

FRANKLIN REGIONAL RETIREMENT SYSTEM

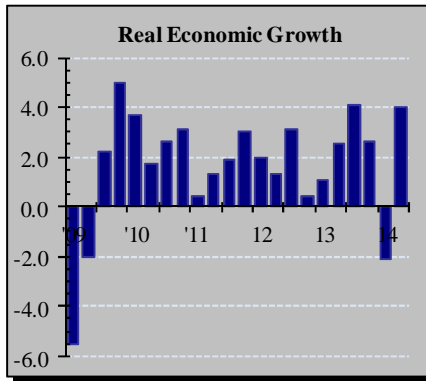
**PERFORMANCE REVIEW
JUNE 2014**



ECONOMIC ENVIRONMENT

A Welcome Spring

Coming on the heels of a 2.1% downturn in the first quarter's GDP, the second quarter's economic picture has brightened substantially. Estimated GDP growth of 4.0% this spring erased the winter downturn.



Signs of the improvement ranged from excellent job growth to further tapering of the Fed's quantitative easing program. Not only have we seen a constructive hint of inflation in higher metals and energy prices, but we've also seen housing prices continue to rise. Healthy consumer confidence numbers and manufacturing gains are further indicators of economic strength. Geopolitical problems in the Middle East and antagonism between Ukraine and Russia failed to dampen economic enthusiasm.

The 2nd quarter economic highlights were:

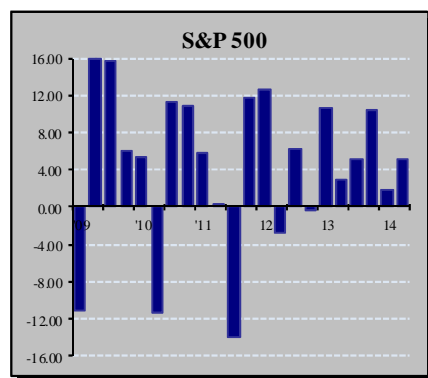
- GDP growth for the second quarter increased by 4.0% after declining 2.1% in the prior quarter. Going forward, economists predict healthy GDP expansion for the rest of 2014 and 2015.
- Job gains, as reported by the Bureau of Labor Statistics, were 288,000 in June. For the quarter, gains averaged 272,000 per month. As a result, the unemployment rate dipped to 6.1%, close to the Fed's 6% interim goal. Another positive was the broad arc of the job gains, which spanned manufacturing, services, retail and health care. Still, the overall employment level remains at a relatively low 62.8% and the number of part-time workers rose to 7.5 million.
- Home prices in May rose 8.8%, year-over-year. All fifty states participated, with Hawaii and California enjoying the largest gains. May was the 27th consecutive month for such gains. Home prices are still 13.5% below their April 2006 peak.

- Manufacturing and service sector activity was very pronounced. The Institute of Supply Management reported the June manufacturing index at 55.3%, well above the 50% expansion threshold. New orders for the manufacturing sector were up 58.9%. Additionally, 15 of the 18 manufacturing industries experienced growth. Only chemical products, textiles and plastics contracted. The service sector reading was 56% in June, with new orders at 61.2%.
- As of June, the Conference Board's Consumer Confidence Index gained 3% in one month, rising to 85.2, its highest level in 5-½ years! The consumer survey indicates reasonable satisfaction as projected out for the next six-months. While relatively few workers expect their incomes to grow by yearend, still fewer expect an income decline. This report was yet another reflection of a growing economy.
- The DJ-UBS Commodity Index was little changed from the first quarter. Decreases in grain prices (-13%) and cotton (-21%) largely offset gains in metals (+9%) and energy (+4%). The dramatic price drops in grain and soft farm products was inversely correlated with excellent growing conditions. Gold demand drove metals, while uncertainty in Russia and a more robust world economy contributed to higher energy prices.
- CPI inflation has begun to reflect economic expansion. June's CPI increase was a moderate 2.1%, year over year, but is likely to rise further when Fed tapering ends in October. For the next three months, the Fed's mortgage and long maturity Treasury purchases will be \$35 Billion per month, down dramatically from the \$85 Billion initiated last year. Further, on June 17th, the Fed announced it would likely end the program altogether in October. Clearly, this news anticipates a growing economy and ongoing employment gains.

DOMESTIC EQUITY MARKET

Solid Performance across the Board

US stocks of all stripes advanced for the quarter. The bellwether S&P 500 returned 5.2%. The tech-oriented NASDAQ gained a similar 5.3%.



The DJIA's 2.8% trailed, reflecting a dearth of tech giants in that index. Large-cap and mid-cap names fared far better than smaller-sized companies; the Russell 1000 Index (5.1%) and Russell Mid-Cap Index (5.0%) performed well ahead of the Russell 2000 (2.0%). REITs were again the exception this quarter, as the quarterly NAREIT Index climbed 7.1% and 16.2%, year-

to-date. Results for the mid-cap and small-cap value style indices were moderately ahead of comparable growth index returns.

Every S&P sector was in the black for the quarter. Energy was the big winner (11.9%), reflecting armed clashes in Iraq and the Ukraine, with their potential to disrupt supplies. Utilities also performed well, adding 9.5%. This typically sleepy sector benefited from a series of announced takeovers, such as Exelon's acquisition of Pepco. Computer technology also rose 9.5%, buoyed by Apple's 20% price rise. The remaining sectors also posted gains, but in a more narrow range of 2.3% - 8.8%. Financials brought up the rear (2.3%), as the Federal government settled mortgage cases against the largest banks.

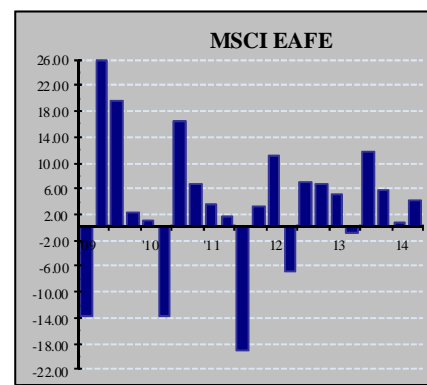
INTERNATIONAL EQUITIES

Developed Markets and EM Both Advanced

The MSCI EAFE developed markets returned a solid 4.3%. In a reversal from the prior quarter, results in the Far East dwarfed those in Europe. In the Pacific region, Japan performed surprisingly well (+6.7%); the gain was mainly because its economy grew faster than expected in the first quarter and Japanese consumers were indifferent to the 3% tax

increase on goods. Hong Kong also turned in excellent results (+8.3%), as its financial companies reported good profits. Singapore's political stability helped its stock market to advance 5.7%. However, Australia trailed the region, adding just 2.9%; the announcement of a tight federal budget for the next fiscal year contributed to the subpar return.

European countries (x-UK) didn't fare as well, adding only 2.6%. Investors in these markets were not impressed by the ECB's continued rate cutting in an effort to stimulate capital spending. France and Germany, the two largest member countries, added 2.4% and 2.3%,



respectively. Spain's improving economy surprised on the upside (+7.4%). However, Norway was the European winner (+10.8%), in sync with its oil-based economy. Three southern European countries were the laggards, after performing well in the first quarter: Ireland lost 9%; Portugal was down 1.9%; and Italy rose a marginal 0.3%. The UK market climbed 6.1%,

as investors took note of an ongoing turnaround after last year's recession.

An improving global economy, fewer political uncertainties and rising energy prices all helped emerging markets; the MSCI EM Index earned a healthy 6.7% after being in negative territory for the prior quarter. On a country-by-country basis, however, performance varied widely, from Turkey's positive 15.4% to Greece's 10.7% loss.

The BRIC Index, comprising Brazil, Russia, India and China, rose 8%. Brazil gained 7.7%, supported by higher energy prices. Russian stocks bounced back 10.8% after a 14.5% plunge in the first quarter. India was a star performer (+12.7%). The key to this market was the election of Narendra Modi, a pro-business candidate for Prime Minister. His victory fueled investor hopes for government reforms after decades of political gridlock. China's stock market added 5.7%; investors weighed government reforms and an effort to balance future growth in several

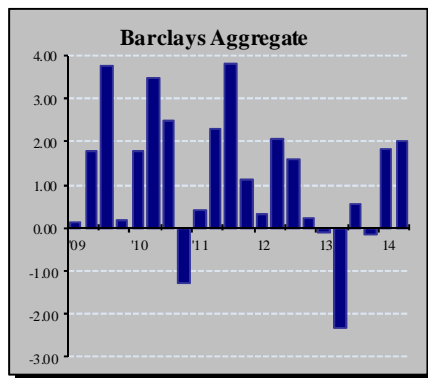
sectors against a slowing real estate market and lower than normal GDP growth.

Given its dominant weight in the EM Latin America Index, Mexico was an outstanding performer. The Mexican market returned 6.6%, benefiting from an improving economic picture in general and energy prices in particular. With the sole exception of Chile's underperformance, returns for the other Latin American countries were equivalent to those of Mexico. Finally, Greece dropped like a stone, losing 10.7%, as optimism turned to pessimism regarding progress toward economic reform. Nonetheless, Greece's market still managed to rise a spectacular 55% for the latest year.

BOND MARKET

Surprisingly Positive Results

Typically, a strong stock market would lead to a lack of interest in bonds, especially at currently low yields. It was a surprise, then, that



bonds were also in the black. If the 2nd quarter fixed income gains can be pinned on any specific factors, they would include: (1) a modest flight from global turmoil to the safety of US Treasuries; (2) the desire for yield that pushed investors into longer maturities and lower credit; (3) the diminished, but still ongoing Fed bond buying program; (4) quiescent inflation, thus far; and (5) the Fed's insistence that short rates won't budge for a while. The Barclays Aggregate Index returned 2.0%. Investment grade credits gained 2.7% and high yield/junk bonds were up 2.4%. Treasuries, comprising more than one-third of the Aggregate Index, gained 1.4%. However, issues with maturities beyond 20-years shot up 5.1%, as interest rates declined all along the yield curve.

Investment grade corporates, comprising 30% of the Aggregate Index returned 2.7%, besting the return from Treasuries. The higher yielding utility sector again was the top performer, earning 3.4%. Industrials added 2.8%, while financials gained 2.2%. A reduced supply of securitized residential mortgage debt brought in a 2.4% MBS return. Commercial mortgages (CMBS) added a lower 1.3%. Asset-backed instruments (ABS), e.g. credit card debt, provided a meager 0.8%, partly due to abundant supply.

Atypically, junk bonds (BA and below) returned less than BAA credits for several reasons: first, high yield returns had leaped ahead of higher quality for several years; second, low-to-high quality spreads have narrowed to near-historic lows; and finally, investors are beginning to look elsewhere for higher income.

EM bonds, a combination of sovereigns and corporates, earned 4.5%. South America had two of the best performers: Venezuela bonds scored a 15.9% return and Argentina 7.0%. Since both countries have major financial problems and depreciating currencies, these results indicated huge leaps of faith on the part of investors. The same story applied to Zambia, which rose 13%. All 70 countries in the EM Index registered positive returns.

CASH EQUIVALENTS

Nothing, Again









Treasuries maturing within one year offered investors essentially zero return yet again. The 3-month Treasury bill provided a paltry one basis point return. On a net of inflation basis, T-bill returns remain negative.

MARKET SUMMARY

ECONOMIC STATISTICS

	CURRENT QTR	LAST QTR
GDP	4.0	-2.1
Unemployment	6.1	6.7
CPI All Items Year/Year	2.10	1.50
Fed Funds Rate	0.25	0.25
Industrial Capacity	79.1	79.1
US Dollars per Euro	1.37	1.38

MAJOR INDEX QUARTER RETURNS

INDEX	PERFORMANCE
Russell 3000	4.9 
S&P 500	5.2 
Russell Mid	5.0 
Russell 2000	2.0 
MSCI EAFE	4.3 
MSCI Emg Mkts	6.7 
NCREIF ODCE	2.9 
Barclays Agg	2.0 
90 Day Tbills	0.0

EQUITY RETURN DISTRIBUTIONS

	QUARTER			TRAILING YEAR		
	VAL	COR	GRO	VAL	COR	GRO
LC	5.1	5.1	5.1	23.8	25.4	26.9
MC	5.6	5.0	4.4	27.7	26.9	26.0
SC	2.4	2.0	1.7	22.5	23.6	24.7

MARKET SUMMARY

- * The advance estimate from the BEA places GDP at 4%.
- * The unemployment rate dropped slightly to 6.1%.
- * CPI increased at a rate of 2.1% year over year.
- * Domestic equities posted stronger returns in Q2 than in Q1. Value stocks outperformed growth for mid and small cap sizes, while large cap stocks saw similar returns across styles.
- * The US Dollar strengthened slightly relative to the Euro.

INVESTMENT RETURN

On June 30th, 2014, the Franklin Regional Retirement System was valued at \$118,013,036, representing an increase of \$2,426,764 from the March quarter's ending value of \$115,586,272. Last quarter, the Fund posted withdrawals totaling \$1,410,812, which offset the portfolio's net investment return of \$3,837,576. Income receipts totaling \$809,056 plus net realized and unrealized capital gains of \$3,028,520 combined to produce the portfolio's net investment return.

For the cumulative period since December 2008, the fund has recorded net withdrawals totaling \$860,196 and posted net investment gains of \$59.4 million. For the period since December 2008, if the total fund had returned a compounded nominal rate of 8.0% it would have been valued at \$90.8 million or \$27.2 million less than the actual value as of June 30th, 2014.

RELATIVE PERFORMANCE

Total Fund

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

During the second quarter, the Composite portfolio gained 3.3%, which was 0.5% less than the Franklin Regional Policy Index's return of 3.8% and ranked in the 70th percentile of the Public Fund universe. Over the trailing twelve-month period, the portfolio returned 18.4%, which was 0.4% greater than the benchmark's 18.0% performance, and ranked in the 18th percentile. Since December 2008, the portfolio returned 13.1% per annum and ranked in the 23rd percentile. For comparison, the Franklin Regional Policy Index returned an annualized 12.6% over the same time frame.

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 gained 4.1% last quarter, 0.6% above the Custom Core Index's return of 3.5% and ranked in the 23rd percentile of the Public Fund universe. Over the trailing twelve months, this component returned 17.8%; that return was 2.2% above the benchmark's 15.6% performance, and ranked in the 26th percentile. Since December 2008, this component returned 12.2% on an annualized basis and ranked in the 56th percentile. For comparison, the Custom Core Index returned an annualized 11.3% over the same period.

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.

Last quarter, the domestic equity portion of the portfolio gained 2.3%, which was 1.3% less than the Franklin County Equity Index's return of 3.6% and ranked in the 77th percentile of the All Cap universe. Over the trailing year, the domestic equity portfolio returned 27.8%, which was 3.4% above the benchmark's 24.4% return, ranking in the 30th percentile. Since December 2008, this component returned 21.1% per annum and ranked in the 33rd percentile. For comparison, the Franklin County Equity Index returned an annualized 19.3% over the same time frame.

Real Estate

During the second quarter, the real estate segment returned 4.1%, which was 1.2% greater than the NCREIF NFI-ODCE Index's return of 2.9%. Over the trailing year, this segment returned 13.5%, which was 0.8% greater than the benchmark's 12.7% return. Since December 2008, this component returned 3.9% per annum, while the NCREIF NFI-ODCE Index returned an annualized 4.4% over the same period.

Fixed Income

The fixed income segment returned 2.3% in the second quarter, 0.3% above the Barclays Aggregate Index's return of 2.0% and ranked in the 20th percentile of the Core Fixed Income universe. Over the trailing year, this component returned 5.6%, 1.2% greater than the benchmark's 4.4% performance, and ranked in the 21st percentile. Since December 2008, this component returned 6.8% annualized and ranked in the 25th percentile. For comparison, the Barclays Aggregate Index returned an annualized 4.8% over the same period.

Franklin Regional Retirement System
Total Fund Asset Allocation Analysis
As of June 30, 2014

Total Fund Assets \$ 118,013,036

Allocation by Manager						
	PRIT Fund Actual Allocation	FRRS Allocation	Target Allocation	Target Dollars	Actual Dollars	
PRIT Core Fund	100.0%	56.0%	55.0%	\$ 64,907,170	\$ 66,110,382	\$ 1,203,212
Domestic Equity	19.2%	10.7%			\$ 12,673,360	
Int'l Equity	17.3%	9.7%			\$ 11,443,707	
E.M. Int'l Equity	7.1%	4.0%			\$ 4,667,393	
Core Fixed Income	14.0%	7.8%			\$ 9,242,231	
Value Added Fixed Income	6.3%	3.5%			\$ 4,184,787	
Real Estate	8.5%	4.8%			\$ 5,639,216	
Timber/Natural Resources	4.0%	2.2%			\$ 2,637,804	
Alternatives-Private Equity	14.5%	8.1%			\$ 9,579,394	
Hedge Funds	9.1%	5.1%			\$ 6,042,489	
<u>Separate Managers</u>		<u>44.0%</u>	<u>45.0%</u>			
Polen Capital		6.3%	6.0%	\$ 7,080,782	\$ 7,388,299	\$ 307,517
O'Shaughnessy		6.3%	6.0%	\$ 7,080,782	\$ 7,454,117	\$ 373,335
Seizert		5.1%	5.0%	\$ 5,900,652	\$ 6,072,128	\$ 171,476
Daruma		5.0%	5.0%	\$ 5,900,652	\$ 5,849,411	\$ (51,241)
Systematic		5.0%	5.0%	\$ 5,900,652	\$ 5,945,950	\$ 45,298
PRIT RE		5.0%	5.0%	\$ 5,900,652	\$ 5,899,759	\$ (893)
Prudential		0.0%	0.0%	\$ -	\$ 93	\$ 93
IR&M		10.5%	13.0%	\$ 15,341,695	\$ 12,439,881	\$ (2,901,814)
Cash		0.7%	0.0%	\$ -	\$ 853,016	\$ 853,016

Allocation by Asset Class						
	Actual Allocation (%)	Target Allocation (%)	+/- Percent	Actual Allocation (\$)	Target Allocation (\$)	+/- Dollars
Franklin County Total Fund						
Domestic Equity	38.5%	40.0%	-1.5%	\$ 45,383,265	\$ 47,205,214	\$ (1,821,949)
Int'l Equity	13.7%	15.0%	-1.3%	\$ 16,111,100	\$ 17,701,955	\$ (1,590,855)
Fixed Income	21.9%	25.0%	-3.1%	\$ 25,866,900	\$ 29,503,259	\$ (3,636,359)
Real Estate	9.8%	10.0%	-0.2%	\$ 11,539,068	\$ 11,801,304	\$ (262,236)
Timber	2.2%	2.5%	-0.3%	\$ 2,637,804	\$ 2,950,326	\$ (312,522)
Alternatives-Private Equity	8.1%	5.0%	3.1%	\$ 9,579,394	\$ 5,900,652	\$ 3,678,743
Hedge Funds	5.1%	2.5%	2.6%	\$ 6,042,489	\$ 2,950,326	\$ 3,092,163
Cash	<u>0.7%</u>	<u>0.0%</u>	<u>0.7%</u>	<u>\$ 853,016</u>	<u>\$ -</u>	<u>\$ 853,016</u>
	100.0%	100.0%		\$ 118,013,036	\$ 118,013,036	

EXECUTIVE SUMMARY

PERFORMANCE SUMMARY

	Quarter	YTD	1 Year	-----Annualized-----	
				3 Years	Since 12/08
Total Gross/Fees	3.3	5.9	18.4	10.8	13.1
<i>PUBLIC FUND RANK</i>	(70)	(34)	(18)	(20)	(23)
Total Net/Fees	3.2	5.6	17.7	10.2	12.5
POLICY INDEX	3.8	5.7	18.0	11.6	12.6
PRIT Core	4.1	6.9	17.8	9.9	12.2
<i>PUBLIC FUND RANK</i>	(23)	(8)	(26)	(50)	(56)
CUSTOM CORE IDX	3.5	5.6	15.6	9.2	11.3
Domestic Equity	2.3	4.5	27.8	15.6	21.1
<i>ALL CAP RANK</i>	(77)	(68)	(30)	(60)	(33)
CUSTOM EQ INDEX	3.6	5.5	24.4	15.5	19.3
PRIT EQUITY	4.8	6.7	24.9	16.5	17.9
S&P 500	5.2	7.1	24.6	16.6	17.6
S&P 400	4.3	7.5	25.2	15.3	21.3
RUSSELL 3000	4.9	6.9	25.2	16.5	18.3
RUSSELL 1000	5.1	7.3	25.4	16.6	18.3
RUSSELL 1000G	5.1	6.3	26.9	16.3	19.7
RUSSELL 1000V	5.1	8.3	23.8	16.9	16.7
RUSSELL MID	5.0	8.7	26.9	16.1	22.0
RUSSELL 2000	2.0	3.2	23.6	14.6	18.8
Real Estate	4.1	7.6	13.5	12.9	3.9
NCREIF ODCE	2.9	5.5	12.7	12.4	4.4
Fixed Income	2.3	4.7	5.6	4.9	6.8
<i>CORE FIXED INCOME RANK</i>	(20)	(20)	(21)	(20)	(25)
BARCLAYS AGG	2.0	3.9	4.4	3.7	4.8
PRIT FIXED	3.2	5.4	5.8	4.5	6.5
GOV/CREDIT	1.9	3.9	4.3	4.1	4.7
INT AGGREGATE	1.6	2.8	3.5	2.8	4.3
INT GOV/CREDIT	1.2	2.2	2.9	2.8	4.0

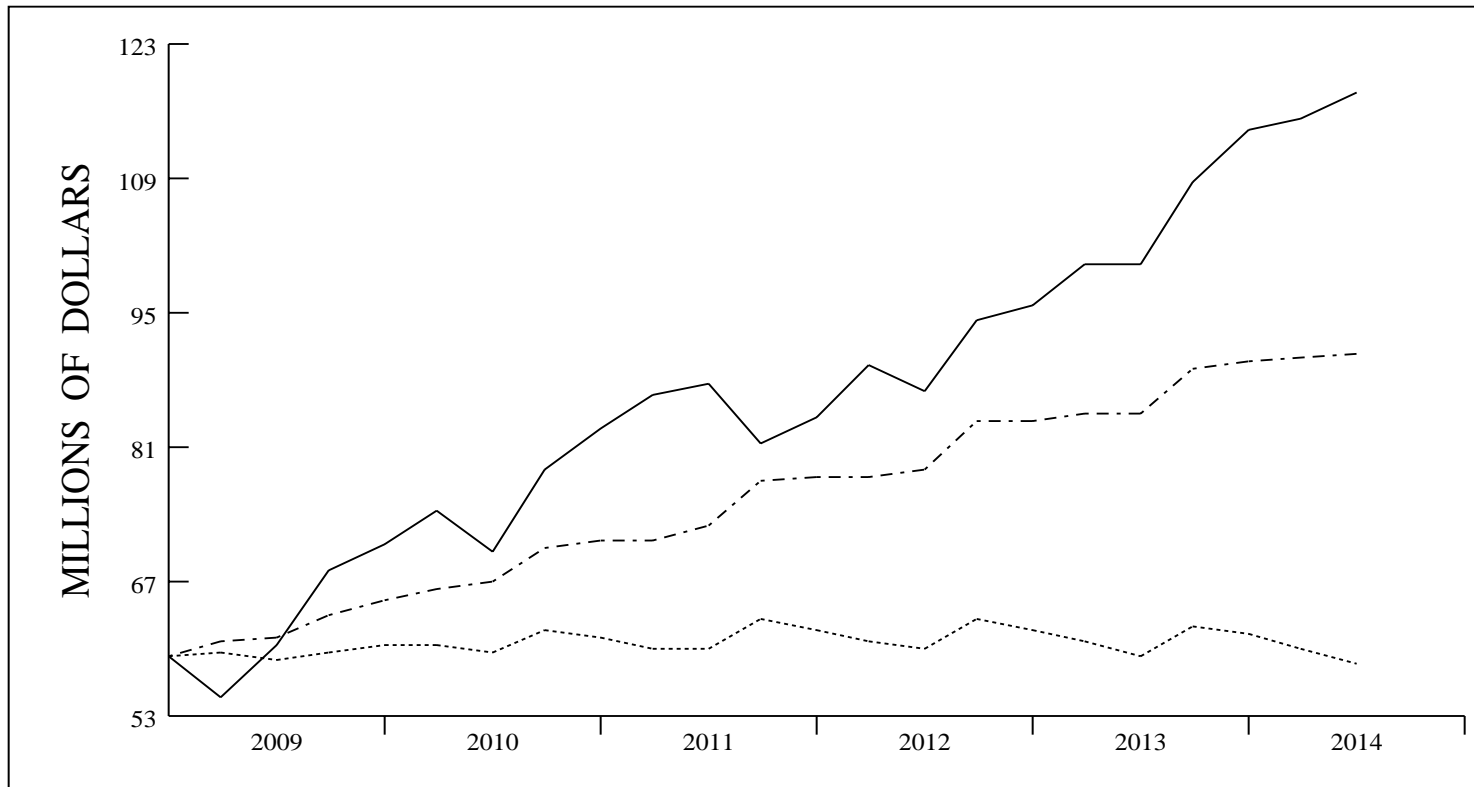
ASSET ALLOCATION

PRIT Core	56.0%	\$ 66,110,382
Domestic Equity	27.0%	31,838,102
Real Estate	5.0%	5,899,852
Fixed Income	10.5%	12,439,881
Cash	1.5%	1,724,819
Total Portfolio	100.0%	\$ 118,013,036

INVESTMENT RETURN

Market Value 3/2014	\$ 115,586,272
Contribs / Withdrawals	- 1,410,812
Income	809,056
Capital Gains / Losses	3,028,520
Market Value 6/2014	\$ 118,013,036

INVESTMENT GROWTH

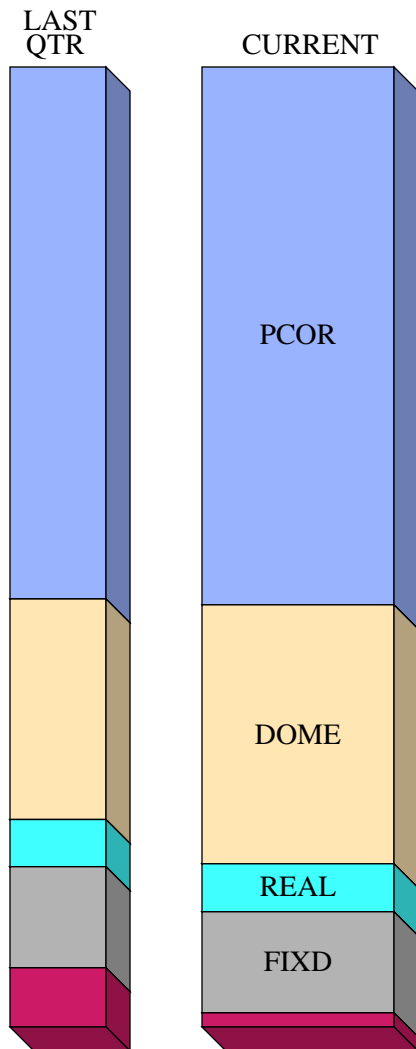


— ACTUAL RETURN
 - - - 8.0%
 . . . 0.0%

VALUE ASSUMING
 8.0% RETURN
 \$ 90,807,470

	LAST QUARTER	PERIOD 12/08 - 6/14
BEGINNING VALUE	\$ 115,586,272	\$ 59,462,940
NET CONTRIBUTIONS	- 1,410,812	-860,196
<u>INVESTMENT RETURN</u>	<u>3,837,576</u>	<u>59,410,292</u>
ENDING VALUE	\$ 118,013,036	\$ 118,013,036
INCOME	809,056	10,645,857
<u>CAPITAL GAINS (LOSSES)</u>	<u>3,028,520</u>	<u>48,764,436</u>
INVESTMENT RETURN	3,837,576	59,410,292

ASSET ALLOCATION











	<u>VALUE</u>	<u>PERCENT</u>	<u>TARGET</u>	<u>DIFFERENCE</u> <u>+ / -</u>
■ PRIT CORE	\$ 66,110,382	56.0%	55.0%	1.0%
■ DOMESTIC EQUITY	31,838,102	27.0%	27.0%	0.0%
■ REAL ESTATE	5,899,852	5.0%	5.0%	0.0%
■ FIXED INCOME	12,439,881	10.5%	13.0%	-2.5%
■ CASH & EQUIVALENT	1,724,819	1.5%	0.0%	1.5%
<hr/> TOTAL FUND	<hr/> \$ 118,013,036	<hr/> 100.0%		

MANAGER PERFORMANCE SUMMARY









Name	(Universe)	Quarter	YTD	1 Year	3 Years	5 Years
Total Portfolio	(Public Fund)	3.3 (70)	5.9 (34)	18.4 (18)	10.8 (20)	14.0 (11)
<i>Franklin Regional Policy Index</i>		3.8 ----	5.7 ----	18.0 ----	11.6 ----	13.5 ----
PRIT Core Fund	(Public Fund)	4.1 (23)	6.9 (8)	17.8 (26)	9.9 (50)	12.9 (43)
<i>Custom Core Index</i>		3.5 ----	5.6 ----	15.6 ----	9.2 ----	12.0 ----
Polen Capital	(LC Growth)	4.1 (65)	4.8 (60)	24.4 (78)	---- ----	---- ----
<i>Russell 1000 Growth</i>		5.1 ----	6.3 ----	26.9 ----	16.3 ----	19.2 ----
O'Shaughnessy	(LC Value)	2.8 (94)	6.2 (76)	31.7 (6)	---- ----	---- ----
<i>Russell 1000 Value</i>		5.1 ----	8.3 ----	23.8 ----	16.9 ----	19.2 ----
Seizert Capital	(Mid Cap)	3.6 (54)	6.3 (49)	29.2 (30)	19.3 (6)	---- ----
<i>Russell Mid Cap</i>		5.0 ----	8.7 ----	26.9 ----	16.1 ----	22.1 ----
Daruma	(Small Cap)	-0.3 (82)	1.0 (76)	22.6 (74)	12.5 (87)	22.4 (42)
<i>Russell 2000</i>		2.0 ----	3.2 ----	23.6 ----	14.6 ----	20.2 ----
PRIT Core R.E.		4.1 ----	7.6 ----	13.5 ----	12.1 ----	---- ----
<i>NCREIF NFI-ODCE Index</i>		2.9 ----	5.5 ----	12.7 ----	12.4 ----	10.0 ----
IR&M	(Core Fixed)	2.3 (20)	4.7 (20)	5.6 (21)	4.9 (20)	6.2 (32)
<i>Barclays Aggregate Index</i>		2.0 ----	3.9 ----	4.4 ----	3.7 ----	4.9 ----

MANAGER VALUE ADDED

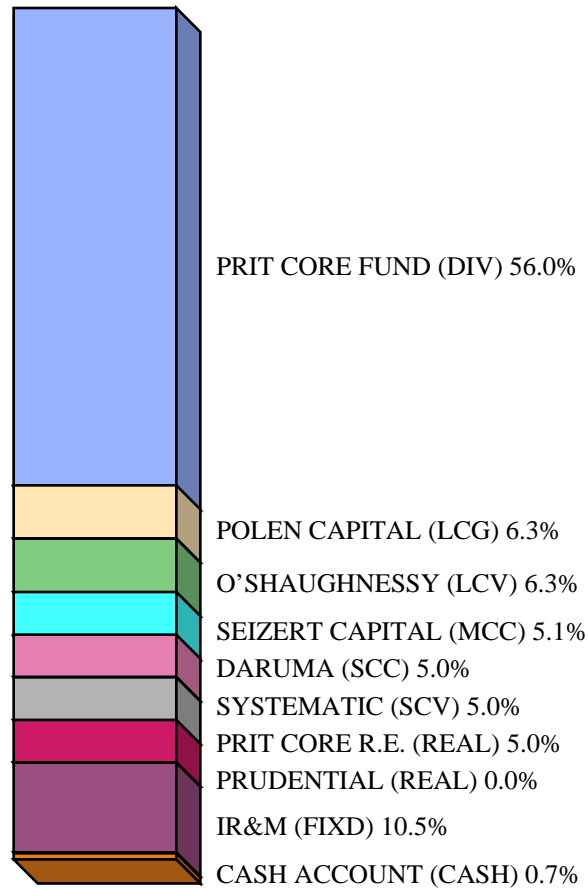
Most Recent Quarter

Manager	Benchmark	Value Added Vs. Benchmark
PRIT Core Fund	Custom Core Idx	0.6 
Polen Capital	Russell 1000G	-1.0 
O'Shaughnessy	Russell 1000V	-2.3 
Seizert Capital	Russell Mid	-1.3 
Daruma	Russell 2000	-2.4 
PRIT Core R.E.	NCREIF ODCE	1.2 
IR&M	Barclays Agg	0.2 
Total Portfolio	Policy Index	-0.5 

Trailing Twelve Months

Manager	Benchmark	Value Added Vs. Benchmark
PRIT Core Fund	Custom Core Idx	2.2 
Polen Capital	Russell 1000G	-2.6 
O'Shaughnessy	Russell 1000V	7.9 
Seizert Capital	Russell Mid	2.4 
Daruma	Russell 2000	-1.1 
PRIT Core R.E.	NCREIF ODCE	0.8 
IR&M	Barclays Agg	1.2 
Total Portfolio	Policy Index	0.4 

MANAGER ALLOCATION SUMMARY

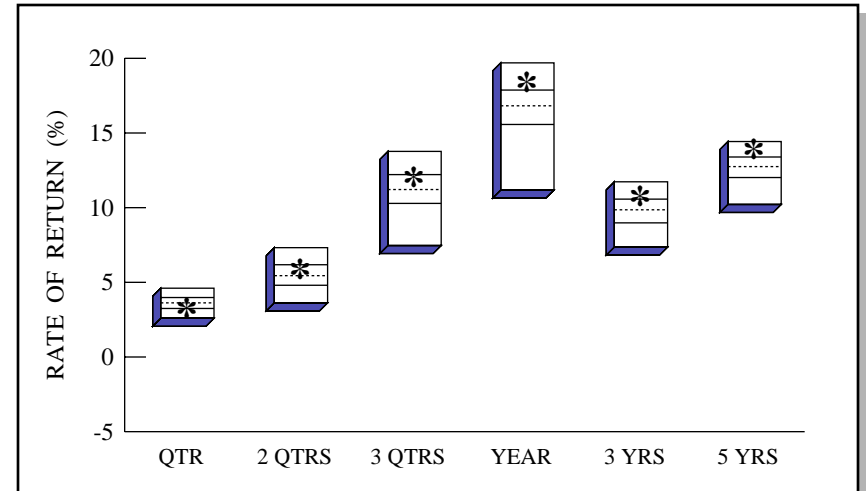
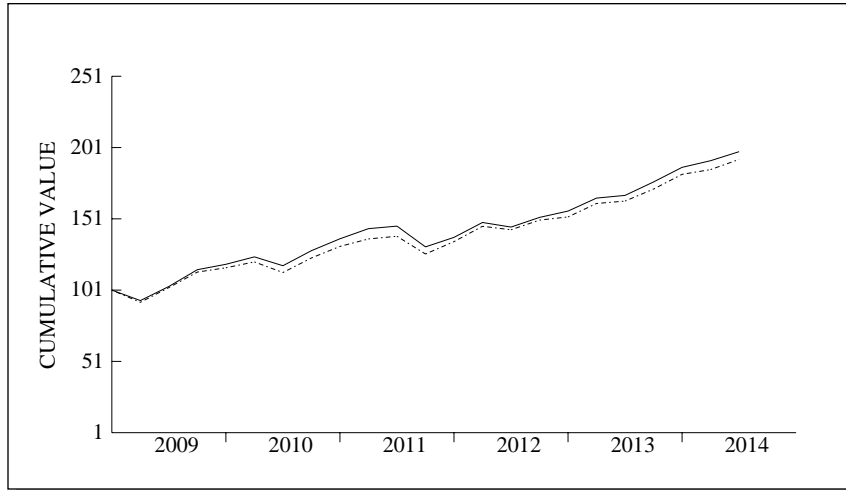


Name	Market Value	Percent	Target
PRIT Core Fund (DIV)	\$66,110,382	56.0	55.0
Polen Capital (LCG)	\$7,388,299	6.3	6.0
O'Shaughnessy (LCV)	\$7,454,117	6.3	6.0
Seizert Capital (MCC)	\$6,072,128	5.1	5.0
Daruma (SCC)	\$5,849,411	5.0	10.0
Systematic (SCV)	\$5,945,950	5.0	0.0
PRIT Core R.E. (REAL)	\$5,899,759	5.0	5.0
Prudential (REAL)	\$93	0.0	0.0
IR&M (FIXD)	\$12,439,881	10.5	13.0
Cash Account (CASH)	\$853,016	0.7	0.0
Total Fund	\$118,013,036	100.0	100.0

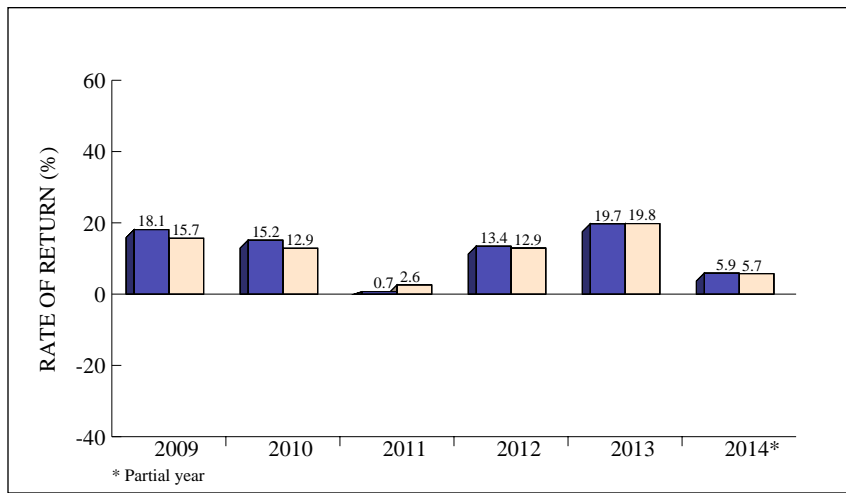
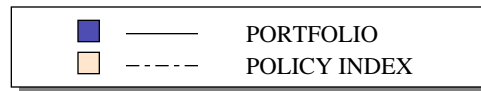
INVESTMENT RETURN SUMMARY - ONE QUARTER

Name	Quarter Total Return	Market Value March 31st, 2014	Net Cashflow	Net Investment Return	Market Value June 30th, 2014
PRIT Core Fund (DIV)	4.1	64,039,377	-534,935	2,605,940	66,110,382
Polen Capital (LCG)	4.1	7,397,285	-305,000	296,014	7,388,299
O'Shaughnessy (LCV)	2.8	7,705,984	-454,130	202,263	7,454,117
Seizert Capital (MCC)	3.6	6,273,155	-411,000	209,973	6,072,128
Daruma (SCC)	-0.3	11,785,590	-5,915,579	-20,600	5,849,411
Systematic (SCV)	---	0	5,915,579	30,371	5,945,950
PRIT Core R.E. (REAL)	4.1	5,672,759	-7,939	234,939	5,899,759
Prudential (REAL)	---	94	0	-1	93
IR&M (FIXD)	2.3	12,161,354	0	278,527	12,439,881
Cash Account (CASH)	---	550,674	302,192	150	853,016
Total Fund	3.3	115,586,272	-1,410,812	3,837,576	118,013,036

TOTAL RETURN COMPARISONS



Public Fund Universe

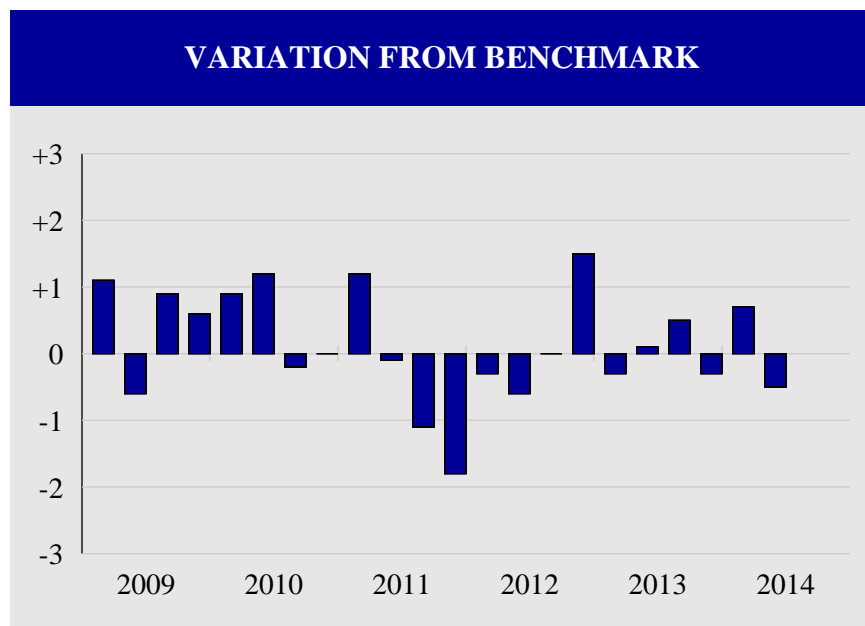


	QTR	2QTRS	3QTRS	YEAR	3 YRS	5 YRS
RETURN	3.3	5.9	12.1	18.4	10.8	14.0
(RANK)	(70)	(34)	(29)	(18)	(20)	(11)
5TH %ILE	4.6	7.3	13.8	19.7	11.7	14.4
25TH %ILE	4.0	6.2	12.2	17.9	10.6	13.4
MEDIAN	3.6	5.5	11.2	16.8	9.9	12.8
75TH %ILE	3.3	4.8	10.3	15.6	9.0	12.0
95TH %ILE	2.6	3.6	7.5	11.2	7.4	10.2
Policy Idx	3.8	5.7	12.2	18.0	11.6	13.5

Public Fund Universe

TOTAL PORTFOLIO QUARTERLY PERFORMANCE SUMMARY

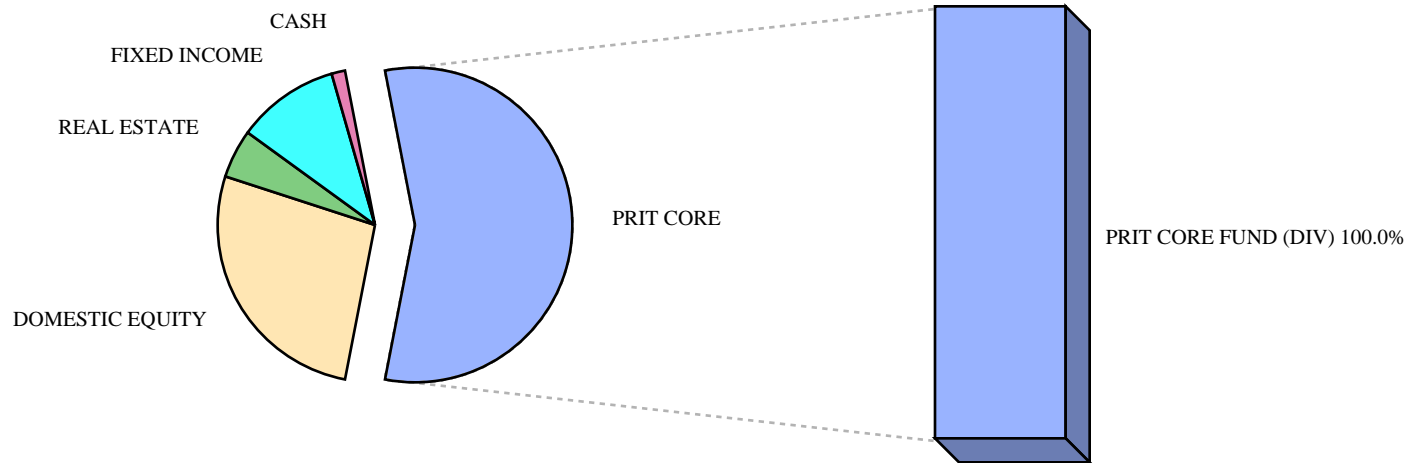
COMPARATIVE BENCHMARK: FRANKLIN REGIONAL POLICY INDEX



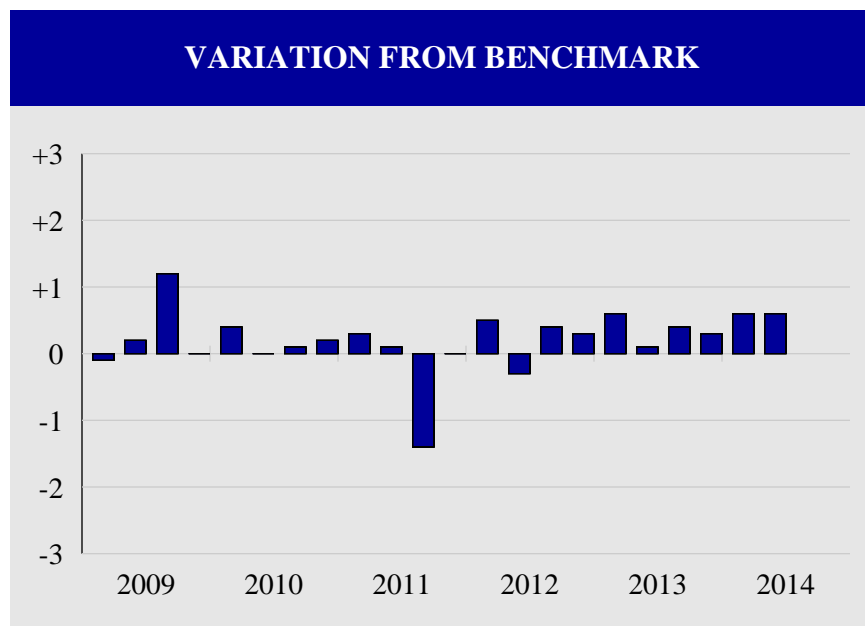
Total Quarters Observed	22
Quarters At or Above the Benchmark	12
Quarters Below the Benchmark	10
Batting Average	.545

RATES OF RETURN			
Date	Portfolio	Benchmark	Difference
3/09	-7.4	-8.5	1.1
6/09	10.7	11.3	-0.6
9/09	11.5	10.6	0.9
12/09	3.3	2.7	0.6
3/10	4.4	3.5	0.9
6/10	-5.0	-6.2	1.2
9/10	9.0	9.2	-0.2
12/10	6.6	6.6	0.0
3/11	5.2	4.0	1.2
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

PRIT CORE MANAGER SUMMARY



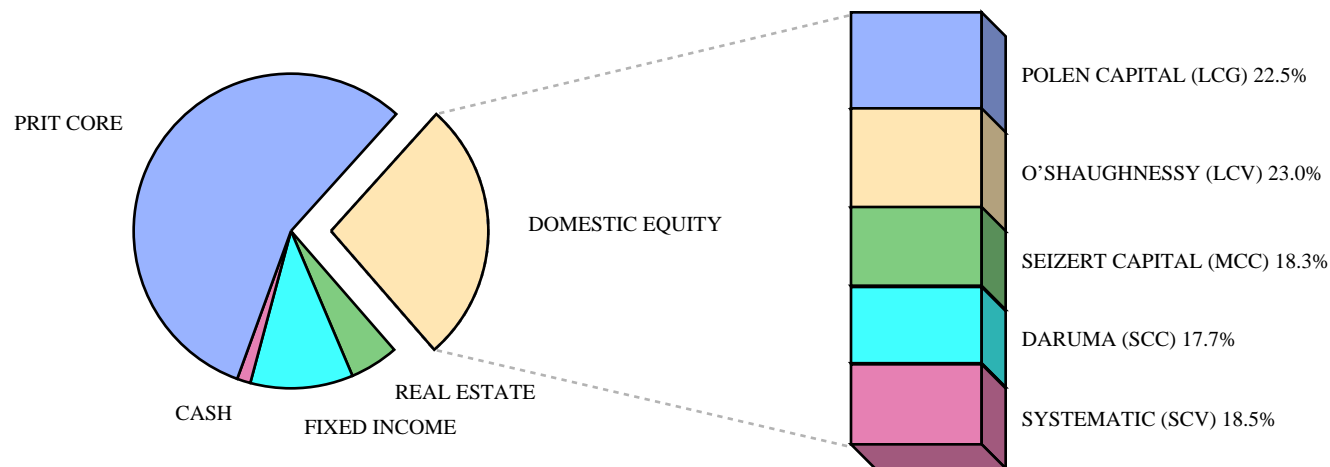
		TOTAL RETURNS AND RANKINGS					
MANAGER	(UNIVERSE)	QTR	YTD	1 YEAR	3 YEARS	5 YEARS	MARKET VALUE
PRIT CORE FUND	(Public Fund)	4.1 (23)	6.9 (8)	17.8 (26)	9.9 (50)	12.9 (43)	\$66,110,382
<i>Custom Core Index</i>		<i>3.5 ---</i>	<i>5.6 ---</i>	<i>15.6 ---</i>	<i>9.2 ---</i>	<i>12.0 ---</i>	<i>---</i>

PRIT CORE QUARTERLY PERFORMANCE SUMMARY**COMPARATIVE BENCHMARK: CUSTOM CORE INDEX**

Total Quarters Observed	22
Quarters At or Above the Benchmark	19
Quarters Below the Benchmark	3
Batting Average	.864

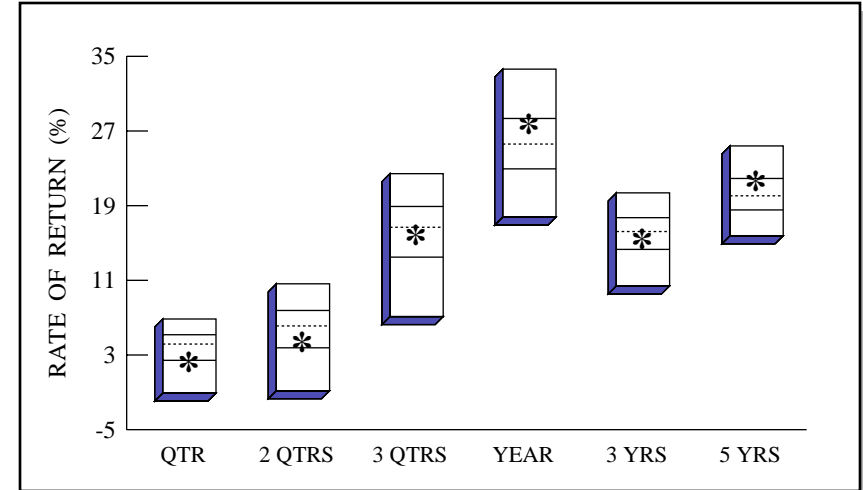
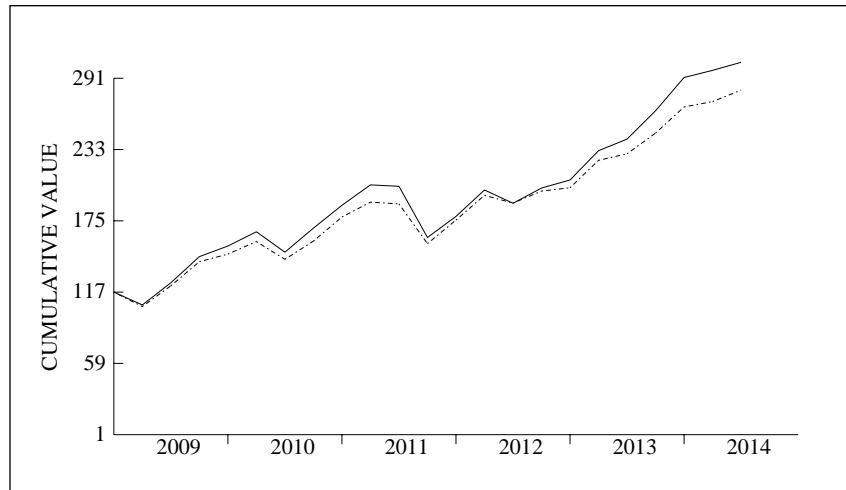
RATES OF RETURN			
Date	Portfolio	Benchmark	Difference
3/09	-8.1	-8.0	-0.1
6/09	11.7	11.5	0.2
9/09	11.5	10.3	1.2
12/09	2.9	2.9	0.0
3/10	3.5	3.1	0.4
6/10	-5.0	-5.0	0.0
9/10	8.9	8.8	0.1
12/10	6.1	5.9	0.2
3/11	4.3	4.0	0.3
6/11	1.7	1.6	0.1
9/11	-9.0	-7.6	-1.4
12/11	3.7	3.7	0.0
3/12	7.3	6.8	0.5
6/12	-1.5	-1.2	-0.3
9/12	4.4	4.0	0.4
12/12	3.1	2.8	0.3
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

DOMESTIC EQUITY MANAGER SUMMARY



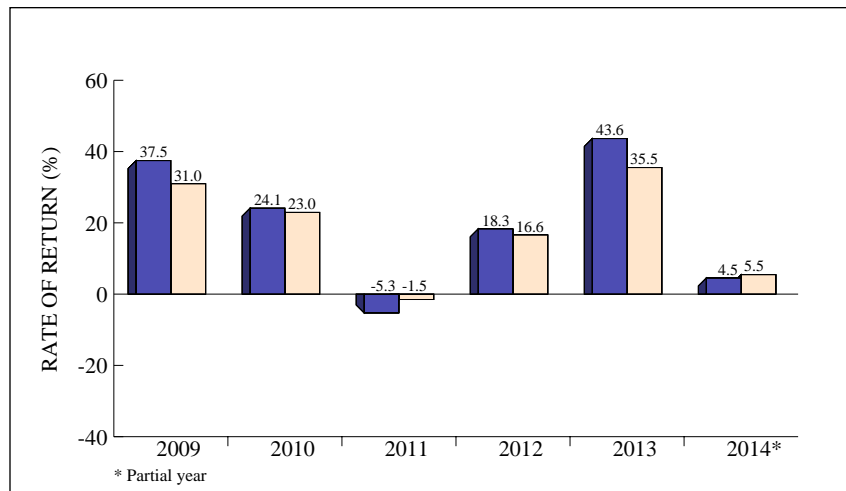
TOTAL RETURNS AND RANKINGS							
MANAGER	(UNIVERSE)	QTR	YTD	1 YEAR	3 YEARS	5 YEARS	MARKET VALUE
POLEN CAPITAL	(Large Cap Growth)	4.1 (65)	4.8 (60)	24.4 (78)	----	----	\$7,388,299
<i>Russell 1000 Growth</i>		<i>5.1</i> ----	<i>6.3</i> ----	<i>26.9</i> ----	<i>16.3</i> ----	<i>19.2</i> ----	----
O'SHAUGHNESSY	(Large Cap Value)	2.8 (94)	6.2 (76)	31.7 (6)	----	----	\$7,454,117
<i>Russell 1000 Value</i>		<i>5.1</i> ----	<i>8.3</i> ----	<i>23.8</i> ----	<i>16.9</i> ----	<i>19.2</i> ----	----
SEIZERT CAPITAL	(Mid Cap)	3.6 (54)	6.3 (49)	29.2 (30)	19.3 (6)	----	\$6,072,128
<i>Russell Mid Cap</i>		<i>5.0</i> ----	<i>8.7</i> ----	<i>26.9</i> ----	<i>16.1</i> ----	<i>22.1</i> ----	----
DARUMA	(Small Cap)	-0.3 (82)	1.0 (76)	22.6 (74)	12.5 (87)	22.4 (42)	\$5,849,411
<i>Russell 2000</i>		<i>2.0</i> ----	<i>3.2</i> ----	<i>23.6</i> ----	<i>14.6</i> ----	<i>20.2</i> ----	----
SYSTEMATIC	(Small Cap Value)	----	----	----	----	----	\$5,945,950
<i>Russell 2000 Value</i>		<i>2.4</i> ----	<i>4.2</i> ----	<i>22.5</i> ----	<i>14.6</i> ----	<i>19.9</i> ----	----

DOMESTIC EQUITY RETURN COMPARISONS



■ ——— PORTFOLIO
■ - - - - - CUSTOM EQ INDEX

All Cap Universe



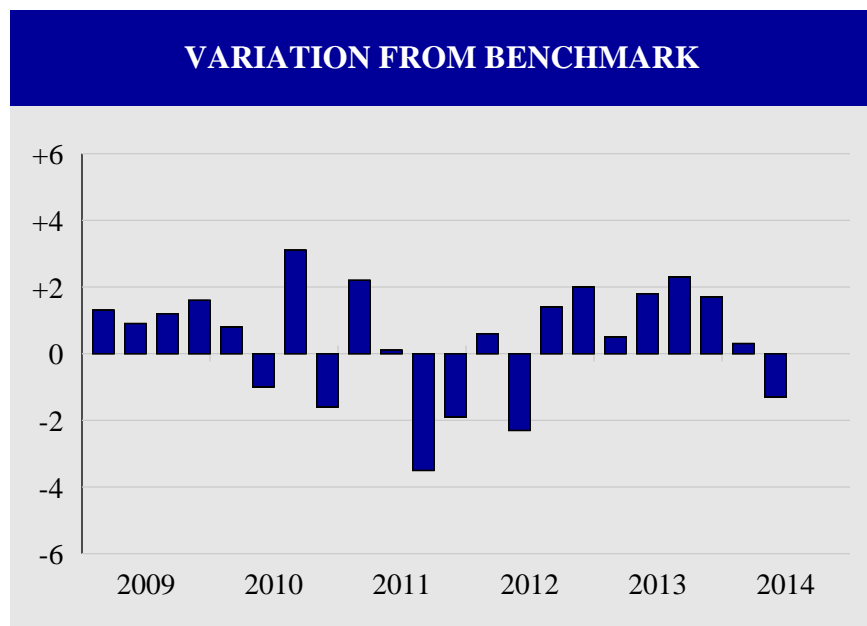
* Partial year

	QTR	2QTRS	3QTRS	YEAR	3 YRS	5 YRS
RETURN	2.3	4.5	15.9	27.8	15.6	21.7
(RANK)	(77)	(68)	(58)	(30)	(60)	(28)
5TH %ILE	6.9	10.6	22.4	33.6	20.4	25.4
25TH %ILE	5.2	7.8	18.9	28.3	17.7	21.9
MEDIAN	4.2	6.1	16.7	25.6	16.2	20.1
75TH %ILE	2.4	3.8	13.5	23.0	14.3	18.6
95TH %ILE	-1.1	-0.8	7.1	17.8	10.4	15.8
Equity Index	3.6	5.5	15.2	24.4	15.5	20.2

All Cap Universe

DOMESTIC EQUITY QUARTERLY PERFORMANCE SUMMARY

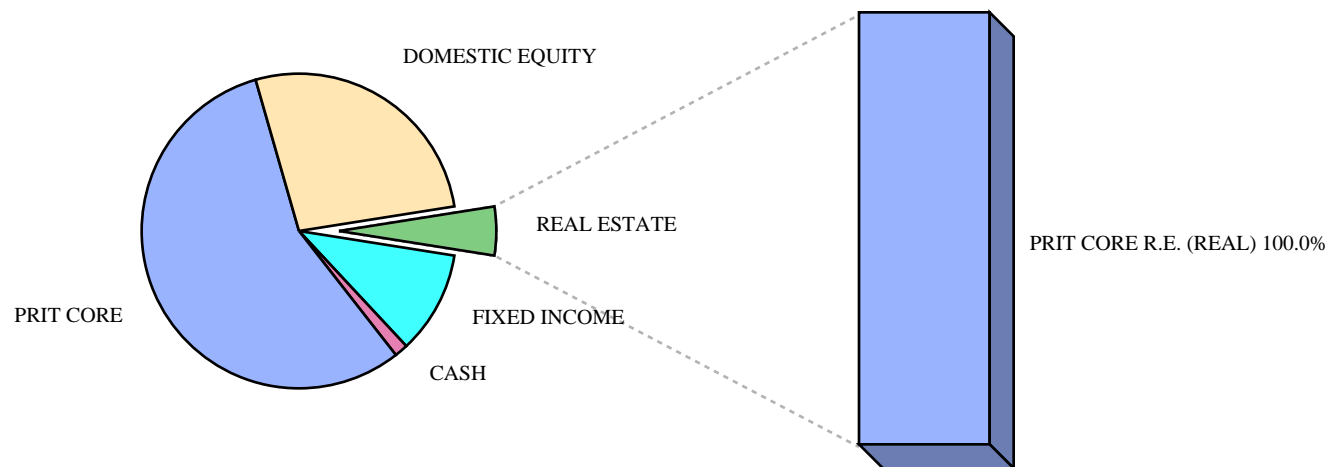
COMPARATIVE BENCHMARK: FRANKLIN COUNTY EQUITY INDEX



RATES OF RETURN			
Date	Portfolio	Benchmark	Difference
3/09	-10.4	-11.7	1.3
6/09	20.1	19.2	0.9
9/09	19.8	18.6	1.2
12/09	6.6	5.0	1.6
3/10	8.5	7.7	0.8
6/10	-11.2	-10.2	-1.0
9/10	14.8	11.7	3.1
12/10	12.2	13.8	-1.6
3/11	9.8	7.6	2.2
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

Total Quarters Observed	22
Quarters At or Above the Benchmark	16
Quarters Below the Benchmark	6
Batting Average	.727

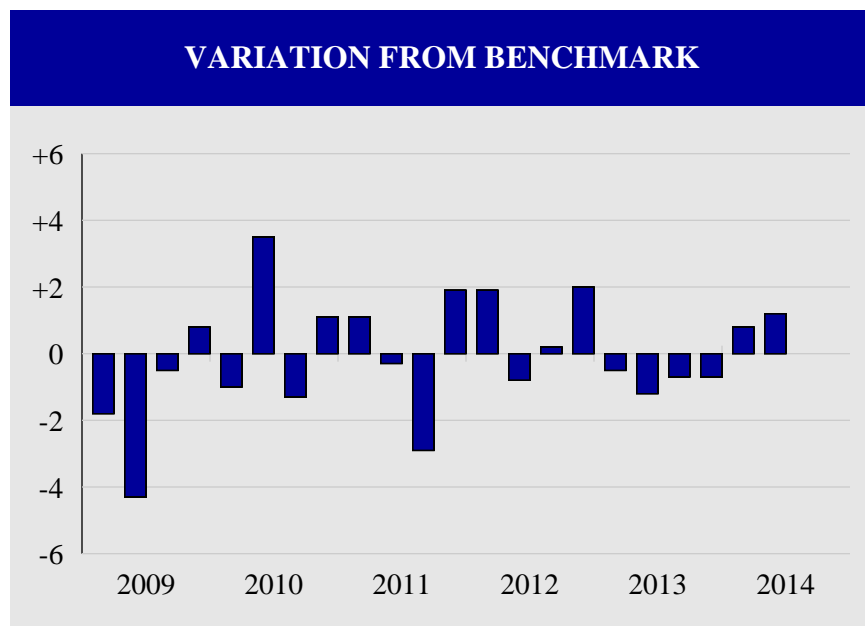
REAL ESTATE MANAGER SUMMARY



		TOTAL RETURNS AND RANKINGS					
MANAGER	(UNIVERSE)	QTR	YTD	1 YEAR	3 YEARS	5 YEARS	MARKET VALUE
PRIT CORE R.E.		4.1 ---	7.6 ---	13.5 ---	12.1 ---	----	\$5,899,759
<i>NCREIF NFI-ODCE Index</i>		<i>2.9 ---</i>	<i>5.5 ---</i>	<i>12.7 ---</i>	<i>12.4 ---</i>	<i>10.0 ---</i>	---

REAL ESTATE QUARTERLY PERFORMANCE SUMMARY

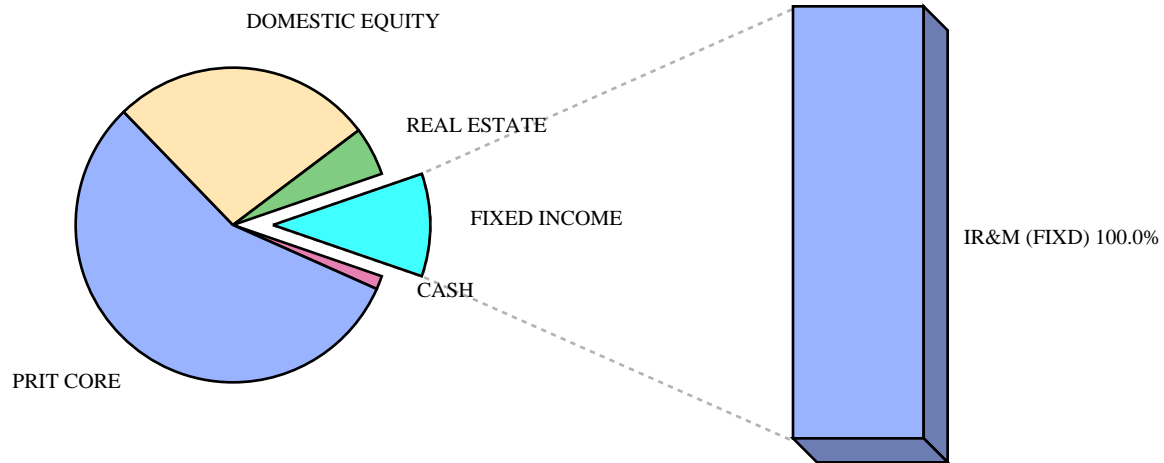
COMPARATIVE BENCHMARK: NCREIF NFI-ODCE INDEX



Total Quarters Observed	22
Quarters At or Above the Benchmark	10
Quarters Below the Benchmark	12
Batting Average	.455

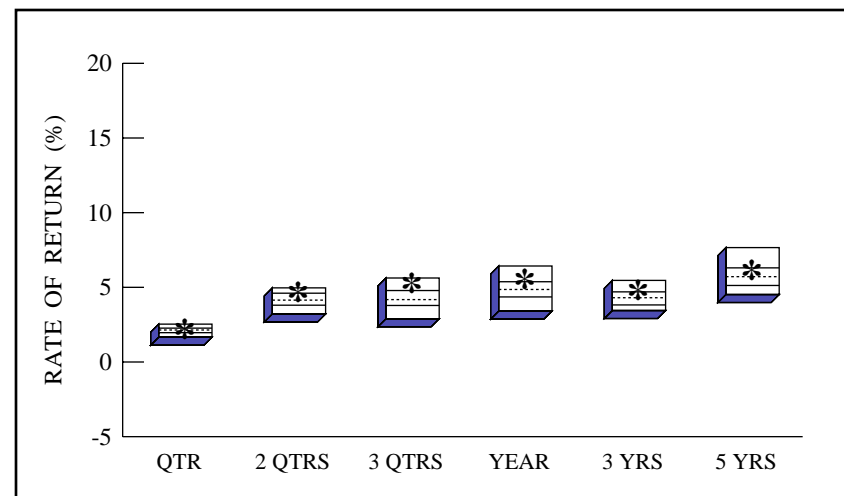
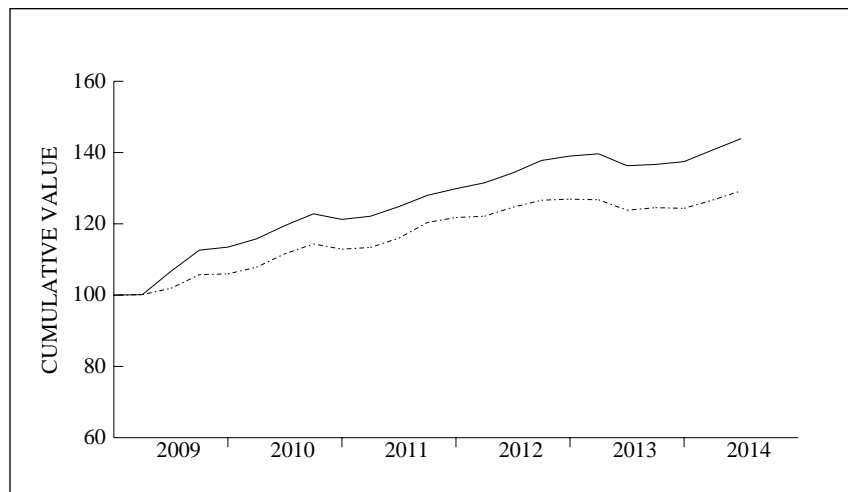
RATES OF RETURN			
Date	Portfolio	Benchmark	Difference
3/09	-15.5	-13.7	-1.8
6/09	-13.3	-9.0	-4.3
9/09	-7.8	-7.3	-0.5
12/09	-2.7	-3.5	0.8
3/10	-0.2	0.8	-1.0
6/10	7.9	4.4	3.5
9/10	4.1	5.4	-1.3
12/10	6.1	5.0	1.1
3/11	5.1	4.0	1.1
6/11	4.3	4.6	-0.3
9/11	0.6	3.5	-2.9
12/11	4.9	3.0	1.9
3/12	4.7	2.8	1.9
6/12	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

FIXED INCOME MANAGER SUMMARY

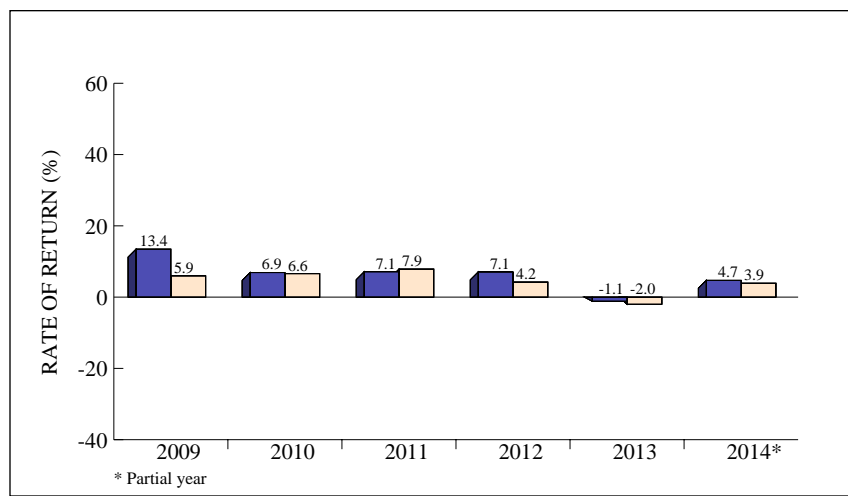


TOTAL RETURNS AND RANKINGS							
MANAGER	(UNIVERSE)	QTR	YTD	1 YEAR	3 YEARS	5 YEARS	MARKET VALUE
IR&M	(Core Fixed Income)	2.3 (20)	4.7 (20)	5.6 (21)	4.9 (20)	6.2 (32)	\$12,439,881
<i>Barclays Aggregate Index</i>		2.0 ----	3.9 ----	4.4 ----	3.7 ----	4.9 ----	----

FIXED INCOME RETURN COMPARISONS

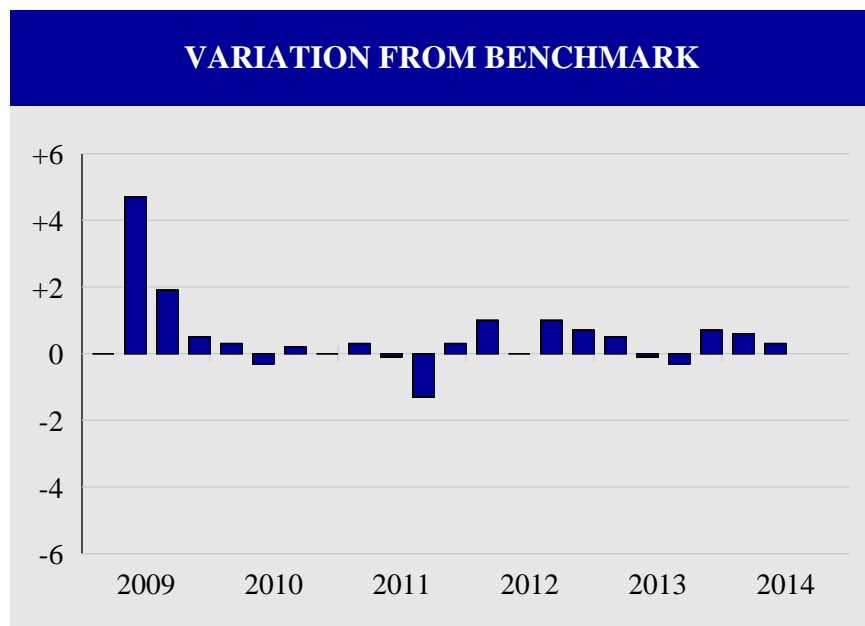


Core Fixed Income Universe



	QTR	2QTRS	3QTRS	YEAR	3 YRS	5 YRS
RETURN	2.3	4.7	5.3	5.6	4.9	6.2
(RANK)	(20)	(20)	(9)	(21)	(20)	(32)
5TH %ILE	2.5	5.0	5.6	6.4	5.5	7.7
25TH %ILE	2.3	4.6	4.8	5.4	4.7	6.3
MEDIAN	2.1	4.2	4.2	4.9	4.3	5.7
75TH %ILE	2.0	3.8	3.8	4.4	3.8	5.1
95TH %ILE	1.7	3.2	2.9	3.4	3.4	4.5
Agg Index	2.0	3.9	3.8	4.4	3.7	4.9

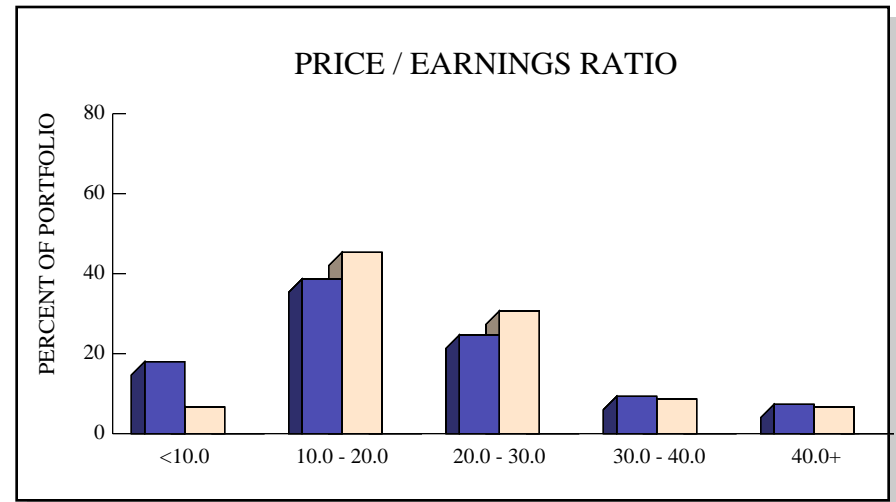
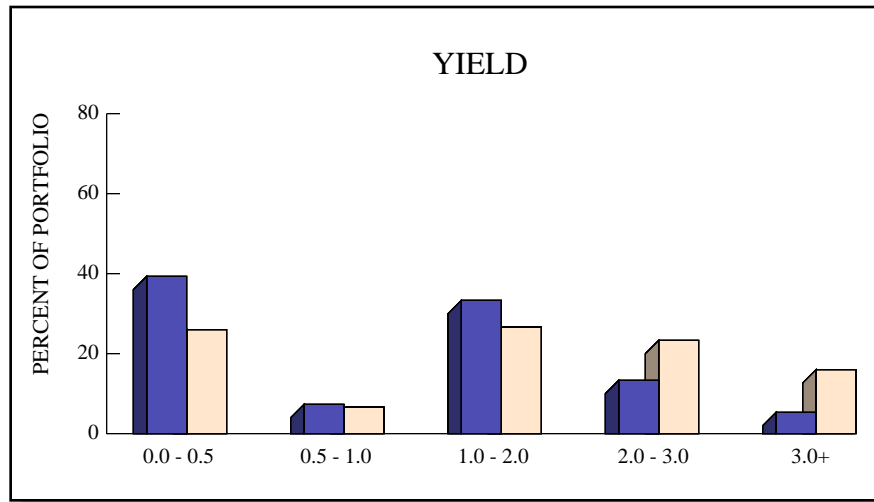
Core Fixed Income Universe

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

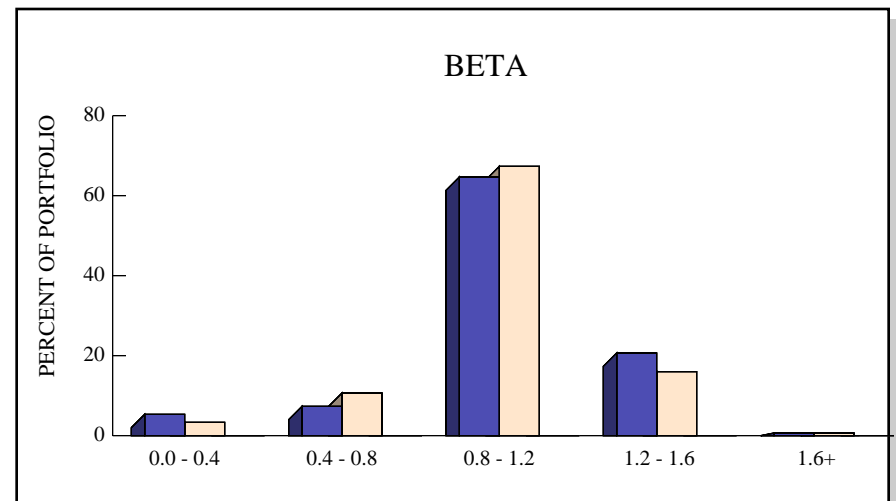
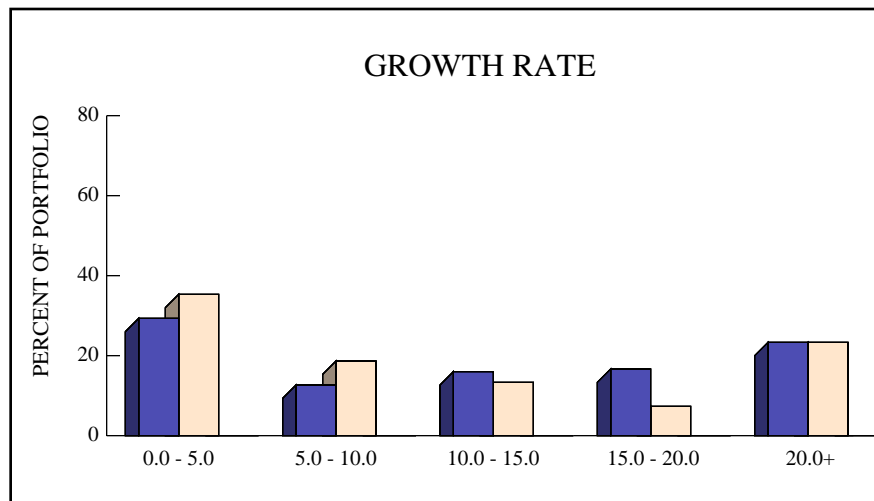
Total Quarters Observed	22
Quarters At or Above the Benchmark	17
Quarters Below the Benchmark	5
Batting Average	.773

RATES OF RETURN			
Date	Portfolio	Benchmark	Difference
3/09	0.1	0.1	0.0
6/09	6.5	1.8	4.7
9/09	5.6	3.7	1.9
12/09	0.7	0.2	0.5
3/10	2.1	1.8	0.3
6/10	3.2	3.5	-0.3
9/10	2.7	2.5	0.2
12/10	-1.3	-1.3	0.0
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

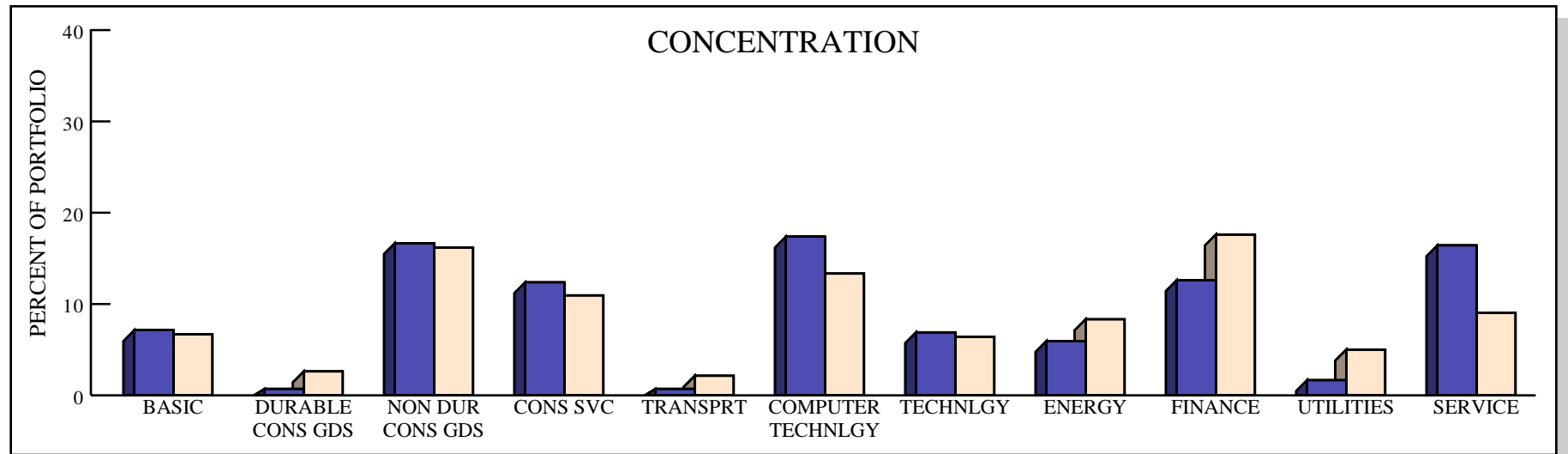
STOCK CHARACTERISTICS



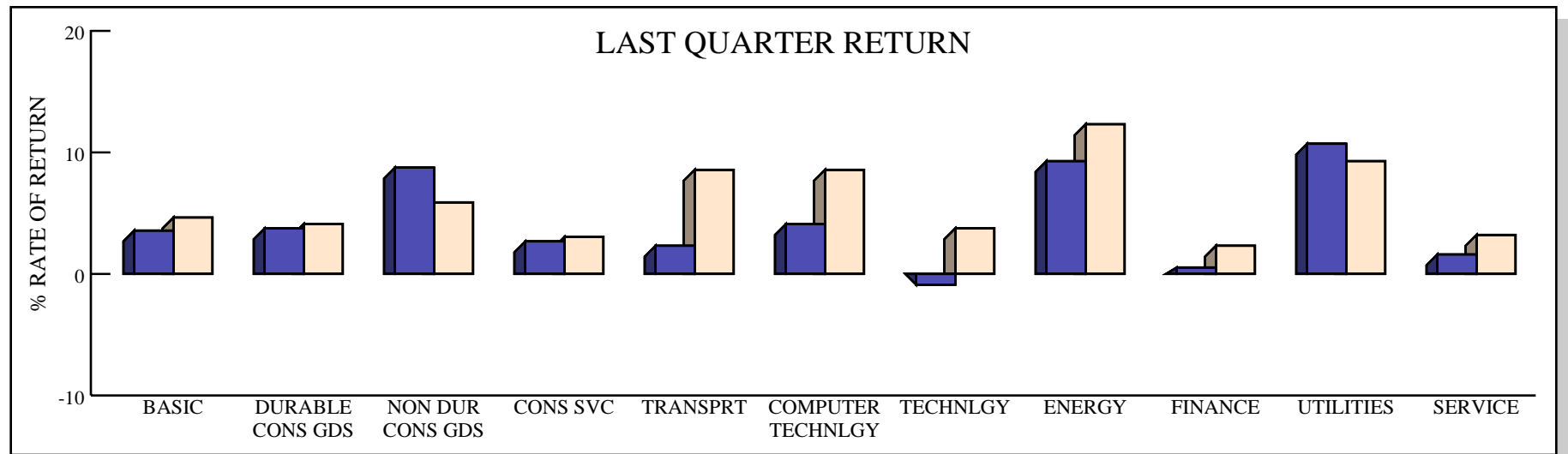
	YIELD	GROWTH	P/E	BETA
PORTFOLIO	1.2%	13.5%	19.7	1.00
RUSSELL 3000	1.7%	10.9%	21.1	0.98



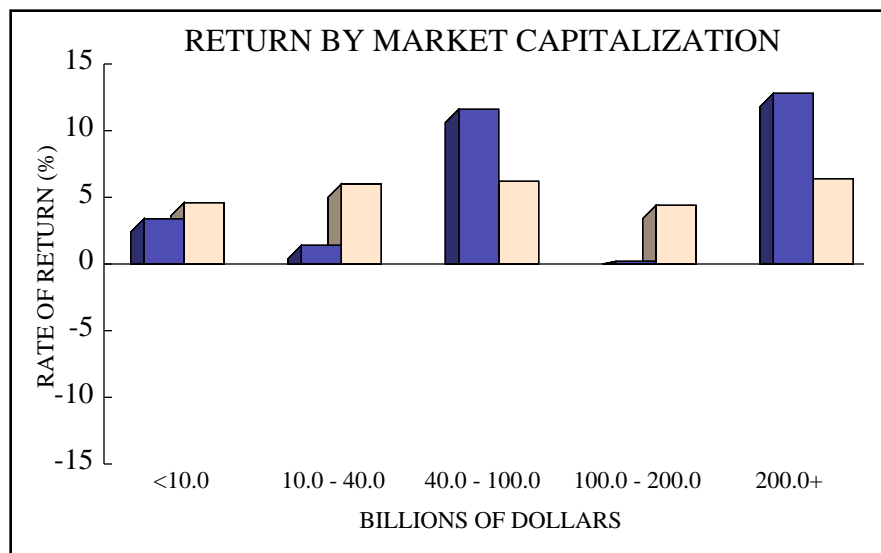
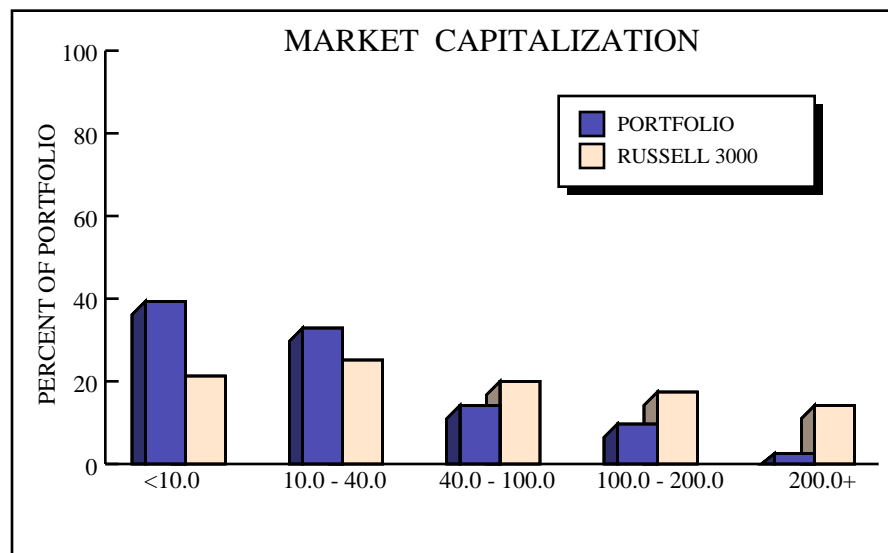
STOCK INDUSTRY ANALYSIS



■ PORTFOLIO ■ RUSSELL 3000



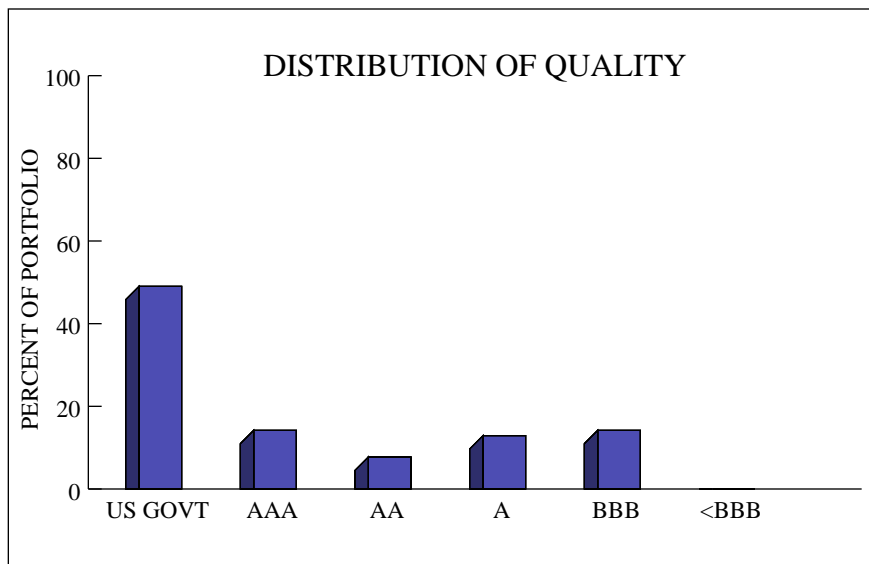
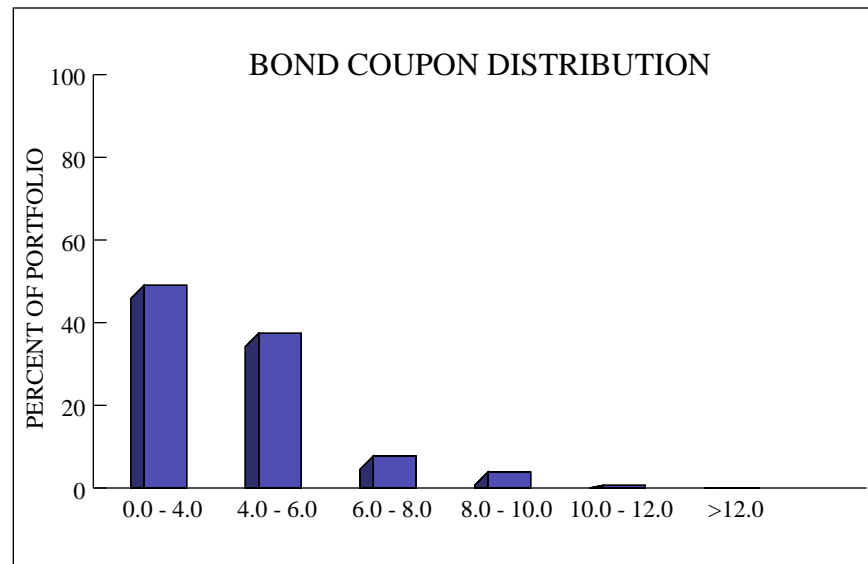
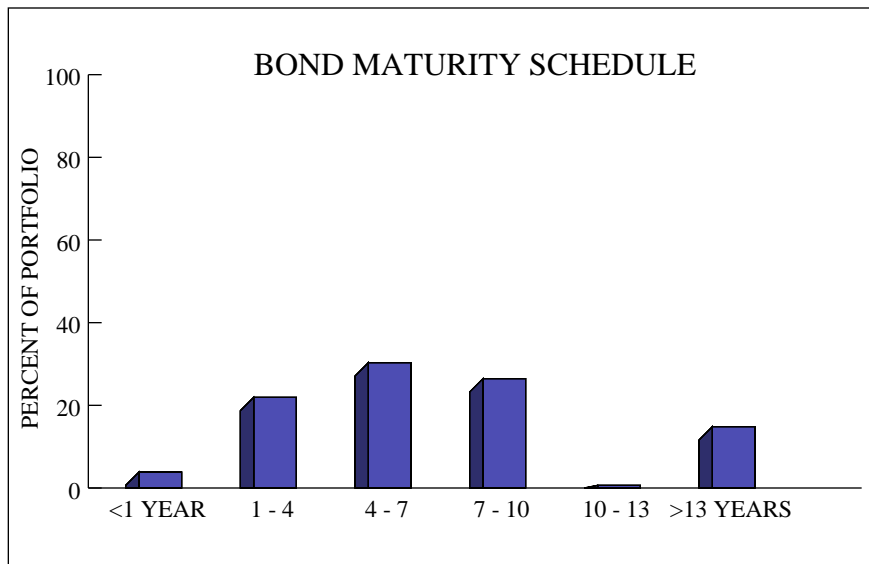
TOP TEN HOLDINGS



TOP TEN EQUITY HOLDINGS

RANK	NAME	VALUE	% EQUITY	RETURN	INDUSTRY SECTOR	MKT CAP
1	ALLERGAN INC	\$ 665,373	2.09%	36.4%	NonDur Cons Goods	\$ 50.4 B
2	VISA INC-CLASS A SHARES	486,529	1.53%	-2.2%	Finance	105.2 B
3	QUALCOMM INC	485,496	1.52%	0.9%	Technology	133.7 B
4	L-3 COMMUNICATIONS HOLDINGS	481,068	1.51%	2.7%	Technology	10.4 B
5	ABBOTT LABORATORIES	462,579	1.45%	6.6%	NonDur Cons Goods	61.4 B
6	ORACLE CORP	459,002	1.44%	-0.6%	Computer Tech	190.4 B
7	NIKE INC -CL B	423,035	1.33%	5.3%	NonDur Cons Goods	54.3 B
8	LIBERTY MEDIA CORP - A	409,357	1.29%	4.6%	Service	14.3 B
9	WESTERN UNION CO	406,207	1.28%	6.7%	Service	9.3 B
10	STARBUCKS CORP	386,049	1.21%	5.8%	Consumer Service	58.3 B

BOND CHARACTERISTICS



	PORTFOLIO	BARCLAYS AGG
No. of Securities	162	8,818
Duration	5.99	5.60
YTM	2.61	2.22
Average Coupon	3.94	3.30
Avg Maturity / WAL	8.43	7.69
Average Quality	AAA-AA	USG-AAA

APPENDIX - MAJOR MARKET INDEX RETURNS

Domestic Equity	Style	QTR	YTD	1 Year	3 years	5 Years
Russell 3000	Broad Equity	4.9	6.9	25.2	16.5	19.3
S&P 500	Large Cap Core	5.2	7.1	24.6	16.6	18.8
Russell 1000	Large Cap Core	5.1	7.3	25.4	16.6	19.3
Russell 1000 Growth	Large Cap Growth	5.1	6.3	26.9	16.3	19.2
Russell 1000 Value	Large Cap Value	5.1	8.3	23.8	16.9	19.2
Russell Mid Cap	Midcap	5.0	8.7	26.9	16.1	22.1
Russell Mid Cap Growth	Midcap Growth	4.4	6.5	26.0	14.5	21.2
Russell Mid Cap Value	Midcap Value	5.6	11.1	27.7	17.5	23.0
Russell 2000	Small Cap	2.0	3.2	23.6	14.6	20.2
Russell 2000 Growth	Small Cap Growth	1.7	2.2	24.7	14.5	20.5
Russell 2000 Value	Small Cap Value	2.4	4.2	22.5	14.6	19.9

International Equity	Style	QTR	YTD	1 Year	3 years	5 Years
MSCI EAFE	Developed Markets Equity	4.3	5.1	24.1	8.6	12.3
MSCI EAFE Growth	Developed Markets Growth	3.7	3.9	20.8	8.1	12.6
MSCI EAFE Value	Developed Markets Value	5.0	6.4	27.5	9.1	11.9
MSCI All Country World Ex US	Foreign Equity	5.2	5.9	22.3	6.2	11.6
MSCI Emerging Markets	Emerging Markets Equity	6.7	6.3	14.7	-0.1	9.6

Domestic Fixed Income	Style	QTR	YTD	1 Year	3 years	5 Years
Barclays Aggregate Index	Core Fixed Income	2.0	3.9	4.4	3.7	4.9
Barclays Gov/Credit	Gov/Credit	1.9	3.9	4.3	4.1	5.1
Barclays Capital Gov't Bond	Treasuries	1.3	2.7	2.1	2.9	3.5
Barclays Capital Credit Bond	Corporate Bonds	2.7	5.7	7.7	6.2	7.9
Intermediate Aggregate	Core Intermediate	1.6	2.8	3.5	2.8	4.2
Intermediate Gov/Credit	Gov / Credit Intermediate	1.2	2.2	2.9	2.8	4.1
ML/BoA 1-3 Year Treasury	Short Term Treasuries	0.3	0.4	0.8	0.5	1.1
CSFB High Yield	High Yield Bonds	2.4	5.5	11.8	9.4	13.7

Alternative Assets	Style	QTR	YTD	1 Year	3 years	5 Years
Barclays Global Ex-US	International Treasuries	2.8	6.0	8.8	0.7	2.0
NCREIF NFI-ODCE Index	Real Estate	2.9	5.5	12.7	12.4	10.0
HFRI FOF Composite	Hedge Funds	1.5	2.0	7.5	3.3	3.9

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
- * 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.
- * All values are in US dollars.

FRANKLIN REGIONAL RETIREMENT SYSTEM
PRIT - CORE FUND
PERFORMANCE REVIEW
JUNE 2014

INVESTMENT RETURN

On June 30th, 2014, the Franklin Regional Retirement System's PRIT Core Fund was valued at \$66,110,382, representing an increase of \$2,071,005 from the March quarter's ending value of \$64,039,377. Last quarter, the Fund posted withdrawals totaling \$534,935, which offset the portfolio's net investment return of \$2,605,940. Income receipts totaling \$584,234 plus net realized and unrealized capital gains of \$2,021,706 combined to produce the portfolio's net investment return.

For the cumulative period since December 2008, the fund has recorded net contributions totaling \$1.3 million, and recorded net investment gains of \$31.3 million. For the period since December 2008, if the total fund had returned a compounded nominal rate of 8.0% it would have been valued at \$53.4 million or \$12.7 million less than the actual value as of June 30th, 2014.

RELATIVE PERFORMANCE

In the second quarter, the PRIT Core Fund gained 4.1%, which was 0.6% above the Custom Core Index's return of 3.5% and ranked in the 23rd percentile of the Public Fund universe. Over the trailing year, the portfolio returned 17.8%, which was 2.2% greater than the benchmark's 15.6% performance, and ranked in the 26th percentile. Since December 2008, the portfolio returned 12.2% on an annualized basis and ranked in the 56th percentile. For comparison, the Custom Core Index returned an annualized 11.3% over the same period.

PRIT Core

Performance was mixed across the PRIT Core sleeves last quarter. Global Equity and Core Fixed Income produced very benchmark-like returns (4.9% and 3.2% respectively). They carried allocations of 43.1% and 13.9%, representing the two largest sleeves. Both Value-Added Fixed Income and Private Equity posted gains consistent with those of the benchmark as well, returning 3.5% and 3.8%.

Benchmark-beating returns from the Real Estate, Timber/Natural Resources, and Hedge Fund sleeves aided the fund's overall performance, carrying a combined 22.4% allocation. Portable Alpha Wind Down trailed the benchmark last quarter, but its negative impact was mitigated by its relatively light weight. The PRIT Core portfolio closed the quarter ahead of the benchmark by 50 basis points.

PRIT Domestic Equity

63% of the overall Domestic Equity sleeve was passively managed within the SSGA S&P 500 index fund, and an additional 13% was held in the SSGA Russell 2500 index fund, giving the sleeve a strong passive flavor.

Active management, particularly in the large cap segment, offered mild underperformance. The small cap value managers performed particularly well, while the small cap growth manager fell short by the most. Collectively, active management led to a slight underperformance of the overall domestic equity component.

PRIT International Equity

Each of the remaining managers within this sleeve underperformed the Custom MCSI EAFE Standard index, including Marathon Asset Management, Baillie Gifford, and FIS. Combined, these funds represented 42.1% of International Equities, and provided enough drag on performance to impact the overall sleeve.

Despite Marathon's shortfall during the quarter, its three and five-year returns exceeded the benchmark by nearly 3% each period.

PRIT Hedge Funds

The hedge fund benchmark offered a low hurdle last quarter, and the PRIT Fund's hedge fund managers responded by surpassing that hurdle comfortably.

The PRIT Hedge Fund sleeve finished the second quarter returning 2.4%, ahead of the HFRI Fund of Funds Composite index's 1.6% advance. That performance, coupled with the sleeve's weighty 9.6% allocation offered significant impact on the portfolio's overall relative performance. Over the trailing twelve months, the PRIT account's total hedge fund positions gained 10.8%, compared to the benchmark's 7.7% return. For the 3-year and 5-year periods, the sleeve returned 6.9% and 7.1%, respectively. For comparison, the index returned 4.0% and 3.5% over the same date ranges.

Direct Hedge Fund holdings composed of 74.0% of the hedge fund sleeve, and beat the benchmark's 1.6% return with a 2.7% advance. For the 1-year period, the segment roared upward at a 10.2% clip, exceeding its index counterpart by 250 basis points. Due to the substantial weight, this segment drove the sleeve's outperformance of the index. PAAMCO also outpaced the benchmark in the second quarter, while gaining 14.5%, 7.5%, and 8.2% over the trailing 1-, 3-, and 5-year periods.

PRIT Real Estate

By the end of the quarter, the PRIT Real Estate sleeve returned 4.1% and represented 8.9% of the total portfolio. For comparison, the custom benchmark – a blend comprised of 80% NCREIF Property index and 20% FTSE EPRA NAREIT Developed Total Return index – gained 3.8%.

Total Private Real Estate, representing 71.9% of the sleeve, advanced 2.8%, 10 basis points ahead of the NCREIF Property index for the quarter. Conversely, total REIT holdings fell short of the benchmark by 10 basis points (7.7% vs 7.8%).

On the private side, Lasalle gained 3.4% last quarter, while gaining 13.6% and 12.7% over the trailing three, and five-year periods. Each of these period returns exceeded the NCREIF Property Index.

Centersquare Global REITs finished the second quarter with a 6.7% gain, less than the NAREIT index by 110 basis points. Over the

trailing twelve months, the Centersquare account fared better, gaining 14.9% relative to the benchmark's 14.3% return.

PRIT Fixed Income

In the second quarter, the PRIT Core Fixed Income sleeve gained 3.2%. The fundamental core elements made up 51.1% of the sleeve, including the BlackRock Passive and Loomis Sayles Core funds, which turned in returns of 2.1% and 2.4%, both ahead of the benchmark's 1.9% gain.

The BlackRock TIPS and ILB funds combined to return 3.2%, which was even with the benchmark. The BlackRock STRIPS allocation nearly quadrupled last quarter, and now represents 25% of the sleeve. Fortunately, this portfolio was met by an 8.0% return, making it a significant driver of the Core Fixed Income portfolio.

EXECUTIVE SUMMARY**PERFORMANCE SUMMARY**

	Quarter	YTD	1 Year	-----Annualized-----	
				3 Years	Since 12/08
Total Gross/Fees	4.1	6.9	17.8	9.9	12.2
<i>PUBLIC FUND RANK</i>	(23)	(8)	(26)	(50)	(56)
Total Net/Fees	3.9	6.6	17.2	9.3	11.6
CUSTOM CORE IDX	3.5	5.6	15.6	9.2	11.3
PRIT Core	4.1	6.9	17.8	9.9	12.2
<i>PUBLIC FUND RANK</i>	(23)	(8)	(26)	(50)	(56)
CUSTOM CORE IDX	3.5	5.6	15.6	9.2	11.3

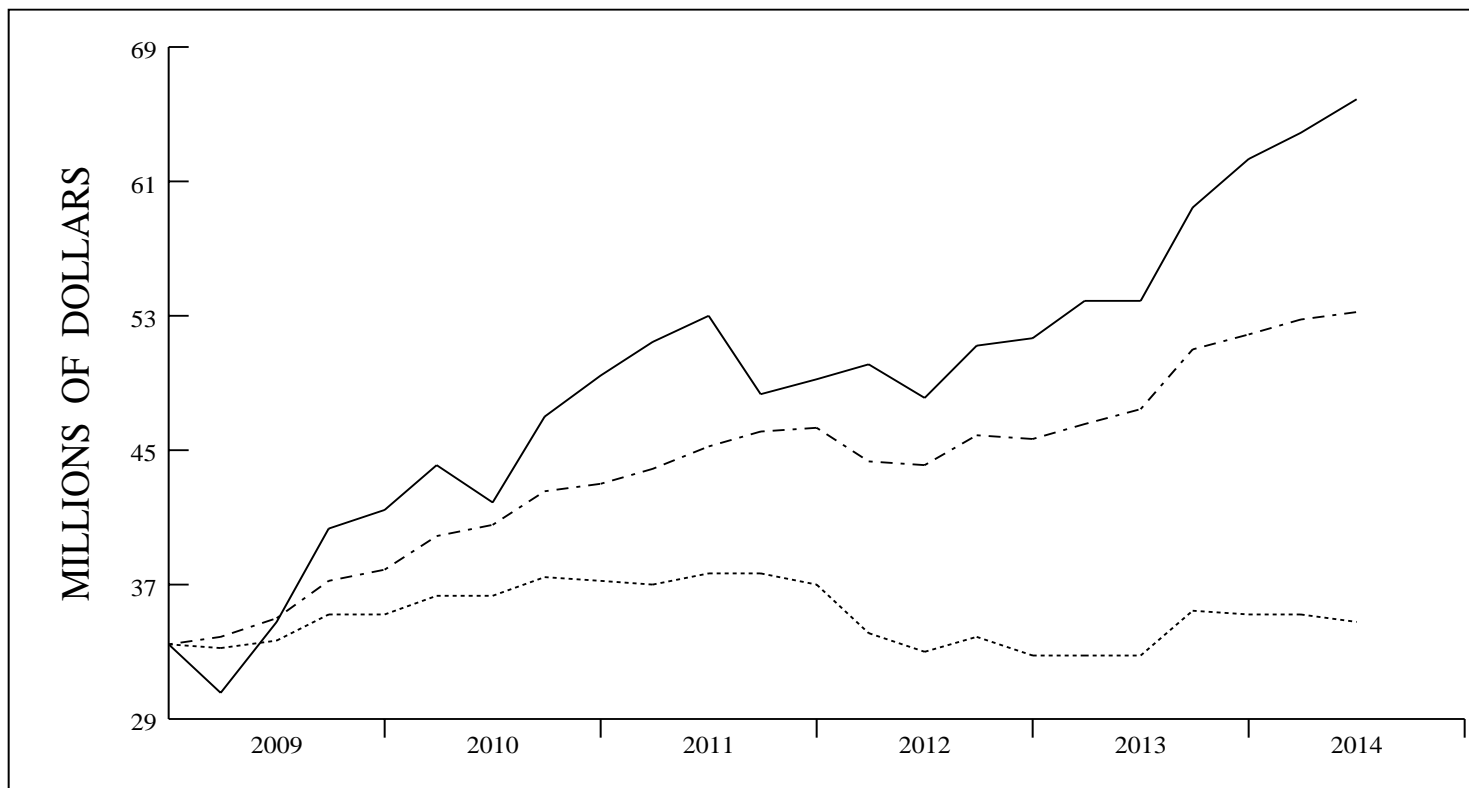
ASSET ALLOCATION

PRIT Core	100.0%	\$ 66,110,382
Total Portfolio	100.0%	\$ 66,110,382

INVESTMENT RETURN

Market Value 3/2014	\$ 64,039,377
Contribs / Withdrawals	-534,935
Income	584,234
Capital Gains / Losses	2,021,706
Market Value 6/2014	\$ 66,110,382

INVESTMENT GROWTH

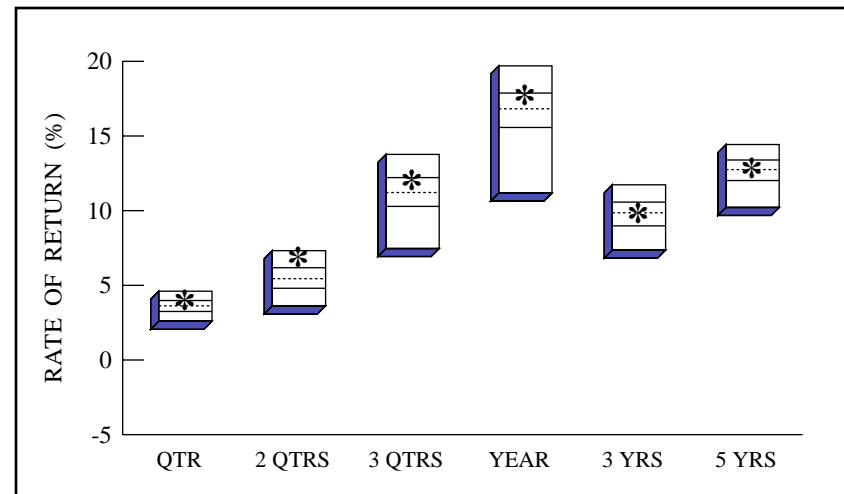
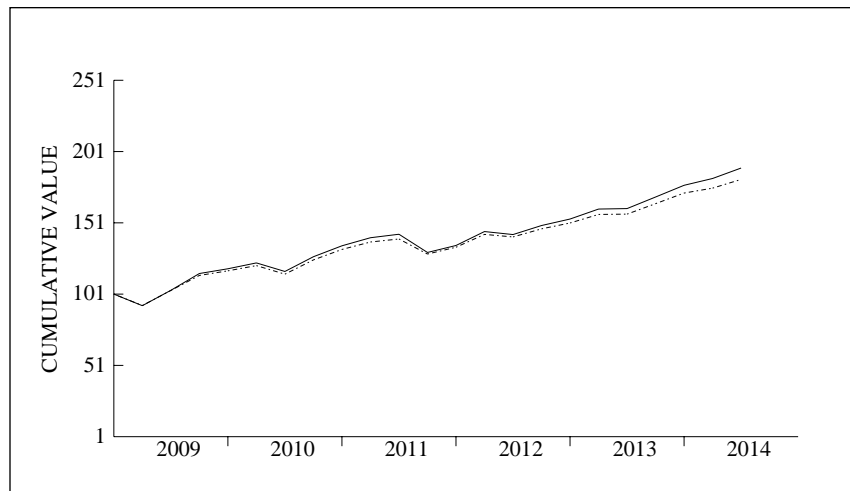


— ACTUAL RETURN
 - - - 8.0%
 . . . 0.0%

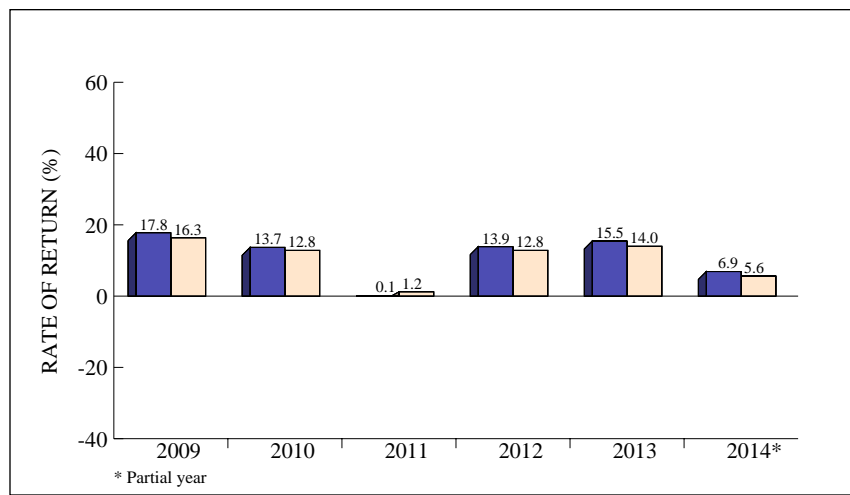
VALUE ASSUMING
 8.0% RETURN
 \$ 53,440,950

	LAST QUARTER	PERIOD 12/08 - 6/14
BEGINNING VALUE	\$ 64,039,377	\$ 33,492,695
NET CONTRIBUTIONS	-534,935	1,321,491
<u>INVESTMENT RETURN</u>	<u>2,605,940</u>	<u>31,296,196</u>
ENDING VALUE	\$ 66,110,382	\$ 66,110,382
INCOME	584,234	8,218,331
<u>CAPITAL GAINS (LOSSES)</u>	<u>2,021,706</u>	<u>23,077,864</u>
INVESTMENT RETURN	2,605,940	31,296,196

TOTAL RETURN COMPARISONS

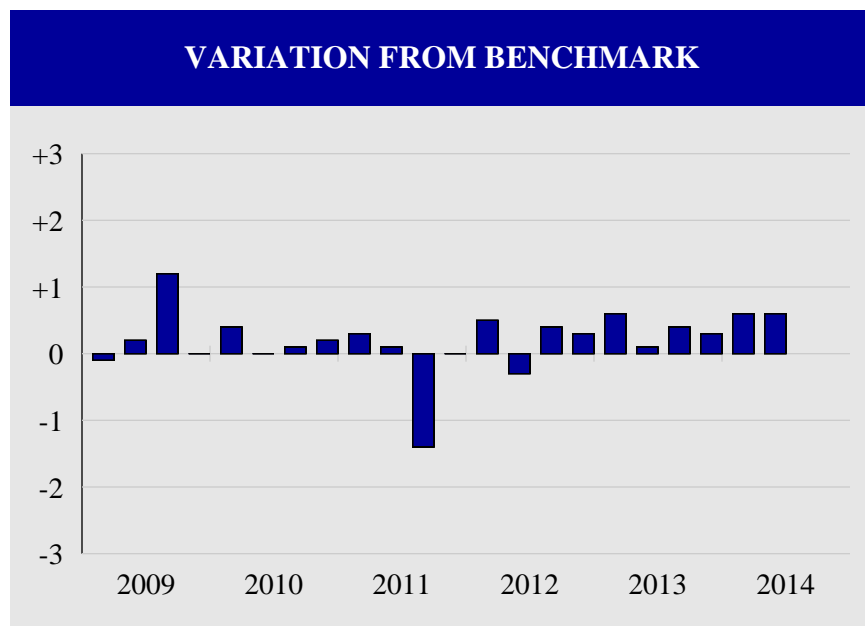


Public Fund Universe



	QTR	2QTRS	3QTRS	YEAR	3 YRS	5 YRS
RETURN	4.1	6.9	12.1	17.8	9.9	12.9
(RANK)	(23)	(8)	(29)	(26)	(50)	(43)
5TH %ILE	4.6	7.3	13.8	19.7	11.7	14.4
25TH %ILE	4.0	6.2	12.2	17.9	10.6	13.4
MEDIAN	3.6	5.5	11.2	16.8	9.9	12.8
75TH %ILE	3.3	4.8	10.3	15.6	9.0	12.0
95TH %ILE	2.6	3.6	7.5	11.2	7.4	10.2
PRIT Index	3.5	5.6	10.5	15.6	9.2	12.0

Public Fund Universe

TOTAL PORTFOLIO QUARTERLY PERFORMANCE SUMMARY**COMPARATIVE BENCHMARK: CUSTOM CORE INDEX**

Total Quarters Observed	22
Quarters At or Above the Benchmark	19
Quarters Below the Benchmark	3
Batting Average	.864

RATES OF RETURN			
Date	Portfolio	Benchmark	Difference
3/09	-8.1	-8.0	-0.1
6/09	11.7	11.5	0.2
9/09	11.5	10.3	1.2
12/09	2.9	2.9	0.0
3/10	3.5	3.1	0.4
6/10	-5.0	-5.0	0.0
9/10	8.9	8.8	0.1
12/10	6.1	5.9	0.2
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	2.8	0.3
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

PRIT MANAGER RETURNS AND ALLOCATIONS
AS OF JUNE 30, 2014

PORTFOLIO	QTR	ANNUALIZED			% Allocation
		1 YEAR	3 YEARS	5 YEARS	
Domestic Equity	4.8	24.9	16.5	19.1	18.9
Intech	5.0	25.5	16.4	19.2	1.5
PIMCO Domestic	5.1	25.0	17.8	21.3	1.4
SSgA S&P 500	5.2	24.8	---	---	11.9
Summit Creek	0.2	21.7	---	---	0.3
Frontier	4.2	28.9	---	---	0.3
Huber	5.4	19.4	---	---	0.5
RiverBridge	-1.1	16.5	---	---	0.2
SouthernSun	9.0	34.8	---	---	0.3
SSgA Russell 2500	3.6	25.7	---	---	2.5
<i>S&P 500</i>	<i>5.2</i>	<i>24.6</i>	<i>16.6</i>	<i>18.8</i>	---
<i>Russell 2500</i>	<i>3.6</i>	<i>25.6</i>	<i>15.5</i>	<i>18.8</i>	---
International Equity	4.1	24.4	9.4	13.5	17.1
SSgA World Ex-US	4.6	25.1	8.3	12.6	8.5
Marathon Asset Management	3.8	24.7	11.3	14.8	4.1
Baillie Gifford	2.6	21.4	9.5	14.7	3.0
Mondrian	5.8	27.7	10.2	12.2	1.4
FIS	2.1	--	--	--	0.2
<i>MSCI EAFE</i>	<i>4.3</i>	<i>24.1</i>	<i>8.6</i>	<i>12.3</i>	---
<i>ACWI EX US</i>	<i>5.3</i>	<i>22.3</i>	<i>6.2</i>	<i>11.6</i>	---
Emerging Markets Equity	7.0	14.1	0.2	10.0	7.0
SSgA Emerging Markets	6.6	14.3	0.0	---	3.6
Ashmore - EMM	5.6	16.2	-0.4	9.3	1.0
GMO	8.1	12.7	-1.8	9.2	1.0
T. Rowe Price EM	8.3	13.9	1.2	10.8	1.1
Acadian	6.7	20.6	---	---	0.2
Wasatch	6.8	7.0	---	---	0.3
<i>MSCI Emerging Markets</i>	<i>6.7</i>	<i>14.7</i>	<i>-0.1</i>	<i>9.6</i>	---

PRIT MANAGER RETURNS AND ALLOCATIONS
AS OF JUNE 30, 2014

PORTFOLIO	QTR	ANNUALIZED			% Allocation
		1 YEAR	3 YEARS	5 YEARS	
Core Fixed Income	3.2	5.8	4.5	6.1	13.9
Blackrock Passive	2.1	4.5	3.7	4.9	2.6
PIMCO Core	1.9	4.3	3.9	6.0	2.3
Loomis Sayles Core	2.4	6.6	5.3	7.2	2.2
BlackRock STRIPS	8.0	---	---	---	3.5
Blackrock TIPS	3.9	4.5	3.6	5.5	1.0
Blackrock ILBs	2.9	4.7	4.5	6.4	1.9
Access Capital - ETI	2.4	4.6	3.3	4.4	0.2
Community Capital Management	1.8	4.2	3.6	4.5	0.0
AFL - CIO Housing Investment	2.4	4.6	3.8	4.7	0.2
<i>Barclays Aggregate</i>	<i>2.0</i>	<i>4.4</i>	<i>3.7</i>	<i>4.9</i>	<i>---</i>
<i>Barclays STRIPS</i>	<i>7.8</i>	<i>---</i>	<i>---</i>	<i>---</i>	<i>---</i>
<i>Barclays US TIPS</i>	<i>3.8</i>	<i>4.5</i>	<i>3.5</i>	<i>5.5</i>	<i>---</i>
<i>Barclays ILB US Hedged</i>	<i>2.9</i>	<i>4.4</i>	<i>3.8</i>	<i>5.9</i>	<i>---</i>
<i>Barclays Aggregate A or Better</i>	<i>1.9</i>	<i>3.7</i>	<i>3.3</i>	<i>4.4</i>	<i>---</i>
Value-Added Fixed Income	3.4	7.4	5.7	10.4	6.2
Fidelity	2.5	11.9	10.3	15.6	0.5
Loomis Sayles High Yield	4.1	13.5	9.2	16.0	0.5
Shenkman	2.0	11.0	8.3	10.9	0.5
Eaton Vance	0.8	4.6	5.1	7.6	0.7
ING	1.1	5.7	6.5	8.2	0.7
Ashmore	5.4	11.5	5.9	11.8	0.8
PIMCO EMD	6.0	10.7	7.6	10.7	0.5
Investec	4.4	4.2	---	---	0.5
Pictet	3.9	2.3	---	---	0.8
Stone Harbor	4.2	2.5	---	---	0.5
Distressed Debt	3.7	17.4	12.0	21.3	2.2
<i>ML Master High Yield</i>	<i>2.6</i>	<i>11.8</i>	<i>9.3</i>	<i>13.9</i>	<i>---</i>
<i>JPM EMBI</i>	<i>4.8</i>	<i>11.7</i>	<i>7.4</i>	<i>10.3</i>	<i>---</i>

PRIT MANAGER RETURNS AND ALLOCATIONS
AS OF JUNE 30, 2014

PORTFOLIO	QTR	ANNUALIZED			% Allocation
		1 YEAR	3 YEARS	5 YEARS	
Private Equity	3.8	26.8	17.2	18.9	11.1
Total Special Equity	4.0	25.5	17.1	19.3	8.6
Total Venture Capital	3.8	35.1	19.9	19.6	2.3
<i>Cambridge Private Equity (Lagged)</i>	<i>3.1</i>	<i>19.0</i>	<i>14.2</i>	<i>17.3</i>	---
Private Real Estate	2.8	13.2	13.3	10.2	6.4
Investco Core	1.9	9.4	14.4	10.1	1.3
Lasalle	3.4	13.0	13.6	12.7	2.2
AEW	2.6	13.8	12.6	---	1.0
JP Morgan	4.5	8.9	10.0	11.1	1.0
TA Associates	5.5	12.3	10.7	6.3	1.9
Non-Core	1.3	6.4	---	---	0.7
Canyon Johnson II	1.9	-5.3	-4.0	-8.5	0.0
Intercontinental IV	3.6	15.3	5.5	2.7	0.0
New Boston Urban I	2.3	3.9	6.4	10.6	0.0
Portfolio Debt	---	---	---	---	-1.6
<i>NCREIF</i>	<i>2.9</i>	<i>11.2</i>	<i>11.3</i>	<i>9.7</i>	---
<i>NCREIF ODCE</i>	<i>2.9</i>	<i>12.7</i>	<i>12.4</i>	<i>10.0</i>	---
REITS	7.7	14.6	9.8	18.2	2.5
Investco Global REIT	7.9	14.8	---	---	0.4
Centersquare Global REIT	8.2	14.9	---	---	1.2
EII Global REIT	6.7	14.0	---	---	0.8
<i>NAREIT</i>	<i>7.1</i>	<i>13.0</i>	<i>11.9</i>	<i>23.7</i>	---
<i>FTSE EPRA NAREIT</i>	<i>7.2</i>	<i>12.5</i>	<i>9.1</i>	<i>16.3</i>	---

PRIT MANAGER RETURNS AND ALLOCATIONS
AS OF JUNE 30, 2014

PORTFOLIO	QTR	ANNUALIZED			% Allocation
		1 YEAR	3 YEARS	5 YEARS	
Timber	1.1	11.8	5.3	1.2	2.4
Forest	0.4	10.1	5.5	1.3	1.8
The Campbell Group	2.9	16.8	---	---	0.7
<i>NCREIF Timber</i>	<i>1.1</i>	<i>9.9</i>	<i>6.7</i>	<i>3.3</i>	---
Natural Resources - Public	11.9	34.1	4.0	13.5	0.9
Jennison	12.3	35.3	2.3	13.5	0.5
T. Rowe Price NR	11.5	32.7	5.6	13.4	0.4
<i>Lipper NR Global Fund Index</i>	<i>9.2</i>	<i>28.4</i>	<i>2.0</i>	<i>10.4</i>	---
Natural Resources - Private	-0.6	-5.6	3.5	6.9	0.5
Hedge Funds (Net)	2.4	10.8	6.9	7.1	9.6
Arden HFOF Liquidation	1.3	8.2	---	---	0.2
Ivy Liquidation	-0.3	6.8	1.8	0.5	0.0
PAAMCO	1.7	14.5	7.5	8.2	2.4
Direct Hedge Funds	2.7	10.2	---	---	7.1
<i>HFRI FOF</i>	<i>1.6</i>	<i>7.7</i>	<i>3.3</i>	<i>3.9</i>	---
Portable Alpha Wind Down (Net)	0.3	-5.8	-3.7	2.3	0.1
Austin Capital	-11.5	-29.4	-16.5	-10.2	0.0
Crestline	1.0	-6.9	-1.4	3.2	0.0
Strategic	2.6	1.7	-3.2	1.5	0.0
<i>HFRI FOF</i>	<i>1.6</i>	<i>7.7</i>	<i>3.3</i>	<i>3.9</i>	---
Overlay	3.7	--	--	--	0.9
Clifton	5.9	--	--	--	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

FRANKLIN REGIONAL RETIREMENT SYSTEM
POLEN CAPITAL MANAGEMENT - LARGE CAP GROWTH FUND
PERFORMANCE REVIEW
JUNE 2014

INVESTMENT RETURN

On June 30th, 2014, the Franklin Regional Retirement System's Polen Capital Management Large Cap Growth Fund was valued at \$7,388,299, a decrease of \$8,986 from the March ending value of \$7,397,285. Last quarter, the account recorded a net withdrawal of \$305,000, which overshadowed the fund's net investment return of \$296,014. Income receipts totaling \$23,539 and realized and unrealized capital gains of \$272,475 combined to produce the portfolio's net investment return.

Since March 2012, the account has recorded net contributions totaling \$545,000, and generated net investment gains totaling \$1.6 million. Since March 2012, if the account earned a compounded nominal rate of 8.0% it would have been valued at \$6.9 million or \$479,723 less than the actual value as of June 30th, 2014.

RELATIVE PERFORMANCE

For the second quarter, the Polen Capital Management Large Cap Growth Fund gained 4.1%, which was 1.0% below the Russell 1000 Growth Index's return of 5.1% and ranked in the 65th percentile of the Large Cap Growth universe. Over the trailing twelve-month period, this portfolio returned 24.4%, which was 2.5% less than the benchmark's 26.9% performance, and ranked in the 78th percentile. Since March 2012, the portfolio returned 10.5% annualized and ranked in the 99th percentile. The Russell 1000 Growth returned an annualized 17.1% over the same time frame.

ASSET ALLOCATION

On June 30th, 2014, domestic equities comprised 96.9% of the total portfolio (\$7.2 million), while cash & equivalents comprised the remaining 3.1% (\$228,508).

ANALYSIS

Once again, the portfolio preserved its concentrated approach of diversifying across six of the eleven industry sectors in our analysis. Relative to the Russell 1000 Growth, the portfolio was overweight in the Non-Durable Consumer Goods, Consumer Service, Computer Technology, Finance and Service sectors. As compared to previous quarters, the Non-Durable Consumer Goods sector increased its exposure. Conversely, the Technology sector was underweight. The Basic, Durable Consumer Goods, Transportation, Energy and Utilities sectors remained absent of any holdings.

The portfolio's performance was due to stock selection and weighting. Four of the over-weighted sectors underperformed the market. Two of the four sectors, Consumer Service and Finance posted negative returns while their market counterparts returned positive returns. A missed opportunity occurred in the Energy sector which was the best performing sector in the Russell 1000 Growth Index. The Polen Capital Management Large Cap Growth fund fell short of the market by 100 basis points.

EXECUTIVE SUMMARY**PERFORMANCE SUMMARY**

	Quarter	YTD	1 Year	-----Annualized-----	
				3 Years	Since 03/12
Total Gross/Fees	4.1	4.8	24.4	----	10.5
<i>LARGE CAP GROWTH RANK</i>	(65)	(60)	(78)	----	(99)
Total Net/Fees	3.9	4.4	23.5	----	9.8
RUSSELL 1000G	5.1	6.3	26.9	16.3	17.1
Domestic Equity	4.3	5.0	25.8	----	11.1
<i>LARGE CAP GROWTH RANK</i>	(58)	(56)	(65)	----	(99)
RUSSELL 1000G	5.1	6.3	26.9	16.3	17.1

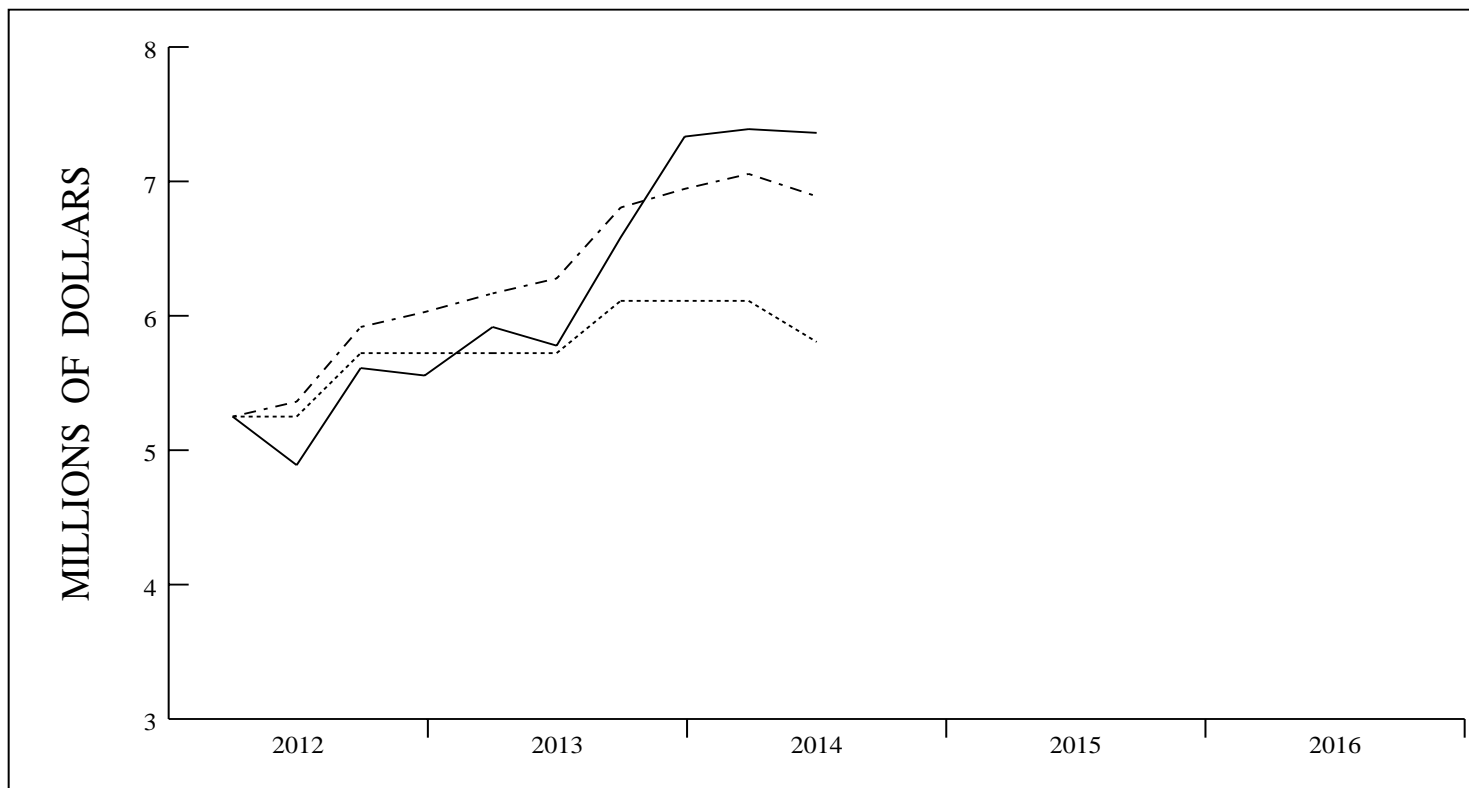
ASSET ALLOCATION

Domestic Equity	96.9%	\$ 7,159,791
Cash	3.1%	228,508
Total Portfolio	100.0%	\$ 7,388,299

INVESTMENT RETURN

Market Value 3/2014	\$ 7,397,285
Contribs / Withdrawals	-305,000
Income	23,539
Capital Gains / Losses	272,475
Market Value 6/2014	\$ 7,388,299

INVESTMENT GROWTH

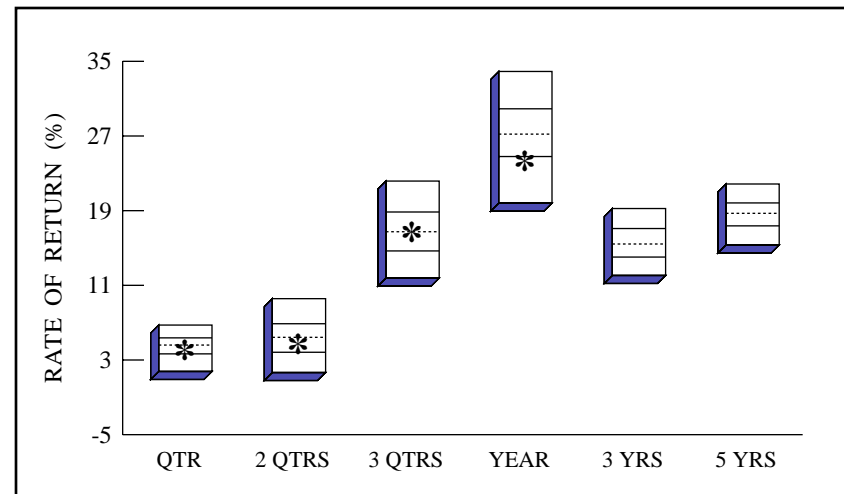
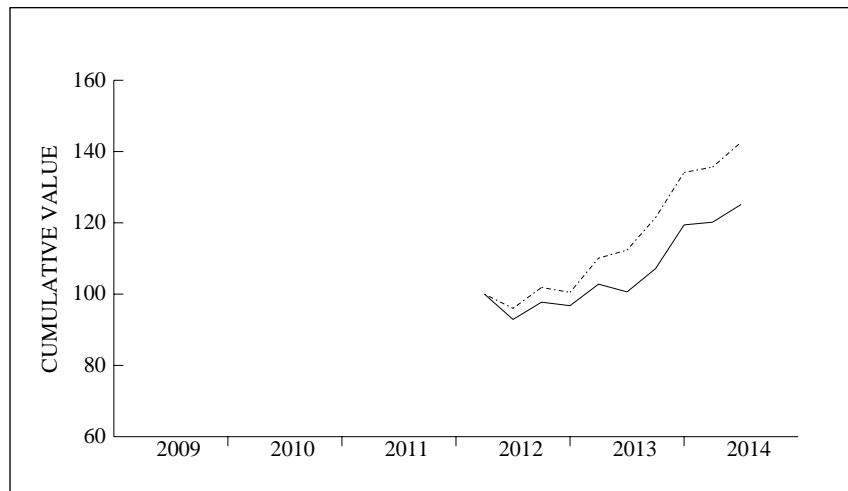


— ACTUAL RETURN
 - - - 8.0%
 . . . 0.0%

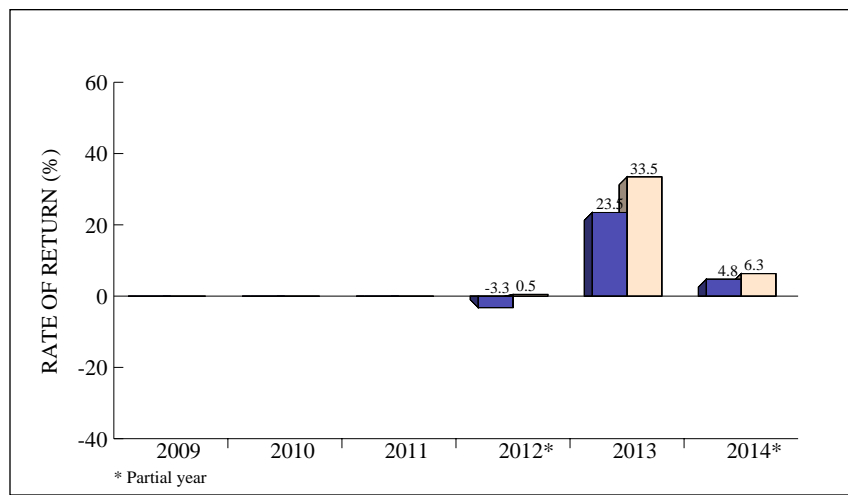
VALUE ASSUMING
 8.0% RETURN
 \$ 6,908,576

	LAST QUARTER	PERIOD 3/12 - 6/14
BEGINNING VALUE	\$ 7,397,285	\$ 5,273,154
NET CONTRIBUTIONS	-305,000	545,000
INVESTMENT RETURN	296,014	1,570,145
ENDING VALUE	\$ 7,388,299	\$ 7,388,299
INCOME	23,539	164,710
CAPITAL GAINS (LOSSES)	272,475	1,405,435
INVESTMENT RETURN	296,014	1,570,145

TOTAL RETURN COMPARISONS

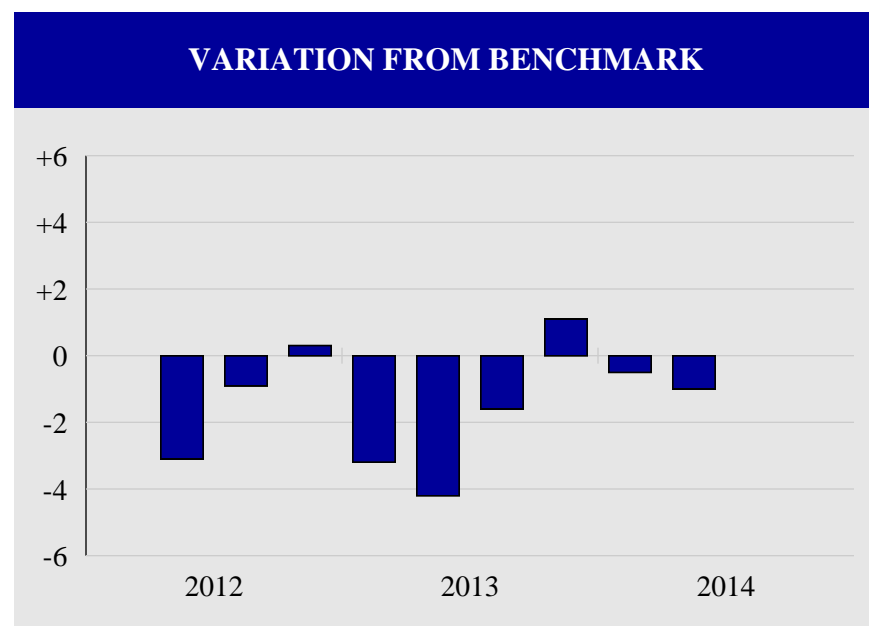


Large Cap Growth Universe



	QTR	2QTRS	3QTRS	YEAR	-----ANNUALIZED-----	
					3 YRS	5 YRS
RETURN	4.1	4.8	16.8	24.4	----	----
(RANK)	(65)	(60)	(48)	(78)	----	----
5TH %ILE	6.7	9.6	22.2	33.9	19.2	21.9
25TH %ILE	5.4	6.9	18.9	29.9	17.1	19.8
MEDIAN	4.6	5.4	16.7	27.2	15.4	18.7
75TH %ILE	3.7	3.8	14.7	24.8	14.0	17.4
95TH %ILE	1.8	1.7	11.8	19.8	12.1	15.3
Russ 1000G	5.1	6.3	17.4	26.9	16.3	19.2

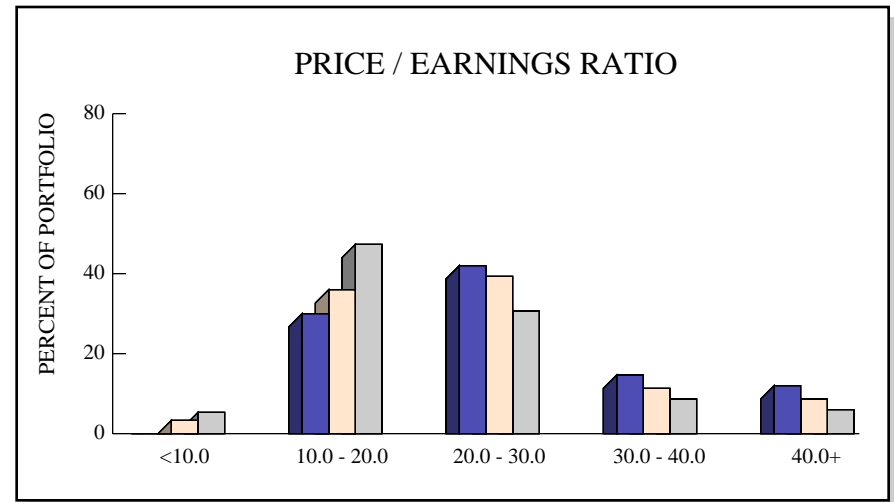
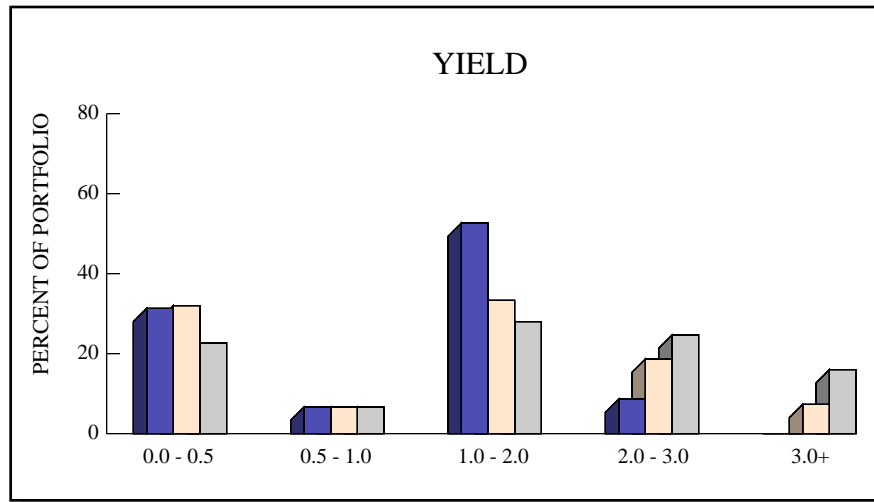
Large Cap Growth Universe

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

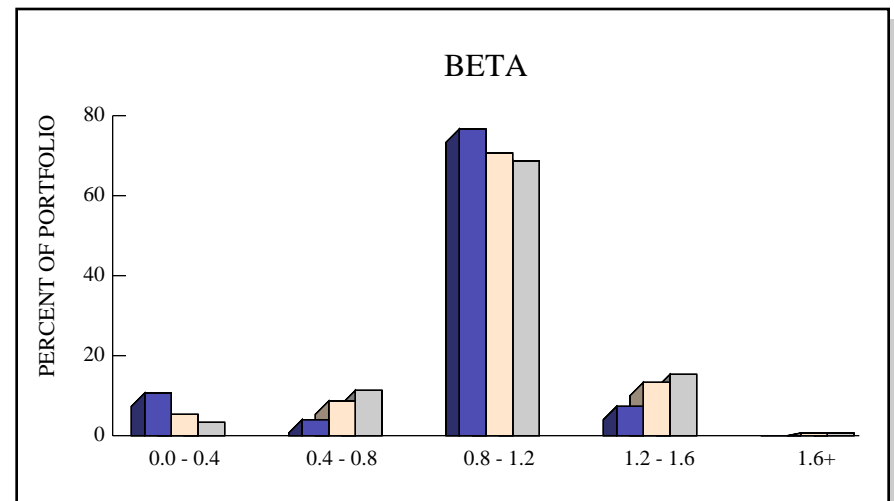
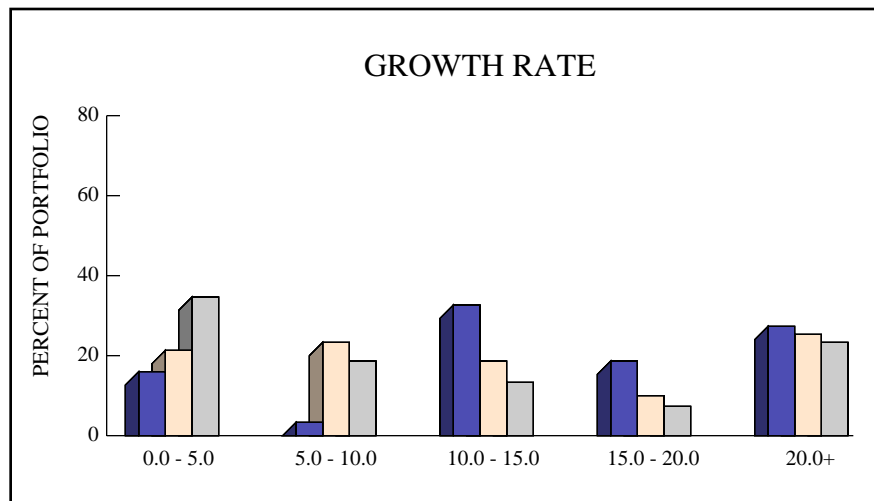
RATES OF RETURN			
Date	Portfolio	Benchmark	Difference
6/12	-7.1	-4.0	-3.1
9/12	5.2	6.1	-0.9
12/12	-1.0	-1.3	0.3
3/13	6.3	9.5	-3.2
6/13	-2.1	2.1	-4.2
9/13	6.5	8.1	-1.6
12/13	11.5	10.4	1.1
3/14	0.6	1.1	-0.5
6/14	4.1	5.1	-1.0

Total Quarters Observed	9
Quarters At or Above the Benchmark	2
Quarters Below the Benchmark	7
Batting Average	.222

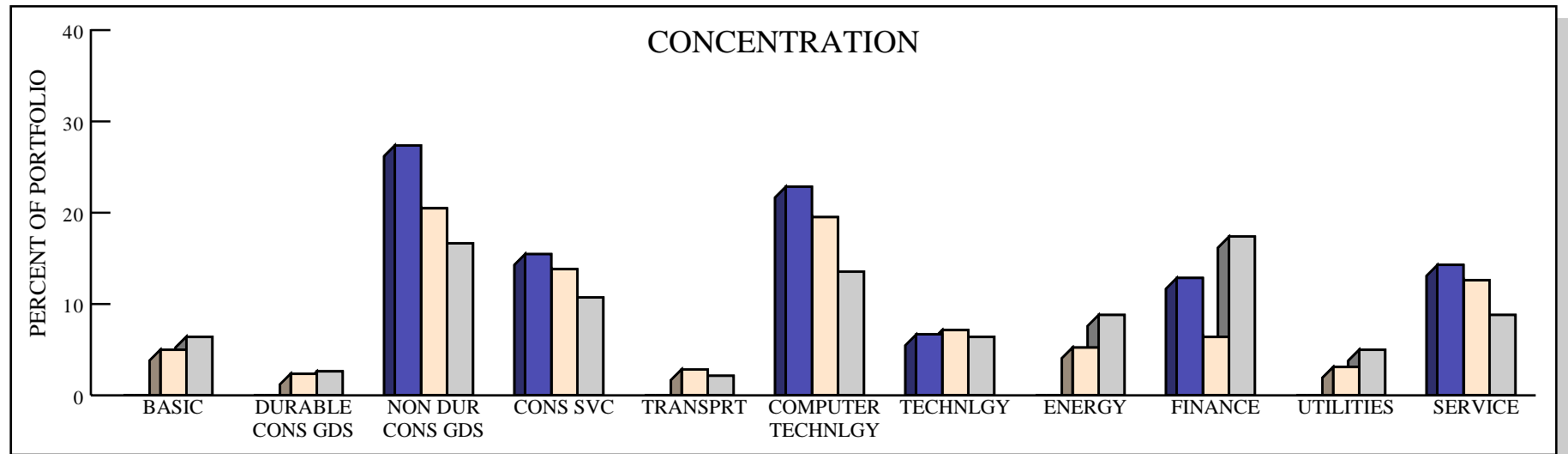
STOCK CHARACTERISTICS



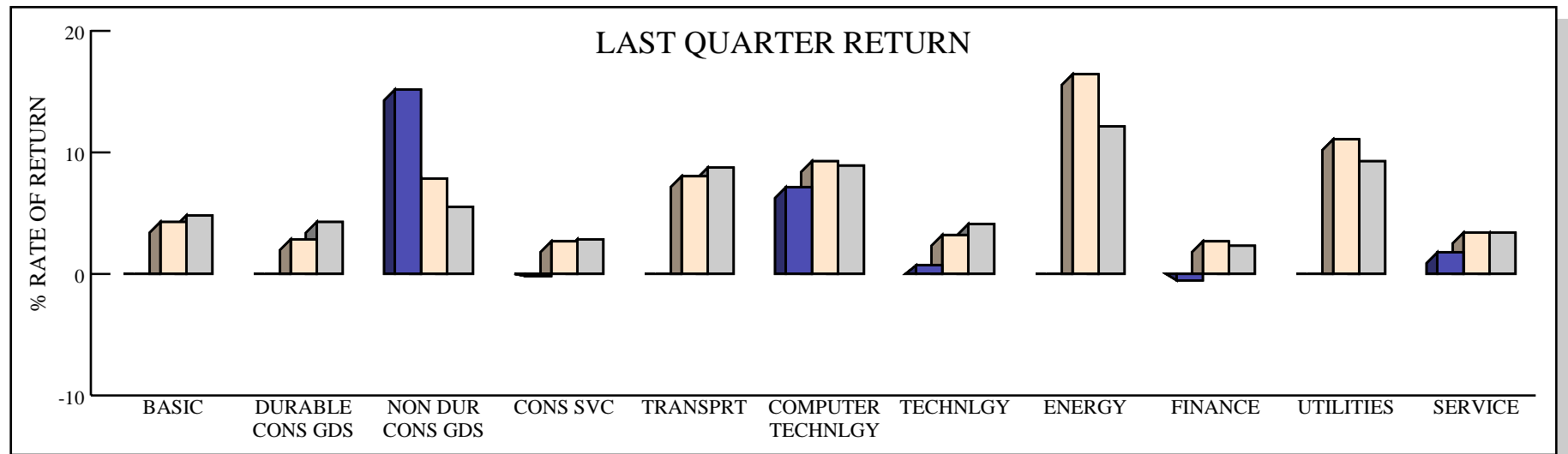
	YIELD	GROWTH	P/E	BETA
PORTFOLIO	1.1%	16.5%	27.5	0.91
RUSSELL 1000G	1.4%	13.9%	23.5	0.96
RUSSELL 1000	1.8%	11.0%	21.2	0.98



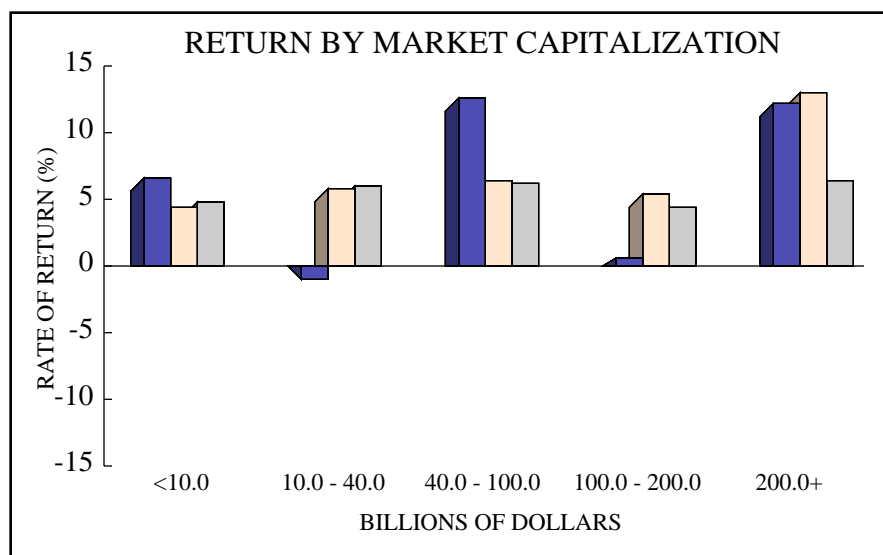
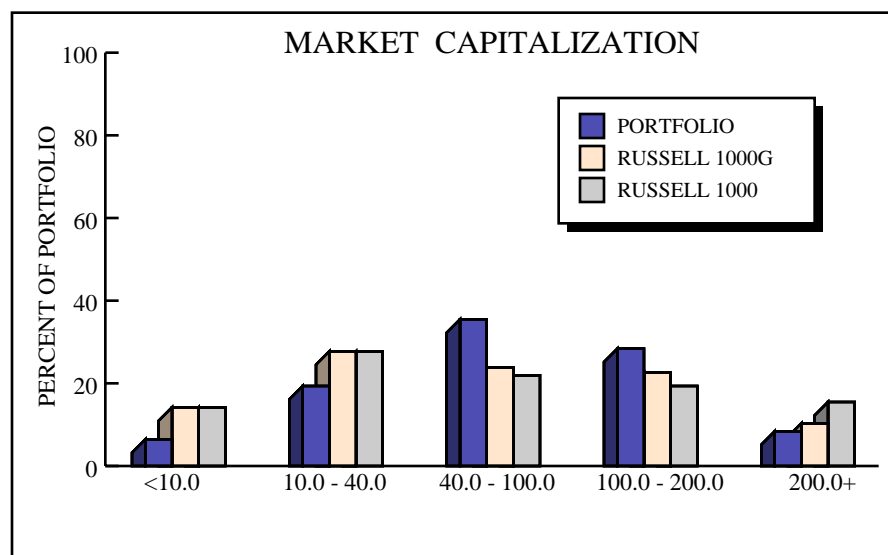
STOCK INDUSTRY ANALYSIS



■ PORTFOLIO
 ■ RUSSELL 1000 GROWTH
 ■ RUSSELL 1000



TOP TEN HOLDINGS



TOP TEN EQUITY HOLDINGS

RANK	NAME	VALUE	% EQUITY	RETURN	INDUSTRY SECTOR	MKT CAP
1	ALLERGAN INC	\$ 665,373	9.29%	36.4%	NonDur Cons Goods	\$ 50.4 B
2	VISA INC-CLASS A SHARES	486,529	6.80%	-2.2%	Finance	105.2 B
3	QUALCOMM INC	485,496	6.78%	0.9%	Technology	133.7 B
4	ABBOTT LABORATORIES	462,579	6.46%	6.6%	NonDur Cons Goods	61.4 B
5	ORACLE CORP	459,002	6.41%	-0.6%	Computer Tech	190.4 B
6	NIKE INC -CL B	423,035	5.91%	5.3%	NonDur Cons Goods	54.3 B
7	STARBUCKS CORP	386,049	5.39%	5.8%	Consumer Service	58.3 B
8	ACCENTURE PLC-CL A	341,792	4.77%	2.0%	Service	51.2 B
9	GOOGLE INC-CL A	321,568	4.49%	4.8%	Computer Tech	164.7 B
10	NESTLE SA-SPONS ADR	319,534	4.46%	3.3%	NonDur Cons Goods	250.5 B

FRANKLIN REGIONAL RETIREMENT SYSTEM
O'SHAUGHNESSY ASSET MANAGEMENT - MARKET LEADERS VALUE
PERFORMANCE REVIEW
JUNE 2014

INVESTMENT RETURN

On June 30th, 2014, the Franklin Regional Retirement System's O'Shaughnessy Asset Management Market Leaders Value portfolio was valued at \$7,454,117, a decrease of \$251,867 from the March ending value of \$7,705,984. Last quarter, the account recorded a net withdrawal of \$454,130, which overshadowed the fund's net investment return of \$202,263. Income receipts totaling \$50,069 and realized and unrealized capital gains of \$152,194 combined to produce the portfolio's net investment return.

Since March 2012, the account has recorded net withdrawals totaling \$892,526 while posting net investment gains totaling \$3.2 million. Since March 2012, if the account earned a compounded nominal rate of 8.0% it would have been valued at \$5.2 million or \$2.3 million less than the actual value as of June 30th, 2014.

RELATIVE PERFORMANCE

Total Fund

For the second quarter, the O'Shaughnessy Asset Management Market Leaders Value portfolio gained 2.8%, which was 2.3% below the Russell 1000 Value Index's return of 5.1% and ranked in the 94th percentile of the Large Cap Value universe. Over the trailing twelve-month period, this portfolio returned 31.7%, which was 7.9% greater than the benchmark's 23.8% performance, and ranked in the 6th percentile. Since March 2012, the portfolio returned 23.8% annualized and ranked in the 7th percentile. The Russell 1000 Value returned an annualized 20.4% over the same time frame.

ASSET ALLOCATION

On June 30th, 2014, domestic equities comprised 98.3% of the total portfolio (\$7.3 million), while cash & equivalents comprised the remaining 1.7% (\$126,641).

STOCK ANALYSIS

Last quarter, the O'Shaughnessy portfolio was diversified across ten of the eleven industry sectors shown in our analysis. Relative to the Russell 1000 Value Index, the portfolio was overweight in the Consumer Service, Computer Technology, Technology, and Service sectors, and significantly underweight in the Energy and Finance sectors. The Transportation sector was vacant, while the remaining sectors were slightly underweight.

The portfolio underperformed against the benchmark in six of the represented sectors. The overweight Consumer Service, Computer Technology and Technology sectors performed poorly, while the Durable Consumer Goods, Finance, Utilities and Service sectors beat their benchmarks. The portfolio incurred losses in the Non-durable Consumer Goods and Consumer Service sectors. Overall, the O'Shaughnessy portfolio finished the quarter 230 basis points below the Russell 1000 Value Index.

EXECUTIVE SUMMARY**PERFORMANCE SUMMARY**

	Quarter	YTD	1 Year	-----Annualized-----	
				3 Years	Since 03/12
Total Gross/Fees	2.8	6.2	31.7	----	23.8
<i>LARGE CAP VALUE RANK</i>	(94)	(76)	(6)	----	(7)
Total Net/Fees	2.7	5.9	31.0	----	23.2
RUSSELL 1000V	5.1	8.3	23.8	16.9	20.4
Domestic Equity	2.8	6.3	32.3	----	24.3
<i>LARGE CAP VALUE RANK</i>	(94)	(73)	(6)	----	(5)
RUSSELL 1000V	5.1	8.3	23.8	16.9	20.4

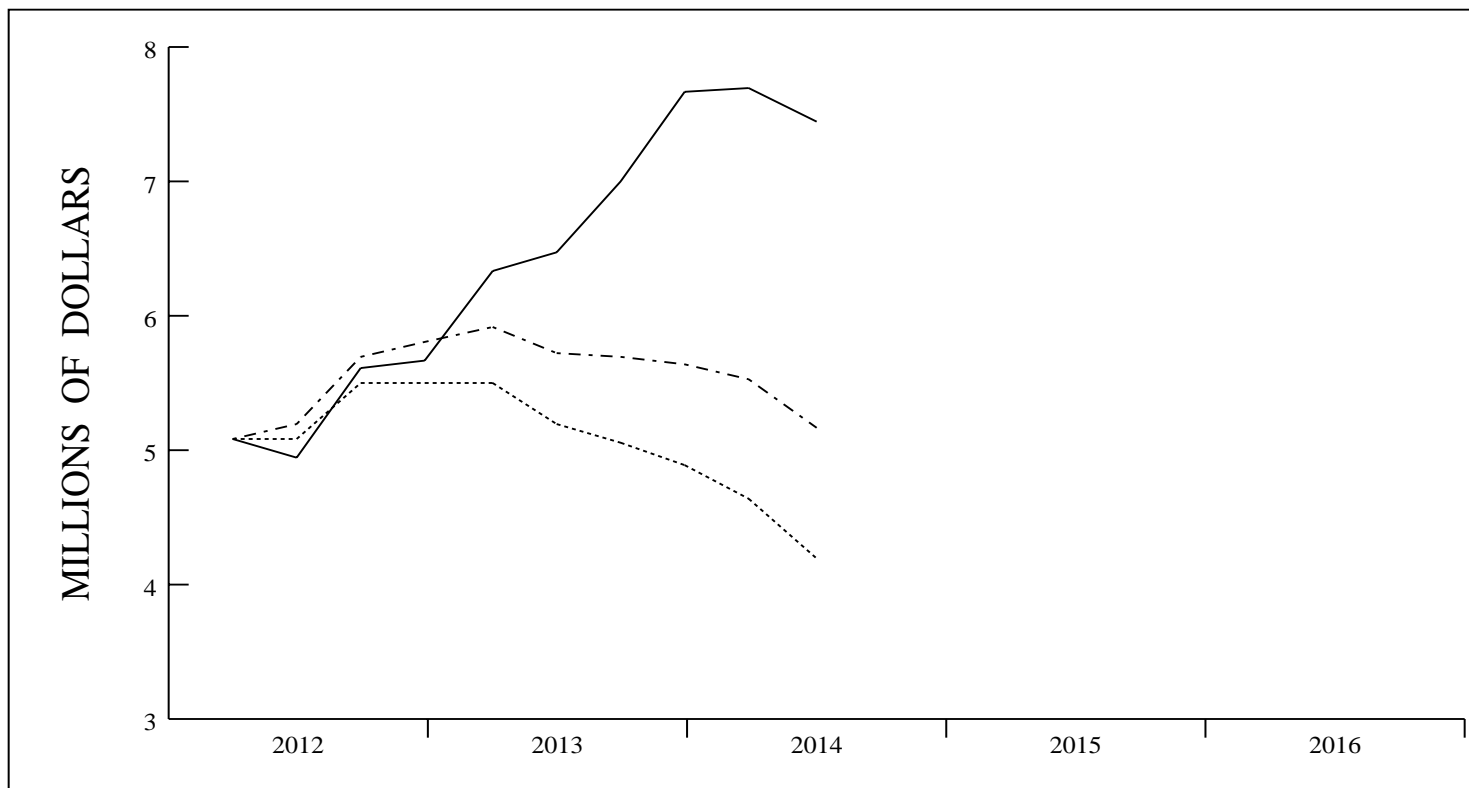
ASSET ALLOCATION

Domestic Equity	98.3%	\$ 7,327,476
Cash	1.7%	126,641
Total Portfolio	100.0%	\$ 7,454,117

INVESTMENT RETURN

Market Value 3/2014	\$ 7,705,984
Contribs / Withdrawals	-454,130
Income	50,069
Capital Gains / Losses	152,194
Market Value 6/2014	\$ 7,454,117

INVESTMENT GROWTH

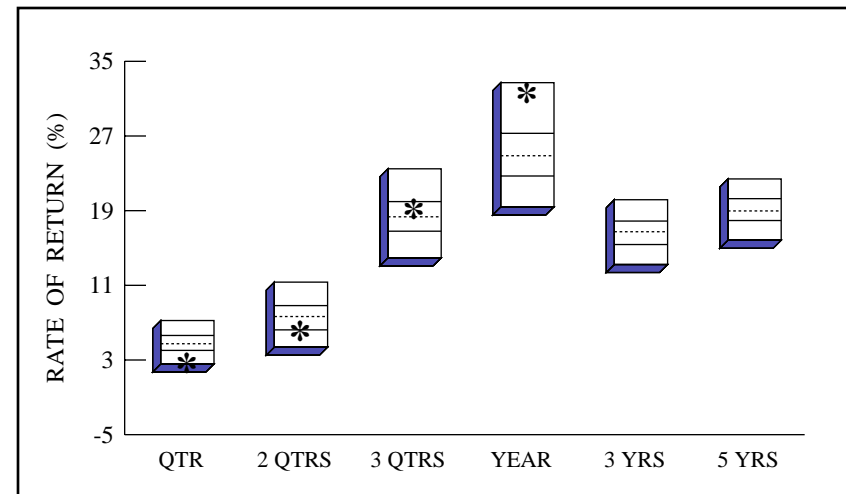
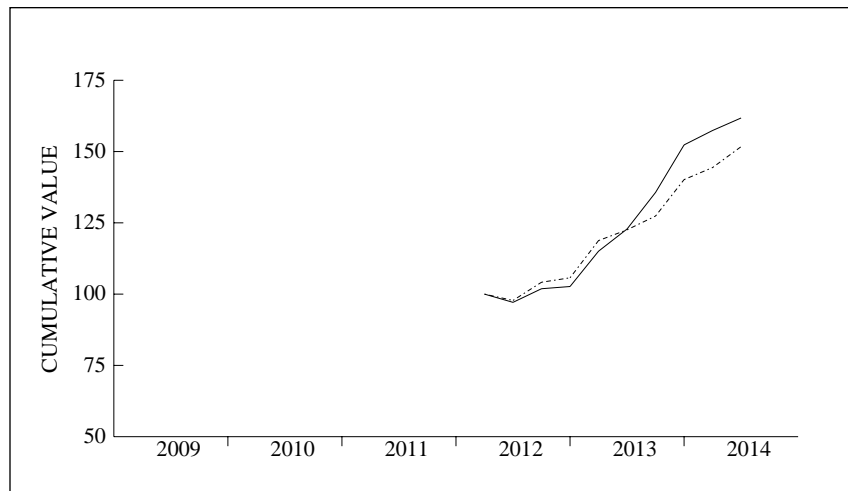


— ACTUAL RETURN
 - - - 8.0%
 . . . 0.0%

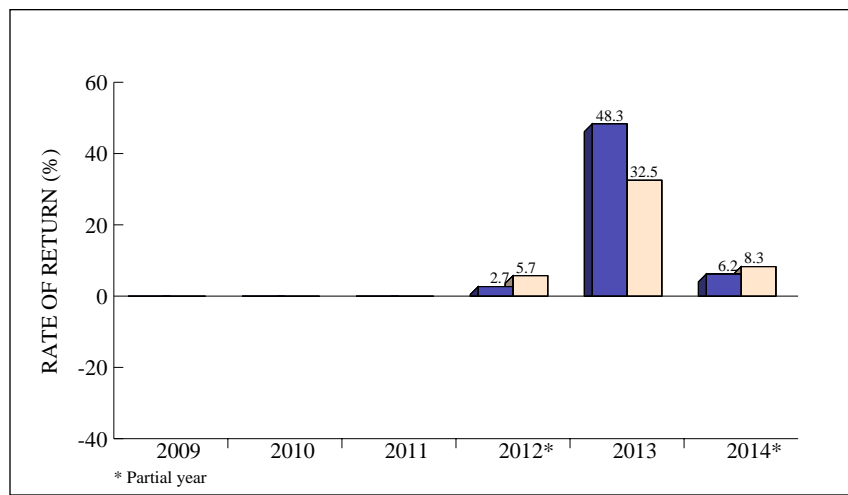
VALUE ASSUMING
 8.0% RETURN
 \$ 5,179,748

	LAST QUARTER	PERIOD 3/12 - 6/14
BEGINNING VALUE	\$ 7,705,984	\$ 5,103,112
NET CONTRIBUTIONS	-454,130	-892,526
<u>INVESTMENT RETURN</u>	<u>202,263</u>	<u>3,243,531</u>
ENDING VALUE	\$ 7,454,117	\$ 7,454,117
INCOME	50,069	408,478
CAPITAL GAINS (LOSSES)	<u>152,194</u>	<u>2,835,053</u>
INVESTMENT RETURN	202,263	3,243,531

TOTAL RETURN COMPARISONS



Large Cap Value Universe

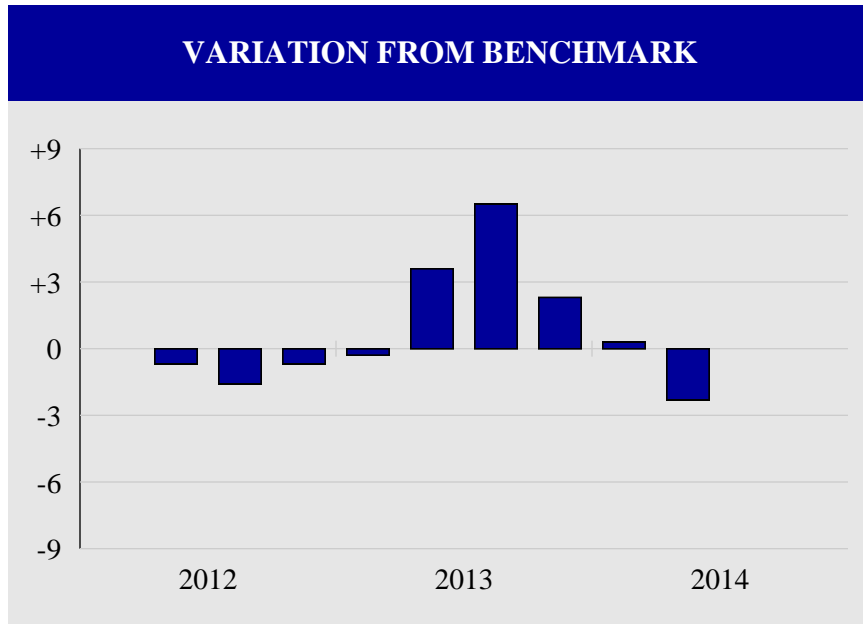


	QTR	2QTRS	3QTRS	YEAR	-----ANNUALIZED-----	
					3 YRS	5 YRS
RETURN	2.8	6.2	19.3	31.7	----	----
(RANK)	(94)	(76)	(36)	(6)	----	----
5TH %ILE	7.2	11.3	23.5	32.7	20.2	22.4
25TH %ILE	5.6	8.8	20.0	27.3	17.9	20.3
MEDIAN	4.8	7.7	18.3	24.9	16.7	19.0
75TH %ILE	4.0	6.2	16.8	22.7	15.4	17.9
95TH %ILE	2.6	4.4	14.0	19.4	13.2	15.8
Russ 1000V	5.1	8.3	19.1	23.8	16.9	19.2

Large Cap Value Universe

TOTAL PORTFOLIO QUARTERLY PERFORMANCE SUMMARY

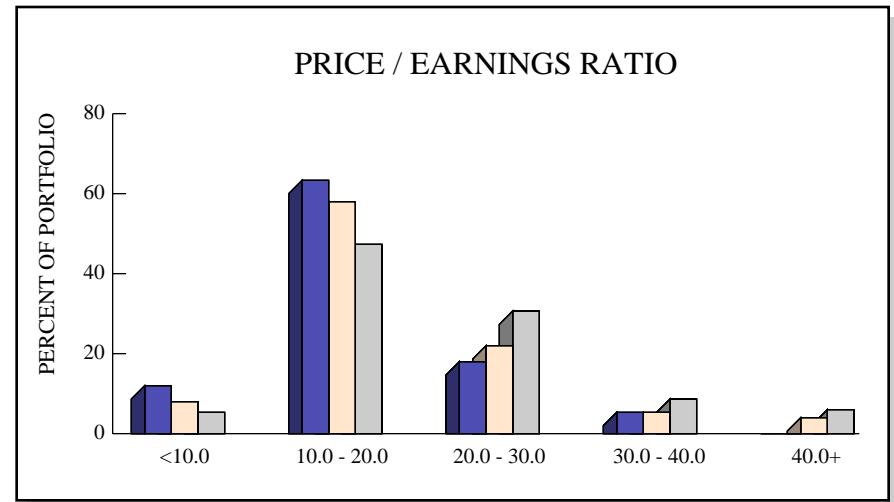
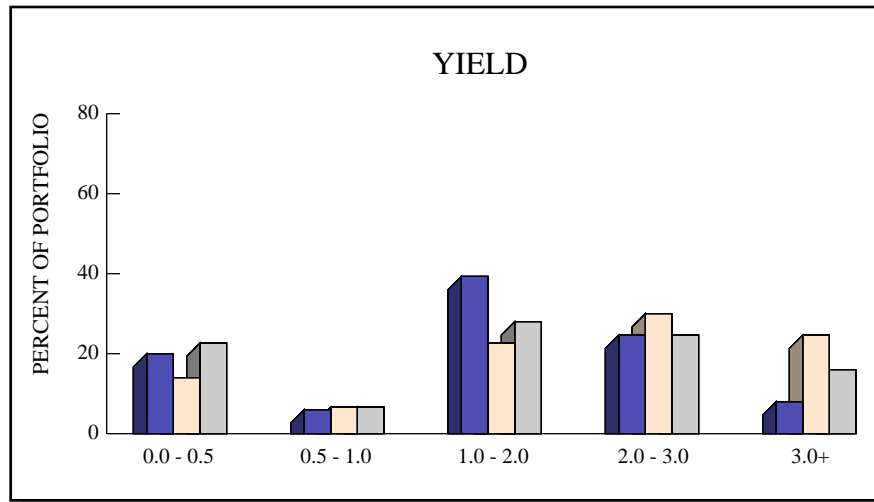
COMPARATIVE BENCHMARK: RUSSELL 1000 VALUE



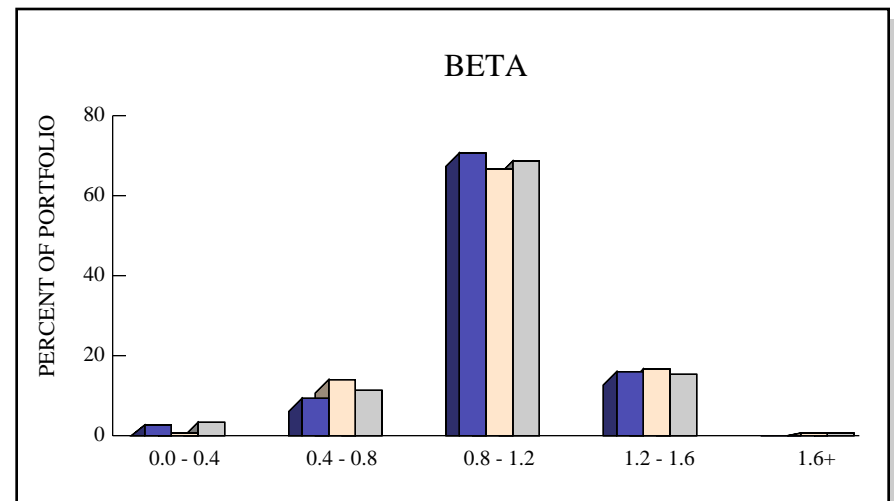
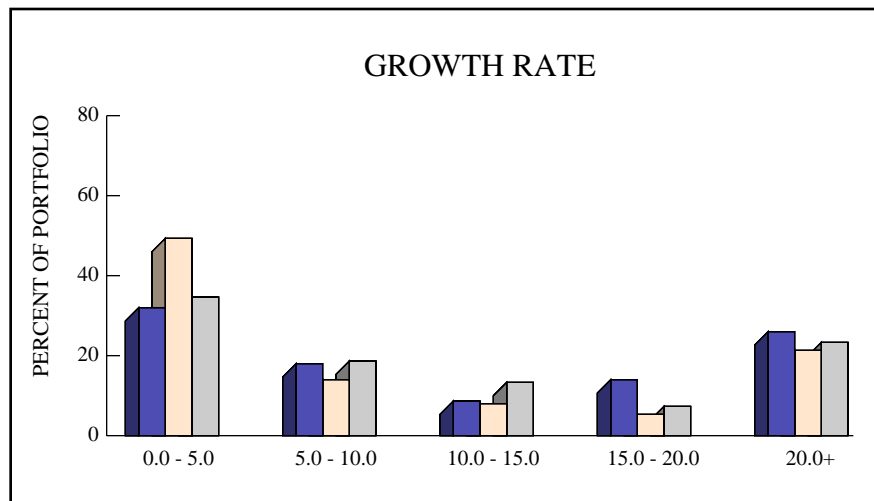
RATES OF RETURN			
Date	Portfolio	Benchmark	Difference
6/12	-2.9	-2.2	-0.7
9/12	4.9	6.5	-1.6
12/12	0.8	1.5	-0.7
3/13	12.0	12.3	-0.3
6/13	6.8	3.2	3.6
9/13	10.4	3.9	6.5
12/13	12.3	10.0	2.3
3/14	3.3	3.0	0.3
6/14	2.8	5.1	-2.3

Total Quarters Observed	9
Quarters At or Above the Benchmark	4
Quarters Below the Benchmark	5
Batting Average	.444

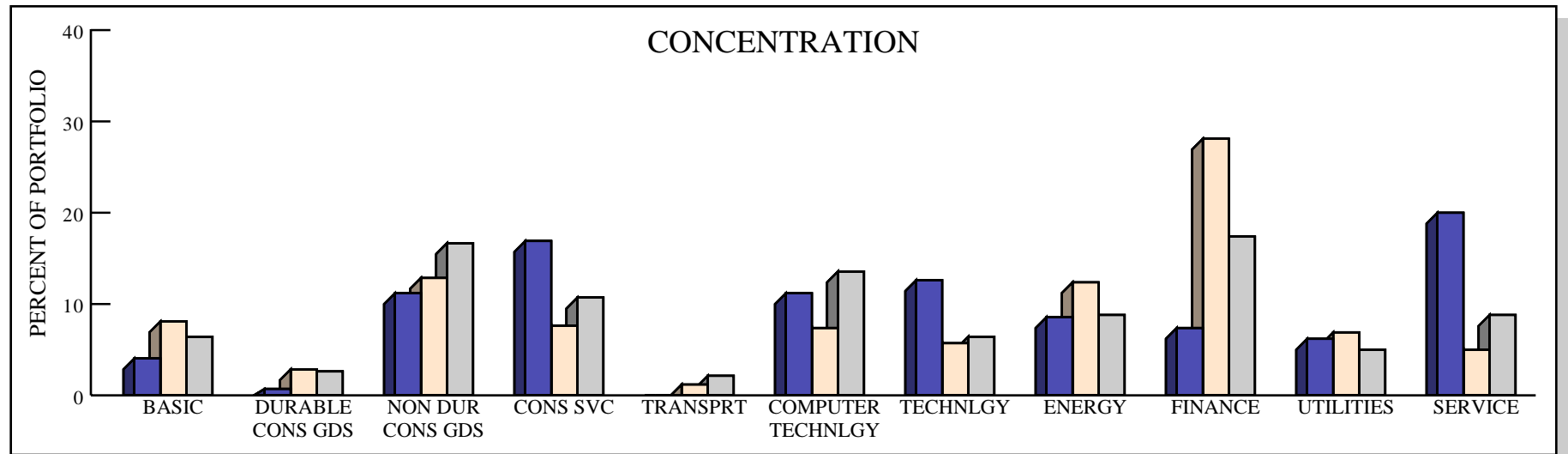
STOCK CHARACTERISTICS



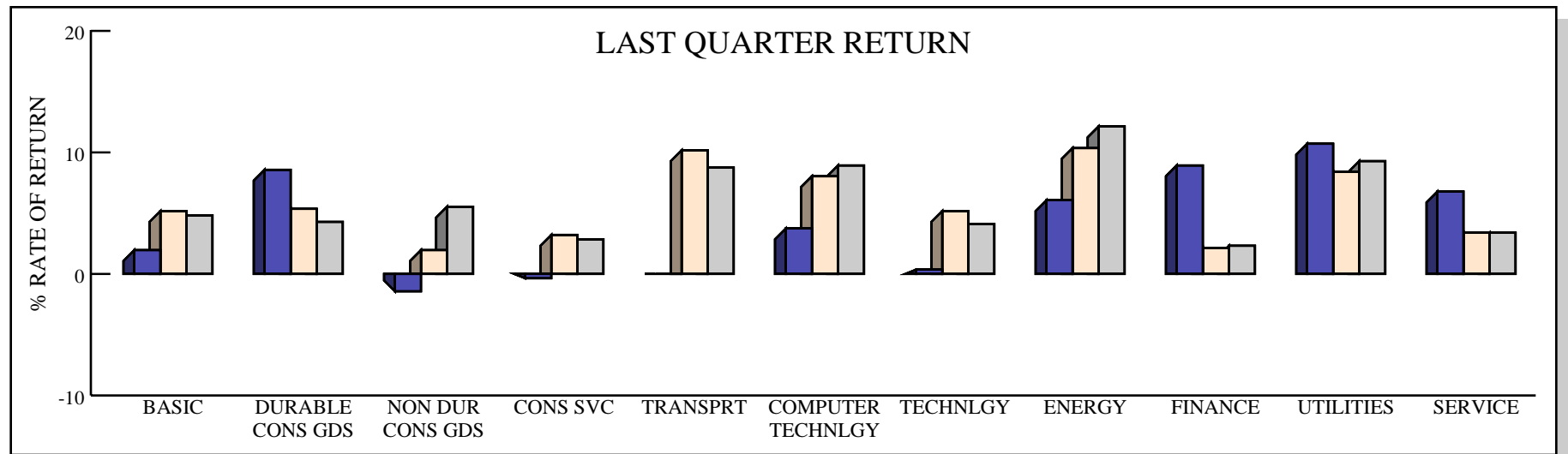
	YIELD	GROWTH	P/E	BETA
PORTFOLIO	1.7%	13.6%	16.7	1.00
RUSSELL 1000V	2.2%	7.9%	19.0	1.00
RUSSELL 1000	1.8%	11.0%	21.2	0.98



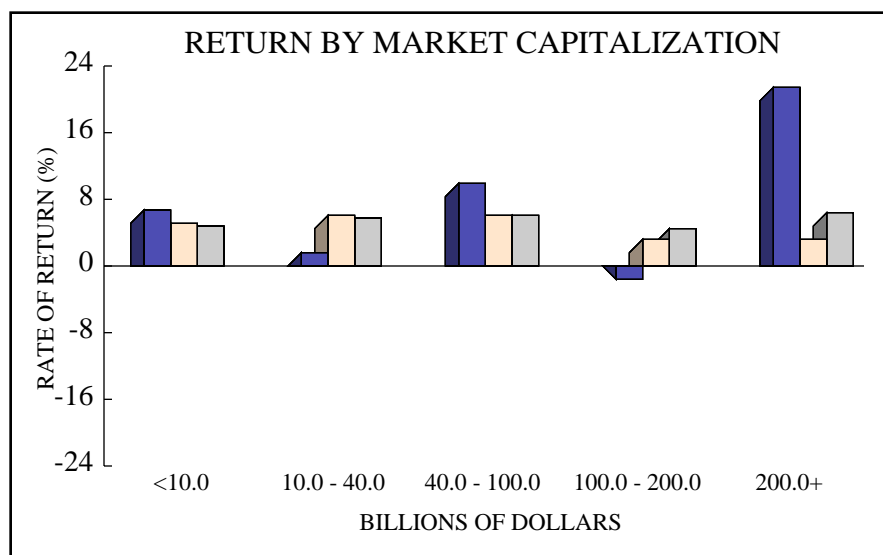
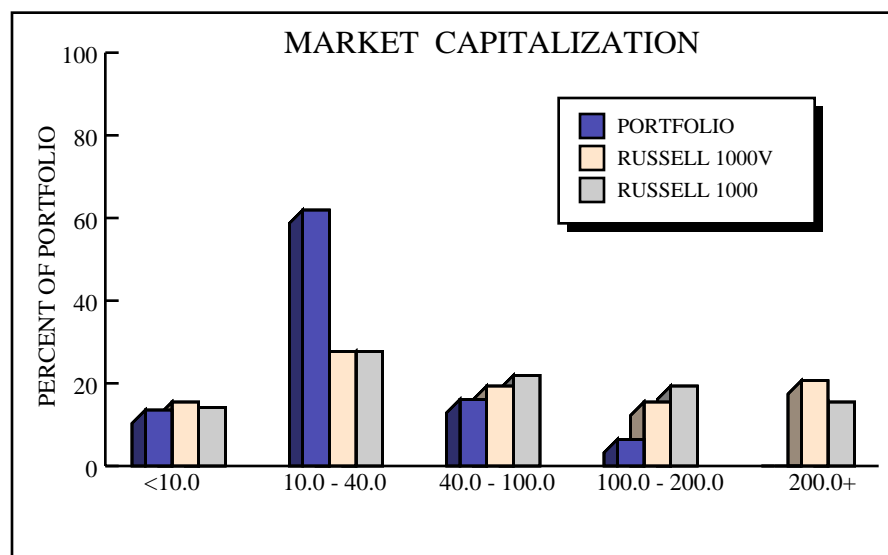
STOCK INDUSTRY ANALYSIS



■ PORTFOLIO
 ■ RUSSELL 1000 VALUE
 ■ RUSSELL 1000



TOP TEN HOLDINGS



TOP TEN EQUITY HOLDINGS

RANK	NAME	VALUE	% EQUITY	RETURN	INDUSTRY SECTOR	MKT CAP
1	DIRECTV	\$ 328,479	4.48%	11.2%	Service	\$ 42.8 B
2	NORTHROP GRUMMAN CORP	316,062	4.31%	-2.5%	Technology	25.6 B
3	COCA-COLA ENTERPRISES	312,433	4.26%	0.5%	NonDur Cons Goods	12.0 B
4	SEAGATE TECHNOLOGY	312,340	4.26%	1.9%	Computer Tech	18.6 B
5	L-3 COMMUNICATIONS HOLDINGS	273,378	3.73%	2.7%	Technology	10.4 B
6	VIACOM INC-CLASS B	245,099	3.34%	2.4%	Service	32.9 B
7	MARATHON PETROLEUM CORP	244,671	3.34%	-9.8%	Energy	22.5 B
8	KOHL'S CORP	230,212	3.14%	-6.6%	Consumer Service	10.9 B
9	LOWE'S COS INC	227,329	3.10%	-1.5%	Consumer Service	47.9 B
10	AT&T INC	223,475	3.05%	2.1%	Service	183.5 B

FRANKLIN REGIONAL RETIREMENT SYSTEM
SEIZERT CAPITAL PARTNERS
PERFORMANCE REVIEW
JUNE 2014

INVESTMENT RETURN

On June 30th, 2014, the Franklin Regional Retirement System's Seizert Capital Partners portfolio was valued at \$6,072,128, a decrease of \$201,027 from the March ending value of \$6,273,155. Last quarter, the account recorded a net withdrawal of \$411,000, which overshadowed the fund's net investment return of \$209,973. Income receipts totaling \$30,303 and realized and unrealized capital gains of \$179,670 combined to produce the portfolio's net investment return.

Since June 2011, the account has recorded net withdrawals totaling \$1.9 million while posting net investment gains totaling \$3.0 million. Since June 2011, if the account earned a compounded nominal rate of 8.0% it would have been valued at \$4.2 million or \$1.9 million less than the actual value as of June 30th, 2014.

RELATIVE PERFORMANCE

For the second quarter, the Seizert Capital Partners portfolio gained 3.6%, which was 1.4% below the Russell Mid Cap's return of 5.0% and ranked in the 54th percentile of the Mid Cap universe. Over the trailing twelve-month period, this portfolio returned 29.2%, which was 2.3% greater than the benchmark's 26.9% performance, and ranked in the 30th percentile. Since June 2011, the portfolio returned 19.3% annualized and ranked in the 6th percentile. The Russell Mid Cap returned an annualized 16.1% over the same time frame.

ASSET ALLOCATION

On June 30th, 2014, domestic equities comprised 95.9% of the total portfolio (\$5.8 million), while cash & equivalents comprised the remaining 4.1% (\$249,147).

STOCK ANALYSIS

Last quarter, the Seizert portfolio was concentrated in nine of the eleven industry sectors shown in our analysis. Relative to the Russell Mid Cap Index, the portfolio was underweight in the Durable, Non-durable Goods, Consumer Service and Technology sectors. The Transportation and Utilities sectors were vacant, while the remaining sectors were overweight.

The portfolio underperformed against the benchmark in five of the represented sectors. The overweight Computer Technology and Finance sectors performed poorly, while the Basic, Non-durable Consumer Goods and Consumer Service sectors beat their benchmarks. The Consumer Service sector showed notable gains, unfortunately, it was not enough to overcome the losses seen elsewhere. Overall, the Seizert Capital Partners portfolio finished the quarter 140 basis points below the Russell Mid Cap Index.

EXECUTIVE SUMMARY**PERFORMANCE SUMMARY**

	Quarter	YTD	1 Year	-----Annualized-----	
				3 Years	Since 06/11
Total Gross/Fees	3.6	6.3	29.2	19.3	19.3
<i>MID CAP RANK</i>	(54)	(49)	(30)	(6)	(6)
Total Net/Fees	3.5	6.0	28.4	18.6	18.6
RUSSELL MID	5.0	8.7	26.9	16.1	16.1
Domestic Equity	3.8	6.6	30.8	20.3	20.3
<i>MID CAP RANK</i>	(50)	(45)	(20)	(4)	(4)
RUSSELL MID	5.0	8.7	26.9	16.1	16.1

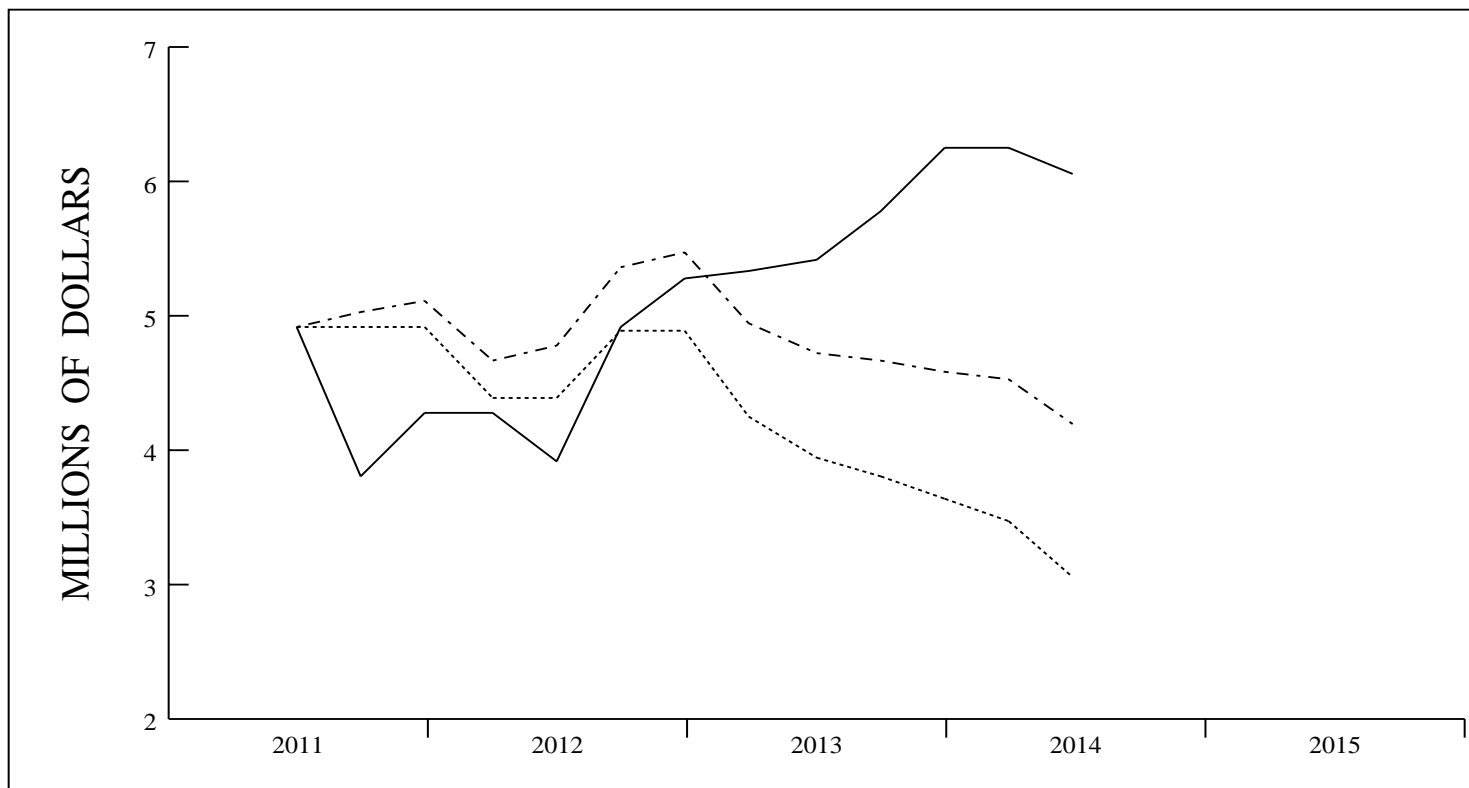
ASSET ALLOCATION

Domestic Equity	95.9%	\$ 5,822,981
Cash	4.1%	249,147
Total Portfolio	100.0%	\$ 6,072,128

INVESTMENT RETURN

Market Value 3/2014	\$ 6,273,155
Contribs / Withdrawals	-411,000
Income	30,303
Capital Gains / Losses	179,670
Market Value 6/2014	\$ 6,072,128

INVESTMENT GROWTH

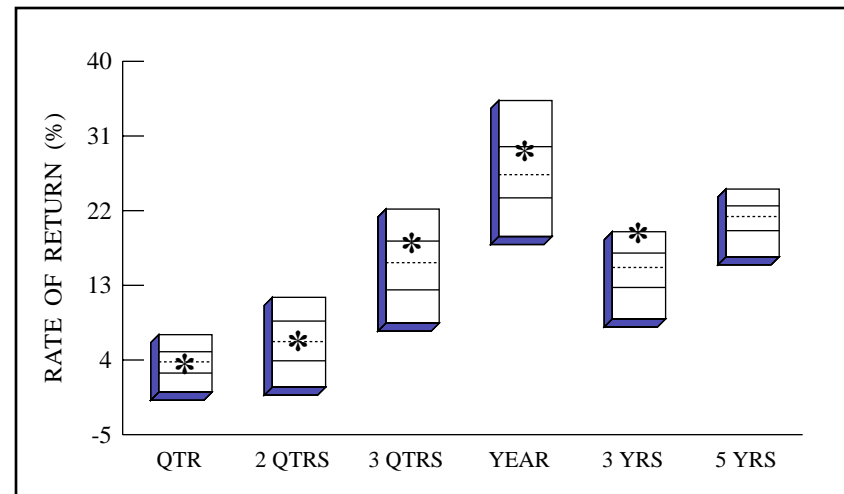
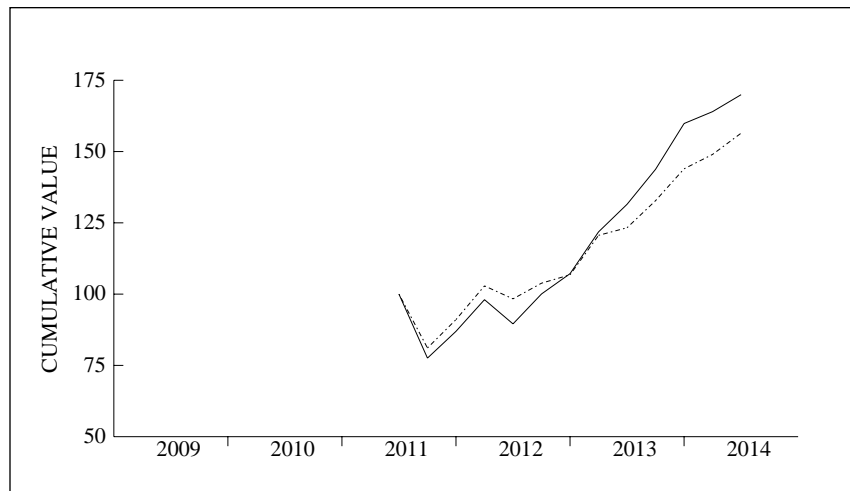


— ACTUAL RETURN
 - - - 8.0%
 . . . 0.0%

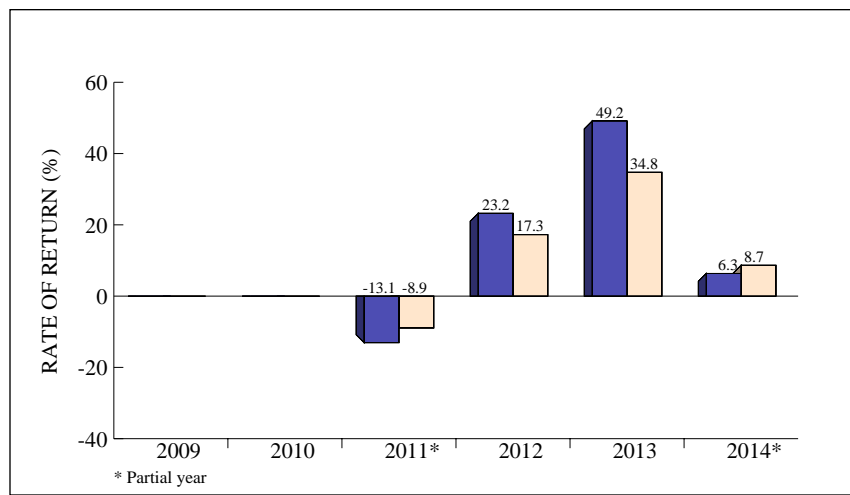
VALUE ASSUMING
 8.0% RETURN
 \$ 4,204,029

	LAST QUARTER	PERIOD 6/11 - 6/14
BEGINNING VALUE	\$ 6,273,155	\$ 4,935,067
NET CONTRIBUTIONS	-411,000	-1,861,000
<u>INVESTMENT RETURN</u>	<u>209,973</u>	<u>2,998,061</u>
ENDING VALUE	\$ 6,072,128	\$ 6,072,128
INCOME	30,303	229,461
CAPITAL GAINS (LOSSES)	<u>179,670</u>	<u>2,768,600</u>
INVESTMENT RETURN	209,973	2,998,061

TOTAL RETURN COMPARISONS



Mid Cap Universe

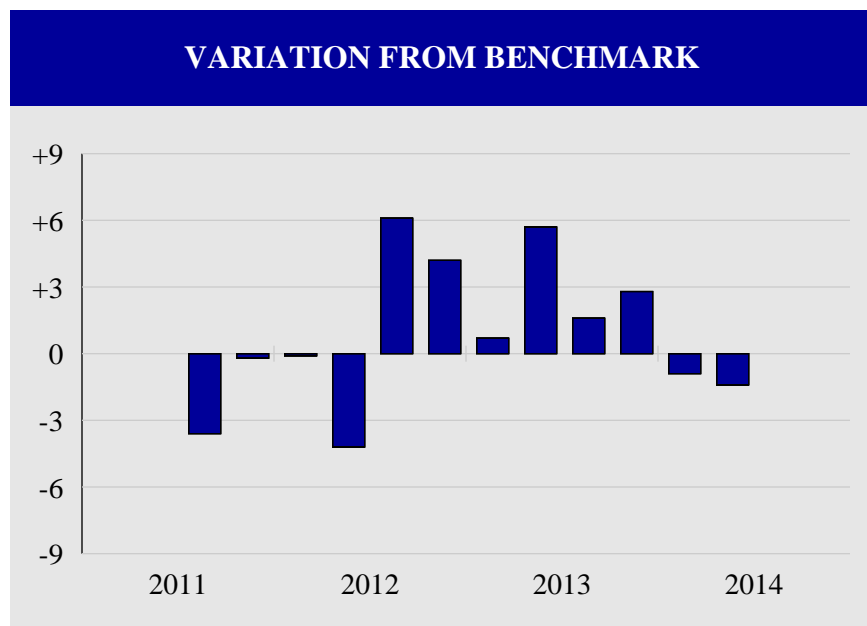


	QTR	2QTRS	3QTRS	YEAR	3 YRS	5 YRS
RETURN	3.6	6.3	18.2	29.2	19.3	----
(RANK)	(54)	(49)	(26)	(30)	(6)	----
5TH %ILE	7.0	11.5	22.2	35.3	19.5	24.6
25TH %ILE	5.0	8.7	18.4	29.7	16.9	22.6
MEDIAN	3.8	6.2	15.7	26.3	15.2	21.3
75TH %ILE	2.4	3.9	12.5	23.5	12.7	19.6
95TH %ILE	0.1	0.7	8.4	18.9	8.9	16.4
Russ MC	5.0	8.7	17.8	26.9	16.1	22.1

Mid Cap Universe

TOTAL PORTFOLIO QUARTERLY PERFORMANCE SUMMARY

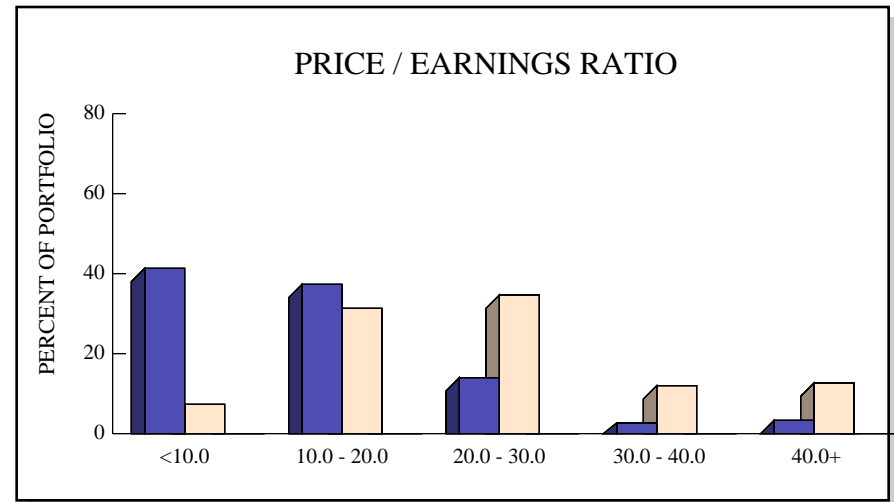
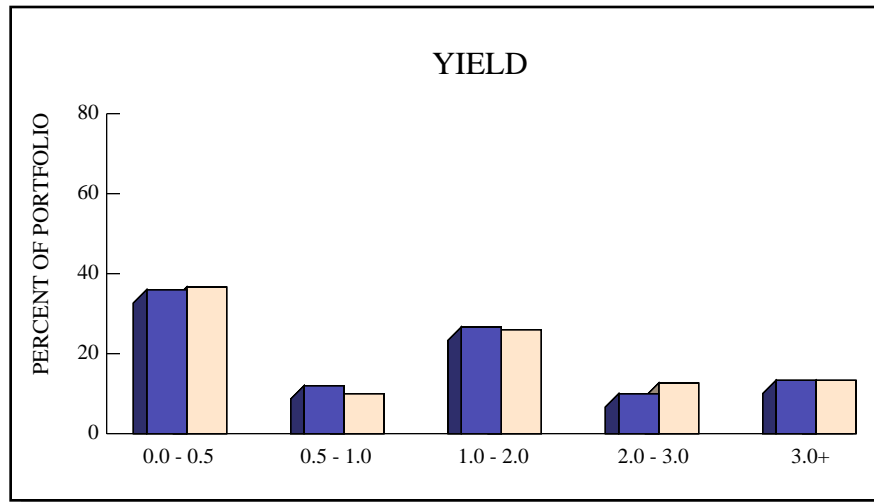
COMPARATIVE BENCHMARK: RUSSELL MID CAP



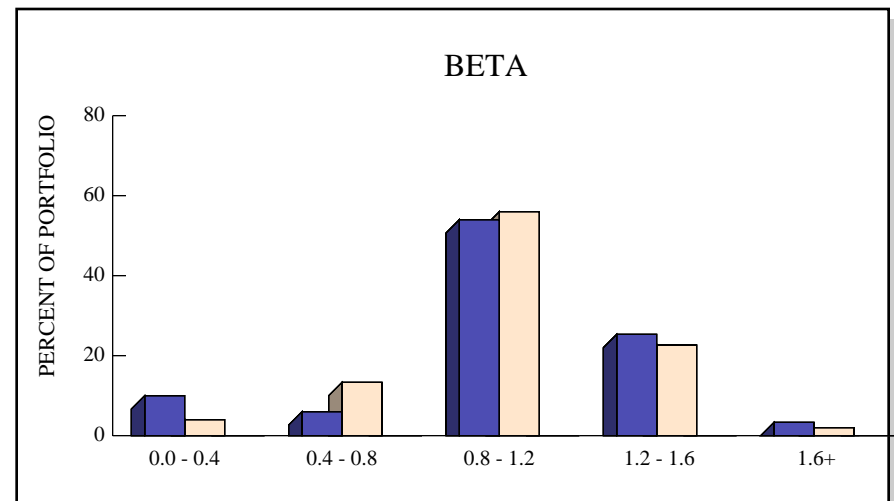
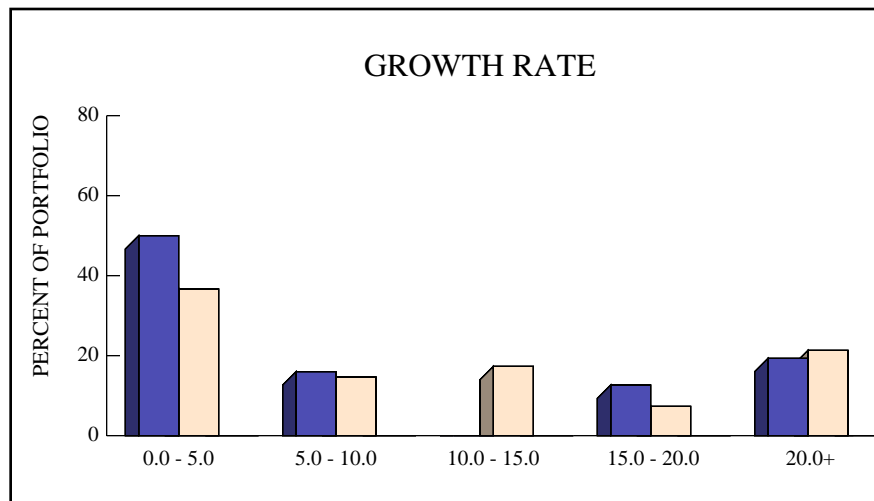
RATES OF RETURN			
Date	Portfolio	Benchmark	Difference
9/11	-22.5	-18.9	-3.6
12/11	12.1	12.3	-0.2
3/12	12.8	12.9	-0.1
6/12	-8.6	-4.4	-4.2
9/12	11.7	5.6	6.1
12/12	7.1	2.9	4.2
3/13	13.7	13.0	0.7
6/13	7.9	2.2	5.7
9/13	9.3	7.7	1.6
12/13	11.2	8.4	2.8
3/14	2.6	3.5	-0.9
6/14	3.6	5.0	-1.4

Total Quarters Observed	12
Quarters At or Above the Benchmark	6
Quarters Below the Benchmark	6
Batting Average	.500

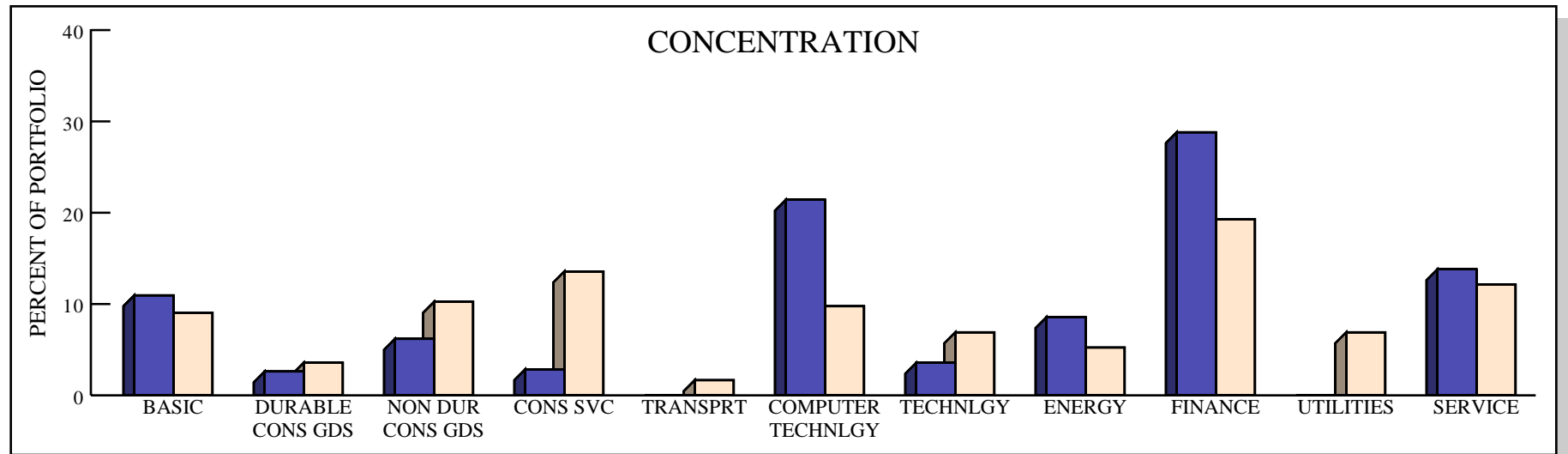
STOCK CHARACTERISTICS



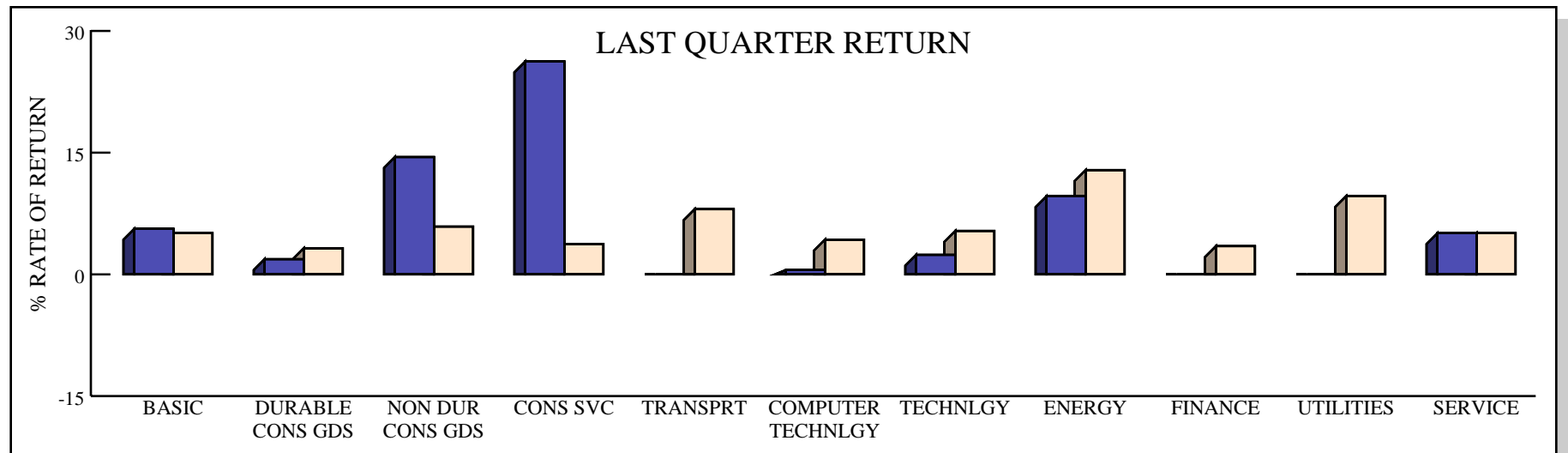
	YIELD	GROWTH	P/E	BETA
PORTFOLIO	1.7%	8.8%	14.1	0.96
RUSSELL MID	1.4%	10.3%	24.9	1.01



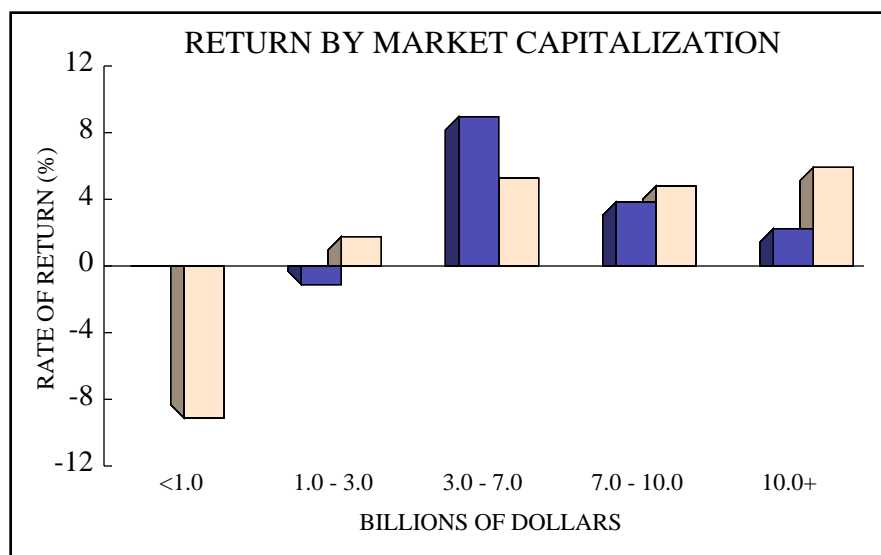
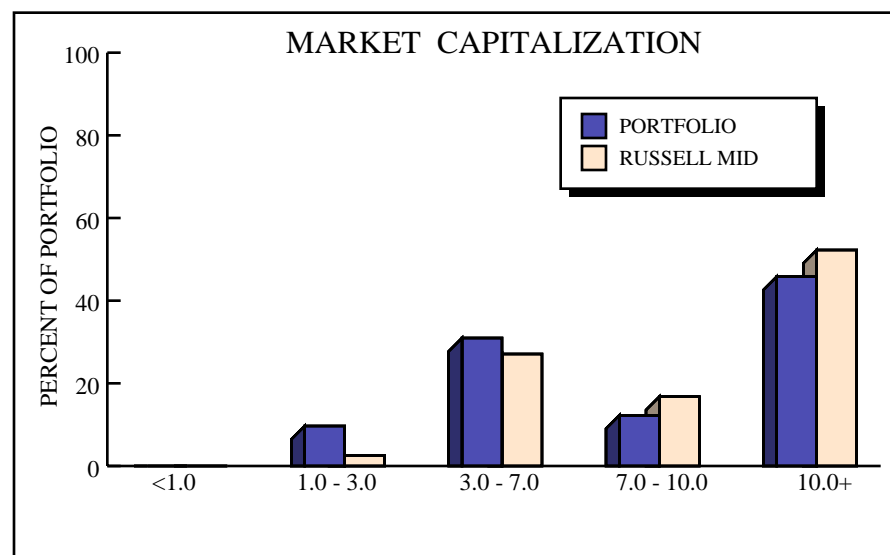
STOCK INDUSTRY ANALYSIS



■ PORTFOLIO ■ RUSSELL MID CAP



TOP TEN HOLDINGS



TOP TEN EQUITY HOLDINGS

RANK	NAME	VALUE	% EQUITY	RETURN	INDUSTRY SECTOR	MKT CAP
1	LIBERTY MEDIA CORP - A	\$ 409,357	7.03%	4.6%	Service	\$ 14.3 B
2	VISTEON CORP	284,239	4.88%	9.7%	Basic	4.7 B
3	DENBURY RESOURCES INC	267,301	4.59%	12.7%	Energy	6.5 B
4	ENSCO PLC-CL A	243,119	4.18%	6.4%	Energy	13.0 B
5	CHECK POINT SOFTWARE TECH	228,907	3.93%	-0.9%	Computer Tech	12.9 B
6	REGIONS FINANCIAL CORP	222,117	3.81%	-4.1%	Finance	14.6 B
7	ASSURED GUARANTY LTD	221,064	3.80%	-2.8%	Finance	4.4 B
8	SYMANTEC CORP	219,954	3.78%	15.3%	Computer Tech	15.8 B
9	WESTERN UNION CO	218,397	3.75%	6.7%	Service	9.3 B
10	WESTERN DIGITAL CORP	209,521	3.60%	0.8%	Computer Tech	21.7 B

FRANKLIN REGIONAL RETIREMENT SYSTEM
DARUMA
PERFORMANCE REVIEW
JUNE 2014

INVESTMENT RETURN

On June 30th, 2014, the Franklin Regional Retirement System's Daruma portfolio was valued at \$5,849,411, a decrease of \$5,936,179 from the March ending value of \$11,785,590. Last quarter, the account recorded total net withdrawals of \$5,915,579 in addition to \$20,600 in net investment losses. The fund's net investment loss was a result of income receipts totaling \$6,481 and realized and unrealized capital losses totaling \$27,081.

Since December 2008, the account has recorded net withdrawals totaling \$9.4 million while posting net investment gains totaling \$9.9 million. Since December 2008, if the account earned a compounded nominal rate of 8.0% it would have been valued at \$2.0 million or \$7.8 million less than the actual value as of June 30th, 2014.

RELATIVE PERFORMANCE

Total Fund

For the second quarter, the Daruma portfolio lost 0.3%, which was 2.3% below the Russell 2000 Index's return of 2.0% and ranked in the 82nd percentile of the Small Cap universe. Over the trailing twelve-month period, this portfolio returned 22.6%, which was 1.0% less than the benchmark's 23.6% performance, and ranked in the 74th percentile. Since December 2008, the portfolio returned 22.3% annualized and ranked in the 39th percentile. The Russell 2000 returned an annualized 18.8% over the same time frame.

ASSET ALLOCATION

On June 30th, 2014, domestic equities comprised 96.2% of the total portfolio (\$5.6 million), while cash & equivalents comprised the remaining 3.8% (\$222,329).

HOLDINGS ANALYSIS

At quarter's end, the Daruma Asset Management portfolio was invested across nine of the eleven sectors included in our analysis. Compared to the Russell 2000 Index, the portfolio was overweight in the Basic, Non-Durable Consumer Goods, Transportation, Computer Technology, Energy, and Service sectors. Conversely, the portfolio was underweight in the Technology and Finance sectors. The Durable Consumer Goods and Utilities sectors remained void of any holdings.

Last quarter underperforming segments surpassed outperforming segments. Seven sectors posted below market returns while three of these sectors posted negative returns. The Service sector's negative return versus their markets counterpart's positive return was amplified by the fact that this segment was severely over-weighted representing almost 20% of the total portfolio. A similar scenario occurred in the over-weight Basic and Non-Durable Consumer Goods sectors. However, these sectors posted positive returns. The only segment to add any benefit to the total return was in the Consumer Service sector which posted a 6.5% return versus the market's 4.2%. The Daruma Asset Management Small Cap portfolio severely lagged the market by 230 basis points.

EXECUTIVE SUMMARY**PERFORMANCE SUMMARY**

	Quarter	YTD	1 Year	-----Annualized-----	
				3 Years	Since 12/08
Total Gross/Fees	-0.3	1.0	22.6	12.5	22.3
<i>SMALL CAP RANK</i>	(82)	(76)	(74)	(87)	(39)
Total Net/Fees	-0.7	0.5	21.3	11.4	21.1
RUSSELL 2000	2.0	3.2	23.6	14.6	18.8
Domestic Equity	-0.4	1.0	23.5	13.1	23.3
<i>SMALL CAP RANK</i>	(82)	(76)	(69)	(84)	(29)
RUSSELL 2000	2.0	3.2	23.6	14.6	18.8
RUSSELL 2000G	1.7	2.2	24.7	14.5	20.8
RUSSELL 2000V	2.4	4.2	22.5	14.6	16.8

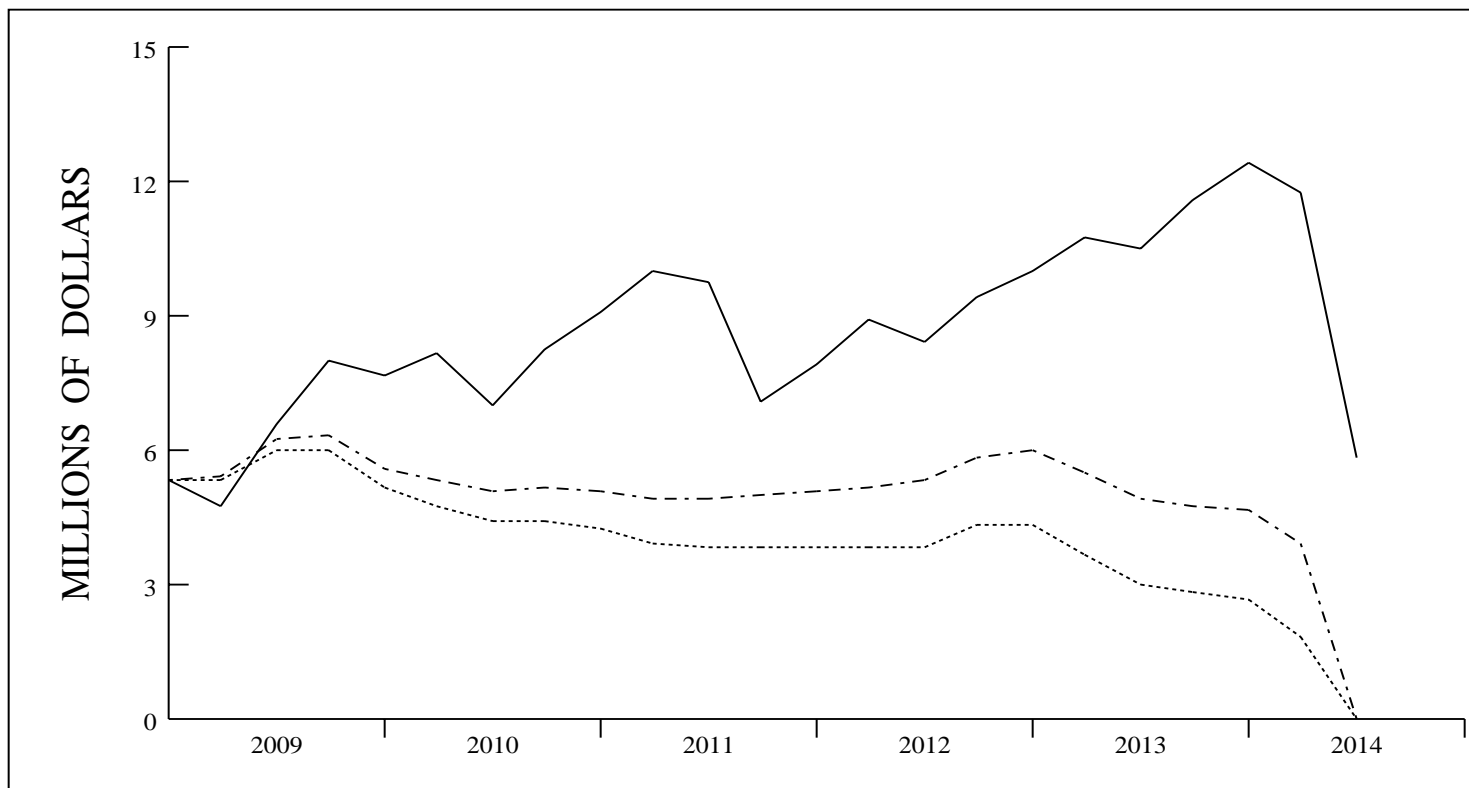
ASSET ALLOCATION

Domestic Equity	96.2%	\$ 5,627,082
Cash	3.8%	222,329
Total Portfolio	100.0%	\$ 5,849,411

INVESTMENT RETURN

Market Value 3/2014	\$ 11,785,590
Contribs / Withdrawals	- 5,915,579
Income	6,481
Capital Gains / Losses	- 27,081
Market Value 6/2014	\$ 5,849,411

INVESTMENT GROWTH

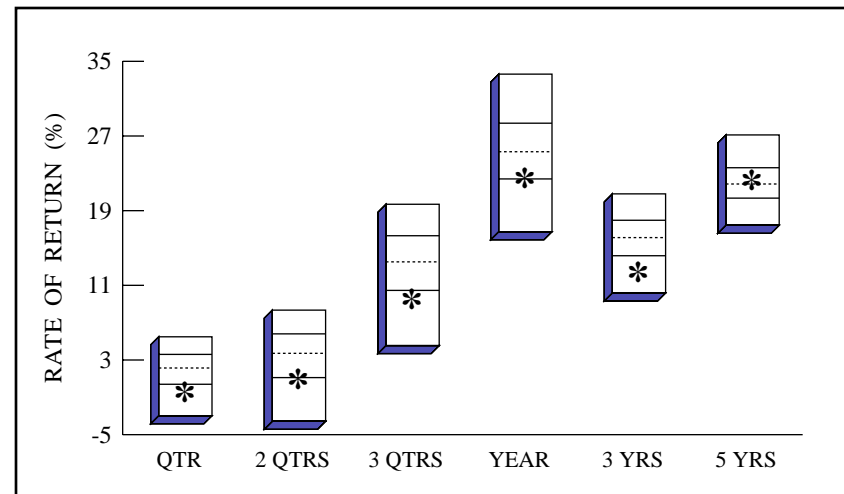


— ACTUAL RETURN
 - - - 8.0%
 . . . 0.0%

VALUE ASSUMING
 8.0% RETURN
 \$ -1,951,599

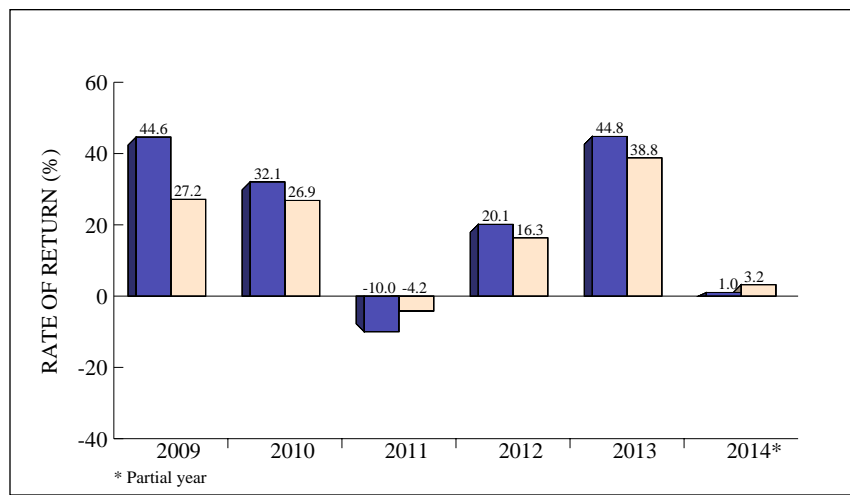
	LAST QUARTER	PERIOD 12/08 - 6/14
BEGINNING VALUE	\$ 11,785,590	\$ 5,341,893
NET CONTRIBUTIONS	- 5,915,579	- 9,419,579
<u>INVESTMENT RETURN</u>	<u>- 20,600</u>	<u>9,927,097</u>
ENDING VALUE	\$ 5,849,411	\$ 5,849,411
INCOME	6,481	226,279
CAPITAL GAINS (LOSSES)	- 27,081	9,700,818
<u>INVESTMENT RETURN</u>	<u>- 20,600</u>	<u>9,927,097</u>

TOTAL RETURN COMPARISONS



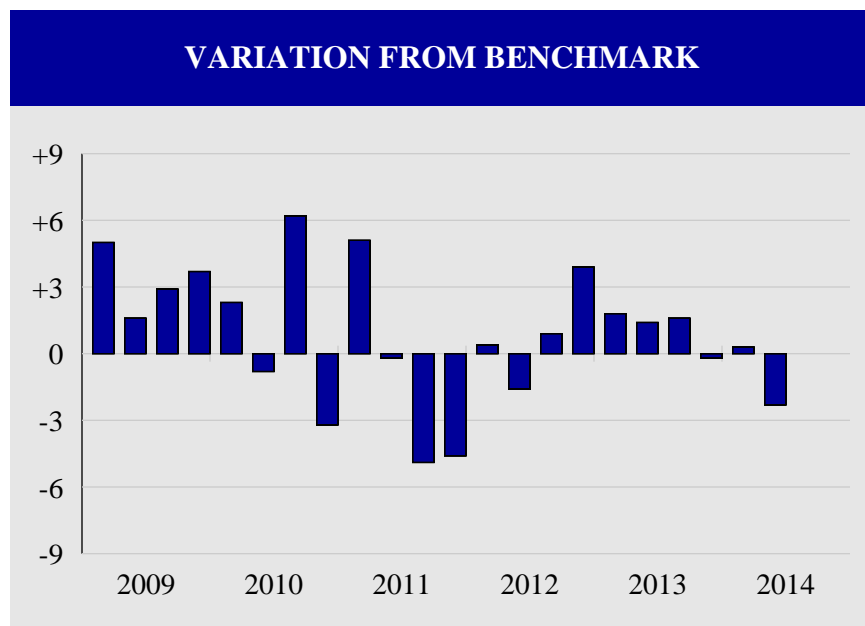
■ ——— PORTFOLIO
■ - - - - RUSSELL 2000

Small Cap Universe



	QTR	2QTRS	3QTRS	YEAR	-----ANNUALIZED-----	
					3 YRS	5 YRS
RETURN	-0.3	1.0	9.7	22.6	12.5	22.4
(RANK)	(82)	(76)	(80)	(74)	(87)	(42)
5TH %ILE	5.5	8.3	19.7	33.6	20.8	27.1
25TH %ILE	3.6	5.8	16.3	28.4	18.0	23.6
MEDIAN	2.1	3.7	13.5	25.3	16.1	21.9
75TH %ILE	0.4	1.1	10.5	22.4	14.2	20.3
95TH %ILE	-3.0	-3.6	4.6	16.7	10.2	17.4
Russ 2000	2.0	3.2	12.2	23.6	14.6	20.2

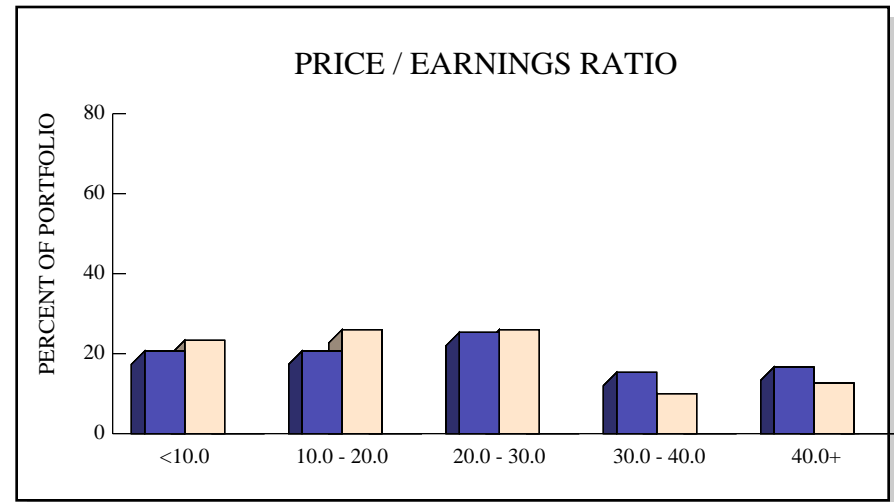
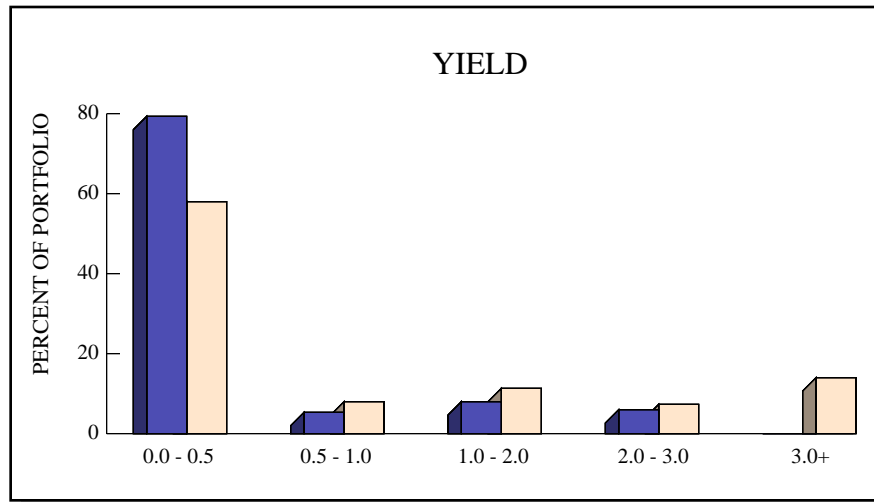
Small Cap Universe

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

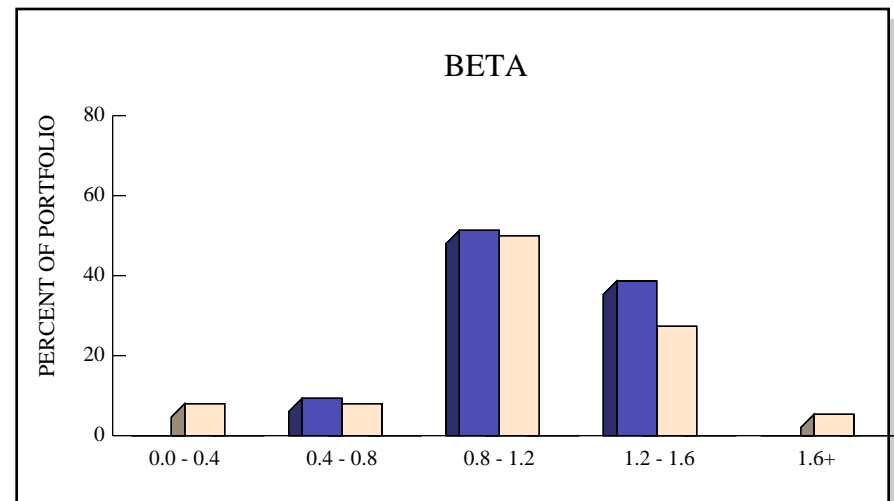
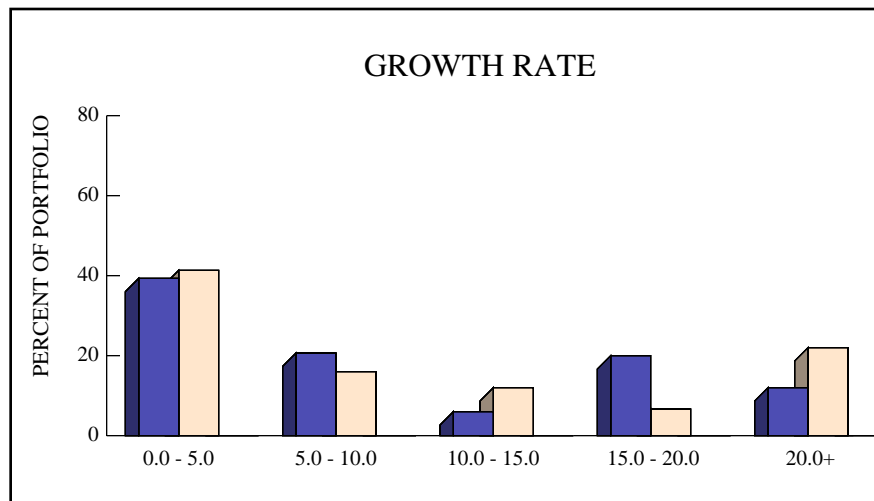
Total Quarters Observed	22
Quarters At or Above the Benchmark	14
Quarters Below the Benchmark	8
Batting Average	.636

RATES OF RETURN			
Date	Portfolio	Benchmark	Difference
3/09	-10.0	-15.0	5.0
6/09	22.3	20.7	1.6
9/09	22.2	19.3	2.9
12/09	7.6	3.9	3.7
3/10	11.2	8.9	2.3
6/10	-10.7	-9.9	-0.8
9/10	17.5	11.3	6.2
12/10	13.1	16.3	-3.2
3/11	13.0	7.9	5.1
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

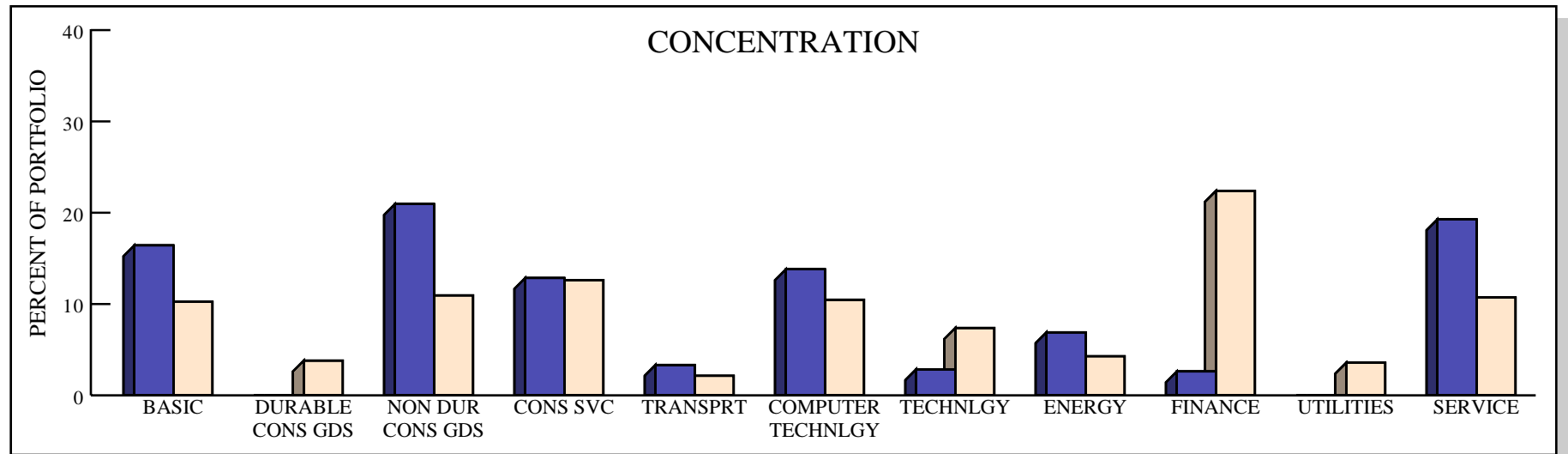
STOCK CHARACTERISTICS



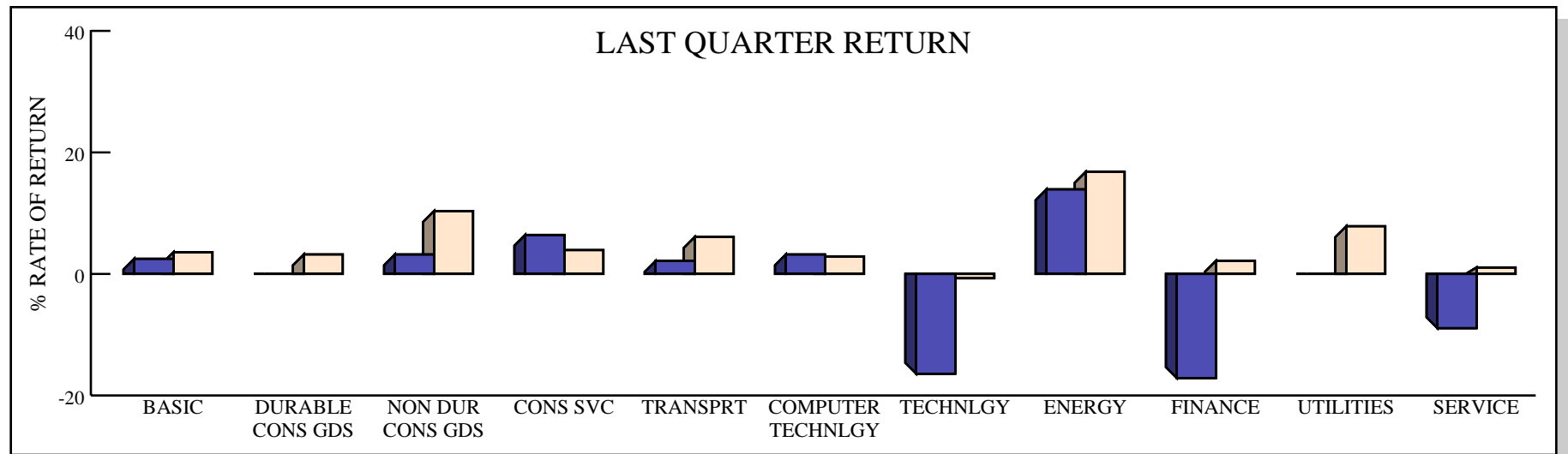
	YIELD	GROWTH	P/E	BETA
PORTFOLIO	0.3%	9.9%	20.3	1.12
RUSSELL 2000	1.2%	10.1%	19.0	1.04



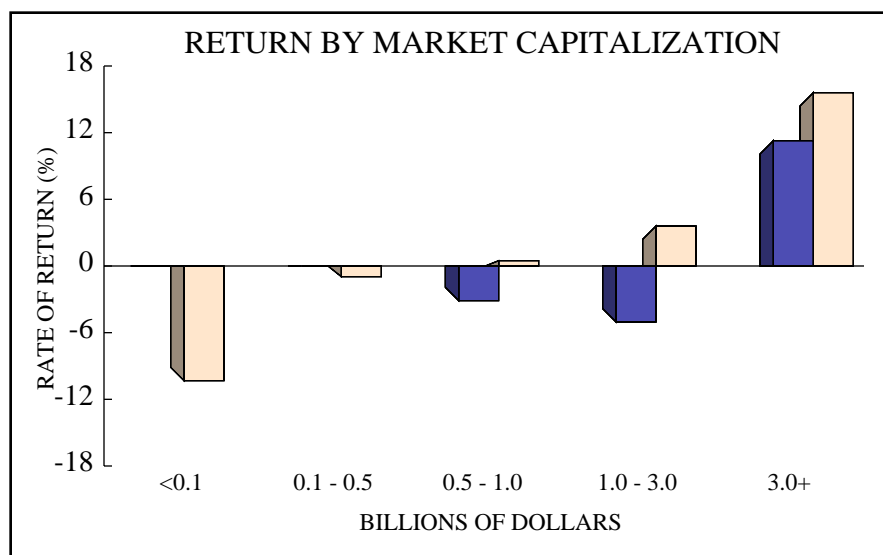
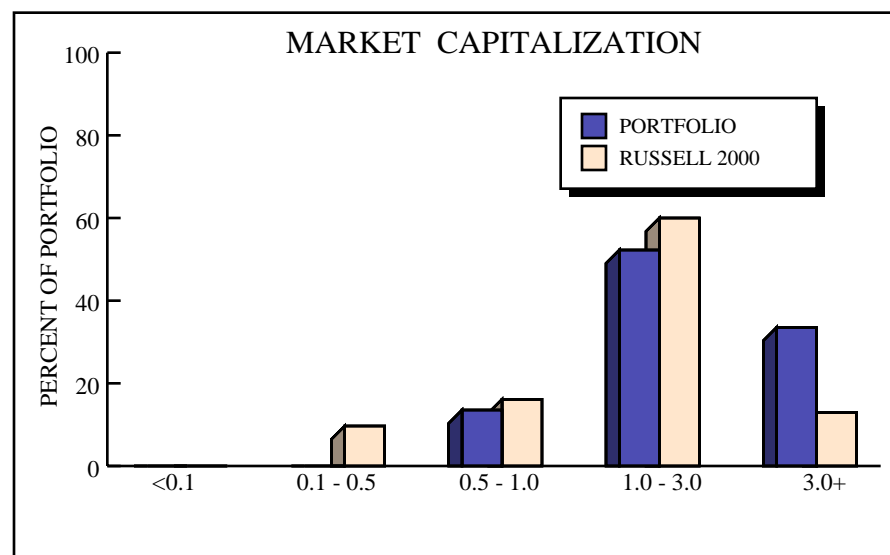
STOCK INDUSTRY ANALYSIS



■ PORTFOLIO ■ RUSSELL 2000



TOP TEN HOLDINGS



TOP TEN EQUITY HOLDINGS

RANK	NAME	VALUE	% EQUITY	RETURN	INDUSTRY SECTOR	MKT CAP
1	PACIRA PHARMACEUTICALS INC	\$ 241,684	4.30%	31.3%	NonDur Cons Goods	\$ 3.3 B
2	ELECTRONICS FOR IMAGING	228,848	4.07%	4.4%	Computer Tech	2.1 B
3	CARRIZO OIL & GAS INC	228,004	4.05%	29.6%	Energy	3.2 B
4	ROGERS CORP	218,026	3.87%	6.3%	Basic	1.2 B
5	DIEBOLD INC	202,055	3.59%	1.4%	Basic	2.6 B
6	DEALERTRACK TECHNOLOGIES INC	201,718	3.58%	-7.8%	Computer Tech	2.4 B
7	SCORPIO TANKERS INC	192,386	3.42%	2.3%	Transportation	1.9 B
8	MICROSEMI CORP	192,137	3.41%	6.9%	Computer Tech	2.5 B
9	BRUNSWICK CORP	190,596	3.39%	-6.9%	Basic	3.9 B
10	ARMSTRONG WORLD INDUSTRIES	188,256	3.35%	7.9%	NonDur Cons Goods	3.1 B

FRANKLIN REGIONAL RETIREMENT SYSTEM
PRIT - CORE REAL ESTATE ACCOUNT
PERFORMANCE REVIEW
JUNE 2014

INVESTMENT RETURN

On June 30th, 2014, the Franklin Regional Retirement System's PRIT Core Real Estate Account portfolio was valued at \$5,899,759, representing an increase of \$227,000 from the March quarter's ending value of \$5,672,759. Last quarter, the Fund posted withdrawals totaling \$7,939, which partially offset the portfolio's net investment return of \$234,939. Income receipts totaling \$98,154 plus net realized and unrealized capital gains of \$136,785 combined to produce the portfolio's net investment return.

For the cumulative period since September 2010, the fund has recorded net contributions totaling \$2.8 million, and recorded net investment gains of \$1.9 million. For the period since September 2010, if the total fund had returned a compounded nominal rate of 8.0% it would have been valued at \$5.1 million or \$796,428 less than the actual value as of June 30th, 2014.

RELATIVE PERFORMANCE

In the second quarter, the PRIT Core Real Estate Account portfolio gained 4.1%, which was 1.2% greater than the NCREIF NFI-ODCE Index's return of 2.9%. Over the trailing twelve-month period, the portfolio returned 13.5%, which was 0.8% above the benchmark's 12.7% return. Since September 2010, the account returned 13.2% on an annualized basis, while the NCREIF NFI-ODCE Index returned an annualized 13.8% over the same time frame.

ASSET ALLOCATION

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

EXECUTIVE SUMMARY**PERFORMANCE SUMMARY**

	Quarter	YTD	1 Year	-----Annualized-----	
				3 Years	Since 09/10
Total Gross/Fees	4.1	7.6	13.5	12.1	13.2
Total Net/Fees	4.0	7.3	12.9	11.5	12.6
NCREIF ODCE	2.9	5.5	12.7	12.4	13.8
Real Estate	4.1	7.6	13.5	12.1	13.2
NCREIF ODCE	2.9	5.5	12.7	12.4	13.8

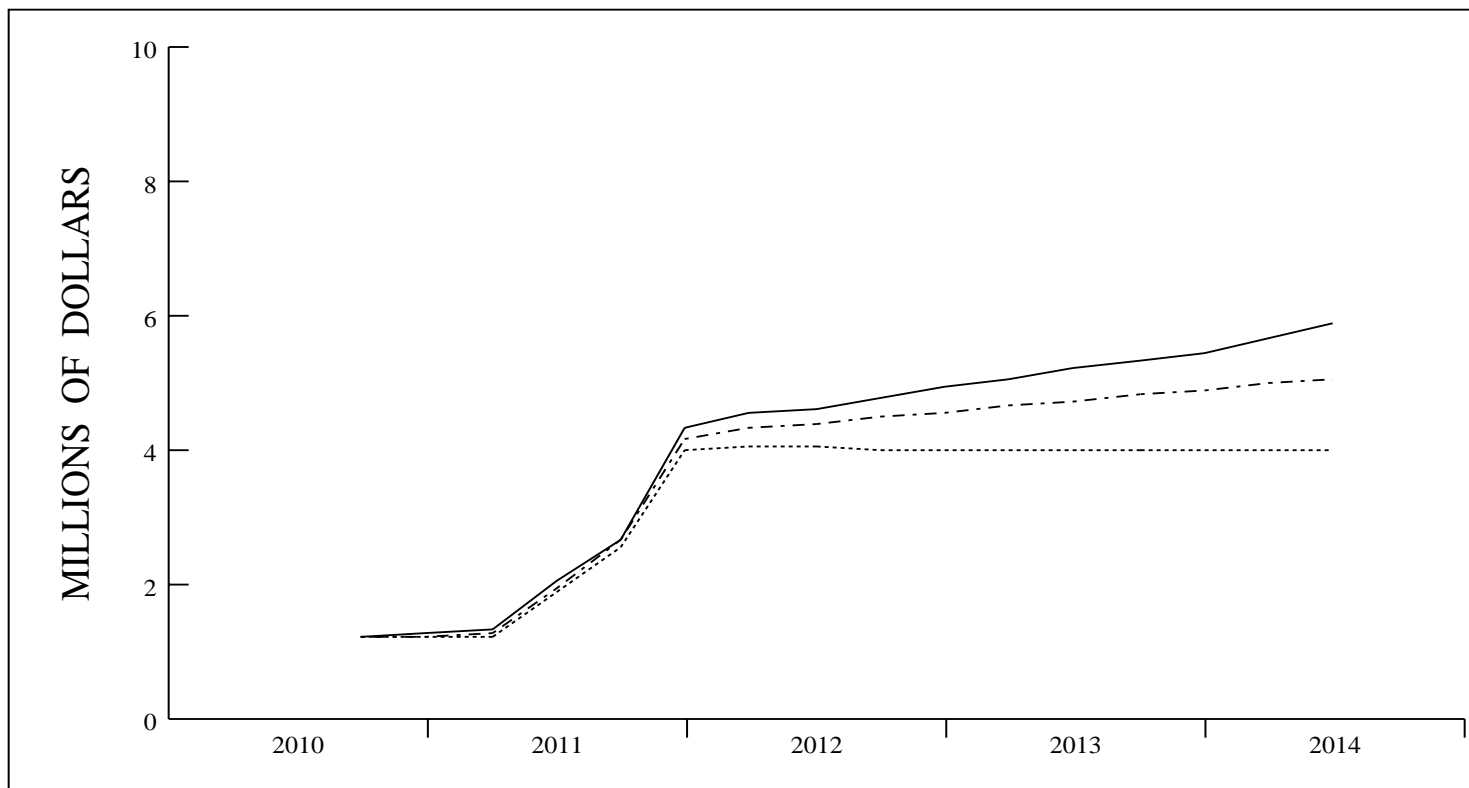
ASSET ALLOCATION

Real Estate	100.0%	\$ 5,899,759
Total Portfolio	100.0%	\$ 5,899,759

INVESTMENT RETURN

Market Value 3/2014	\$ 5,672,759
Contribs / Withdrawals	- 7,939
Income	98,154
Capital Gains / Losses	136,785
Market Value 6/2014	\$ 5,899,759

INVESTMENT GROWTH



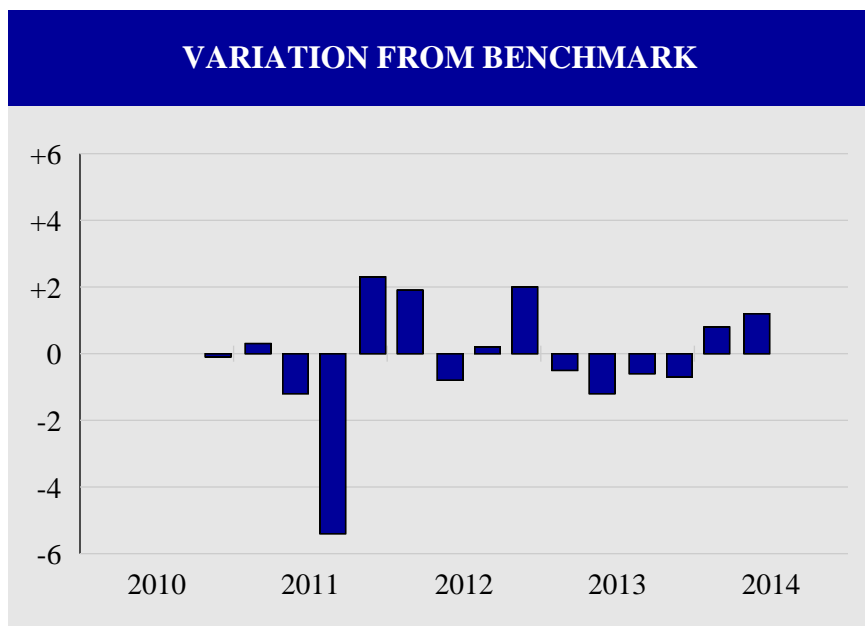
— ACTUAL RETURN
 - - - 8.0%
 . . . 0.0%

VALUE ASSUMING
 8.0% RETURN
 \$ 5,103,331

	LAST QUARTER	PERIOD 9/10 - 6/14
BEGINNING VALUE	\$ 5,672,759	\$ 1,247,572
NET CONTRIBUTIONS	- 7,939	2,755,173
INVESTMENT RETURN	234,939	1,897,014
ENDING VALUE	\$ 5,899,759	\$ 5,899,759
INCOME	98,154	801,654
CAPITAL GAINS (LOSSES)	136,785	1,095,360
INVESTMENT RETURN	234,939	1,897,014

TOTAL PORTFOLIO QUARTERLY PERFORMANCE SUMMARY

COMPARATIVE BENCHMARK: NCREIF NFI-ODCE INDEX



RATES OF RETURN			
Date	Portfolio	Benchmark	Difference
12/10	4.9	5.0	-0.1
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

Total Quarters Observed	15
Quarters At or Above the Benchmark	7
Quarters Below the Benchmark	8
Batting Average	.467

FRANKLIN REGIONAL RETIREMENT SYSTEM
INCOME RESEARCH & MANAGEMENT - CORE BOND FUND
PERFORMANCE REVIEW
JUNE 2014

INVESTMENT RETURN

On June 30th, 2014, the Franklin Regional Retirement System's Income Research & Management Core Bond Fund was valued at \$12,439,881, representing an increase of \$278,527 from the March quarter's ending value of \$12,161,354. Last quarter, the Fund posted no net contributions or withdrawals, while posting \$278,527 in net investment returns. Since there were no income receipts for the second quarter, the portfolio's net investment return was the result of net realized and unrealized capital gains totaling \$278,527.

For the cumulative period since December 2008, the portfolio has posted net withdrawals totaling \$28,000 and recorded net investment gains totaling \$3.5 million. For the period since December 2008, if the fund had returned a compounded nominal rate of 8.0% it would have been valued at \$13.2 million or \$753,429 more than the actual value as of June 30th, 2014.

RELATIVE PERFORMANCE

For the second quarter, the Income Research & Management Core Bond Fund returned 2.3%, which was 0.3% greater than the Barclays Aggregate Index's return of 2.0% and ranked in the 20th percentile of the Core Fixed Income universe. Over the trailing year, this portfolio returned 5.6%, which was 1.2% above the benchmark's 4.4% return, ranking in the 21st percentile. Since December 2008, the account returned 6.8% on an annualized basis and ranked in the 25th percentile. For comparison, the Barclays Aggregate Index returned an annualized 4.8% 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 50% of the bond portfolio, while corporate securities, rated AAA through BBB, made up the remainder, giving the bond portfolio an overall average quality rating of AAA-AA. The average maturity of the portfolio was 8.4 years, longer than the Barclays Aggregate Index's 7.7-year maturity. The average coupon was 3.9%.

EXECUTIVE SUMMARY**PERFORMANCE SUMMARY**

	Quarter	YTD	1 Year	-----Annualized-----	
				3 Years	Since 12/08
Total Gross/Fees	2.3	4.7	5.6	4.9	6.8
<i>CORE FIXED INCOME RANK</i>	(20)	(20)	(21)	(20)	(25)
Total Net/Fees	2.2	4.5	5.2	4.5	6.5
BARCLAYS AGG	2.0	3.9	4.4	3.7	4.8
Fixed Income	2.3	4.7	5.6	4.9	6.8
<i>CORE FIXED INCOME RANK</i>	(20)	(20)	(21)	(20)	(25)
BARCLAYS AGG	2.0	3.9	4.4	3.7	4.8
GOV/CREDIT	1.9	3.9	4.3	4.1	4.7

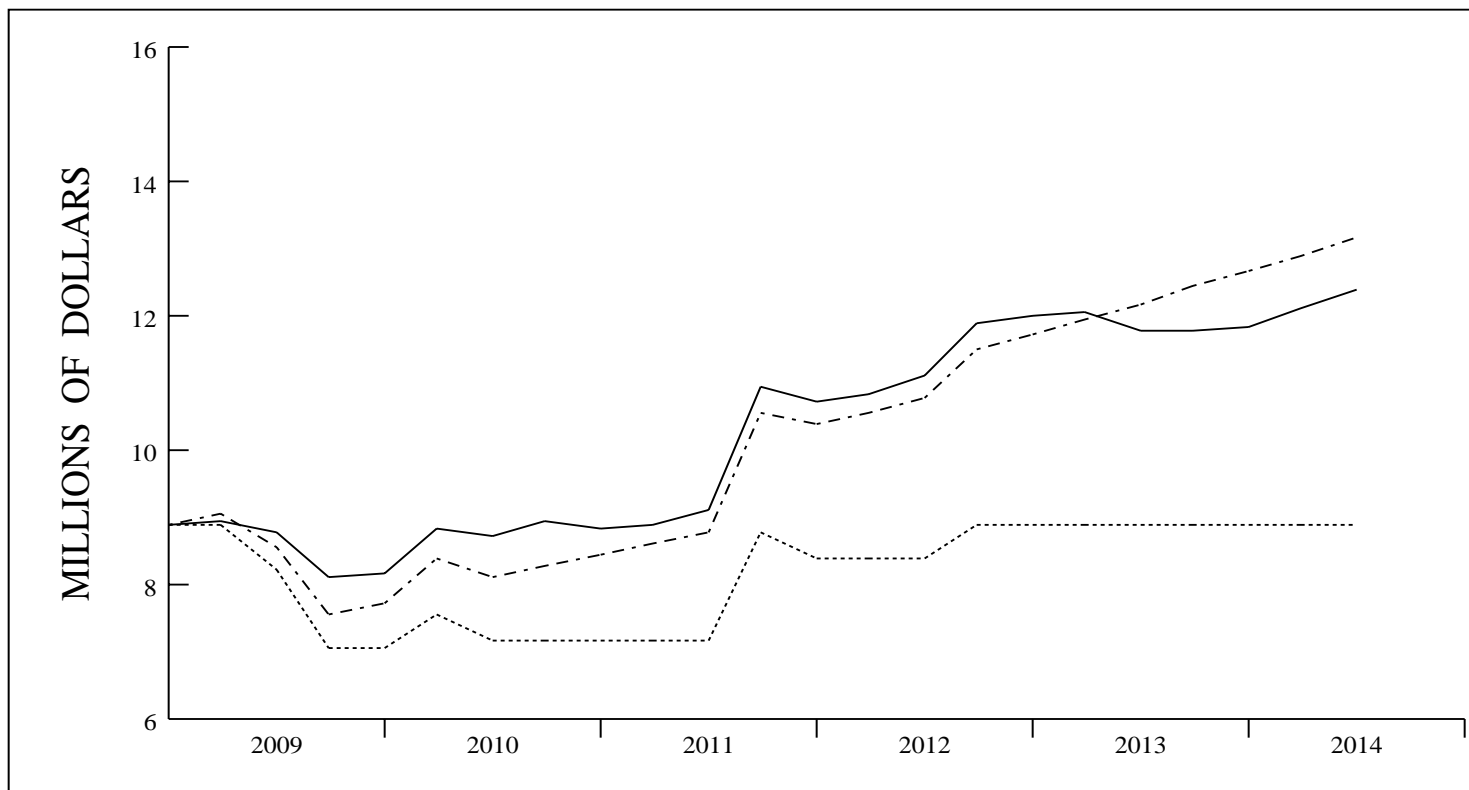
ASSET ALLOCATION

Fixed Income	100.0%	\$ 12,439,881
Total Portfolio	100.0%	\$ 12,439,881

INVESTMENT RETURN

Market Value 3/2014	\$ 12,161,354
Contribs / Withdrawals	0
Income	0
Capital Gains / Losses	278,527
Market Value 6/2014	\$ 12,439,881

INVESTMENT GROWTH

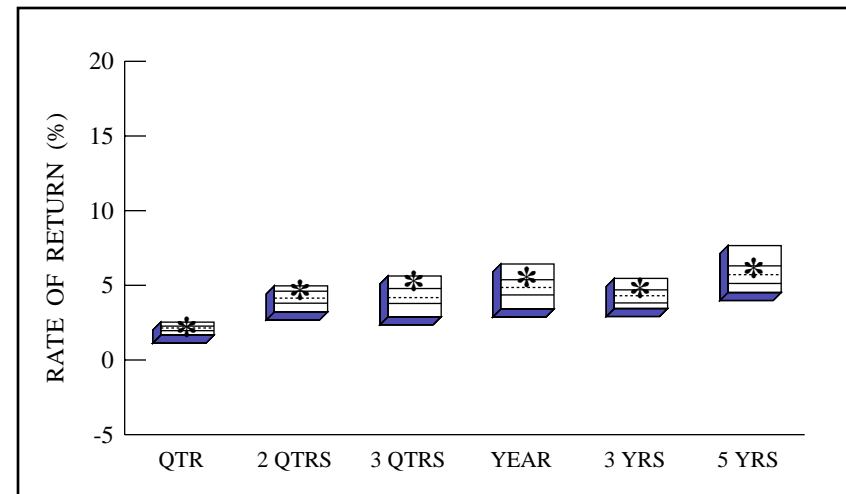
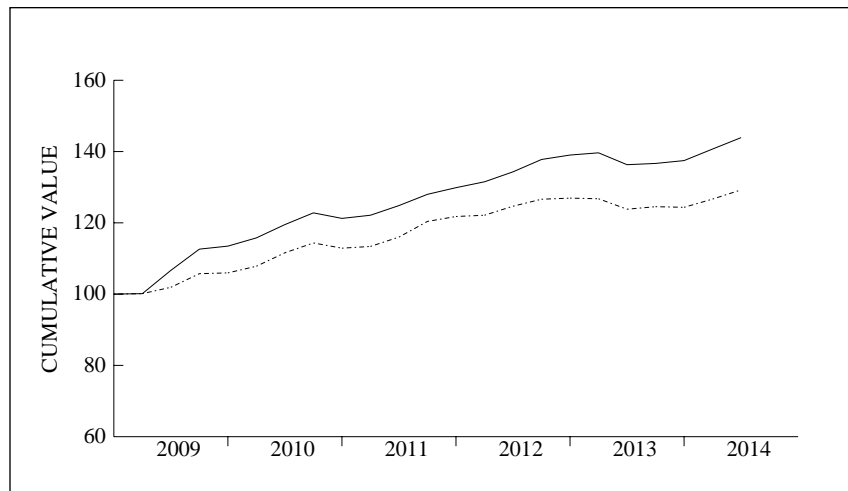


— ACTUAL RETURN
 - - - 8.0%
 0.0%

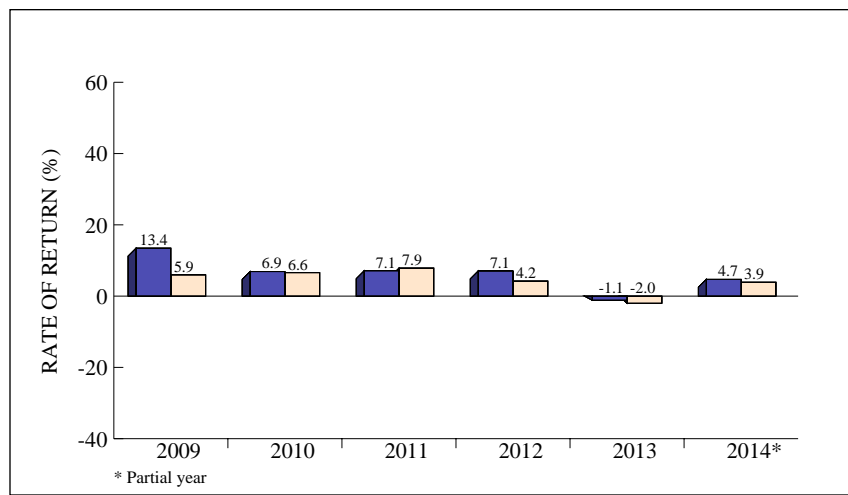
VALUE ASSUMING
 8.0% RETURN
 \$ 13,193,310

	LAST QUARTER	PERIOD 12/08 - 6/14
BEGINNING VALUE	\$ 12,161,354	\$ 8,937,353
NET CONTRIBUTIONS	0	- 28,000
INVESTMENT RETURN	278,527	3,530,528
ENDING VALUE	\$ 12,439,881	\$ 12,439,881
INCOME	0	5
CAPITAL GAINS (LOSSES)	278,527	3,530,523
INVESTMENT RETURN	278,527	3,530,528

TOTAL RETURN COMPARISONS

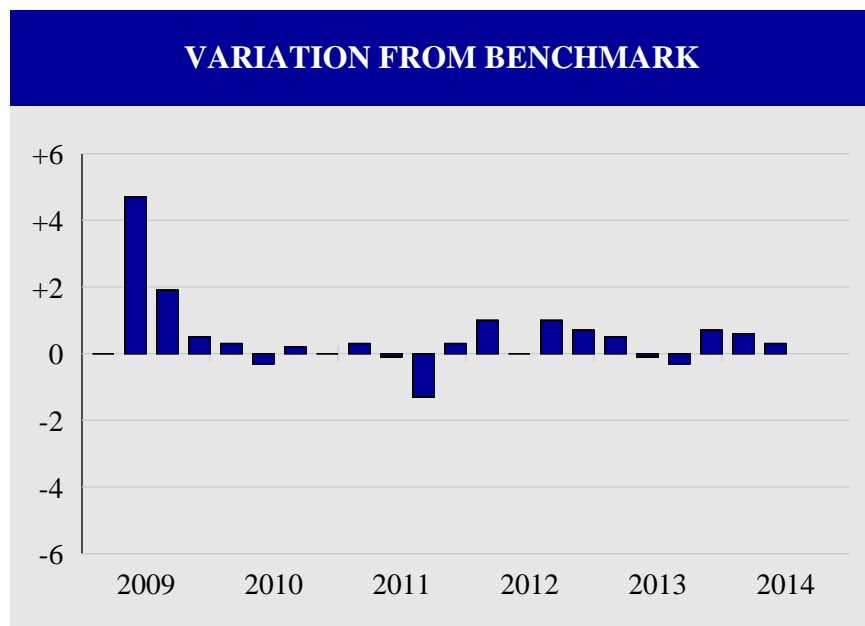


Core Fixed Income Universe



	QTR	2QTRS	3QTRS	YEAR	3 YRS	5 YRS
RETURN	2.3	4.7	5.3	5.6	4.9	6.2
(RANK)	(20)	(20)	(9)	(21)	(20)	(32)
5TH %ILE	2.5	5.0	5.6	6.4	5.5	7.7
25TH %ILE	2.3	4.6	4.8	5.4	4.7	6.3
MEDIAN	2.1	4.2	4.2	4.9	4.3	5.7
75TH %ILE	2.0	3.8	3.8	4.4	3.8	5.1
95TH %ILE	1.7	3.2	2.9	3.4	3.4	4.5
Agg Index	2.0	3.9	3.8	4.4	3.7	4.9

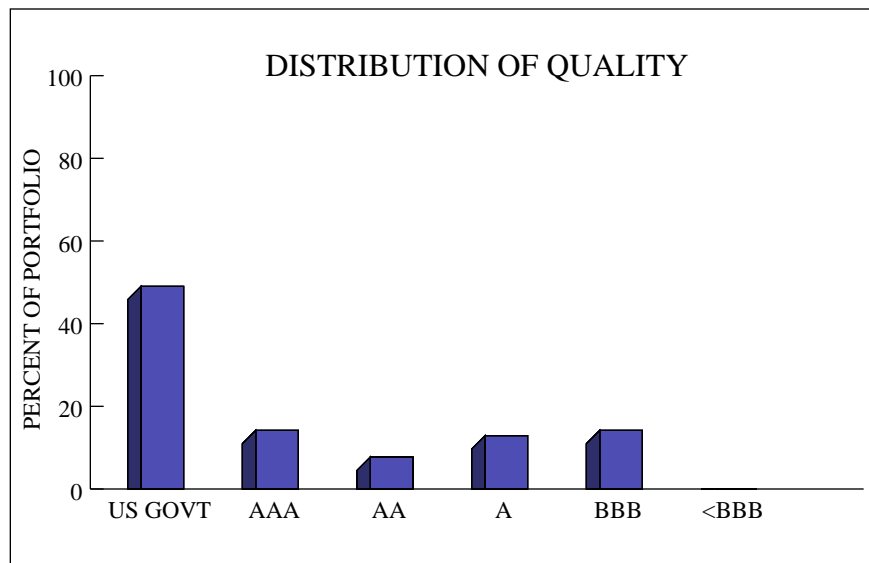
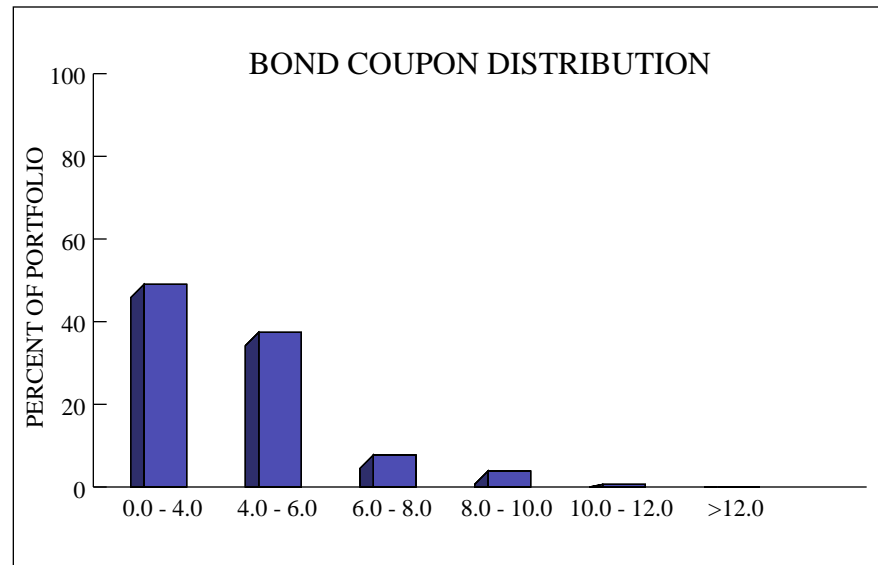
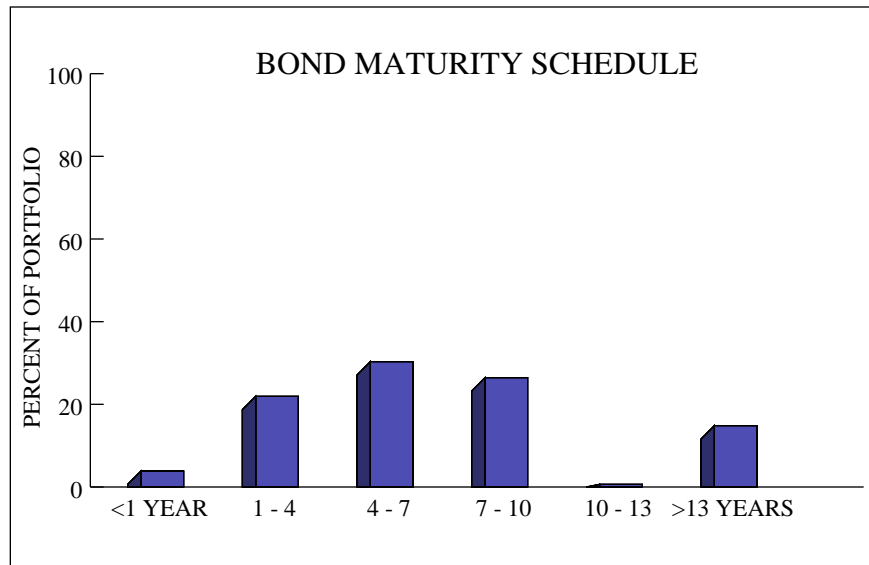
Core Fixed Income Universe

TOTAL PORTFOLIO QUARTERLY PERFORMANCE SUMMARY**COMPARATIVE BENCHMARK: BARCLAYS AGGREGATE INDEX**

Total Quarters Observed	22
Quarters At or Above the Benchmark	17
Quarters Below the Benchmark	5
Batting Average	.773

RATES OF RETURN			
Date	Portfolio	Benchmark	Difference
3/09	0.1	0.1	0.0
6/09	6.5	1.8	4.7
9/09	5.6	3.7	1.9
12/09	0.7	0.2	0.5
3/10	2.1	1.8	0.3
6/10	3.2	3.5	-0.3
9/10	2.7	2.5	0.2
12/10	-1.3	-1.3	0.0
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

BOND CHARACTERISTICS



	PORTFOLIO	BARCLAYS AGG
No. of Securities	162	8,818
Duration	5.99	5.60
YTM	2.61	2.22
Average Coupon	3.94	3.30
Avg Maturity / WAL	8.43	7.69
Average Quality	AAA-AA	USG-AAA