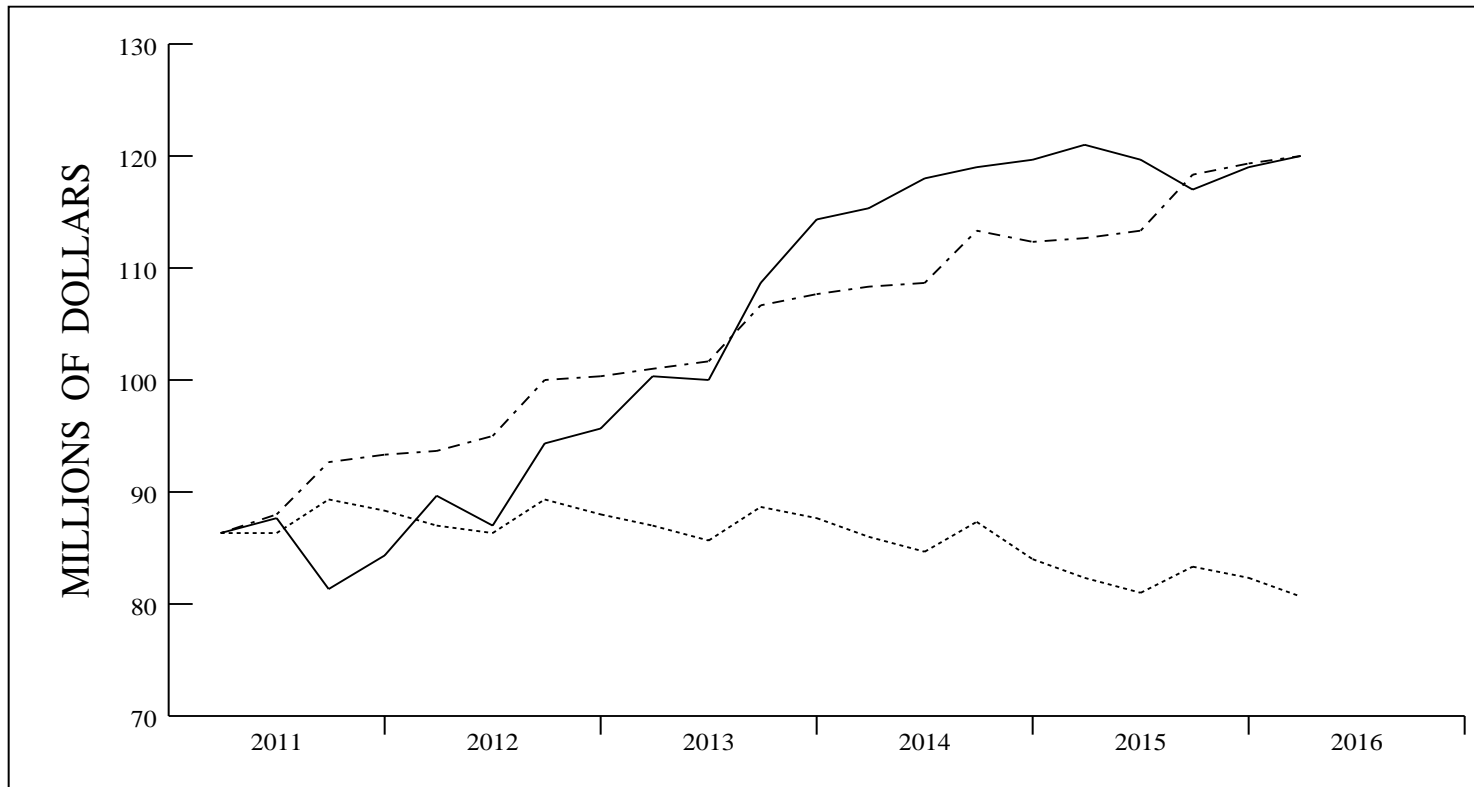
ASSET ALLOCATION

PRIT Core	48.2%	\$ 57,824,793
Domestic Equity	25.1%	30,118,062
Int'l Equity	4.6%	5,493,174
Real Estate	10.2%	12,185,532
Fixed Income	11.0%	13,191,947
Cash	1.0%	1,240,935
Total Portfolio	100.0%	\$ 120,054,443

INVESTMENT RETURN

Market Value 12/2015	\$ 119,267,824
Contribs / Withdrawals	- 1,523,269
Income	782,269
Capital Gains / Losses	1,527,619
Market Value 3/2016	\$ 120,054,443

INVESTMENT GROWTH

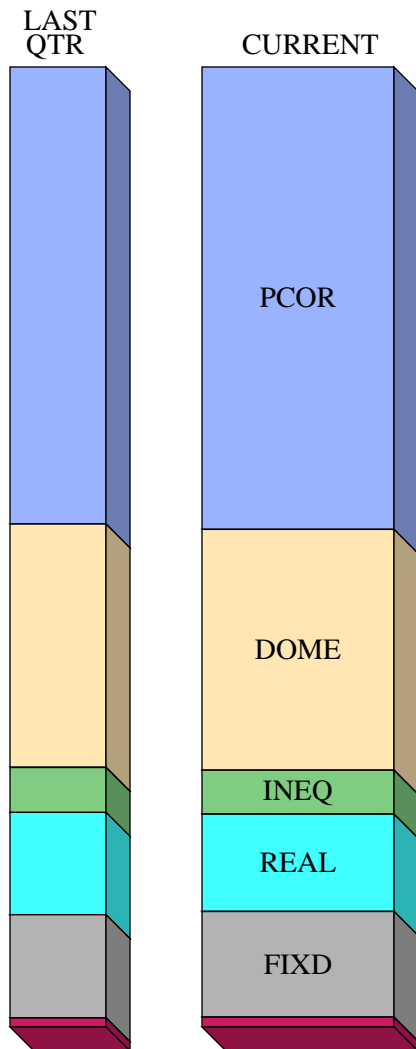


— ACTUAL RETURN
 - - - 7.75%
 0.0%

VALUE ASSUMING
 7.75% RETURN \$ 120,059,204

	LAST QUARTER	PERIOD 3/11 - 3/16
BEGINNING VALUE	\$ 119,267,824	\$ 86,465,096
NET CONTRIBUTIONS	- 1,523,269	- 5,560,887
<u>INVESTMENT RETURN</u>	<u>2,309,888</u>	<u>39,150,232</u>
ENDING VALUE	\$ 120,054,443	\$ 120,054,443
INCOME	782,269	11,822,831
<u>CAPITAL GAINS (LOSSES)</u>	<u>1,527,619</u>	<u>27,327,404</u>
INVESTMENT RETURN	2,309,888	39,150,232

ASSET ALLOCATION























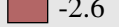












	<u>VALUE</u>	<u>PERCENT</u>	<u>TARGET</u>	<u>DIFFERENCE</u> <u>+ / -</u>
■ PRIT CORE	\$ 57,824,793	48.2%	45.0%	3.2%
■ DOMESTIC EQUITY	30,118,062	25.1%	27.0%	-1.9%
■ INTERNATIONAL EQUITY	5,493,174	4.6%	5.0%	-0.4%
■ REAL ESTATE	12,185,532	10.2%	10.0%	0.2%
■ FIXED INCOME	13,191,947	11.0%	13.0%	-2.0%
■ CASH & EQUIVALENT	1,240,935	1.0%	0.0%	1.0%
<u>TOTAL FUND</u>	<u>\$ 120,054,443</u>	<u>100.0%</u>		

MANAGER PERFORMANCE SUMMARY

Name	(Universe)	Quarter	YTD	1 Year	3 Years	5 Years
Total Portfolio	(Public Fund)	2.0 (9)	2.0 (9)	0.5 (8)	8.0 (4)	7.7 (9)
<i>Franklin Regional Policy Index</i>		<i>1.1 ----</i>	<i>1.1 ----</i>	<i>0.9 ----</i>	<i>8.1 ----</i>	<i>8.3 ----</i>
PRIT Core Fund	(Public Fund)	2.0 (9)	2.0 (9)	0.3 (10)	7.2 (17)	7.1 (28)
<i>Custom Core Index</i>		<i>1.0 ----</i>	<i>1.0 ----</i>	<i>-0.4 ----</i>	<i>5.9 ----</i>	<i>6.3 ----</i>
Polen Capital	(LC Growth)	0.2 (29)	0.2 (29)	11.9 (1)	16.5 (5)	---- ----
<i>Russell 1000 Growth</i>		<i>0.7 ----</i>	<i>0.7 ----</i>	<i>2.5 ----</i>	<i>13.6 ----</i>	<i>12.4 ----</i>
O'Shaughnessy	(LC Value)	3.9 (13)	3.9 (13)	-6.0 (80)	12.1 (13)	---- ----
<i>Russell 1000 Value</i>		<i>1.6 ----</i>	<i>1.6 ----</i>	<i>-1.6 ----</i>	<i>9.4 ----</i>	<i>10.2 ----</i>
Seizert Capital	(Mid Cap)	1.7 (40)	1.7 (40)	-10.9 (89)	8.4 (76)	---- ----
<i>Russell Mid Cap</i>		<i>2.2 ----</i>	<i>2.2 ----</i>	<i>-4.1 ----</i>	<i>10.5 ----</i>	<i>10.3 ----</i>
Daruma Ginkgo	(Small Cap)	0.3 (49)	0.3 (49)	-5.1 (37)	5.8 (84)	5.3 (92)
Systematic	(Small Cap)	4.0 (13)	4.0 (13)	-7.3 (55)	---- ----	---- ----
<i>Russell 2000</i>		<i>-1.5 ----</i>	<i>-1.5 ----</i>	<i>-9.8 ----</i>	<i>6.8 ----</i>	<i>7.2 ----</i>
PRIT Int'l Eq.	(Intl Eq)	-1.6 (60)	-1.6 (60)	-5.3 (37)	---- ----	---- ----
<i>MSCI EAFE</i>		<i>-2.9 ----</i>	<i>-2.9 ----</i>	<i>-7.9 ----</i>	<i>2.7 ----</i>	<i>2.7 ----</i>
PRIT Core R.E.		2.6 ----	2.6 ----	11.1 ----	12.5 ----	12.2 ----
<i>NCREIF NFI-ODCE Index</i>		<i>2.2 ----</i>	<i>2.2 ----</i>	<i>13.7 ----</i>	<i>13.6 ----</i>	<i>13.2 ----</i>
IR&M	(Core Fixed)	3.0 (50)	3.0 (50)	1.9 (66)	3.0 (22)	4.6 (24)
<i>Barclays Aggregate Index</i>		<i>3.0 ----</i>	<i>3.0 ----</i>	<i>2.0 ----</i>	<i>2.5 ----</i>	<i>3.8 ----</i>

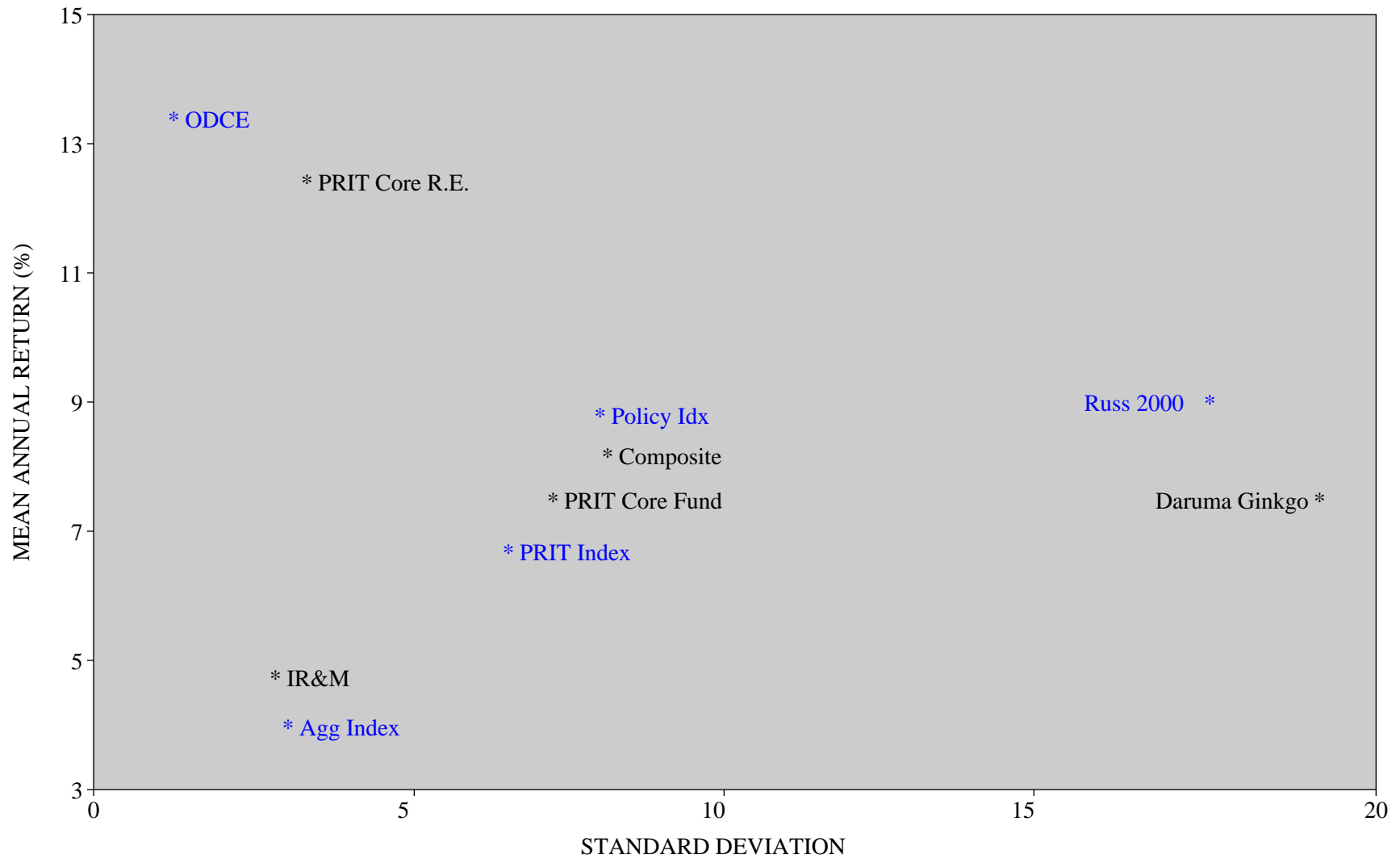
MANAGER VALUE ADDED

Portfolio	Benchmark	1 Quarter	1 Year	3 Years	5 Years
PRIT Core Fund	Custom Core Idx	1.0 	0.7 	1.3 	0.8 
Polen Capital	Russell 1000G	-0.5 	9.4 	2.9 	N/A
O'Shaughnessy	Russell 1000V	2.3 	-4.4 	2.7 	N/A
Seizert Capital	Russell Mid	-0.5 	-6.8 	-2.1 	N/A
Daruma Ginkgo	Russell 2000	1.8 	4.7 	-1.0 	-1.9 
Systematic	Russell 2000	5.5 	2.5 	N/A	N/A
PRIT Int'l Eq.	MSCI EAFE	1.3 	2.6 	N/A	N/A
PRIT Core R.E.	NCREIF ODCE	0.4 	-2.6 	-1.1 	-1.0 
IR&M	Barclays Agg	0.0 	-0.1 	0.5 	0.8 
Total Portfolio	Policy Index	0.9 	-0.4 	-0.1 	-0.6 

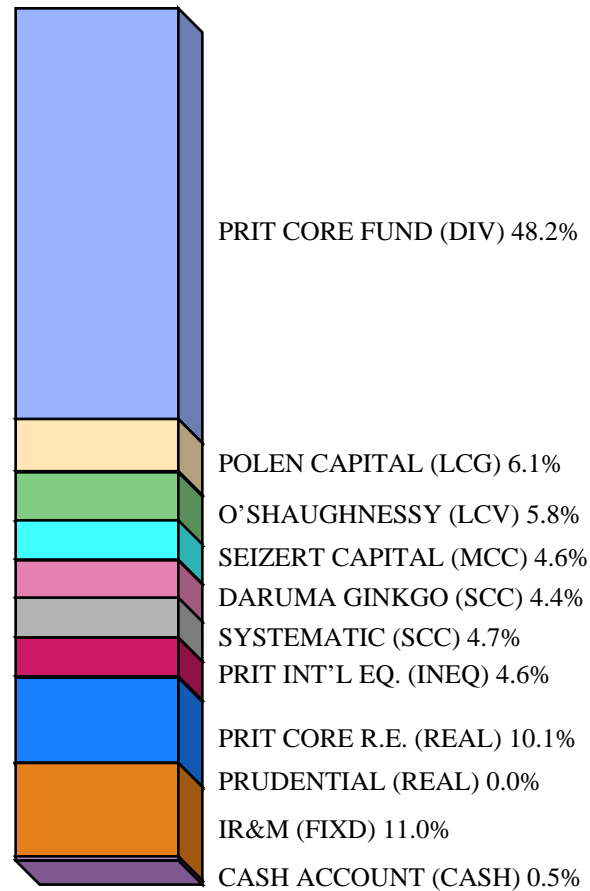
MANAGER RISK STATISTICS SUMMARY - FIVE-YEAR HISTORY

Name	Alpha	Batting Average	Sharpe Ratio	Information Ratio	Up Capture	Down Capture
PRIT Core Fund <i>Custom Core Idx</i>	0.14	0.800	1.03	0.73	111.8	111.8
Daruma Ginkgo <i>Russell 2000</i>	-2.03	0.450	0.38	-0.29	99.3	113.5
PRIT Core R.E. <i>NCREIF ODCE</i>	18.29	0.450	3.77	-0.27	92.9	----
IR&M <i>Barclays Agg</i>	1.24	0.750	1.65	0.75	109.4	69.4
Cash Account <i>90 Day Tbills</i>	0.00	0.000	0.00	0.00	----	----

RISK-RETURN SUMMARY - 5 YEAR HISTORY



MANAGER ALLOCATION AND TARGET SUMMARY

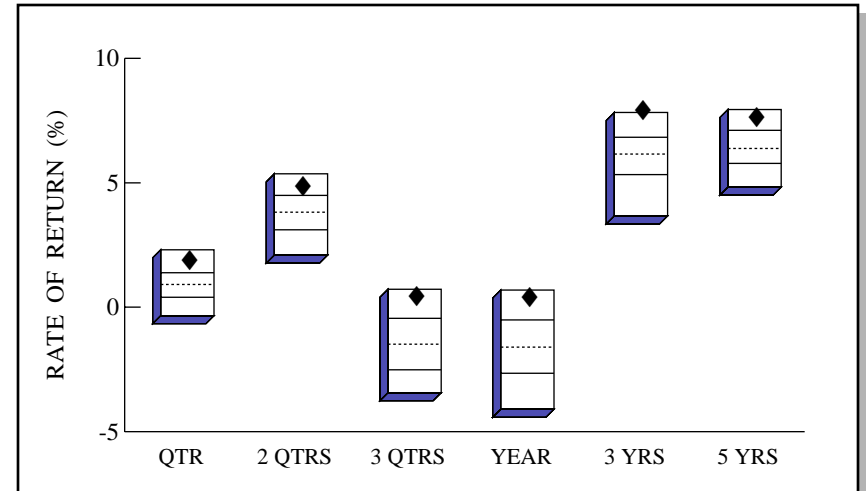
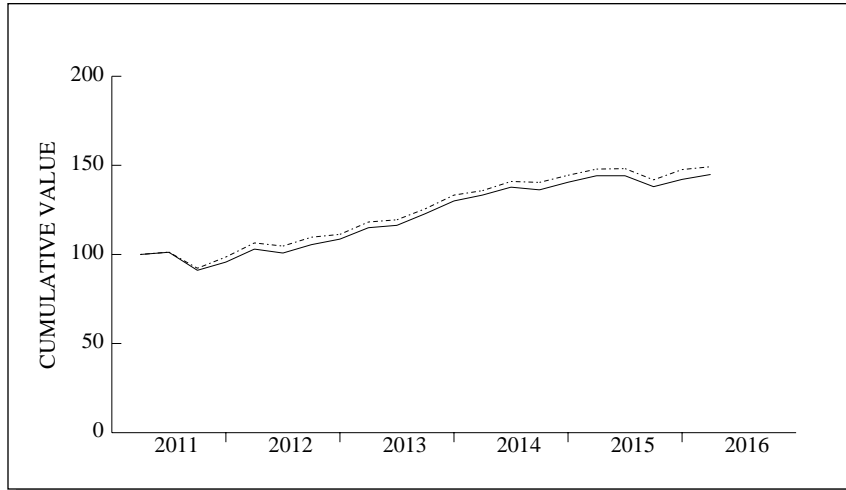


Name	Market Value	Percent	Target
PRIT Core Fund (DIV)	\$57,824,793	48.2	45.0
Polen Capital (LCG)	\$7,344,832	6.1	6.0
O'Shaughnessy (LCV)	\$6,925,096	5.8	6.0
Seizert Capital (MCC)	\$5,539,406	4.6	5.0
Daruma Ginkgo (SCC)	\$5,313,878	4.4	5.0
Systematic (SCC)	\$5,627,610	4.7	5.0
PRIT Int'l Eq. (INEQ)	\$5,493,174	4.6	5.0
PRIT Core R.E. (REAL)	\$12,185,442	10.1	10.0
Prudential (REAL)	\$90	0.0	0.0
IR&M (FIXD)	\$13,191,947	11.0	13.0
Cash Account (CASH)	\$608,175	0.5	0.0
Total Portfolio	\$120,054,443	100.0	100.0

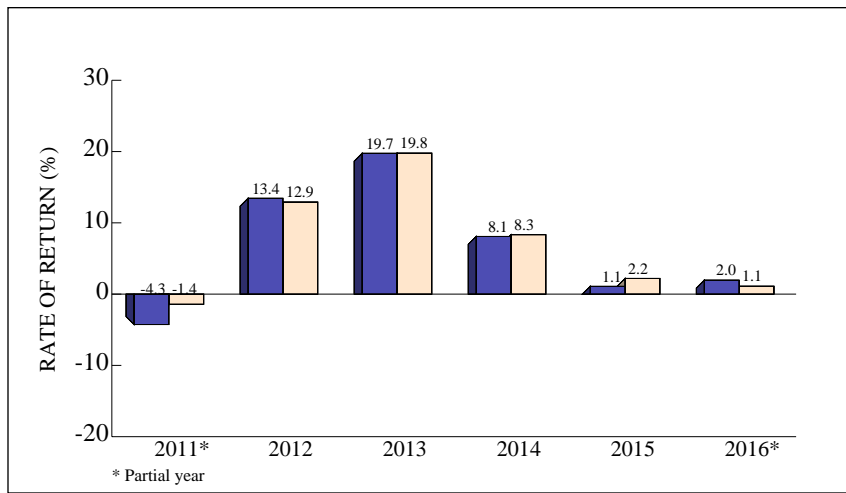
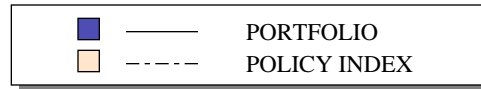
INVESTMENT RETURN SUMMARY - ONE QUARTER

Name	Quarter Total Return	Market Value December 31st, 2015	Net Cashflow	Net Investment Return	Market Value March 31st, 2016
PRIT Core Fund (DIV)	2.0	56,789,798	-75,275	1,110,270	57,824,793
Polen Capital (LCG)	0.2	8,019,256	-678,437	4,013	7,344,832
O'Shaughnessy (LCV)	3.9	6,662,892	-110	262,314	6,925,096
Seizert Capital (MCC)	1.7	5,446,019	-38	93,425	5,539,406
Daruma Ginkgo (SCC)	0.3	5,310,656	-12,548	15,770	5,313,878
Systematic (SCC)	4.0	5,411,043	0	216,567	5,627,610
PRIT Int'l Eq. (INEQ)	-1.6	5,587,647	-2,446	-92,027	5,493,174
PRIT Core R.E. (REAL)	2.6	12,730,489	-854,303	309,256	12,185,442
Prudential (REAL)	---	90	0	0	90
IR&M (FIXD)	3.0	12,801,913	0	390,034	13,191,947
Cash Account (CASH)	---	508,021	99,888	266	608,175
Total Portfolio	2.0	119,267,824	-1,523,269	2,309,888	120,054,443

TOTAL RETURN COMPARISONS



Public Fund Universe

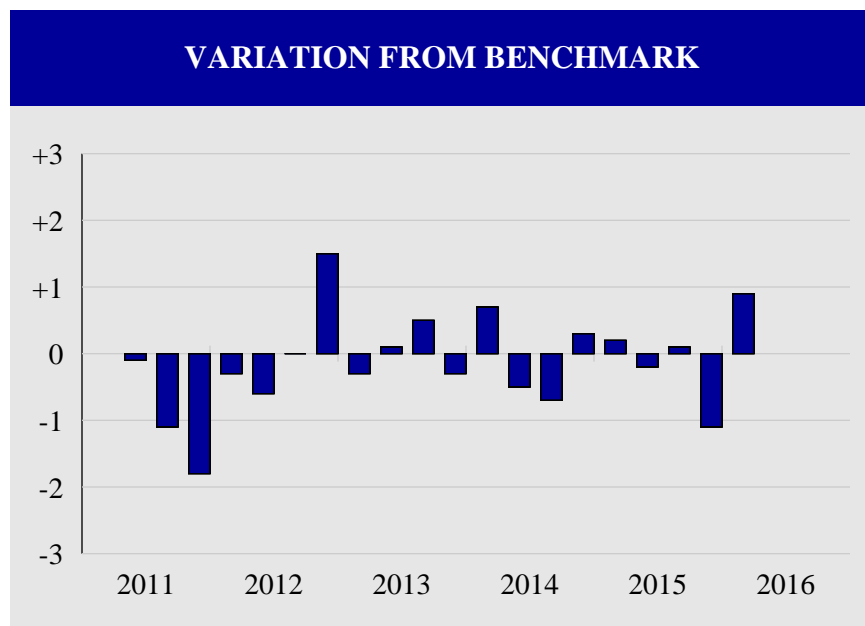


	QTR	2 QTRS	3 QTRS	YEAR	-----ANNUALIZED-----	
					3 YRS	5 YRS
RETURN	2.0	5.0	0.5	0.5	8.0	7.7
(RANK)	(9)	(13)	(8)	(8)	(4)	(9)
5TH %ILE	2.3	5.4	0.7	0.7	7.8	7.9
25TH %ILE	1.4	4.5	-0.5	-0.5	6.8	7.1
MEDIAN	0.9	3.8	-1.5	-1.6	6.2	6.4
75TH %ILE	0.4	3.1	-2.5	-2.7	5.3	5.8
95TH %ILE	-0.3	2.1	-3.4	-4.1	3.7	4.8
Policy Idx	1.1	5.2	0.7	0.9	8.1	8.3

Public Fund Universe

TOTAL PORTFOLIO QUARTERLY PERFORMANCE SUMMARY

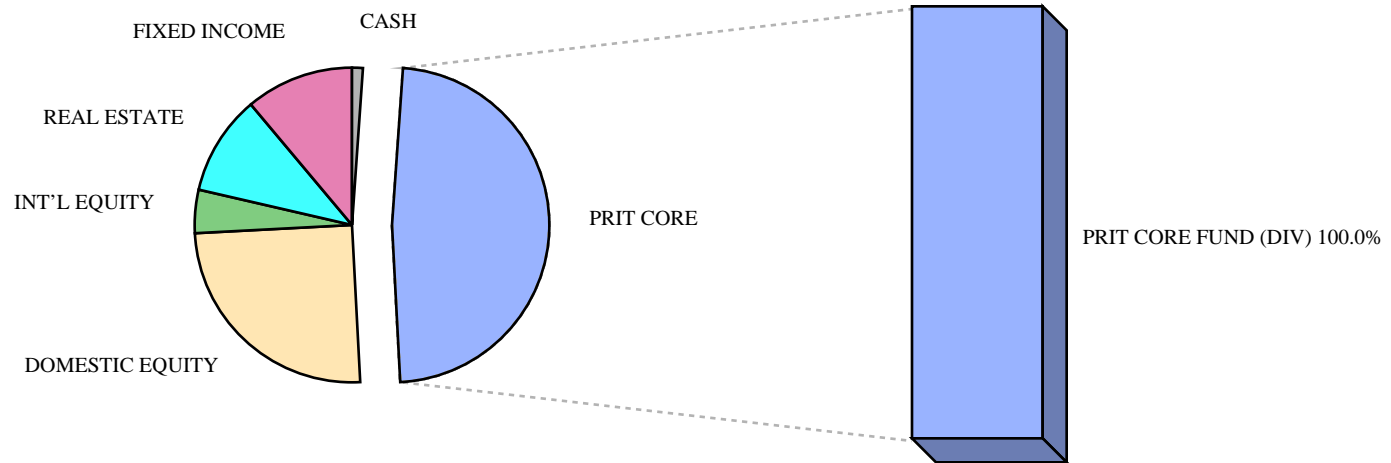
COMPARATIVE BENCHMARK: FRANKLIN REGIONAL POLICY INDEX



Total Quarters Observed	20
Quarters At or Above the Benchmark	9
Quarters Below the Benchmark	11
Batting Average	.450

RATES OF RETURN			
Date	Portfolio	Benchmark	Difference
6/11	1.3	1.4	-0.1
9/11	-10.1	-9.0	-1.1
12/11	5.1	6.9	-1.8
3/12	7.7	8.0	-0.3
6/12	-2.2	-1.6	-0.6
9/12	4.7	4.7	0.0
12/12	3.0	1.5	1.5
3/13	5.9	6.2	-0.3
6/13	1.1	1.0	0.1
9/13	5.7	5.2	0.5
12/13	5.8	6.1	-0.3
3/14	2.5	1.8	0.7
6/14	3.3	3.8	-0.5
9/14	-1.1	-0.4	-0.7
12/14	3.1	2.8	0.3
3/15	2.6	2.4	0.2
6/15	0.0	0.2	-0.2
9/15	-4.2	-4.3	0.1
12/15	2.9	4.0	-1.1
3/16	2.0	1.1	0.9

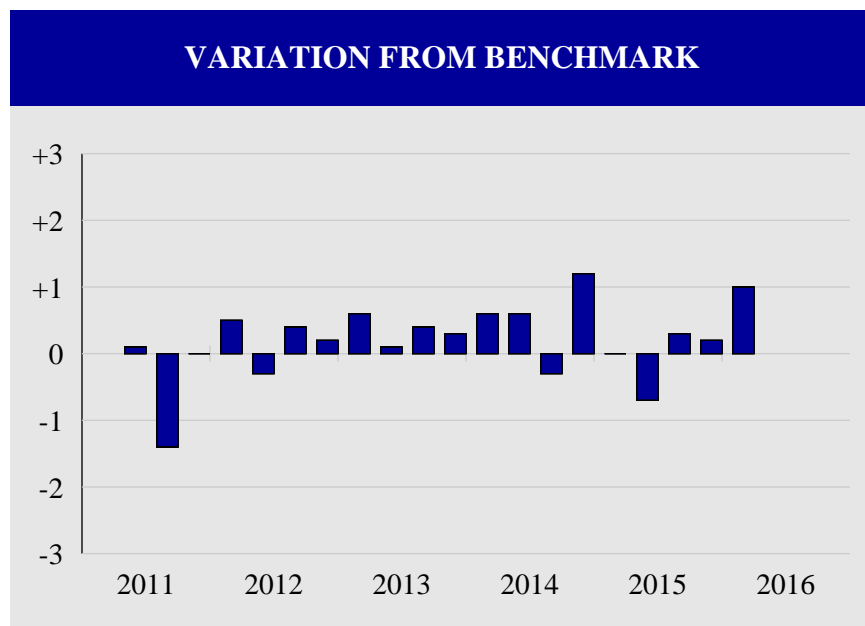
PRIT CORE MANAGER SUMMARY



TOTAL RETURNS AND RANKINGS							
MANAGER	(UNIVERSE)	QTR	YTD	1 YEAR	3 YEARS	5 YEARS	MARKET VALUE
PRIT CORE FUND	(Public Fund)	2.0 (9)	2.0 (9)	0.3 (10)	7.2 (17)	7.1 (28)	\$57,824,793
<i>Custom Core Index</i>		<i>1.0 ---</i>	<i>1.0 ---</i>	<i>-0.4 ---</i>	<i>5.9 ---</i>	<i>6.3 ---</i>	<i>---</i>

PRIT CORE QUARTERLY PERFORMANCE SUMMARY

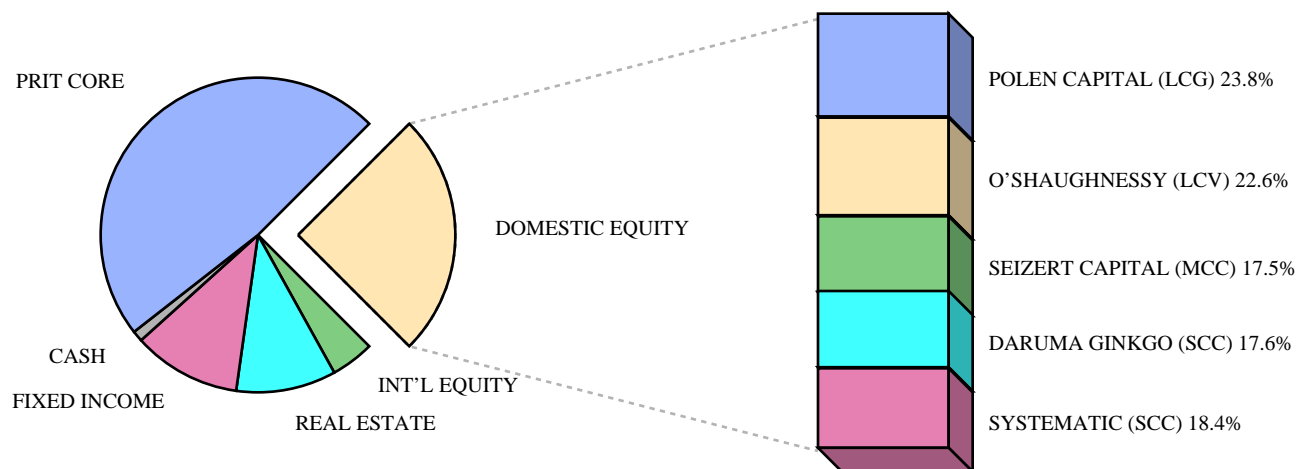
COMPARATIVE BENCHMARK: CUSTOM CORE INDEX



RATES OF RETURN			
Date	Portfolio	Benchmark	Difference
6/11	1.7	1.6	0.1
9/11	-9.0	-7.6	-1.4
12/11	3.7	3.7	0.0
3/12	7.3	6.8	0.5
6/12	-1.5	-1.2	-0.3
9/12	4.4	4.0	0.4
12/12	3.1	2.9	0.2
3/13	4.6	4.0	0.6
6/13	0.2	0.1	0.1
9/13	5.1	4.7	0.4
12/13	4.9	4.6	0.3
3/14	2.7	2.1	0.6
6/14	4.1	3.5	0.6
9/14	-0.8	-0.5	-0.3
12/14	2.1	0.9	1.2
3/15	2.7	2.7	0.0
6/15	0.0	0.7	-0.7
9/15	-3.9	-4.2	0.3
12/15	2.4	2.2	0.2
3/16	2.0	1.0	1.0

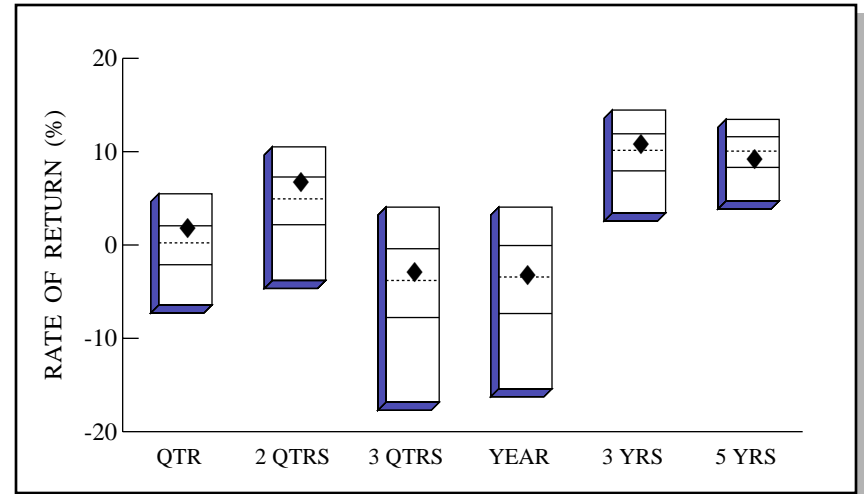
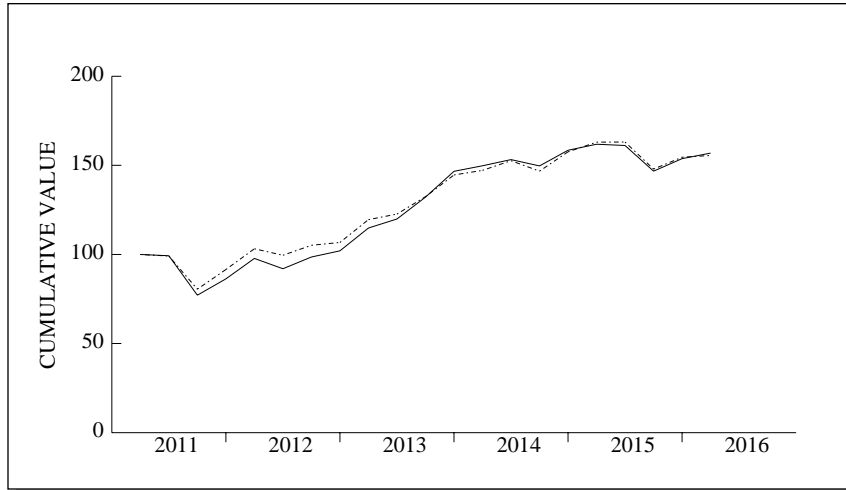
Total Quarters Observed	20
Quarters At or Above the Benchmark	16
Quarters Below the Benchmark	4
Batting Average	.800

DOMESTIC EQUITY MANAGER SUMMARY

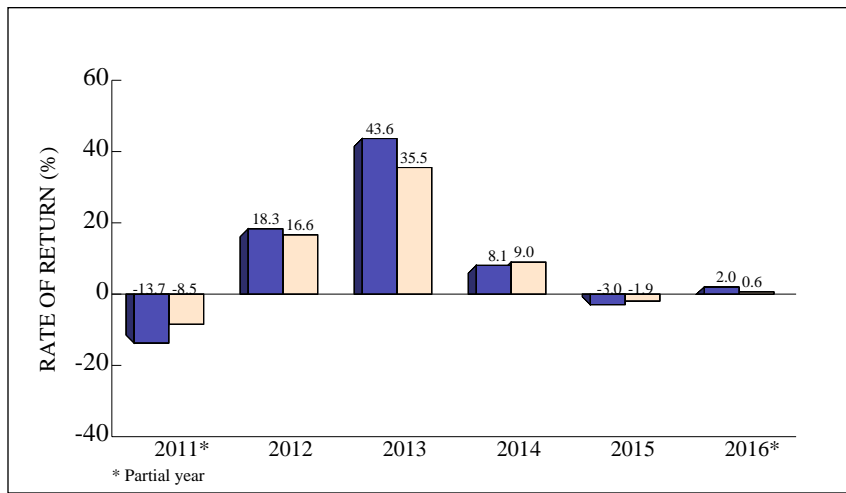


TOTAL RETURNS AND RANKINGS							
MANAGER	(UNIVERSE)	QTR	YTD	1 YEAR	3 YEARS	5 YEARS	MARKET VALUE
POLEN CAPITAL	(Large Cap Growth)	0.2 (29)	0.2 (29)	11.9 (1)	16.5 (5)	----	\$7,344,832
<i>Russell 1000 Growth</i>		<i>0.7 ---</i>	<i>0.7 ---</i>	<i>2.5 ---</i>	<i>13.6 ---</i>	<i>12.4 ---</i>	----
O'SHAUGHNESSY	(Large Cap Value)	3.9 (13)	3.9 (13)	-6.0 (80)	12.1 (13)	----	\$6,925,096
<i>Russell 1000 Value</i>		<i>1.6 ---</i>	<i>1.6 ---</i>	<i>-1.6 ---</i>	<i>9.4 ---</i>	<i>10.2 ---</i>	----
SEIZERT CAPITAL	(Mid Cap)	1.7 (40)	1.7 (40)	-10.9 (89)	8.4 (76)	----	\$5,539,406
<i>Russell Mid Cap</i>		<i>2.2 ---</i>	<i>2.2 ---</i>	<i>-4.1 ---</i>	<i>10.5 ---</i>	<i>10.3 ---</i>	----
DARUMA GINKGO	(Small Cap)	0.3 (49)	0.3 (49)	-5.1 (37)	5.8 (84)	5.3 (92)	\$5,313,878
SYSTEMATIC	(Small Cap)	4.0 (13)	4.0 (13)	-7.3 (55)	----	----	\$5,627,610
<i>Russell 2000</i>		<i>-1.5 ---</i>	<i>-1.5 ---</i>	<i>-9.8 ---</i>	<i>6.8 ---</i>	<i>7.2 ---</i>	----

DOMESTIC EQUITY RETURN COMPARISONS

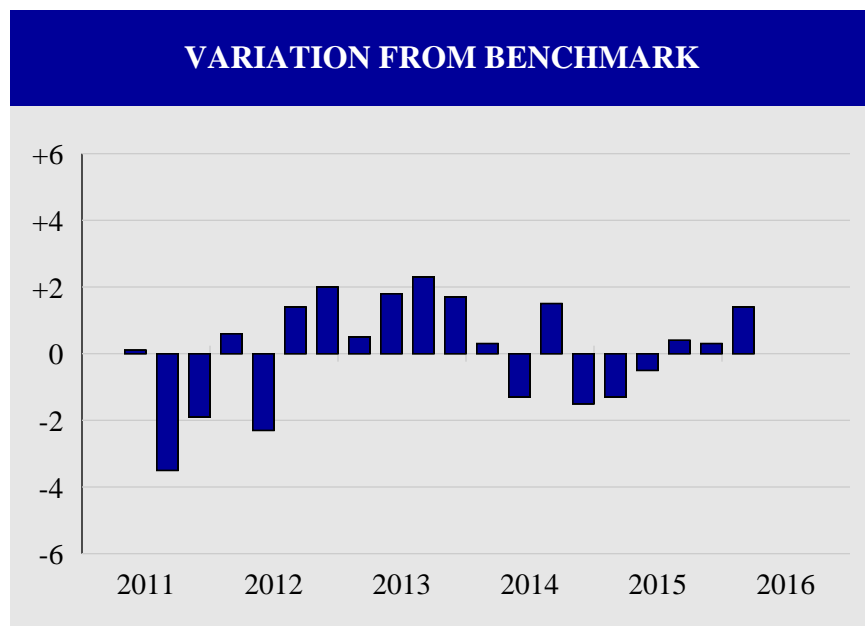


Domestic Equity Universe



	QTR	2 QTRS	3 QTRS	YEAR	-----ANNUALIZED----- 3 YRS	5 YRS
RETURN	2.0	6.9	-2.7	-3.1	11.0	9.4
(RANK)	(26)	(29)	(42)	(48)	(39)	(61)
5TH %ILE	5.5	10.5	4.1	4.1	14.5	13.5
25TH %ILE	2.1	7.3	-0.4	-0.1	11.9	11.6
MEDIAN	0.2	5.0	-3.8	-3.4	10.1	10.1
75TH %ILE	-2.1	2.2	-7.8	-7.3	8.0	8.3
95TH %ILE	-6.4	-3.8	-16.9	-15.4	3.4	4.7
Equity Index	0.6	5.2	-4.7	-4.6	9.1	9.2

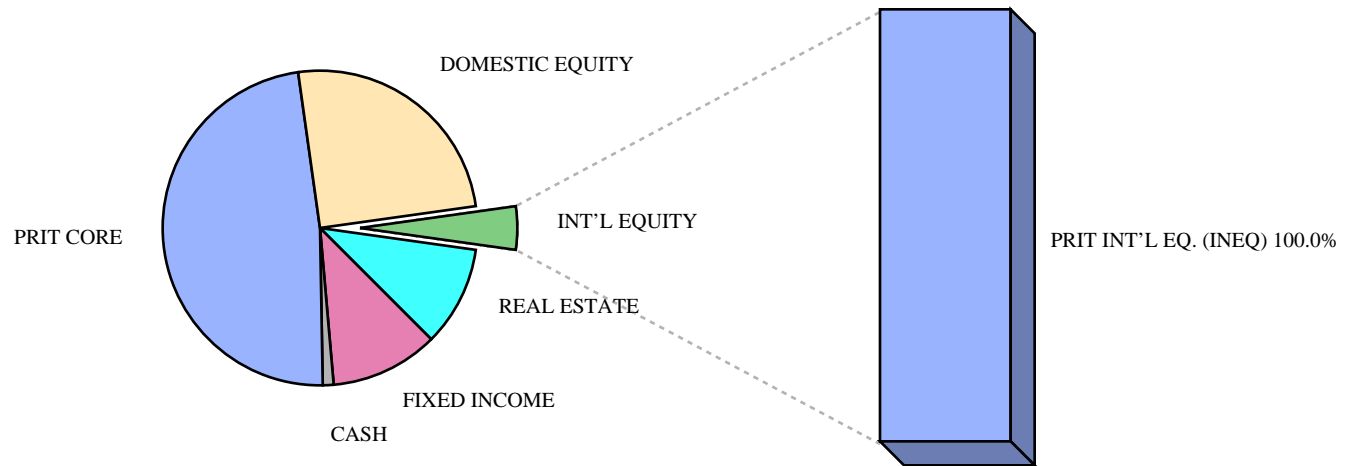
Domestic Equity Universe

DOMESTIC EQUITY QUARTERLY PERFORMANCE SUMMARY**COMPARATIVE BENCHMARK: FRANKLIN REGIONAL EQUITY INDEX**

Total Quarters Observed	20
Quarters At or Above the Benchmark	13
Quarters Below the Benchmark	7
Batting Average	.650

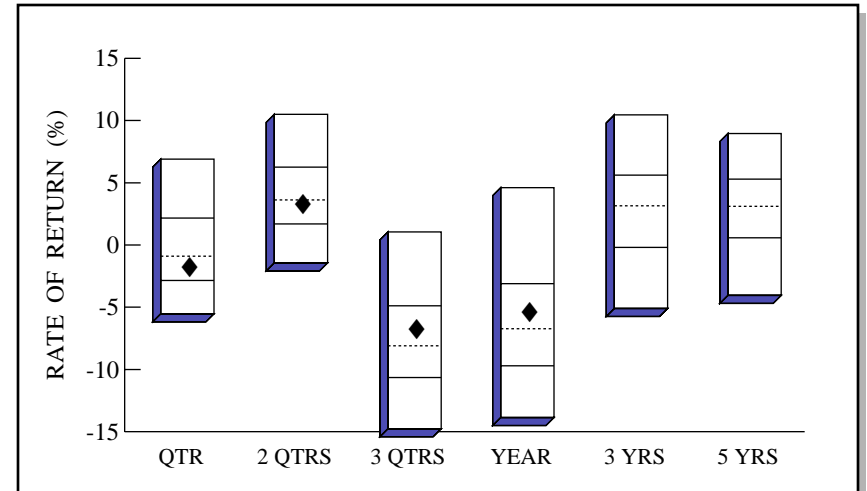
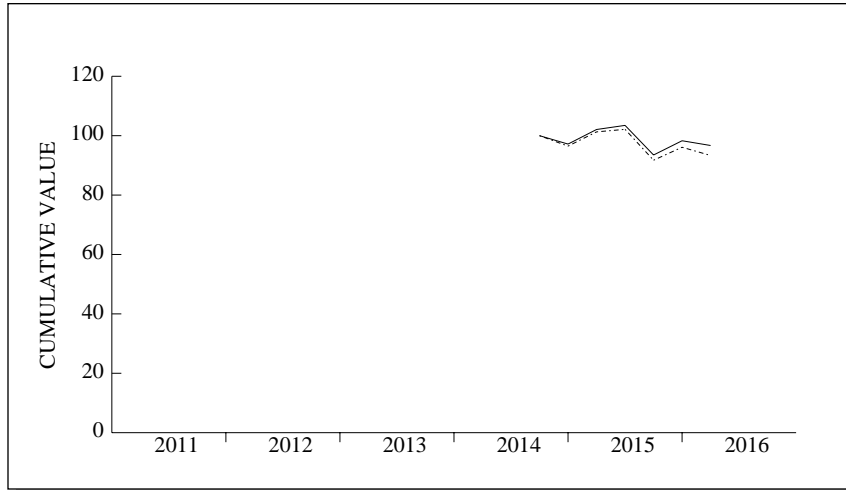
RATES OF RETURN			
Date	Portfolio	Benchmark	Difference
6/11	-0.7	-0.8	0.1
9/11	-22.3	-18.8	-3.5
12/11	11.8	13.7	-1.9
3/12	13.3	12.7	0.6
6/12	-5.9	-3.6	-2.3
9/12	7.1	5.7	1.4
12/12	3.5	1.5	2.0
3/13	12.5	12.0	0.5
6/13	4.4	2.6	1.8
9/13	10.3	8.0	2.3
12/13	10.9	9.2	1.7
3/14	2.1	1.8	0.3
6/14	2.3	3.6	-1.3
9/14	-2.3	-3.8	1.5
12/14	5.9	7.4	-1.5
3/15	2.1	3.4	-1.3
6/15	-0.4	0.1	-0.5
9/15	-9.0	-9.4	0.4
12/15	4.8	4.5	0.3
3/16	2.0	0.6	1.4

INTERNATIONAL EQUITY MANAGER SUMMARY

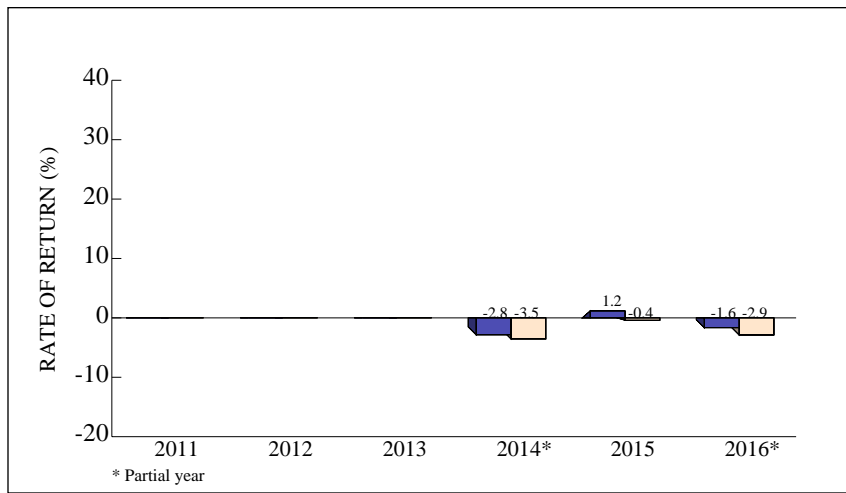


TOTAL RETURNS AND RANKINGS							
MANAGER	(UNIVERSE)	QTR	YTD	1 YEAR	3 YEARS	5 YEARS	MARKET VALUE
PRIT INT'L EQ.	(International Equity)	-1.6 (60)	-1.6 (60)	-5.3 (37)	----	----	\$5,493,174
<i>MSCI EAFE</i>		-2.9 ----	-2.9 ----	-7.9 ----	2.7 ----	2.7 ----	----

INTERNATIONAL EQUITY RETURN COMPARISONS



International Equity Universe



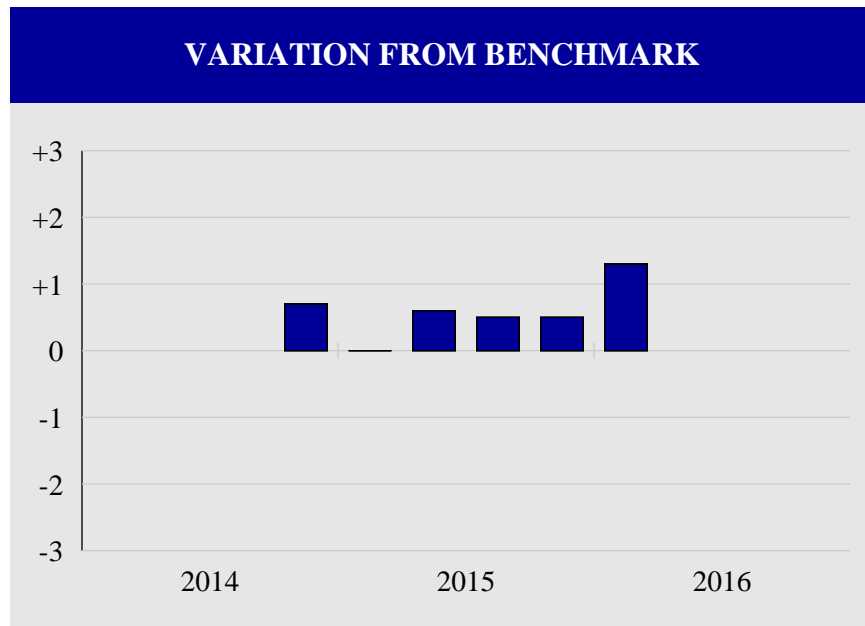
* Partial year

	QTR	2 QTRS	3 QTRS	YEAR	-----ANNUALIZED-----	
					3 YRS	5 YRS
RETURN	-1.6	3.4	-6.6	-5.3	----	----
(RANK)	(60)	(53)	(38)	(37)	----	----
5TH %ILE	6.9	10.5	1.0	4.6	10.5	9.0
25TH %ILE	2.2	6.3	-4.9	-3.1	5.6	5.3
MEDIAN	-0.9	3.6	-8.1	-6.7	3.1	3.1
75TH %ILE	-2.9	1.7	-10.7	-9.7	-0.2	0.6
95TH %ILE	-5.5	-1.4	-14.8	-13.9	-5.1	-4.0
MSCI EAFE	-2.9	1.7	-8.6	-7.9	2.7	2.7

International Equity Universe

INTERNATIONAL EQUITY QUARTERLY PERFORMANCE SUMMARY

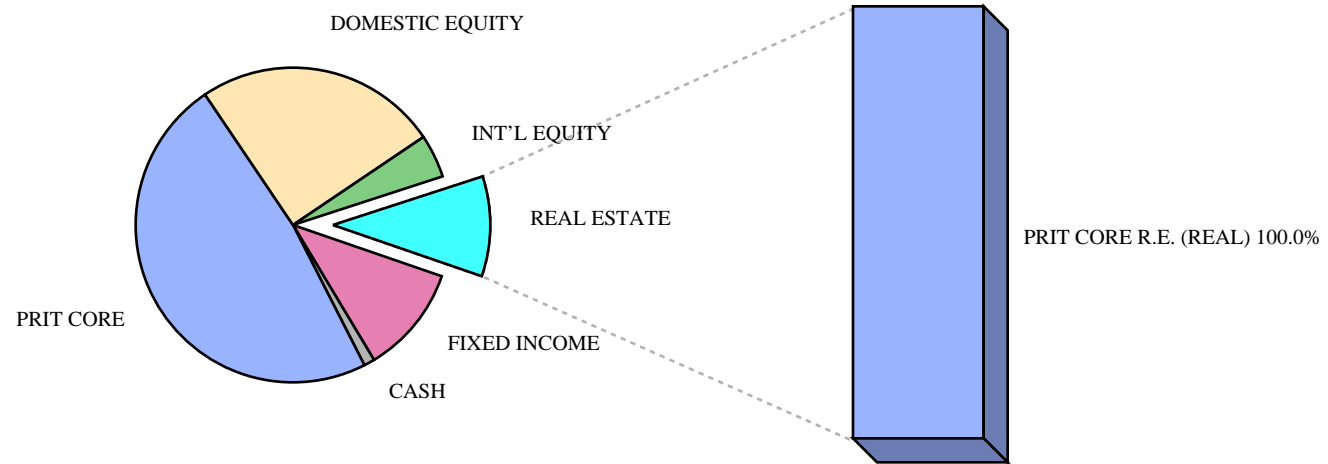
COMPARATIVE BENCHMARK: MSCI EAFE



RATES OF RETURN			
Date	Portfolio	Benchmark	Difference
12/14	-2.8	-3.5	0.7
3/15	5.0	5.0	0.0
6/15	1.4	0.8	0.6
9/15	-9.7	-10.2	0.5
12/15	5.2	4.7	0.5
3/16	-1.6	-2.9	1.3

Total Quarters Observed	6
Quarters At or Above the Benchmark	6
Quarters Below the Benchmark	0
Batting Average	1.000

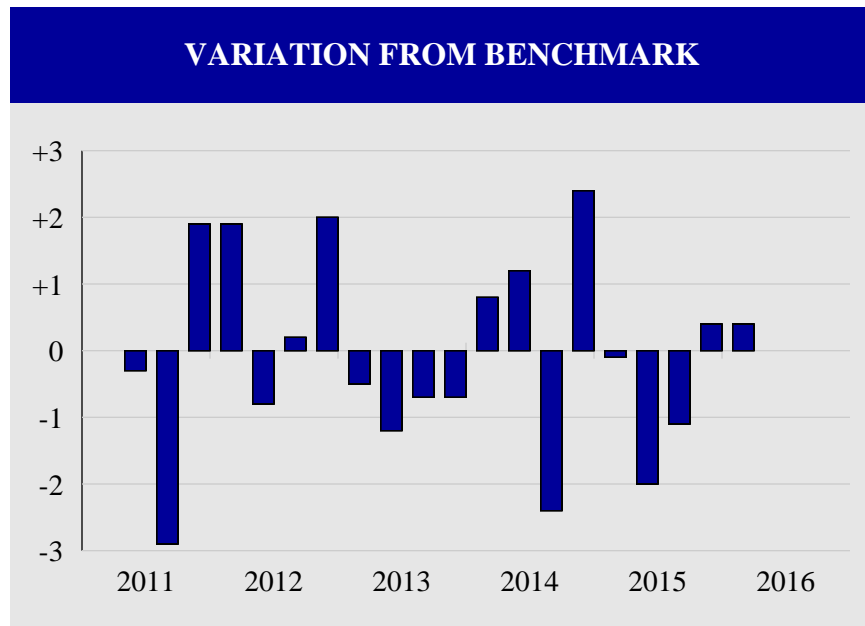
REAL ESTATE MANAGER SUMMARY



MANAGER	(UNIVERSE)	TOTAL RETURNS AND RANKINGS					MARKET VALUE
		QTR	YTD	1 YEAR	3 YEARS	5 YEARS	
PRIT CORE R.E.		2.6 ---	2.6 ---	11.1 ---	12.5 ---	12.2 ---	\$12,185,442
<i>NCREIF NFI-ODCE Index</i>		<i>2.2 ---</i>	<i>2.2 ---</i>	<i>13.7 ---</i>	<i>13.6 ---</i>	<i>13.2 ---</i>	---

REAL ESTATE QUARTERLY PERFORMANCE SUMMARY

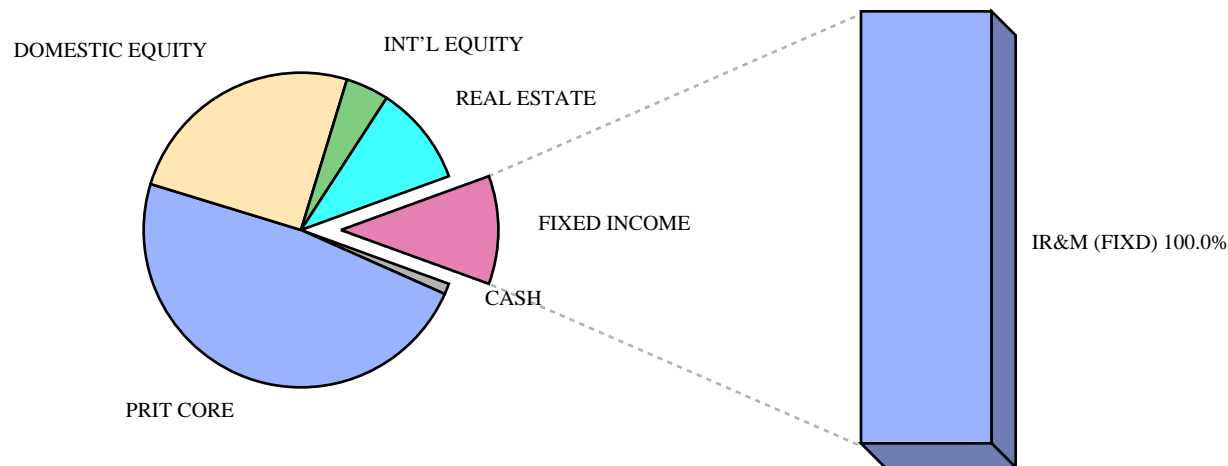
COMPARATIVE BENCHMARK: NCREIF NFI-ODCE INDEX



Total Quarters Observed	20
Quarters At or Above the Benchmark	9
Quarters Below the Benchmark	11
Batting Average	.450

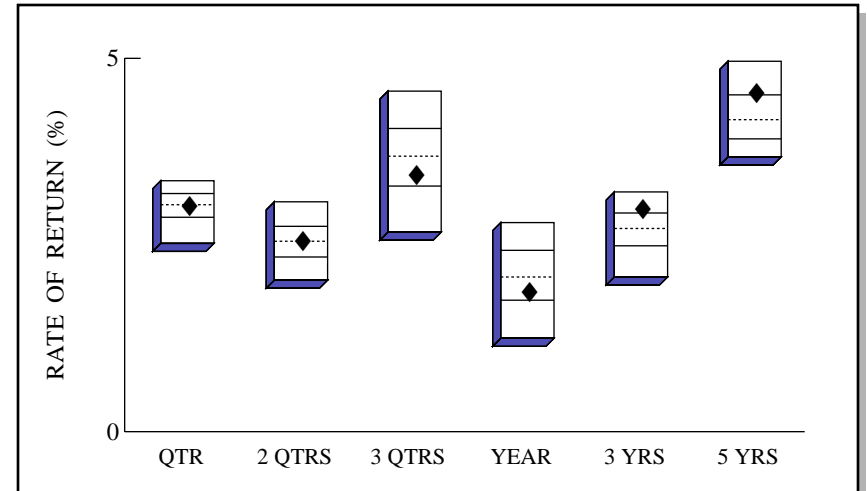
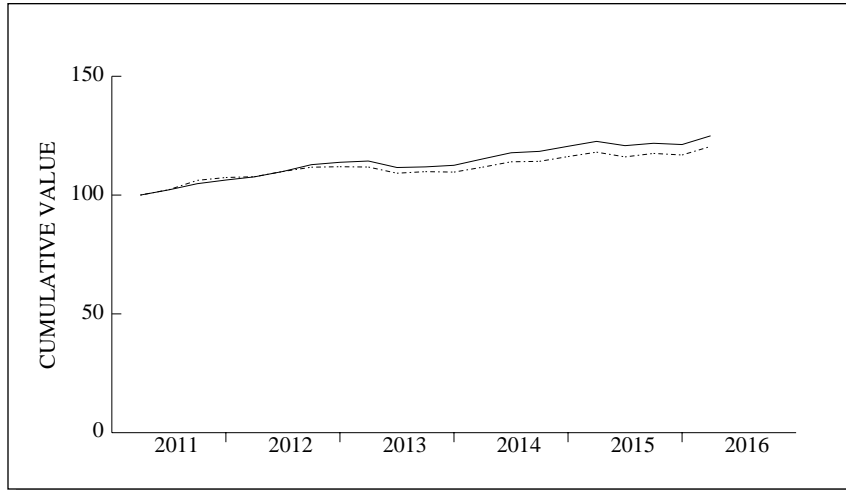
RATES OF RETURN			
Date	Portfolio	Benchmark	Difference
6/11	4.3	4.6	-0.3
9/11	0.6	3.5	-2.9
12/11	4.9	3.0	1.9
3/12	4.7	2.8	1.9
6/12	1.7	2.5	-0.8
9/12	3.0	2.8	0.2
12/12	4.3	2.3	2.0
3/13	2.2	2.7	-0.5
6/13	2.7	3.9	-1.2
9/13	2.9	3.6	-0.7
12/13	2.5	3.2	-0.7
3/14	3.3	2.5	0.8
6/14	4.1	2.9	1.2
9/14	0.8	3.2	-2.4
12/14	5.7	3.3	2.4
3/15	3.3	3.4	-0.1
6/15	1.8	3.8	-2.0
9/15	2.6	3.7	-1.1
12/15	3.7	3.3	0.4
3/16	2.6	2.2	0.4

FIXED INCOME MANAGER SUMMARY

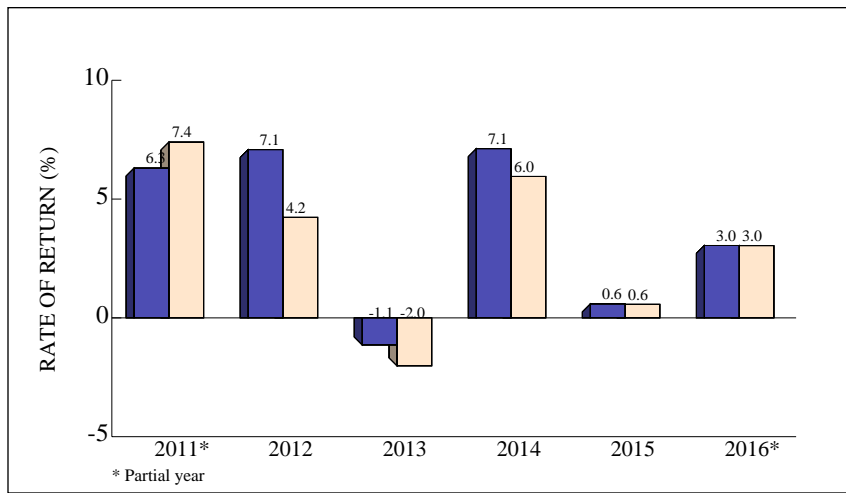


TOTAL RETURNS AND RANKINGS							
MANAGER	(UNIVERSE)	QTR	YTD	1 YEAR	3 YEARS	5 YEARS	MARKET VALUE
IR&M	(Core Fixed Income)	3.0 (50)	3.0 (50)	1.9 (66)	3.0 (22)	4.6 (24)	\$13,191,947
<i>Barclays Aggregate Index</i>		3.0 ----	3.0 ----	2.0 ----	2.5 ----	3.8 ----	----

FIXED INCOME RETURN COMPARISONS



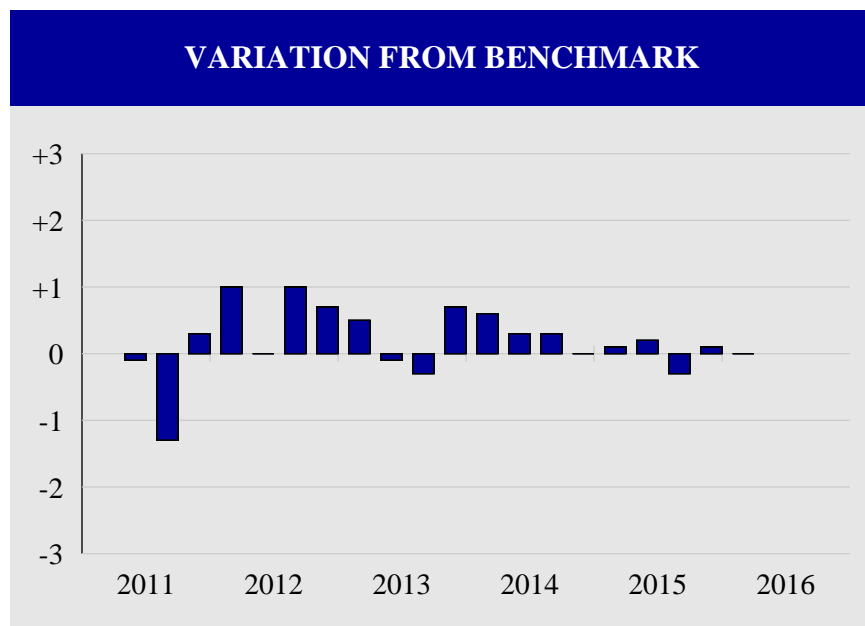
Core Fixed Income Universe



* Partial year

	QTR	2 QTRS	3 QTRS	YEAR	-----ANNUALIZED-----	
					3 YRS	5 YRS
RETURN	3.0	2.6	3.5	1.9	3.0	4.6
(RANK)	(50)	(44)	(69)	(66)	(22)	(24)
5TH %ILE	3.4	3.1	4.6	2.8	3.2	5.0
25TH %ILE	3.2	2.8	4.1	2.4	2.9	4.5
MEDIAN	3.0	2.6	3.7	2.1	2.7	4.2
75TH %ILE	2.9	2.3	3.3	1.8	2.5	3.9
95TH %ILE	2.5	2.0	2.7	1.3	2.1	3.7
Agg Index	3.0	2.5	3.7	2.0	2.5	3.8

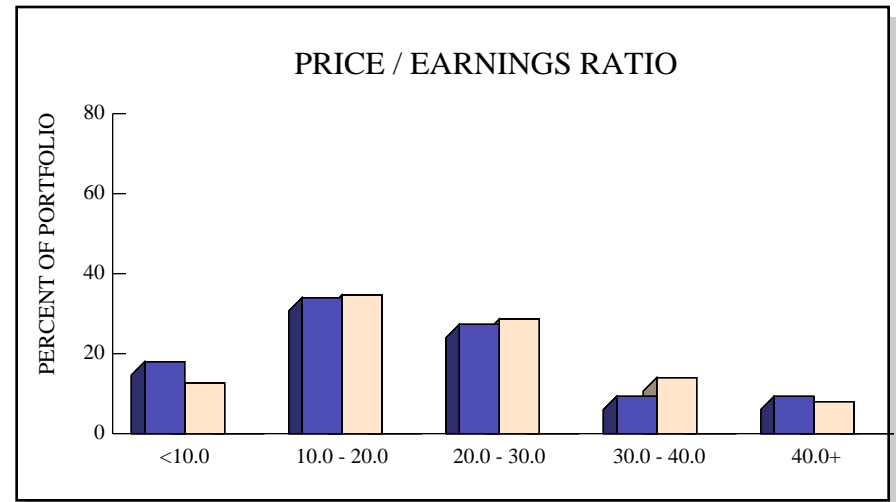
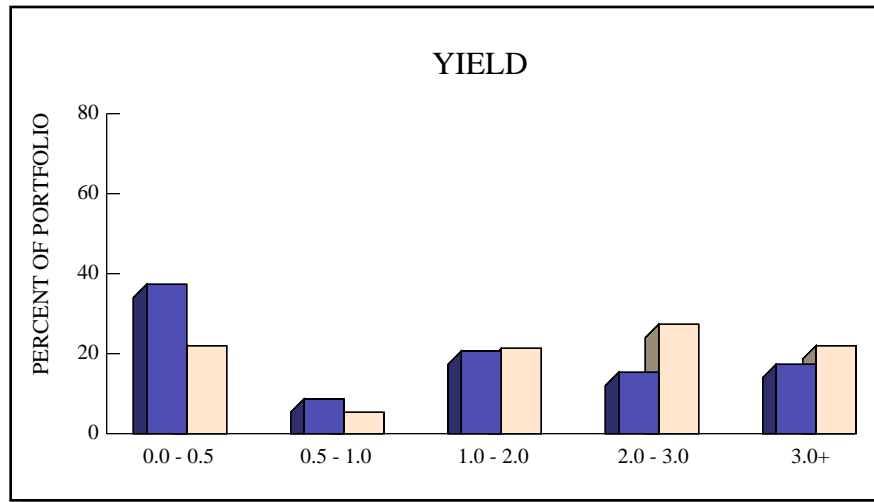
Core Fixed Income Universe

FIXED INCOME QUARTERLY PERFORMANCE SUMMARY**COMPARATIVE BENCHMARK: BARCLAYS AGGREGATE INDEX**

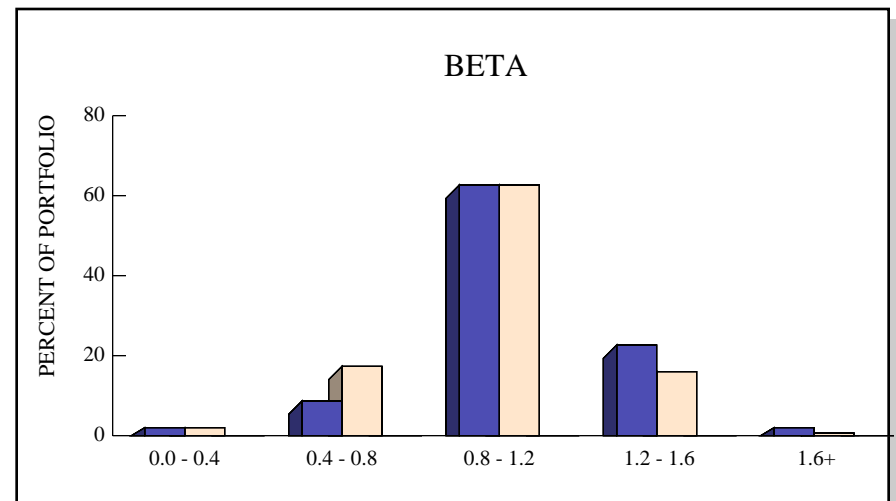
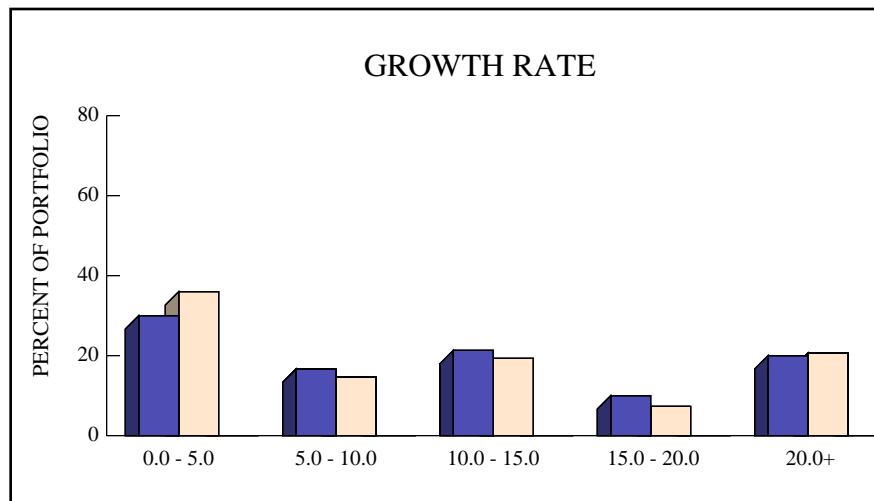
Total Quarters Observed	20
Quarters At or Above the Benchmark	15
Quarters Below the Benchmark	5
Batting Average	.750

RATES OF RETURN			
Date	Portfolio	Benchmark	Difference
6/11	2.2	2.3	-0.1
9/11	2.5	3.8	-1.3
12/11	1.4	1.1	0.3
3/12	1.3	0.3	1.0
6/12	2.1	2.1	0.0
9/12	2.6	1.6	1.0
12/12	0.9	0.2	0.7
3/13	0.4	-0.1	0.5
6/13	-2.4	-2.3	-0.1
9/13	0.3	0.6	-0.3
12/13	0.6	-0.1	0.7
3/14	2.4	1.8	0.6
6/14	2.3	2.0	0.3
9/14	0.5	0.2	0.3
12/14	1.8	1.8	0.0
3/15	1.7	1.6	0.1
6/15	-1.5	-1.7	0.2
9/15	0.9	1.2	-0.3
12/15	-0.5	-0.6	0.1
3/16	3.0	3.0	0.0

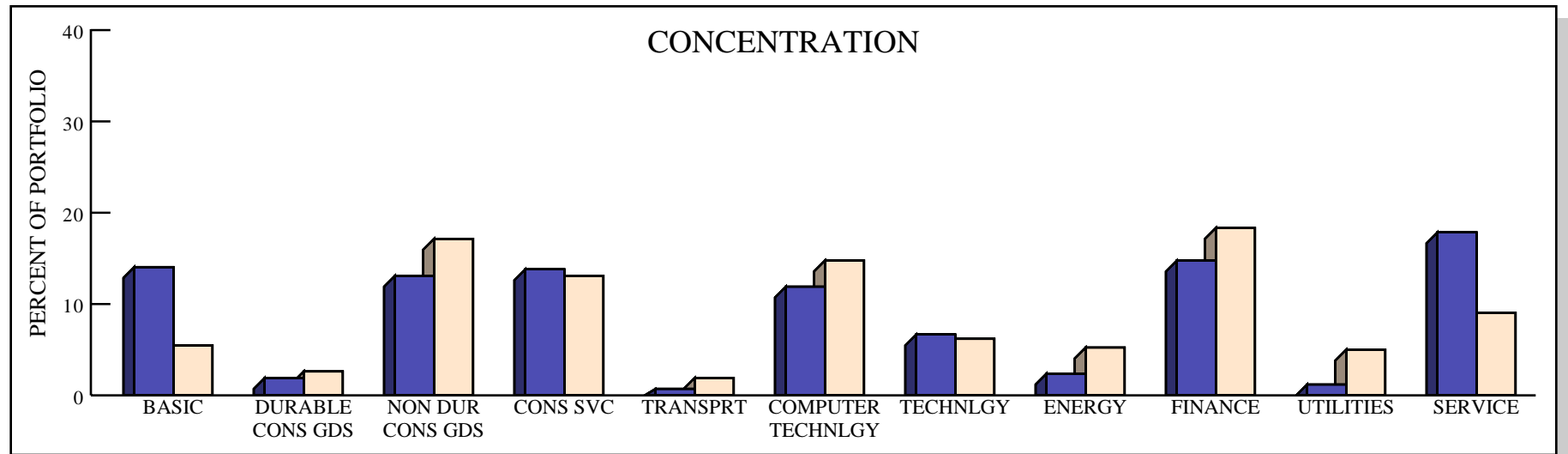
STOCK CHARACTERISTICS



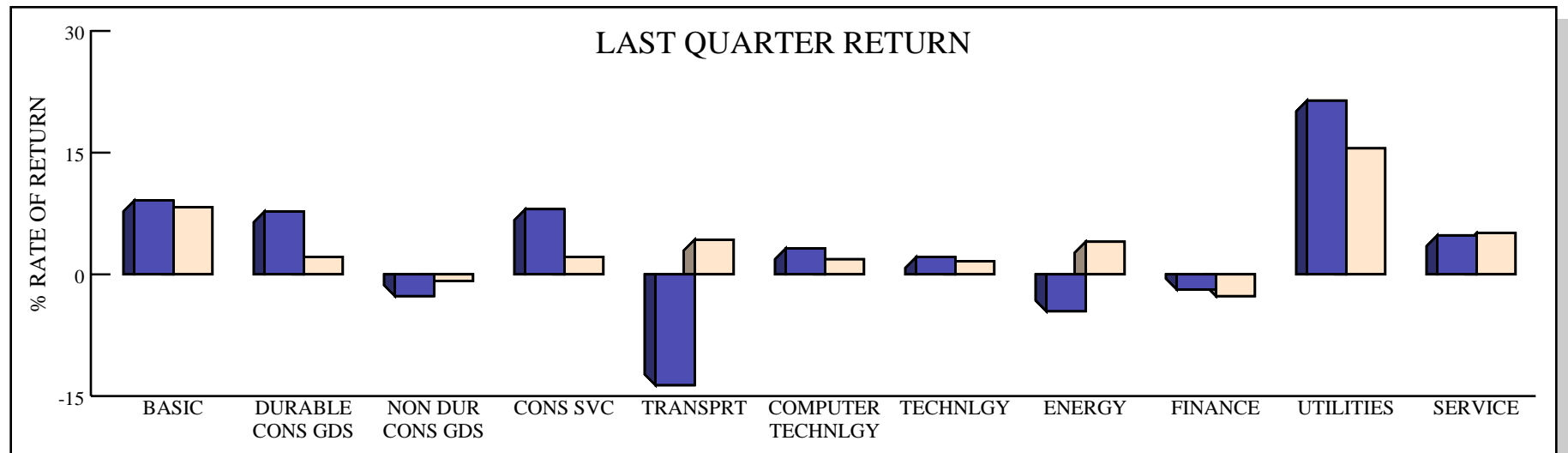
	# HOLDINGS	YIELD	GROWTH	P/E	BETA
PORTFOLIO	429	1.6%	9.1%	21.2	1.04
RUSSELL 3000	2,979	2.0%	9.9%	22.3	0.98



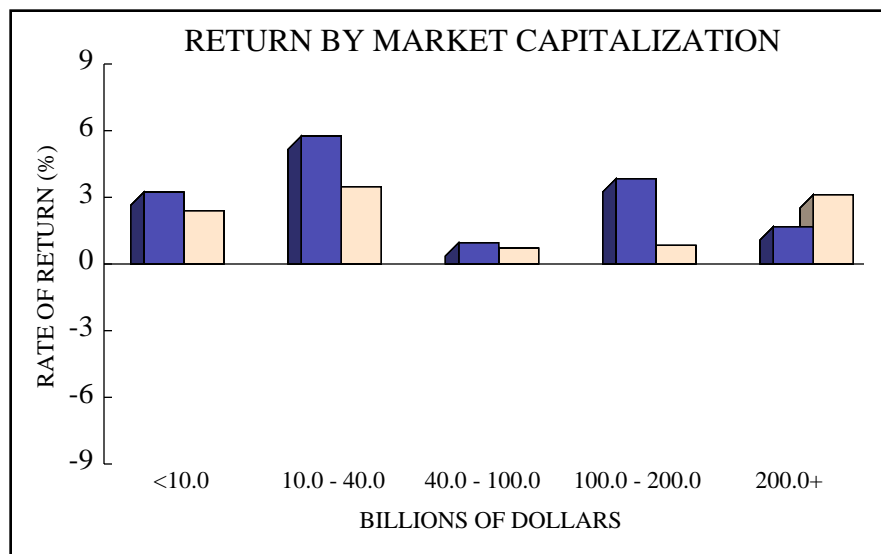
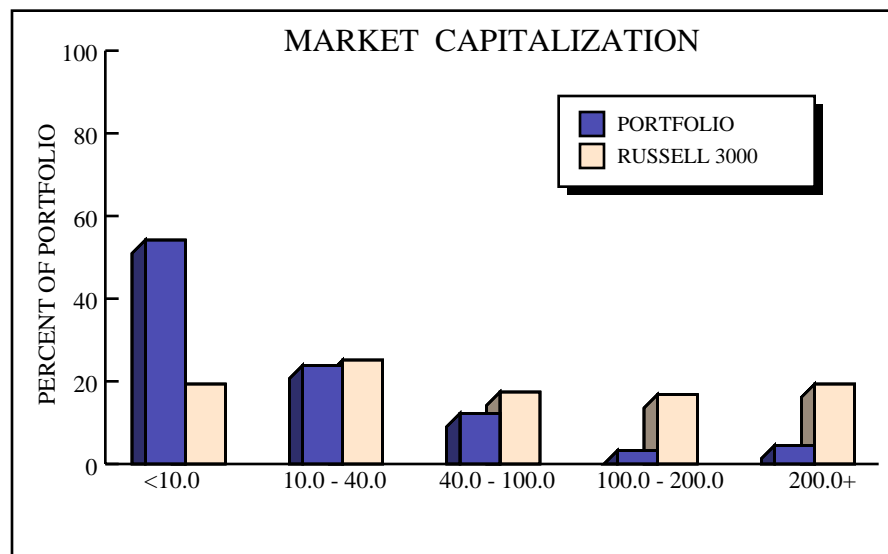
STOCK INDUSTRY ANALYSIS



■ PORTFOLIO ■ RUSSELL 3000



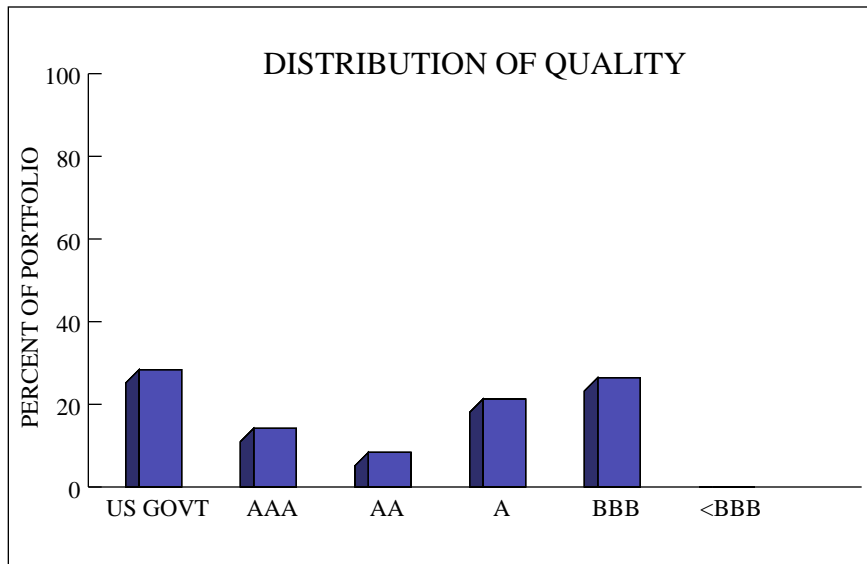
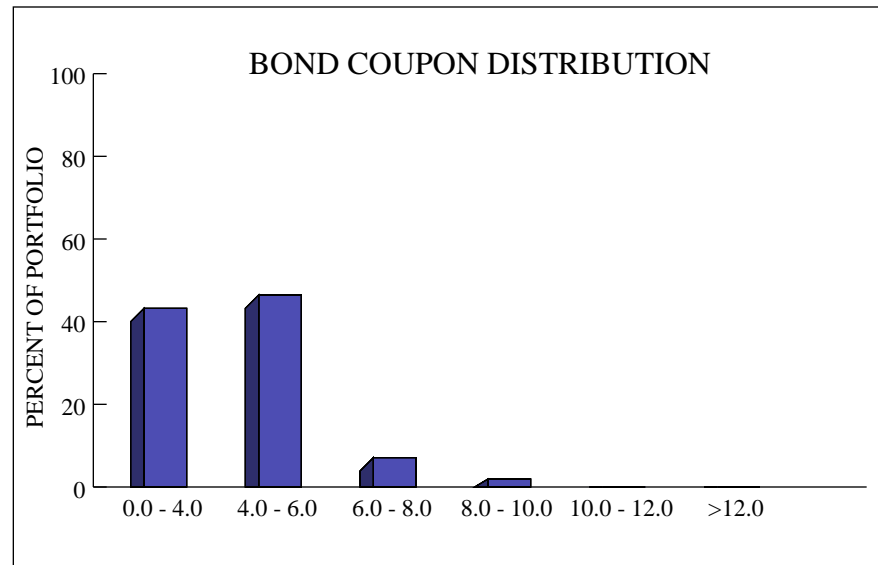
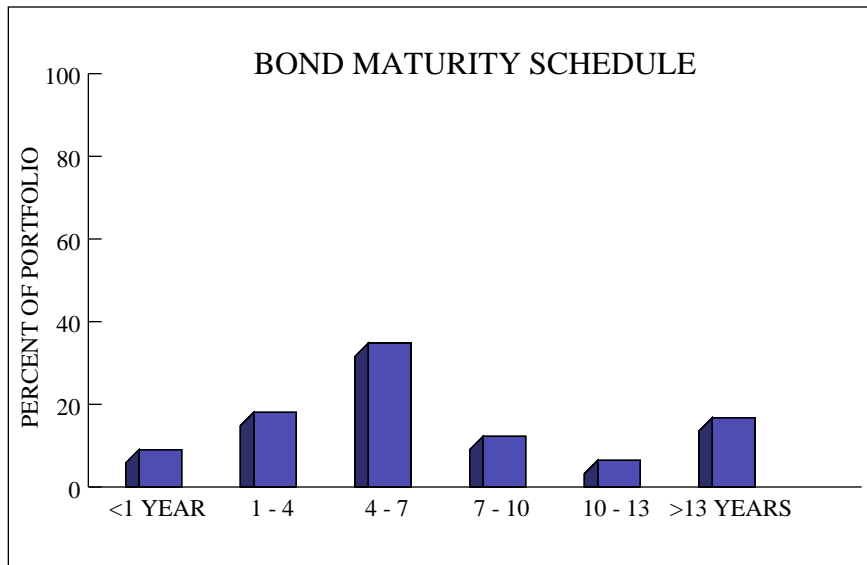
TOP TEN HOLDINGS



TOP TEN EQUITY HOLDINGS

RANK	NAME	VALUE	% EQUITY	RETURN	INDUSTRY SECTOR	MKT CAP
1	VISA INC-CLASS A SHARES	\$ 555,933	1.85%	-1.2%	Finance	\$ 146.8 B
2	NIKE INC -CL B	527,536	1.75%	-1.4%	NonDur Cons Goods	83.0 B
3	STARBUCKS CORP	465,421	1.55%	-0.3%	Consumer Service	88.2 B
4	ALPHABET INC-CL C	463,359	1.54%	-1.8%	Computer Tech	256.8 B
5	TJX COMPANIES INC	394,806	1.31%	10.8%	Consumer Service	51.9 B
6	PRICELINE GROUP INC/THE	390,555	1.30%	1.1%	Service	64.0 B
7	ACCENTURE PLC-CL A	381,166	1.27%	10.9%	Service	72.0 B
8	ORACLE CORP	359,844	1.19%	12.4%	Computer Tech	169.8 B
9	AUTOMATIC DATA PROCESSING	351,035	1.17%	6.5%	Service	41.0 B
10	NETAPP INC	340,661	1.13%	3.5%	Computer Tech	7.9 B

BOND CHARACTERISTICS



	PORTFOLIO	BARCLAYS AGG
No. of Securities	242	9,725
Duration	5.98	5.47
YTM	2.69	2.16
Average Coupon	3.99	3.16
Avg Maturity / WAL	8.36	7.79
Average Quality	AA	USG-AAA

**PRIT MANAGER RETURNS AND ALLOCATIONS
AS OF MARCH 31, 2016**

PORTFOLIO	QTR	ANNUALIZED			% Allocation
		1 YEAR	3 YEARS	5 YEARS	
Domestic Equity	0.9	-0.7	10.8	10.9	19.4
PIMCO Domestic	0.4	-0.3	11.0	11.9	0.8
SSgA S&P 500	1.2	1.4	11.8	---	14.7
Summit Creek	0.0	-4.1	---	---	0.4
Frontier	4.1	0.7	---	---	0.4
Huber	-5.5	-16.9	---	---	0.4
RiverBridge	-1.1	-2.5	---	---	0.3
SouthernSun	3.5	-15.4	---	---	0.0
SSgA Russell 2500	0.5	-7.2	8.0	---	2.5
<i>S&P 500</i>	<i>1.4</i>	<i>1.8</i>	<i>11.8</i>	<i>11.6</i>	---
<i>Russell 2500</i>	<i>0.4</i>	<i>-7.3</i>	<i>8.2</i>	<i>8.6</i>	---
International Equity	-1.6	-5.2	4.0	3.9	16.9
SSgA World Ex-US	-1.7	-7.1	2.7	2.4	8.2
Marathon Asset Management	-3.5	-2.7	6.0	5.9	4.0
Baillie Gifford	0.3	-3.4	4.2	4.8	3.1
Mondrian	-0.3	-5.8	5.6	4.7	1.4
FIS	-1.0	-2.8	---	---	0.2
<i>MSCI EAFE</i>	<i>-2.9</i>	<i>-7.9</i>	<i>2.7</i>	<i>2.7</i>	---
<i>ACWI EX US</i>	<i>-0.3</i>	<i>-8.8</i>	<i>0.8</i>	<i>0.8</i>	---
Emerging Markets Equity	4.1	-9.6	-4.0	-3.5	7.0
SSgA Emerging Markets	5.1	-11.1	-3.7	-3.5	1.8
AQR Emerging	5.5	-12.9	---	---	0.9
Baillie Gifford EMM	-2.2	-12.1	---	---	1.0
Driehaus Capital	3.2	-8.7	---	---	0.9
Harding Loevner	7.0	-6.9	---	---	0.7
Pzena	8.9	-6.0	---	---	1.0
Emerging Markets Transition	---	---	---	---	0.0
Acadian	0.8	-10.6	2.4	---	0.2
Wasatch	0.7	-7.2	-3.3	---	0.2
Acadian Frontier	1.8	0.5	---	---	0.2
City of London	0.9	-6.1	---	---	0.2
<i>MSCI Emerging Markets</i>	<i>5.8</i>	<i>-11.7</i>	<i>-4.2</i>	<i>-3.8</i>	---

**PRIT MANAGER RETURNS AND ALLOCATIONS
AS OF MARCH 31, 2016**

PORTFOLIO	QTR	ANNUALIZED			% Allocation
		1 YEAR	3 YEARS	5 YEARS	
Core Fixed Income	6.3	0.4	5.2	5.9	13.4
Blackrock Passive	3.0	1.9	2.5	3.8	1.4
PIMCO Core	2.6	1.3	1.9	3.8	1.3
Loomis Sayles Core	3.1	2.2	3.5	4.9	1.9
Community Capital Management	2.6	2.9	2.8	3.9	0.0
AFL - CIO Housing Investment	2.8	2.4	2.7	3.9	0.2
Access Capital - ETI	2.0	2.7	2.8	3.7	0.2
Progress Mgr of Mgrs	2.8	---	---	---	0.2
BlackRock STRIPS	11.5	1.7	---	---	5.0
Blackrock TIPS	4.5	1.5	-0.7	3.0	1.0
Blackrock ILBs	3.3	-0.9	1.3	4.3	2.1
<i>Barclays Aggregate</i>	<i>3.0</i>	<i>2.0</i>	<i>2.5</i>	<i>3.8</i>	<i>---</i>
<i>Barclays STRIPS 20+Yrs</i>	<i>11.4</i>	<i>1.6</i>	<i>---</i>	<i>---</i>	<i>---</i>
<i>Barclays US TIPS</i>	<i>4.5</i>	<i>1.5</i>	<i>-0.7</i>	<i>3.0</i>	<i>---</i>
<i>Barclays ILB US Hedged</i>	<i>4.1</i>	<i>0.5</i>	<i>1.4</i>	<i>4.2</i>	<i>---</i>
<i>Barclays Aggregate A or Better</i>	<i>2.9</i>	<i>2.4</i>	<i>2.5</i>	<i>3.6</i>	<i>---</i>
Value-Added Fixed Income	3.2	-1.1	1.2	4.1	8.4
Fidelity	2.4	-1.3	2.8	5.7	0.5
Loomis Sayles High Yield	2.2	-4.9	1.8	4.9	0.5
Shenkman	3.0	-2.4	2.6	4.7	0.5
Eaton Vance	2.0	-0.3	2.1	3.5	0.8
Voya	1.6	0.6	3.1	4.7	0.8
Ashmore	5.2	4.6	1.0	4.2	0.7
PIMCO EMD	5.3	2.4	0.9	4.9	0.5
Investec	9.7	-3.9	-6.8	---	0.6
Pictet	10.3	-0.7	-6.8	---	0.8
Stone Harbor	11.3	-2.0	-8.1	---	0.5
Distressed Debt	-2.2	-3.3	7.0	8.0	2.2
<i>ML Master High Yield</i>	<i>3.3</i>	<i>-4.0</i>	<i>1.8</i>	<i>4.7</i>	<i>---</i>
<i>JPM EMBI</i>	<i>5.1</i>	<i>4.2</i>	<i>3.5</i>	<i>6.2</i>	<i>---</i>

PRIT MANAGER RETURNS AND ALLOCATIONS
AS OF MARCH 31, 2016

PORTFOLIO	QTR	ANNUALIZED			% Allocation
		1 YEAR	3 YEARS	5 YEARS	
Private Equity	4.3	17.7	19.4	17.1	11.4
Total Special Equity	5.0	19.2	18.8	16.8	8.5
Total Venture Capital	2.5	14.5	23.8	20.3	2.7
<i>Cambridge Private Equity (Lagged)</i>	<i>0.2</i>	<i>5.3</i>	<i>12.4</i>	<i>12.5</i>	<i>---</i>
Private Real Estate	1.6	13.4	14.5	13.5	7.8
Invesco Core	2.2	14.1	13.9	13.8	1.6
Lasalle	1.5	12.7	12.9	13.5	2.6
AEW	2.1	13.8	14.3	13.8	1.3
JP Morgan	1.3	9.6	9.9	10.5	1.3
AEW Core Transition	0.8	---	---	---	1.8
Non-Core	4.2	25.3	14.5	---	0.8
Canyon Johnson II	-57.0	-57.6	-25.3	-16.9	0.0
Intercontinental IV	-11.2	40.6	24.2	16.7	0.0
New Boston Urban I	-0.1	7.1	3.3	5.1	0.0
Portfolio Debt	---	---	---	---	-1.7
<i>NCREIF ODCE</i>	<i>2.2</i>	<i>13.7</i>	<i>13.6</i>	<i>13.3</i>	<i>---</i>
REITS	5.7	1.8	6.8	8.6	2.4
Invesco Global REIT	4.6	0.4	6.4	---	0.5
Centersquare Global REIT	5.8	2.1	7.3	---	1.4
Presima	---	---	---	---	0.2
Brookfield	---	---	---	---	0.4
Transition	---	---	---	---	0.0
<i>NAREIT</i>	<i>5.8</i>	<i>4.7</i>	<i>9.8</i>	<i>11.6</i>	<i>---</i>
<i>FTSE EPRA NAREIT</i>	<i>5.1</i>	<i>0.6</i>	<i>5.1</i>	<i>7.5</i>	<i>---</i>

**PRIT MANAGER RETURNS AND ALLOCATIONS
AS OF MARCH 31, 2016**

PORTFOLIO	QTR	ANNUALIZED			% Allocation
		1 YEAR	3 YEARS	5 YEARS	
Timber	1.4	1.0	6.6	5.1	3.3
Forest	1.3	2.4	7.2	5.6	1.8
The Campbell Group	1.5	-0.1	6.2	---	1.5
<i>NCREIF Timber</i>	<i>-0.3</i>	<i>2.9</i>	<i>7.7</i>	<i>6.6</i>	---
Hedge Funds (Net)	-2.6	-7.2	2.9	3.3	8.1
Arden HFOF Liquidation	-0.5	-0.8	3.4	---	0.1
Ivy Liquidation	-2.6	3.0	8.7	4.4	0.0
PAAMCO	-3.5	-8.0	2.9	2.8	1.4
Direct Hedge Funds	-2.4	-7.3	3.0	---	6.6
<i>HFRI FOF</i>	<i>-2.8</i>	<i>-5.4</i>	<i>1.9</i>	<i>1.3</i>	---
Portfolio Completion Strategies	1.8	-2.9	---	---	1.0
Overlay	-2.2	-0.7	---	---	0.6
Clifton	3.4	-3.8	---	---	0.3
Overlay Cash	---	---	---	---	0.3
Portable Alpha Wind Down (Net)	0.4	-9.1	-3.8	-4.2	0.0
Austin Capital	0.3	0.2	-10.7	-9.8	0.0
Crestline	-0.9	-13.7	-5.9	-3.2	0.0
Strategic	1.2	-6.6	0.0	-4.1	0.0
<i>HFRI FOF</i>	<i>-2.8</i>	<i>-5.4</i>	<i>1.9</i>	<i>1.7</i>	---
Natural Resources - Private	-15.8	---	---	---	0.3

All sleeve-level returns include cash allocations; the sum of the manager allocations may not add up to the total.

Source: PRIM Board

APPENDIX - MAJOR MARKET INDEX RETURNS

Economic Data	Style	QTR	YTD	1 Year	3 years	5 Years
Consumer Price Index	Economic Data	0.7	0.7	0.9	0.8	1.3
Domestic Equity	Style	QTR	YTD	1 Year	3 years	5 Years
Russell 3000	Broad Equity	1.0	1.0	-0.4	11.1	11.0
S&P 500	Large Cap Core	1.3	1.3	1.8	11.8	11.6
Russell 1000	Large Cap	1.2	1.2	0.5	11.5	11.4
Russell 1000 Growth	Large Cap Growth	0.7	0.7	2.5	13.6	12.4
Russell 1000 Value	Large Cap Value	1.6	1.6	-1.6	9.4	10.2
Russell Mid Cap	Midcap	2.2	2.2	-4.1	10.5	10.3
Russell Mid Cap Growth	Midcap Growth	0.6	0.6	-4.8	11.0	10.0
Russell Mid Cap Value	Midcap Value	3.9	3.9	-3.4	9.9	10.5
Russell 2000	Small Cap	-1.5	-1.5	-9.8	6.8	7.2
Russell 2000 Growth	Small Cap Growth	-4.7	-4.7	-11.9	7.9	7.7
Russell 2000 Value	Small Cap Value	1.7	1.7	-7.7	5.7	6.7
International Equity	Style	QTR	YTD	1 Year	3 years	5 Years
MSCI All Country World Ex US	Foreign Equity	-0.3	-0.3	-8.8	0.8	0.8
MSCI EAFE	Developed Markets Equity	-2.9	-2.9	-7.9	2.7	2.7
MSCI EAFE Growth	Developed Markets Growth	-2.0	-2.0	-3.4	4.2	4.1
MSCI EAFE Value	Developed Markets Value	-3.8	-3.8	-12.4	1.1	1.4
MSCI Emerging Markets	Emerging Markets Equity	5.8	5.8	-11.7	-4.2	-3.8
Domestic Fixed Income	Style	QTR	YTD	1 Year	3 years	5 Years
Barclays Aggregate Index	Core Fixed Income	3.0	3.0	2.0	2.5	3.8
Barclays Capital Gov't Bond	Treasuries	3.1	3.1	2.3	2.1	3.4
Barclays Capital Credit Bond	Corporate Bonds	3.9	3.9	0.9	2.9	5.0
Intermediate Aggregate	Core Intermediate	2.3	2.3	2.2	2.1	3.1
ML/BoA 1-3 Year Treasury	Short Term Treasuries	0.9	0.9	0.9	0.8	0.8
Citi High Yield BB & B Index	High Yield Bonds	3.0	3.0	-3.7	1.7	4.8
Alternative Assets	Style	QTR	YTD	1 Year	3 years	5 Years
Barclays Global Ex US	International Treasuries	8.9	8.9	7.6	-0.1	0.1
NCREIF NFI-ODCE Index	Real Estate	2.2	2.2	13.7	13.6	13.2
HFRI FOF Composite	Hedge Funds	-2.8	-2.8	-5.4	1.9	1.3

APPENDIX - DISCLOSURES

- * The Policy index is a policy-weighted passive index and was constructed as follows:
40% Russell 3000 Index / 25% Barclays Aggregate Index / 15% EAFE Index / 10% NCREIF NFI-ODCE/ 2.5% NCREIF Timber / 7.5% S&P 500
- * The Custom Equity index was constructed as follows:
44.5% Russell 2000 index / 33.3% S&P 500 index / 22.2% S&P 400 index
- * The Custom PRIT Core Policy Index is a policy-weighted passive index and was constructed as follows:
For all periods through December 2010:

26.0% Russell 3000	20.0% MSCI EAFE	5.0% MSCI Emerging Markets
15.0% Barclays Aggregate	5.0% CSFB Hi Yield	10.0% Cambridge Private Equity
10.0% NCREIF NFI-ODCE	4.0% NCREIF Timber	5.0% HFRI Fund of Funds Composite

 For all periods Since December 2010:

24.0% Russell 3000	20.0% MSCI EAFE	5.0% MSCI Emerging Markets
13.0% Barclays Aggregate	6.0% CSFB Hi Yield	10.0% Cambridge Private Equity
10.0% NCREIF NFI-ODCE	4.0% NCREIF Timber	8.0% HFRI Fund of Funds Composite

 For all periods since October 2015:

18.0% Russell 3000	16.0% MSCI EAFE	6.0% MSCI Emerging Markets
4.0% Barclays Aggregate	6.0% Citi BB & B Hi Yield	10.0% Cambridge Private Equity
10.0% NCREIF NFI-ODCE	4.0% NCREIF Timber	9.0% HFRI Fund of Funds Composite
3.0% Barclays US TIPS	10.0% Barclays 5-10 Year Bond	4.0% MSCI All Country Ex-US
- * In July, 2014, the separately managed Daruma portfolio was divested and the proceeds were invested in the commingled Daruma Ginkgo Fund.
- * Performance for the Cambridge Private Equity Index is unavailable for the current quarter, a flat return of 0% is assumed.
- * Dahab Associates utilizes data provided by a custodian and other vendors it believes are reliable. However, it cannot assume responsibility for errors and omissions therefrom.
- * All returns were calculated on a time-weighted basis, and are gross of fees unless otherwise noted.
- * All returns for periods greater than one year are annualized.
- * Dahab Associates uses the modified duration measure to present average duration.
- * All values are in US dollars.

FRANKLIN REGIONAL RETIREMENT SYSTEM
PRIT - CORE FUND
PERFORMANCE REVIEW
MARCH 2016

INVESTMENT RETURN

On March 31st, 2016, the Franklin Regional Retirement System's PRIT Core Fund was valued at \$57,824,793, representing an increase of \$1,034,995 from the December quarter's ending value of \$56,789,798. Last quarter, the Fund posted withdrawals totaling \$75,275, which partially offset the portfolio's net investment return of \$1,110,270. Income receipts totaling \$358,745 plus net realized and unrealized capital gains of \$751,525 combined to produce the portfolio's net investment return.

For the cumulative period since December 2010, the fund has recorded net withdrawals totaling \$13.3 million and posted net investment gains of \$21.5 million. For the period since December 2010, if the total fund had returned a compound annual rate of 7.75% it would have been valued at \$57.7 million or \$132,020 less than the actual value as of March 31st, 2016.

RELATIVE PERFORMANCE

Total Portfolio

In the first quarter, the PRIT Core Fund gained 2.0%, which was 1.0% above the Custom Core Index's return of 1.0% and ranked in the 9th percentile of the Public Fund universe. Over the trailing year, the portfolio returned 0.3%, which was 0.7% greater than the benchmark's -0.4% performance, and ranked in the 10th percentile. Since December 2010, the portfolio returned 7.6% on an annualized basis and ranked in the 26th percentile. For comparison, the Custom Core Index returned an annualized 6.8% over the same period.

PRIT Core

Strength in key areas offset mixed sleeve performance in the first quarter. The Domestic Equity sleeve, for instance, trailed the benchmark by 20 basis points, while the International Equity sleeve (16.9% allocation) conversely surpassed the blended index by 90 basis points (-1.6% vs. -2.5%). Value-added Fixed Income (8.4% allocation) posted a 3.2% return, superior to the index by 170 basis

points. Real Estate (10.9%) underperformed the index by 90 basis points (2.6% vs. 3.5%). The Hedge Funds sleeve returned lost 2.6% compared to the benchmark's 2.8% drop.

PRIT Domestic Equity

Large Cap managers (15.4% allocation) accounted for nearly 80.0% of the segment, but trailed the S&P 500 by 30 basis points (1.1% vs. 1.4%). The SSgA S&P 500 index fund (14.7% allocation) returned 1.2%, surprisingly underperforming the benchmark on which it's based. PIMCO Domestic also posted a deficit, gaining just 0.4%.

Summit Creek (Small Cap Growth) delivered a flat return for the quarter, which was markedly better than the 2000 Growth index's 4.7% loss. Total Small/Smid Cap Equity segment (3.9% allocation) matched the index's 0.1% return.

PRIT International Equity

The International Equity sleeve (16.9%) bested the benchmark in the first quarter, returning -1.6% against the blended index's -2.5% performance.

SSgA World Ex-US index fund returned -1.7%, and accounted for 8.2% of the total Core portfolio – nearly half of the sleeve - while Baillie Gifford rose 0.3%, whose positive selection effects were compounded by a 3.1% allocation. Marathon-London lost 3.5%, exceeding the benchmark by 100 basis points.

PRIT Emerging Markets Equity

Emerging Markets also posted superior returns relative to the benchmark in the first quarter (4.1% vs. 4.9%). For the 1-year period, the sleeve lost 9.6% compared to the benchmark's 11.7% drop, while the 3- and 5-year periods also outperformed.

PRIT Hedge Funds

The HFRI Fund of Funds benchmark continued to offer a low performance hurdle in the first quarter, returning -2.8%. For comparison, the Hedge Fund sleeve returned -2.6% over the same period, besting the index by 20 basis points. Direct Hedge Funds (6.6% PRIT weight, or 81.5% of the sleeve allocation) lost 2.4% for the quarter, while returning -7.3% and 3.0% in the one- and three-year periods. PAAMCO (1.4% allocation trailed the benchmark, returning -3.5%.

PRIT Real Estate

The PRIT Real Estate sleeve represented 10.2% of the PRIT portfolio (including 1.7% in debt), and returned 2.6% for the quarter, trailing benchmark performance by 90 basis points. The Private Real Estate component – representing 76.4% of the sleeve – was beat by the the NCREIF Property index (One quarter lag), due to core managers’ uniform underperformance. Invesco Core (1.6% allocation) returned 2.2%, while Lasalle, AEW, JP Morgan, and AEW Core Trans (1.8% allocation) gained 1.5%, 2.1%, 1.3%, and 0.8%, respectively.

The sleeve’s REIT component (2.4% combined allocation) outperformed the FTSE EPRA NAREIT Developed Net Total Return index by 20 basis points (5.6% vs. 5.4%). Invesco Global and Centersquare returned 4.6% and 5.8%, respectively.

PRIT Fixed Income

In the first quarter, the PRIT Core Fixed Income sleeve posted a 6.3% return, falling short of the hybrid index’s 6.5% gain. The fundamental core elements made up 38.8% of the sleeve, including the PIMCO Core fund, which trailed the Barclays Aggregate Index by 40 basis points.

The BlackRock STRIPS account represented 37.3% of the Core Fixed Income allocation. This component closely mirror the

performance of the Barclays US Treasury STRIPS 20+ Year Index (11.5% vs. 11.4%). Total Inflation-linked Bonds rose 3.7% (which comprised 23.1% of the sleeve) fell short of the benchmark by 50 basis points.

The Value-Added Fixed Income outperformed the blended index, gaining 3.2% for the quarter compared to the benchmark’s 1.5% return. Distressed Debt represented 26.2% of the sleeve and returned -2.2%, which was 6.9% greater than the NYU Salomon Center Combined Defaulted Public Bond & Bank Loan index.

EXECUTIVE SUMMARY**PERFORMANCE SUMMARY**

	Qtr / YTD	1 Year	3 Year	Since 12/10
Total Portfolio - Gross	2.0	0.3	7.2	7.6
<i>PUBLIC FUND RANK</i>	(9)	(10)	(17)	(26)
Total Portfolio - Net	1.8	-0.2	6.6	7.0
CUSTOM CORE IDX	1.0	-0.4	5.9	6.8
PRIT Core - Gross	2.0	0.3	7.2	7.6
<i>PUBLIC FUND RANK</i>	(9)	(10)	(17)	(26)
CUSTOM CORE IDX	1.0	-0.4	5.9	6.8

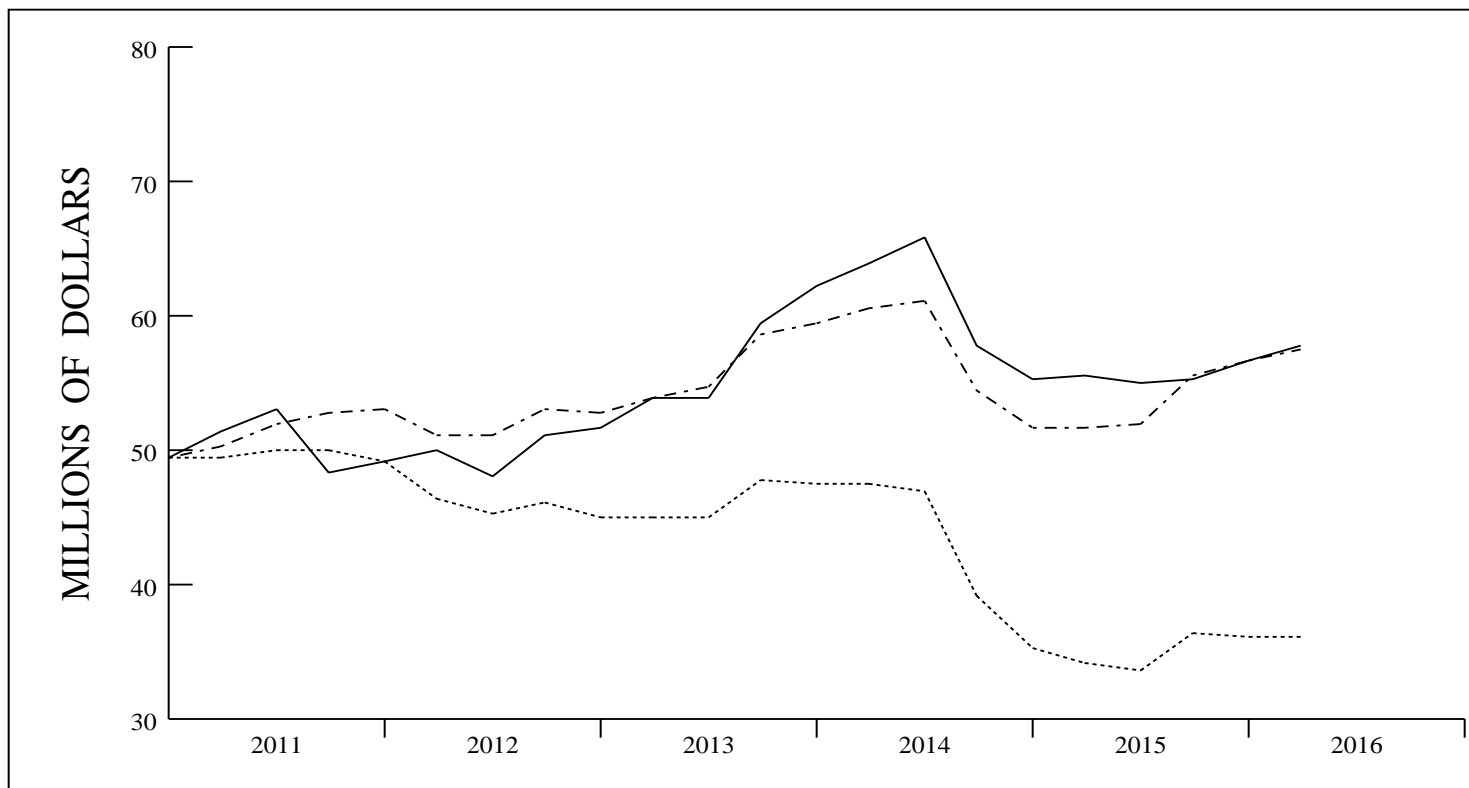
ASSET ALLOCATION

PRIT Core	100.0%	\$ 57,824,793
Total Portfolio	100.0%	\$ 57,824,793

INVESTMENT RETURN

Market Value 12/2015	\$ 56,789,798
Contribs / Withdrawals	- 75,275
Income	358,745
Capital Gains / Losses	751,525
Market Value 3/2016	\$ 57,824,793

INVESTMENT GROWTH

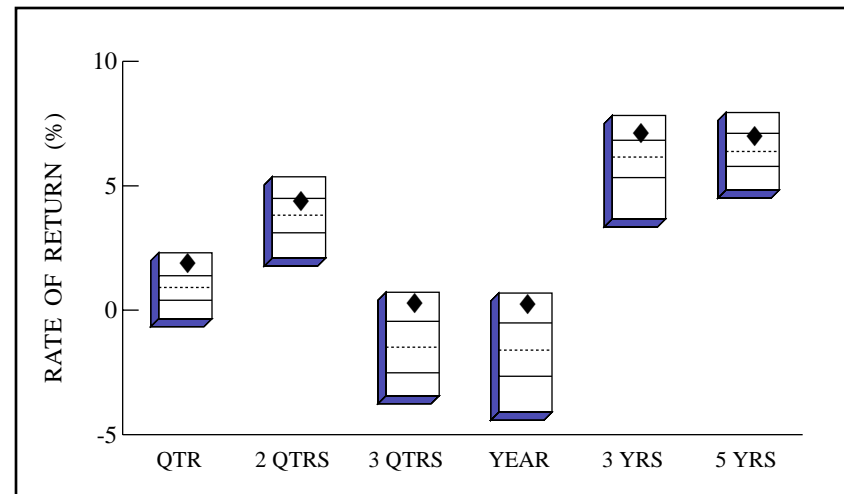
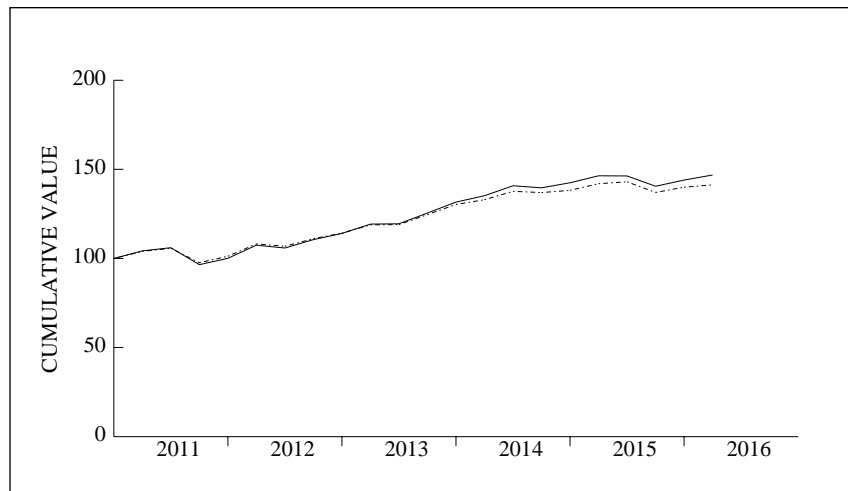


— ACTUAL RETURN
 - - - 7.75%
 0.0%

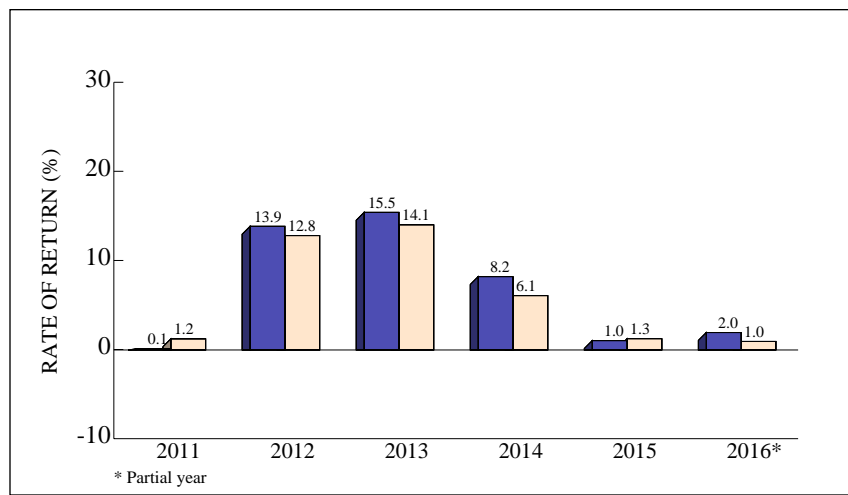
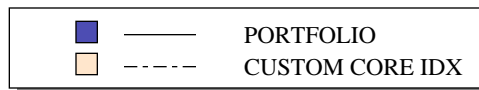
VALUE ASSUMING
 7.75% RETURN \$ 57,692,773

	LAST QUARTER	PERIOD 12/10 - 3/16
BEGINNING VALUE	\$ 56,789,798	\$ 49,563,855
NET CONTRIBUTIONS	- 75,275	- 13,266,120
<u>INVESTMENT RETURN</u>	<u>1,110,270</u>	<u>21,527,058</u>
ENDING VALUE	\$ 57,824,793	\$ 57,824,793
INCOME	358,745	8,278,106
<u>CAPITAL GAINS (LOSSES)</u>	<u>751,525</u>	<u>13,248,952</u>
INVESTMENT RETURN	1,110,270	21,527,058

TOTAL RETURN COMPARISONS



Public Fund Universe



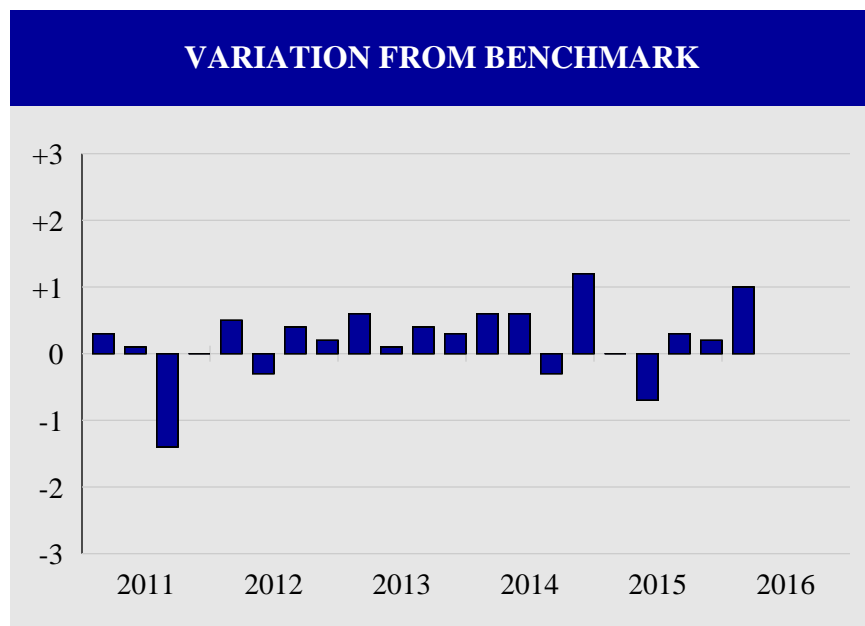
* Partial year

	QTR	2 QTRS	3 QTRS	YEAR	-----ANNUALIZED-----	
					3 YRS	5 YRS
RETURN	2.0	4.4	0.3	0.3	7.2	7.1
(RANK)	(9)	(27)	(9)	(10)	(17)	(28)
5TH %ILE	2.3	5.4	0.7	0.7	7.8	7.9
25TH %ILE	1.4	4.5	-0.5	-0.5	6.8	7.1
MEDIAN	0.9	3.8	-1.5	-1.6	6.2	6.4
75TH %ILE	0.4	3.1	-2.5	-2.7	5.3	5.8
95TH %ILE	-0.3	2.1	-3.4	-4.1	3.7	4.8
PRIT Index	1.0	3.2	-1.1	-0.4	5.9	6.3

Public Fund Universe

TOTAL PORTFOLIO QUARTERLY PERFORMANCE SUMMARY

COMPARATIVE BENCHMARK: CUSTOM CORE INDEX



Total Quarters Observed	21
Quarters At or Above the Benchmark	17
Quarters Below the Benchmark	4
Batting Average	.810

RATES OF RETURN			
Date	Portfolio	Benchmark	Difference
3/11	4.3	4.0	0.3
6/11	1.7	1.6	0.1
9/11	-9.0	-7.6	-1.4
12/11	3.7	3.7	0.0
3/12	7.3	6.8	0.5
6/12	-1.5	-1.2	-0.3
9/12	4.4	4.0	0.4
12/12	3.1	2.9	0.2
3/13	4.6	4.0	0.6
6/13	0.2	0.1	0.1
9/13	5.1	4.7	0.4
12/13	4.9	4.6	0.3
3/14	2.7	2.1	0.6
6/14	4.1	3.5	0.6
9/14	-0.8	-0.5	-0.3
12/14	2.1	0.9	1.2
3/15	2.7	2.7	0.0
6/15	0.0	0.7	-0.7
9/15	-3.9	-4.2	0.3
12/15	2.4	2.2	0.2
3/16	2.0	1.0	1.0

FRANKLIN REGIONAL RETIREMENT SYSTEM
POLEN CAPITAL MANAGEMENT - LARGE CAP GROWTH FUND
PERFORMANCE REVIEW
MARCH 2016

INVESTMENT RETURN

On March 31st, 2016, the Franklin Regional Retirement System's Polen Capital Management Large Cap Growth Fund was valued at \$7,344,832, a decrease of \$674,424 from the December ending value of \$8,019,256. Last quarter, the account recorded a net withdrawal of \$678,437, which overshadowed the fund's net investment return of \$4,013. The fund's net investment return was a result of income receipts totaling \$15,100 and realized and unrealized capital losses totaling \$11,087.

Since March 2012, the account has recorded net withdrawals totaling \$1.5 million while posting net investment gains totaling \$3.6 million. Since March 2012, if the account earned a compound annual rate of 9.0% it would have been valued at \$6.0 million or \$1.3 million less than the actual value as of March 31st, 2016.

RELATIVE PERFORMANCE

For the first quarter, the Polen Capital Management Large Cap Growth Fund gained 0.2%, which was 0.5% below the Russell 1000 Growth Index's return of 0.7% and ranked in the 29th percentile of the Large Cap Growth universe. Over the trailing twelve-month period, this portfolio returned 11.9%, which was 9.4% greater than the benchmark's 2.5% performance, and ranked in the 1st percentile. Since March 2012, the portfolio returned 12.9% annualized and ranked in the 26th percentile. The Russell 1000 Growth returned an annualized 12.7% over the same time frame.

ASSET ALLOCATION

On March 31st, 2016, domestic equities comprised 97.8% of the total portfolio (\$7.2 million), while cash & equivalents comprised the remaining 2.2% (\$165,188).

ANALYSIS

By quarter's end, the portfolio was concentrated in six of the eleven industry sectors in the analysis. It was overweight in the Nondurable Consumer Goods, Consumer Service, Computer Technology, Finance, and Service sectors, while Technology was underweight. Basic, Durable Consumer Goods, Transportation, Energy, and Utilities were unfunded.

Success was mixed across the six sectors. The overweight Consumer Service, Computer Technology, and Service sectors outperformed their index counterparts, and accounted for two-thirds of the total portfolio. However, the Nondurable Consumer Goods sector, which carried a substantial allocation, greatly exceeded the benchmark's losses (-9.6% vs -1.5%), offsetting positive selection effects observed elsewhere. Moreover, the portfolio could not benefit from the quality market gains in the unfunded Basic, Energy, and Utilities sectors.

EXECUTIVE SUMMARY**PERFORMANCE SUMMARY**

	Qtr / YTD	1 Year	3 Year	Since 03/12
Total Portfolio - Gross	0.2	11.9	16.5	12.9
<i>LARGE CAP GROWTH RANK</i>	(29)	(1)	(5)	(26)
Total Portfolio - Net	0.0	11.1	15.7	12.2
RUSSELL 1000G	0.7	2.5	13.6	12.7
RUSSELL 1000	1.2	0.5	11.5	12.2
S&P 500	1.3	1.8	11.8	12.4
Domestic Equity - Gross	0.2	12.4	17.3	13.6
<i>LARGE CAP GROWTH RANK</i>	(29)	(1)	(2)	(18)
RUSSELL 1000G	0.7	2.5	13.6	12.7

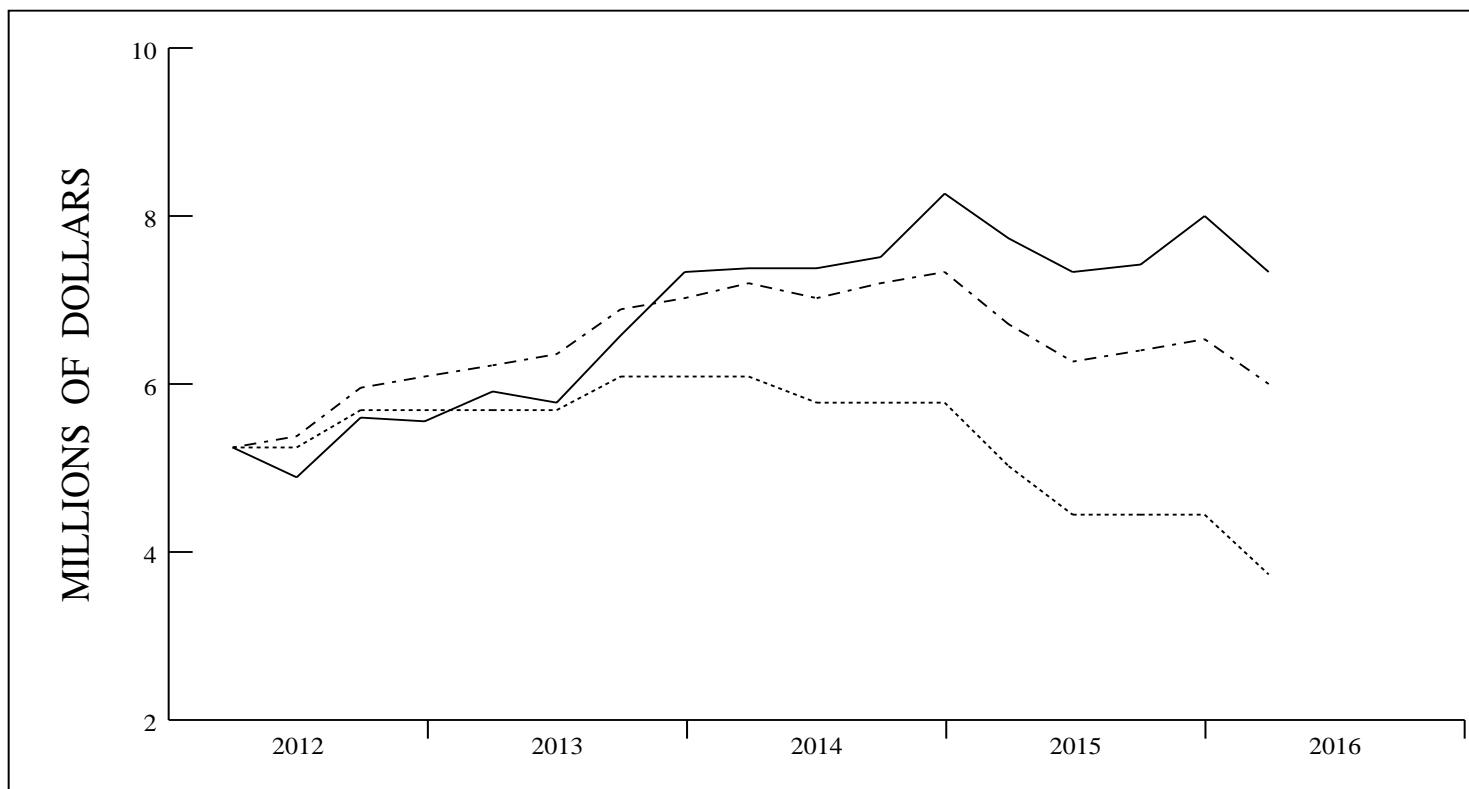
ASSET ALLOCATION

Domestic Equity	97.8%	\$ 7,179,644
Cash	2.2%	165,188
Total Portfolio	100.0%	\$ 7,344,832

INVESTMENT RETURN

Market Value 12/2015	\$ 8,019,256
Contribs / Withdrawals	-678,437
Income	15,100
Capital Gains / Losses	- 11,087
Market Value 3/2016	\$ 7,344,832

INVESTMENT GROWTH

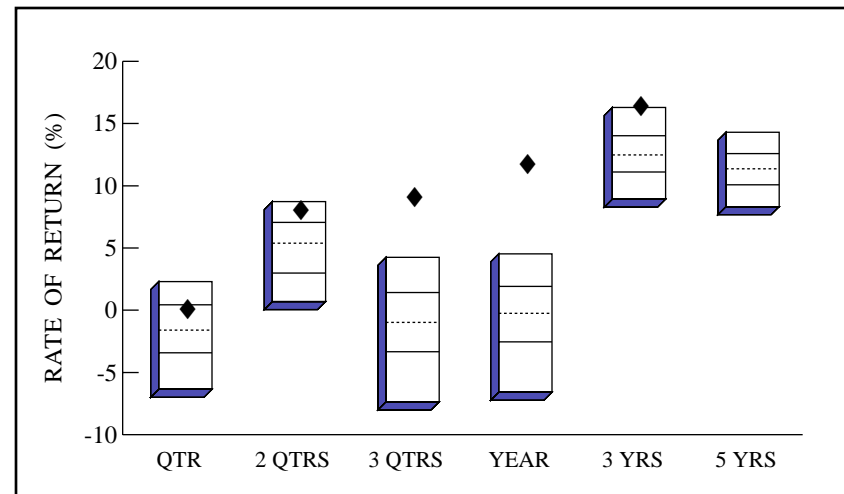
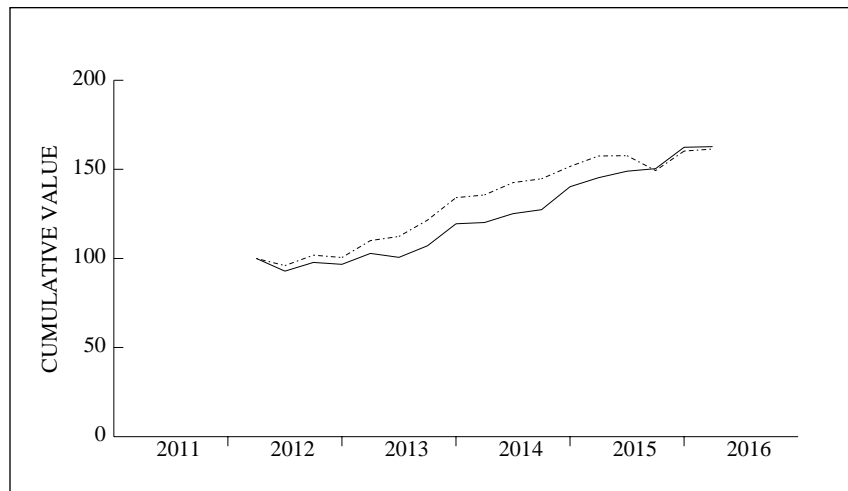


— ACTUAL RETURN
 - - - 9.0%
 . . . 0.0%

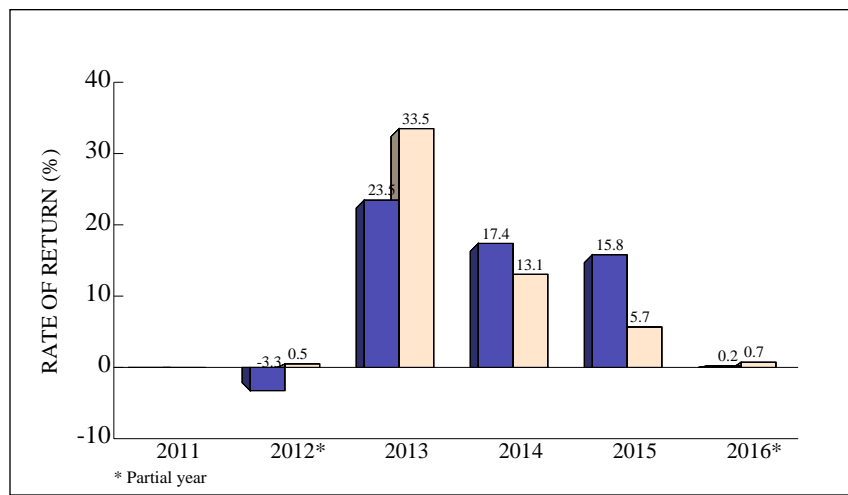
VALUE ASSUMING
 9.0% RETURN \$ 6,007,939

	LAST QUARTER	PERIOD 3/12 - 3/16
BEGINNING VALUE	\$ 8,019,256	\$ 5,273,154
NET CONTRIBUTIONS	-678,437	- 1,502,756
INVESTMENT RETURN	4,013	3,574,434
ENDING VALUE	\$ 7,344,832	\$ 7,344,832
INCOME	15,100	292,915
CAPITAL GAINS (LOSSES)	- 11,087	3,281,519
INVESTMENT RETURN	4,013	3,574,434

TOTAL RETURN COMPARISONS

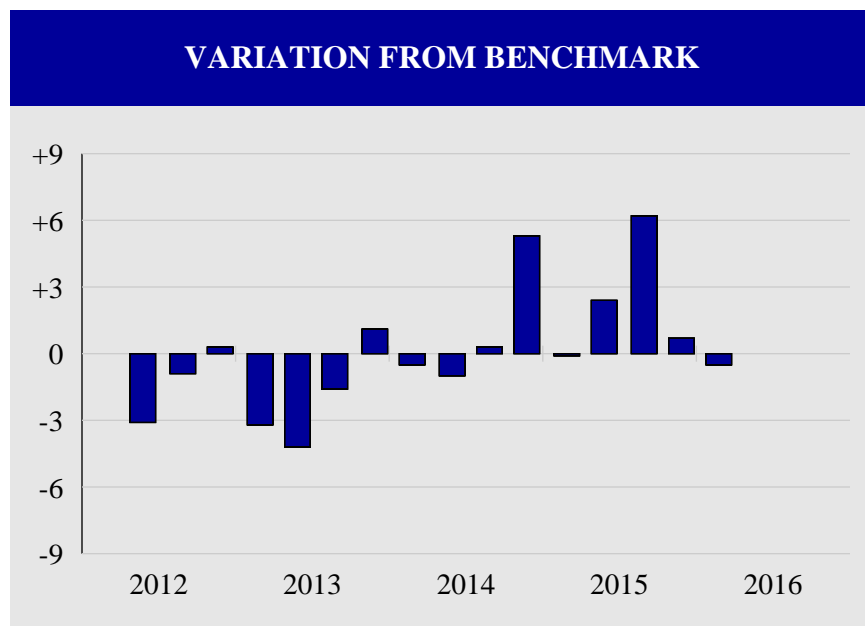


Large Cap Growth Universe



	QTR	2 QTRS	3 QTRS	YEAR	-----ANNUALIZED-----	
					3 YRS	5 YRS
RETURN	0.2	8.2	9.2	11.9	16.5	---
(RANK)	(29)	(12)	(1)	(1)	(5)	---
5TH %ILE	2.3	8.7	4.3	4.5	16.3	14.3
25TH %ILE	0.4	7.1	1.4	1.9	14.0	12.6
MEDIAN	-1.6	5.4	-1.0	-0.2	12.5	11.4
75TH %ILE	-3.4	3.0	-3.3	-2.5	11.1	10.1
95TH %ILE	-6.4	0.7	-7.4	-6.6	8.9	8.3
Russ 1000G	0.7	8.1	2.4	2.5	13.6	12.4

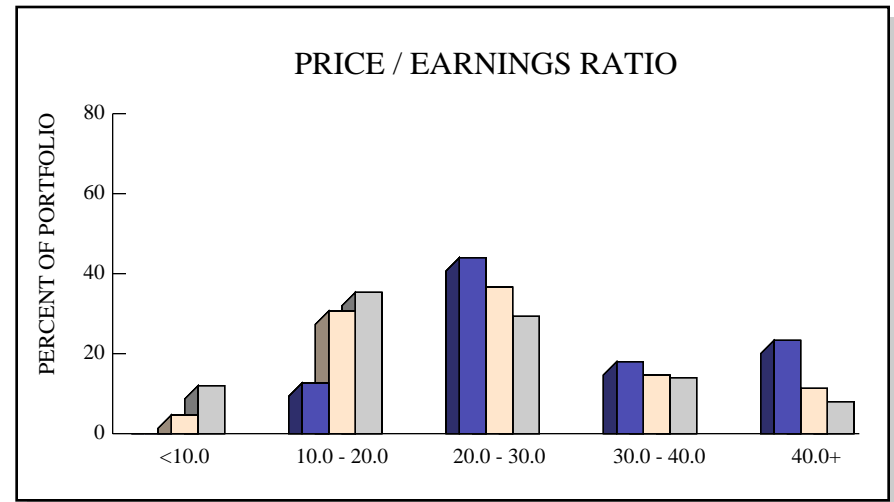
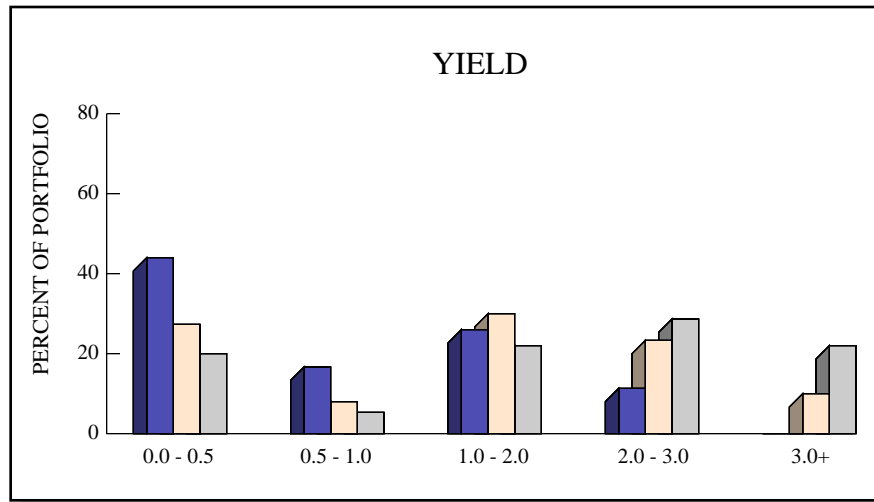
Large Cap Growth Universe

TOTAL PORTFOLIO QUARTERLY PERFORMANCE SUMMARY**COMPARATIVE BENCHMARK: RUSSELL 1000 GROWTH**

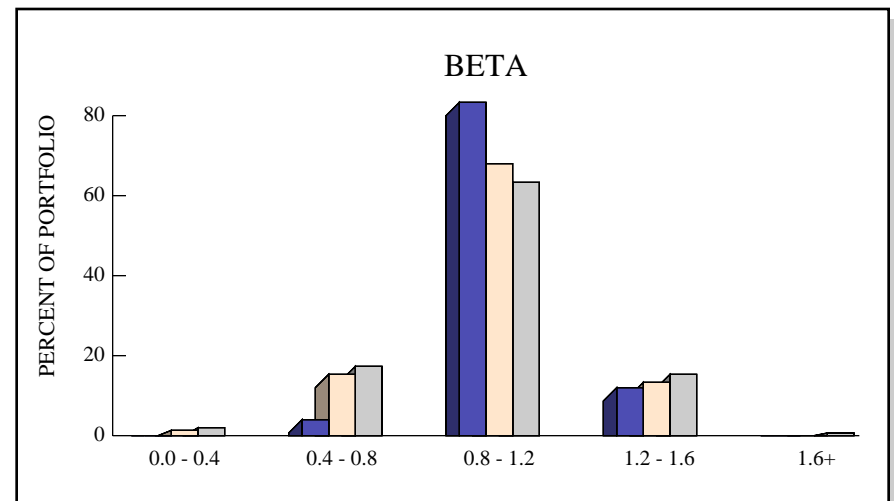
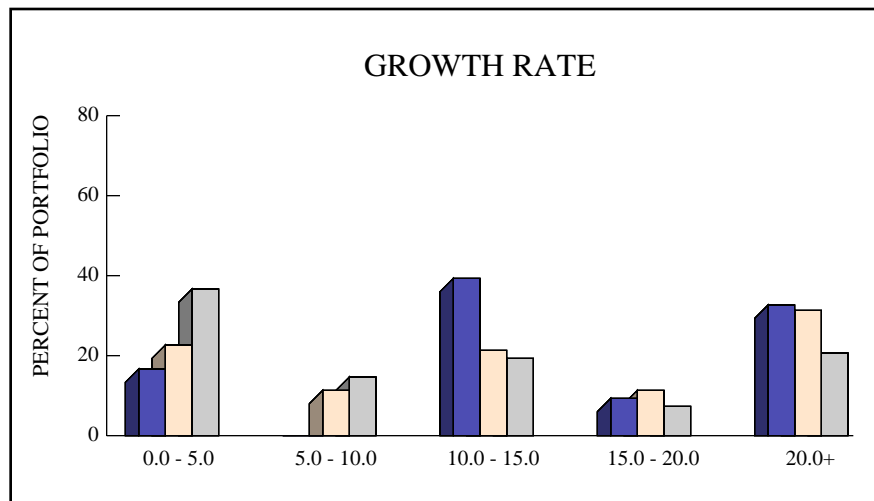
Total Quarters Observed	16
Quarters At or Above the Benchmark	7
Quarters Below the Benchmark	9
Batting Average	.438

RATES OF RETURN			
Date	Portfolio	Benchmark	Difference
6/12	-7.1	-4.0	-3.1
9/12	5.2	6.1	-0.9
12/12	-1.0	-1.3	0.3
3/13	6.3	9.5	-3.2
6/13	-2.1	2.1	-4.2
9/13	6.5	8.1	-1.6
12/13	11.5	10.4	1.1
3/14	0.6	1.1	-0.5
6/14	4.1	5.1	-1.0
9/14	1.8	1.5	0.3
12/14	10.1	4.8	5.3
3/15	3.7	3.8	-0.1
6/15	2.5	0.1	2.4
9/15	0.9	-5.3	6.2
12/15	8.0	7.3	0.7
3/16	0.2	0.7	-0.5

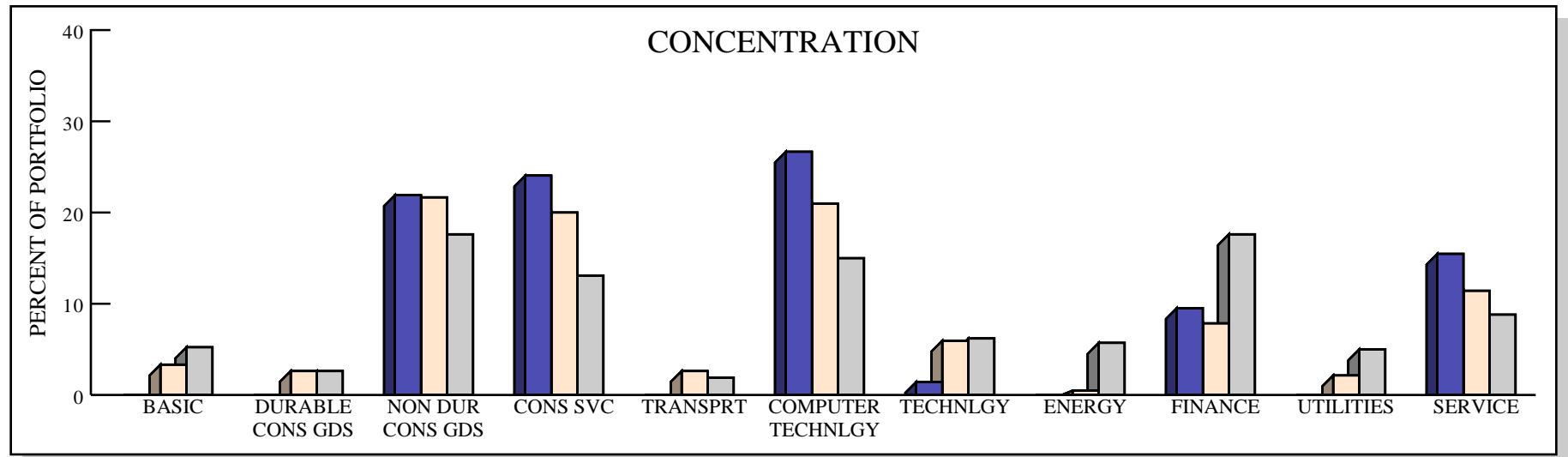
STOCK CHARACTERISTICS



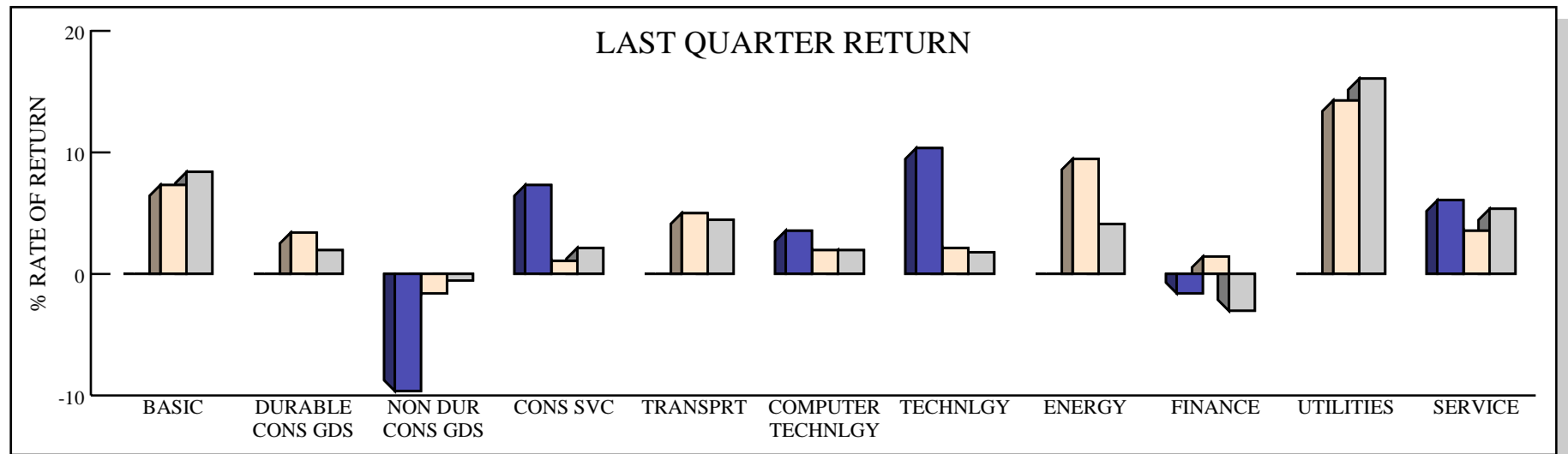
	# HOLDINGS	YIELD	GROWTH	P/E	BETA
PORTFOLIO	22	0.8%	15.0%	34.8	1.03
RUSSELL 1000G	635	1.6%	14.6%	26.2	0.98
RUSSELL 1000	1,020	2.1%	9.9%	22.5	0.98



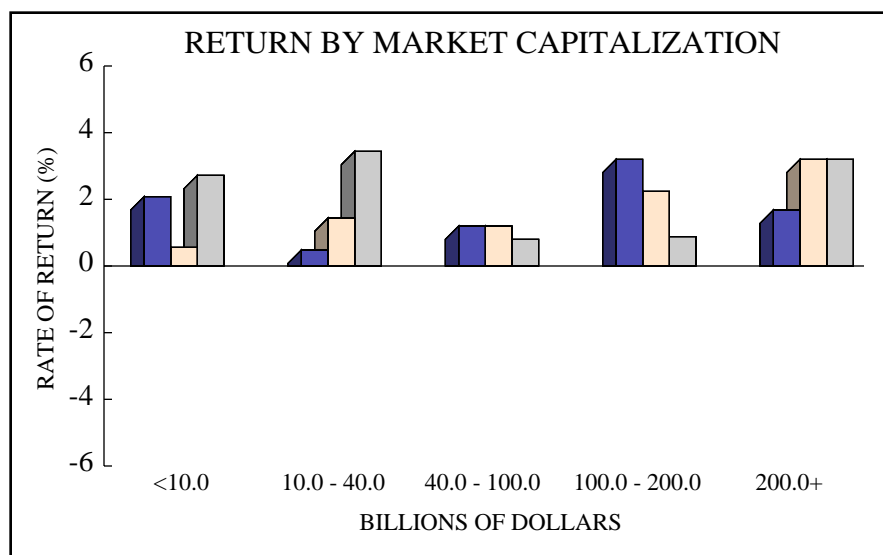
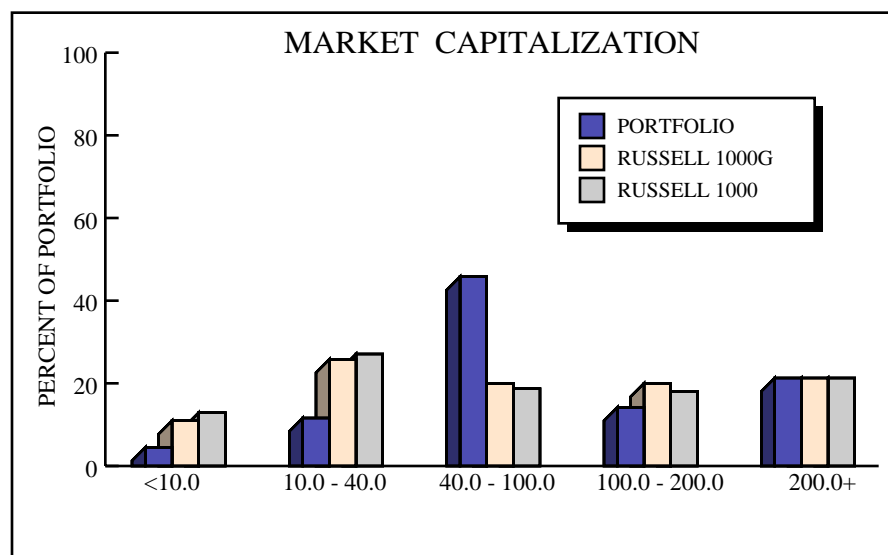
STOCK INDUSTRY ANALYSIS



■ PORTFOLIO
 ■ RUSSELL 1000 GROWTH
 ■ RUSSELL 1000



TOP TEN HOLDINGS



TOP TEN EQUITY HOLDINGS

RANK	NAME	VALUE	% EQUITY	RETURN	INDUSTRY SECTOR	MKT CAP
1	VISA INC-CLASS A SHARES	\$ 555,933	7.74%	-1.2%	Finance	\$ 146.8 B
2	NIKE INC -CL B	527,536	7.35%	-1.4%	NonDur Cons Goods	83.0 B
3	STARBUCKS CORP	465,421	6.48%	-0.3%	Consumer Service	88.2 B
4	ALPHABET INC-CL C	463,359	6.45%	-1.8%	Computer Tech	256.8 B
5	TJX COMPANIES INC	394,806	5.50%	10.8%	Consumer Service	51.9 B
6	PRICELINE GROUP INC/THE	390,555	5.44%	1.1%	Service	64.0 B
7	ACCENTURE PLC-CL A	381,166	5.31%	10.9%	Service	72.0 B
8	ORACLE CORP	359,844	5.01%	12.4%	Computer Tech	169.8 B
9	AUTOMATIC DATA PROCESSING	351,035	4.89%	6.5%	Service	41.0 B
10	ADOBE SYSTEMS INC	324,642	4.52%	-0.2%	Computer Tech	46.9 B

FRANKLIN REGIONAL RETIREMENT SYSTEM
O'SHAUGHNESSY ASSET MANAGEMENT - MARKET LEADERS VALUE
PERFORMANCE REVIEW
MARCH 2016

INVESTMENT RETURN

On March 31st, 2016, the Franklin Regional Retirement System's O'Shaughnessy Asset Management Market Leaders Value portfolio was valued at \$6,925,096, representing an increase of \$262,204 from the December quarter's ending value of \$6,662,892. Last quarter, the Fund posted withdrawals totaling \$110, which partially offset the portfolio's net investment return of \$262,314. Income receipts totaling \$41,193 plus net realized and unrealized capital gains of \$221,121 combined to produce the portfolio's net investment return. For the cumulative period since March 2012, the fund has recorded net withdrawals totaling \$1.4 million and posted net investment gains of \$3.3 million. For the period since March 2012, if the total fund had returned a compound annual rate of 9.0% it would have been valued at \$5.5 million or \$1.4 million less than the actual value as of March 31st, 2016.

RELATIVE PERFORMANCE

Total Fund

In the first quarter, the O'Shaughnessy Asset Management Market Leaders Value portfolio gained 3.9%, which was 2.3% above the Russell 1000 Value Index's return of 1.6% and ranked in the 13th percentile of the Large Cap Value universe. Over the trailing year, the portfolio returned -6.0%, which was 4.4% less than the benchmark's -1.6% performance, and ranked in the 80th percentile. Since March 2012, the portfolio returned 12.8% on an annualized basis and ranked in the 23rd percentile. For comparison, the Russell 1000 Value returned an annualized 11.7% over the same period.

ASSET ALLOCATION

On March 31st, 2016, domestic equities comprised 98.4% of the total portfolio (\$6.8 million), while cash & equivalents totaled 1.6% (\$113,432).

STOCK ANALYSIS

By quarter's end, the O'Shaughnessy portfolio was diversified across all eleven industry sectors in our data analysis. Compared to the Russell 1000 Value index, the portfolio was overweight in the Basic, Consumer Service, Technology, and Service sectors, while underweight in Durable Consumer Goods, Nondurable Consumer Goods, Computer Technology, Energy, Finance, and Utilities.

The O'Shaughnessy portfolio bested the benchmark in six of the eleven invested sectors. The heavily overweight Consumer Service and Technology sectors outperformed the index, while Utilities nearly doubled the benchmark's gains. The overweight Basic sector, which featured the highest allocation in the portfolio, matched market performance.

EXECUTIVE SUMMARY**PERFORMANCE SUMMARY**

	Qtr / YTD	1 Year	3 Year	Since 03/12
Total Portfolio - Gross	3.9	-6.0	12.1	12.8
<i>LARGE CAP VALUE RANK</i>	(13)	(80)	(13)	(23)
Total Portfolio - Net	3.8	-6.5	11.5	12.2
RUSSELL 1000V	1.6	-1.6	9.4	11.7
RUSSELL 1000	1.2	0.5	11.5	12.2
S&P 500	1.3	1.8	11.8	12.4
Domestic Equity - Gross	4.0	-6.1	12.3	13.1
<i>LARGE CAP VALUE RANK</i>	(13)	(80)	(12)	(18)
RUSSELL 1000V	1.6	-1.6	9.4	11.7

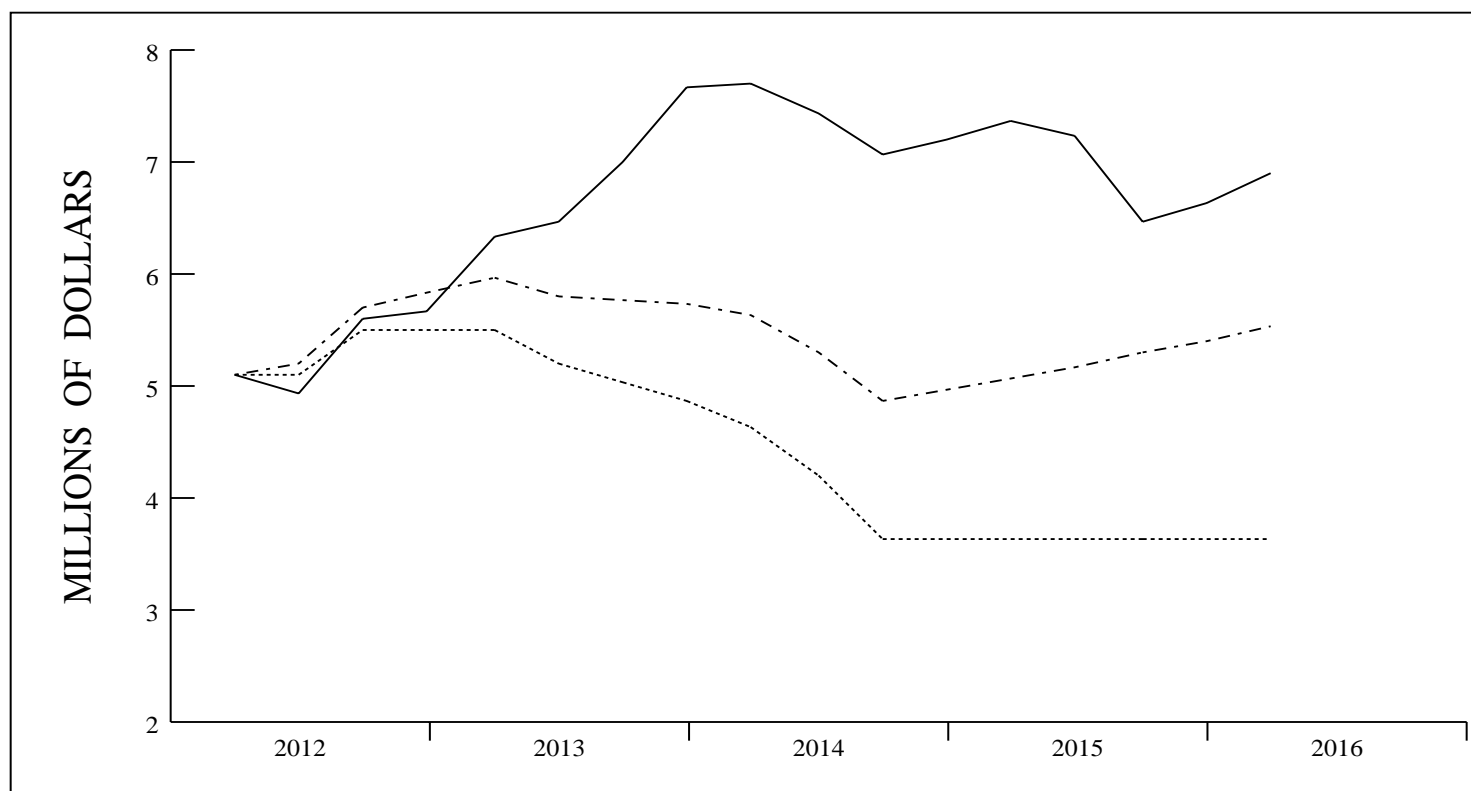
ASSET ALLOCATION

Domestic Equity	98.4%	\$ 6,811,664
Cash	1.6%	113,432
Total Portfolio	100.0%	\$ 6,925,096

INVESTMENT RETURN

Market Value 12/2015	\$ 6,662,892
Contribs / Withdrawals	-110
Income	41,193
Capital Gains / Losses	221,121
Market Value 3/2016	\$ 6,925,096

INVESTMENT GROWTH

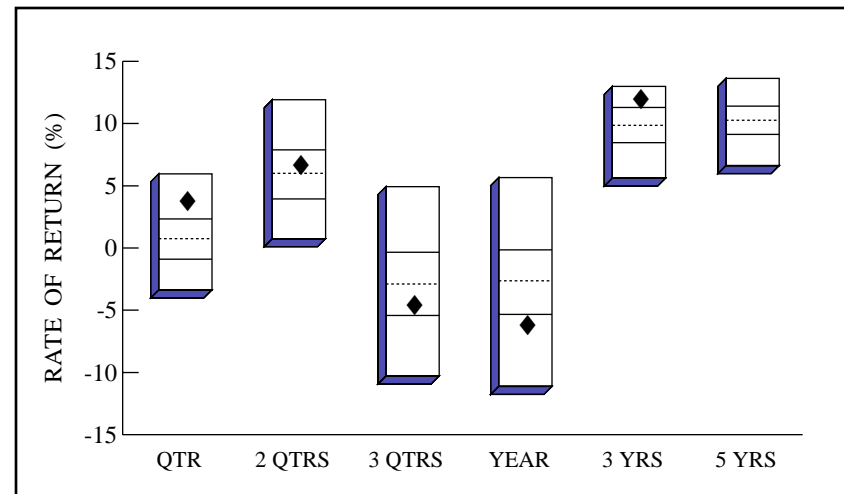
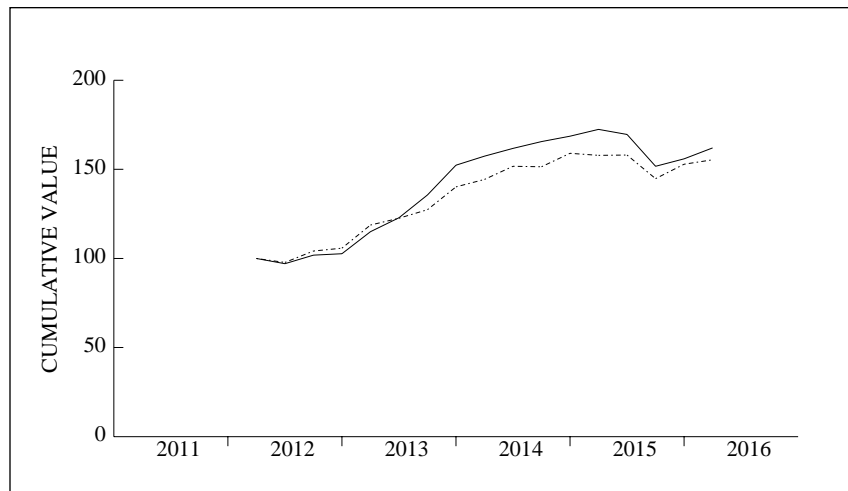


—	ACTUAL RETURN
- - -	9.0%
.....	0.0%

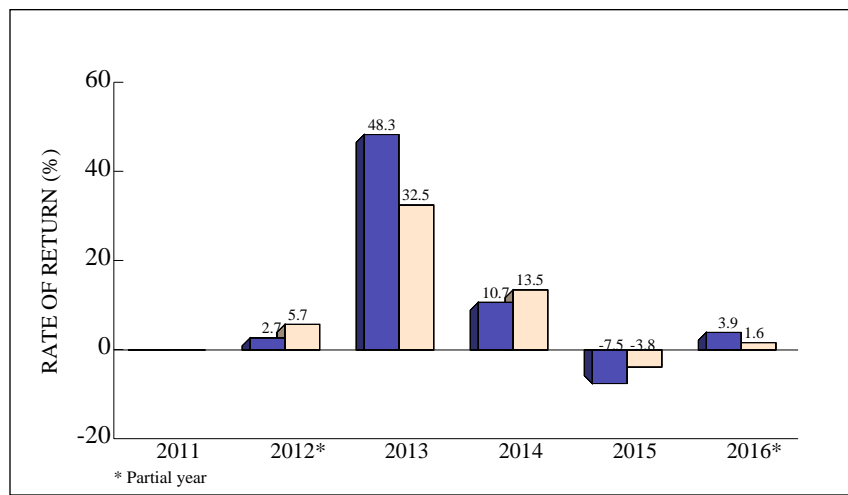
VALUE ASSUMING	
9.0% RETURN	\$ 5,542,204

	LAST QUARTER	PERIOD 3/12 - 3/16
BEGINNING VALUE	\$ 6,662,892	\$ 5,103,112
NET CONTRIBUTIONS	-110	-1,443,861
<u>INVESTMENT RETURN</u>	<u>262,314</u>	<u>3,265,845</u>
ENDING VALUE	\$ 6,925,096	\$ 6,925,096
INCOME	41,193	694,597
<u>CAPITAL GAINS (LOSSES)</u>	<u>221,121</u>	<u>2,571,248</u>
INVESTMENT RETURN	262,314	3,265,845

TOTAL RETURN COMPARISONS

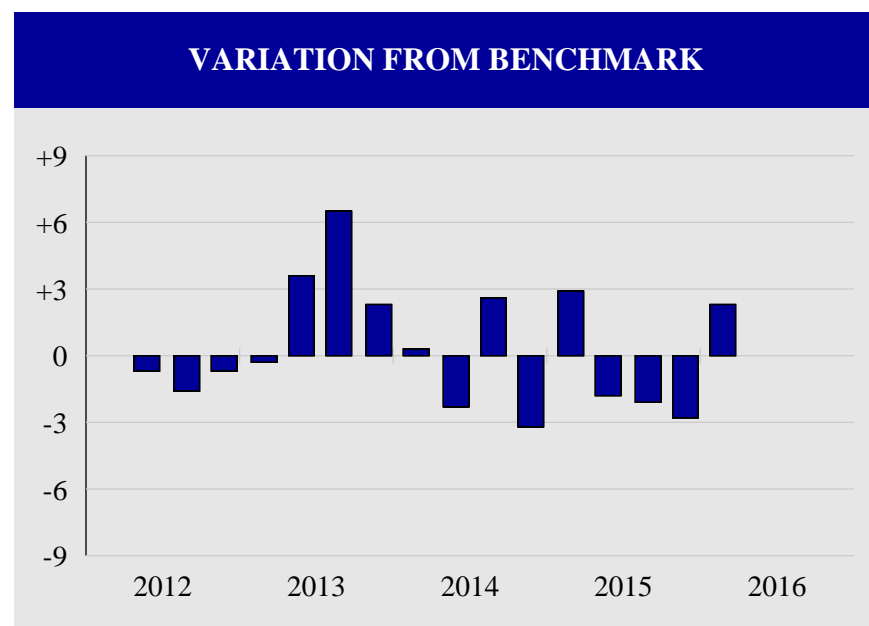


Large Cap Value Universe



	QTR	2 QTRS	3 QTRS	YEAR	-----ANNUALIZED----- 3 YRS	5 YRS
RETURN	3.9	6.8	-4.4	-6.0	12.1	---
(RANK)	(13)	(39)	(64)	(80)	(13)	---
5TH %ILE	6.0	11.9	4.9	5.7	13.0	13.6
25TH %ILE	2.3	7.9	-0.3	-0.2	11.3	11.4
MEDIAN	0.8	6.0	-2.9	-2.6	9.9	10.3
75TH %ILE	-0.9	3.9	-5.4	-5.3	8.5	9.1
95TH %ILE	-3.4	0.8	-10.3	-11.1	5.6	6.6
Russ 1000V	1.6	7.4	-1.7	-1.6	9.4	10.2

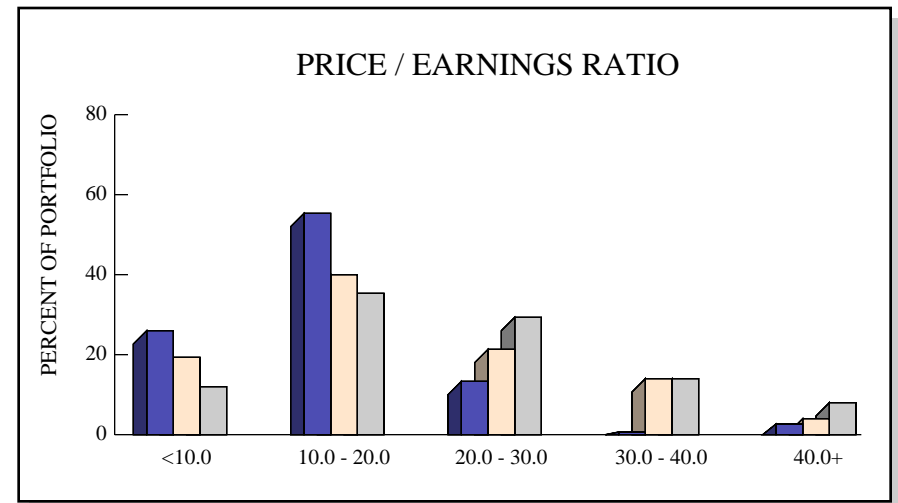
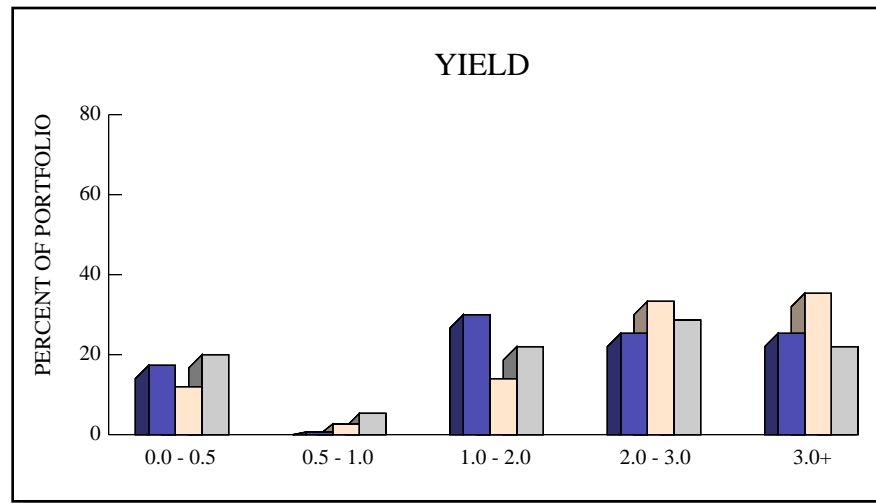
Large Cap Value Universe

TOTAL PORTFOLIO QUARTERLY PERFORMANCE SUMMARY**COMPARATIVE BENCHMARK: RUSSELL 1000 VALUE**

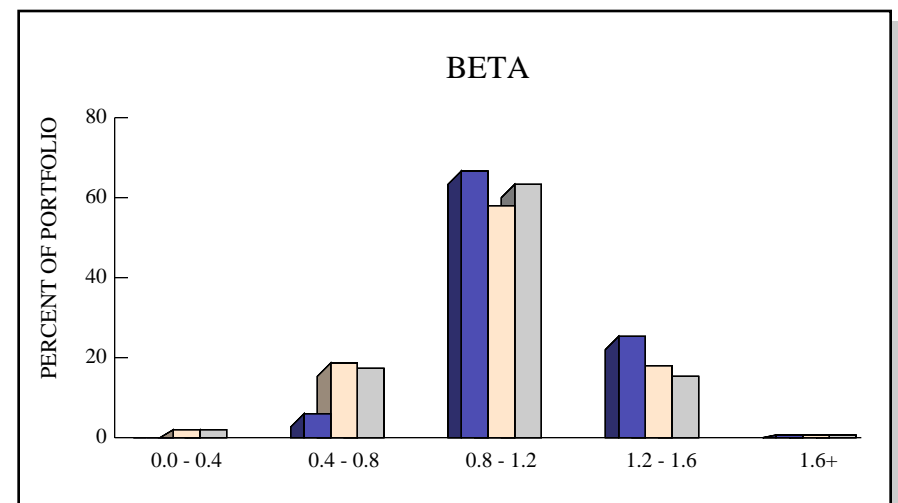
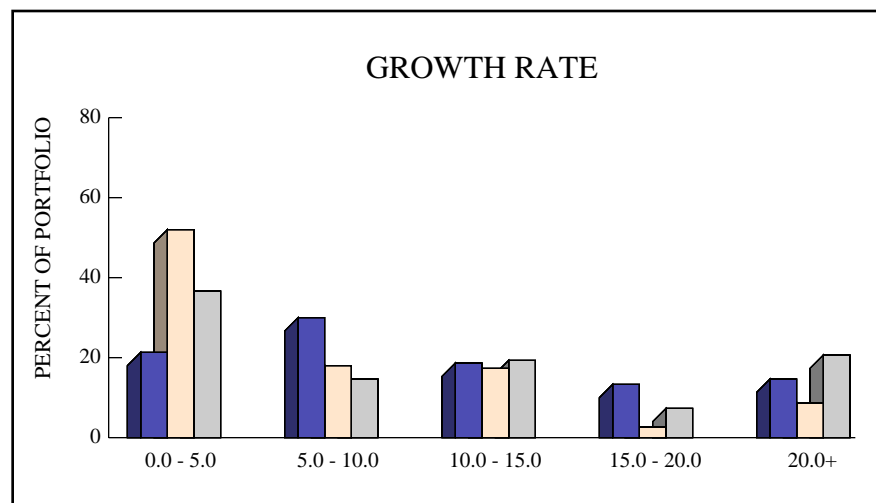
Total Quarters Observed	16
Quarters At or Above the Benchmark	7
Quarters Below the Benchmark	9
Batting Average	.438

RATES OF RETURN			
Date	Portfolio	Benchmark	Difference
6/12	-2.9	-2.2	-0.7
9/12	4.9	6.5	-1.6
12/12	0.8	1.5	-0.7
3/13	12.0	12.3	-0.3
6/13	6.8	3.2	3.6
9/13	10.4	3.9	6.5
12/13	12.3	10.0	2.3
3/14	3.3	3.0	0.3
6/14	2.8	5.1	-2.3
9/14	2.4	-0.2	2.6
12/14	1.8	5.0	-3.2
3/15	2.2	-0.7	2.9
6/15	-1.7	0.1	-1.8
9/15	-10.5	-8.4	-2.1
12/15	2.8	5.6	-2.8
3/16	3.9	1.6	2.3

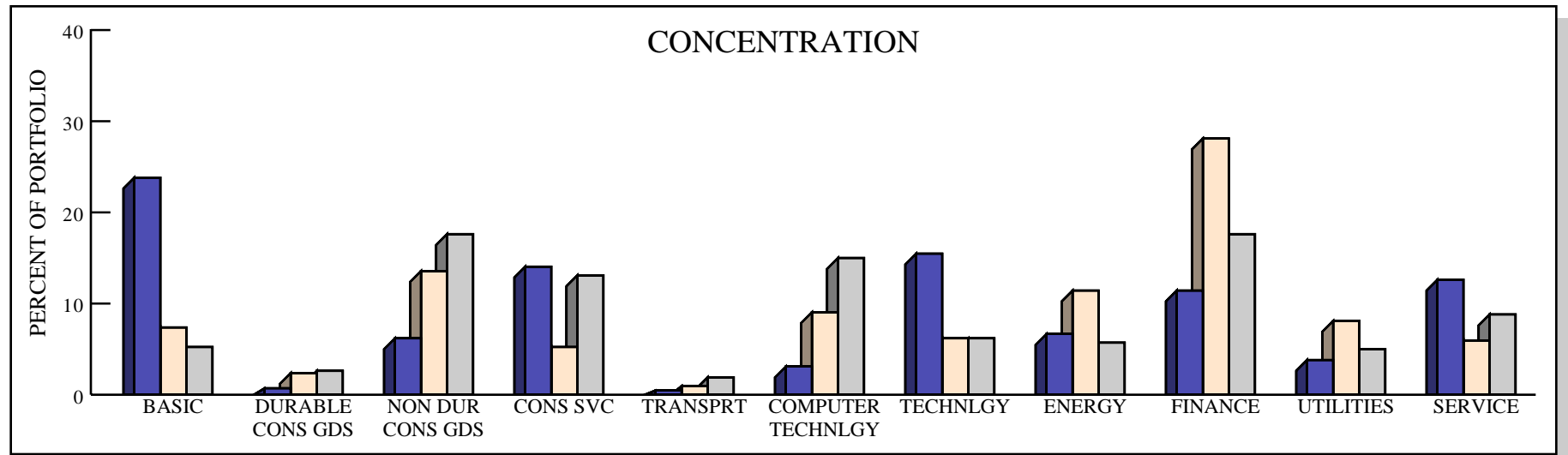
STOCK CHARACTERISTICS



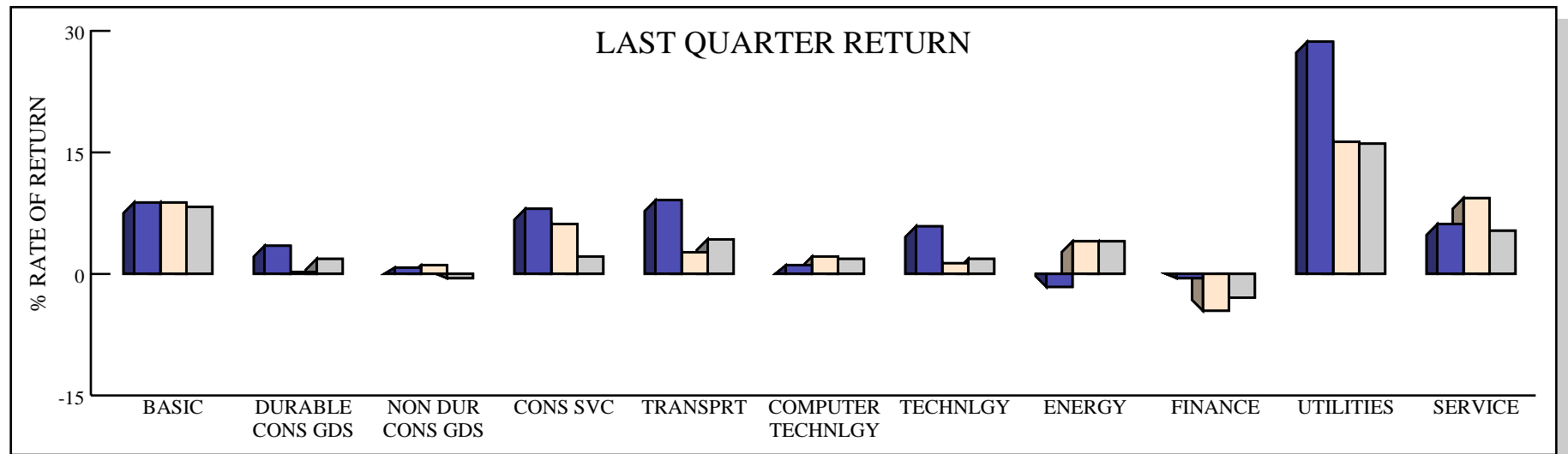
	# HOLDINGS	YIELD	GROWTH	P/E	BETA
PORTFOLIO	59	2.2%	10.8%	14.6	1.06
RUSSELL 1000V	684	2.6%	4.4%	18.6	0.97
RUSSELL 1000	1,020	2.1%	9.9%	22.5	0.98



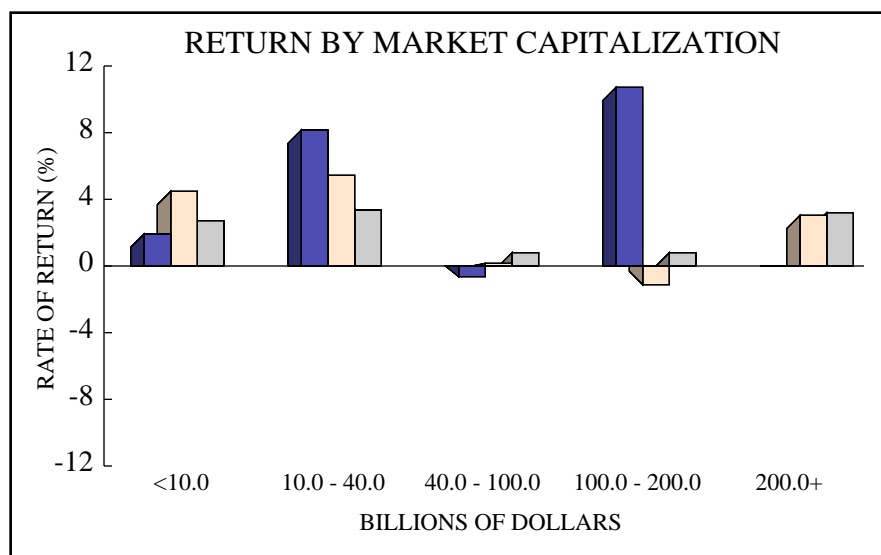
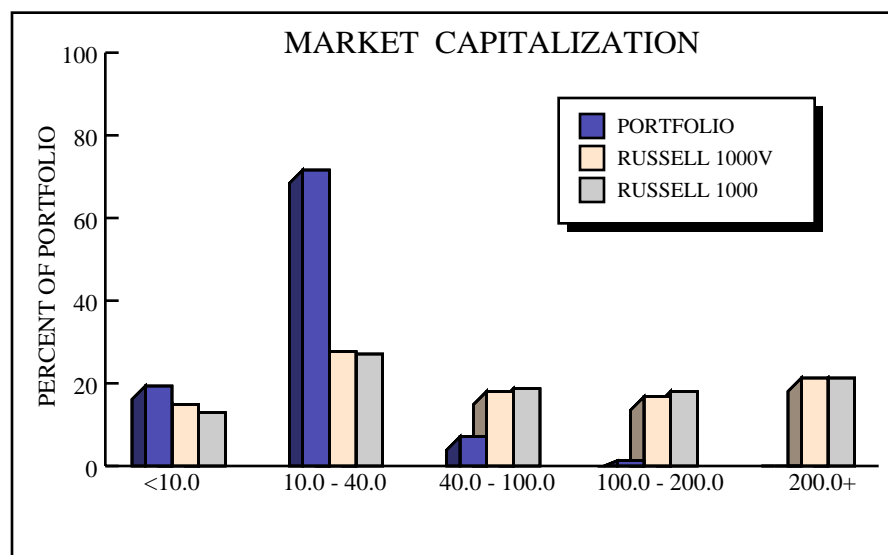
STOCK INDUSTRY ANALYSIS



■ PORTFOLIO ■ RUSSELL 1000 VALUE ■ RUSSELL 1000



TOP TEN HOLDINGS



TOP TEN EQUITY HOLDINGS

RANK	NAME	VALUE	% EQUITY	RETURN	INDUSTRY SECTOR	MKT CAP
1	NORTHROP GRUMMAN CORP	\$ 319,213	4.69%	5.2%	Technology	\$ 35.8 B
2	ILLINOIS TOOL WORKS	318,384	4.67%	11.0%	Basic	37.3 B
3	TRAVELERS COS INC/THE	316,518	4.65%	3.9%	Finance	34.4 B
4	KONINKLIJKE PHILIPS NVR- NY	309,910	4.55%	12.2%	Technology	26.6 B
5	COCA-COLA ENTERPRISES	298,148	4.38%	3.6%	NonDur Cons Goods	11.5 B
6	LYONDELLBASELL INDU-CL A	272,743	4.00%	-0.6%	Basic	36.8 B
7	CENTURYLINK INC	262,839	3.86%	28.7%	Utilities	17.4 B
8	BED BATH & BEYOND INC	260,411	3.82%	2.9%	Consumer Service	8.1 B
9	PARKER HANNIFIN CORP	254,595	3.74%	15.1%	Basic	15.0 B
10	CORNING INC	217,966	3.20%	14.9%	Basic	23.0 B

FRANKLIN REGIONAL RETIREMENT SYSTEM
SEIZERT CAPITAL PARTNERS
PERFORMANCE REVIEW
MARCH 2016

INVESTMENT RETURN

On March 31st, 2016, the Franklin Regional Retirement System's Seizert Capital Partners portfolio was valued at \$5,539,406, representing an increase of \$93,387 from the December quarter's ending value of \$5,446,019. Last quarter, the Fund posted withdrawals totaling \$38, which partially offset the portfolio's net investment return of \$93,425. Net investment return was a product of income receipts totaling \$179,332 and realized and unrealized capital losses of \$85,907.

For the cumulative period since June 2011, the fund has recorded net withdrawals totaling \$1.9 million and posted net investment gains of \$2.5 million. For the period since June 2011, if the total fund had returned a compound annual rate of 10.0% it would have been valued at \$5.3 million or \$202,734 less than the actual value as of March 31st, 2016.

RELATIVE PERFORMANCE

In the first quarter, the Seizert Capital Partners portfolio gained 1.7%, which was 0.5% below the Russell Mid Cap's return of 2.2% and ranked in the 40th percentile of the Mid Cap universe. Over the trailing year, the portfolio returned -10.9%, which was 6.8% less than the benchmark's -4.1% performance, and ranked in the 89th percentile. Since June 2011, the portfolio returned 9.7% on an annualized basis and ranked in the 58th percentile. For comparison, the Russell Mid Cap returned an annualized 10.8% over the same period.

ASSET ALLOCATION

On March 31st, 2016, domestic equities comprised 95.3% of the total portfolio (\$5.3 million), while cash & equivalents totaled 4.7% (\$263,065).

STOCK ANALYSIS

By quarter's end, the Seizert portfolio was invested across eight of eleven industry sectors. Compared to the Russell Mid Cap index, the portfolio was overweight in the Basic, Computer Technology, Finance, and Service sectors. Conversely, the Nondurable Consumer Goods, Consumer Service, and Energy sectors were underweight. Transportation, Technology, and Utilities were underweight.

Selection effects were unfavorable to the portfolio in the first quarter. The overweight Finance sector – the most heavily allocated sector – delivered a loss compared to the benchmark's flat return. Additionally, the portfolio suffered substantial in the Nondurable Consumer Goods and Energy sectors, areas where the index produced gains. The overweight Basic and Service sectors each outperformed the market, but negative effects overall offset the positives.

EXECUTIVE SUMMARY**PERFORMANCE SUMMARY**

	Qtr / YTD	1 Year	3 Year	Since 06/11
Total Portfolio - Gross	1.7	-10.9	8.4	9.7
<i>MID CAP RANK</i>	(40)	(89)	(76)	(58)
Total Portfolio - Net	1.5	-11.5	7.6	8.9
RUSSELL MID	2.2	-4.1	10.5	10.8
S&P 400	3.8	-3.6	9.5	10.2
RUSSELL MID	2.2	-4.1	10.5	10.8
Domestic Equity - Gross	1.8	-11.3	8.8	10.1
<i>MID CAP RANK</i>	(39)	(90)	(72)	(50)
RUSSELL MID	2.2	-4.1	10.5	10.8

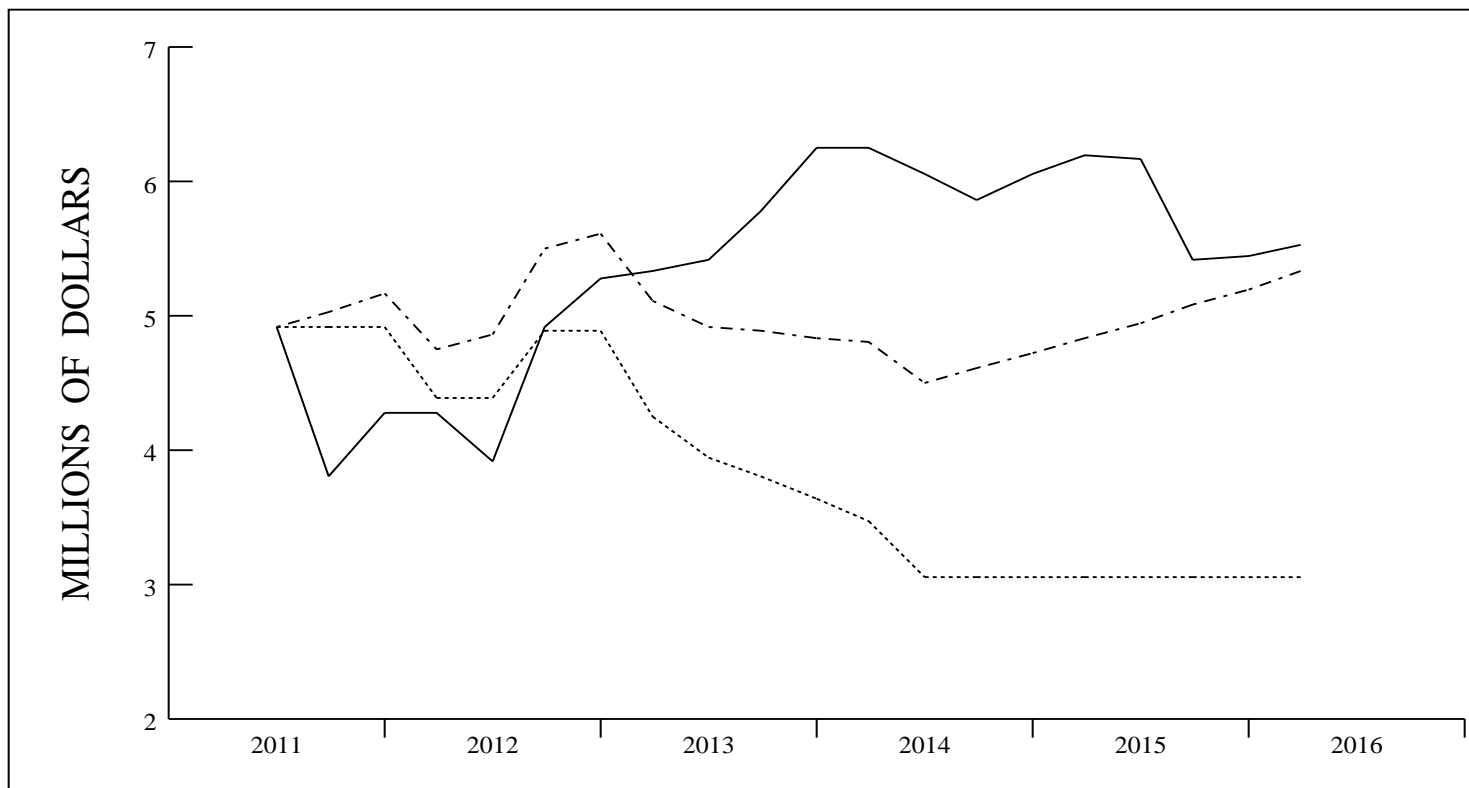
ASSET ALLOCATION

Domestic Equity	95.3%	\$ 5,276,341
Cash	4.7%	263,065
Total Portfolio	100.0%	\$ 5,539,406

INVESTMENT RETURN

Market Value 12/2015	\$ 5,446,019
Contribs / Withdrawals	- 38
Income	179,332
Capital Gains / Losses	- 85,907
Market Value 3/2016	\$ 5,539,406

INVESTMENT GROWTH

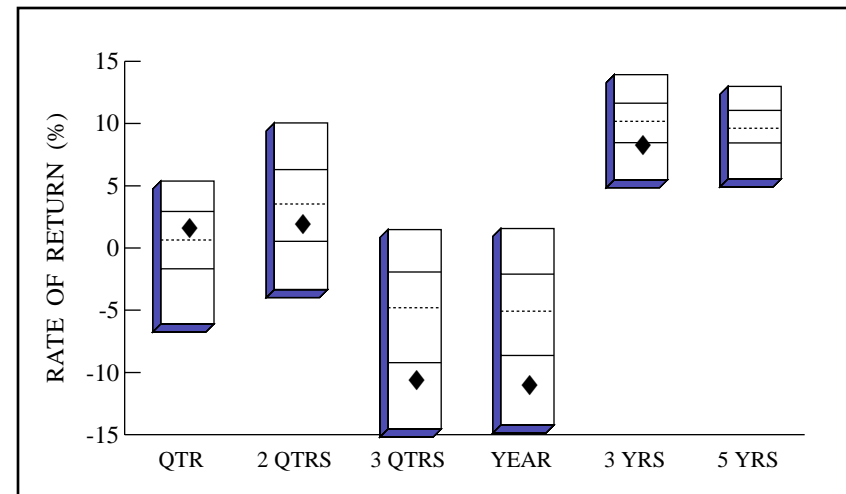
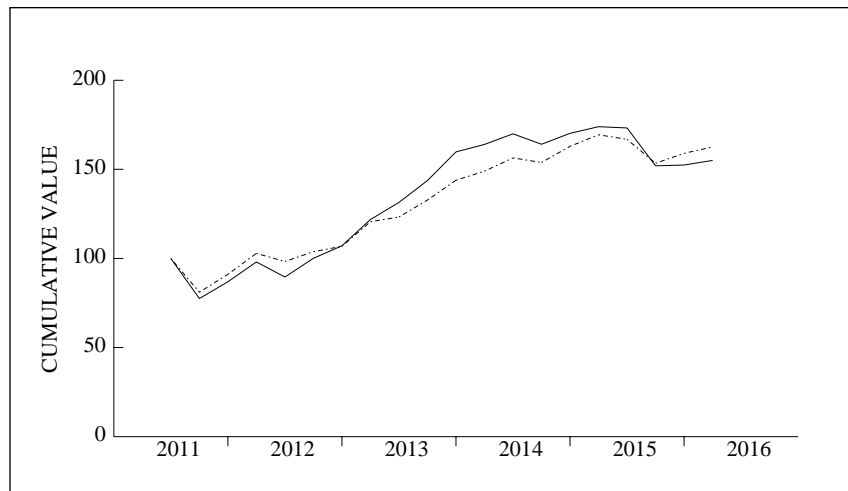


— ACTUAL RETURN
 - - - 10.0%
 0.0%

VALUE ASSUMING
 10.0% RETURN \$ 5,336,672

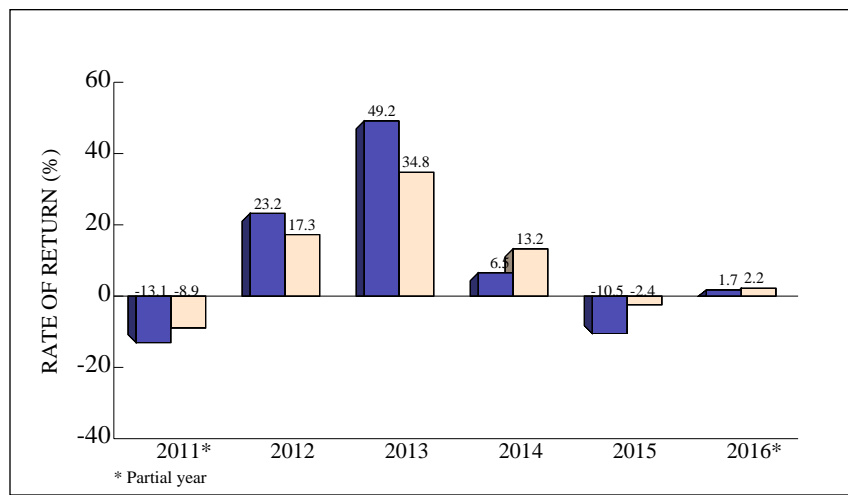
	LAST QUARTER	PERIOD 6/11 - 3/16
BEGINNING VALUE	\$ 5,446,019	\$ 4,935,067
NET CONTRIBUTIONS	- 38	- 1,861,060
<u>INVESTMENT RETURN</u>	<u>93,425</u>	<u>2,465,399</u>
ENDING VALUE	\$ 5,539,406	\$ 5,539,406
INCOME	179,332	564,843
<u>CAPITAL GAINS (LOSSES)</u>	<u>- 85,907</u>	<u>1,900,556</u>
INVESTMENT RETURN	93,425	2,465,399

TOTAL RETURN COMPARISONS



■ ——— PORTFOLIO
■ - - - - RUSSELL MID

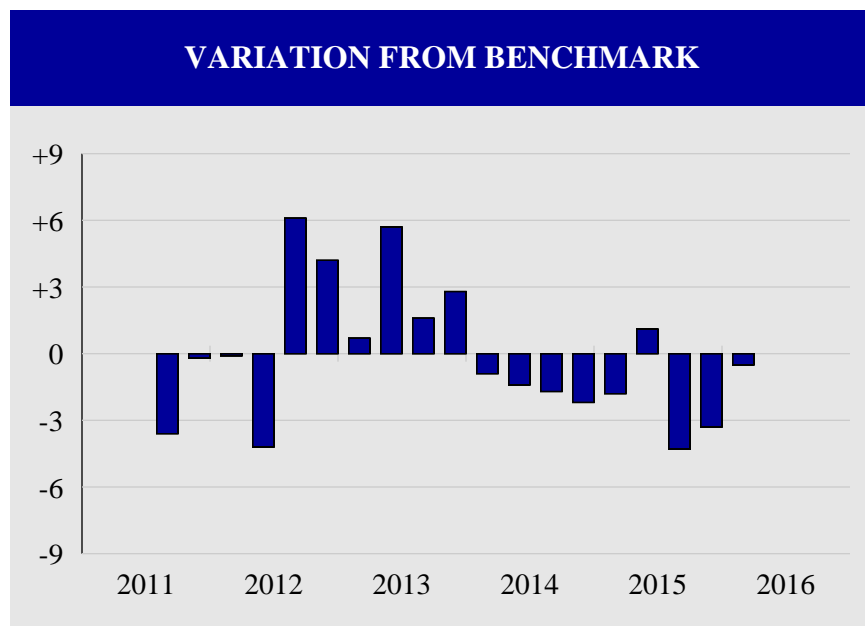
Mid Cap Universe



* Partial year

	QTR	2 QTRS	3 QTRS	YEAR	-----ANNUALIZED----- 3 YRS	5 YRS
RETURN	1.7	2.0	-10.5	-10.9	8.4	---
(RANK)	(40)	(66)	(83)	(89)	(76)	---
5TH %ILE	5.4	10.1	1.5	1.6	13.9	13.0
25TH %ILE	2.9	6.3	-1.9	-2.1	11.6	11.1
MEDIAN	0.7	3.5	-4.8	-5.1	10.2	9.6
75TH %ILE	-1.7	0.5	-9.2	-8.6	8.5	8.4
95TH %ILE	-6.1	-3.4	-14.6	-14.2	5.5	5.5
Russ MC	2.2	5.9	-2.6	-4.1	10.5	10.3

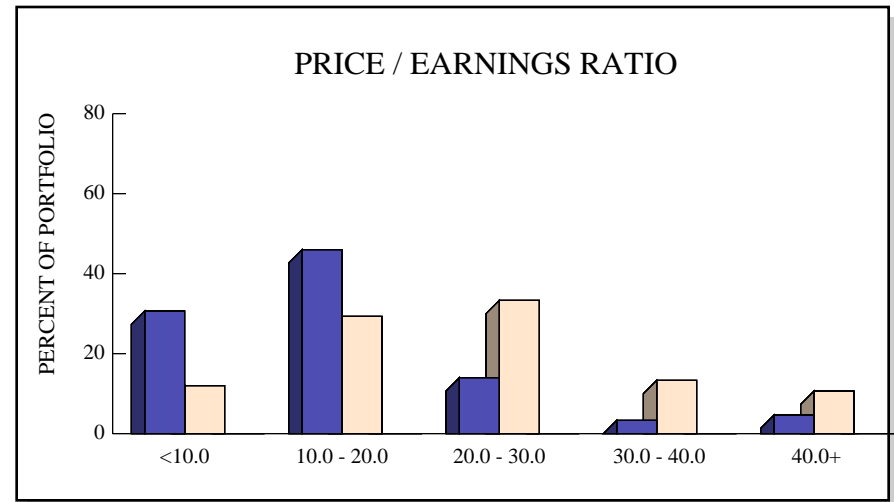
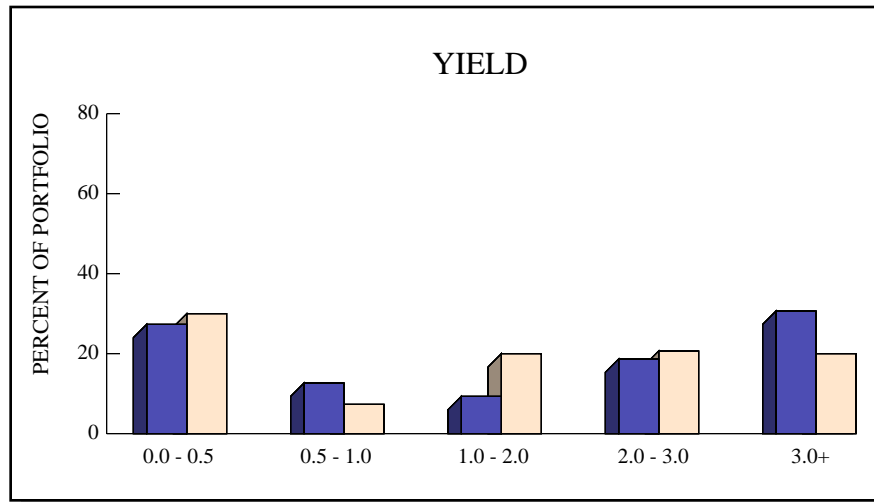
Mid Cap Universe

TOTAL PORTFOLIO QUARTERLY PERFORMANCE SUMMARY**COMPARATIVE BENCHMARK: RUSSELL MID CAP**

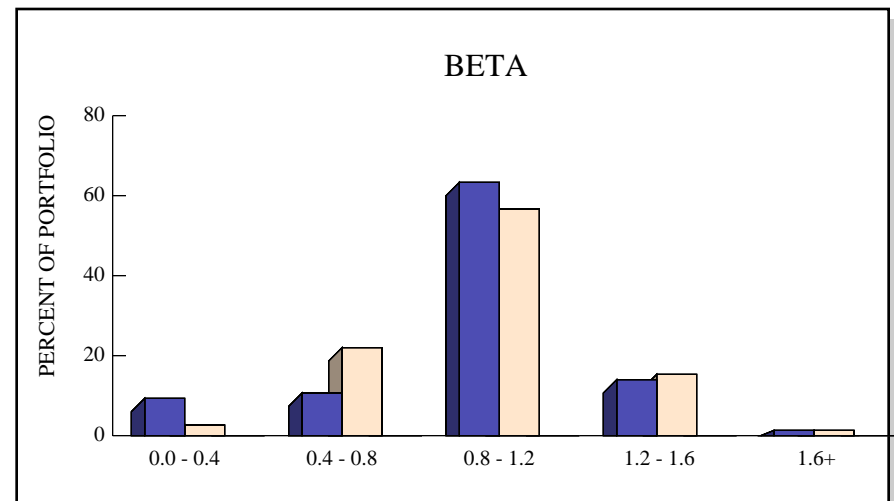
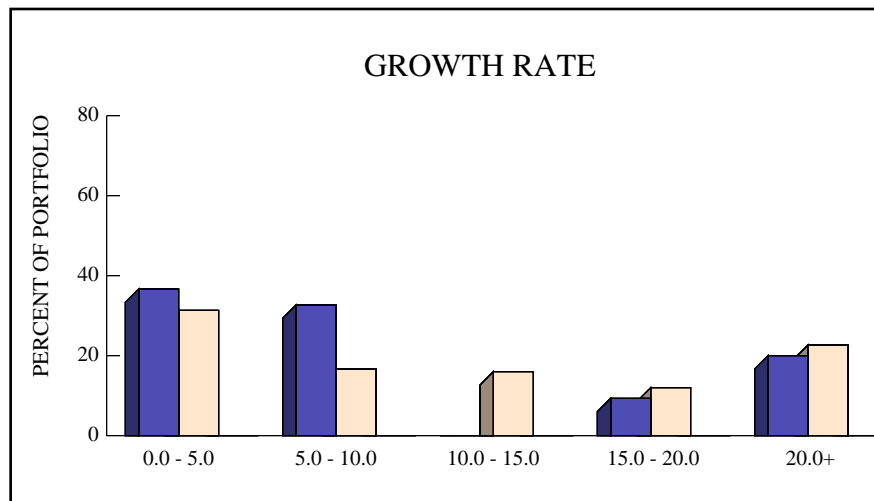
Total Quarters Observed	19
Quarters At or Above the Benchmark	7
Quarters Below the Benchmark	12
Batting Average	.368

RATES OF RETURN			
Date	Portfolio	Benchmark	Difference
9/11	-22.5	-18.9	-3.6
12/11	12.1	12.3	-0.2
3/12	12.8	12.9	-0.1
6/12	-8.6	-4.4	-4.2
9/12	11.7	5.6	6.1
12/12	7.1	2.9	4.2
3/13	13.7	13.0	0.7
6/13	7.9	2.2	5.7
9/13	9.3	7.7	1.6
12/13	11.2	8.4	2.8
3/14	2.6	3.5	-0.9
6/14	3.6	5.0	-1.4
9/14	-3.4	-1.7	-1.7
12/14	3.7	5.9	-2.2
3/15	2.2	4.0	-1.8
6/15	-0.4	-1.5	1.1
9/15	-12.3	-8.0	-4.3
12/15	0.3	3.6	-3.3
3/16	1.7	2.2	-0.5

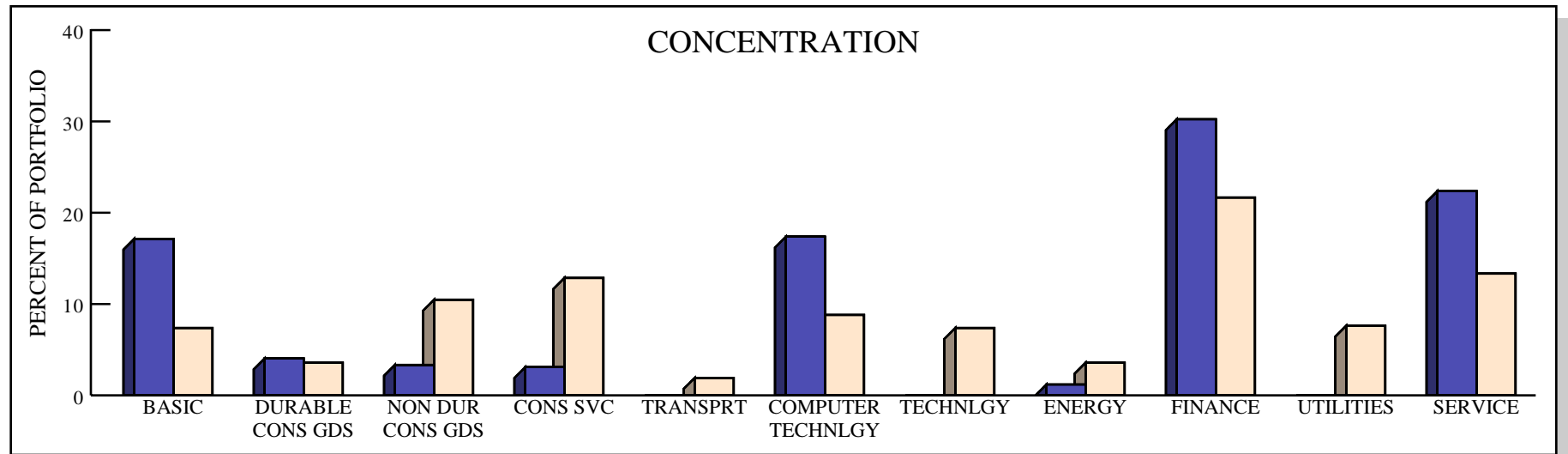
STOCK CHARACTERISTICS



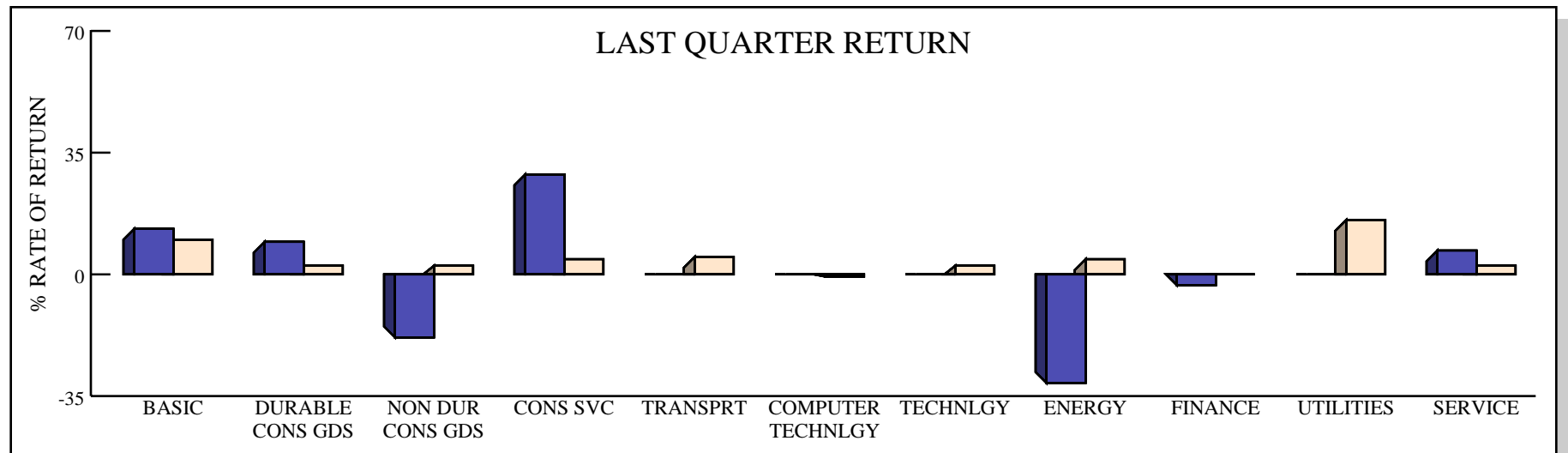
	# HOLDINGS	YIELD	GROWTH	P/E	BETA
PORTFOLIO	25	2.3%	2.5%	15.3	0.95
RUSSELL MID	821	1.8%	11.3%	22.4	0.96



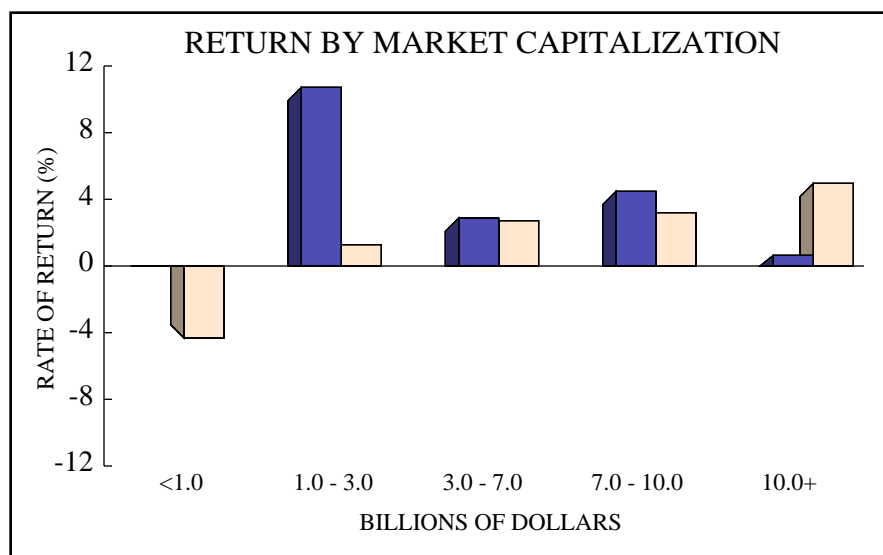
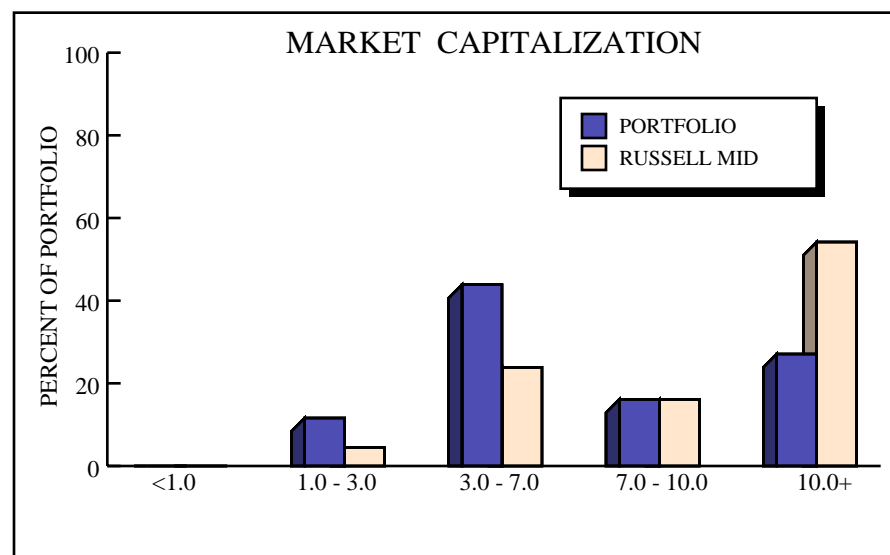
STOCK INDUSTRY ANALYSIS



■ PORTFOLIO ■ RUSSELL MID CAP



TOP TEN HOLDINGS



TOP TEN EQUITY HOLDINGS

RANK	NAME	VALUE	% EQUITY	RETURN	INDUSTRY SECTOR	MKT CAP
1	WESTERN DIGITAL CORP	\$ 283,723	5.38%	-20.3%	Computer Tech	\$ 11.0 B
2	LIBERTY MEDIA CORP - C	269,715	5.11%	0.0%	Service	8.5 B
3	ASSURED GUARANTY LTD	269,318	5.10%	-3.8%	Finance	3.4 B
4	DISCOVERY COMMUNICATIONS-C	261,630	4.96%	7.1%	Service	6.9 B
5	SYMANTEC CORP	252,854	4.79%	9.5%	Computer Tech	12.0 B
6	CHICAGO BRIDGE & IRON CO NV	252,691	4.79%	-6.0%	Basic	3.8 B
7	C.H. ROBINSON WORLDWIDE INC	251,862	4.77%	20.2%	Service	10.8 B
8	VALMONT INDUSTRIES	242,726	4.60%	17.1%	Basic	2.8 B
9	CUMMINS INC	238,900	4.53%	25.7%	Basic	18.7 B
10	LIBERTY BROADBAND-C	238,870	4.53%	11.7%	Finance	4.3 B

FRANKLIN REGIONAL RETIREMENT SYSTEM
SYSTEMATIC FINANCIAL
PERFORMANCE REVIEW
MARCH 2016

INVESTMENT RETURN

On March 31st, 2016, the Franklin Regional Retirement System's Systematic Financial portfolio was valued at \$5,627,610, representing an increase of \$216,567 from the December quarter's ending value of \$5,411,043. Last quarter, the Fund posted no net contributions or withdrawals, while posting \$216,567 in net investment returns. Income receipts totaling \$26,529 plus net realized and unrealized capital gains of \$190,038 combined to produce the portfolio's net investment return figure.

For the cumulative period since June 2014, the account has recorded net withdrawals totaling \$9, compared to net investment losses of \$318,331. Since June 2014, if the total account earned a compound annual rate of 8.0% it would have been worth \$6.8 million or \$1.2 million more than the actual value as of March 31st, 2016.

RELATIVE PERFORMANCE

During the first quarter, the Systematic Financial portfolio gained 4.0%, which was 5.5% above the Russell 2000 Index's return of -1.5% and ranked in the 13th percentile of the Small Cap universe. Over the trailing year, the portfolio returned -7.3%, which was 2.5% above the benchmark's -9.8% performance, ranking in the 55th percentile. Since June 2014, the account returned -3.1% on an annualized basis and ranked in the 73rd percentile. For comparison, the Russell 2000 returned an annualized -2.5% over the same period.

ASSET ALLOCATION

On March 31st, 2016, domestic equities comprised 98.4% of the total portfolio (\$5.5 million), while cash & equivalents totaled 1.6% (\$91,075).

STOCK ANALYSIS

All eleven industry sectors were funded by the end of the fourth quarter. Compared to the index, the Systematic portfolio was overweight in the Basic, Durable Consumer Goods, Consumer Service, Technology, and Service sectors, while underweight in Nondurable Consumer Goods, Computer Technology, Finance, and Utilities.

Despite underperforming in the majority of the invested sectors, the Systematic portfolio enlarged its positive selection effects with overweight allocations. The Durable Consumer Goods, Consumer Service, and Service sectors outperformed the index, and their combined 36.0% allocation magnified the advantage. Moreover, the Nondurable Consumer Goods sector produced a 6.4% gain compared to the benchmark 6.1% loss.

EXECUTIVE SUMMARY**PERFORMANCE SUMMARY**

	Qtr / YTD	1 Year	3 Year	Since 06/14
Total Portfolio - Gross	4.0	-7.3	----	-3.1
<i>SMALL CAP RANK</i>	(13)	(55)	----	(73)
Total Portfolio - Net	3.8	-8.0	----	-3.8
RUSSELL 2000	-1.5	-9.8	6.8	-2.5
RUSSELL 2000G	-4.7	-11.9	7.9	-1.7
RUSSELL 2000V	1.7	-7.7	5.7	-3.4
Domestic Equity - Gross	4.1	-7.3	----	-3.1
<i>SMALL CAP RANK</i>	(12)	(56)	----	(74)
RUSSELL 2000	-1.5	-9.8	6.8	-2.5

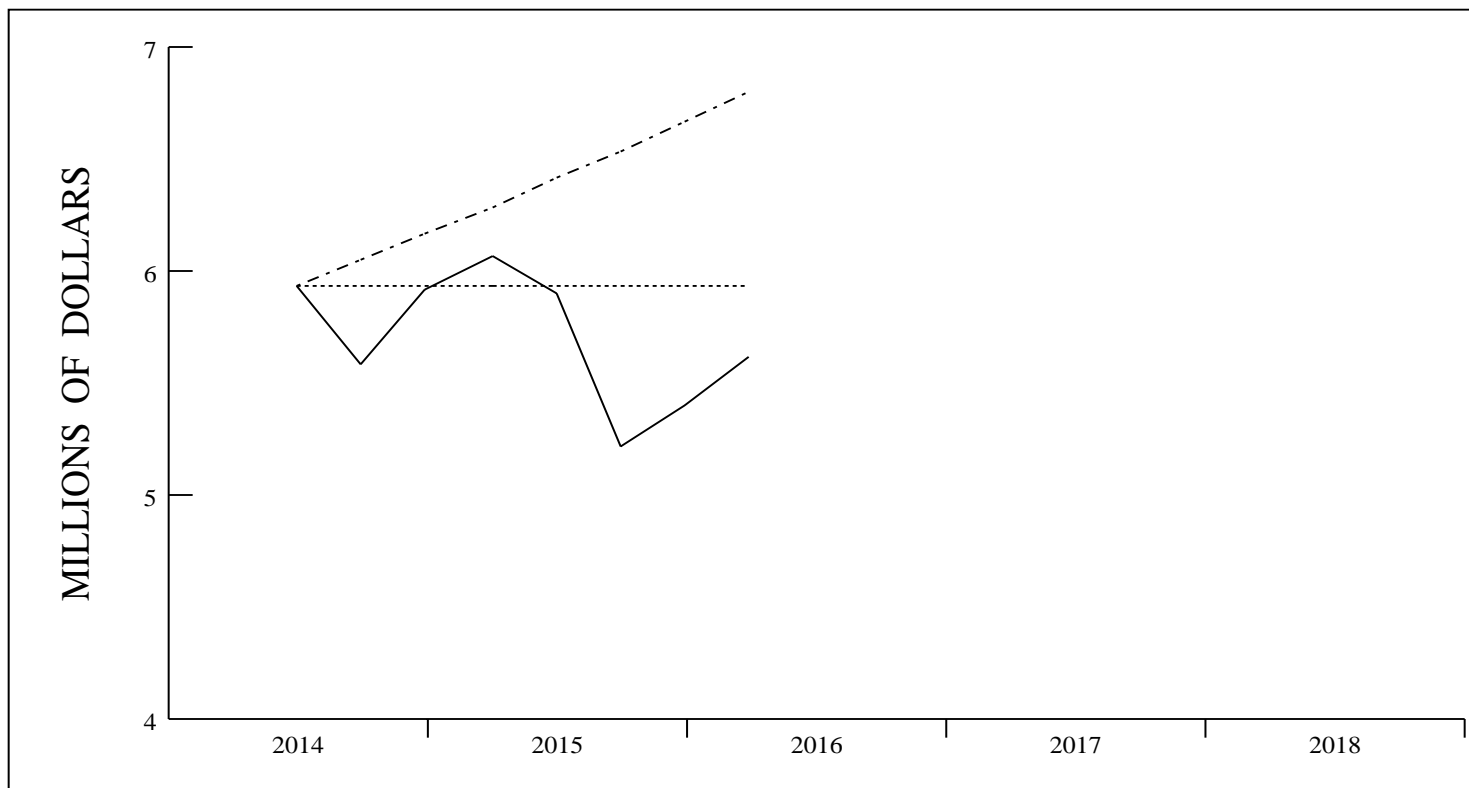
ASSET ALLOCATION

Domestic Equity	98.4%	\$ 5,536,535
Cash	1.6%	91,075
Total Portfolio	100.0%	\$ 5,627,610

INVESTMENT RETURN

Market Value 12/2015	\$ 5,411,043
Contribs / Withdrawals	0
Income	26,529
Capital Gains / Losses	190,038
Market Value 3/2016	\$ 5,627,610

INVESTMENT GROWTH

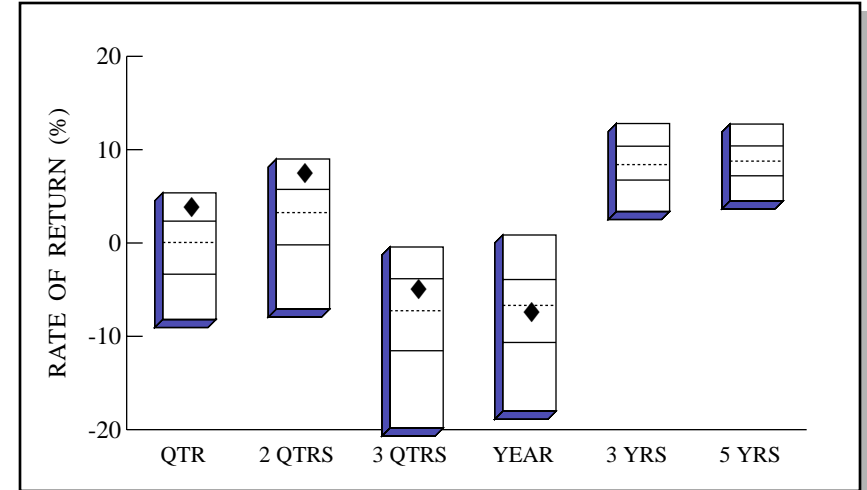
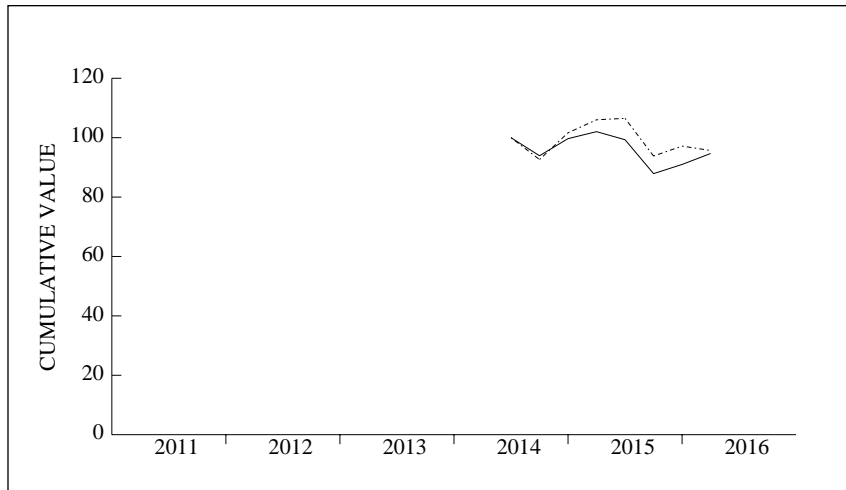


— ACTUAL RETURN
 - - - 8.0%
 . . . 0.0%

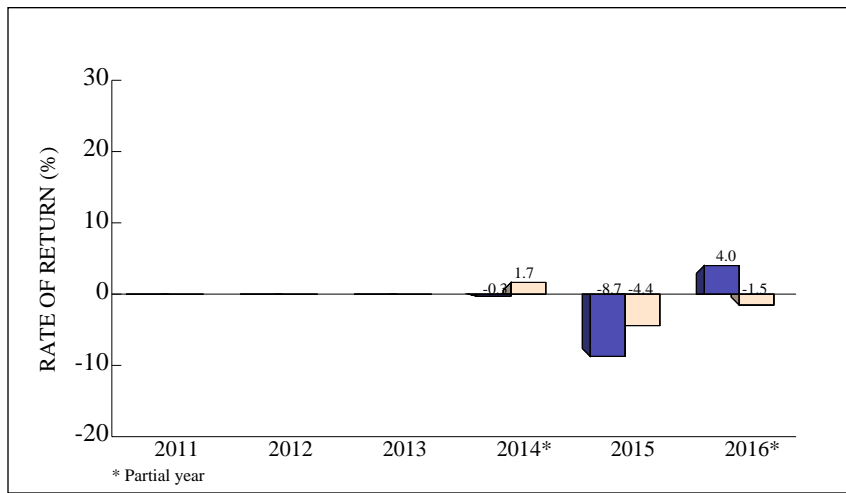
VALUE ASSUMING
 8.0% RETURN \$ 6,803,184

	LAST QUARTER	PERIOD 6/14 - 3/16
BEGINNING VALUE	\$ 5,411,043	\$ 5,945,950
NET CONTRIBUTIONS	0	- 9
INVESTMENT RETURN	216,567	-318,331
ENDING VALUE	\$ 5,627,610	\$ 5,627,610
INCOME	26,529	191,074
CAPITAL GAINS (LOSSES)	190,038	-509,405
INVESTMENT RETURN	216,567	-318,331

TOTAL RETURN COMPARISONS



Small Cap Universe



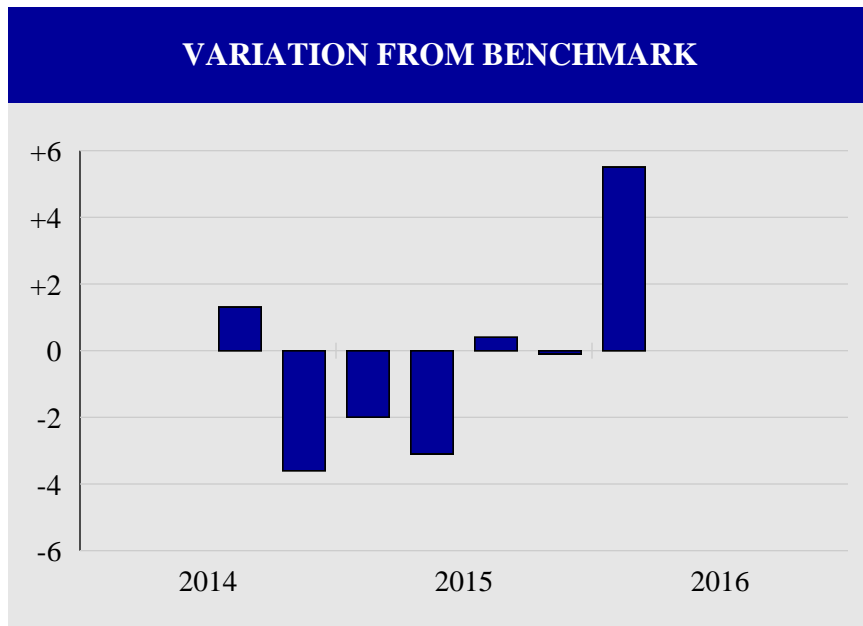
* Partial year

	QTR	2 QTRS	3 QTRS	YEAR	-----ANNUALIZED-----	
					3 YRS	5 YRS
RETURN	4.0	7.7	-4.7	-7.3	----	----
(RANK)	(13)	(13)	(32)	(55)	----	----
5TH %ILE	5.4	9.0	-0.4	0.9	12.8	12.7
25TH %ILE	2.4	5.8	-3.8	-3.9	10.4	10.4
MEDIAN	0.1	3.3	-7.3	-6.7	8.4	8.8
75TH %ILE	-3.4	-0.2	-11.5	-10.7	6.7	7.2
95TH %ILE	-8.2	-7.1	-19.8	-18.0	3.4	4.5
Russ 2000	-1.5	2.0	-10.1	-9.8	6.8	7.2

Small Cap Universe

TOTAL PORTFOLIO QUARTERLY PERFORMANCE SUMMARY

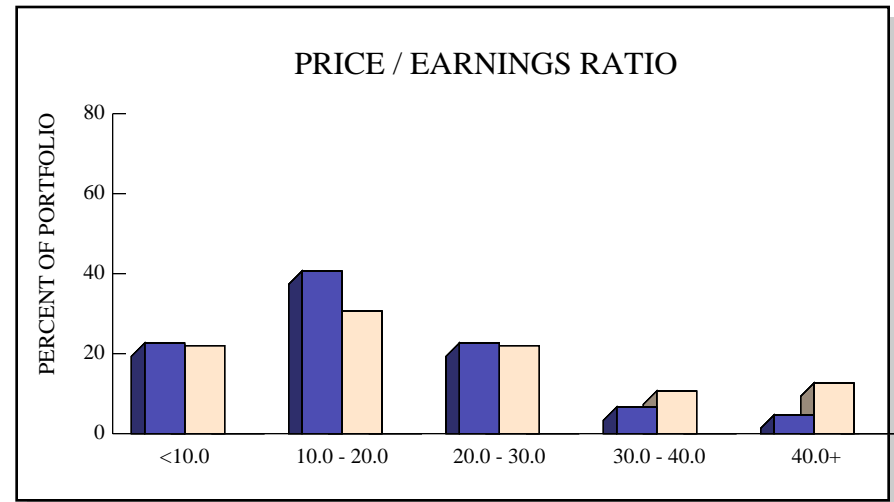
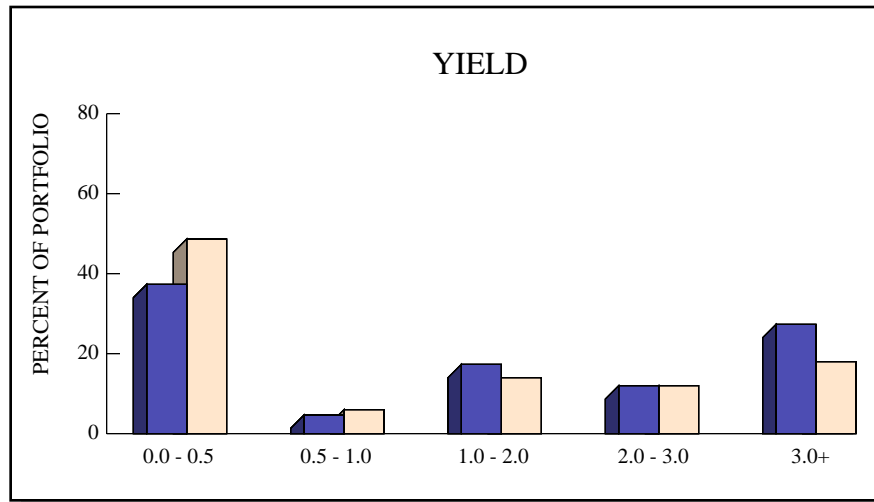
COMPARATIVE BENCHMARK: RUSSELL 2000



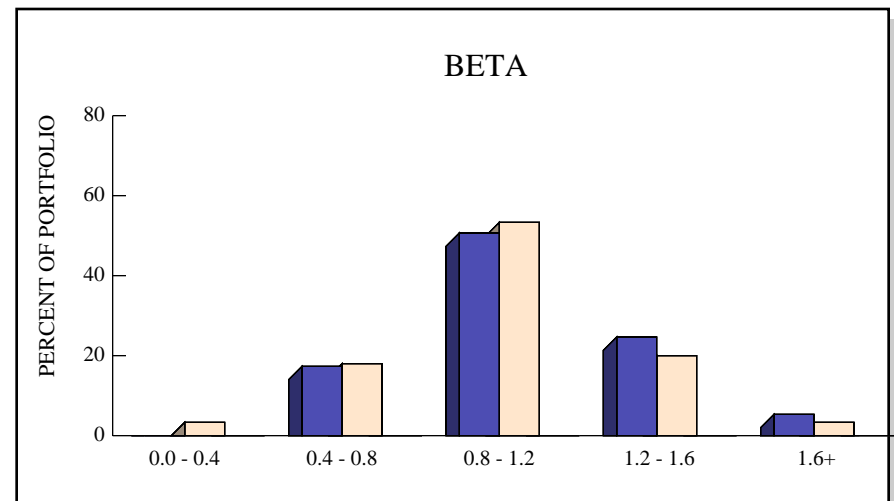
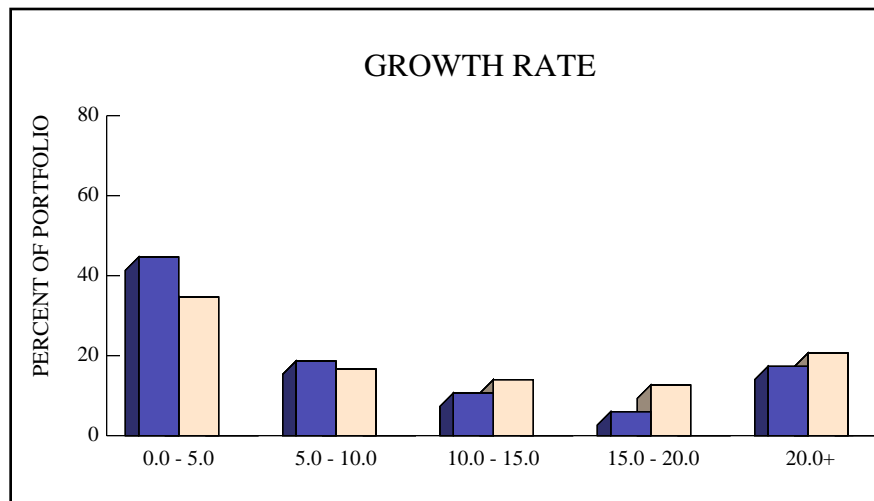
RATES OF RETURN			
Date	Portfolio	Benchmark	Difference
9/14	-6.1	-7.4	1.3
12/14	6.1	9.7	-3.6
3/15	2.3	4.3	-2.0
6/15	-2.7	0.4	-3.1
9/15	-11.5	-11.9	0.4
12/15	3.5	3.6	-0.1
3/16	4.0	-1.5	5.5

Total Quarters Observed	7
Quarters At or Above the Benchmark	3
Quarters Below the Benchmark	4
Batting Average	.429

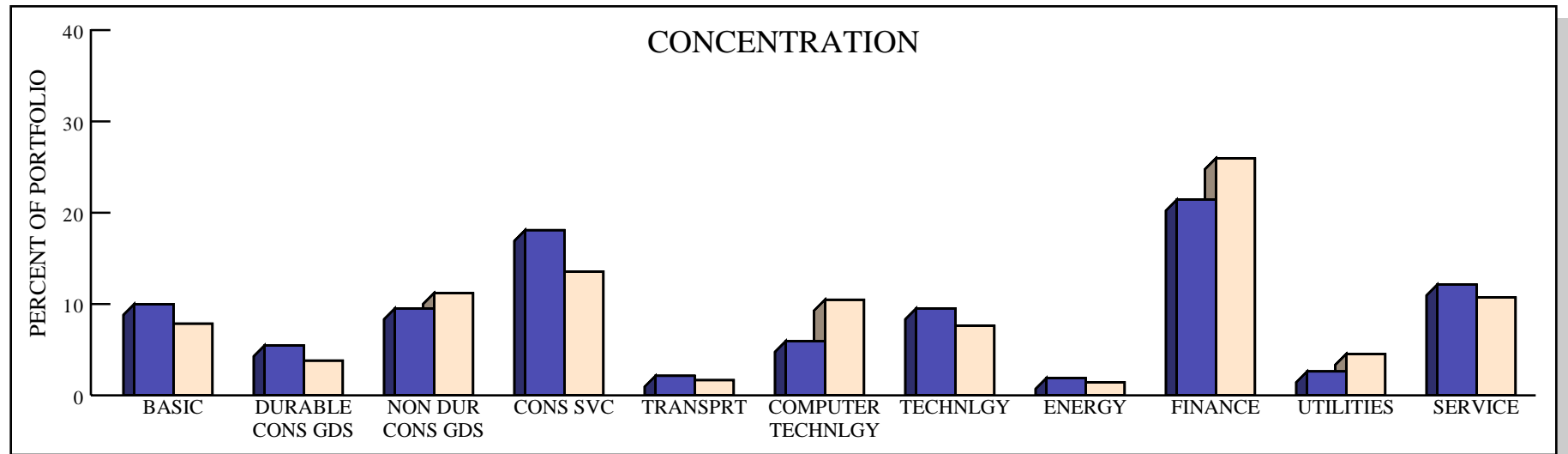
STOCK CHARACTERISTICS



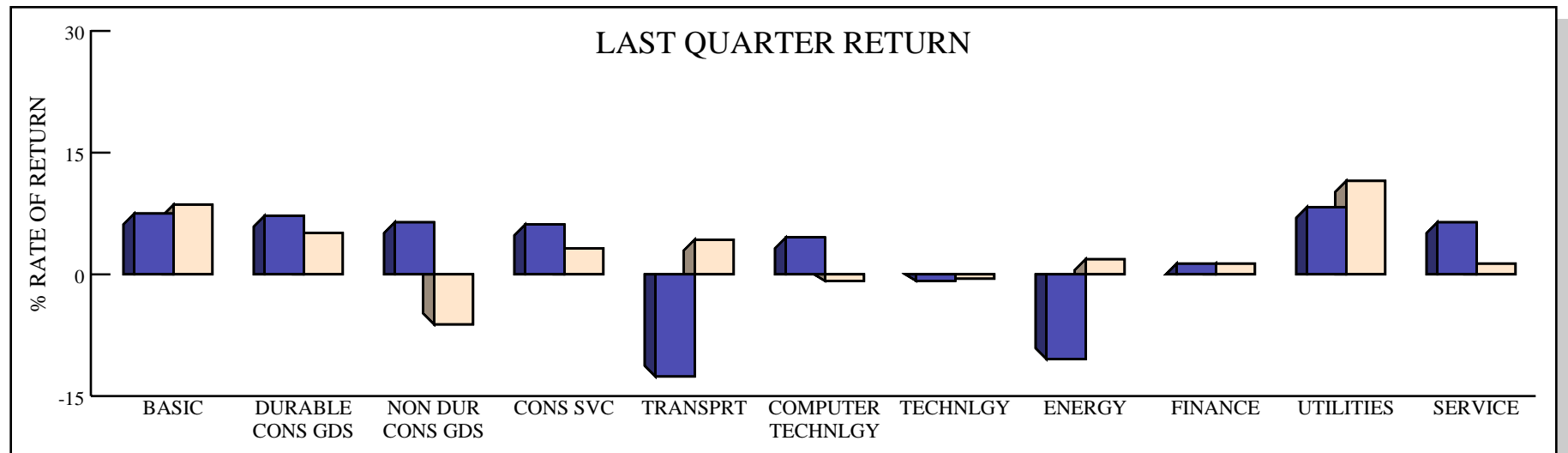
	# HOLDINGS	YIELD	GROWTH	P/E	BETA
PORTFOLIO	300	2.3%	6.9%	16.4	1.05
RUSSELL 2000	1,959	1.6%	10.9%	19.1	0.99



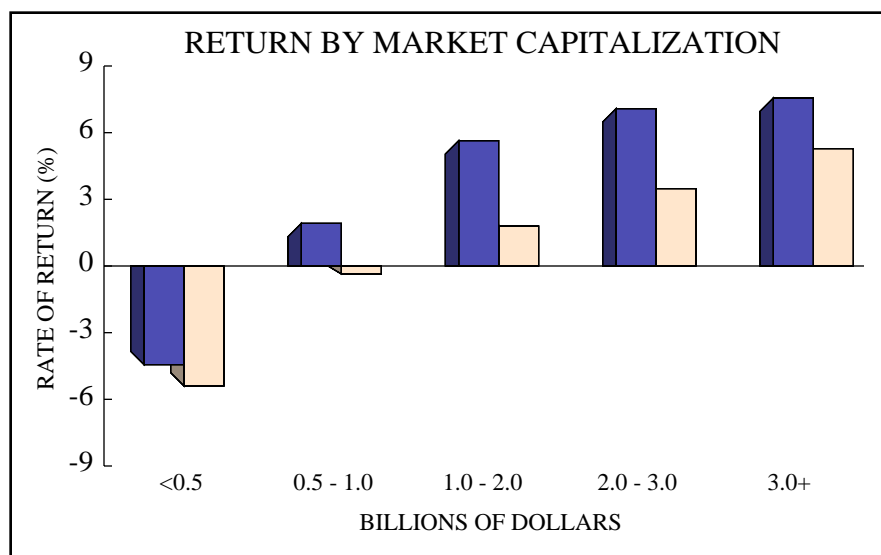
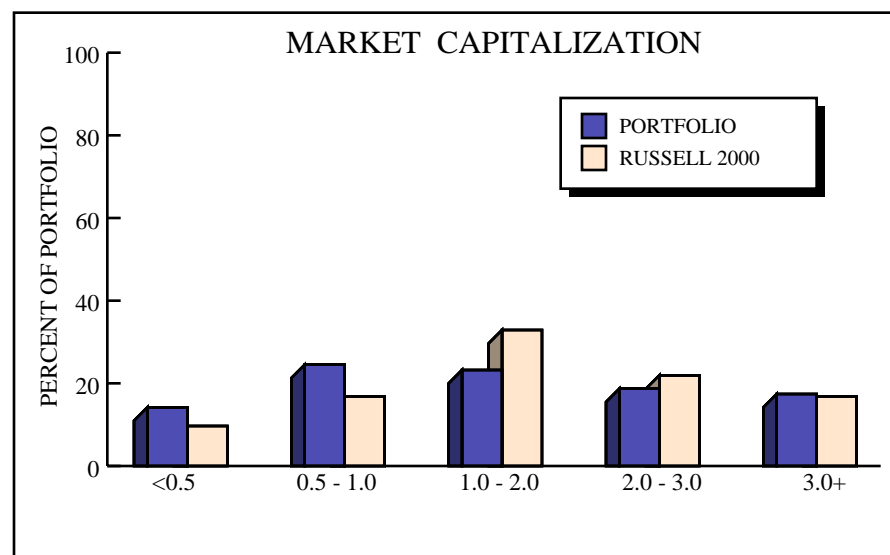
STOCK INDUSTRY ANALYSIS



■ PORTFOLIO ■ RUSSELL 2000



TOP TEN HOLDINGS



TOP TEN EQUITY HOLDINGS

RANK	NAME	VALUE	% EQUITY	RETURN	INDUSTRY SECTOR	MKT CAP
1	DARLING INGREDIENTS INC	\$ 27,064	.49%	25.2%	NonDur Cons Goods	\$ 2.2 B
2	GENERAL CABLE CORP	24,847	.45%	-7.6%	Basic	0.6 B
3	PIER 1 IMPORTS INC	24,535	.44%	38.7%	Consumer Service	0.6 B
4	NABORS INDUSTRIES LTD	24,380	.44%	8.8%	Energy	2.6 B
5	AVON PRODUCTS INC	23,473	.42%	20.0%	NonDur Cons Goods	2.1 B
6	GEO GROUP INC/THE	23,402	.42%	21.7%	Consumer Service	2.6 B
7	WESCO INTERNATIONAL INC	23,235	.42%	25.2%	Service	2.3 B
8	UNITED NATURAL FOODS INC	23,172	.42%	2.4%	Service	2.0 B
9	KINDRED HEALTHCARE INC	22,848	.41%	4.7%	Consumer Service	1.0 B
10	CHILDREN'S PLACE INC/THE	22,537	.41%	51.4%	Consumer Service	1.6 B

FRANKLIN REGIONAL RETIREMENT SYSTEM
DARUMA ASSET MANAGEMENT - GINKGO FUND
PERFORMANCE REVIEW
MARCH 2016

INVESTMENT RETURN

On March 31st, 2016, the Franklin Regional Retirement System's Daruma Asset Management Ginkgo Fund was valued at \$5,313,878, representing an increase of \$3,222 from the December quarter's ending value of \$5,310,656. Last quarter, the Fund posted withdrawals totaling \$12,548, which offset the portfolio's net investment return of \$15,770. Since there were no income receipts for the first quarter, the portfolio's net investment return figure was the product of net realized and unrealized capital gains totaling \$15,770.

For the cumulative period since March 2011, the account has posted net withdrawals totaling \$8.2 million and recorded net investment gains totaling \$3.4 million. Since March 2011, if the portfolio returned a compound annual rate of 10.0% it would have been valued at \$6.2 million or \$893,368 more than its actual value as of March 31st, 2016.

RELATIVE PERFORMANCE

In July, 2014, the separately managed Daruma portfolio was divested and the proceeds were invested in the Daruma Ginkgo Fund. The domestic equity return will not match the total return on a historical basis due to the cash allocation in the separately managed Daruma portfolio.

For the first quarter, the Daruma Asset Management Ginkgo Fund returned 0.3%, which was 1.8% greater than the Russell 2000 Index's return of -1.5% and ranked in the 49th percentile of the Small Cap universe. Over the trailing year, the portfolio returned -5.1%, which was 4.7% above the benchmark's -9.8% performance, ranking in the 37th percentile. Since March 2011, the account returned 5.3% on an annualized basis and ranked in the 92nd percentile. For comparison, the Russell 2000 returned an annualized 7.2% over the same period.

EQUITY ANALYSIS

By the end of the quarter, the Daruma portfolio was invested in nine of the eleven industry sectors. Compared to the index, the portfolio was overweight in the Basic, Nondurable Consumer Goods, and Service sectors, while underweight in Consumer Service, Computer Technology, Technology, and Finance. Durable Consumer Goods and Utilities were left unfunded.

The Daruma portfolio had mixed success over its most heavily allocated sectors in the first quarter, but positive effects offset negative effects overall. The overweight Nondurable Consumer Goods sector specifically outperformed the index, posting a 4.0% gain compared to the benchmark's 6.1% loss, and the sector's 23.9% weight enlarged positive selection effects. While the Basic (21.3% weight) and Service (29.2% weight) failed to match or beat benchmark gains, negative selection effects were comparatively small.

EXECUTIVE SUMMARY**PERFORMANCE SUMMARY**

	Qtr / YTD	1 Year	3 Year	5 Years
Total Portfolio - Gross	0.3	-5.1	5.8	5.3
<i>SMALL CAP RANK</i>	(49)	(37)	(84)	(92)
Total Portfolio - Net	0.1	-6.1	4.7	4.2
RUSSELL 2000	-1.5	-9.8	6.8	7.2
Domestic Equity - Gross	0.3	-5.1	6.1	5.6
<i>SMALL CAP RANK</i>	(49)	(37)	(81)	(91)
RUSSELL 2000	-1.5	-9.8	6.8	7.2
RUSSELL 2000G	-4.7	-11.9	7.9	7.7
RUSSELL 2000V	1.7	-7.7	5.7	6.7

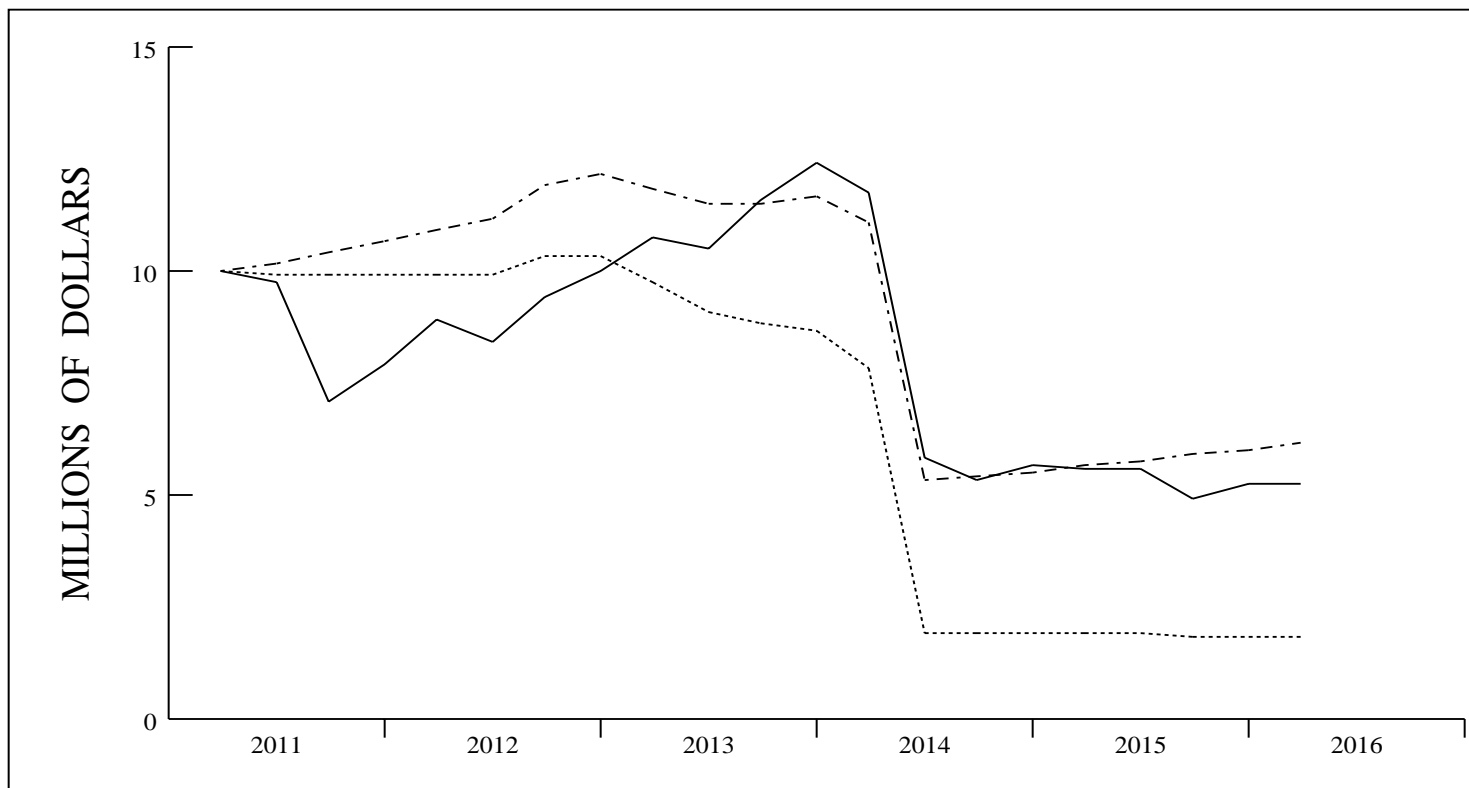
ASSET ALLOCATION

Domestic Equity	100.0%	\$ 5,313,878
Total Portfolio	100.0%	\$ 5,313,878

INVESTMENT RETURN

Market Value 12/2015	\$ 5,310,656
Contribs / Withdrawals	- 12,548
Income	0
Capital Gains / Losses	15,770
Market Value 3/2016	\$ 5,313,878

INVESTMENT GROWTH

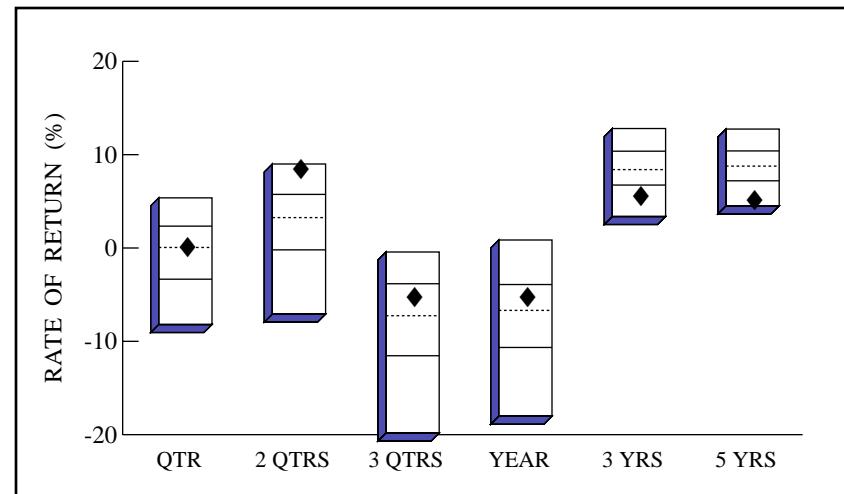
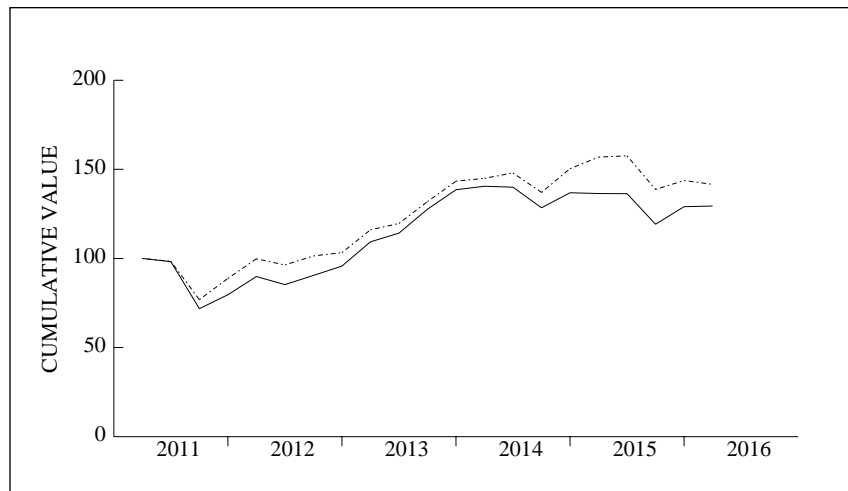


— ACTUAL RETURN
 - - - 10.0%
 . . . 0.0%

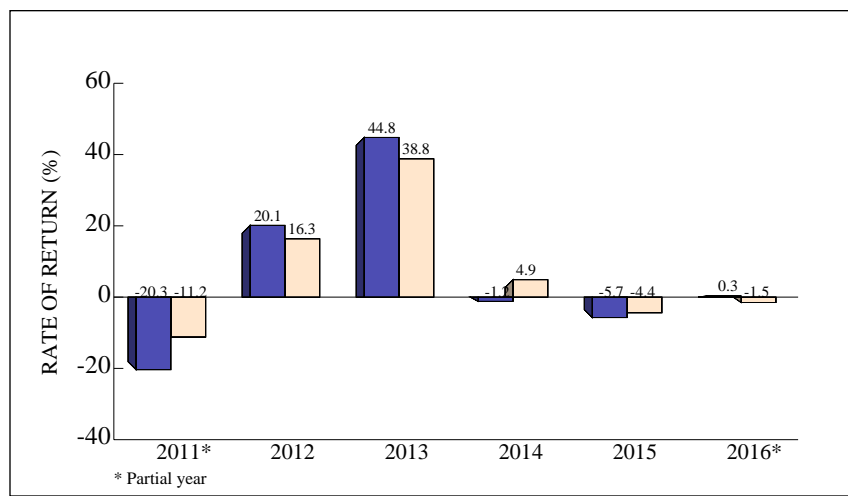
VALUE ASSUMING
 10.0% RETURN \$ 6,207,246

	LAST QUARTER	PERIOD 3/11 - 3/16
BEGINNING VALUE	\$ 5,310,656	\$ 10,037,613
NET CONTRIBUTIONS	- 12,548	- 8,155,423
<u>INVESTMENT RETURN</u>	<u>15,770</u>	<u>3,431,688</u>
ENDING VALUE	\$ 5,313,878	\$ 5,313,878
INCOME	0	141,879
<u>CAPITAL GAINS (LOSSES)</u>	<u>15,770</u>	<u>3,289,809</u>
INVESTMENT RETURN	15,770	3,431,688

TOTAL RETURN COMPARISONS

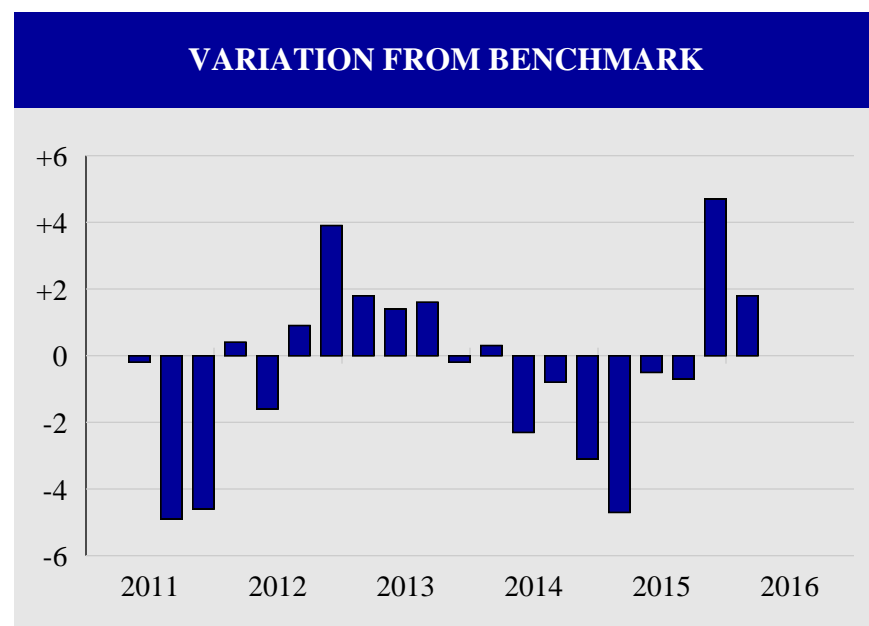


Small Cap Universe



	QTR	2 QTRS	3 QTRS	YEAR	-----ANNUALIZED-----	
					3 YRS	5 YRS
RETURN	0.3	8.6	-5.0	-5.1	5.8	5.3
(RANK)	(49)	(8)	(34)	(37)	(84)	(92)
5TH %ILE	5.4	9.0	-0.4	0.9	12.8	12.7
25TH %ILE	2.4	5.8	-3.8	-3.9	10.4	10.4
MEDIAN	0.1	3.3	-7.3	-6.7	8.4	8.8
75TH %ILE	-3.4	-0.2	-11.5	-10.7	6.7	7.2
95TH %ILE	-8.2	-7.1	-19.8	-18.0	3.4	4.5
Russ 2000	-1.5	2.0	-10.1	-9.8	6.8	7.2

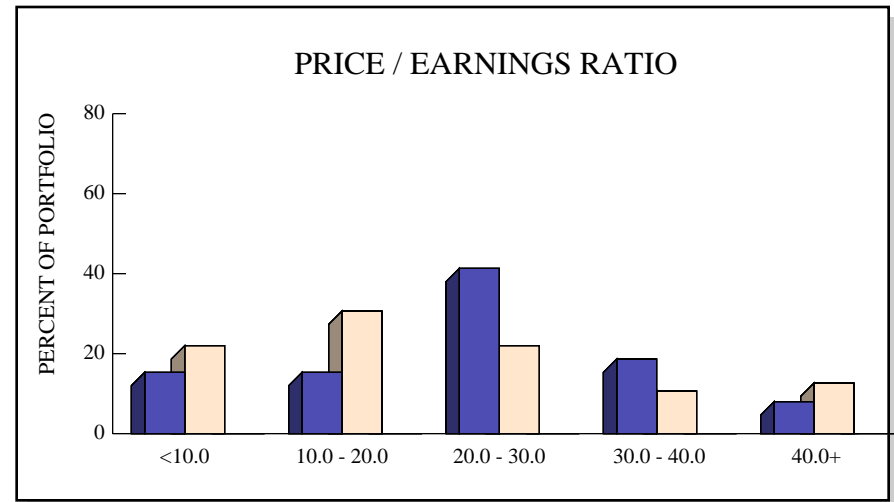
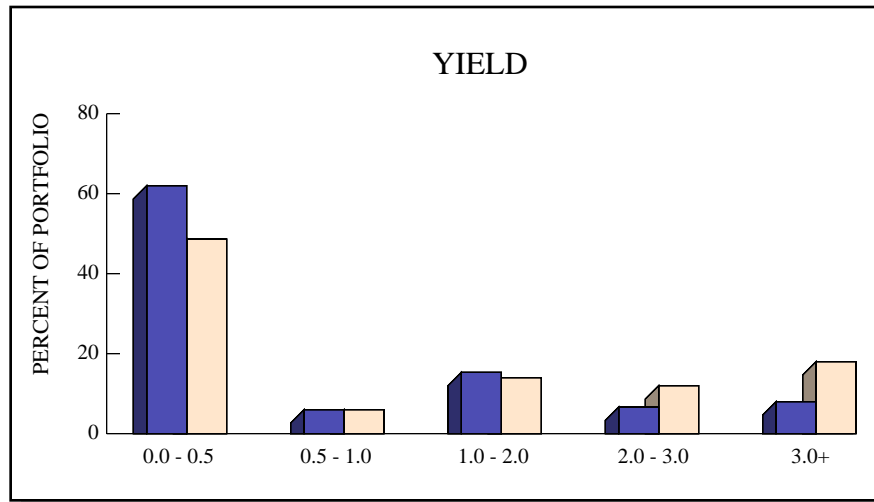
Small Cap Universe

TOTAL PORTFOLIO QUARTERLY PERFORMANCE SUMMARY**COMPARATIVE BENCHMARK: RUSSELL 2000**

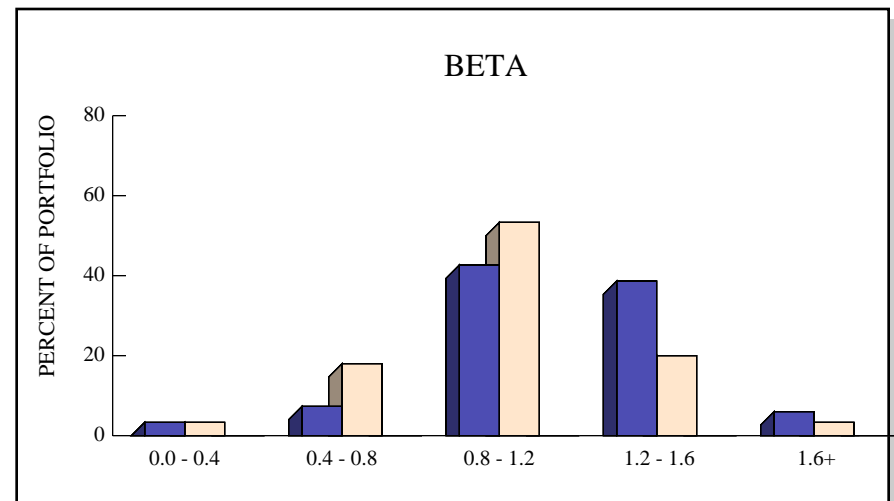
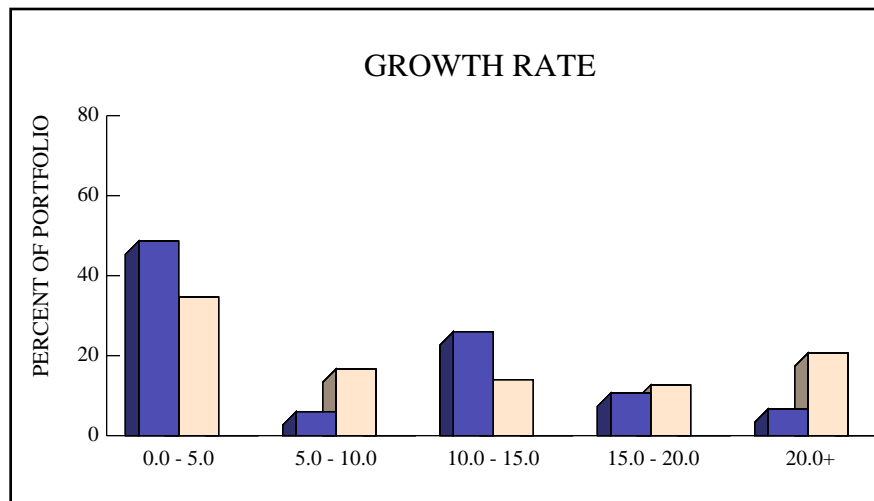
Total Quarters Observed	20
Quarters At or Above the Benchmark	9
Quarters Below the Benchmark	11
Batting Average	.450

RATES OF RETURN			
Date	Portfolio	Benchmark	Difference
6/11	-1.8	-1.6	-0.2
9/11	-26.8	-21.9	-4.9
12/11	10.9	15.5	-4.6
3/12	12.8	12.4	0.4
6/12	-5.1	-3.5	-1.6
9/12	6.1	5.2	0.9
12/12	5.7	1.8	3.9
3/13	14.2	12.4	1.8
6/13	4.5	3.1	1.4
9/13	11.8	10.2	1.6
12/13	8.5	8.7	-0.2
3/14	1.4	1.1	0.3
6/14	-0.3	2.0	-2.3
9/14	-8.2	-7.4	-0.8
12/14	6.6	9.7	-3.1
3/15	-0.4	4.3	-4.7
6/15	-0.1	0.4	-0.5
9/15	-12.6	-11.9	-0.7
12/15	8.3	3.6	4.7
3/16	0.3	-1.5	1.8

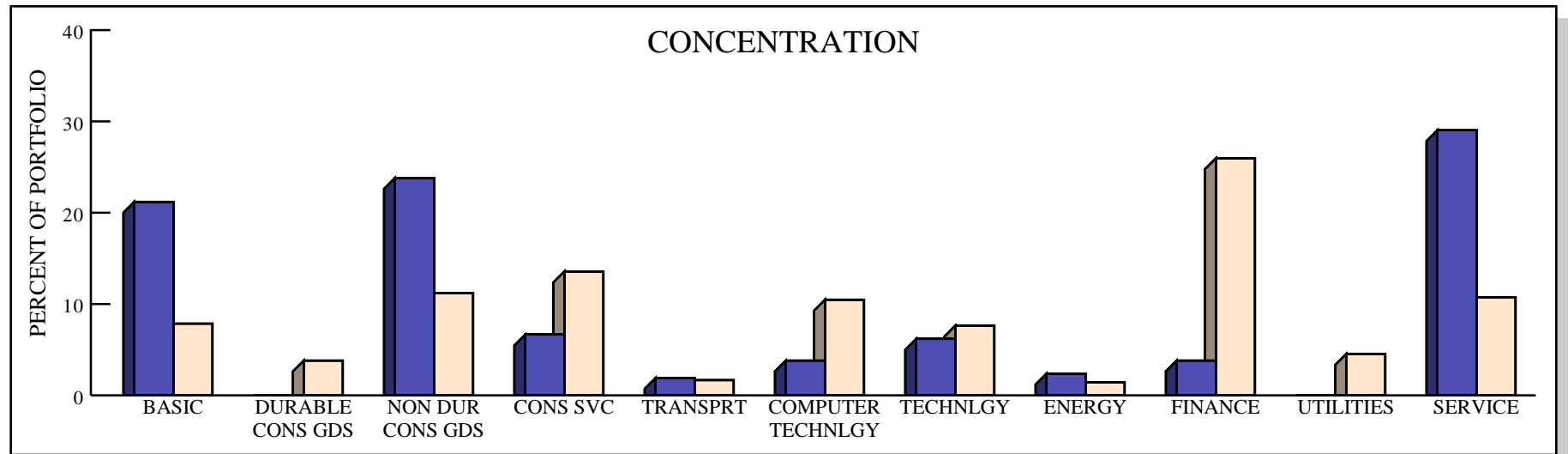
STOCK CHARACTERISTICS



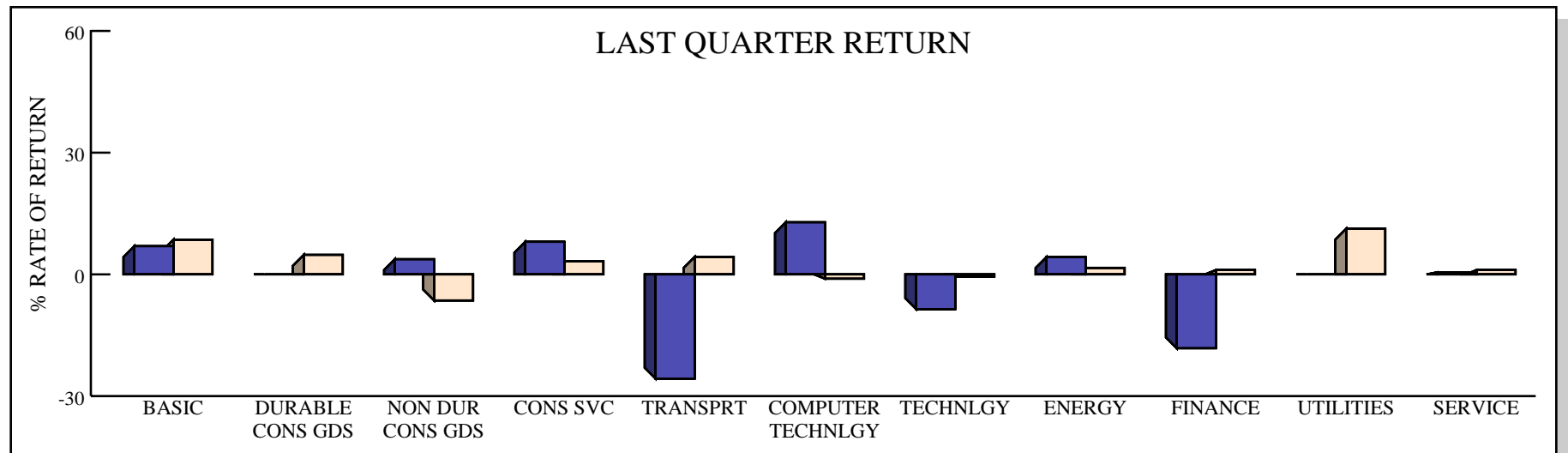
	# HOLDINGS	YIELD	GROWTH	P/E	BETA
PORTFOLIO	30	0.8%	3.8%	22.8	1.12
RUSSELL 2000	1,959	1.6%	10.9%	19.1	0.99



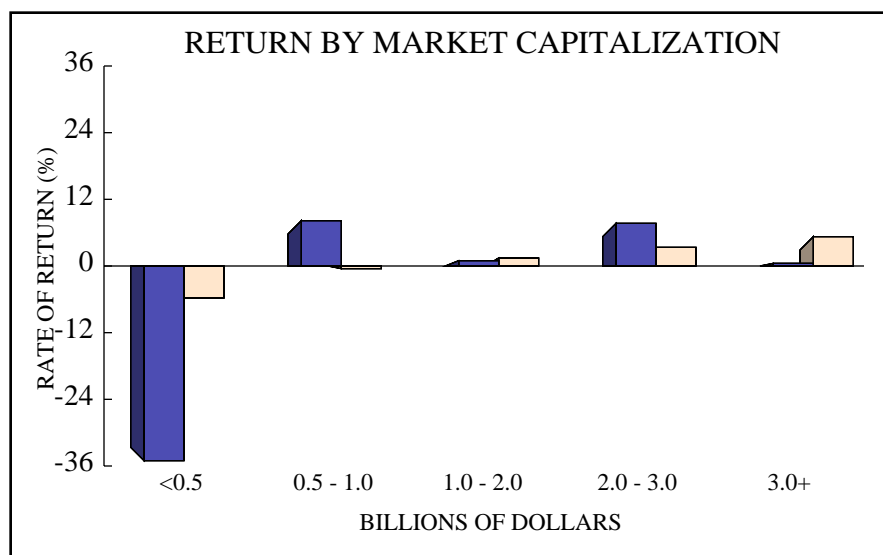
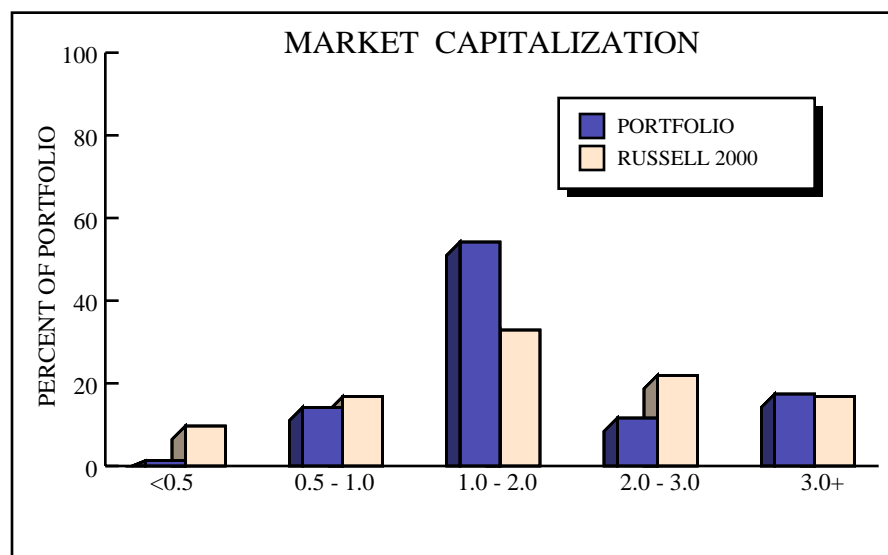
STOCK INDUSTRY ANALYSIS



■ PORTFOLIO ■ RUSSELL 2000



TOP TEN HOLDINGS



TOP TEN EQUITY HOLDINGS

RANK	NAME	VALUE	% EQUITY	RETURN	INDUSTRY SECTOR	MKT CAP
1	VERA BRADLEY INC	\$ 242,860	4.57%	29.1%	NonDur Cons Goods	\$ 0.7 B
2	BEACON ROOFING SUPPLY INC	223,792	4.21%	-0.4%	Service	2.4 B
3	ACXIOM CORP	217,980	4.10%	2.5%	Service	1.7 B
4	MASTEC INC	212,034	3.99%	16.5%	Service	1.6 B
5	CADENCE DESIGN SYS INC	211,442	3.98%	13.3%	Computer Tech	7.2 B
6	H.B. FULLER CO.	208,727	3.93%	16.7%	NonDur Cons Goods	2.1 B
7	ROGERS CORP	199,666	3.76%	16.1%	Basic	1.1 B
8	BRIGGS & STRATTON	195,092	3.67%	38.8%	Basic	1.0 B
9	BRUNSWICK CORP	194,799	3.67%	-4.7%	Basic	4.4 B
10	FORWARD AIR CORP	193,970	3.65%	5.6%	Service	1.4 B

FRANKLIN REGIONAL RETIREMENT SYSTEM
PRIT - INT'L EQUITY
PERFORMANCE REVIEW
MARCH 2016

INVESTMENT RETURN

On March 31st, 2016, the Franklin Regional Retirement System's PRIT International Equity portfolio was valued at \$5,493,174, a decrease of \$94,473 from the December ending value of \$5,587,647. Last quarter, the account recorded total net withdrawals of \$2,446 in addition to \$92,027 in net investment losses. The fund's net investment loss was a result of income receipts totaling \$30,617 and realized and unrealized capital losses totaling \$122,644.

Since September 2014, the account has recorded net contributions totaling \$144,536, while posting net investment losses totaling \$194,192. Since September 2014, if the account had earned a compound annual rate of 9.0% it would have been valued at \$6.5 million or \$969,315 more than the actual value as of March 31st, 2016.

RELATIVE PERFORMANCE

For the first quarter, the PRIT International Equity portfolio lost 1.6%, which was 1.3% above the MSCI EAFE Index's return of -2.9% and ranked in the 60th percentile of the International Equity universe. Over the trailing twelve-month period, this portfolio returned -5.3%, which was 2.6% greater than the benchmark's -7.9% performance, and ranked in the 37th percentile. Since September 2014, the portfolio returned -2.2% annualized and ranked in the 40th percentile. The MSCI EAFE Index returned an annualized -4.5% over the same time frame.

ASSET ALLOCATION

This portfolio was fully invested in the PRIT International Equity portfolio at the end of the quarter.

EXECUTIVE SUMMARY**PERFORMANCE SUMMARY**

	Qtr / YTD	1 Year	3 Year	Since 09/14
Total Portfolio - Gross	-1.6	-5.3	----	-2.2
<i>INTERNATIONAL EQUITY RANK</i>	(60)	(37)	----	(40)
Total Portfolio - Net	-1.7	-5.5	----	-2.4
MSCI EAFE	-2.9	-7.9	2.7	-4.5
ACWI EX US	-0.3	-8.8	0.8	-6.2
MSCI EMG MKTS	5.8	-11.7	-4.2	-9.3
International Equity - Gross	-1.6	-5.3	----	-2.2
<i>INTERNATIONAL EQUITY RANK</i>	(60)	(37)	----	(40)
MSCI EAFE	-2.9	-7.9	2.7	-4.5

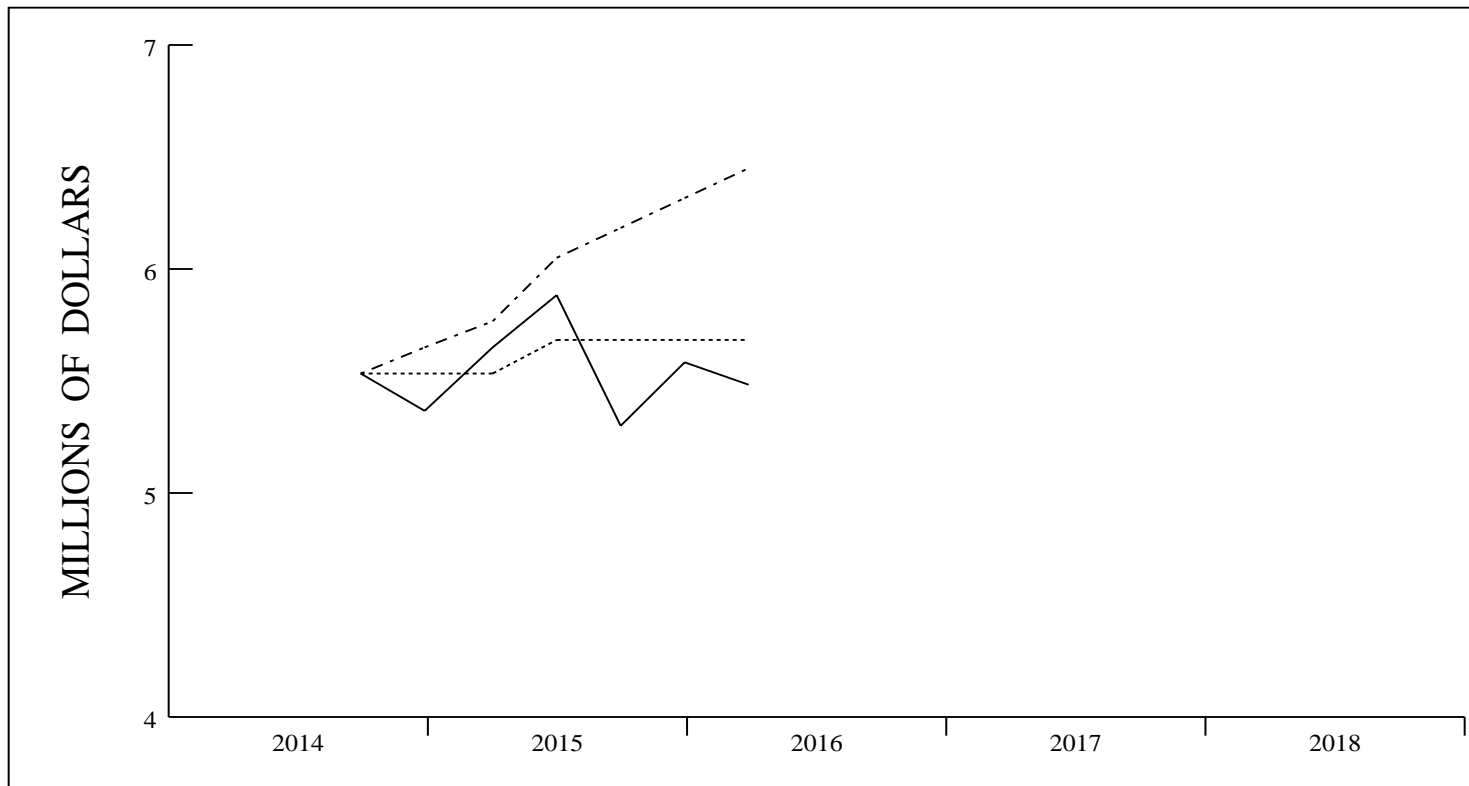
ASSET ALLOCATION

Int'l Equity	100.0%	\$ 5,493,174
Total Portfolio	100.0%	\$ 5,493,174

INVESTMENT RETURN

Market Value 12/2015	\$ 5,587,647
Contribs / Withdrawals	-2,446
Income	30,617
Capital Gains / Losses	-122,644
Market Value 3/2016	\$ 5,493,174

INVESTMENT GROWTH

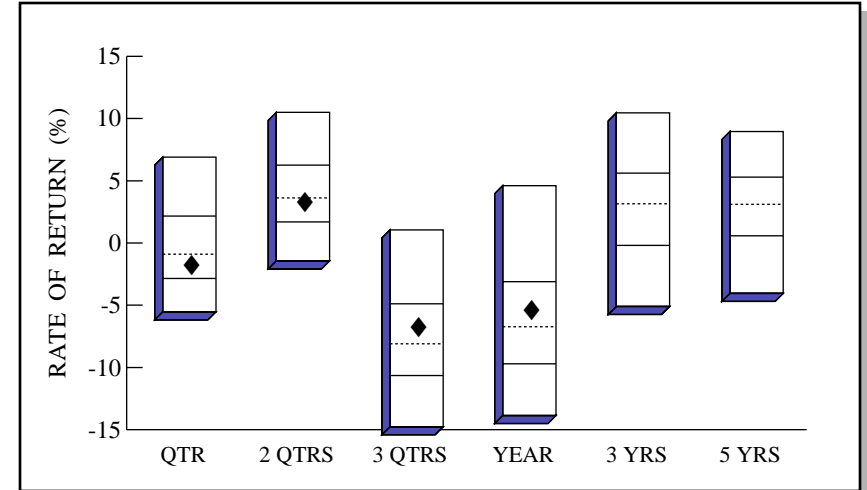
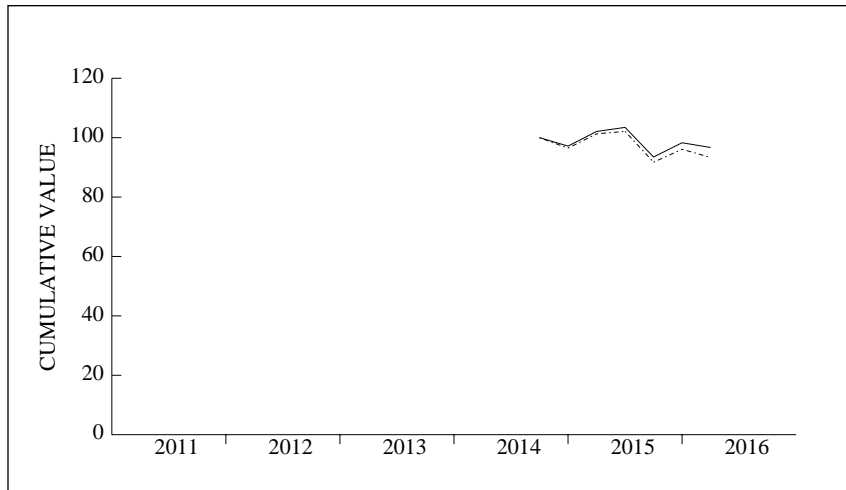


— ACTUAL RETURN
 - - - 9.0%
 . . . 0.0%

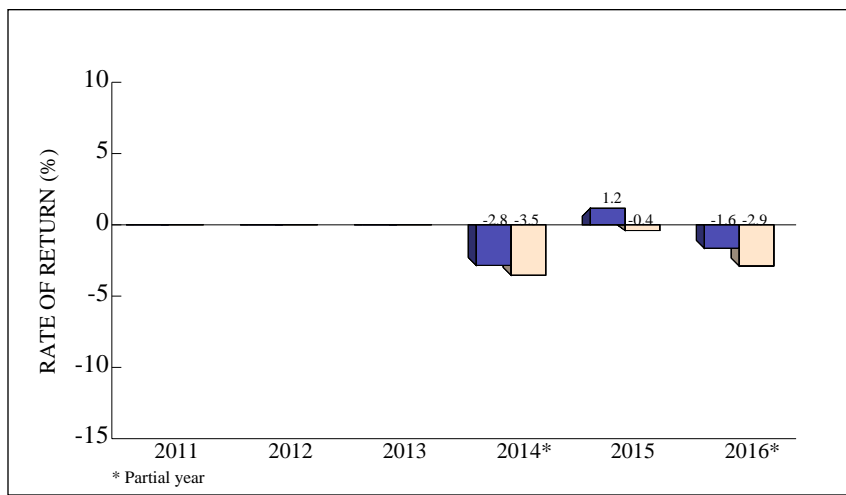
VALUE ASSUMING
 9.0% RETURN \$ 6,462,489

	LAST QUARTER	PERIOD 9/14 - 3/16
BEGINNING VALUE	\$ 5,587,647	\$ 5,542,830
NET CONTRIBUTIONS	- 2,446	144,536
INVESTMENT RETURN	- 92,027	- 194,192
ENDING VALUE	\$ 5,493,174	\$ 5,493,174
INCOME	30,617	210,553
CAPITAL GAINS (LOSSES)	- 122,644	- 404,745
INVESTMENT RETURN	- 92,027	- 194,192

TOTAL RETURN COMPARISONS



International Equity Universe



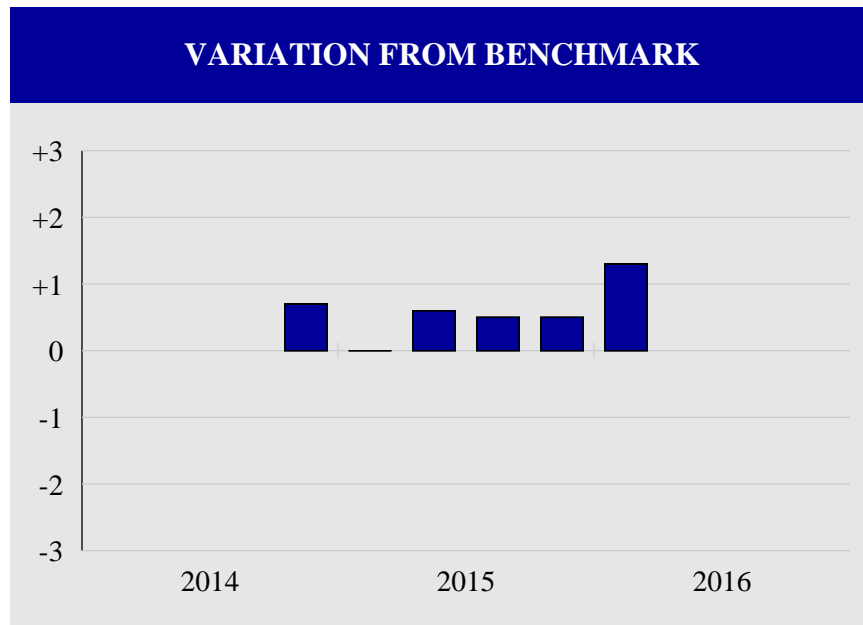
* Partial year

	QTR	2 QTRS	3 QTRS	YEAR	-----ANNUALIZED-----	
					3 YRS	5 YRS
RETURN	-1.6	3.4	-6.6	-5.3	----	----
(RANK)	(60)	(53)	(38)	(37)	----	----
5TH %ILE	6.9	10.5	1.0	4.6	10.5	9.0
25TH %ILE	2.2	6.3	-4.9	-3.1	5.6	5.3
MEDIAN	-0.9	3.6	-8.1	-6.7	3.1	3.1
75TH %ILE	-2.9	1.7	-10.7	-9.7	-0.2	0.6
95TH %ILE	-5.5	-1.4	-14.8	-13.9	-5.1	-4.0
MSCI EAFE	-2.9	1.7	-8.6	-7.9	2.7	2.7

International Equity Universe

TOTAL PORTFOLIO QUARTERLY PERFORMANCE SUMMARY

COMPARATIVE BENCHMARK: MSCI EAFE



RATES OF RETURN			
Date	Portfolio	Benchmark	Difference
12/14	-2.8	-3.5	0.7
3/15	5.0	5.0	0.0
6/15	1.4	0.8	0.6
9/15	-9.7	-10.2	0.5
12/15	5.2	4.7	0.5
3/16	-1.6	-2.9	1.3

Total Quarters Observed	6
Quarters At or Above the Benchmark	6
Quarters Below the Benchmark	0
Batting Average	1.000

FRANKLIN REGIONAL RETIREMENT SYSTEM
PRIT - CORE REAL ESTATE ACCOUNT
PERFORMANCE REVIEW
MARCH 2016

INVESTMENT RETURN

On March 31st, 2016, the Franklin Regional Retirement System's PRIT Core Real Estate Account portfolio was valued at \$12,185,442, a decrease of \$545,047 from the December ending value of \$12,730,489. Last quarter, the account recorded a net withdrawal of \$854,303, which overshadowed the fund's net investment return of \$309,256. Income receipts totaling \$130,488 and realized and unrealized capital gains of \$178,768 combined to produce the portfolio's net investment return.

Since December 2010, the account has recorded net contributions totaling \$6.6 million, and generated net investment gains totaling \$4.3 million. Since December 2010, if the account earned a compound annual rate of 8.25% it would have been valued at \$10.5 million or \$1.7 million less than the actual value as of March 31st, 2016.

RELATIVE PERFORMANCE

For the first quarter, the PRIT Core Real Estate Account portfolio returned 2.6%, which was 0.4% above the NCREIF NFI-ODCE Index's return of 2.2%. Over the trailing year, the portfolio returned 11.1%, which was 2.6% below the benchmark's 13.7% return. Since December 2010, the portfolio returned 12.5% on an annualized basis, while the NCREIF NFI-ODCE Index returned an annualized 13.4% over the same period.

ASSET ALLOCATION

This portfolio was fully invested in the PRIT Core Real Estate Fund at the end of the quarter.

EXECUTIVE SUMMARY**PERFORMANCE SUMMARY**

	Qtr / YTD	1 Year	3 Year	Since 12/10
Total Portfolio - Gross	2.6	11.1	12.5	12.5
Total Portfolio - Net	2.5	10.5	11.9	11.9
NCREIF ODCE	2.2	13.7	13.6	13.4
Real Estate - Gross	2.6	11.1	12.5	12.5
NCREIF ODCE	2.2	13.7	13.6	13.4

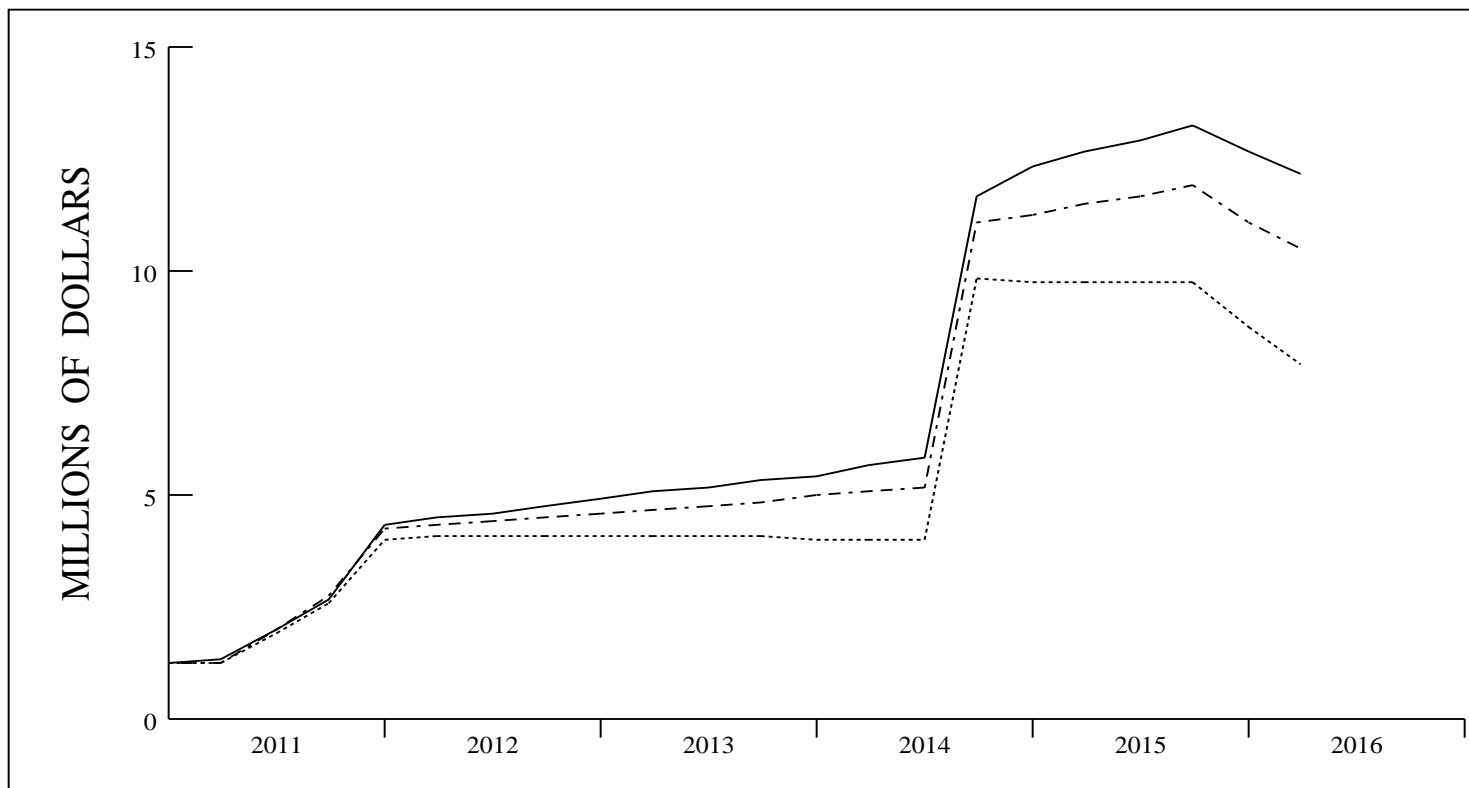
ASSET ALLOCATION

Real Estate	100.0%	\$ 12,185,442
Total Portfolio	100.0%	\$ 12,185,442

INVESTMENT RETURN

Market Value 12/2015	\$ 12,730,489
Contribs / Withdrawals	-854,303
Income	130,488
Capital Gains / Losses	178,768
Market Value 3/2016	\$ 12,185,442

INVESTMENT GROWTH



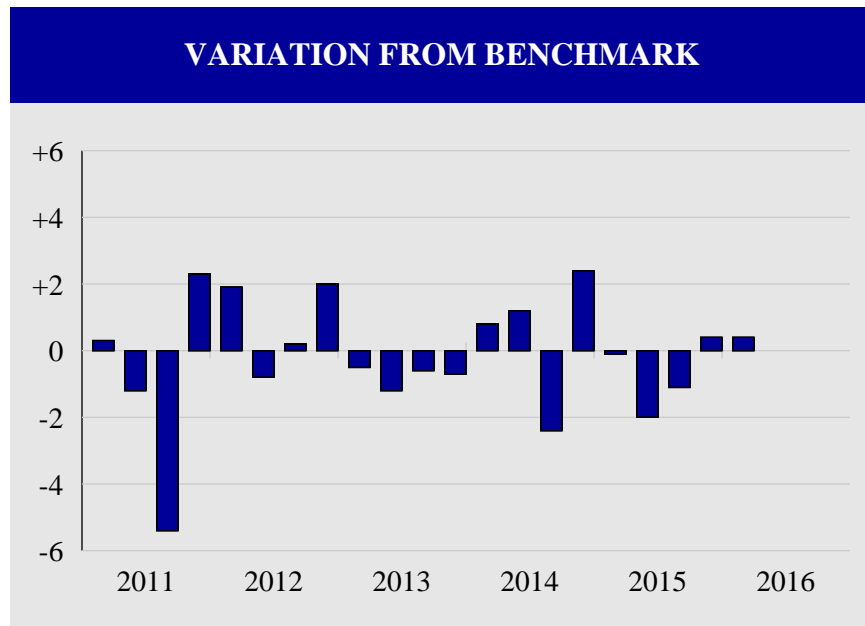
—	ACTUAL RETURN
- - -	8.25%
.....	0.0%

VALUE ASSUMING	
8.25% RETURN	\$ 10,522,799

	LAST QUARTER	PERIOD 12/10 - 3/16
BEGINNING VALUE	\$ 12,730,489	\$ 1,307,244
NET CONTRIBUTIONS	-854,303	6,611,550
<u>INVESTMENT RETURN</u>	<u>309,256</u>	<u>4,266,648</u>
ENDING VALUE	\$ 12,185,442	\$ 12,185,442
INCOME	130,488	1,736,826
<u>CAPITAL GAINS (LOSSES)</u>	<u>178,768</u>	<u>2,529,822</u>
INVESTMENT RETURN	309,256	4,266,648

TOTAL PORTFOLIO QUARTERLY PERFORMANCE SUMMARY

COMPARATIVE BENCHMARK: NCREIF NFI-ODCE INDEX



RATES OF RETURN			
Date	Portfolio	Benchmark	Difference
3/11	4.3	4.0	0.3
6/11	3.4	4.6	-1.2
9/11	-1.9	3.5	-5.4
12/11	5.3	3.0	2.3
3/12	4.7	2.8	1.9
6/12	1.7	2.5	-0.8
9/12	3.0	2.8	0.2
12/12	4.3	2.3	2.0
3/13	2.2	2.7	-0.5
6/13	2.7	3.9	-1.2
9/13	3.0	3.6	-0.6
12/13	2.5	3.2	-0.7
3/14	3.3	2.5	0.8
6/14	4.1	2.9	1.2
9/14	0.8	3.2	-2.4
12/14	5.7	3.3	2.4
3/15	3.3	3.4	-0.1
6/15	1.8	3.8	-2.0
9/15	2.6	3.7	-1.1
12/15	3.7	3.3	0.4
3/16	2.6	2.2	0.4

Total Quarters Observed	21
Quarters At or Above the Benchmark	10
Quarters Below the Benchmark	11
Batting Average	.476

FRANKLIN REGIONAL RETIREMENT SYSTEM
INCOME RESEARCH & MANAGEMENT - CORE BOND FUND
PERFORMANCE REVIEW
MARCH 2016

INVESTMENT RETURN

As of March 31st, 2016, the Franklin Regional Retirement System's Income Research & Management Core Bond Fund was valued at \$13,191,947, representing an increase of \$390,034 over the December ending value of \$12,801,913. Over the last three months, the fund posted no net contributions or withdrawals, making the entire increase in value the result of \$390,034 in net investment returns. Barring income receipts for the first quarter, the portfolio's net investment return figure was the product of \$390,034 in realized and unrealized capital gains.

For the cumulative period since December 2010, the fund has posted net contributions totaling \$1.7 million, while generating net investment gains of \$2.6 million. Since December 2010, if the total portfolio returned a compound annual rate of 6.0% it would have been worth \$14.3 million or \$1.1 million more than its actual value as of March 31st, 2016.

RELATIVE PERFORMANCE

For the first quarter, the Income Research & Management Core Bond Fund gained 3.0%, which was equal to the Barclays Aggregate Index's return of 3.0% and ranked in the 50th percentile of the Core Fixed Income universe. Over the trailing year, the portfolio returned 1.9%, which was 0.1% less than the benchmark's 2.0% performance, ranking in the 66th percentile. Since December 2010, the account returned 4.5% annualized and ranked in the 24th percentile. For comparison, the Barclays Aggregate Index returned an annualized 3.7% over the same time frame.

ASSET ALLOCATION

The portfolio was fully invested in the IR&M Core Bond Fund at the end of the quarter.

ANALYSIS

At the end of the quarter, USG rated securities comprised nearly 30% of the bond portfolio, while corporate securities, rated AAA through less than BBB, comprised the remainder, giving the bond portfolio an overall average quality rating of AA. The average maturity of the portfolio was 8.36 years, longer than the Barclays Aggregate Index's 7.79-year maturity. The average coupon was 3.99%.

EXECUTIVE SUMMARY**PERFORMANCE SUMMARY**

	Qtr / YTD	1 Year	3 Year	Since 12/10
Total Portfolio - Gross	3.0	1.9	3.0	4.5
<i>CORE FIXED INCOME RANK</i>	(50)	(66)	(22)	(24)
Total Portfolio - Net	2.9	1.5	2.6	4.1
BARCLAYS AGG	3.0	2.0	2.5	3.7
Fixed Income - Gross	3.0	1.9	3.0	4.5
<i>CORE FIXED INCOME RANK</i>	(50)	(66)	(22)	(24)
BARCLAYS AGG	3.0	2.0	2.5	3.7
GOV/CREDIT	3.5	1.8	2.4	3.9

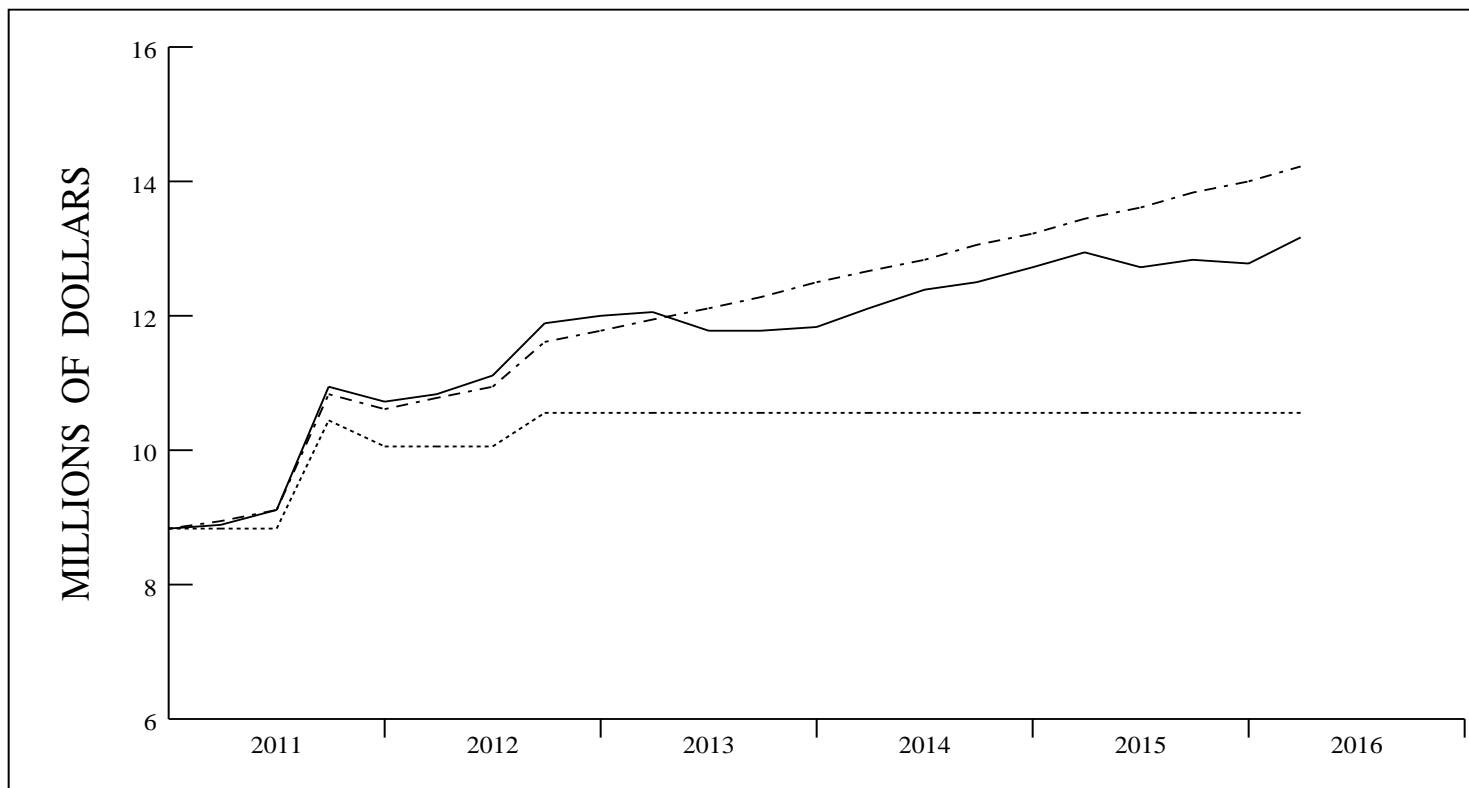
ASSET ALLOCATION

Fixed Income	100.0%	\$ 13,191,947
Total Portfolio	100.0%	\$ 13,191,947

INVESTMENT RETURN

Market Value 12/2015	\$ 12,801,913
Contribs / Withdrawals	0
Income	0
Capital Gains / Losses	390,034
Market Value 3/2016	\$ 13,191,947

INVESTMENT GROWTH

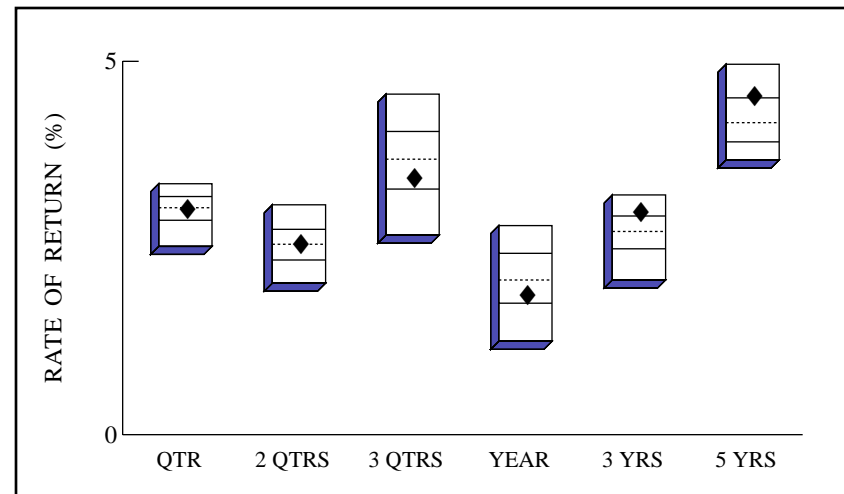
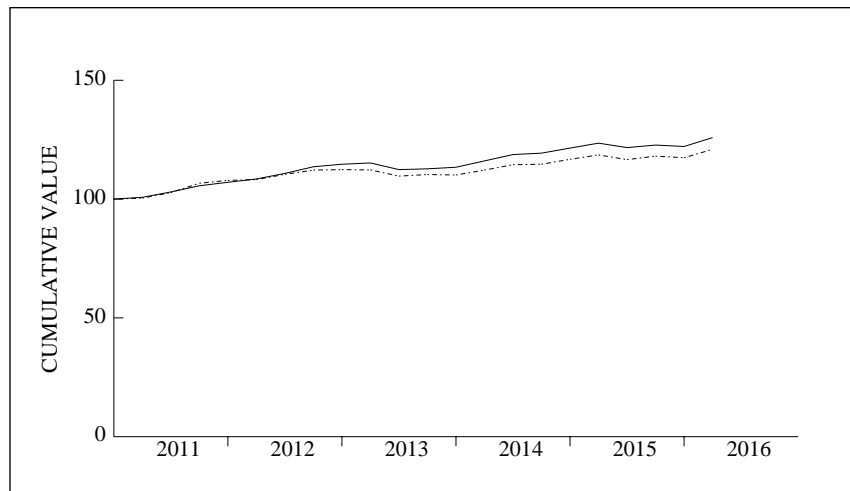


— ACTUAL RETURN
 - - - 6.0%
 0.0%

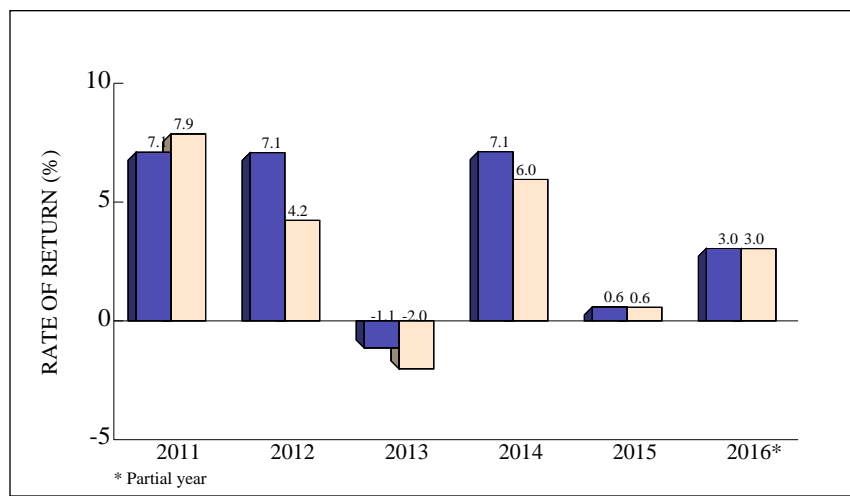
VALUE ASSUMING
 6.0% RETURN \$ 14,257,909

	LAST QUARTER	PERIOD 12/10 - 3/16
BEGINNING VALUE	\$ 12,801,913	\$ 8,869,331
NET CONTRIBUTIONS	0	1,722,000
INVESTMENT RETURN	390,034	2,600,616
ENDING VALUE	\$ 13,191,947	\$ 13,191,947
INCOME	0	0
CAPITAL GAINS (LOSSES)	390,034	2,600,616
INVESTMENT RETURN	390,034	2,600,616

TOTAL RETURN COMPARISONS



Core Fixed Income Universe

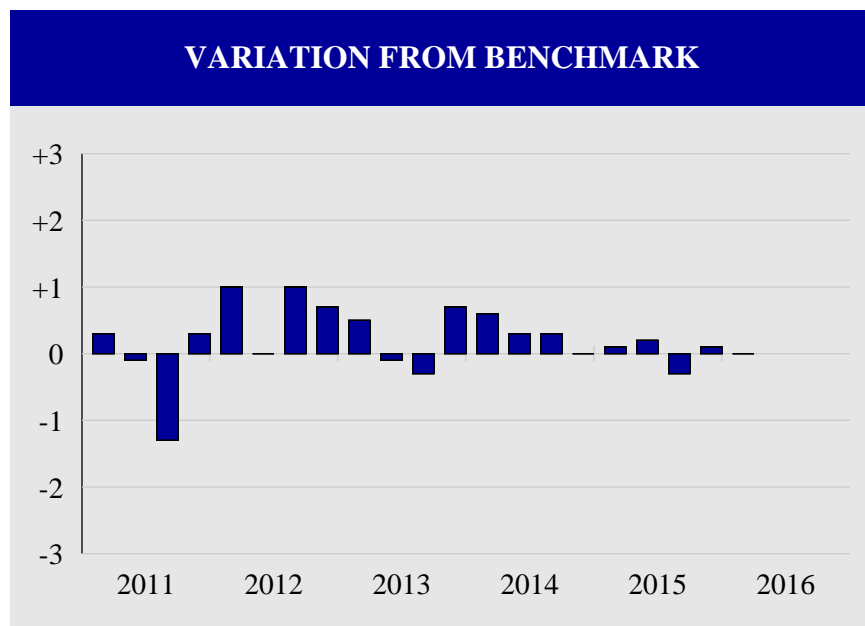


	QTR	2 QTRS	3 QTRS	YEAR	3 YRS	5 YRS
RETURN	3.0	2.6	3.5	1.9	3.0	4.6
(RANK)	(50)	(44)	(69)	(66)	(22)	(24)
5TH %ILE	3.4	3.1	4.6	2.8	3.2	5.0
25TH %ILE	3.2	2.8	4.1	2.4	2.9	4.5
MEDIAN	3.0	2.6	3.7	2.1	2.7	4.2
75TH %ILE	2.9	2.3	3.3	1.8	2.5	3.9
95TH %ILE	2.5	2.0	2.7	1.3	2.1	3.7
Agg Index	3.0	2.5	3.7	2.0	2.5	3.8

Core Fixed Income Universe

TOTAL PORTFOLIO QUARTERLY PERFORMANCE SUMMARY

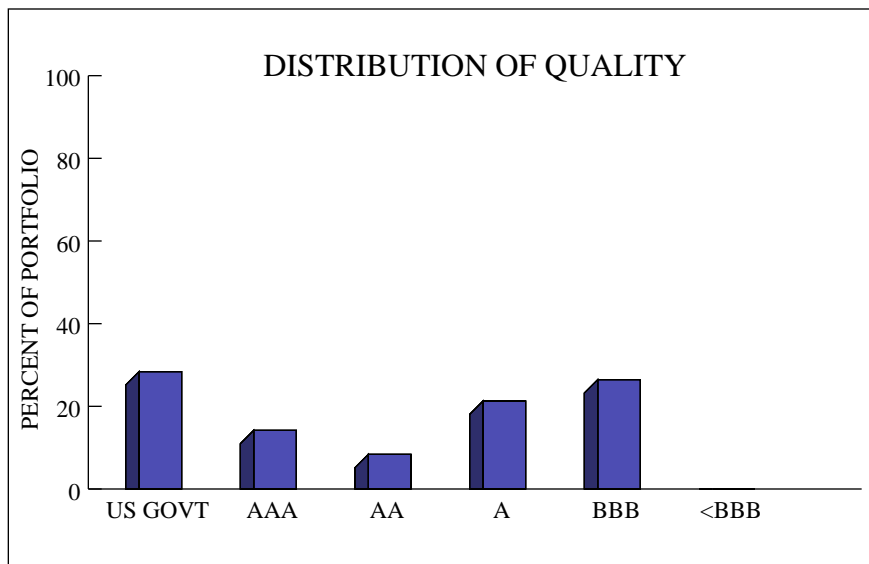
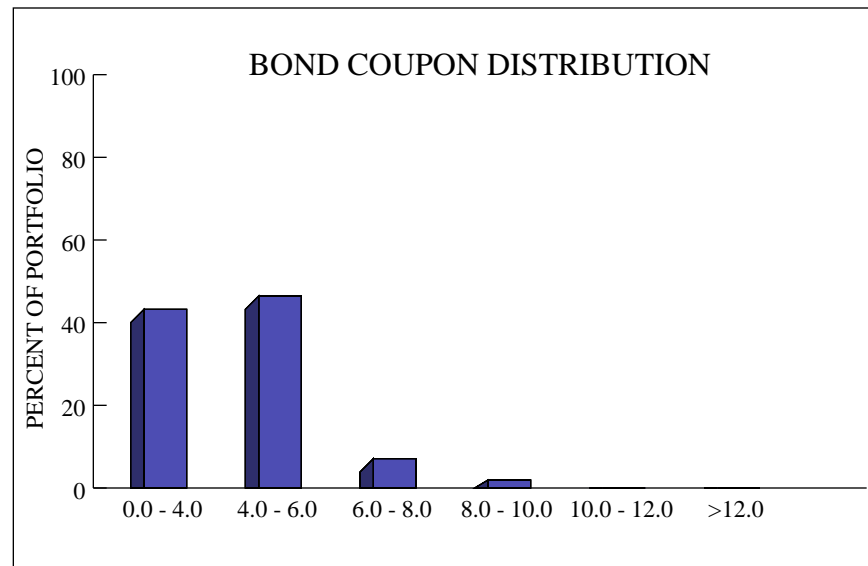
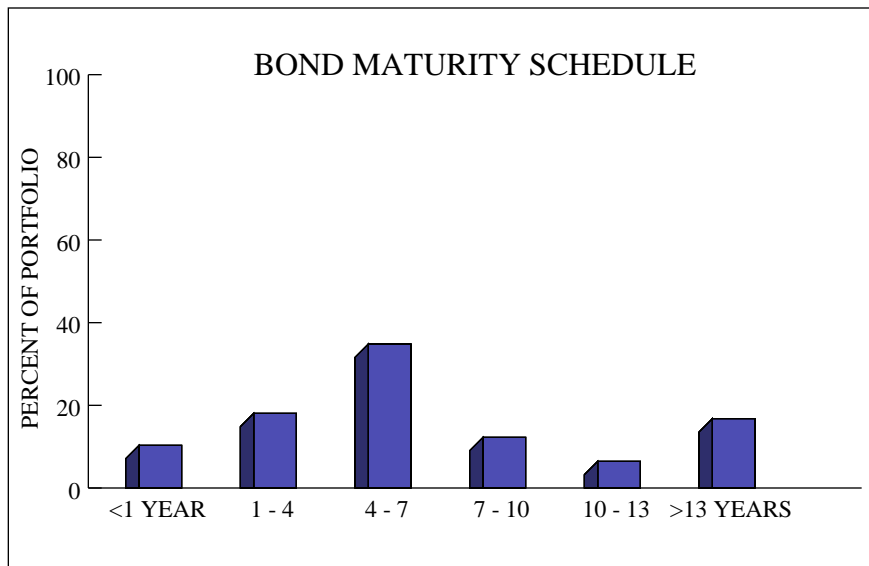
COMPARATIVE BENCHMARK: BARCLAYS AGGREGATE INDEX



Total Quarters Observed	21
Quarters At or Above the Benchmark	16
Quarters Below the Benchmark	5
Batting Average	.762

RATES OF RETURN			
Date	Portfolio	Benchmark	Difference
3/11	0.7	0.4	0.3
6/11	2.2	2.3	-0.1
9/11	2.5	3.8	-1.3
12/11	1.4	1.1	0.3
3/12	1.3	0.3	1.0
6/12	2.1	2.1	0.0
9/12	2.6	1.6	1.0
12/12	0.9	0.2	0.7
3/13	0.4	-0.1	0.5
6/13	-2.4	-2.3	-0.1
9/13	0.3	0.6	-0.3
12/13	0.6	-0.1	0.7
3/14	2.4	1.8	0.6
6/14	2.3	2.0	0.3
9/14	0.5	0.2	0.3
12/14	1.8	1.8	0.0
3/15	1.7	1.6	0.1
6/15	-1.5	-1.7	0.2
9/15	0.9	1.2	-0.3
12/15	-0.5	-0.6	0.1
3/16	3.0	3.0	0.0

BOND CHARACTERISTICS



	PORTFOLIO	BARCLAYS AGG
No. of Securities	242	9,725
Duration	5.98	5.47
YTM	2.69	2.16
Average Coupon	3.99	3.16
Avg Maturity / WAL	8.36	7.79
Average Quality	AA	USG-AAA