

Franklin Regional Retirement System

Performance Review
September 2016

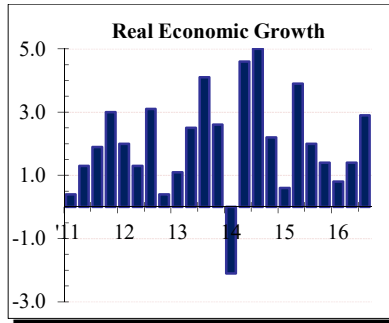


DAHAB ASSOCIATES
New York Massachusetts Pennsylvania Florida

ECONOMIC ENVIRONMENT

A Strong Pickup

The second quarter ended with investors breathing a sigh of relief when the Brexit vote was not followed by instant catastrophe. While there is sure to be long-term uncertainty over when, how, and even if Brexit will actually happen, for now those concerns don't seem to be worrying the economy too much. In the US, employment was healthy, housing prices pushed upward, both the manufacturing and service sectors gained ground, consumer confidence was strong, and the Fed held rates steady. GDP in the third quarter advanced 2.9%, stronger than the prior four quarters.



Overall, it was a good quarter in a good year, despite what feels like a mediocre quarter in a bad year.

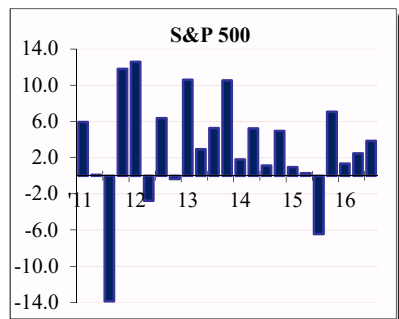
- September brought 156,000 new hires, though the unemployment rate inched up to 5.0%. The latter was mainly attributable to the number of unemployed workers who had gained enough confidence to restart their job searches. New jobs were strongest in the professional, business services, and healthcare categories. Clearly, job gains have eased, averaging 178,000 so far this year vs. 229,000 for the same period last year. Average hourly earnings rose six cents in September to \$25.79; the wage gains were viewed as an encouraging sign by both the Fed and the rank and file. For the fiscal year ended September, wage gains have been a healthy 2.6%.
 - Home prices rose another 1.1% in August, the latest month available. Year-over-year, prices have risen 6.2%. Price gains have been chugging along for 55 straight months and are only 5.6% below their April 2006 peaks. Notably, prices in eighteen states have reached new highs. In particular, price hikes were over 10% in both Oregon and Washington during the latest year. However, in three states prices remained far off their prior peaks: Nevada (-31%), Florida (-23%) and Arizona (-22%).
- September's manufacturing activity grew 2.1%, reaching 51.5% (greater than 50% represents growth). New orders and production climbed 6% and 3.2%, respectively. Minerals, furniture, textiles and food all advanced; but, printing, coal, oil and wood products were key laggards. The service sector rose almost 6% in September to a robust 57.1%. Business activity and new orders components reached 60%. 14 out of 18 industries reported growth, with agriculture, forestry, and fishing, and retail the big winners. Only mining, real estate, entertainment, arts, and educational services declined.
 - Consumer confidence correlated with manufacturing and service activity, as the Consumer Confidence Index climbed to 104.1. That level was the highest reported since the beginning of the Great Recession in 2008-2009. Workers were encouraged regarding their current situations as well as their expectations for the next six-months.
 - The Bloomberg Commodity Index fell 3.9% in the third quarter. Abundant supplies accounted for the big losses: natural gas (-8%), lean hogs (-32%), wheat (-14%), and soybeans (-17%). However, several "soft" agricultural commodities and metals rose in price. Sugar climbed 10%; cotton was up 6%; zinc soared 13%; and nickel prices surged 11%. There were some signs of inflation, mainly due to relatively higher oil prices and wages.
 - Economists were equally divided in their views regarding a Fed rate hike, as were the Fed Board members themselves. But a majority voted against such a hike, based on somewhat weak business spending and inflation still below target. Given that decision, the Board's late September press release intimated that there likely would be a rate increase in the near-term. Our understanding is to expect a small one by year-end.

DOMESTIC EQUITIES

Record Highs

It was a risk-on quarter for US stocks with economic indicators that were largely positive. Higher-than-expected earnings by major companies helped, and every major index was positive. Some indexes even touched all-time peaks before declining a bit by quarter-end. With such positive

sentiment, the S&P 500 rose 3.9%, and a turnaround among the NASDAQ's better known tech companies drove that index up 10%. The



more cyclical company-based DJIA lagged the other major indices, gaining just 2.8%. The growth indices performed better than their value counterparts, with the most significant difference occurring among large-cap names; the Russell 1000 Growth Index added 4.6% vs. 3.5% for the Russell 1000 Value Index. Smaller-sized

stocks leaped past their large-cap brethren. As evidence, the Russell 2000 Index rose 9.0% vs. 4.0% for the Russell 1000. REITs, a new, separate S&P sector, ended its string of top-performing quarters; correspondingly, the NAREIT Index fell a modest 1.2%.

Computer technology was the best-performing S&P sector, with outsized price gains by Apple, Google and Microsoft. Runner-up was the much smaller transportation sector (+11.2%), as rails and airline stocks performed well due to higher capacity utilization and low energy prices. Finance stocks advanced 6.2%, despite the infamous dealings at Wells Fargo. On the other hand, investors disfavored utilities, a safe haven and dividend-driven sector that declined 2.2% after a long run. Energy was another weak performer, adding only 1.3% amid rising oil inventories.

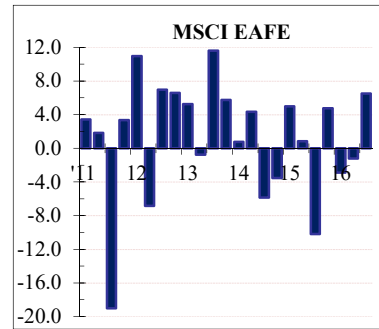
S&P's dividend yield fell slightly, to 2.1%. Higher corporate earnings reduced the index' price/earnings ratio from 23.6 to 22.6. Nonetheless, the P/E remains historically high.

INTERNATIONAL EQUITIES

A Surge in Developed and EM Markets

Developed countries outside the US delivered solid results as investors digested the global impact of Brexit. Emerging market countries advanced everywhere, whether in Europe, Asia, Latin America, the Middle East or Africa. The political and military climate around the world was mixed, calming down in some locations but intensifying in the Middle East and Asia. The MSCI EAFE Index returned 6.5%, thereby outperforming the S&P by 2.5%. The Euro region was up 7.4%, aided by Germany's 10.0%

gain. Germany, the largest Euro component, benefited from Bayer, SAP and BASF price gains. Deutsche Bank's balance sheet woes prevented an



even higher return. France, which has the second-highest Euro weight, posted 6.4%. Ireland and Spain added 7.5% and 9.5%, respectively. However, Italy was the one major Euro country to trail (+2.3%), as its poorly-funded banks struggled.

The UK rose 4.0%, a surprising outcome after the initial post-Brexit forecasts. A smooth leadership transition from David Cameron to Theresa May helped steady things, as did the Bank of England lowering the benchmark interest rate. On the other side of the world, the Australian market gained 8.0% on the heels of its mining and large bank stock advances. Japanese stocks climbed 8.8%, reflecting the countries vote of confidence in PM Abe and his announced new spending program. Hong Kong was a big winner, spiking 11.9% on the strength of higher casino gaming revenues. Overall, EAFE stock exchanges parked their worries about low GDPs, the Brexit fallout and the continuing refugee crises to turn in good results.

Emerging market performance easily surpassed those of the US and other developed markets. The MSCI EM Index returned 9.2%. The big four countries, Brazil, Russia, India and China, known collectively as BRIC, account for almost half of the index weighting.

- The **Chinese** market roared anew, generating a stellar 14% return. China also reported 6.7% GDP growth and double-digit price gains by tech giants Alibaba, Tencent and Baidu.
- The **Brazilian** market advanced 11.4%. Investors viewed the change in leadership from President Rousseff to President Temer as favorable to business. At the same time, shares of energy giant Petrobras jumped 42% as that company worked to reduce its debt level. China's stability also helped the Brazilian economy, as Brazil's raw materials exports would undoubtedly benefit from Chinese economic expansion.
- The **Russian** market's 8.9% gain reflected increased confidence that its economy would manage to work around western sanctions and

benefit directly from the recent spike in oil prices. Lukoil, the country's biggest oil conglomerate, skyrocketed 20% and Russian bank and grocery store stocks followed suit.

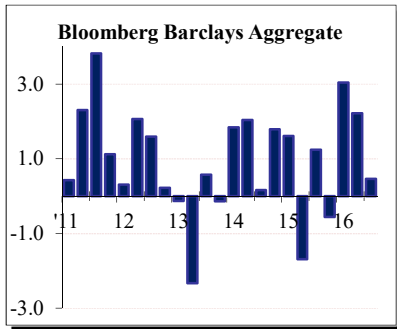
- The **Indian** market rose just 5.9%. Yet, investors had confidence that PM Modi would eliminate still more of the regulations preventing businesses from becoming truly global. As a start, India's parliament approved a tax during the quarter making it easier to conduct business within the country.

Tech shares in both Taiwan and South Korea drove up those markets 12.4% and 11%, respectively. Despite its mobile phone problems, Korea's Samsung shares advanced and investors returned to the peninsula. Closer to home, Mexican shares lost 2.2% as its currency weakened and concerns arose regarding the future of US manufacturing there. The bigger losses occurred in the Philippines (-5.2%) and Turkey (-5.3%), where both countries experienced political firestorms.

BOND MARKET

Nominal Gains

Bond yields took a breather from their relentless race downward, and the bond market continued to provide positive returns in a year where rising rates were supposed to lower returns.



The fact that US Treasuries still offered a relatively high yield and also represented a safe haven remained important for investors around the world. The Fed sent a strong signal that it would soon raise the benchmark Fed Funds rate, a contributing factor to the late September yield increase. Noticeably higher wage rates foretold

a possible uptick in inflation and also helped to send yields upward. The 10-year Treasury yield moved from 1.52% in June to 1.64% by September. However, the 30-year Treasury remained steady at 2.35%, as investors focused on the short-end of the yield curve. We continue to see bonds as a safety-based allocation for investors, and continue to advise they take their risk allocations in stocks.

The Bloomberg Barclays Aggregate Index rose 0.5%. The substantial Treasury component lost 0.3%, with long Treasuries falling 0.4%; but the corporate bond market told a better story. Corporates gained 1.4% and long-dated names added almost double that or 2.6%. Investors reasoned that the business cycle was not over and while quarterly earnings weren't spectacular, they were at least acceptable. Industrial corporates gained the most (+1.6%) and utilities the least (+0.8%). Securitized debt performed in a narrow range; the residential mortgage-backed (MBS) and commercial mortgage-backed (CMBS) sectors each added 0.6%, while the very short maturity asset-backed (ABS) securities provided 0.2%.

For investors willing to bear default risk, the high yield (junk) bond market was THE place to be. The combined high yield index posted a 5.6% return, better than the S&P and DJIA. The more risk assumed, the higher the return. BA debt (the highest junk credit category) earned 4.4%; single B names gained 5.7%; CAA bonds jumped 8.2%; lower credits rose even more. The rationale isn't obvious, given the slow growth economic environment. Part of the answer lies in the unceasing reach for yield when other debt instruments provide very little yield or return. Also, as noted above, the business cycle still has momentum.

Non-US sovereign debt (G-6 developed countries) performance was flat. It ranged from -0.7% for Japan to +2.3% for Italy. EM sovereign debt returns were varied, as usual. However, only Turkey experienced a negative outcome (-1.7%). Most country debt returns ranged between the low and high single digits. Notable was Venezuela, a country with sky high inflation and a rapidly deteriorating economy. Nonetheless, its bonds soared 26.7% for the quarter and 54.4% YTD. This is partly attributable to the trajectory of oil prices, which first bottomed and then climbed during the year.

CASH EQUIVALENTS

Still Nothing

While Treasury-bills still offered virtually no net return, there may be hope for the near-term future. Should the Fed raise its benchmark rate, T-bill and money market fund returns should rise accordingly.

MARKET SUMMARY

ECONOMIC STATISTICS

	CURRENT QTR	LAST QTR
GDP	2.9	1.4
Unemployment	5.0	4.9
CPI All Items Year/Year	1.50	1.00
Fed Funds Rate	0.50	0.50
Industrial Capacity	75.4	75.4
US Dollars per Euro	1.12	1.10

MAJOR INDEX QUARTER RETURNS

INDEX		PERFORMANCE
Russell 3000	4.4	
S&P 500	3.9	
Russell Mid	4.5	
Russell 2000	9.0	
MSCI EAFE	6.5	
MSCI Emg Mkts	9.2	
NCREIF ODCE	2.0	
Aggregate Index	0.5	
90 Day Tbills	0.1	

EQUITY RETURN DISTRIBUTIONS

	QUARTER			TRAILING YEAR			
	VAL	COR	GRO	VAL	COR	GRO	
LC	3.5	4.0	4.6	LC	16.2	14.9	13.8
MC	4.4	4.5	4.6	MC	17.3	14.2	11.2
SC	8.9	9.0	9.2	SC	18.8	15.5	12.1

MARKET SUMMARY

- * **GDP in the third quarter advanced 2.9%.**
- * **Unemployment ticked up to 5%.**
- * **CPI increased 1.5% year over year.**
- * **The dollar weakened very slightly, against the Euro.**
- * **Growth stocks produced stronger returns than their value counterparts, last quarter. Smaller names outperformed the larger cap sizes.**

INVESTMENT RETURN

On September 30th, 2016, the Franklin Regional Retirement System was valued at \$128,683,024, representing an increase of \$9,185,515 from the June quarter's ending value of \$119,497,509. Last quarter, the Fund posted net contributions equaling \$3,618,893 plus a net investment gain equaling \$5,566,622. Total net investment return was the result of income receipts, which totaled \$704,344 and net realized and unrealized capital gains of \$4,862,278.

For the cumulative period since September 2011, the fund has recorded net withdrawals totaling \$6.7 million and posted net investment gains of \$53.9 million. For the period since September 2011, if the total fund had returned a compound annual rate of 7.75% it would have been valued at \$110.0 million or \$18.7 million less than the actual value as of September 30th, 2016.

RELATIVE PERFORMANCE

Total Fund

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

In the third quarter, the Composite portfolio gained 4.5%, which was 1.1% above the Franklin Regional Policy Index's return of 3.4% and ranked in the 7th percentile of the Public Fund universe. Over the trailing year, the portfolio returned 10.7%, which was 0.1% less than the benchmark's 10.8% performance, and ranked in the 17th percentile. Since September 2011, the portfolio returned 10.9% on an annualized basis and ranked in the 9th percentile. For comparison, the Franklin Regional Policy Index returned an annualized 11.2% over the same period.

PRIT Core

The PRIT core portfolio returned 4.3% in the third quarter, 0.2% greater than the Custom Core Index's return of 4.1% and ranked in the 11th percentile of the Public Fund universe. Over the trailing twelve-month period, the PRIT core portfolio returned 11.0%; that return was 0.9% greater than the benchmark's 10.1% return, and ranked in the 12th percentile. Since September 2011, this component returned 10.1% per annum and ranked in the 38th percentile. The Custom Core Index returned an annualized 9.1% over the same time frame.

Domestic Equity

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

For the third quarter, the domestic equity segment returned 7.6%, which was 1.4% greater than the Franklin Regional Equity Index's return of 6.2% and ranked in the 23rd percentile of the Domestic Equity universe. Over the trailing twelve-month period, this segment's return was 12.9%, which was 2.6% below the benchmark's 15.5% return, ranking in the 52nd percentile. Since September 2011, this component returned 16.5% annualized and ranked in the 41st percentile. The Franklin Regional Equity Index returned an annualized 16.2% during the same period.

International Equity

The international equity segment returned 6.8% during the third quarter; that return was 0.3% above the MSCI EAFE Index's return of 6.5% and ranked in the 60th percentile of the International Equity universe. Over the trailing twelve months, the international equity portfolio returned 9.1%, 2.1% greater than the benchmark's 7.0% performance, ranking in the 61st percentile.

Real Estate

During the third quarter, the real estate segment returned 2.6%, which was 0.5% greater than the NCREIF NFI-ODCE Index's return of 2.1%. Over the trailing twelve-month period, this component returned 12.2%, which was 2.1% greater than the benchmark's 10.1% return. Since September 2011, this component returned 13.0% on an annualized basis, while the NCREIF NFI-ODCE Index returned an annualized 12.4% over the same period.

Fixed Income

The fixed income segment gained 0.7% in the third quarter, 0.2% above the Bloomberg Barclays Aggregate Index's return of 0.5% and ranked in the 50th percentile of the Core Fixed Income universe. Over the trailing twelve months, this segment returned 5.8%; that return was 0.6% greater than the benchmark's 5.2% performance, ranking in the 39th percentile. Since September 2011, this component returned 4.2% per annum and ranked in the 17th percentile. The Bloomberg Barclays Aggregate Index returned an annualized 3.1% over the same time frame.

ASSET ALLOCATION

On September 30th, 2016, PRIT core comprised 45.8% of the total portfolio (\$59.0 million), while domestic equities totaled 26.1% (\$33.6 million). The account's international equity segment was valued at \$5.8 million, representing 4.5% of the portfolio, while the real estate component's \$12.8 million totaled 10.0%. The portfolio's fixed income represented 12.7% and the remaining 1.0% was comprised of cash & equivalents (\$1.2 million).

Franklin Regional Retirement System
 Total Fund Asset Allocation Analysis
 As of September 30, 2016

Total Fund Assets \$ 128,683,024

Allocation by Manager						
	PRIT Fund Actual Allocation	FRRS Allocation	Target Allocation	Target Dollars	Actual Dollars	+/- Dollars
PRIT Core Fund	100.0%	45.8%	45.0%	\$ 57,907,361	\$ 58,963,783	\$ 1,056,422
Domestic Equity	19.1%	8.8%			\$ 11,262,083	
Int'l Equity	17.1%	7.9%			\$ 10,106,392	
E.M. Int'l Equity	7.4%	3.4%			\$ 4,375,113	
Core Fixed Income	13.5%	6.2%			\$ 7,971,903	
Value Added Fixed Income*	8.4%	3.9%			\$ 4,976,543	
Real Estate	9.7%	4.4%			\$ 5,707,694	
Timber/Natural Resources	3.2%	1.5%			\$ 1,910,427	
Alternatives-Private Equity	10.9%	5.0%			\$ 6,415,260	
Hedge Funds	8.4%	3.8%			\$ 4,941,165	
Liquidating Portfolio	0.3%	0.2%			\$ 194,580	
Portfolio Completion	1.3%	0.6%			\$ 748,840	
Overlay	0.6%	0.3%			\$ 353,783	
Separate Accounts		54.2%	55.0%			
Polen Capital		5.8%	6.0%	\$ 7,720,981	\$ 7,479,752	\$ (241,229)
O'Shaughnessy		6.0%	6.0%	\$ 7,720,981	\$ 7,769,528	\$ 48,547
Seizert		5.3%	5.0%	\$ 6,434,151	\$ 6,788,451	\$ 354,300
Daruma		4.4%	5.0%	\$ 6,434,151	\$ 5,604,262	\$ (829,889)
Systematic		5.1%	5.0%	\$ 6,434,151	\$ 6,626,999	\$ 192,848
PRIT International		4.5%	5.0%	\$ 6,434,151	\$ 5,790,313	\$ (643,838)
PRIT RE		10.0%	10.0%	\$ 12,868,302	\$ 12,822,836	\$ (45,466)
Prudential		0.0%	0.0%	\$ -	\$ 90	\$ 90
IR&M		12.7%	13.0%	\$ 16,728,793	\$ 16,324,945	\$ (403,848)
Cash		0.4%	0.0%	\$ -	\$ 512,065	\$ 512,065

*Includes Distressed Debt

Allocation by Asset Class						
	Actual Allocation (%)	Target Allocation (%)	+/- Percent	Actual Allocation (\$)	Target Allocation (\$)	+/- Dollars
Franklin Regional Total						
Domestic Equity	35.4%	35.0%	0.4%	\$ 45,531,075	\$ 45,039,058	\$ 492,016
Int'l Equity	15.8%	15.0%	0.8%	\$ 20,271,818	\$ 19,302,454	\$ 969,365
Fixed Income	22.7%	25.0%	-2.3%	\$ 29,273,392	\$ 32,170,756	\$ (2,897,364)
Real Estate	14.4%	14.0%	0.4%	\$ 18,530,620	\$ 18,015,623	\$ 514,997
Timber	1.5%	2.0%	-0.5%	\$ 1,910,427	\$ 2,573,660	\$ (663,234)
Alternatives-Private Equity	5.0%	5.0%	0.0%	\$ 6,415,260	\$ 6,434,151	\$ (18,892)
Hedge Funds	3.8%	4.0%	-0.2%	\$ 4,941,165	\$ 5,147,321	\$ (206,156)
Portfolio Completion	1.0%	0.0%	1.0%	\$ 1,297,203	\$ -	\$ -
Cash	0.4%	0.0%	0.4%	\$ 512,065	\$ -	\$ 512,065
	100.0%	100.0%		\$ 128,683,024	\$ 128,683,024	

EXECUTIVE SUMMARY

PERFORMANCE SUMMARY

	Quarter	YTD	1 Year	3 Year	5 Years
Total Portfolio - Gross	4.5	7.6	10.7	7.5	10.9
<i>PUBLIC FUND RANK</i>	(7)	(19)	(17)	(5)	(9)
Total Portfolio - Net	4.4	7.1	10.1	6.9	10.3
<i>POLICY INDEX</i>	3.4	6.5	10.8	7.7	11.2
PRIT Core - Gross	4.3	8.4	11.0	7.5	10.1
<i>PUBLIC FUND RANK</i>	(11)	(6)	(12)	(5)	(38)
<i>CUSTOM CORE IDX</i>	4.1	7.7	10.1	6.6	9.1
Domestic Equity - Gross	7.6	7.7	12.9	7.8	16.5
<i>DOMESTIC EQUITY RANK</i>	(23)	(52)	(52)	(65)	(41)
<i>CUSTOM EQ INDEX</i>	6.2	10.5	15.5	8.8	16.2
<i>PRIT EQUITY</i>	4.7	8.2	14.8	10.1	16.2
<i>S&P 500</i>	3.9	7.8	15.4	11.2	16.4
<i>S&P 400</i>	4.1	12.4	15.3	9.4	16.5
<i>RUSSELL 3000</i>	4.4	8.2	15.0	10.4	16.4
<i>RUSSELL 1000</i>	4.0	7.9	14.9	10.8	16.4
<i>RUSSELL 1000G</i>	4.6	6.0	13.8	11.8	16.6
<i>RUSSELL 1000V</i>	3.5	10.0	16.2	9.7	16.1
<i>RUSSELL MID</i>	4.5	10.2	14.2	9.7	16.7
<i>RUSSELL 2000</i>	9.0	11.5	15.5	6.7	15.8
International Equity - Gross	6.8	3.8	9.1	----	----
<i>INTERNATIONAL EQUITY RANK</i>	(60)	(64)	(61)	----	----
<i>MSCI EAFE</i>	6.5	2.2	7.0	0.9	7.9
Real Estate - Gross	2.6	8.2	12.2	12.4	13.0
<i>NCREIF ODCE</i>	2.1	6.5	10.1	12.4	12.4
Fixed Income - Gross	0.7	6.3	5.8	4.8	4.2
<i>CORE FIXED INCOME RANK</i>	(50)	(38)	(39)	(18)	(17)
<i>AGGREGATE INDEX</i>	0.5	5.8	5.2	4.0	3.1
<i>PRIT FIXED</i>	1.0	13.1	12.2	8.4	6.1
<i>GOV/CREDIT</i>	0.4	6.7	5.9	4.2	3.2
<i>INT AGGREGATE</i>	0.3	4.1	3.6	3.1	2.6
<i>INT GOV/CREDIT</i>	0.1	4.2	3.5	2.8	2.4

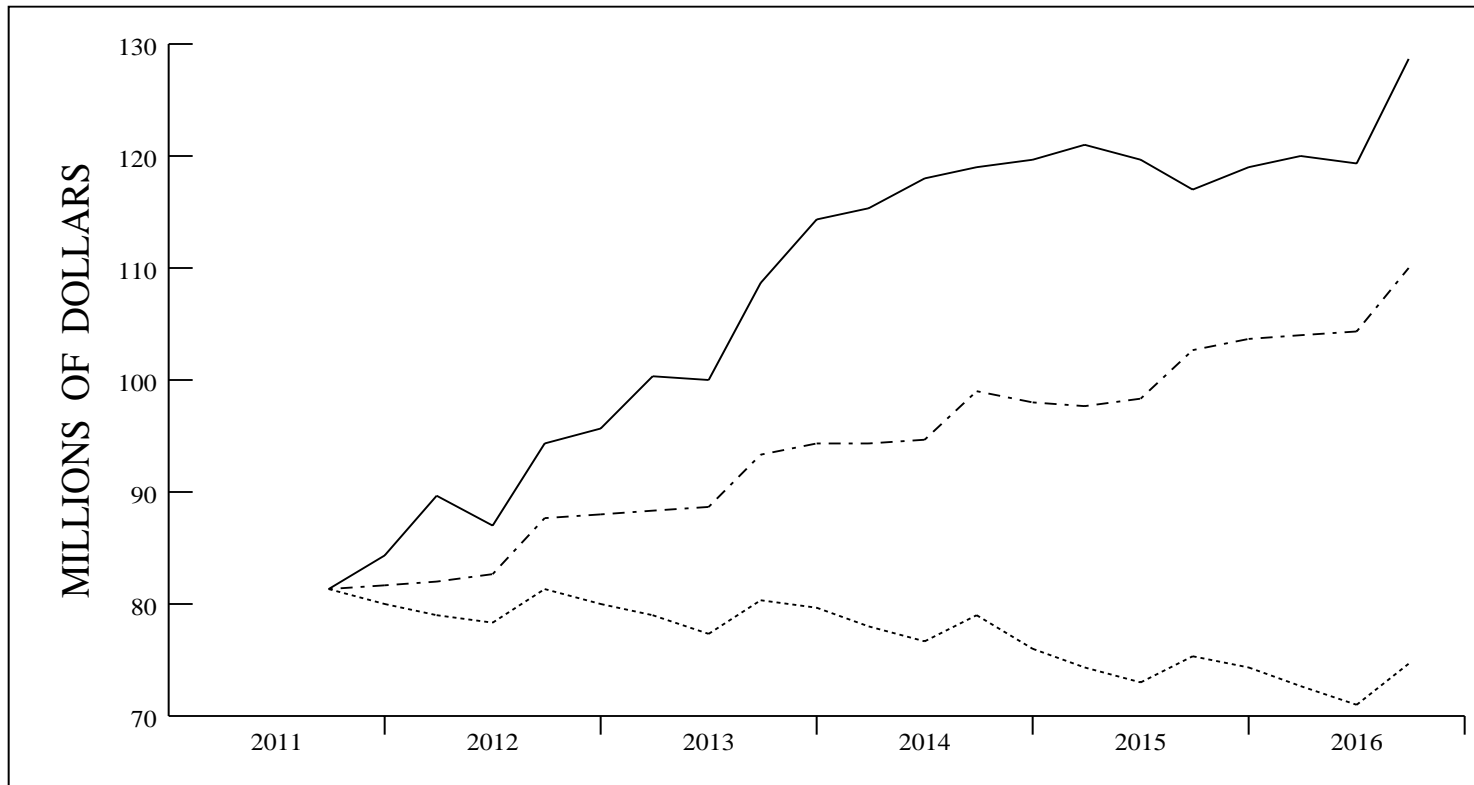
ASSET ALLOCATION

PRIT Core	45.8%	\$ 58,963,783
Domestic Equity	26.1%	33,558,000
Int'l Equity	4.5%	5,790,313
Real Estate	10.0%	12,822,926
Fixed Income	12.7%	16,324,945
Cash	1.0%	1,223,057
Total Portfolio	100.0%	\$ 128,683,024

INVESTMENT RETURN

Market Value 6/2016	\$ 119,497,509
Contribs / Withdrawals	3,618,893
Income	704,344
Capital Gains / Losses	4,862,278
Market Value 9/2016	\$ 128,683,024

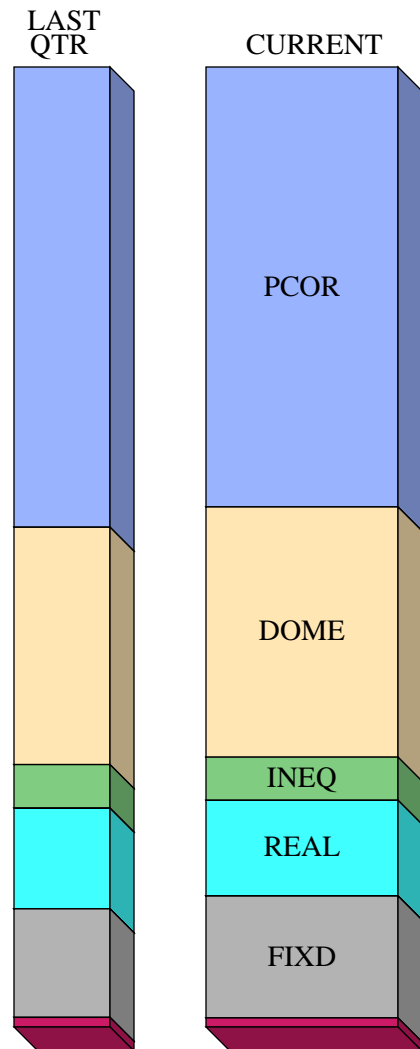
INVESTMENT GROWTH



— ACTUAL RETURN
 - - - 7.75%
 . . . 0.0%

VALUE ASSUMING
 7.75% RETURN \$ 110,007,951

	LAST QUARTER	PERIOD 9/11 - 9/16
BEGINNING VALUE	\$ 119,497,509	\$ 81,510,885
NET CONTRIBUTIONS	3,618,893	- 6,725,422
<u>INVESTMENT RETURN</u>	<u>5,566,622</u>	<u>53,897,560</u>
ENDING VALUE	\$ 128,683,024	\$ 128,683,024
INCOME	704,344	12,444,236
<u>CAPITAL GAINS (LOSSES)</u>	<u>4,862,278</u>	<u>41,453,324</u>
INVESTMENT RETURN	5,566,622	53,897,560





































	<u>VALUE</u>	<u>PERCENT</u>	<u>TARGET</u>	<u>DIFFERENCE</u> + / -
■ PRIT CORE	\$ 58,963,783	45.8%	45.0%	0.8%
■ DOMESTIC EQUITY	33,558,000	26.1%	27.0%	-0.9%
■ INTERNATIONAL EQUITY	5,790,313	4.5%	5.0%	-0.5%
■ REAL ESTATE	12,822,926	10.0%	10.0%	0.0%
■ FIXED INCOME	16,324,945	12.7%	13.0%	-0.3%
■ CASH & EQUIVALENT	1,223,057	1.0%	0.0%	1.0%
<u>TOTAL FUND</u>	<u>\$ 128,683,024</u>	<u>100.0%</u>		

MANAGER PERFORMANCE SUMMARY

Name	(Universe)	Quarter	YTD	1 Year	3 Years	5 Years
Total Portfolio	(Public Fund)	4.5 (7)	7.6 (19)	10.7 (17)	7.5 (5)	10.9 (9)
<i>Franklin Regional Policy Index</i>		<i>3.4 ----</i>	<i>6.5 ----</i>	<i>10.8 ----</i>	<i>7.7 ----</i>	<i>11.2 ----</i>
PRIT Core Fund	(Public Fund)	4.3 (11)	8.4 (6)	11.0 (12)	7.5 (5)	10.1 (38)
<i>Custom Core Index</i>		<i>4.1 ----</i>	<i>7.7 ----</i>	<i>10.1 ----</i>	<i>6.6 ----</i>	<i>9.1 ----</i>
Polen Capital	(LC Growth)	4.8 (57)	2.3 (75)	10.5 (64)	15.8 (2)	---- ----
<i>Russell 1000 Growth</i>		<i>4.6 ----</i>	<i>6.0 ----</i>	<i>13.8 ----</i>	<i>11.8 ----</i>	<i>16.6 ----</i>
O'Shaughnessy	(LC Value)	6.4 (19)	7.5 (51)	10.4 (75)	7.3 (82)	---- ----
<i>Russell 1000 Value</i>		<i>3.5 ----</i>	<i>10.0 ----</i>	<i>16.2 ----</i>	<i>9.7 ----</i>	<i>16.1 ----</i>
Seizert Capital	(Mid Cap)	11.6 (1)	12.9 (14)	13.3 (37)	6.2 (82)	17.3 (30)
<i>Russell Mid Cap</i>		<i>4.5 ----</i>	<i>10.2 ----</i>	<i>14.2 ----</i>	<i>9.7 ----</i>	<i>16.7 ----</i>
Daruma Ginkgo	(Small Cap)	9.7 (22)	6.3 (84)	15.1 (46)	2.4 (93)	13.8 (90)
Systematic	(Small Cap)	6.3 (75)	11.4 (43)	15.3 (45)	---- ----	---- ----
<i>Russell 2000</i>		<i>9.0 ----</i>	<i>11.5 ----</i>	<i>15.5 ----</i>	<i>6.7 ----</i>	<i>15.8 ----</i>
PRIT Int'l Eq.	(Intl Eq)	6.8 (60)	3.8 (64)	9.1 (61)	---- ----	---- ----
<i>MSCI EAFE</i>		<i>6.5 ----</i>	<i>2.2 ----</i>	<i>7.0 ----</i>	<i>0.9 ----</i>	<i>7.9 ----</i>
PRIT Core R.E.		2.6 ----	8.2 ----	12.2 ----	12.4 ----	13.1 ----
<i>NCREIF NFI-ODCE Index</i>		<i>2.1 ----</i>	<i>6.5 ----</i>	<i>10.1 ----</i>	<i>12.4 ----</i>	<i>12.4 ----</i>
IR&M	(Core Fixed)	0.7 (50)	6.3 (38)	5.8 (39)	4.8 (18)	4.2 (17)
<i>Bloomberg Barclays Aggregate Index</i>		<i>0.5 ----</i>	<i>5.8 ----</i>	<i>5.2 ----</i>	<i>4.0 ----</i>	<i>3.1 ----</i>

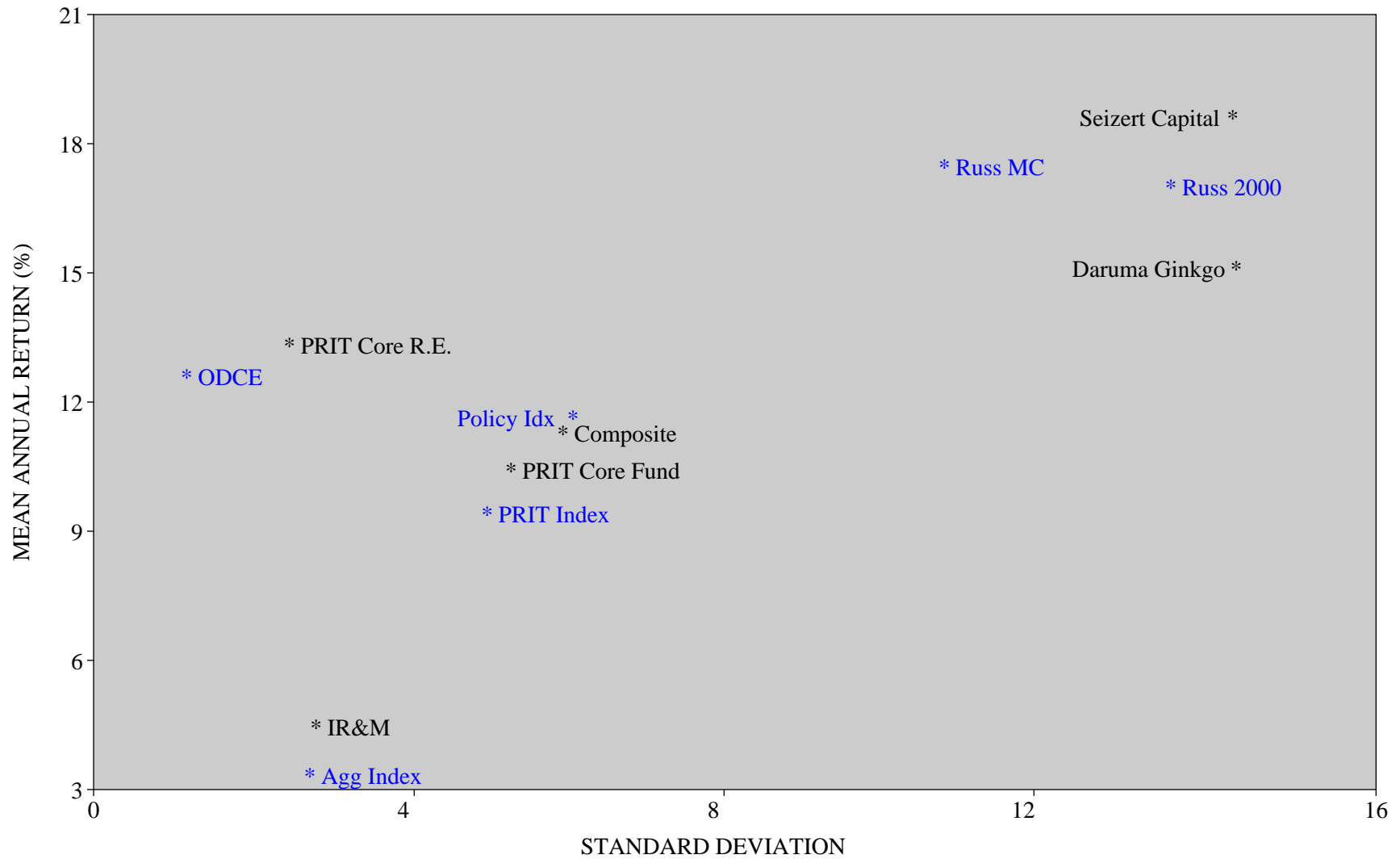
MANAGER VALUE ADDED

Portfolio	Benchmark	1 Quarter	1 Year	3 Years	5 Years
PRIT Core Fund	Custom Core Idx	0.2 	0.9 	0.9 	1.0 
Polen Capital	Russell 1000G	0.2 	-3.3 	4.0 	N/A
O'Shaughnessy	Russell 1000V	2.9 	-5.8 	-2.4 	N/A
Seizert Capital	Russell Mid	7.1 	-0.9 	-3.5 	0.6 
Daruma Ginkgo	Russell 2000	0.7 	-0.4 	-4.3 	-2.0 
Systematic	Russell 2000	-2.7 	-0.2 	N/A	N/A
PRIT Int'l Eq.	MSCI EAFE	0.3 	2.1 	N/A	N/A
PRIT Core R.E.	NCREIF ODCE	0.5 	2.1 	0.0 	0.7 
IR&M	Aggregate Index	0.2 	0.6 	0.8 	1.1 
Total Portfolio	Policy Index	1.1 	-0.1 	-0.2 	-0.3 

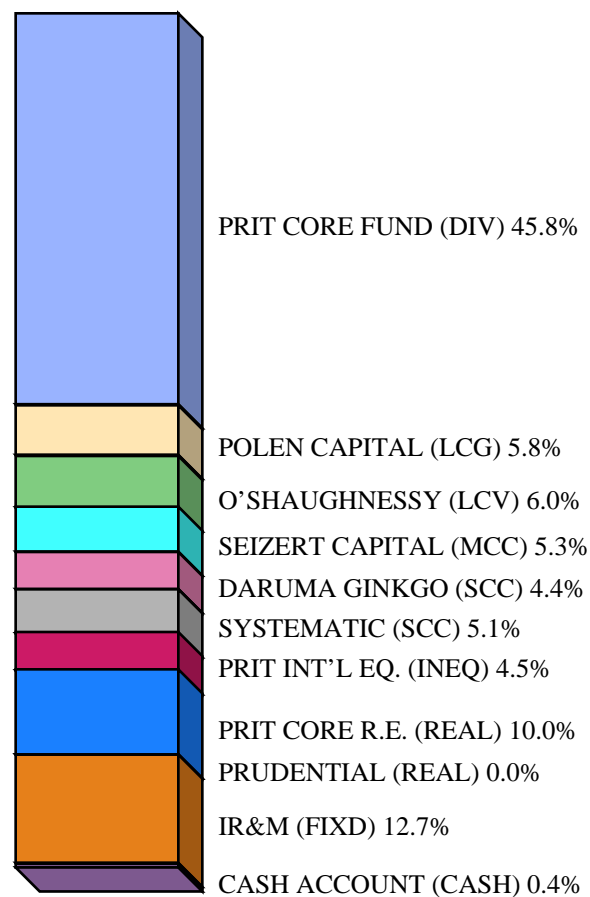
MANAGER RISK STATISTICS SUMMARY - FIVE-YEAR HISTORY

Name	Alpha	Batting Average	Sharpe Ratio	Information Ratio	Up Capture	Down Capture
PRIT Core Fund <i>Custom Core Idx</i>	0.56	0.800	1.97	1.21	109.8	104.5
Seizert Capital <i>Russell Mid</i>	-2.30	0.400	1.30	0.17	114.6	158.5
Daruma Ginkgo <i>Russell 2000</i>	-1.45	0.500	1.05	-0.33	93.1	105.4
PRIT Core R.E. <i>NCREIF ODCE</i>	14.57	0.550	5.50	0.28	105.7	----
IR&M <i>Aggregate Index</i>	1.17	0.850	1.55	1.56	120.1	69.4

RISK-RETURN SUMMARY - 5 YEAR HISTORY



MANAGER ALLOCATION AND TARGET SUMMARY

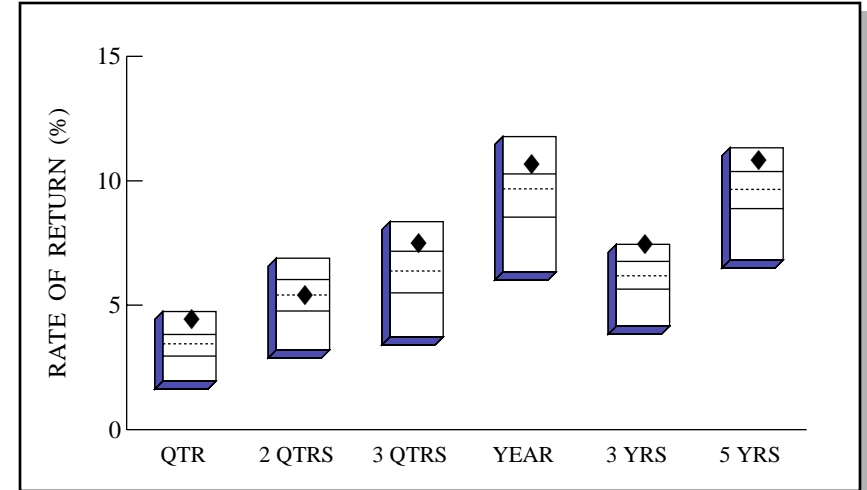
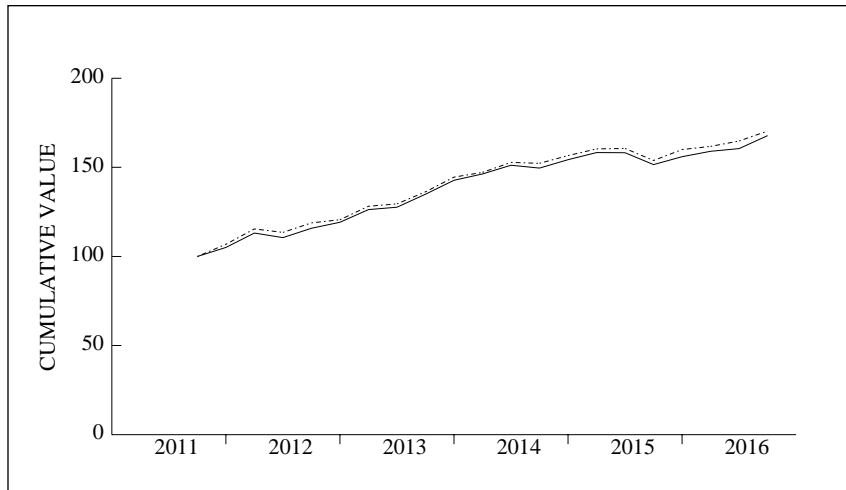


Name	Market Value	Percent	Target
PRIT Core Fund (DIV)	\$58,963,783	45.8	45.0
Polen Capital (LCG)	\$7,479,752	5.8	6.0
O'Shaughnessy (LCV)	\$7,769,528	6.0	6.0
Seizert Capital (MCC)	\$6,788,451	5.3	5.0
Daruma Ginkgo (SCC)	\$5,604,262	4.4	5.0
Systematic (SCC)	\$6,626,999	5.1	5.0
PRIT Int'l Eq. (INEQ)	\$5,790,313	4.5	5.0
PRIT Core R.E. (REAL)	\$12,822,836	10.0	10.0
Prudential (REAL)	\$90	0.0	0.0
IR&M (FIXD)	\$16,324,945	12.7	13.0
Cash Account (CASH)	\$512,065	0.4	0.0
Total Portfolio	\$128,683,024	100.0	100.0

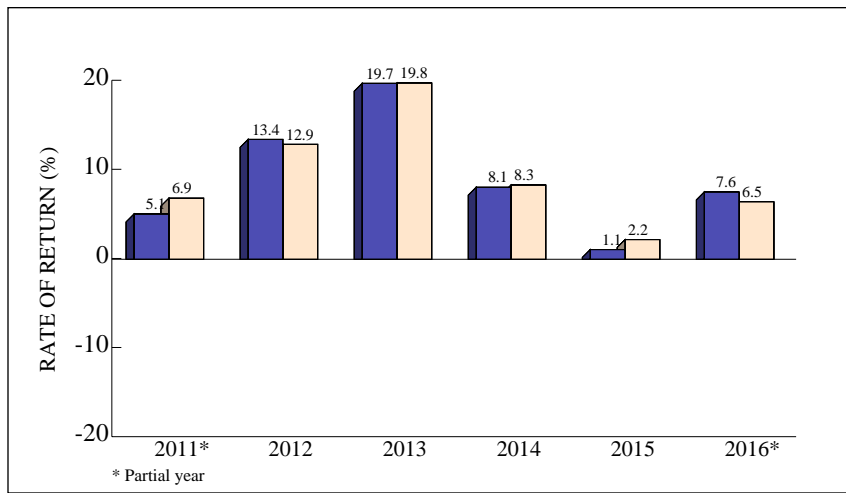
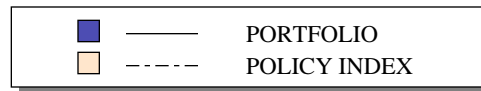
INVESTMENT RETURN SUMMARY - ONE QUARTER

Name	Quarter Total Return	Market Value June 30th, 2016	Net Cashflow	Net Investment Return	Market Value September 30th, 2016
PRIT Core Fund (DIV)	4.3	57,303,523	-789,873	2,450,133	58,963,783
Polen Capital (LCG)	4.8	7,140,390	-6,527	345,889	7,479,752
O'Shaughnessy (LCV)	6.4	6,725,929	599,755	443,844	7,769,528
Seizert Capital (MCC)	11.6	5,512,510	600,000	675,941	6,788,451
Daruma Ginkgo (SCC)	9.7	5,122,307	-13,419	495,374	5,604,262
Systematic (SCC)	6.3	5,667,731	600,000	359,268	6,626,999
PRIT Int'l Eq. (INEQ)	6.8	5,424,910	-2,733	368,136	5,790,313
PRIT Core R.E. (REAL)	2.6	12,507,388	-13,900	329,348	12,822,836
Prudential (REAL)	0.0	90	0	0	90
IR&M (FIXD)	0.7	13,520,228	2,706,508	98,209	16,324,945
Cash Account (CASH)	---	572,503	-60,918	480	512,065
Total Portfolio	4.5	119,497,509	3,618,893	5,566,622	128,683,024

TOTAL RETURN COMPARISONS



Public Fund Universe



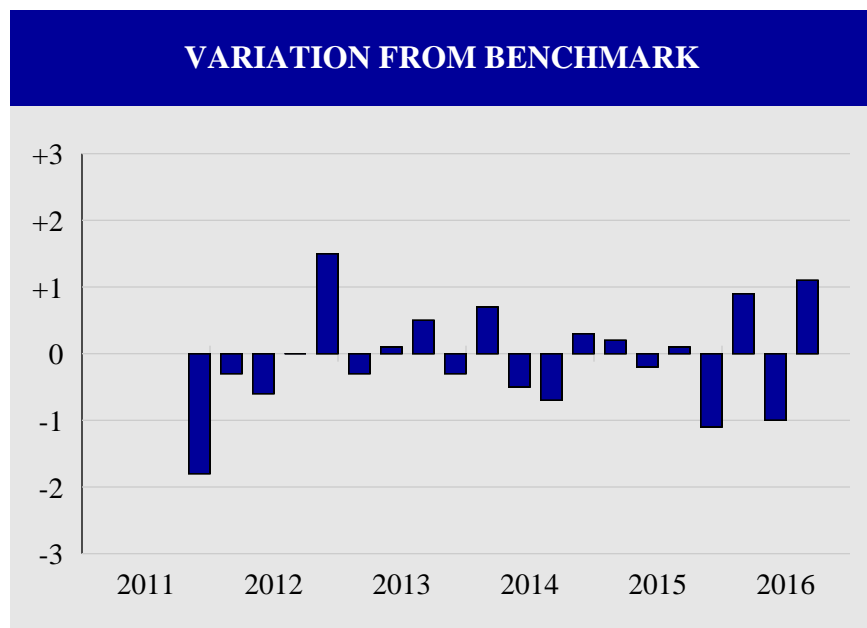
* Partial year

	QTR	2 QTRS	3 QTRS	YEAR	-----ANNUALIZED-----	
					3 YRS	5 YRS
RETURN	4.5	5.5	7.6	10.7	7.5	10.9
(RANK)	(7)	(47)	(19)	(17)	(5)	(9)
5TH %ILE	4.8	6.9	8.4	11.8	7.5	11.3
25TH %ILE	3.8	6.0	7.2	10.3	6.8	10.4
MEDIAN	3.5	5.4	6.4	9.7	6.2	9.7
75TH %ILE	3.0	4.8	5.5	8.5	5.7	8.9
95TH %ILE	2.0	3.2	3.7	6.3	4.2	6.8
Policy Idx	3.4	5.3	6.5	10.8	7.7	11.2

Public Fund Universe

TOTAL PORTFOLIO QUARTERLY PERFORMANCE SUMMARY

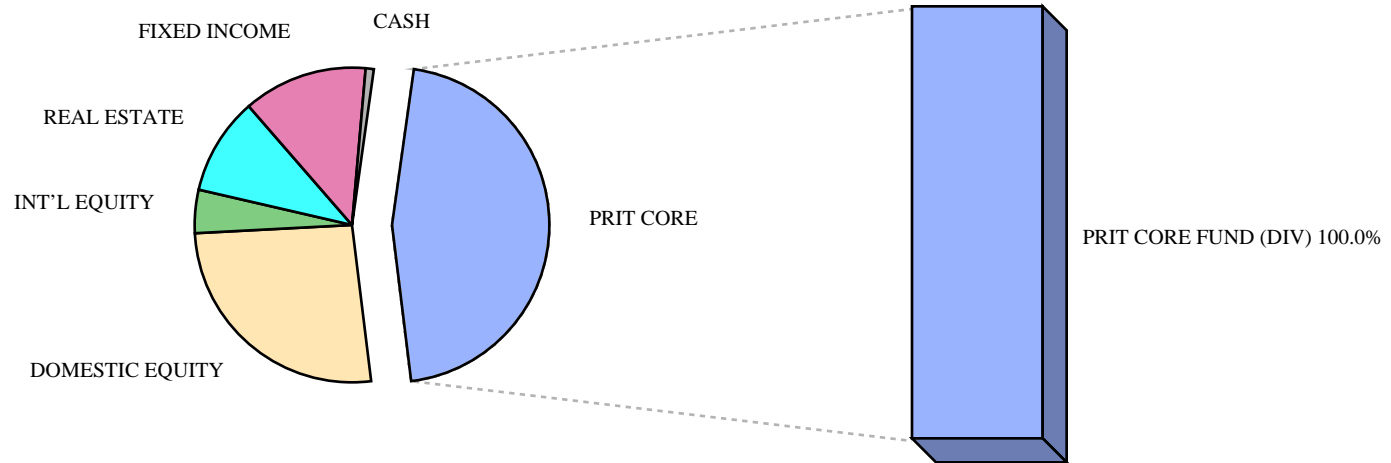
COMPARATIVE BENCHMARK: FRANKLIN REGIONAL POLICY INDEX



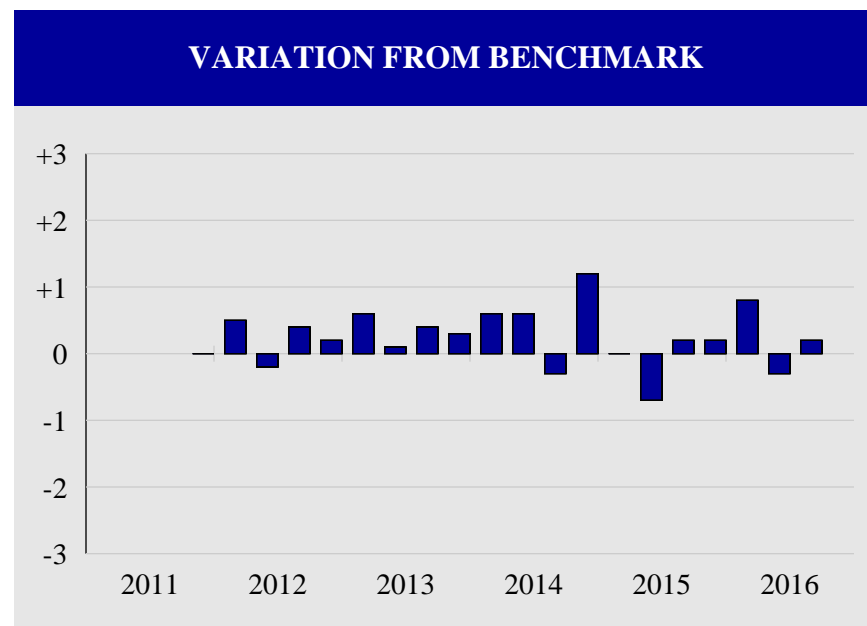
RATES OF RETURN			
Date	Portfolio	Benchmark	Difference
12/11	5.1	6.9	-1.8
3/12	7.7	8.0	-0.3
6/12	-2.2	-1.6	-0.6
9/12	4.7	4.7	0.0
12/12	3.0	1.5	1.5
3/13	5.9	6.2	-0.3
6/13	1.1	1.0	0.1
9/13	5.7	5.2	0.5
12/13	5.8	6.1	-0.3
3/14	2.5	1.8	0.7
6/14	3.3	3.8	-0.5
9/14	-1.1	-0.4	-0.7
12/14	3.1	2.8	0.3
3/15	2.6	2.4	0.2
6/15	0.0	0.2	-0.2
9/15	-4.2	-4.3	0.1
12/15	2.9	4.0	-1.1
3/16	2.0	1.1	0.9
6/16	0.9	1.9	-1.0
9/16	4.5	3.4	1.1

Total Quarters Observed	20
Quarters At or Above the Benchmark	10
Quarters Below the Benchmark	10
Batting Average	.500

PRIT CORE MANAGER SUMMARY



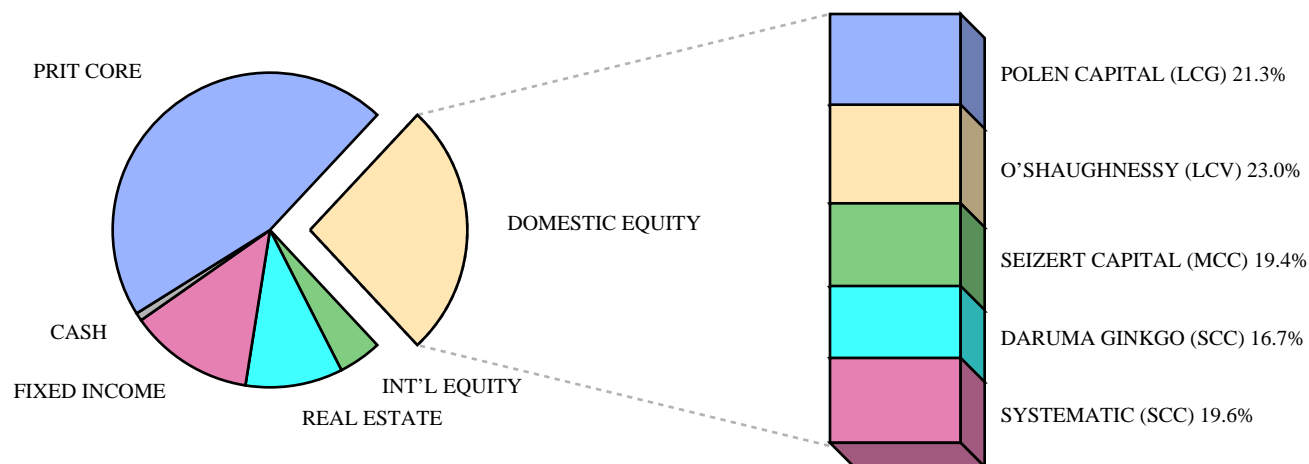
TOTAL RETURNS AND RANKINGS							
MANAGER	(UNIVERSE)	QTR	YTD	1 YEAR	3 YEARS	5 YEARS	MARKET VALUE
PRIT CORE FUND	(Public Fund)	4.3 (11)	8.4 (6)	11.0 (12)	7.5 (5)	10.1 (38)	\$58,963,783
<i>Custom Core Index</i>		<i>4.1 ---</i>	<i>7.7 ---</i>	<i>10.1 ---</i>	<i>6.6 ---</i>	<i>9.1 ---</i>	<i>---</i>

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

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

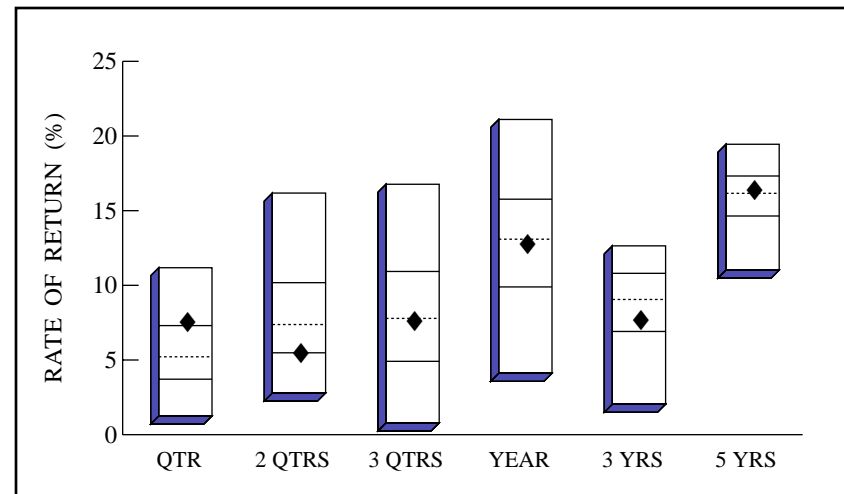
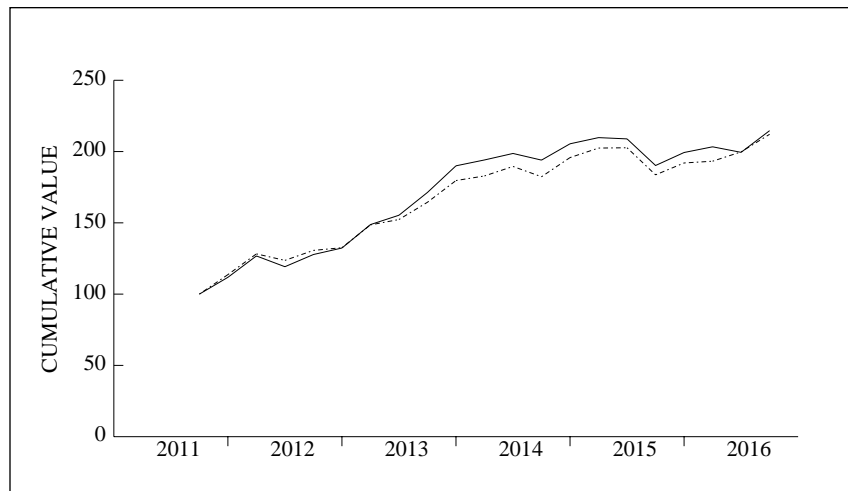
RATES OF RETURN			
Date	Portfolio	Benchmark	Difference
12/11	3.7	3.7	0.0
3/12	7.3	6.8	0.5
6/12	-1.5	-1.3	-0.2
9/12	4.4	4.0	0.4
12/12	3.1	2.9	0.2
3/13	4.6	4.0	0.6
6/13	0.2	0.1	0.1
9/13	5.1	4.7	0.4
12/13	4.9	4.6	0.3
3/14	2.7	2.1	0.6
6/14	4.1	3.5	0.6
9/14	-0.8	-0.5	-0.3
12/14	2.1	0.9	1.2
3/15	2.7	2.7	0.0
6/15	0.0	0.7	-0.7
9/15	-3.9	-4.1	0.2
12/15	2.4	2.2	0.2
3/16	2.0	1.2	0.8
6/16	1.9	2.2	-0.3
9/16	4.3	4.1	0.2

DOMESTIC EQUITY MANAGER SUMMARY

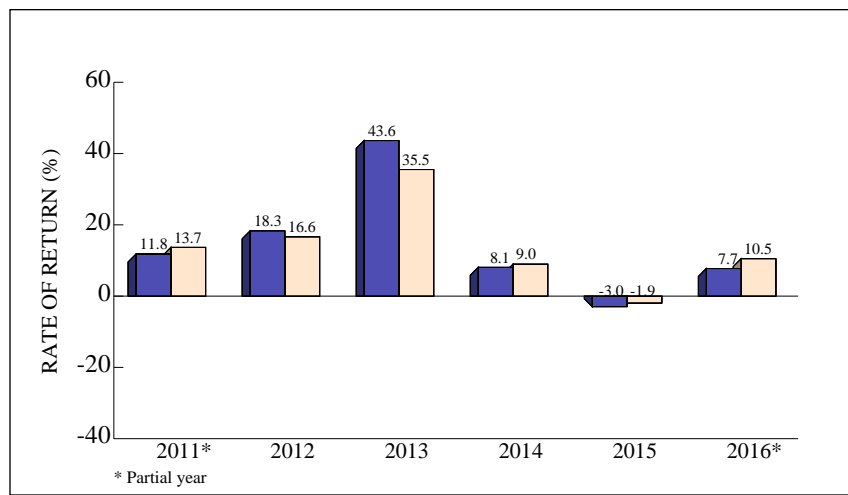
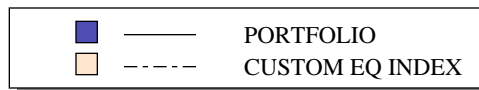


TOTAL RETURNS AND RANKINGS							
MANAGER	(UNIVERSE)	QTR	YTD	1 YEAR	3 YEARS	5 YEARS	MARKET VALUE
POLEN CAPITAL	(Large Cap Growth)	4.8 (57)	2.3 (75)	10.5 (64)	15.8 (2)	----	\$7,479,752
<i>Russell 1000 Growth</i>		<i>4.6</i> ----	<i>6.0</i> ----	<i>13.8</i> ----	<i>11.8</i> ----	<i>16.6</i> ----	----
O'SHAUGHNESSY	(Large Cap Value)	6.4 (19)	7.5 (51)	10.4 (75)	7.3 (82)	----	\$7,769,528
<i>Russell 1000 Value</i>		<i>3.5</i> ----	<i>10.0</i> ----	<i>16.2</i> ----	<i>9.7</i> ----	<i>16.1</i> ----	----
SEIZERT CAPITAL	(Mid Cap)	11.6 (1)	12.9 (14)	13.3 (37)	6.2 (82)	17.3 (30)	\$6,788,451
<i>Russell Mid Cap</i>		<i>4.5</i> ----	<i>10.2</i> ----	<i>14.2</i> ----	<i>9.7</i> ----	<i>16.7</i> ----	----
DARUMA GINKGO	(Small Cap)	9.7 (22)	6.3 (84)	15.1 (46)	2.4 (93)	13.8 (90)	\$5,604,262
SYSTEMATIC	(Small Cap)	6.3 (75)	11.4 (43)	15.3 (45)	----	----	\$6,626,999
<i>Russell 2000</i>		<i>9.0</i> ----	<i>11.5</i> ----	<i>15.5</i> ----	<i>6.7</i> ----	<i>15.8</i> ----	----

DOMESTIC EQUITY RETURN COMPARISONS



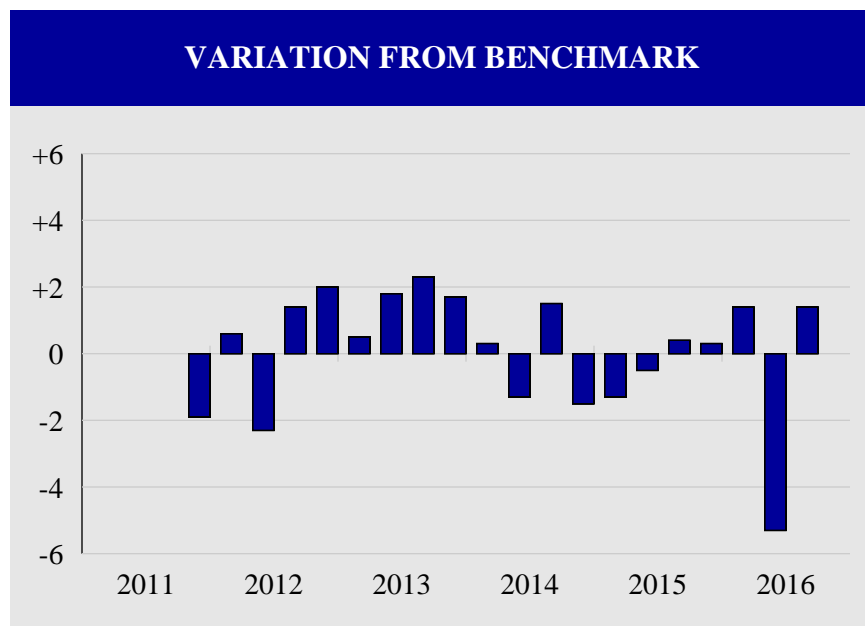
Domestic Equity Universe



* Partial year

	QTR	2 QTRS	3 QTRS	YEAR	-----ANNUALIZED-----	
					3 YRS	5 YRS
RETURN	7.6	5.6	7.7	12.9	7.8	16.5
(RANK)	(23)	(74)	(52)	(52)	(65)	(41)
5TH %ILE	11.2	16.2	16.8	21.1	12.6	19.5
25TH %ILE	7.3	10.2	10.9	15.8	10.8	17.3
MEDIAN	5.2	7.4	7.8	13.1	9.1	16.2
75TH %ILE	3.7	5.5	4.9	9.9	6.9	14.7
95TH %ILE	1.3	2.8	0.8	4.1	2.0	11.0
Equity Index	6.2	9.8	10.5	15.5	8.8	16.2

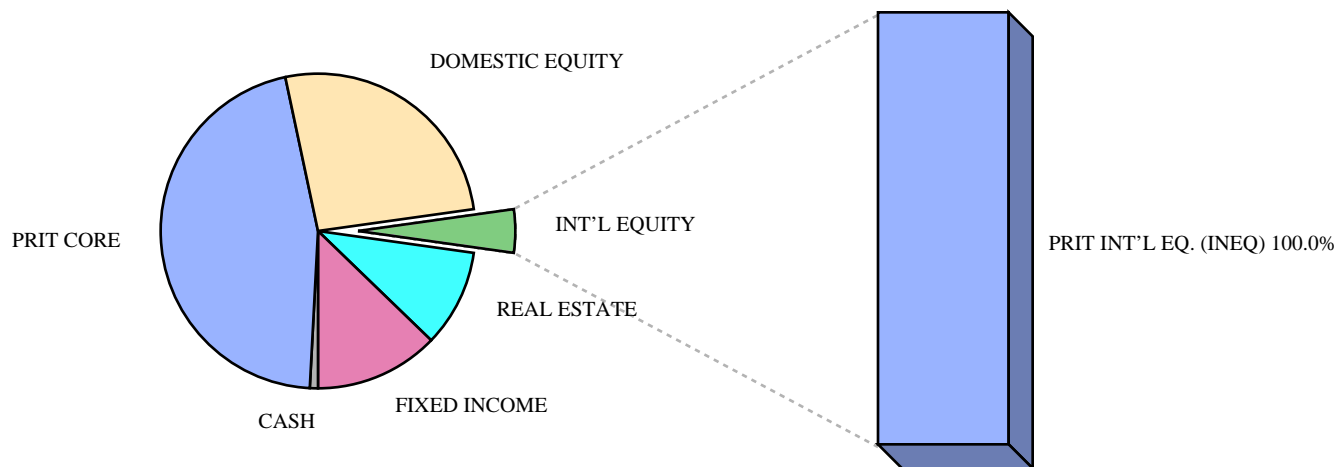
Domestic Equity Universe

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

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

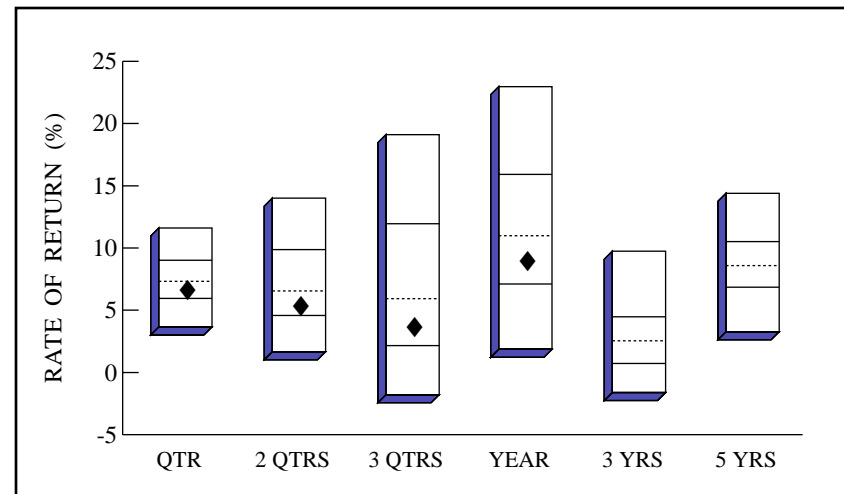
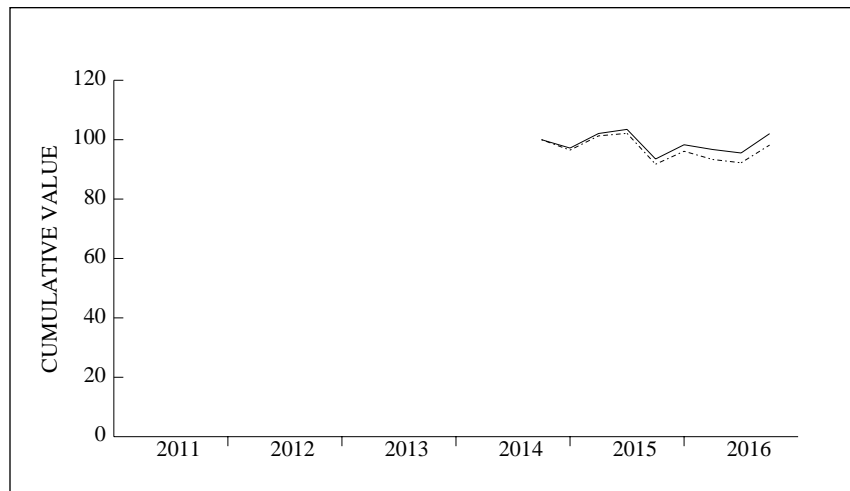
RATES OF RETURN			
Date	Portfolio	Benchmark	Difference
12/11	11.8	13.7	-1.9
3/12	13.3	12.7	0.6
6/12	-5.9	-3.6	-2.3
9/12	7.1	5.7	1.4
12/12	3.5	1.5	2.0
3/13	12.5	12.0	0.5
6/13	4.4	2.6	1.8
9/13	10.3	8.0	2.3
12/13	10.9	9.2	1.7
3/14	2.1	1.8	0.3
6/14	2.3	3.6	-1.3
9/14	-2.3	-3.8	1.5
12/14	5.9	7.4	-1.5
3/15	2.1	3.4	-1.3
6/15	-0.4	0.1	-0.5
9/15	-9.0	-9.4	0.4
12/15	4.8	4.5	0.3
3/16	2.0	0.6	1.4
6/16	-1.9	3.4	-5.3
9/16	7.6	6.2	1.4

INTERNATIONAL EQUITY MANAGER SUMMARY

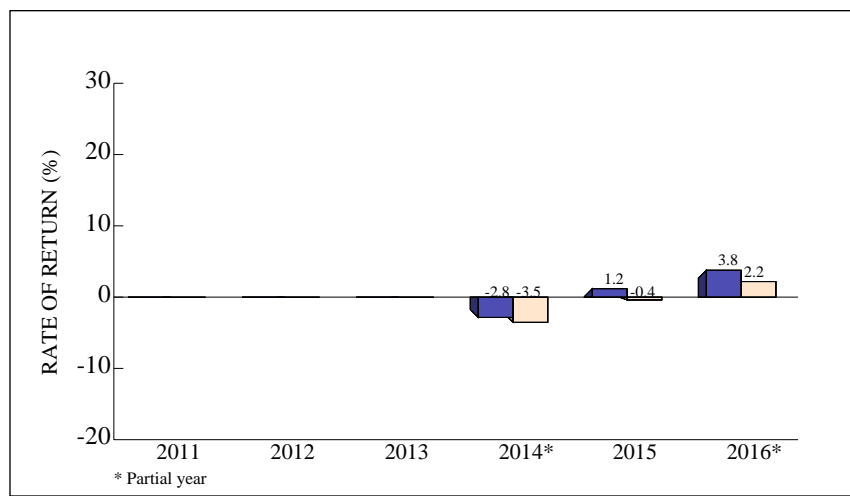


TOTAL RETURNS AND RANKINGS							
MANAGER	(UNIVERSE)	QTR	YTD	1 YEAR	3 YEARS	5 YEARS	MARKET VALUE
PRIT INT'L EQ.	(International Equity)	6.8 (60)	3.8 (64)	9.1 (61)	----	----	\$5,790,313
<i>MSCI EAFE</i>		6.5 ----	2.2 ----	7.0 ----	0.9 ----	7.9 ----	----

INTERNATIONAL EQUITY RETURN COMPARISONS



International Equity Universe



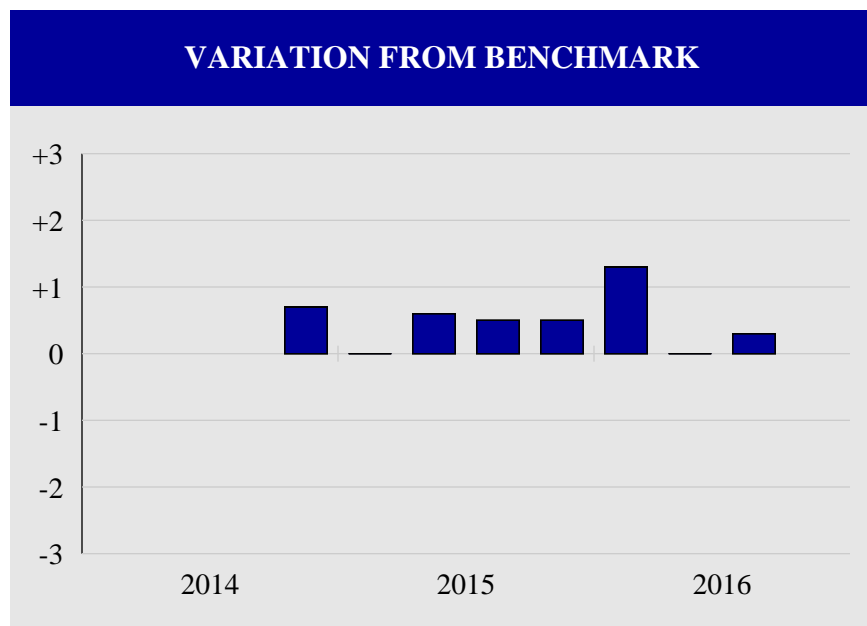
* Partial year

	QTR	2 QTRS	3 QTRS	YEAR	-----ANNUALIZED-----	
					3 YRS	5 YRS
RETURN	6.8	5.5	3.8	9.1	----	----
(RANK)	(60)	(63)	(64)	(61)	----	----
5TH %ILE	11.6	14.0	19.1	23.0	9.8	14.4
25TH %ILE	9.0	9.9	12.0	15.9	4.5	10.5
MEDIAN	7.3	6.5	5.9	11.0	2.5	8.6
75TH %ILE	5.9	4.6	2.2	7.1	0.7	6.8
95TH %ILE	3.7	1.7	-1.8	1.9	-1.6	3.3
MSCI EAFE	6.5	5.2	2.2	7.0	0.9	7.9

International Equity Universe

INTERNATIONAL EQUITY QUARTERLY PERFORMANCE SUMMARY

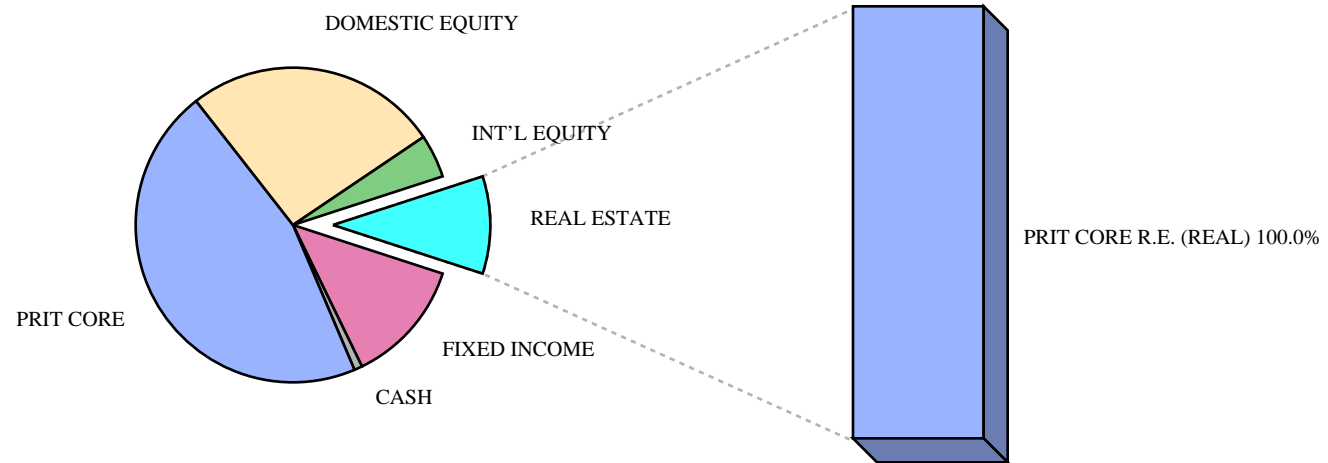
COMPARATIVE BENCHMARK: MSCI EAFE



RATES OF RETURN			
Date	Portfolio	Benchmark	Difference
12/14	-2.8	-3.5	0.7
3/15	5.0	5.0	0.0
6/15	1.4	0.8	0.6
9/15	-9.7	-10.2	0.5
12/15	5.2	4.7	0.5
3/16	-1.6	-2.9	1.3
6/16	-1.2	-1.2	0.0
9/16	6.8	6.5	0.3

Total Quarters Observed	8
Quarters At or Above the Benchmark	8
Quarters Below the Benchmark	0
Batting Average	1.000

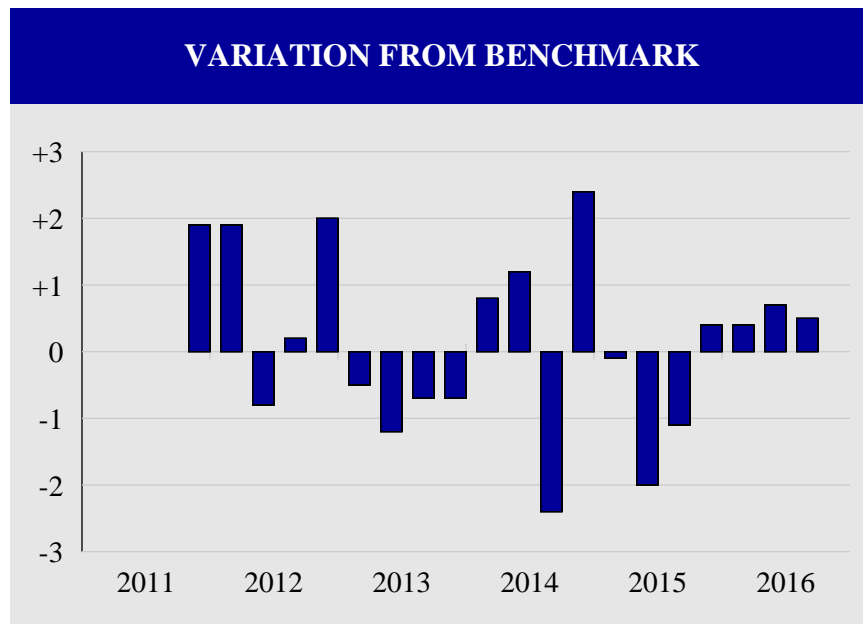
REAL ESTATE MANAGER SUMMARY



		TOTAL RETURNS AND RANKINGS					
MANAGER	(UNIVERSE)	QTR	YTD	1 YEAR	3 YEARS	5 YEARS	MARKET VALUE
PRIT CORE R.E.		2.6 ---	8.2 ---	12.2 ---	12.4 ---	13.1 ---	\$12,822,836
<i>NCREIF NFI-ODCE Index</i>		<i>2.1 ---</i>	<i>6.5 ---</i>	<i>10.1 ---</i>	<i>12.4 ---</i>	<i>12.4 ---</i>	---

REAL ESTATE QUARTERLY PERFORMANCE SUMMARY

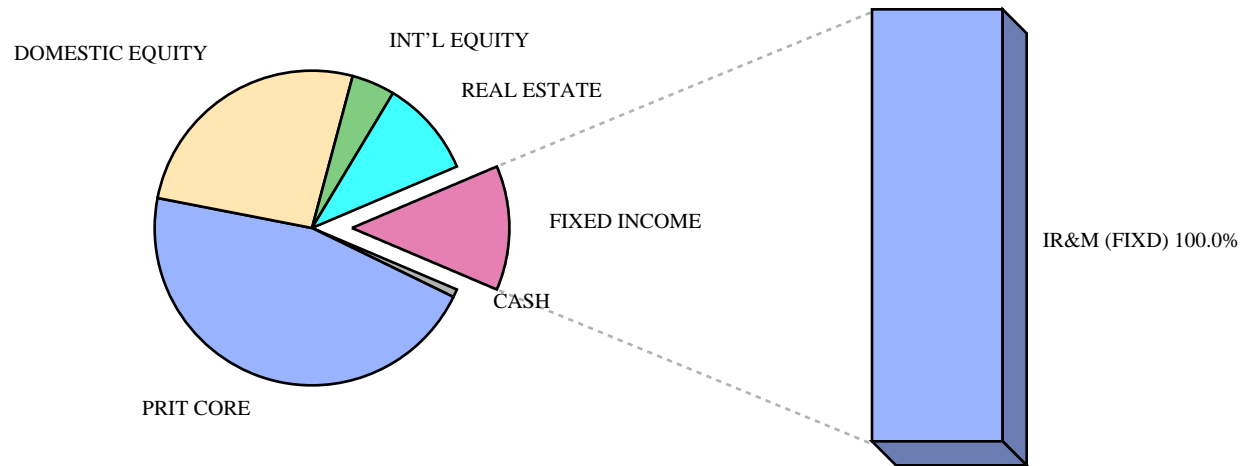
COMPARATIVE BENCHMARK: NCREIF NFI-ODCE INDEX



Total Quarters Observed	20
Quarters At or Above the Benchmark	11
Quarters Below the Benchmark	9
Batting Average	.550

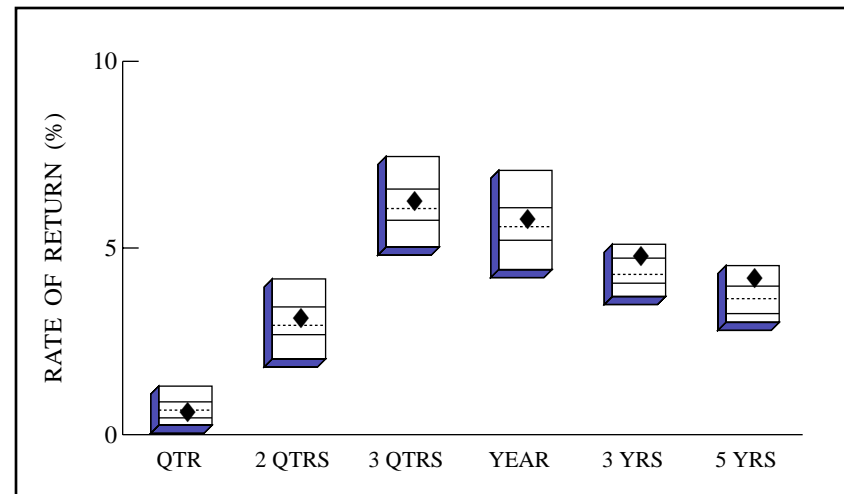
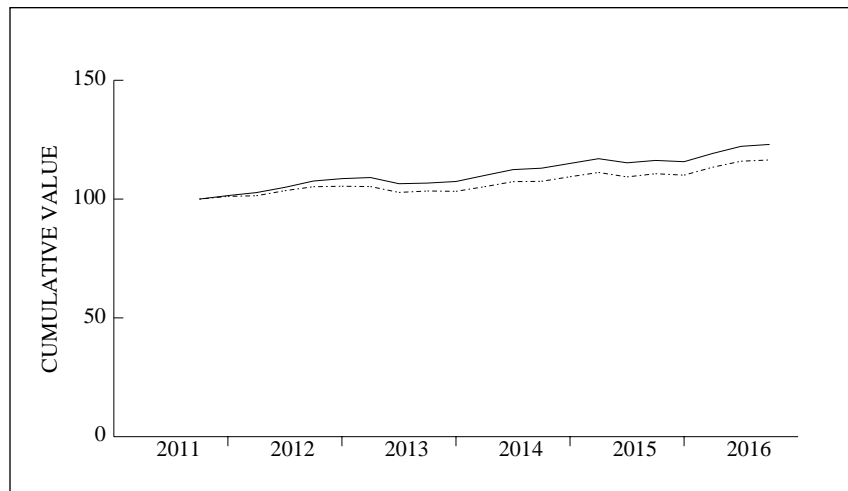
RATES OF RETURN			
Date	Portfolio	Benchmark	Difference
12/11	4.9	3.0	1.9
3/12	4.7	2.8	1.9
6/12	1.7	2.5	-0.8
9/12	3.0	2.8	0.2
12/12	4.3	2.3	2.0
3/13	2.2	2.7	-0.5
6/13	2.7	3.9	-1.2
9/13	2.9	3.6	-0.7
12/13	2.5	3.2	-0.7
3/14	3.3	2.5	0.8
6/14	4.1	2.9	1.2
9/14	0.8	3.2	-2.4
12/14	5.7	3.3	2.4
3/15	3.3	3.4	-0.1
6/15	1.8	3.8	-2.0
9/15	2.6	3.7	-1.1
12/15	3.7	3.3	0.4
3/16	2.6	2.2	0.4
6/16	2.8	2.1	0.7
9/16	2.6	2.1	0.5

FIXED INCOME MANAGER SUMMARY

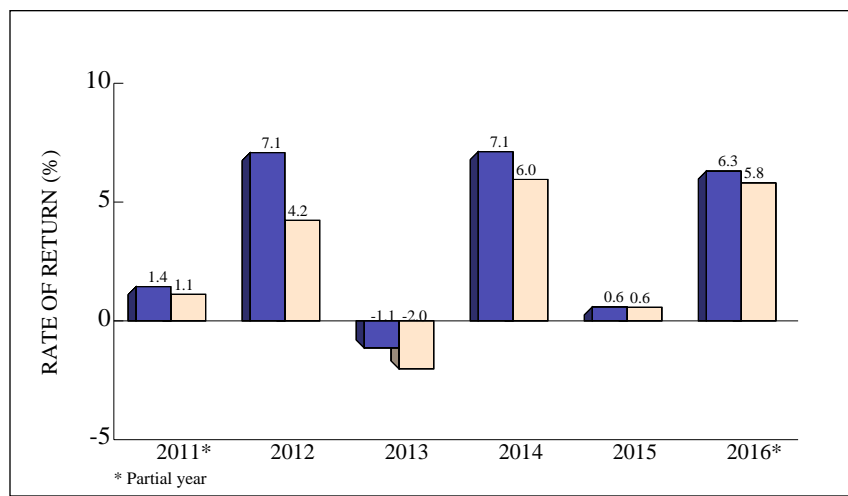


TOTAL RETURNS AND RANKINGS							
MANAGER	(UNIVERSE)	QTR	YTD	1 YEAR	3 YEARS	5 YEARS	MARKET VALUE
IR&M	(Core Fixed Income)	0.7 (50)	6.3 (38)	5.8 (39)	4.8 (18)	4.2 (17)	\$16,324,945
<i>Bloomberg Barclays Aggregate Index</i>		0.5 ----	5.8 ----	5.2 ----	4.0 ----	3.1 ----	----

FIXED INCOME RETURN COMPARISONS



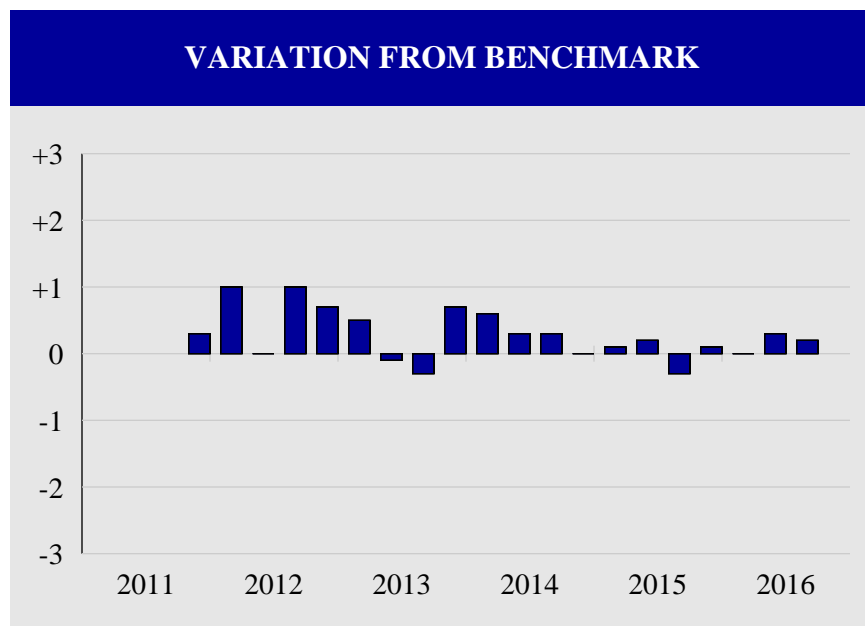
Core Fixed Income Universe



	QTR	2 QTRS	3 QTRS	YEAR	3 YRS	5 YRS
RETURN	0.7	3.2	6.3	5.8	4.8	4.2
(RANK)	(50)	(41)	(38)	(39)	(18)	(17)
5TH %ILE	1.3	4.2	7.5	7.1	5.1	4.5
25TH %ILE	0.9	3.4	6.6	6.1	4.7	4.0
MEDIAN	0.7	2.9	6.1	5.6	4.3	3.6
75TH %ILE	0.5	2.7	5.7	5.2	4.1	3.2
95TH %ILE	0.3	2.0	5.0	4.4	3.7	3.0
Agg Index	0.5	2.7	5.8	5.2	4.0	3.1

Core Fixed Income Universe

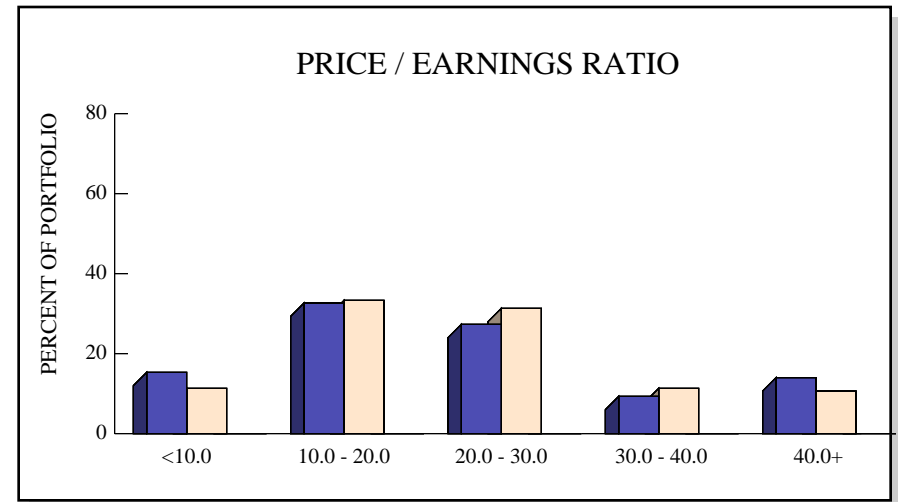
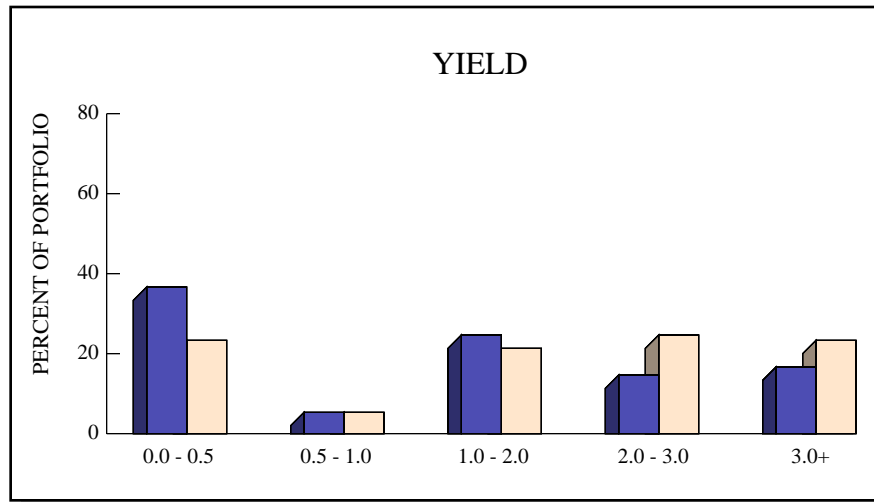
FIXED INCOME QUARTERLY PERFORMANCE SUMMARY
COMPARATIVE BENCHMARK: BLOOMBERG BARCLAYS AGGREGATE INDEX



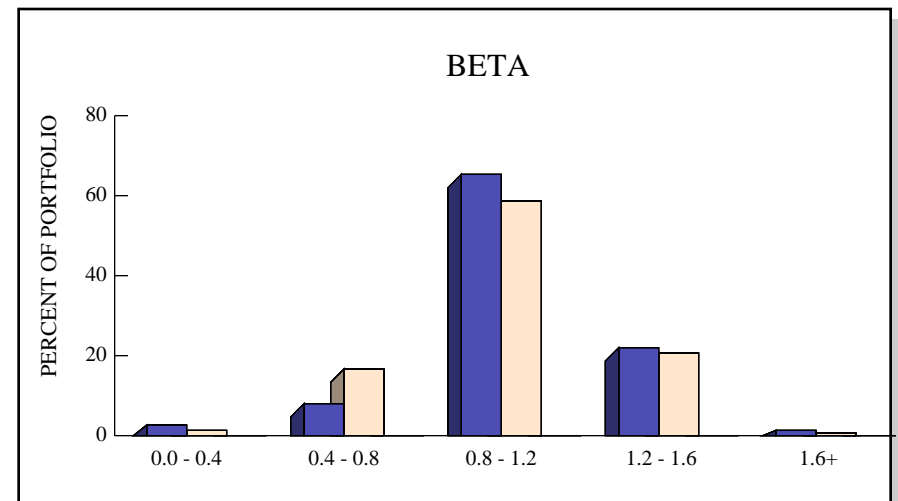
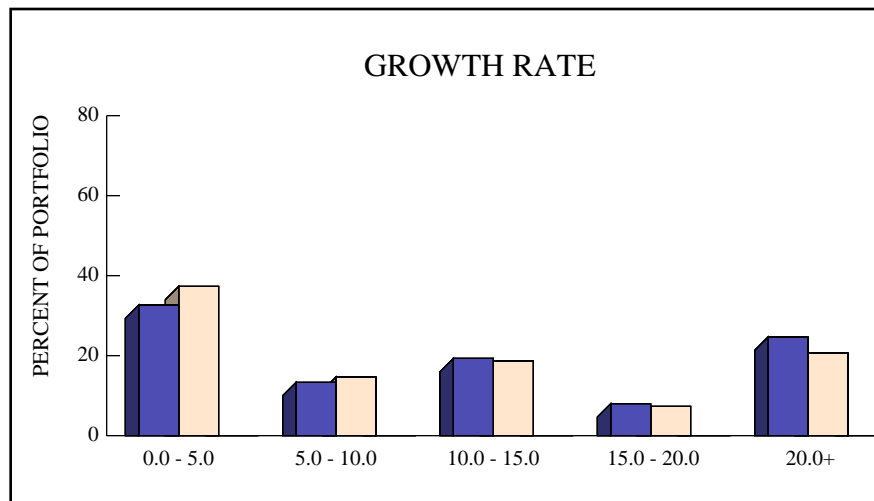
Total Quarters Observed	20
Quarters At or Above the Benchmark	17
Quarters Below the Benchmark	3
Batting Average	.850

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

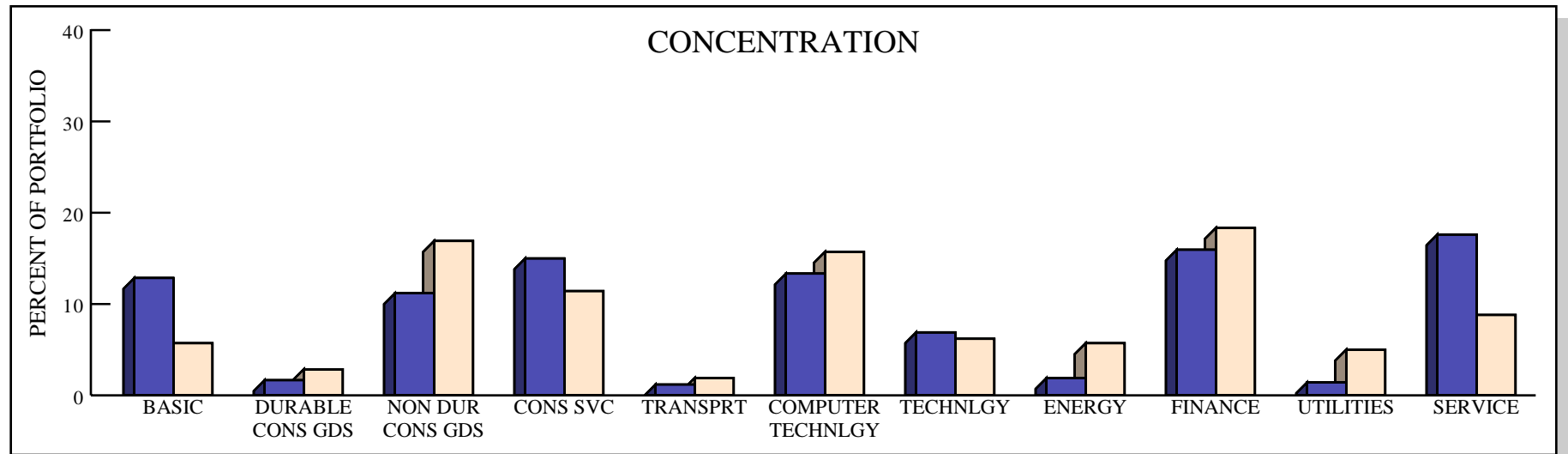
STOCK CHARACTERISTICS



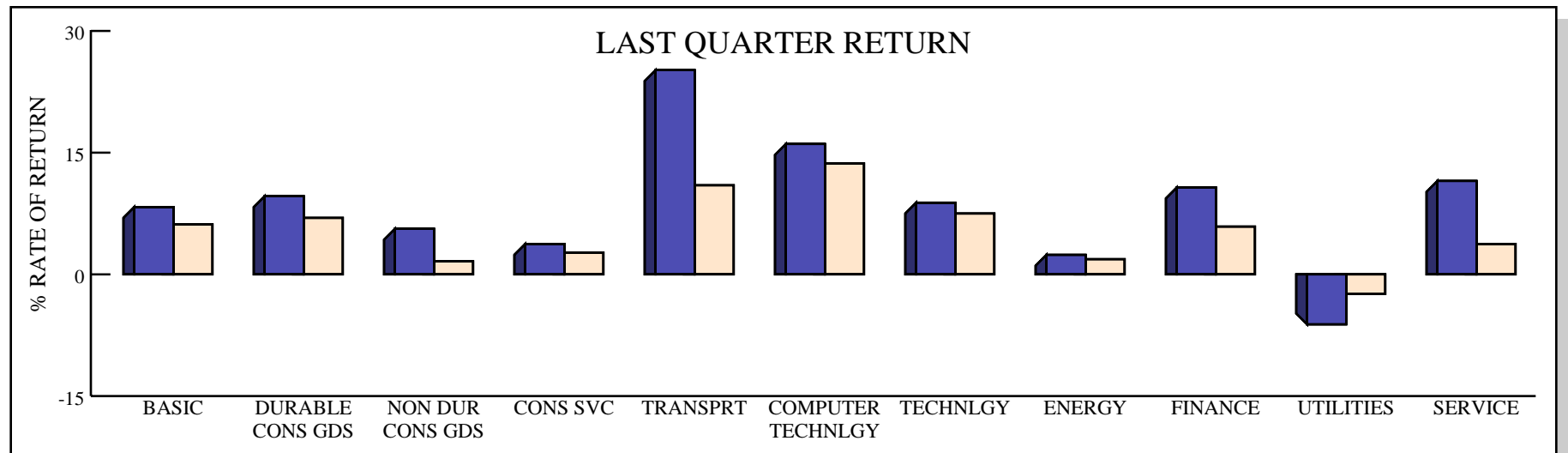
	# HOLDINGS	YIELD	GROWTH	P/E	BETA
PORTFOLIO	411	1.6%	10.4%	23.1	1.04
RUSSELL 3000	2,956	2.0%	9.8%	22.0	0.99



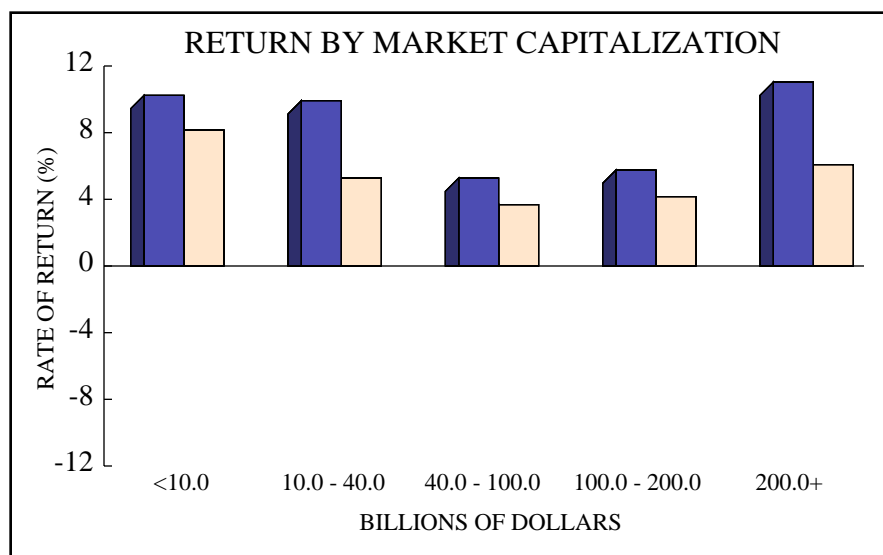
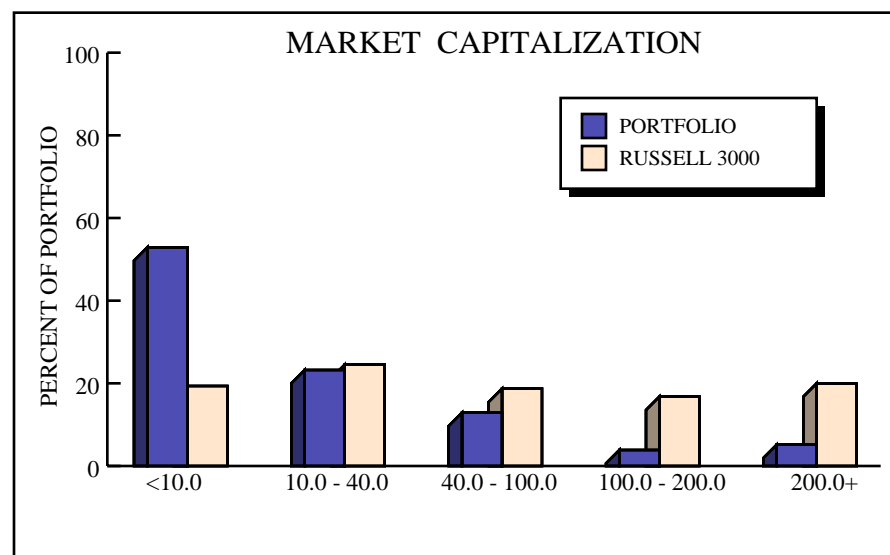
STOCK INDUSTRY ANALYSIS



■ PORTFOLIO ■ RUSSELL 3000



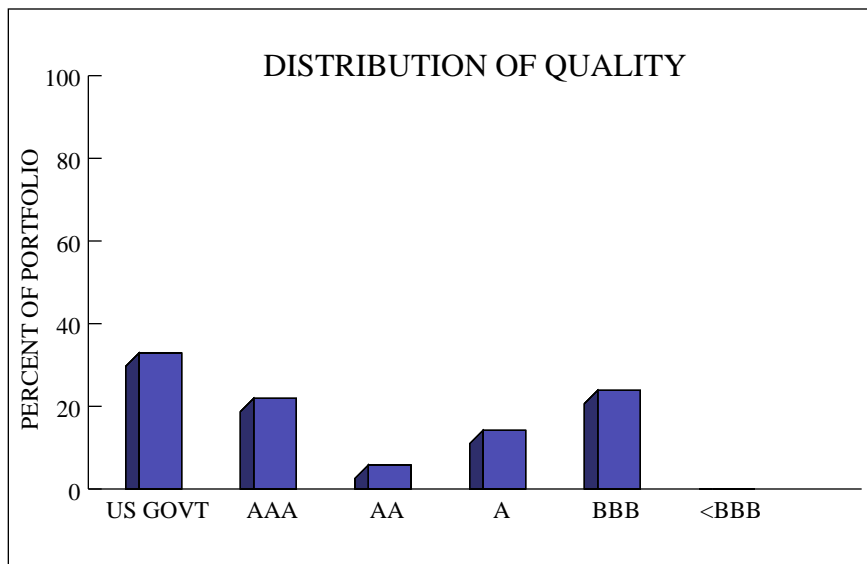
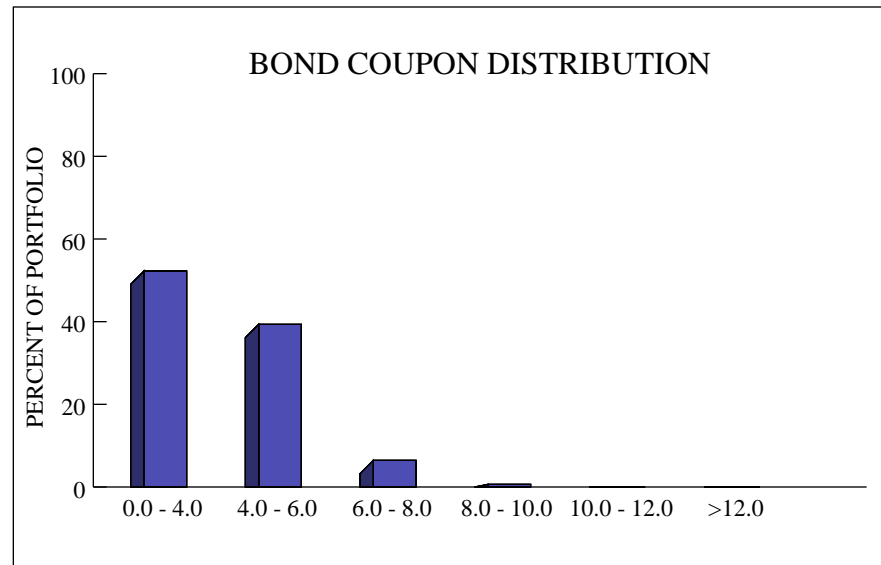
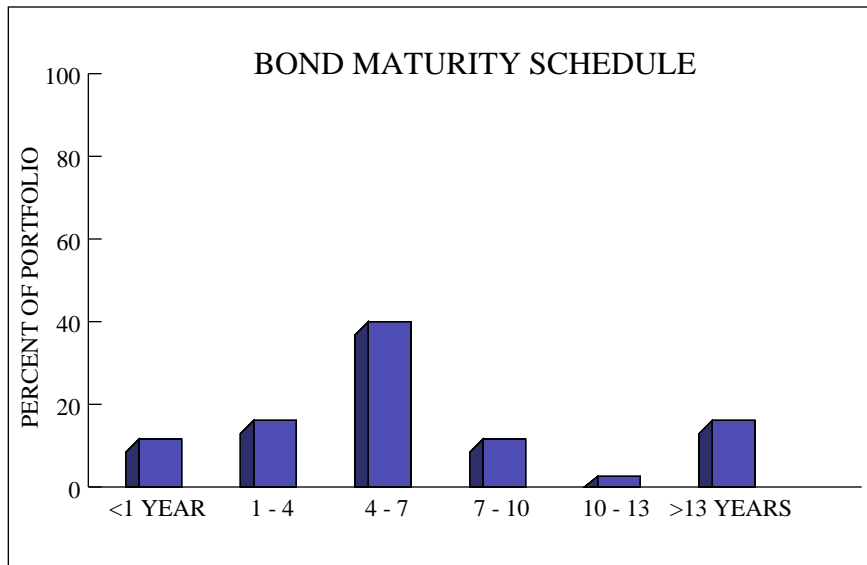
TOP TEN HOLDINGS



TOP TEN EQUITY HOLDINGS

RANK	NAME	VALUE	% EQUITY	RETURN	INDUSTRY SECTOR	MKT CAP
1	VISA INC-CLASS A SHARES	\$ 601,146	1.79%	11.7%	Finance	\$ 156.0 B
2	FACEBOOK INC-A	509,745	1.52%	12.2%	Computer Tech	298.0 B
3	ALPHABET INC-CL C	483,474	1.44%	12.3%	Computer Tech	267.1 B
4	WESTERN DIGITAL CORP	461,738	1.38%	24.6%	Computer Tech	16.6 B
5	NIKE INC -CL B	451,842	1.35%	-4.3%	NonDur Cons Goods	71.0 B
6	PRICELINE GROUP INC/THE	445,861	1.33%	17.9%	Service	72.7 B
7	STARBUCKS CORP	422,075	1.26%	-4.9%	Consumer Service	79.4 B
8	ACCENTURE PLC-CL A	403,528	1.20%	8.3%	Consumer Service	75.8 B
9	TJX COMPANIES INC	376,816	1.12%	-2.9%	Consumer Service	49.1 B
10	ADOBE SYSTEMS INC	375,657	1.12%	13.3%	Computer Tech	54.0 B

BOND CHARACTERISTICS



	PORTFOLIO	AGGREGATE INDEX
No. of Securities	275	9,977
Duration	6.11	5.51
YTM	2.85	1.96
Average Coupon	3.76	3.09
Avg Maturity / WAL	7.75	7.82
Average Quality	AAA-AA	USG-AAA

**PRIT MANAGER RETURNS AND ALLOCATIONS
AS OF SEPTEMBER 30, 2016**

PORTFOLIO	QTR	ANNUALIZED			% Allocation
		1 YEAR	3 YEARS	5 YEARS	
Domestic Equity	4.7	14.8	10.1	16.2	18.8
SSgA S&P 500	4.1	15.4	11.1	---	14.7
Summit Creek	4.6	6.7	4.2	---	0.4
Frontier	8.8	20.3	10.2	---	0.5
Huber	11.6	9.3	-2.5	---	0.4
RiverBridge	5.7	13.0	6.9	---	0.3
SSgA Russell 2500	6.6	14.5	7.8	---	2.6
<i>S&P 500</i>	<i>3.9</i>	<i>15.4</i>	<i>11.2</i>	<i>16.4</i>	---
<i>Russell 2500</i>	<i>6.6</i>	<i>14.4</i>	<i>7.8</i>	<i>16.3</i>	---
International Equity	6.8	9.1	2.4	8.8	16.9
SSgA World Ex-US	6.7	8.2	1.3	7.8	8.2
Marathon Asset Management	6.5	5.6	3.2	9.9	4.0
Baillie Gifford	8.7	16.5	4.0	10.2	3.2
Mondrian	4.2	8.8	3.4	7.8	1.4
FIS	4.4	8.7	2.7	---	0.2
<i>MSCI EAFE</i>	<i>6.5</i>	<i>7.0</i>	<i>0.9</i>	<i>7.9</i>	---
<i>ACWI EX US</i>	<i>7.0</i>	<i>9.8</i>	<i>0.6</i>	<i>6.5</i>	---
Emerging Markets Equity	10.1	18.3	0.5	4.0	7.4
SSgA Emerging Markets	9.1	16.8	0.2	3.8	1.9
AQR Emerging	10.2	17.9	---	---	1.0
Baillie Gifford EMM	14.5	20.3	---	---	1.1
Driehaus Capital	8.6	16.1	---	---	1.0
Harding Loevner	8.4	22.3	---	---	0.7
Pzena	10.5	20.5	---	---	1.0
Emerging Markets Transition	---	---	---	---	0.0
Acadian	9.6	14.0	4.3	---	0.2
Wasatch	8.5	14.0	3.0	---	0.2
Acadian Frontier	11.2	21.2	---	---	0.2
City of London	8.4	13.1	---	---	0.2
<i>MSCI Emerging Markets</i>	<i>9.2</i>	<i>17.2</i>	<i>-0.2</i>	<i>3.4</i>	---

**PRIT MANAGER RETURNS AND ALLOCATIONS
AS OF SEPTEMBER 30, 2016**

PORTFOLIO	QTR	ANNUALIZED			% Allocation
		1 YEAR	3 YEARS	5 YEARS	
Core Fixed Income	1.0	12.2	8.4	6.1	13.4
Blackrock Passive	0.4	5.1	4.0	3.1	1.3
PIMCO Core	1.3	5.8	3.8	4.1	1.3
Loomis Sayles Core	0.9	6.4	5.3	4.7	1.8
Community Capital Management	0.1	3.7	3.7	3.1	0.0
AFL - CIO Housing Investment	0.6	4.5	4.3	3.3	0.2
Access Capital - ETI	0.7	3.8	3.9	3.2	0.2
Progress Mgr of Mgrs	0.9	---	---	---	0.2
BlackRock STRIPS	-0.2	20.6	---	---	5.2
Blackrock TIPS	1.0	6.7	2.4	1.9	1.0
Blackrock ILBs	4.1	11.0	5.9	4.8	2.2
<i>Barclays Aggregate</i>	<i>0.5</i>	<i>5.2</i>	<i>4.0</i>	<i>3.1</i>	<i>---</i>
<i>Barclays STRIPS 20+Yrs</i>	<i>-0.2</i>	<i>20.5</i>	<i>---</i>	<i>---</i>	<i>---</i>
<i>Barclays US TIPS</i>	<i>1.0</i>	<i>6.6</i>	<i>2.4</i>	<i>1.9</i>	<i>---</i>
<i>Barclays ILB US Hedged</i>	<i>3.8</i>	<i>11.4</i>	<i>6.2</i>	<i>4.5</i>	<i>---</i>
<i>Barclays Aggregate A or Better</i>	<i>0.2</i>	<i>4.5</i>	<i>3.8</i>	<i>2.8</i>	<i>---</i>
Value-Added Fixed Income	3.6	8.5	3.3	5.3	8.3
Fidelity	4.6	11.1	5.0	8.8	0.5
Loomis Sayles High Yield	5.3	11.2	5.8	9.0	0.5
Shenkman	4.2	9.6	4.8	7.2	0.5
Eaton Vance	3.0	6.1	3.5	5.0	0.8
Voya	2.6	5.1	4.0	6.2	0.8
Ashmore	6.8	22.3	7.9	7.7	0.7
PIMCO EMD	4.5	19.2	6.4	7.1	0.6
Investec	1.9	13.8	-2.9	---	0.6
Pictet	2.1	16.0	-2.4	---	0.8
Stone Harbor	2.6	17.3	-3.5	---	0.5
Distressed Debt	3.5	-2.6	4.7	7.4	1.9
<i>ML Master High Yield</i>	<i>5.5</i>	<i>12.8</i>	<i>5.3</i>	<i>8.2</i>	<i>---</i>
<i>JPM EMBI</i>	<i>4.0</i>	<i>16.2</i>	<i>8.2</i>	<i>7.8</i>	<i>---</i>

**PRIT MANAGER RETURNS AND ALLOCATIONS
AS OF SEPTEMBER 30, 2016**

PORTFOLIO	QTR	ANNUALIZED			% Allocation
		1 YEAR	3 YEARS	5 YEARS	
Private Equity	4.4	10.8	17.7	16.0	10.8
Total Special Equity	4.9	12.0	17.2	16.0	8.0
Total Venture Capital	3.4	8.2	21.5	18.1	2.5
<i>Cambridge Private Equity (Lagged)</i>	4.2	3.5	11.3	11.4	---
Private Real Estate	3.0	11.3	13.3	13.2	7.6
Invesco Core	1.7	15.6	12.7	12.9	1.6
Lasalle	2.3	10.7	12.0	12.8	2.6
AEW	2.5	10.9	13.9	13.2	2.2
JP Morgan	2.6	7.9	9.4	9.4	1.3
AEW Core Transition	-2.3	-4.1	---	---	0.7
Non-Core	9.7	31.0	17.8	---	0.9
Canyon Johnson II	---	---	---	---	0.0
Intercontinental IV	-1.8	-15.4	18.6	11.5	0.0
New Boston Urban I	2.3	5.3	3.5	5.7	0.0
Portfolio Debt	---	---	---	---	-1.6
<i>NCREIF ODCE</i>	2.1	10.1	12.4	12.4	---
REITS	1.6	15.6	8.9	13.2	2.4
Invesco Global REIT	1.7	13.0	8.2	---	0.5
Centersquare Global REIT	1.0	16.0	9.4	---	1.4
Presima	1.6	---	---	---	0.2
Brookfield	3.7	---	---	---	0.4
Transition	---	---	---	---	0.0
<i>NAREIT</i>	-1.2	20.9	13.8	16.0	---
<i>FTSE EPRA NAREIT</i>	2.0	16.5	7.9	12.5	---

**PRIT MANAGER RETURNS AND ALLOCATIONS
AS OF SEPTEMBER 30, 2016**

PORTFOLIO	QTR	ANNUALIZED			% Allocation
		1 YEAR	3 YEARS	5 YEARS	
Timber	1.1	1.3	6.7	5.2	3.2
Forest	0.2	0.9	6.8	5.5	1.7
The Campbell Group	2.2	2.7	7.0	---	1.4
<i>NCREIF Timber</i>	<i>0.7</i>	<i>3.3</i>	<i>7.6</i>	<i>6.9</i>	---
Hedge Funds (Net)	3.0	2.0	3.2	5.4	8.8
PAAMCO	1.9	-1.4	2.0	5.0	1.4
Direct Hedge Funds	3.3	2.7	3.6	---	7.4
<i>HFRI FOF</i>	<i>2.4</i>	<i>0.5</i>	<i>2.2</i>	<i>3.2</i>	---
Portfolio Completion Strategies	-1.6	3.5	---	---	1.1
Overlay	3.3	9.4	5.5	---	0.6
Clifton	4.2	12.0	6.3	---	0.3
Overlay Cash	---	---	---	---	0.3
Portable Alpha Wind Down (Net)	3.5	1.0	-4.1	-3.3	0.0
Austin Capital	73.5	72.4	7.6	0.8	0.0
Crestline	-1.0	-4.9	-7.1	-4.0	0.0
Strategic	0.8	-1.1	-2.1	-2.9	0.0
<i>HFRI FOF</i>	<i>2.4</i>	<i>0.5</i>	<i>2.2</i>	<i>3.2</i>	---
Natural Resources - Private	10.4	---	---	---	0.3

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

Source: PRIM Board

APPENDIX - MAJOR MARKET INDEX RETURNS

Economic Data	Style	QTR	YTD	1 Year	3 years	5 Years
Consumer Price Index	Economic Data	0.2	2.1	1.5	1.0	1.3
Domestic Equity	Style	QTR	YTD	1 Year	3 years	5 Years
Russell 3000	Broad Equity	4.4	8.2	15.0	10.4	16.4
S&P 500	Large Cap Core	3.9	7.8	15.4	11.2	16.4
Russell 1000	Large Cap	4.0	7.9	14.9	10.8	16.4
Russell 1000 Growth	Large Cap Growth	4.6	6.0	13.8	11.8	16.6
Russell 1000 Value	Large Cap Value	3.5	10.0	16.2	9.7	16.1
Russell Mid Cap	Midcap	4.5	10.2	14.2	9.7	16.7
Russell Mid Cap Growth	Midcap Growth	4.6	6.8	11.2	8.9	15.8
Russell Mid Cap Value	Midcap Value	4.4	13.7	17.3	10.5	17.4
Russell 2000	Small Cap	9.0	11.5	15.5	6.7	15.8
Russell 2000 Growth	Small Cap Growth	9.2	7.5	12.1	6.6	16.1
Russell 2000 Value	Small Cap Value	8.9	15.5	18.8	6.8	15.4
International Equity	Style	QTR	YTD	1 Year	3 years	5 Years
MSCI All Country World Ex US	Foreign Equity	7.0	6.3	9.8	0.6	6.5
MSCI EAFE	Developed Markets Equity	6.5	2.2	7.0	0.9	7.9
MSCI EAFE Growth	Developed Markets Growth	5.0	3.0	9.9	2.8	9.1
MSCI EAFE Value	Developed Markets Value	8.1	1.4	4.2	-1.0	6.6
MSCI Emerging Markets	Emerging Markets Equity	9.2	16.4	17.2	-0.2	3.4
Domestic Fixed Income	Style	QTR	YTD	1 Year	3 years	5 Years
Bloomberg Barclays Aggregate Index	Core Fixed Income	0.5	5.8	5.2	4.0	3.1
Bloomberg Barclays Capital Gov't Bond	Treasuries	-0.3	4.9	4.0	3.3	2.2
Bloomberg Barclays Capital Credit Bond	Corporate Bonds	1.2	8.9	8.3	5.4	4.8
Intermediate Aggregate	Core Intermediate	0.3	4.1	3.6	3.1	2.6
ML/BoA 1-3 Year Treasury	Short Term Treasuries	-0.1	1.3	0.9	0.8	0.6
Citi High Yield BB & B Index	High Yield Bonds	5.1	13.7	11.7	5.0	7.6
Alternative Assets	Style	QTR	YTD	1 Year	3 years	5 Years
Bloomberg Barclays Global Treasury Ex US	International Treasuries	0.6	14.8	13.6	1.6	0.6
NCREIF NFI-ODCE Index	Real Estate	2.1	6.5	10.1	12.4	12.4
HFRI FOF Composite	Hedge Funds	2.4	-0.2	0.5	2.2	3.2

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 from January 2011 through July 2011:
- | | | |
|--------------------------|--------------------|-----------------------------------|
| 24.0% Russell 3000 | 20.0% MSCI EAFE | 5.0% MSCI Emerging Markets |
| 13.0% Barclays Aggregate | 6.0% CSFB Hi Yield | 10.0% Cambridge Private Equity |
| 10.0% NCREIF NFI-ODCE | 4.0% NCREIF Timber | 8.0% HFRI Fund of Funds Composite |
- For all periods from August 2011 through January 2014:
- | | | |
|--------------------------|--------------------|------------------------------------|
| 19.0% Russell 3000 | 17.0% MSCI EAFE | 7.0% MSCI Emerging Markets |
| 14.0% Barclays Aggregate | 6.0% CSFB Hi Yield | 10.0% Cambridge Private Equity |
| 10.0% NCREIF NFI-ODCE | 4.0% NCREIF Timber | 10.0% HFRI Fund of Funds Composite |
| 3.0% Barclays US TIPS | | |
- For all periods from February 2014 through September 2015:
- | | | |
|-------------------------|-------------------------------|-----------------------------------|
| 18.0% Russell 3000 | 16.0% MSCI EAFE | 6.0% MSCI Emerging Markets |
| 4.0% Barclays Aggregate | 6.0% CSFB Hi Yield | 10.0% Cambridge Private Equity |
| 10.0% NCREIF NFI-ODCE | 4.0% NCREIF Timber | 9.0% HFRI Fund of Funds Composite |
| 3.0% Barclays US TIPS | 10.0% Barclays 5-10 Year Bond | 4.0% MSCI All Country Ex-US |
- For all periods since October 2015:
- | | | |
|-------------------------------|-----------------------------------|----------------------------|
| 18.0% Russell 3000 | 16.0% MSCI EAFE | 6.0% MSCI Emerging Markets |
| 6.0% Barclays Aggregate | 12.0% Cambridge Private Equity | 10.0% NCREIF NFI-ODCE |
| 4.0% NCREIF Timber | 9.0% HFRI Fund of Funds Composite | 5.0% Barclays US TIPS |
| 10.0% Barclays 5-10 Year Bond | 4.0% MSCI All Country Ex-US | |

APPENDIX - DISCLOSURES

- * In July, 2014, the separately managed Daruma portfolio was divested and the proceeds were invested in the commingled Daruma Ginkgo Fund.
- * Performance for the Cambridge Private Equity Index is unavailable for the current quarter, a flat return of 0% is assumed.
- * Dahab Associates utilizes data provided by a custodian and other vendors it believes are reliable. However, it cannot assume responsibility for errors and omissions therefrom.
- * All returns were calculated on a time-weighted basis, and are gross of fees unless otherwise noted.
- * All returns for periods greater than one year are annualized.
- * Dahab Associates uses the modified duration measure to present average duration.
- * All values are in US dollars.

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

INVESTMENT RETURN

On September 30th, 2016, the Franklin Regional Retirement System's PRIT Core Fund was valued at \$58,963,783, representing an increase of \$1,660,260 from the June quarter's ending value of \$57,303,523. Last quarter, the Fund posted withdrawals totaling \$789,873, which offset the portfolio's net investment return of \$2,450,133. Income receipts totaling \$386,487 plus net realized and unrealized capital gains of \$2,063,646 combined to produce the portfolio's net investment return.

For the cumulative period since September 2011, the fund has recorded net withdrawals totaling \$16.2 million and posted net investment gains of \$26.8 million. For the period since September 2011, if the total fund had returned a compound annual rate of 7.75% it would have been valued at \$50.8 million or \$8.1 million less than the actual value as of September 30th, 2016.

RELATIVE PERFORMANCE

Total Portfolio

In the third quarter, the PRIT Core Fund gained 4.3%, which was 0.2% above the Custom Core Index's return of 4.1% and ranked in the 11th percentile of the Public Fund universe. Over the trailing year, the portfolio returned 11.0%, which was 0.9% greater than the benchmark's 10.1% performance, and ranked in the 12th percentile. Since September 2011, the portfolio returned 10.1% on an annualized basis and ranked in the 38th percentile. For comparison, the Custom Core Index returned an annualized 9.1% over the same period.

PRIT Core

Most invested sleeves outperformed their respective benchmarks in the third quarter, leading the PRIT Core portfolio to a 20 basis point surplus. International Equity, which comprised 16.9% of the portfolio, edged out the benchmark by 30 basis points, while its Emerging Markets counterpart additionally outperformed (10.1% vs.

8.9%). The Real Estate sleeve returned 2.6% for the quarter, beating the benchmark by 70 basis points. However, the Domestic Equity sleeve – the most heavily weighted of the positions with an 18.8% weight – failed to deliver a surplus. Moreover, positive effects across the portfolio's equity positions was slightly offset by lagging performance from the Valued-Added Fixed Income sleeve, which trailed its benchmark by 350 basis points.

PRIT Domestic Equity

The SSgA S&P 500 index fund (14.7% allocation) comprised nearly 80% of the Domestic Equity sleeve, and returned 4.1%, predictably matching the performance of the benchmark on which it is based. Total Small/Smid Cap Equity segment (4.1% allocation) trailed the benchmark's 7.3% return.

While Frontier (0.5% weight) trailed the benchmark's 8.9% gain by 10 basis points, Huber surged, gaining 11.6%. The Domestic Equity sleeve returned 4.7% for the quarter, mirroring benchmark performance.

PRIT International Equity

The International Equity sleeve (16.9%) bested the benchmark in the first quarter, returning 6.8% against the blended index's 6.5% performance.

SSgA World Ex-US index fund returned 6.7%, and accounted for 8.2% of the total Core portfolio – nearly half of the sleeve - while the positive selection effects of Baillie Gifford's 8.7% return were enlarged by a 3.2% allocation. Mondrian Investment (1.4% weight) and FIS (0.2% weight) underperformed, returning 4.2% and 4.4%, respectively, but the lagging effects here were offset by performance surpluses elsewhere in the sleeve.

PRIT Emerging Markets Equity

Emerging Markets additionally posted superior returns relative to the benchmark during the quarter (10.1% vs. 8.9%). For the 1-year period, the sleeve gained 18.3% compared to the benchmark's 15.9% return, while the 3- and 5-year periods also outperformed.

PRIT Hedge Funds

The HFRI Fund of Funds benchmark continued to offer a low performance hurdle in the third quarter, returning 2.4%. For comparison, the Hedge Fund sleeve returned 3.0% over the same period. Direct Hedge Funds (7.4% PRIT weight, or 84.1% of the sleeve allocation) gained 3.3% for the quarter, while returning 2.7% and 3.6% in the one- and three-year periods. PAAMCO (1.4% allocation) trailed the benchmark, returning 1.9%.

PRIT Real Estate

The PRIT Real Estate sleeve represented 10.1% of the PRIT portfolio (including 1.6% in debt), and returned 2.6% for the quarter, beating benchmark performance by 70 basis points. The Private Real Estate component – representing 75.2% of the sleeve – surpassed the NCREIF Property index (One quarter lag), due to outperformance from some of the most heavily weighted Core managers: Lasalle (2.6% allocation) gained 2.3%, AEW (2.2% weight) returned 2.5%, and JP Morgan was up 2.6%.

The sleeve's REIT component (2.4% combined allocation) slightly edged out the performance of the FTSE EPRA NAREIT Developed Net Total Return index (1.6% vs. 1.4%). While top holding Centersquare (1.4% weight) underperformed by 40 basis points, the sleeve offset negative effects with performance surpluses by Invesco Global REIT, Presima, and Brookfield, which returned 1.7%, 1.6%, and 3.7%, respectively.

PRIT Fixed Income

In the third quarter, the PRIT Core Fixed Income sleeve posted a 1.0% gain, beating the blended index's return by 20 basis points. The fundamental core elements made up 37.3% of the sleeve, including the PIMCO Core fund, which outperformed the Barclays Aggregate Index by 80 basis points (1.3% vs. 0.5%).

The BlackRock STRIPS account represented 38.8% of the Core Fixed Income allocation. This component mirrored the performance of the Barclays US Treasury STRIPS 20+ Year Index (0.2% loss). Total Inflation-linked Bonds returned 3.1%, besting the index by 20 basis points.

The Value-Added Fixed Income sleeve (8.3% portfolio allocation) was the weakest performer in the third quarter by a large measure, returning just 3.6% compared to the benchmark's 7.1% gain. High Yield Bonds (1.6% allocation) underperformed The ML Master II HY Constrained Index by 80 basis points. Bank Loan-based managers underperformed the benchmark as well. However, Distressed Debt was the primary culprit in the sleeve's significant performance deficit: While the NYU Salomon Center Combined Defaulted Public Bond & Bank Loan index surged 18.2% in the third quarter, the portfolio's Distressed Debt position returned just 3.5%, and its 24.1% sleeve weight served to enlarge the substantial performance deficit.

EXECUTIVE SUMMARY**PERFORMANCE SUMMARY**

	Quarter	YTD	1 Year	3 Year	5 Years
Total Portfolio - Gross	4.3	8.4	11.0	7.5	10.1
<i>PUBLIC FUND RANK</i>	(11)	(6)	(12)	(5)	(38)
Total Portfolio - Net	4.2	7.9	10.4	7.0	9.5
CUSTOM CORE IDX	4.1	7.7	10.1	6.6	9.1
PRIT Core - Gross	4.3	8.4	11.0	7.5	10.1
<i>PUBLIC FUND RANK</i>	(11)	(6)	(12)	(5)	(38)
CUSTOM CORE IDX	4.1	7.7	10.1	6.6	9.1

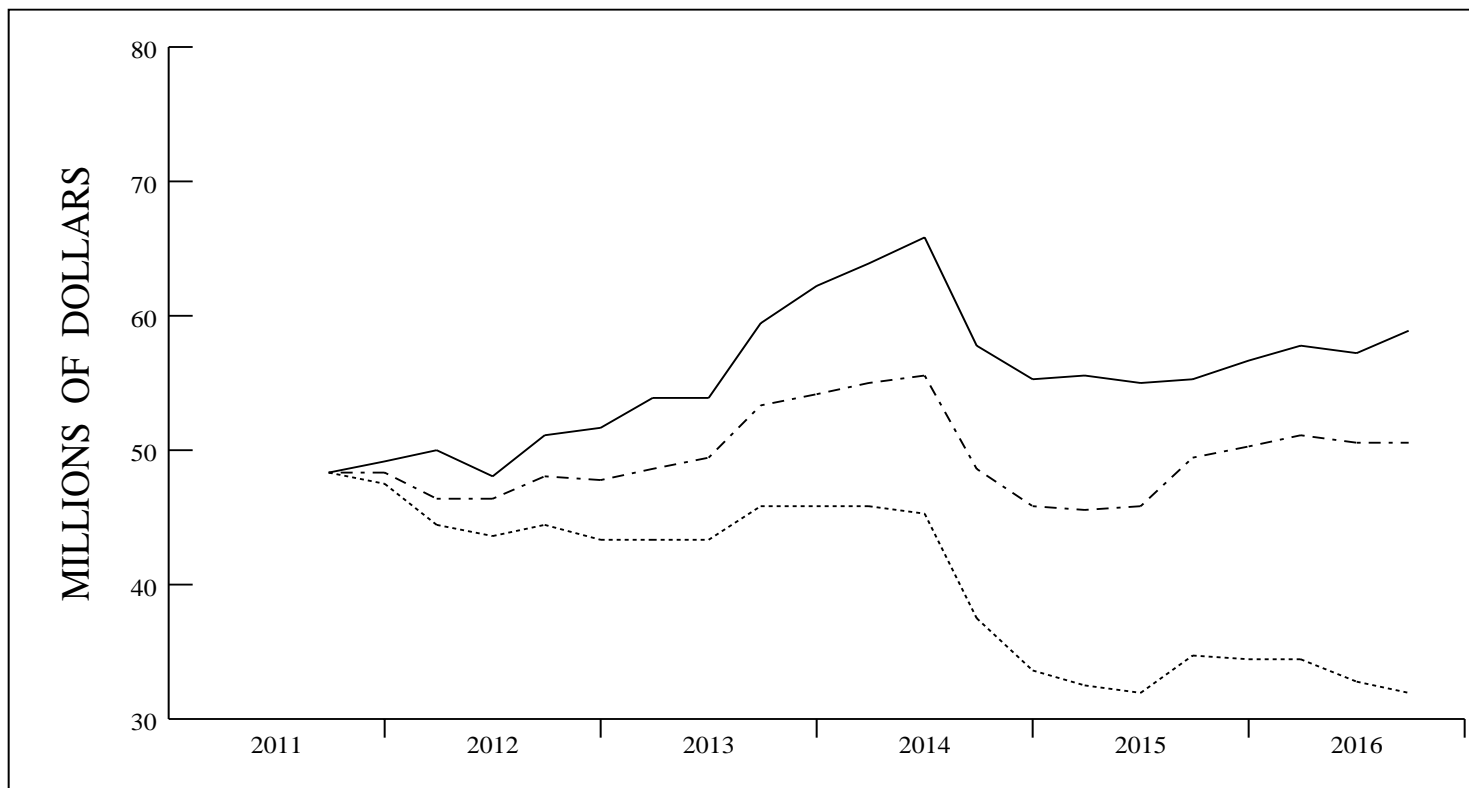
ASSET ALLOCATION

PRIT Core	100.0%	\$ 58,963,783
Total Portfolio	100.0%	\$ 58,963,783

INVESTMENT RETURN

Market Value 6/2016	\$ 57,303,523
Contribs / Withdrawals	-789,873
Income	386,487
Capital Gains / Losses	2,063,646
Market Value 9/2016	\$ 58,963,783

INVESTMENT GROWTH

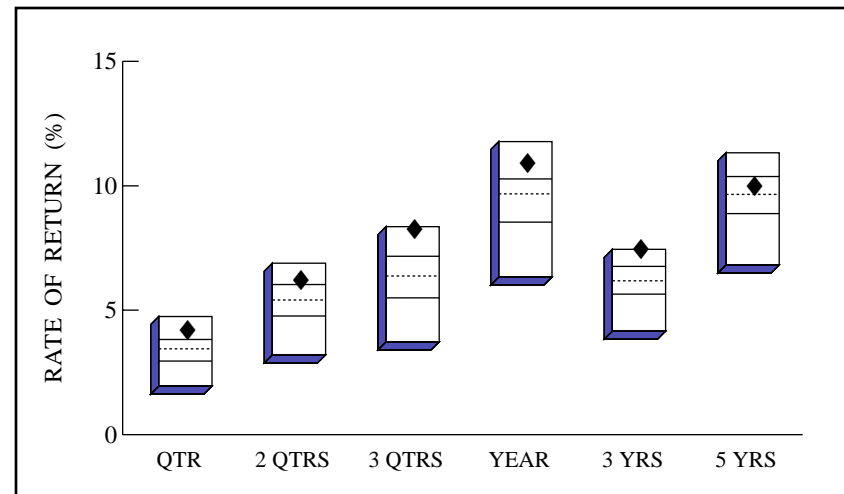
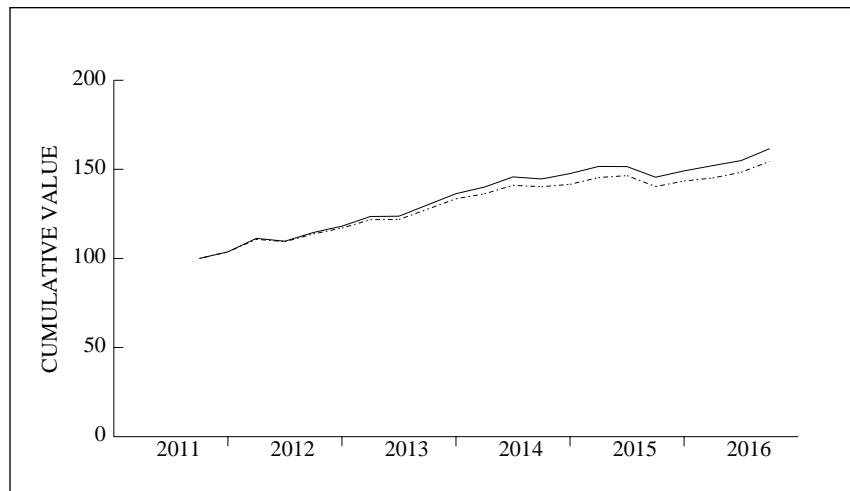


— ACTUAL RETURN
 - - - 7.75%
 . . . 0.0%

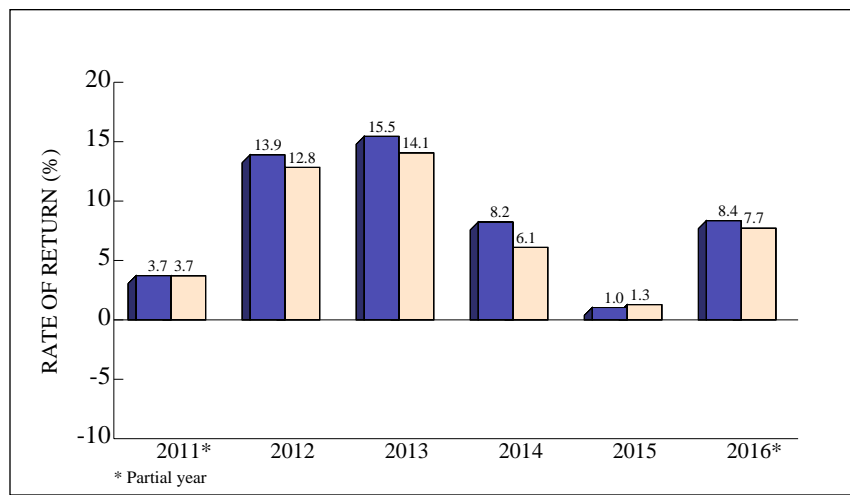
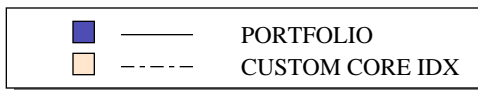
VALUE ASSUMING
 7.75% RETURN \$ 50,822,137

	LAST QUARTER	PERIOD 9/11 - 9/16
BEGINNING VALUE	\$ 57,303,523	\$ 48,400,581
NET CONTRIBUTIONS	-789,873	-16,197,087
<u>INVESTMENT RETURN</u>	<u>2,450,133</u>	<u>26,760,288</u>
ENDING VALUE	\$ 58,963,783	\$ 58,963,783
INCOME	386,487	7,976,469
<u>CAPITAL GAINS (LOSSES)</u>	<u>2,063,646</u>	<u>18,783,820</u>
INVESTMENT RETURN	2,450,133	26,760,288

TOTAL RETURN COMPARISONS



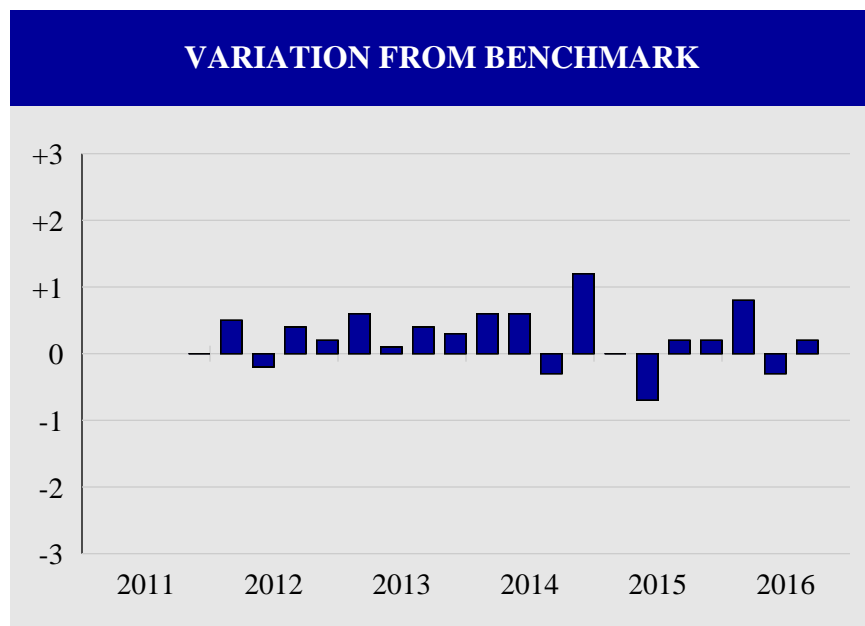
Public Fund Universe



* Partial year

	QTR	2 QTRS	3 QTRS	YEAR	-----ANNUALIZED-----	
					3 YRS	5 YRS
RETURN	4.3	6.3	8.4	11.0	7.5	10.1
(RANK)	(11)	(17)	(6)	(12)	(5)	(38)
5TH %ILE	4.8	6.9	8.4	11.8	7.5	11.3
25TH %ILE	3.8	6.0	7.2	10.3	6.8	10.4
MEDIAN	3.5	5.4	6.4	9.7	6.2	9.7
75TH %ILE	3.0	4.8	5.5	8.5	5.7	8.9
95TH %ILE	2.0	3.2	3.7	6.3	4.2	6.8
PRIT Index	4.1	6.4	7.7	10.1	6.6	9.1

Public Fund Universe

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

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

RATES OF RETURN			
Date	Portfolio	Benchmark	Difference
12/11	3.7	3.7	0.0
3/12	7.3	6.8	0.5
6/12	-1.5	-1.3	-0.2
9/12	4.4	4.0	0.4
12/12	3.1	2.9	0.2
3/13	4.6	4.0	0.6
6/13	0.2	0.1	0.1
9/13	5.1	4.7	0.4
12/13	4.9	4.6	0.3
3/14	2.7	2.1	0.6
6/14	4.1	3.5	0.6
9/14	-0.8	-0.5	-0.3
12/14	2.1	0.9	1.2
3/15	2.7	2.7	0.0
6/15	0.0	0.7	-0.7
9/15	-3.9	-4.1	0.2
12/15	2.4	2.2	0.2
3/16	2.0	1.2	0.8
6/16	1.9	2.2	-0.3
9/16	4.3	4.1	0.2

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

INVESTMENT RETURN

On September 30th, 2016, the Franklin Regional Retirement System's Polen Capital Management Large Cap Growth Fund was valued at \$7,479,752, representing an increase of \$339,362 from the June quarter's ending value of \$7,140,390. Last quarter, the Fund posted withdrawals totaling \$6,527, which partially offset the portfolio's net investment return of \$345,889. Income receipts totaling \$12,181 plus net realized and unrealized capital gains of \$333,708 combined to produce the portfolio's net investment return.

For the cumulative period since March 2012, the fund has recorded net withdrawals totaling \$1.5 million and posted net investment gains of \$3.7 million. For the period since March 2012, if the total fund had returned a compound annual rate of 9.0% it would have been valued at \$6.3 million or \$1.2 million less than the actual value as of September 30th, 2016.

RELATIVE PERFORMANCE

In the third quarter, the Polen Capital Management Large Cap Growth Fund gained 4.8%, which was 0.2% above the Russell 1000 Growth Index's return of 4.6% and ranked in the 57th percentile of the Large Cap Growth universe. Over the trailing year, the portfolio returned 10.5%, which was 3.3% less than the benchmark's 13.8% performance, and ranked in the 64th percentile. Since March 2012, the portfolio returned 11.9% on an annualized basis and ranked in the 46th percentile. For comparison, the Russell 1000 Growth returned an annualized 12.5% over the same period.

ASSET ALLOCATION

On September 30th, 2016, domestic equities comprised 95.5% of the total portfolio (\$7.1 million), while cash & equivalents totaled 4.5% (\$335,775).

ANALYSIS

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

The portfolio outperformed the index in four of the six invested sectors, including the overweight Finance sector. However, Consumer Service, the most heavily overweight sector in the third quarter, delivered losses compared to the benchmark's gain, magnifying negative selection effects. The unfunded Energy sector surged for the index, but represented a small percentage of the market allocation, limiting the disadvantage. The portfolio closed the quarter 20 basis points ahead of the index.

EXECUTIVE SUMMARY**PERFORMANCE SUMMARY**

	Quarter	YTD	1 Year	3 Year	Since 03/12
Total Portfolio - Gross	4.8	2.3	10.5	15.8	11.9
<i>LARGE CAP GROWTH RANK</i>	(57)	(75)	(64)	(2)	(46)
Total Portfolio - Net	4.6	1.7	9.6	14.9	11.2
RUSSELL 1000G	4.6	6.0	13.8	11.8	12.5
RUSSELL 1000	4.0	7.9	14.9	10.8	12.4
S&P 500	3.9	7.8	15.4	11.2	12.4
Domestic Equity - Gross	4.9	2.3	10.8	16.5	12.5
<i>LARGE CAP GROWTH RANK</i>	(57)	(75)	(60)	(2)	(35)
RUSSELL 1000G	4.6	6.0	13.8	11.8	12.5

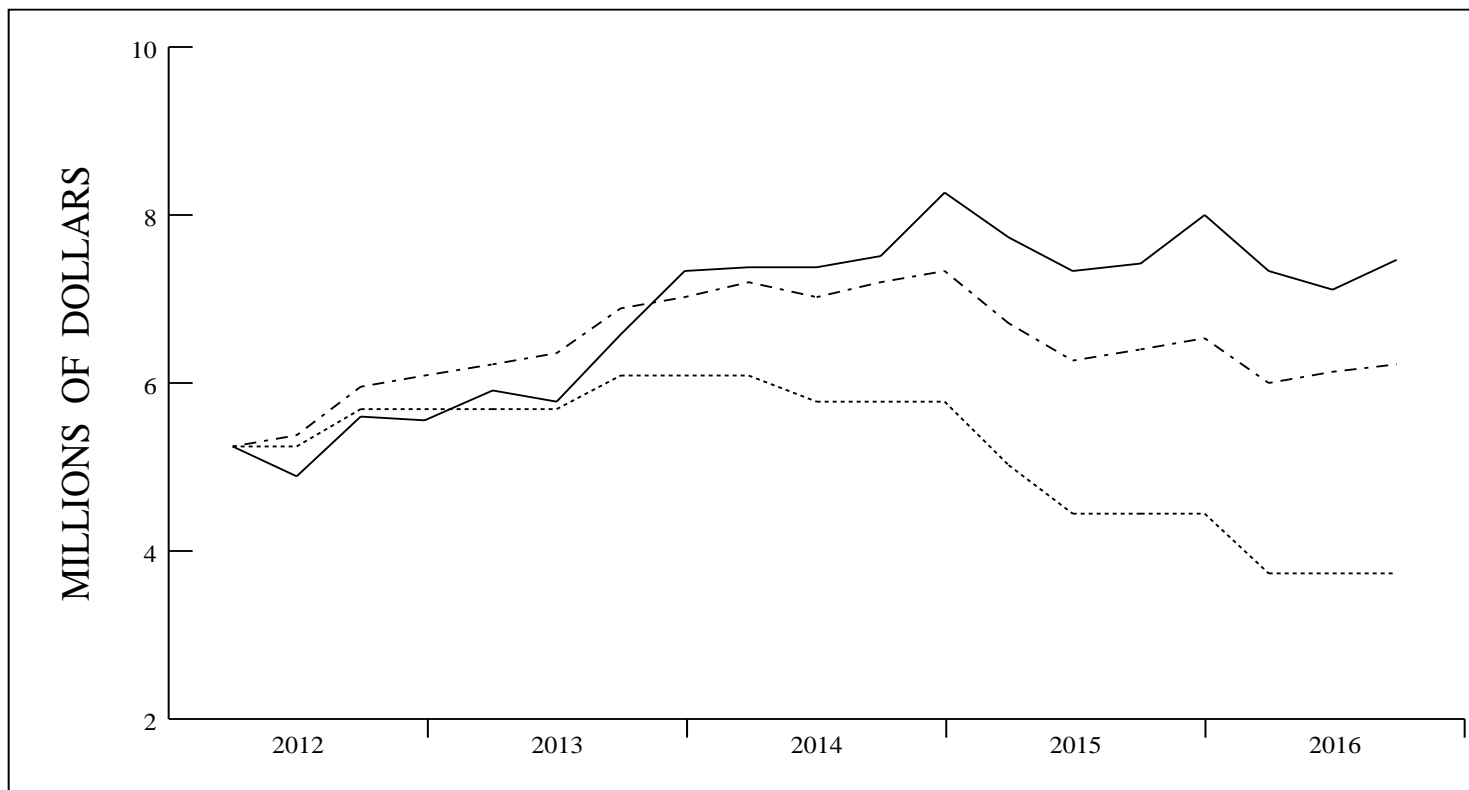
ASSET ALLOCATION

Domestic Equity	95.5%	\$ 7,143,977
Cash	4.5%	335,775
Total Portfolio	100.0%	\$ 7,479,752

INVESTMENT RETURN

Market Value 6/2016	\$ 7,140,390
Contribs / Withdrawals	- 6,527
Income	12,181
Capital Gains / Losses	333,708
Market Value 9/2016	\$ 7,479,752

INVESTMENT GROWTH

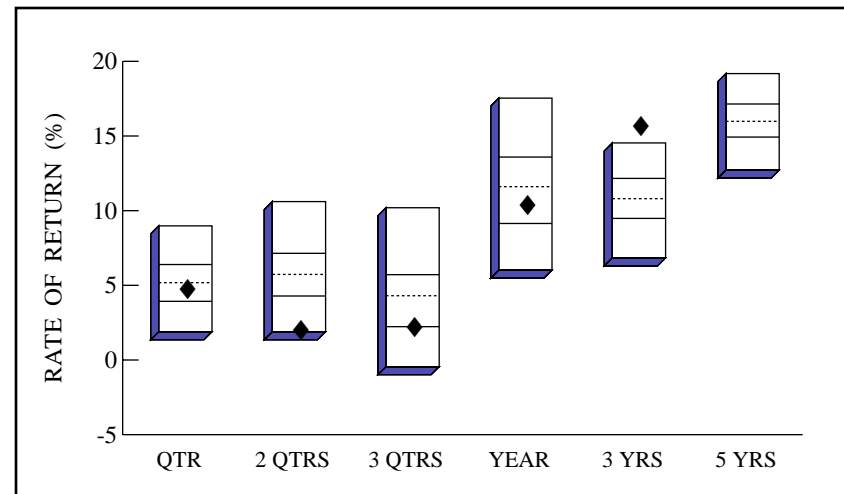
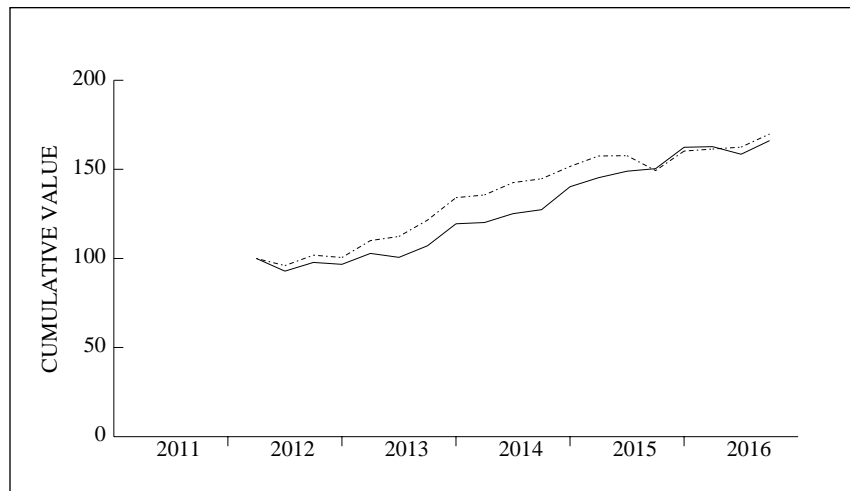


— ACTUAL RETURN
 - - - 9.0%
 . . . 0.0%

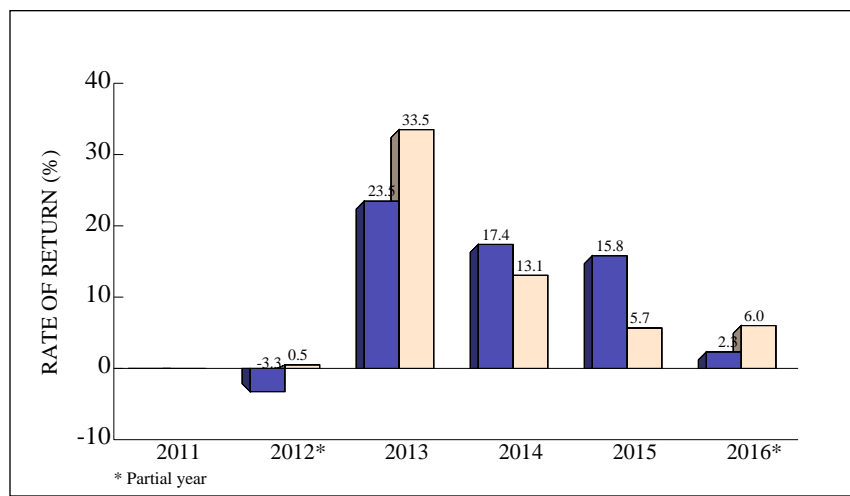
VALUE ASSUMING
 9.0% RETURN \$ 6,265,535

	LAST QUARTER	PERIOD 3/12 - 9/16
BEGINNING VALUE	\$ 7,140,390	\$ 5,273,154
NET CONTRIBUTIONS	- 6,527	- 1,509,567
INVESTMENT RETURN	345,889	3,716,165
ENDING VALUE	\$ 7,479,752	\$ 7,479,752
INCOME	12,181	332,271
CAPITAL GAINS (LOSSES)	333,708	3,383,894
INVESTMENT RETURN	345,889	3,716,165

TOTAL RETURN COMPARISONS

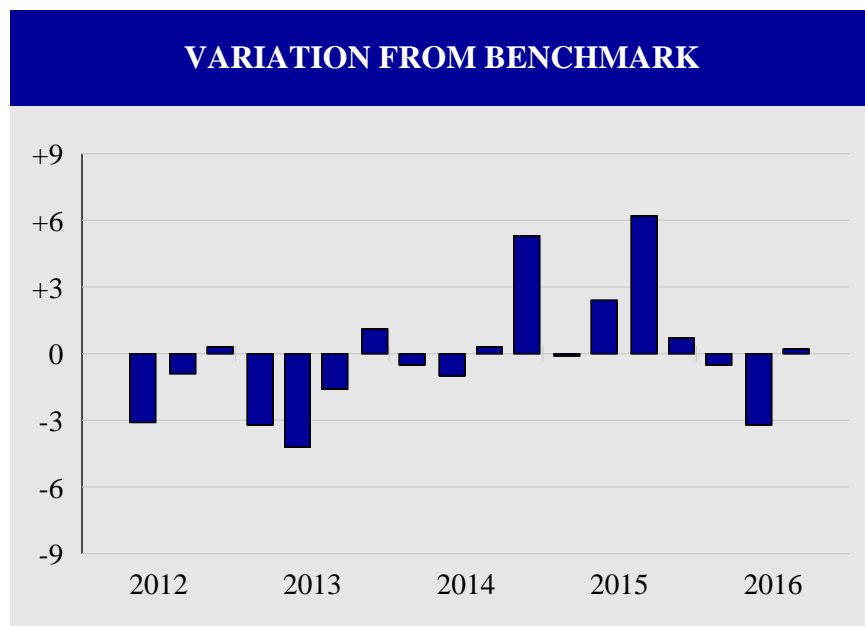


Large Cap Growth Universe



	QTR	2 QTRS	3 QTRS	YEAR	3 YRS	5 YRS
RETURN	4.8	2.1	2.3	10.5	15.8	----
(RANK)	(57)	(95)	(75)	(64)	(2)	----
5TH %ILE	9.0	10.6	10.2	17.5	14.5	19.2
25TH %ILE	6.4	7.1	5.7	13.6	12.2	17.2
MEDIAN	5.2	5.7	4.3	11.6	10.8	16.0
75TH %ILE	3.9	4.3	2.2	9.2	9.5	14.9
95TH %ILE	1.9	1.9	-0.4	6.0	6.8	12.7
Russ 1000G	4.6	5.2	6.0	13.8	11.8	16.6

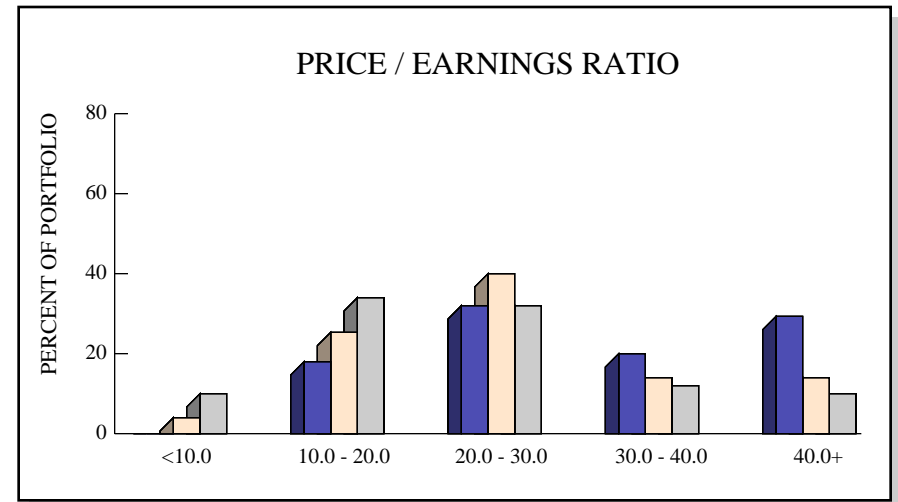
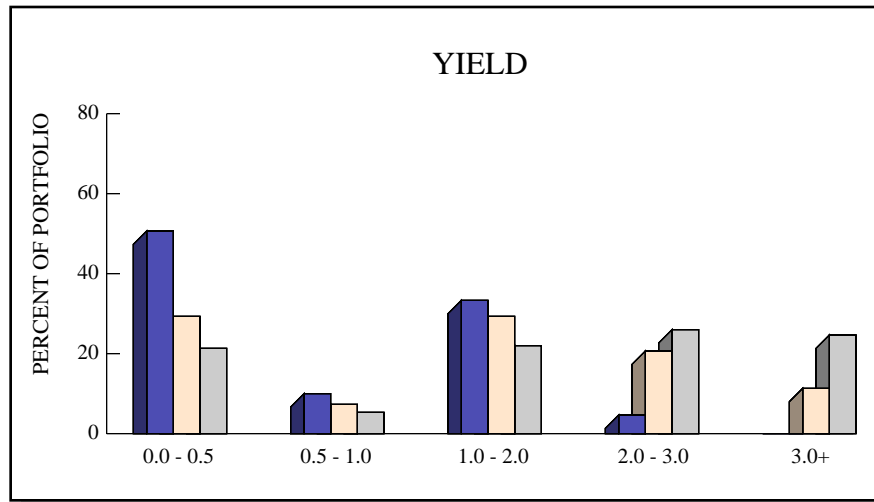
Large Cap Growth Universe

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

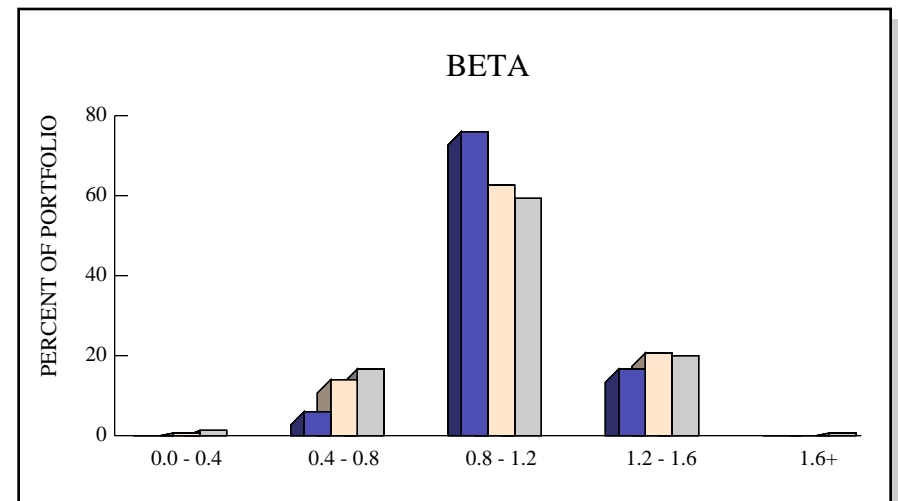
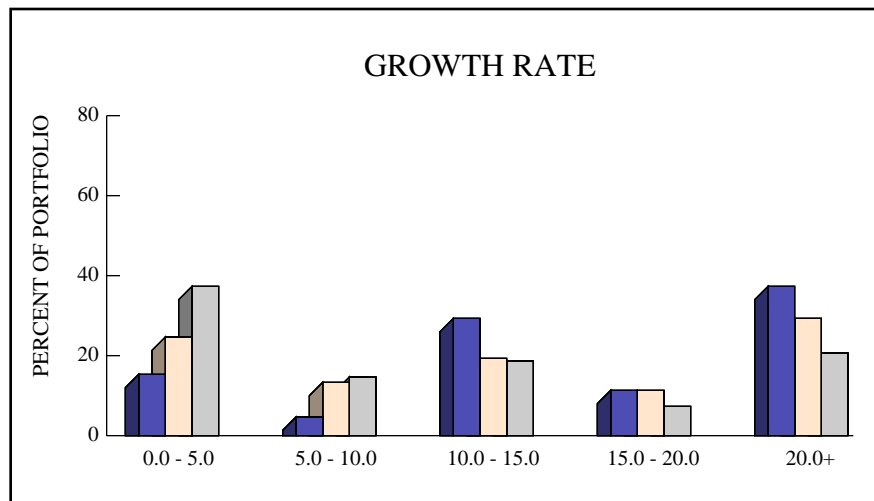
Total Quarters Observed	18
Quarters At or Above the Benchmark	8
Quarters Below the Benchmark	10
Batting Average	.444

RATES OF RETURN			
Date	Portfolio	Benchmark	Difference
6/12	-7.1	-4.0	-3.1
9/12	5.2	6.1	-0.9
12/12	-1.0	-1.3	0.3
3/13	6.3	9.5	-3.2
6/13	-2.1	2.1	-4.2
9/13	6.5	8.1	-1.6
12/13	11.5	10.4	1.1
3/14	0.6	1.1	-0.5
6/14	4.1	5.1	-1.0
9/14	1.8	1.5	0.3
12/14	10.1	4.8	5.3
3/15	3.7	3.8	-0.1
6/15	2.5	0.1	2.4
9/15	0.9	-5.3	6.2
12/15	8.0	7.3	0.7
3/16	0.2	0.7	-0.5
6/16	-2.6	0.6	-3.2
9/16	4.8	4.6	0.2

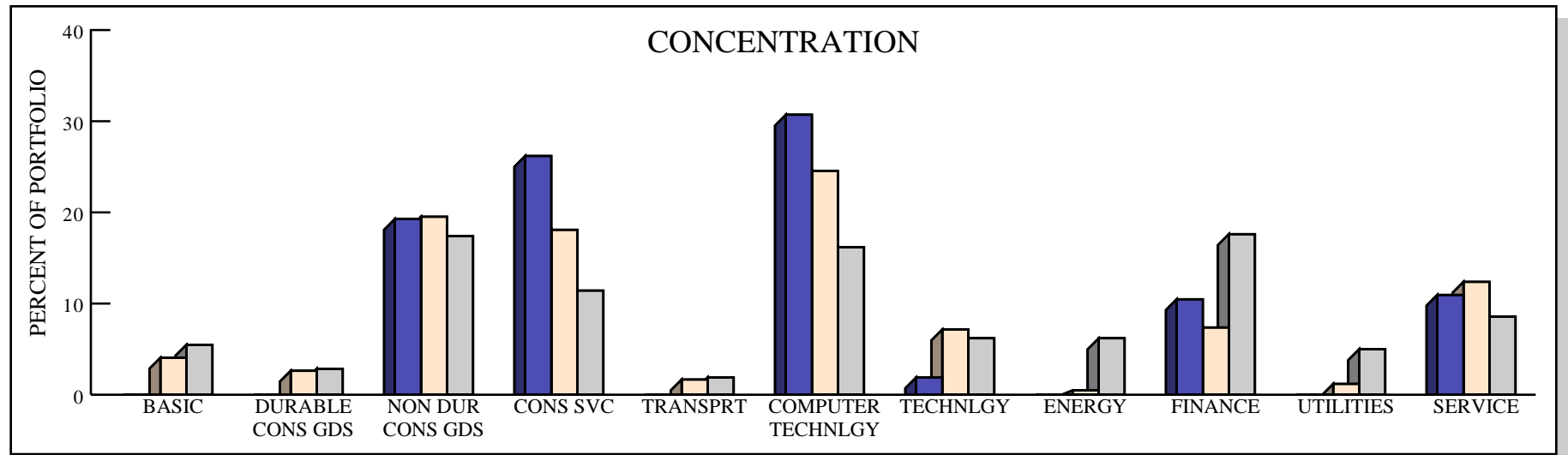
STOCK CHARACTERISTICS



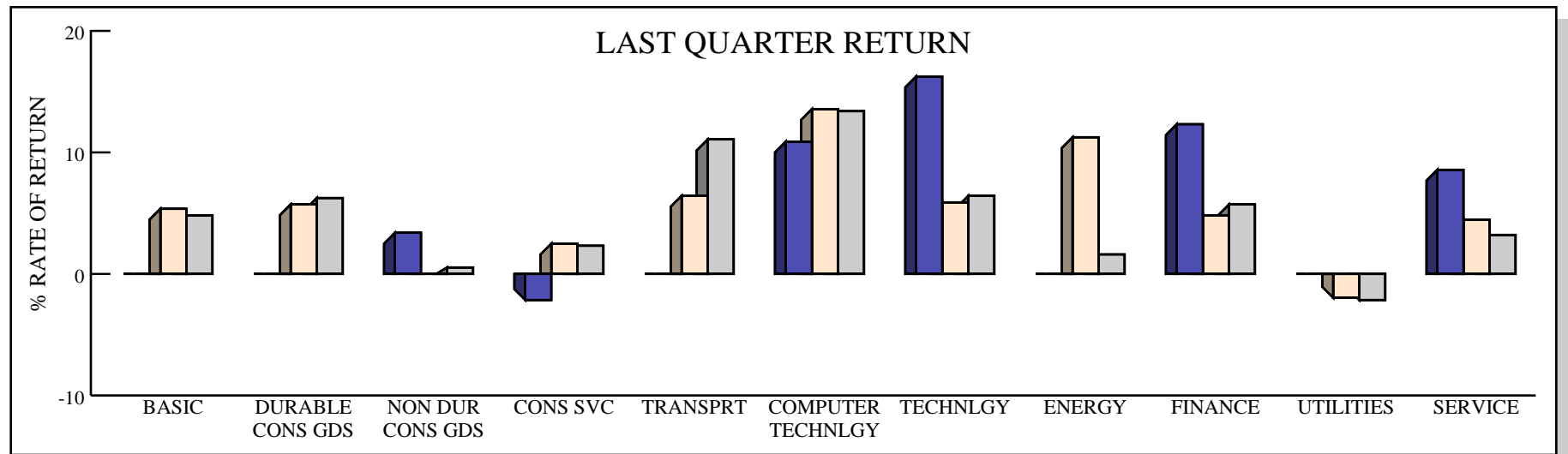
	# HOLDINGS	YIELD	GROWTH	P/E	BETA
PORTFOLIO	21	0.7%	15.6%	39.2	1.04
RUSSELL 1000G	599	1.5%	13.6%	27.5	1.00
RUSSELL 1000	994	2.1%	9.7%	22.3	0.99



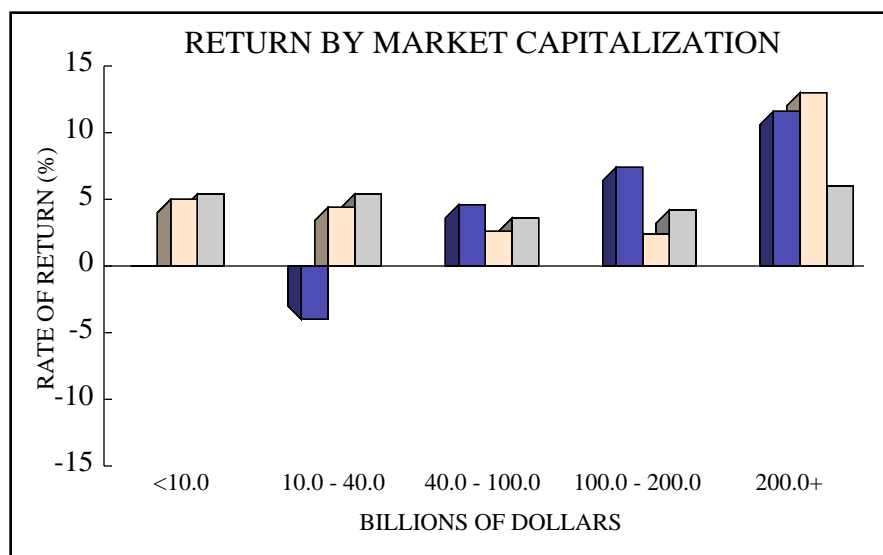
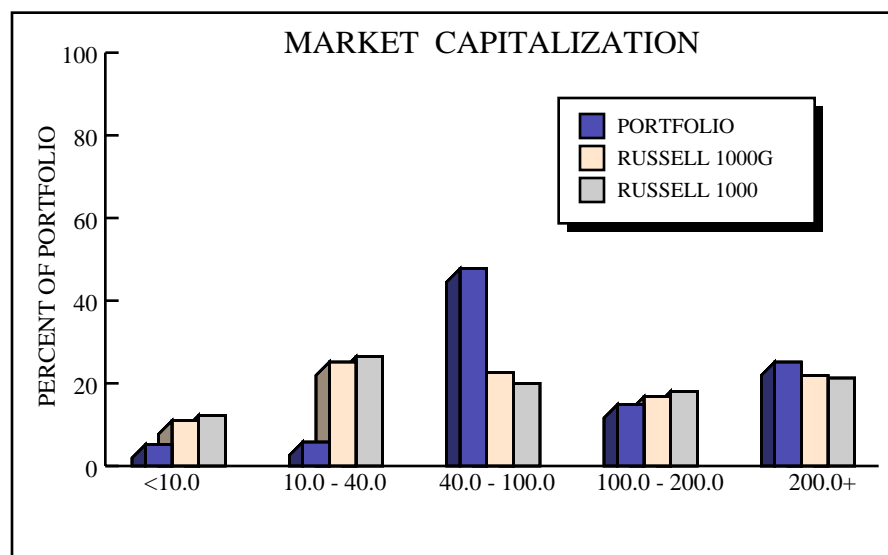
STOCK INDUSTRY ANALYSIS



■ PORTFOLIO
 ■ RUSSELL 1000 GROWTH
 ■ RUSSELL 1000



TOP TEN HOLDINGS



TOP TEN EQUITY HOLDINGS

RANK	NAME	VALUE	% EQUITY	RETURN	INDUSTRY SECTOR	MKT CAP
1	VISA INC-CLASS A SHARES	\$ 601,146	8.41%	11.7%	Finance	\$ 156.0 B
2	FACEBOOK INC-A	509,745	7.14%	12.2%	Computer Tech	298.0 B
3	ALPHABET INC-CL C	483,474	6.77%	12.3%	Computer Tech	267.1 B
4	NIKE INC -CL B	451,842	6.32%	-4.3%	NonDur Cons Goods	71.0 B
5	PRICELINE GROUP INC/THE	445,861	6.24%	17.9%	Service	72.7 B
6	STARBUCKS CORP	422,075	5.91%	-4.9%	Consumer Service	79.4 B
7	ACCENTURE PLC-CL A	403,528	5.65%	8.3%	Consumer Service	75.8 B
8	TJX COMPANIES INC	376,816	5.27%	-2.9%	Consumer Service	49.1 B
9	ADOBE SYSTEMS INC	375,657	5.26%	13.3%	Computer Tech	54.0 B
10	ORACLE CORP	345,507	4.84%	-3.7%	Computer Tech	161.3 B

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

INVESTMENT RETURN

On September 30th, 2016, the Franklin Regional Retirement System's O'Shaughnessy Asset Management Market Leaders Value portfolio was valued at \$7,769,528, representing an increase of \$1,043,599 from the June quarter's ending value of \$6,725,929. Last quarter, the Fund posted net contributions equaling \$599,755 plus a net investment gain equaling \$443,844. Total net investment return was the result of income receipts, which totaled \$50,453 and net realized and unrealized capital gains of \$393,391.

For the cumulative period since March 2012, the fund has recorded net withdrawals totaling \$844,361 and posted net investment gains of \$3.5 million. For the period since March 2012, if the total fund had returned a compound annual rate of 9.0% it would have been valued at \$6.4 million or \$1.4 million less than the actual value as of September 30th, 2016.

RELATIVE PERFORMANCE

Total Fund

In the third quarter, the O'Shaughnessy Asset Management Market Leaders Value portfolio gained 6.4%, which was 2.9% above the Russell 1000 Value Index's return of 3.5% and ranked in the 19th percentile of the Large Cap Value universe. Over the trailing year, the portfolio returned 10.4%, which was 5.8% less than the benchmark's 16.2% performance, and ranked in the 75th percentile. Since March 2012, the portfolio returned 12.2% on an annualized basis and ranked in the 40th percentile. For comparison, the Russell 1000 Value returned an annualized 12.2% over the same period.

ASSET ALLOCATION

On September 30th, 2016, domestic equities comprised 99.3% of the total portfolio (\$7.7 million), while cash & equivalents totaled 0.7% (\$57,671).

STOCK ANALYSIS

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

Seven of the eleven invested sectors delivered index-beating returns in the third quarter, guiding the O'Shaughnessy portfolio to a 290 basis point performance surplus. The overweight Basic, Consumer Service, and Transportation sectors each more than doubled the returns of the benchmark, while the similarly allocated Computer Technology sector nearly tripled the benchmark return. Technology and Service underperformed, but negative effects only partially shadowed the portfolio's overall strength.

EXECUTIVE SUMMARY**PERFORMANCE SUMMARY**

	Quarter	YTD	1 Year	3 Year	Since 03/12
Total Portfolio - Gross	6.4	7.5	10.4	7.3	12.2
<i>LARGE CAP VALUE RANK</i>	(19)	(51)	(75)	(82)	(40)
Total Portfolio - Net	6.3	7.0	9.8	6.7	11.6
RUSSELL 1000V	3.5	10.0	16.2	9.7	12.2
RUSSELL 1000	4.0	7.9	14.9	10.8	12.4
S&P 500	3.9	7.8	15.4	11.2	12.4
Domestic Equity - Gross	6.5	7.6	10.6	7.4	12.4
<i>LARGE CAP VALUE RANK</i>	(18)	(49)	(73)	(79)	(33)
RUSSELL 1000V	3.5	10.0	16.2	9.7	12.2

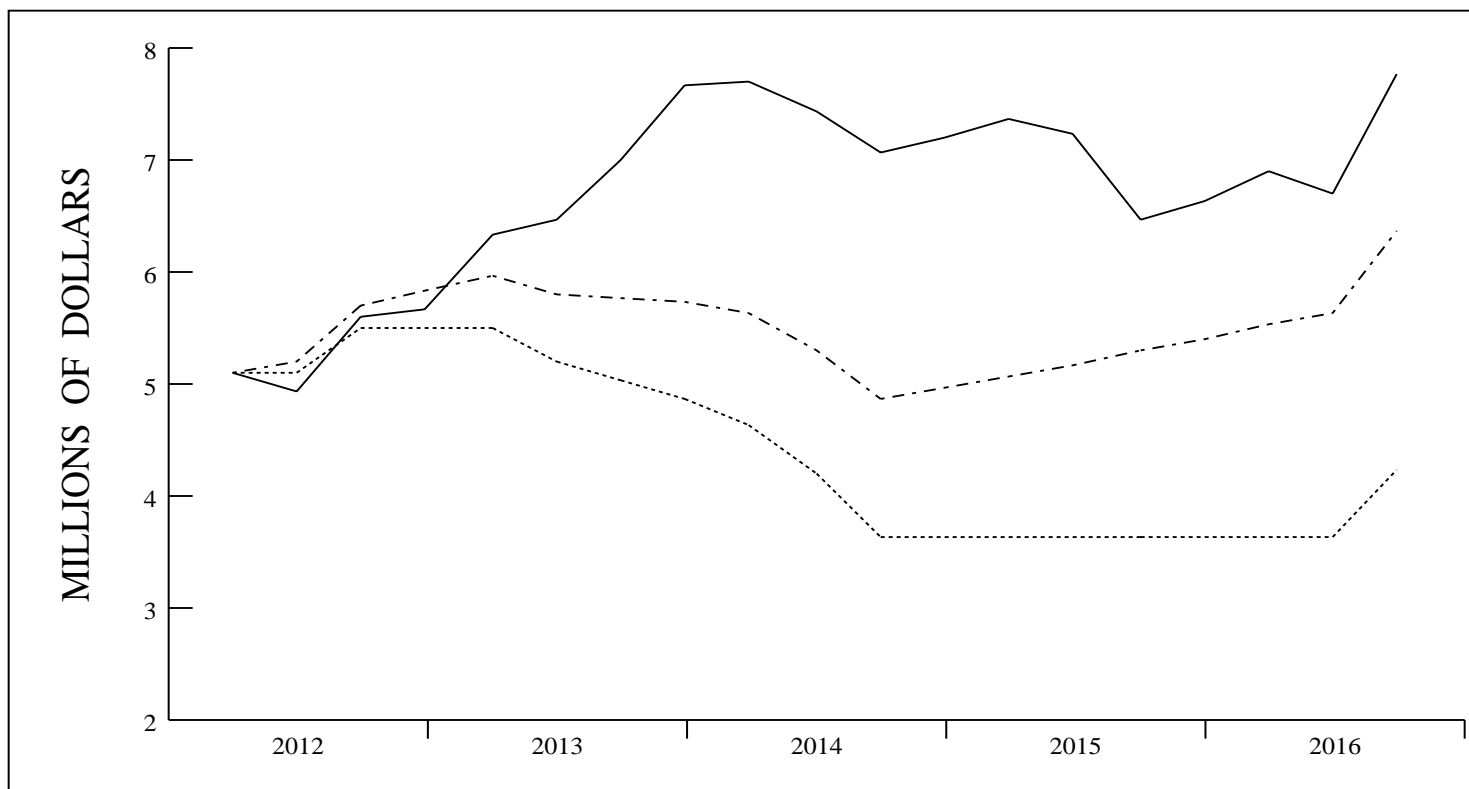
ASSET ALLOCATION

Domestic Equity	99.3%	\$ 7,711,857
Cash	0.7%	57,671
Total Portfolio	100.0%	\$ 7,769,528

INVESTMENT RETURN

Market Value 6/2016	\$ 6,725,929
Contribs / Withdrawals	599,755
Income	50,453
Capital Gains / Losses	393,391
Market Value 9/2016	\$ 7,769,528

INVESTMENT GROWTH

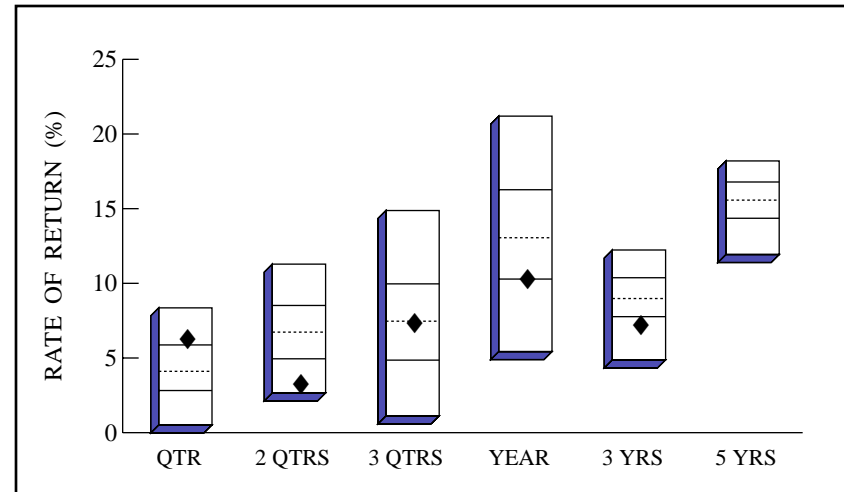
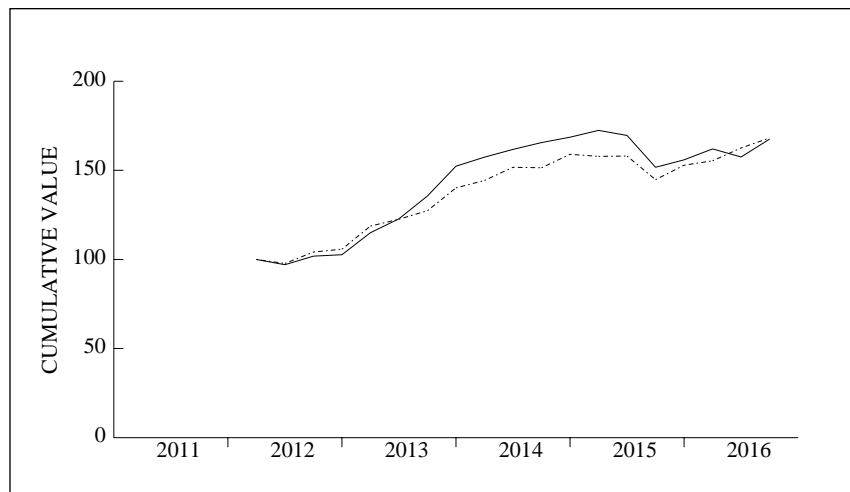


— ACTUAL RETURN
 - - - 9.0%
 0.0%

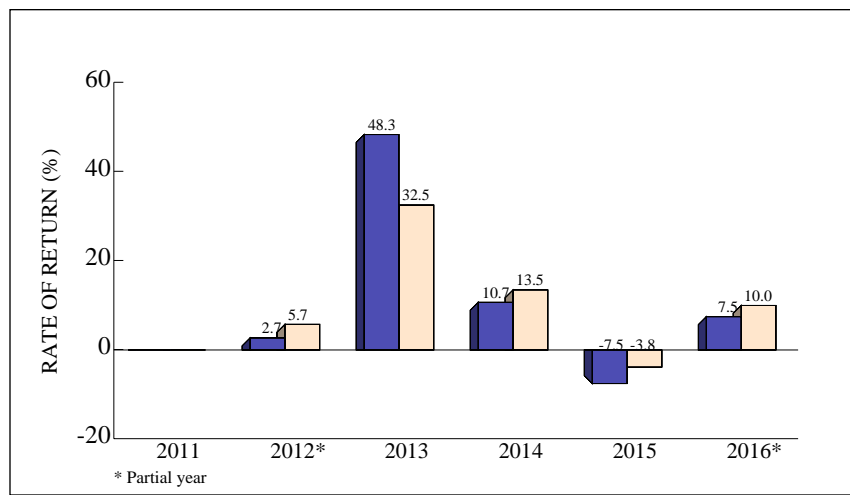
VALUE ASSUMING
 9.0% RETURN \$ 6,396,593

	LAST QUARTER	PERIOD 3/12 - 9/16
BEGINNING VALUE	\$ 6,725,929	\$ 5,103,112
NET CONTRIBUTIONS	599,755	-844,361
INVESTMENT RETURN	443,844	3,510,777
ENDING VALUE	\$ 7,769,528	\$ 7,769,528
INCOME	50,453	790,034
CAPITAL GAINS (LOSSES)	393,391	2,720,743
INVESTMENT RETURN	443,844	3,510,777

TOTAL RETURN COMPARISONS



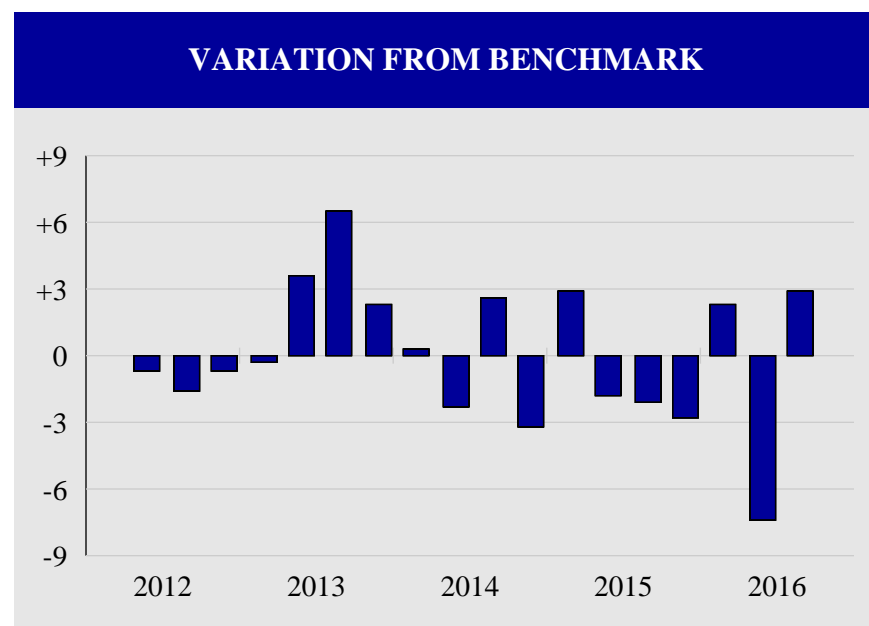
Large Cap Value Universe



* Partial year

	QTR	2 QTRS	3 QTRS	YEAR	3 YRS	5 YRS
RETURN	6.4	3.4	7.5	10.4	7.3	---
(RANK)	(19)	(92)	(51)	(75)	(82)	---
5TH %ILE	8.4	11.3	14.9	21.2	12.2	18.2
25TH %ILE	5.9	8.5	10.0	16.3	10.4	16.8
MEDIAN	4.1	6.7	7.5	13.1	9.0	15.6
75TH %ILE	2.8	5.0	4.9	10.3	7.8	14.4
95TH %ILE	0.5	2.7	1.1	5.4	4.9	11.9
Russ 1000V	3.5	8.2	10.0	16.2	9.7	16.1

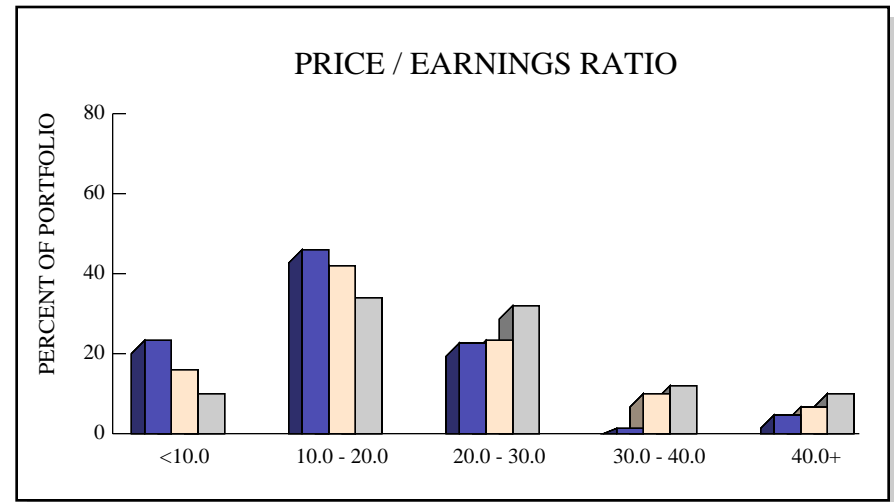
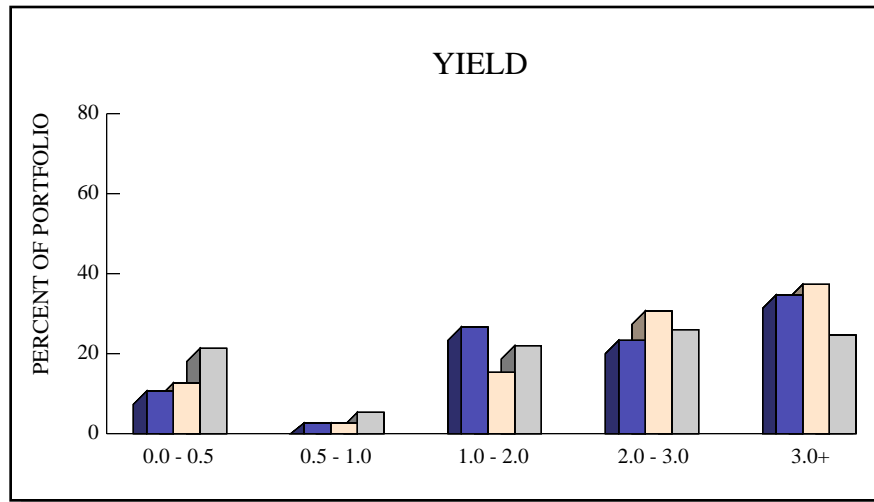
Large Cap Value Universe

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

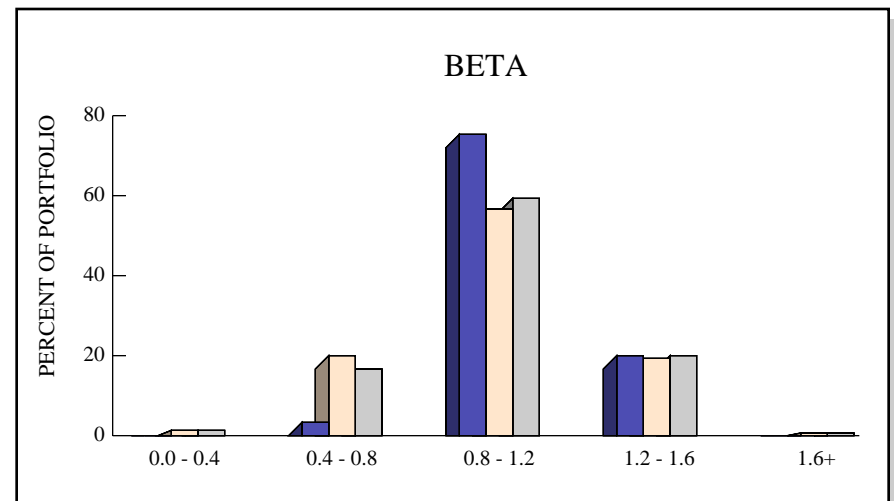
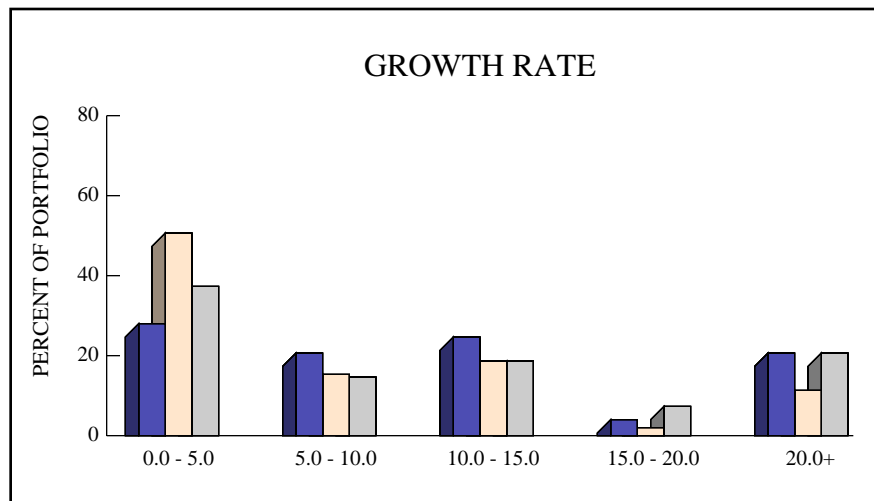
Total Quarters Observed	18
Quarters At or Above the Benchmark	8
Quarters Below the Benchmark	10
Batting Average	.444

RATES OF RETURN			
Date	Portfolio	Benchmark	Difference
6/12	-2.9	-2.2	-0.7
9/12	4.9	6.5	-1.6
12/12	0.8	1.5	-0.7
3/13	12.0	12.3	-0.3
6/13	6.8	3.2	3.6
9/13	10.4	3.9	6.5
12/13	12.3	10.0	2.3
3/14	3.3	3.0	0.3
6/14	2.8	5.1	-2.3
9/14	2.4	-0.2	2.6
12/14	1.8	5.0	-3.2
3/15	2.2	-0.7	2.9
6/15	-1.7	0.1	-1.8
9/15	-10.5	-8.4	-2.1
12/15	2.8	5.6	-2.8
3/16	3.9	1.6	2.3
6/16	-2.8	4.6	-7.4
9/16	6.4	3.5	2.9

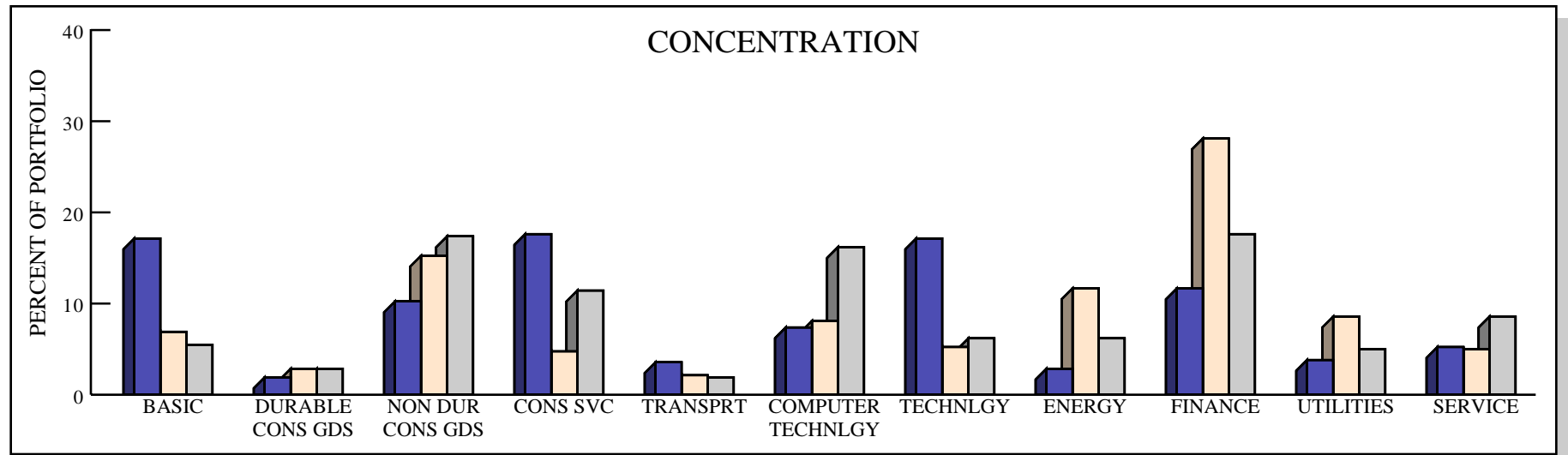
STOCK CHARACTERISTICS



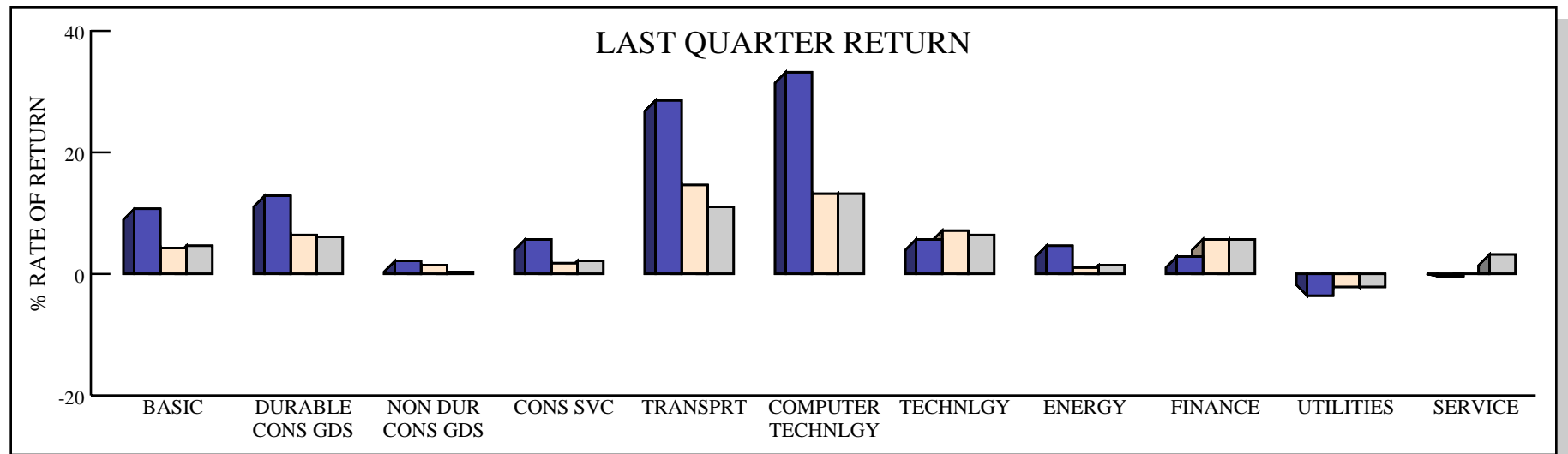
	# HOLDINGS	YIELD	GROWTH	P/E	BETA
PORTFOLIO	60	2.6%	12.5%	14.8	1.07
RUSSELL 1000V	687	2.6%	5.7%	17.3	0.97
RUSSELL 1000	994	2.1%	9.7%	22.3	0.99



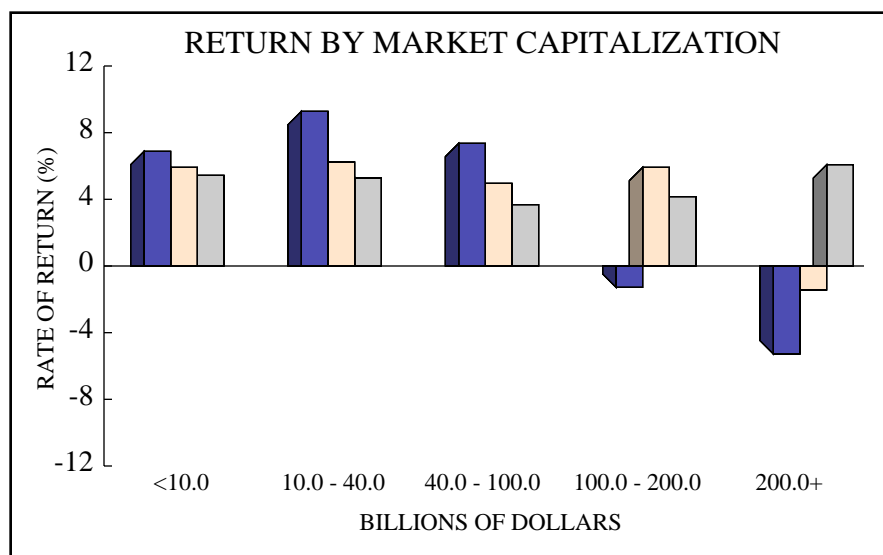
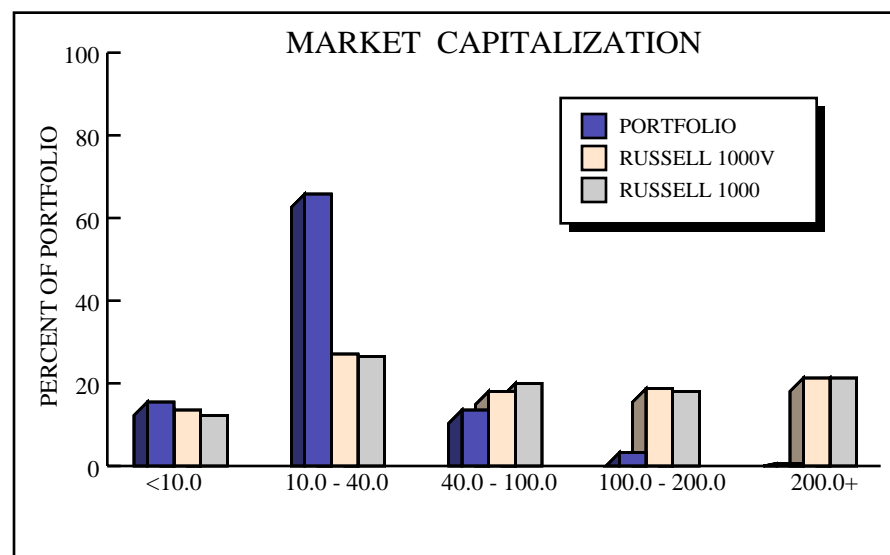
STOCK INDUSTRY ANALYSIS



■ PORTFOLIO
 ■ RUSSELL 1000 VALUE
 ■ RUSSELL 1000



TOP TEN HOLDINGS



TOP TEN EQUITY HOLDINGS

RANK	NAME	VALUE	% EQUITY	RETURN	INDUSTRY SECTOR	MKT CAP
1	ILLINOIS TOOL WORKS	\$ 339,627	4.40%	15.5%	Basic	\$ 42.5 B
2	TRAVELERS COS INC/THE	322,802	4.19%	-3.2%	Finance	33.0 B
3	LYONDELLBASELL INDU-CL A	303,282	3.93%	9.4%	NonDur Cons Goods	33.5 B
4	CENTURYLINK INC	301,511	3.91%	-3.5%	Utilities	15.0 B
5	NORTHROP GRUMMAN CORP	289,688	3.76%	-3.4%	Technology	38.2 B
6	PARKER HANNIFIN CORP	287,715	3.73%	16.7%	Basic	16.8 B
7	NATIONAL OILWELL VARCO INC	283,376	3.67%	10.2%	Technology	13.9 B
8	MARRIOTT INTERNATIONAL -CL A	255,854	3.32%	1.7%	Consumer Service	26.3 B
9	MICHAEL KORS HOLDINGS LTD	232,967	3.02%	-5.4%	NonDur Cons Goods	7.9 B
10	BED BATH & BEYOND INC	232,880	3.02%	-0.1%	Consumer Service	6.7 B

FRANKLIN REGIONAL RETIREMENT SYSTEM
SEIZERT CAPITAL PARTNERS
PERFORMANCE REVIEW
SEPTEMBER 2016

INVESTMENT RETURN

On September 30th, 2016, the Franklin Regional Retirement System's Seizert Capital Partners portfolio was valued at \$6,788,451, representing an increase of \$1,275,941 from the June quarter's ending value of \$5,512,510. Last quarter, the Fund posted net contributions equaling \$600,000 plus a net investment gain equaling \$675,941. Total net investment return was the result of income receipts, which totaled \$31,462 and net realized and unrealized capital gains of \$644,479.

For the cumulative period since June 2011, the fund has recorded net withdrawals totaling \$1.3 million and posted net investment gains of \$3.1 million. For the period since June 2011, if the total fund had returned a compound annual rate of 10.0% it would have been valued at \$6.2 million or \$579,307 less than the actual value as of September 30th, 2016.

RELATIVE PERFORMANCE

In the third quarter, the Seizert Capital Partners portfolio gained 11.6%, which was 7.1% above the Russell Mid Cap's return of 4.5% and ranked in the 1st percentile of the Mid Cap universe. Over the trailing year, the portfolio returned 13.3%, which was 0.9% less than the benchmark's 14.2% performance, and ranked in the 37th percentile. Since June 2011, the portfolio returned 10.9% on an annualized basis and ranked in the 45th percentile. For comparison, the Russell Mid Cap returned an annualized 11.3% over the same period.

ASSET ALLOCATION

On September 30th, 2016, domestic equities comprised 96.0% of the total portfolio (\$6.5 million), while cash & equivalents totaled 4.0% (\$273,113).

STOCK ANALYSIS

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

Sector concentration combined with positive stock selection effects guided the Seizert portfolio to a decisive 710 basis point performance surplus in the third quarter. Computer Technology, Finance, and Service – which comprised more than three-quarters of the total portfolio – each outperformed the benchmark, with the latter two sectors tripling the returns of their index counterparts. The overweight Basic sector underperformed the market, but only marginally, and the effects of the index's surge in the Transportation sector was checked by its lightweight allocation there.

EXECUTIVE SUMMARY**PERFORMANCE SUMMARY**

	Quarter	YTD	1 Year	3 Year	Since 06/11
Total Portfolio - Gross	11.6	12.9	13.3	6.2	10.9
<i>MID CAP RANK</i>	(1)	(14)	(37)	(82)	(45)
Total Portfolio - Net	11.4	12.3	12.4	5.4	10.1
RUSSELL MID	4.5	10.2	14.2	9.7	11.3
S&P 400	4.1	12.4	15.3	9.4	10.9
RUSSELL MID	4.5	10.2	14.2	9.7	11.3
Domestic Equity - Gross	12.1	13.5	13.9	6.5	11.4
<i>MID CAP RANK</i>	(1)	(12)	(33)	(78)	(32)
RUSSELL MID	4.5	10.2	14.2	9.7	11.3

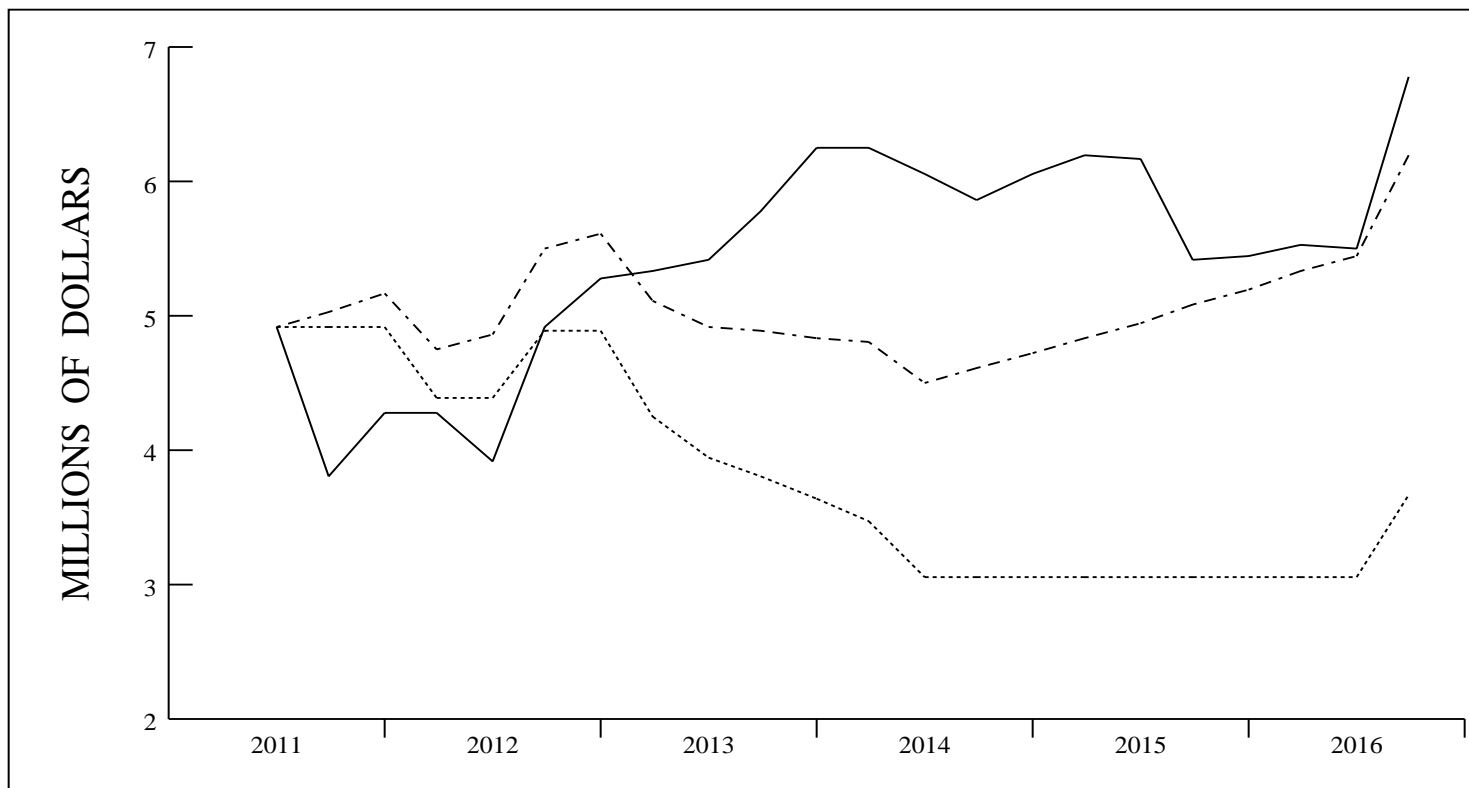
ASSET ALLOCATION

Domestic Equity	96.0%	\$ 6,515,338
Cash	4.0%	273,113
Total Portfolio	100.0%	\$ 6,788,451

INVESTMENT RETURN

Market Value 6/2016	\$ 5,512,510
Contribs / Withdrawals	600,000
Income	31,462
Capital Gains / Losses	644,479
Market Value 9/2016	\$ 6,788,451

INVESTMENT GROWTH

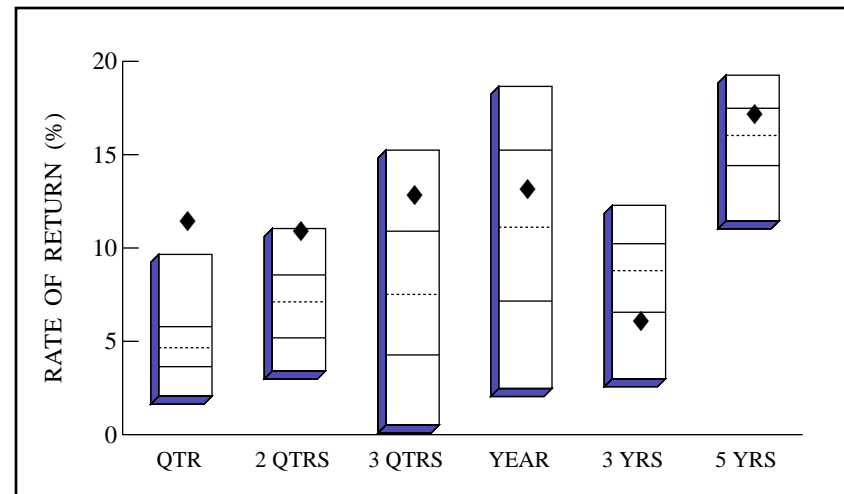
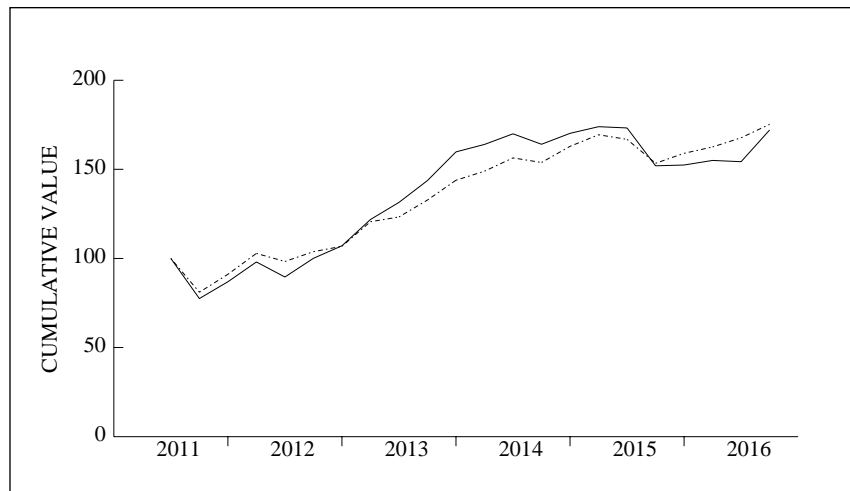


— ACTUAL RETURN
 - - - 10.0%
 0.0%

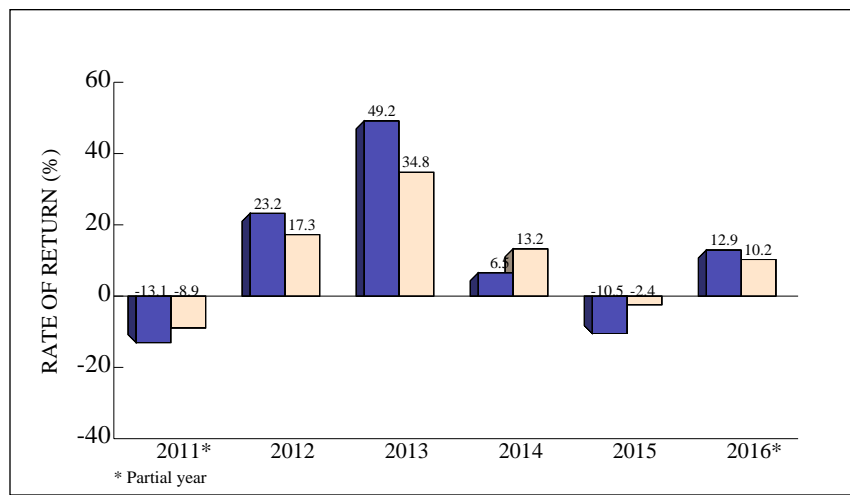
VALUE ASSUMING
 10.0% RETURN \$ 6,209,144

	LAST QUARTER	PERIOD 6/11 - 9/16
BEGINNING VALUE	\$ 5,512,510	\$ 4,935,067
NET CONTRIBUTIONS	600,000	- 1,261,101
INVESTMENT RETURN	675,941	3,114,485
ENDING VALUE	\$ 6,788,451	\$ 6,788,451
INCOME	31,462	626,451
CAPITAL GAINS (LOSSES)	644,479	2,488,034
INVESTMENT RETURN	675,941	3,114,485

TOTAL RETURN COMPARISONS

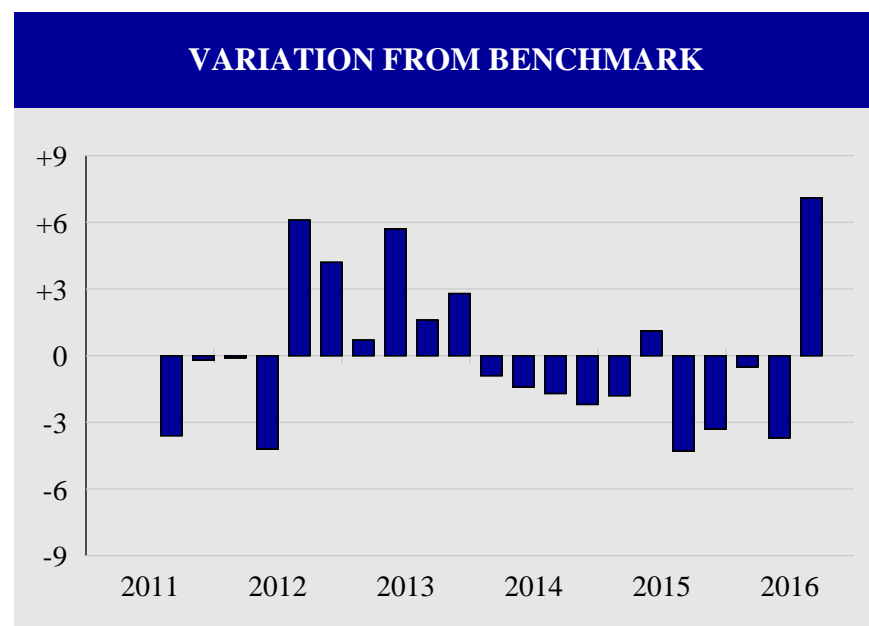


Mid Cap Universe



	QTR	2 QTRS	3 QTRS	YEAR	-----ANNUALIZED-----	
					3 YRS	5 YRS
RETURN	11.6	11.0	12.9	13.3	6.2	17.3
(RANK)	(1)	(6)	(14)	(37)	(82)	(30)
5TH %ILE	9.7	11.0	15.2	18.7	12.3	19.3
25TH %ILE	5.8	8.6	10.9	15.2	10.2	17.5
MEDIAN	4.7	7.1	7.5	11.1	8.8	16.0
75TH %ILE	3.6	5.2	4.3	7.2	6.6	14.4
95TH %ILE	2.1	3.4	0.5	2.5	3.0	11.5
Russ MC	4.5	7.8	10.2	14.2	9.7	16.7

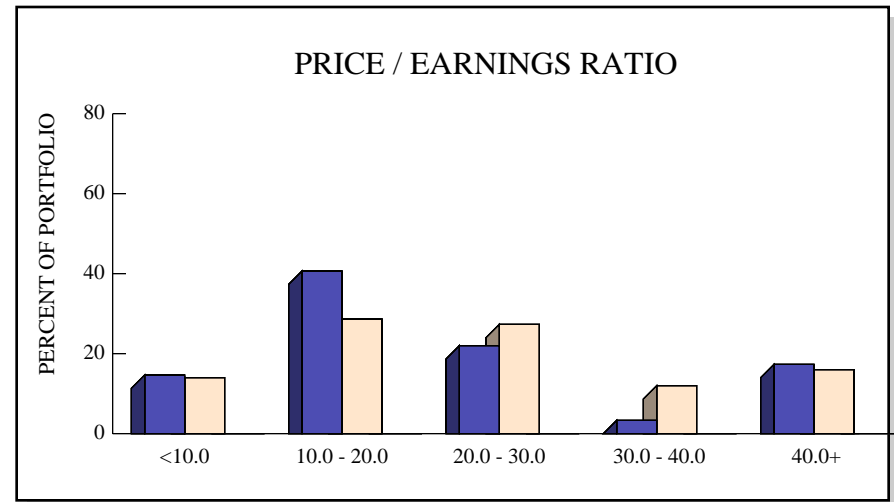
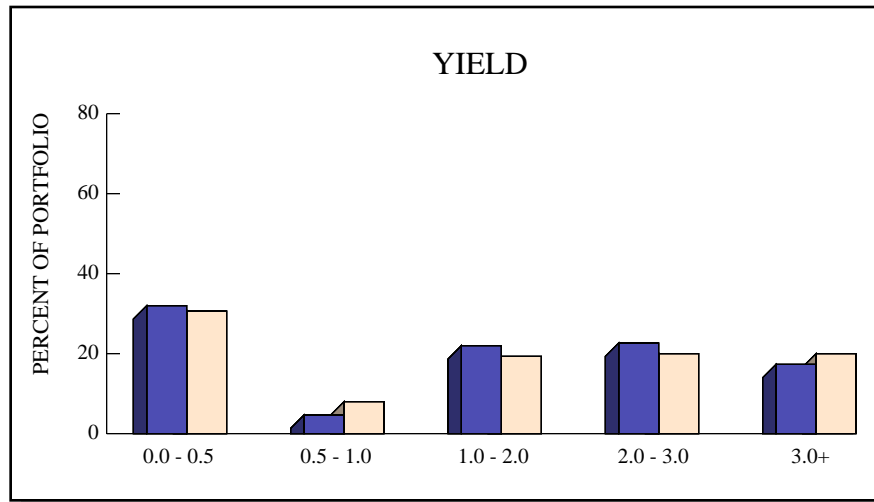
Mid Cap Universe

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

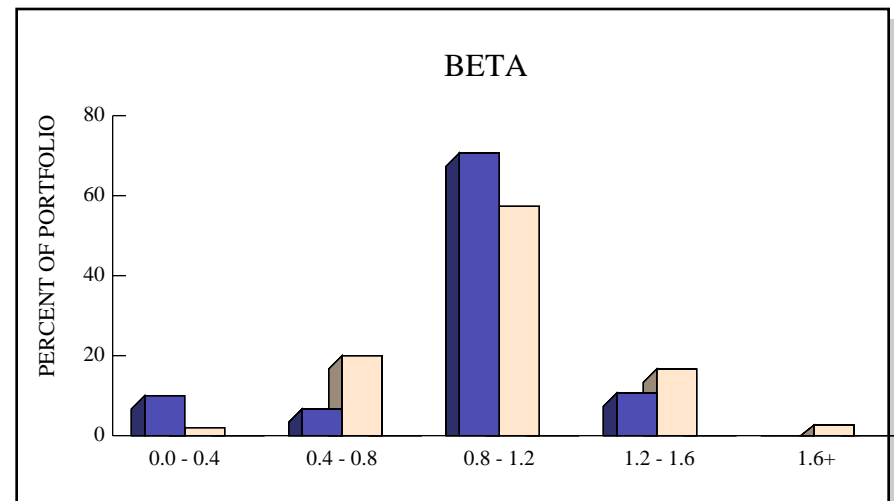
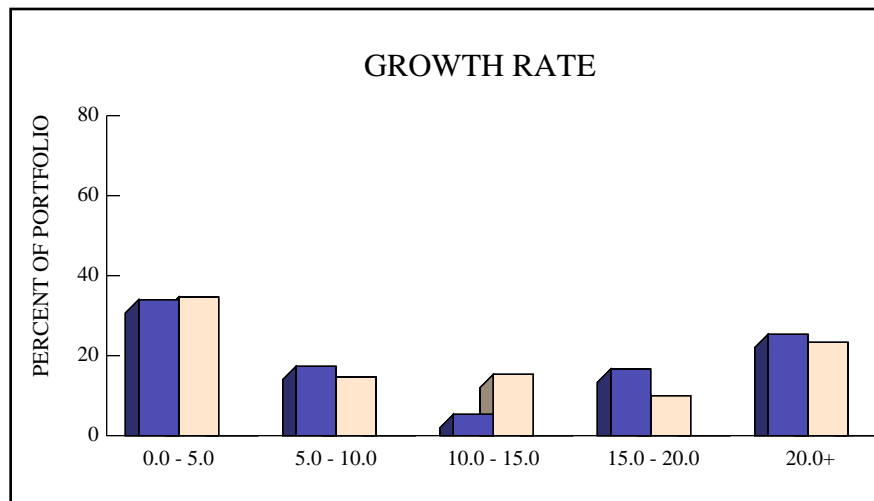
Total Quarters Observed	21
Quarters At or Above the Benchmark	8
Quarters Below the Benchmark	13
Batting Average	.381

RATES OF RETURN			
Date	Portfolio	Benchmark	Difference
9/11	-22.5	-18.9	-3.6
12/11	12.1	12.3	-0.2
3/12	12.8	12.9	-0.1
6/12	-8.6	-4.4	-4.2
9/12	11.7	5.6	6.1
12/12	7.1	2.9	4.2
3/13	13.7	13.0	0.7
6/13	7.9	2.2	5.7
9/13	9.3	7.7	1.6
12/13	11.2	8.4	2.8
3/14	2.6	3.5	-0.9
6/14	3.6	5.0	-1.4
9/14	-3.4	-1.7	-1.7
12/14	3.7	5.9	-2.2
3/15	2.2	4.0	-1.8
6/15	-0.4	-1.5	1.1
9/15	-12.3	-8.0	-4.3
12/15	0.3	3.6	-3.3
3/16	1.7	2.2	-0.5
6/16	-0.5	3.2	-3.7
9/16	11.6	4.5	7.1

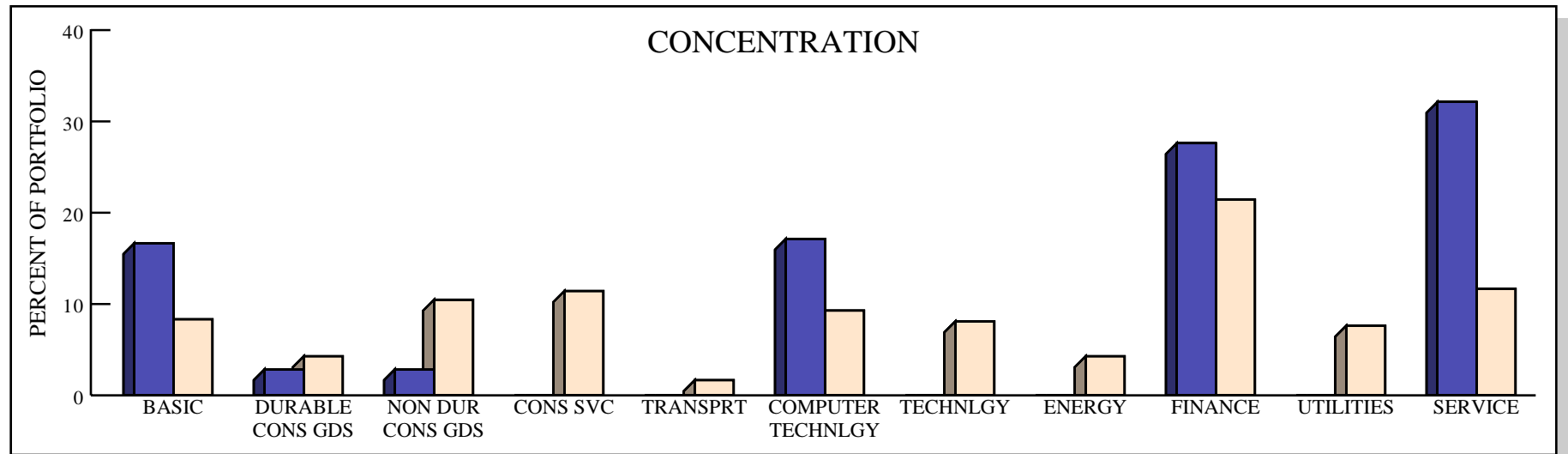
STOCK CHARACTERISTICS



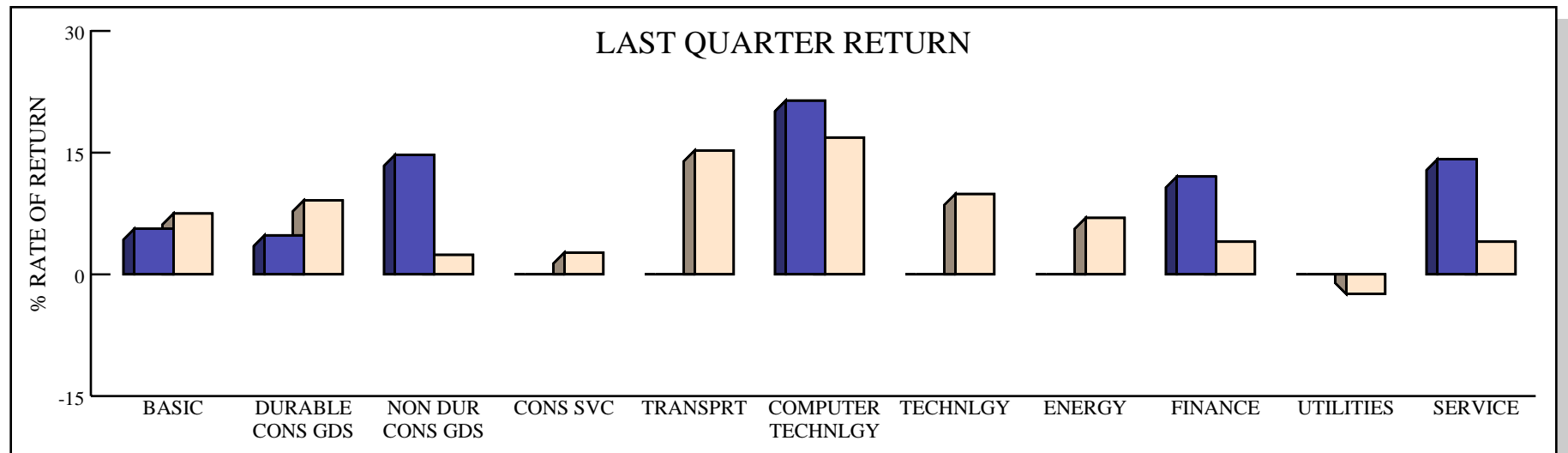
	# HOLDINGS	YIELD	GROWTH	P/E	BETA
PORTFOLIO	25	1.6%	7.0%	23.3	0.95
RUSSELL MID	794	1.8%	10.4%	23.1	0.99



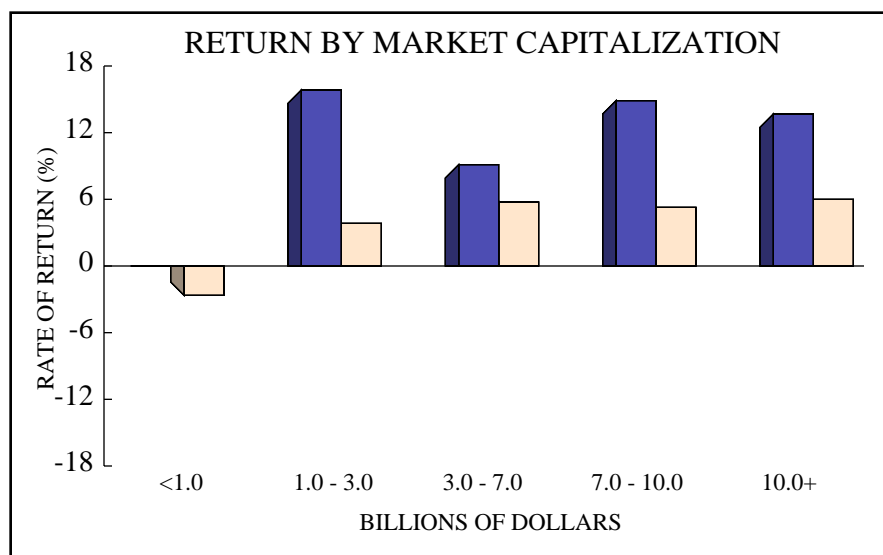
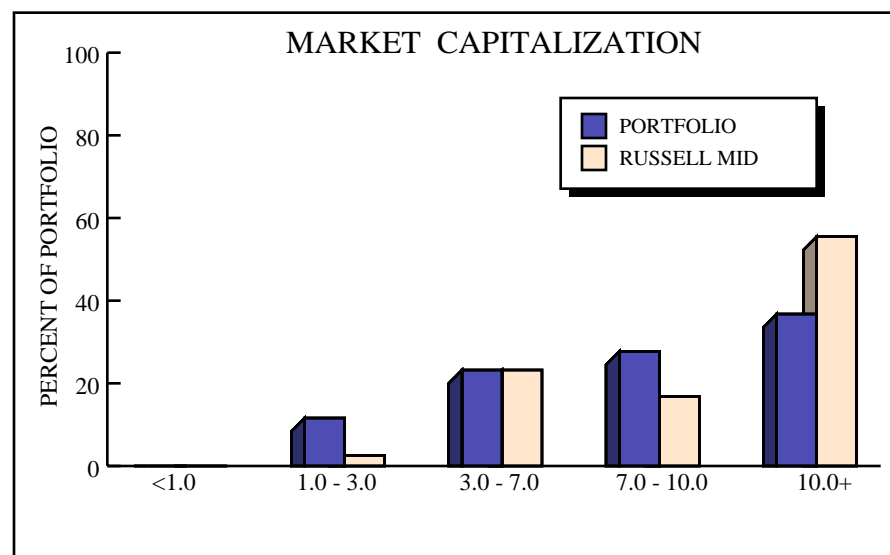
STOCK INDUSTRY ANALYSIS



■ PORTFOLIO ■ RUSSELL MID CAP



TOP TEN HOLDINGS



TOP TEN EQUITY HOLDINGS

RANK	NAME	VALUE	% EQUITY	RETURN	INDUSTRY SECTOR	MKT CAP
1	WESTERN DIGITAL CORP	\$ 461,738	7.09%	24.6%	Computer Tech	\$ 16.6 B
2	LIBERTY SIRIUS GROUP-C	364,236	5.59%	8.2%	Service	7.4 B
3	LIBERTY MEDIA GROUP LLC - C	327,747	5.03%	48.3%	Service	1.6 B
4	ASSURED GUARANTY LTD	327,478	5.03%	9.8%	Finance	3.7 B
5	LIBERTY BROADBAND-C	326,592	5.01%	19.1%	Service	10.9 B
6	FIFTH THIRD BANCORP	307,984	4.73%	17.0%	Finance	15.7 B
7	ZIONS BANCORPORATION	304,709	4.68%	23.6%	Finance	6.4 B
8	DISCOVERY COMMUNICATIONS-C	282,648	4.34%	10.3%	Service	6.3 B
9	WESTERN UNION CO	279,758	4.29%	9.3%	Service	10.2 B
10	REGIONS FINANCIAL CORP	275,847	4.23%	16.6%	Finance	12.4 B

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

INVESTMENT RETURN

On September 30th, 2016, the Franklin Regional Retirement System's Daruma Asset Management Ginkgo Fund was valued at \$5,604,262, representing an increase of \$481,955 from the June quarter's ending value of \$5,122,307. Last quarter, the Fund posted withdrawals totaling \$13,419, which partially offset the portfolio's net investment return of \$495,374. Since there were no income receipts for the third quarter, the portfolio's net investment return figure was the product of net realized and unrealized capital gains totaling \$495,374.

For the cumulative period since September 2011, the account has posted net withdrawals totaling \$8.1 million and recorded net investment gains totaling \$6.6 million. Since September 2011, if the portfolio had returned a compound annual rate of 10.0% it would have been valued at \$1.2 million or \$4.4 million less than its actual value as of September 30th, 2016.

RELATIVE PERFORMANCE

Total Fund

For the third quarter, the Daruma Asset Management Ginkgo Fund returned 9.7%, which was 0.7% greater than the Russell 2000 Index's return of 9.0% and ranked in the 22nd percentile of the Small Cap universe. Over the trailing year, the portfolio returned 15.1%, which was 0.4% below the benchmark's 15.5% performance, ranking in the 46th percentile. Since September 2011, the account returned 13.8% on an annualized basis and ranked in the 90th percentile. For comparison, the Russell 2000 returned an annualized 15.8% over the same period.

ASSET ALLOCATION

The portfolio was fully invested in the Daruma Asset Management Ginkgo Fund.

STOCK ANALYSIS

At the end of the quarter, the Daruma portfolio was invested in nine of the eleven sectors represented in our data analysis. Compared to the Russell 2000 index, the portfolio was overweight in the Basic, Nondurable Consumer Goods, and Service sector, which comprised nearly three-quarters of the portfolio. Conversely, the portfolio was underweight in Consumer Service, Computer Technology, Technology, and Finance, while Durable Consumer Goods and Utilities were unfunded.

Despite underperforming in more than half of the invested sectors, the Daruma portfolio was able to deliver a 70 basis point surplus with positive selection effects in key areas. Consumer Service and Finance, though underweight, each more than doubled the return of the index (15.2% vs. 6.8% and 22.9% vs 8.9%, respectively). While the heavily overweight Basic sector failed to approach even half of the benchmark's gain (6.1% vs 14.9%), the Service sector – which comprised nearly 30% of the portfolio's total allocation – edged out the market, buoying overall relative performance.

EXECUTIVE SUMMARY**PERFORMANCE SUMMARY**

	Quarter	YTD	1 Year	3 Year	5 Years
Total Portfolio - Gross	9.7	6.3	15.1	2.4	13.8
<i>SMALL CAP RANK</i>	(22)	(84)	(46)	(93)	(90)
Total Portfolio - Net	9.4	5.5	14.0	1.4	12.7
RUSSELL 2000	9.0	11.5	15.5	6.7	15.8
Domestic Equity - Gross	9.7	6.3	15.1	2.5	14.4
<i>SMALL CAP RANK</i>	(22)	(84)	(46)	(93)	(85)
RUSSELL 2000	9.0	11.5	15.5	6.7	15.8
RUSSELL 2000G	9.2	7.5	12.1	6.6	16.1
RUSSELL 2000V	8.9	15.5	18.8	6.8	15.4

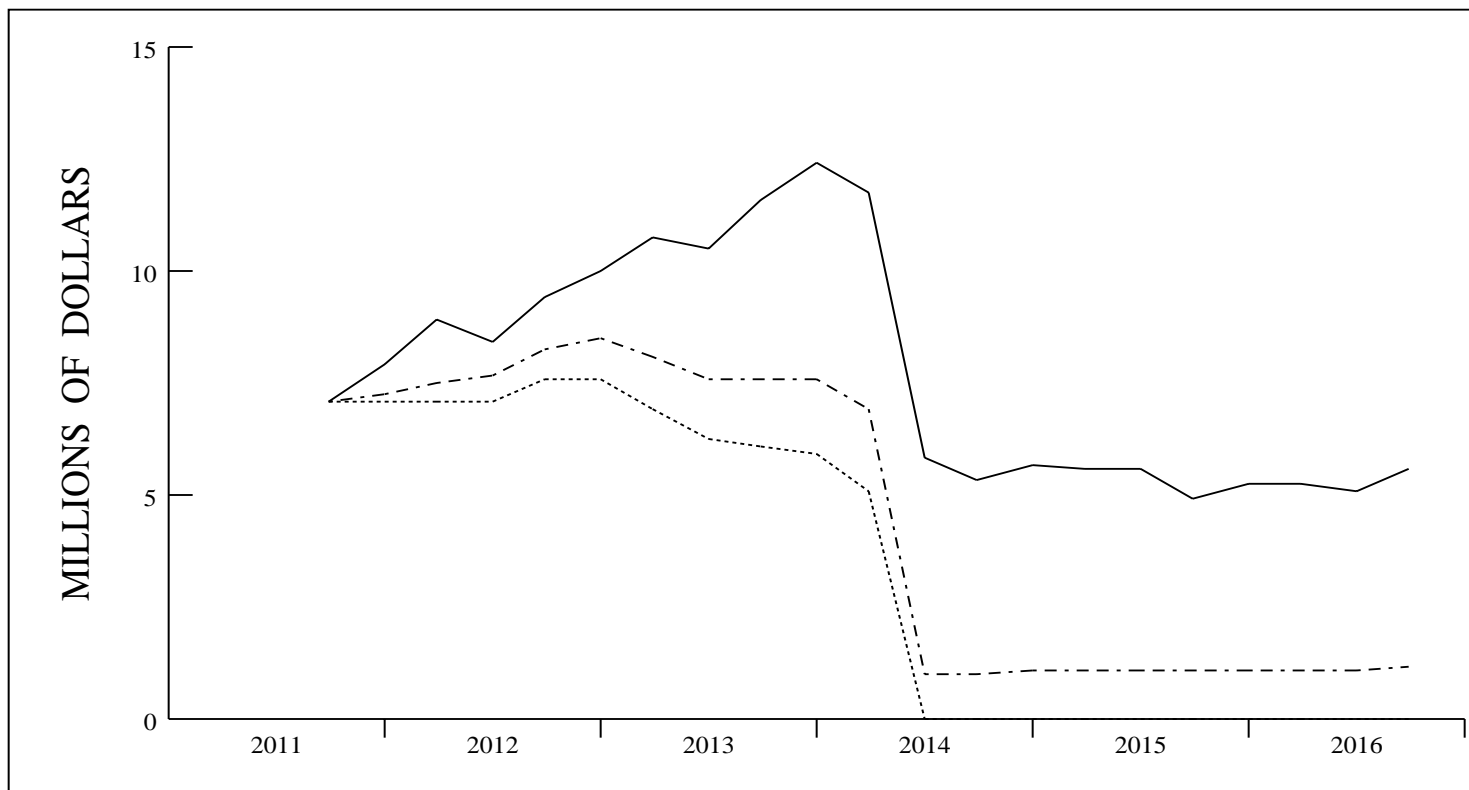
ASSET ALLOCATION

Domestic Equity	100.0%	\$ 5,604,262
Total Portfolio	100.0%	\$ 5,604,262

INVESTMENT RETURN

Market Value 6/2016	\$ 5,122,307
Contribs / Withdrawals	- 13,419
Income	0
Capital Gains / Losses	495,374
Market Value 9/2016	\$ 5,604,262

INVESTMENT GROWTH

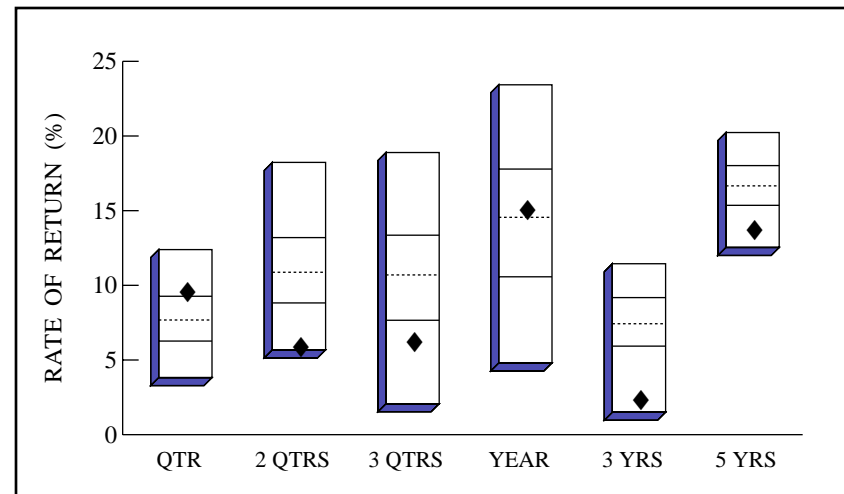
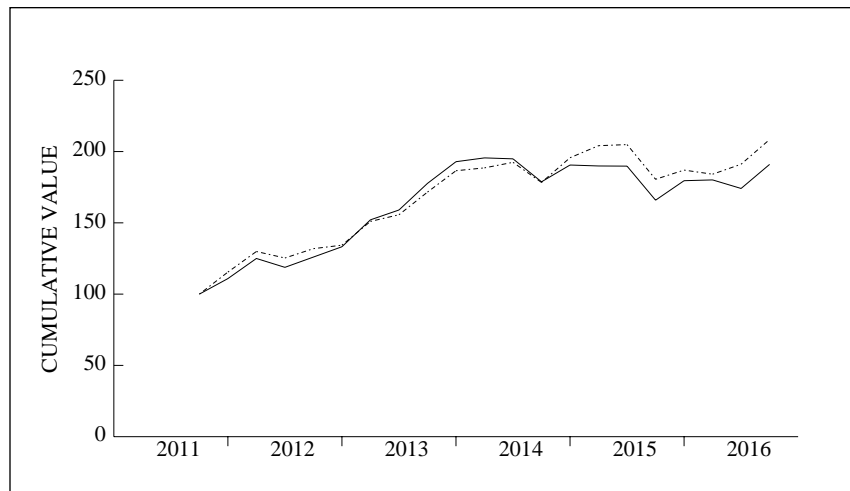


— ACTUAL RETURN
 - - - 10.0%
 0.0%

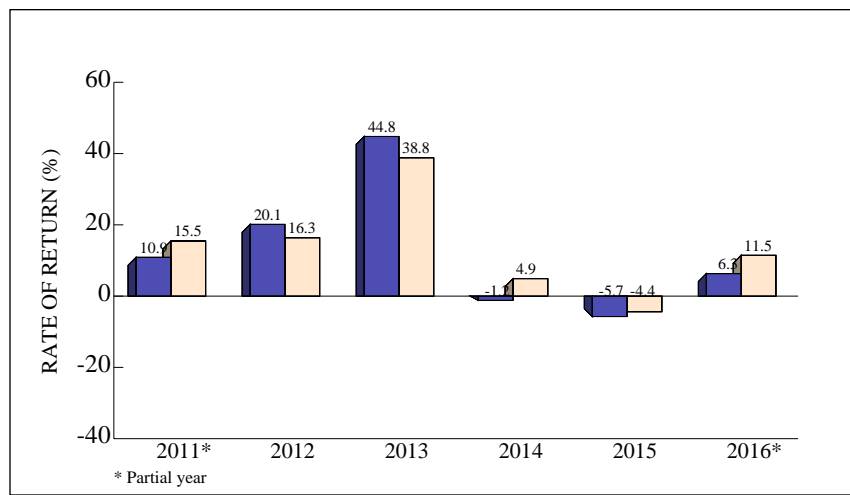
VALUE ASSUMING
 10.0% RETURN \$ 1,180,424

	LAST QUARTER	PERIOD 9/11 - 9/16
BEGINNING VALUE	\$ 5,122,307	\$ 7,158,526
NET CONTRIBUTIONS	- 13,419	- 8,108,255
INVESTMENT RETURN	495,374	6,553,991
ENDING VALUE	\$ 5,604,262	\$ 5,604,262
INCOME	0	124,502
CAPITAL GAINS (LOSSES)	495,374	6,429,489
INVESTMENT RETURN	495,374	6,553,991

TOTAL RETURN COMPARISONS

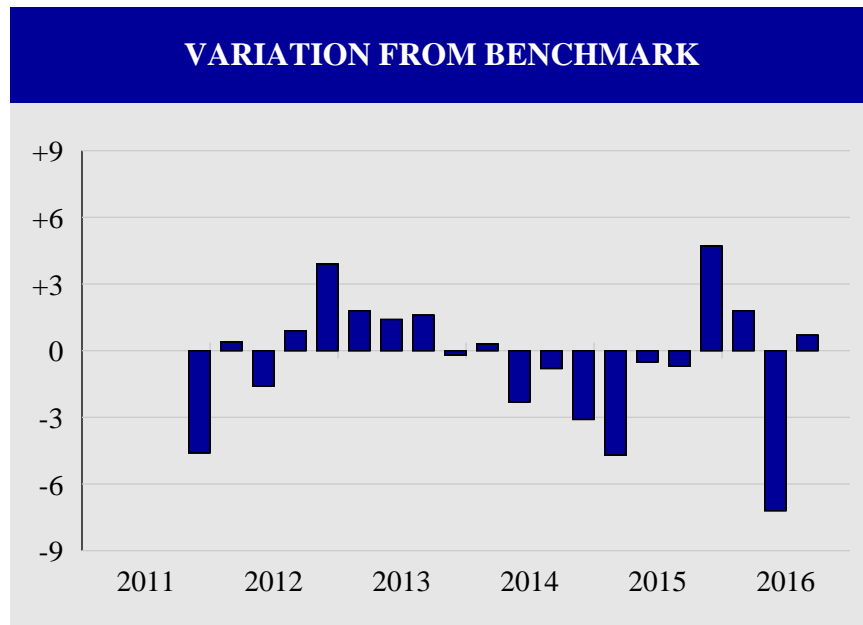


Small Cap Universe



	QTR	2 QTRS	3 QTRS	YEAR	-----ANNUALIZED-----	
					3 YRS	5 YRS
RETURN	9.7	6.0	6.3	15.1	2.4	13.8
(RANK)	(22)	(94)	(84)	(46)	(93)	(90)
5TH %ILE	12.4	18.2	18.9	23.4	11.4	20.2
25TH %ILE	9.3	13.2	13.4	17.8	9.2	18.0
MEDIAN	7.7	10.9	10.7	14.6	7.4	16.7
75TH %ILE	6.3	8.8	7.7	10.6	5.9	15.4
95TH %ILE	3.8	5.7	2.1	4.8	1.5	12.5
Russ 2000	9.0	13.2	11.5	15.5	6.7	15.8

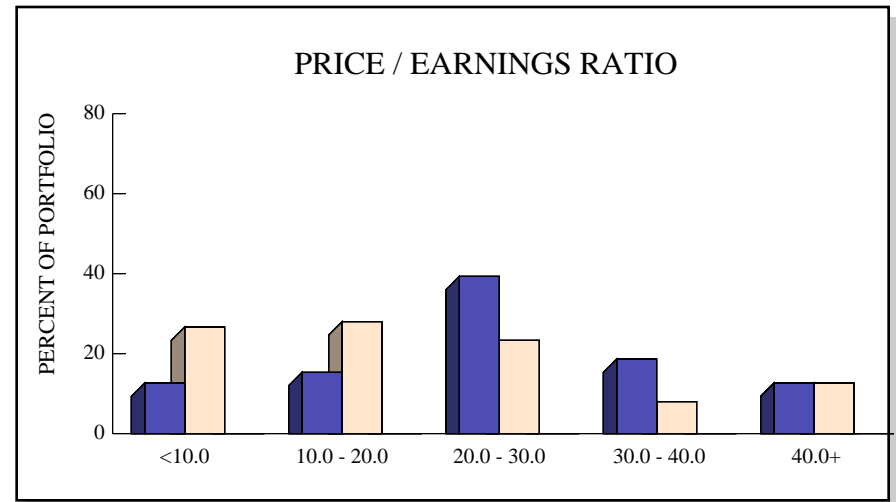
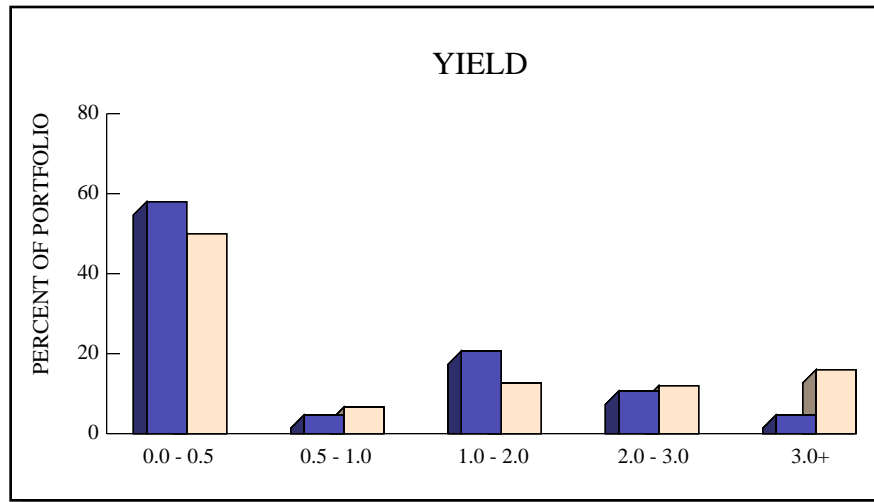
Small Cap Universe

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

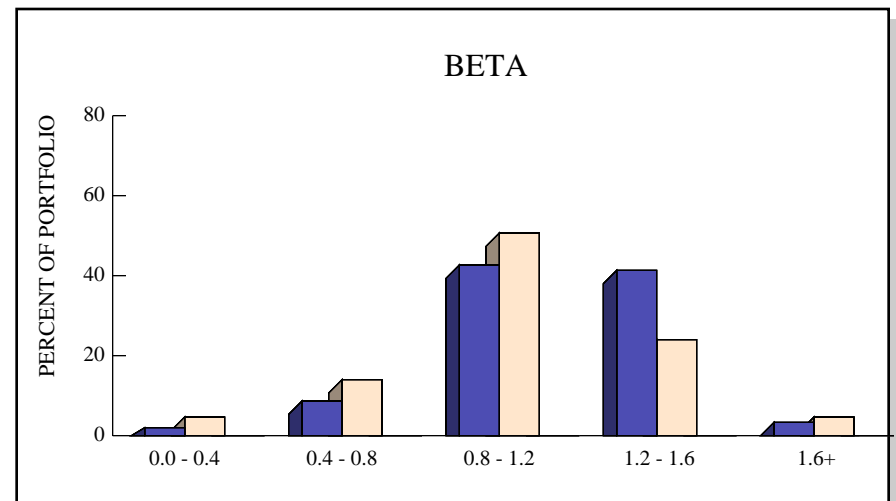
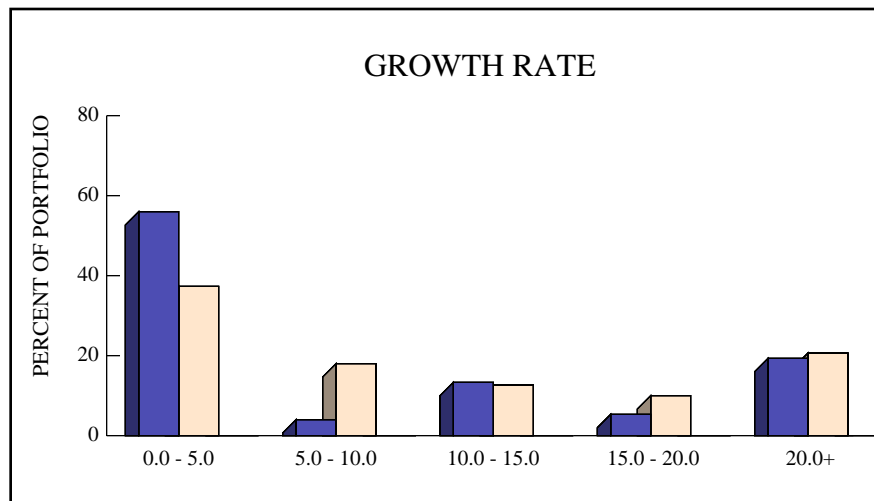
Total Quarters Observed	20
Quarters At or Above the Benchmark	10
Quarters Below the Benchmark	10
Batting Average	.500

RATES OF RETURN			
Date	Portfolio	Benchmark	Difference
12/11	10.9	15.5	-4.6
3/12	12.8	12.4	0.4
6/12	-5.1	-3.5	-1.6
9/12	6.1	5.2	0.9
12/12	5.7	1.8	3.9
3/13	14.2	12.4	1.8
6/13	4.5	3.1	1.4
9/13	11.8	10.2	1.6
12/13	8.5	8.7	-0.2
3/14	1.4	1.1	0.3
6/14	-0.3	2.0	-2.3
9/14	-8.2	-7.4	-0.8
12/14	6.6	9.7	-3.1
3/15	-0.4	4.3	-4.7
6/15	-0.1	0.4	-0.5
9/15	-12.6	-11.9	-0.7
12/15	8.3	3.6	4.7
3/16	0.3	-1.5	1.8
6/16	-3.4	3.8	-7.2
9/16	9.7	9.0	0.7

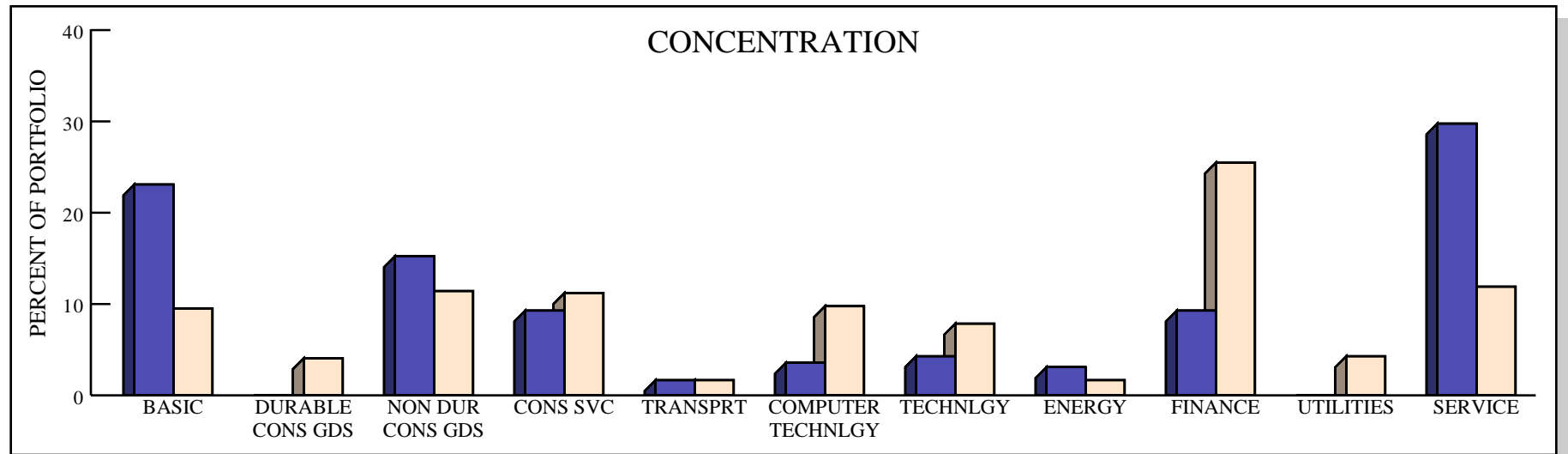
STOCK CHARACTERISTICS



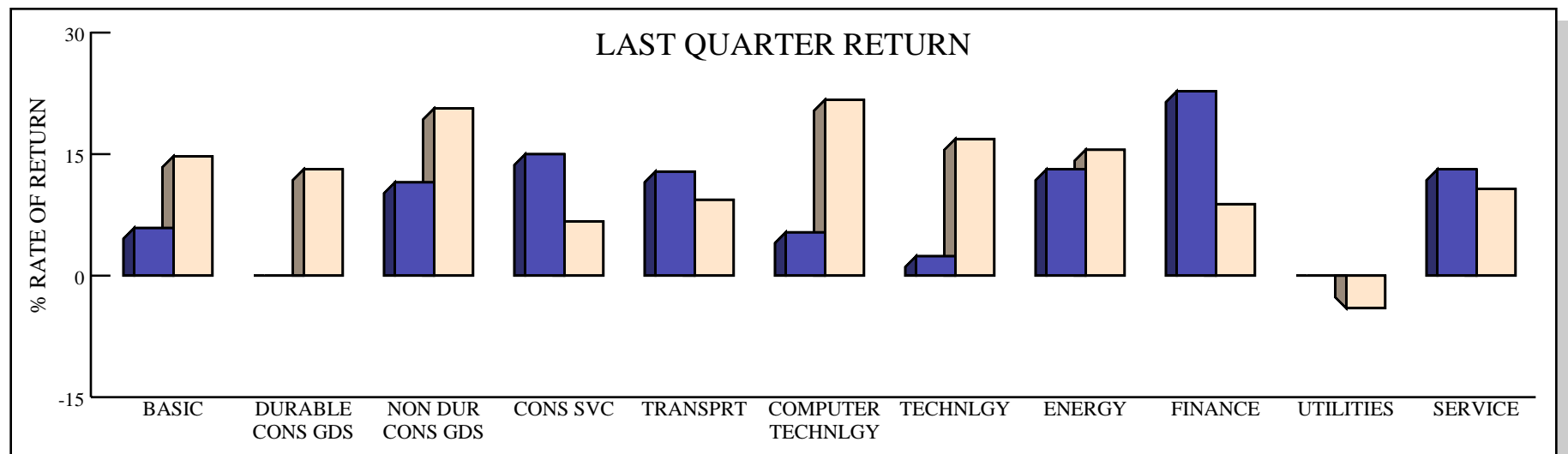
	# HOLDINGS	YIELD	GROWTH	P/E	BETA
PORTFOLIO	34	0.9%	6.0%	24.1	1.12
RUSSELL 2000	1,962	1.5%	10.6%	17.7	1.04



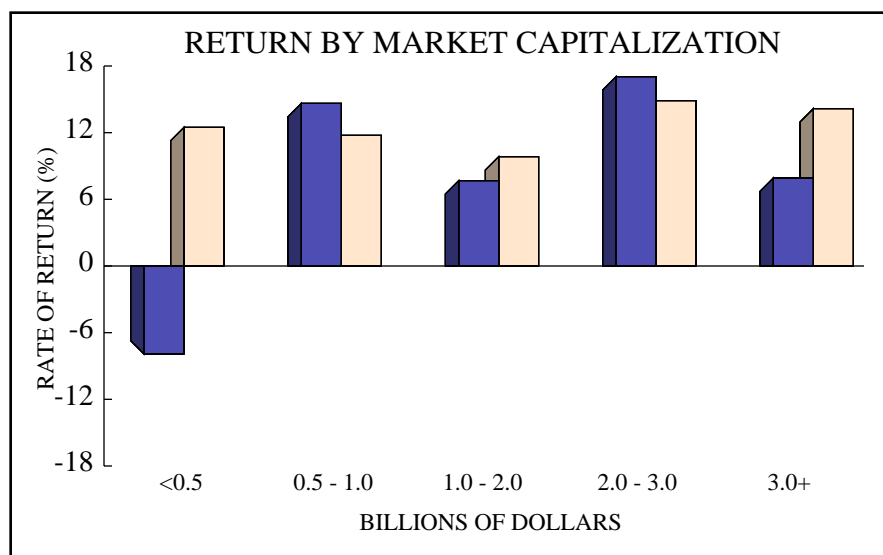
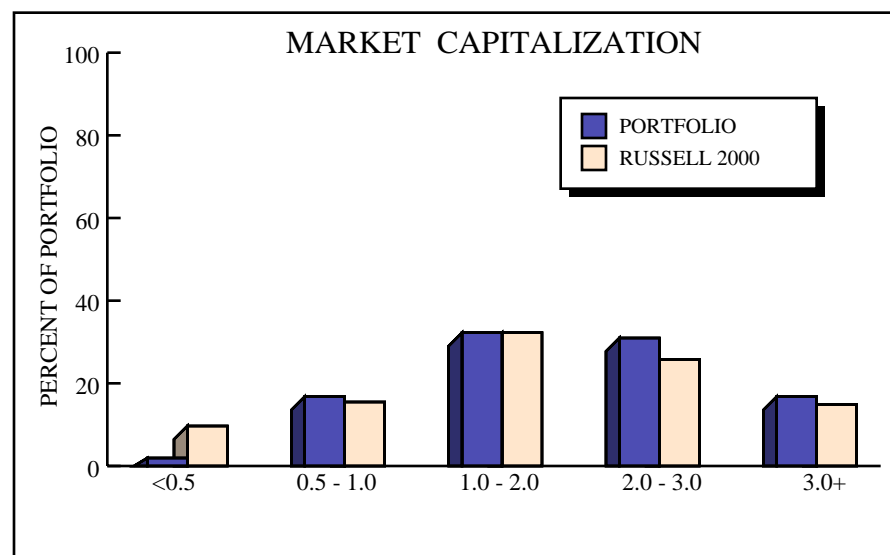
STOCK INDUSTRY ANALYSIS



■ PORTFOLIO ■ RUSSELL 2000



TOP TEN HOLDINGS



TOP TEN EQUITY HOLDINGS

RANK	NAME	VALUE	% EQUITY	RETURN	INDUSTRY SECTOR	MKT CAP
1	ACXIOM CORP	\$ 228,390	4.08%	21.2%	Service	\$ 2.1 B
2	DIGITALGLOBE INC	224,510	4.01%	28.6%	Service	1.7 B
3	EVERBANK FINANCIAL CORP	220,685	3.94%	30.6%	Finance	2.4 B
4	ENTEGRIS INC	219,840	3.92%	20.4%	NonDur Cons Goods	2.5 B
5	TEXAS CAPITAL BANCSHARES INC	209,245	3.73%	17.5%	Finance	2.5 B
6	MASTEC INC	204,938	3.66%	33.2%	Service	2.4 B
7	WEX INC	203,533	3.63%	21.9%	Service	4.6 B
8	SCHULMAN (A.) INC	201,540	3.60%	20.0%	Basic	0.9 B
9	COSTAR GROUP INC	200,940	3.59%	-1.0%	Service	7.1 B
10	BRUNSWICK CORP	190,681	3.40%	7.9%	Basic	4.4 B

FRANKLIN REGIONAL RETIREMENT SYSTEM
SYSTEMATIC FINANCIAL
PERFORMANCE REVIEW
SEPTEMBER 2016

INVESTMENT RETURN

On September 30th, 2016, the Franklin Regional Retirement System's Systematic Financial portfolio was valued at \$6,626,999, representing an increase of \$959,268 from the June quarter's ending value of \$5,667,731. Last quarter, the Fund posted net contributions equaling \$600,000 plus a net investment gain equaling \$359,268. Total net investment return was the result of income receipts, which totaled \$30,583 and net realized and unrealized capital gains of \$328,685.

For the cumulative period since June 2014, the fund has recorded net contributions totaling \$599,991, and recorded net investment gains of \$81,058. For the period since June 2014, if the total fund returned a compound annual rate of 8.0% it would have been valued at \$7.7 million or \$1.1 million more than the actual value as of September 30th, 2016.

RELATIVE PERFORMANCE

In the third quarter, the Systematic Financial portfolio gained 6.3%, which was 2.7% below the Russell 2000 Index's return of 9.0% and ranked in the 75th percentile of the Small Cap universe. Over the trailing year, the portfolio returned 15.3%, which was 0.2% less than the benchmark's 15.5% performance, and ranked in the 45th percentile. Since June 2014, the portfolio returned 0.6% on an annualized basis and ranked in the 88th percentile. For comparison, the Russell 2000 returned an annualized 3.6% over the same period.

ASSET ALLOCATION

On September 30th, 2016, domestic equities comprised 99.3% of the total portfolio (\$6.6 million), while cash & equivalents totaled 0.7% (\$44,433).

STOCK ANALYSIS

All eleven industry sectors were funded at the end of the quarter. Compared to the Russell 2000 index, the Systematic portfolio was overweight in the Basic, Durable Consumer Goods, Consumer Service, Technology, and Service sectors, while underweight in Nondurable Consumer Goods, Computer Technology, Finance, and Utilities.

The Systematic portfolio suffered from pervasive negative selection effects in the third quarter, as eight of the eleven invested sectors underperformed the benchmark. The Transportation sector's 29.6% surge was checked by a light and underweight allocation. Basic, Consumer Service, and Energy each underperformed, and their overweight positions magnified the negative selection effects. Energy, moreover, delivered a loss compared to the benchmark's gain. Service edged out the market's return, and represented one of the few positive effects last quarter.

EXECUTIVE SUMMARY**PERFORMANCE SUMMARY**

	Quarter	YTD	1 Year	3 Year	Since 06/14
Total Portfolio - Gross	6.3	11.4	15.3	----	0.6
<i>SMALL CAP RANK</i>	(75)	(43)	(45)	----	(88)
Total Portfolio - Net	6.1	10.7	14.4	----	-0.2
RUSSELL 2000	9.0	11.5	15.5	6.7	3.6
RUSSELL 2000G	9.2	7.5	12.1	6.6	4.1
RUSSELL 2000V	8.9	15.5	18.8	6.8	3.0
Domestic Equity - Gross	6.4	11.5	15.5	----	0.6
<i>SMALL CAP RANK</i>	(73)	(41)	(43)	----	(88)
RUSSELL 2000	9.0	11.5	15.5	6.7	3.6

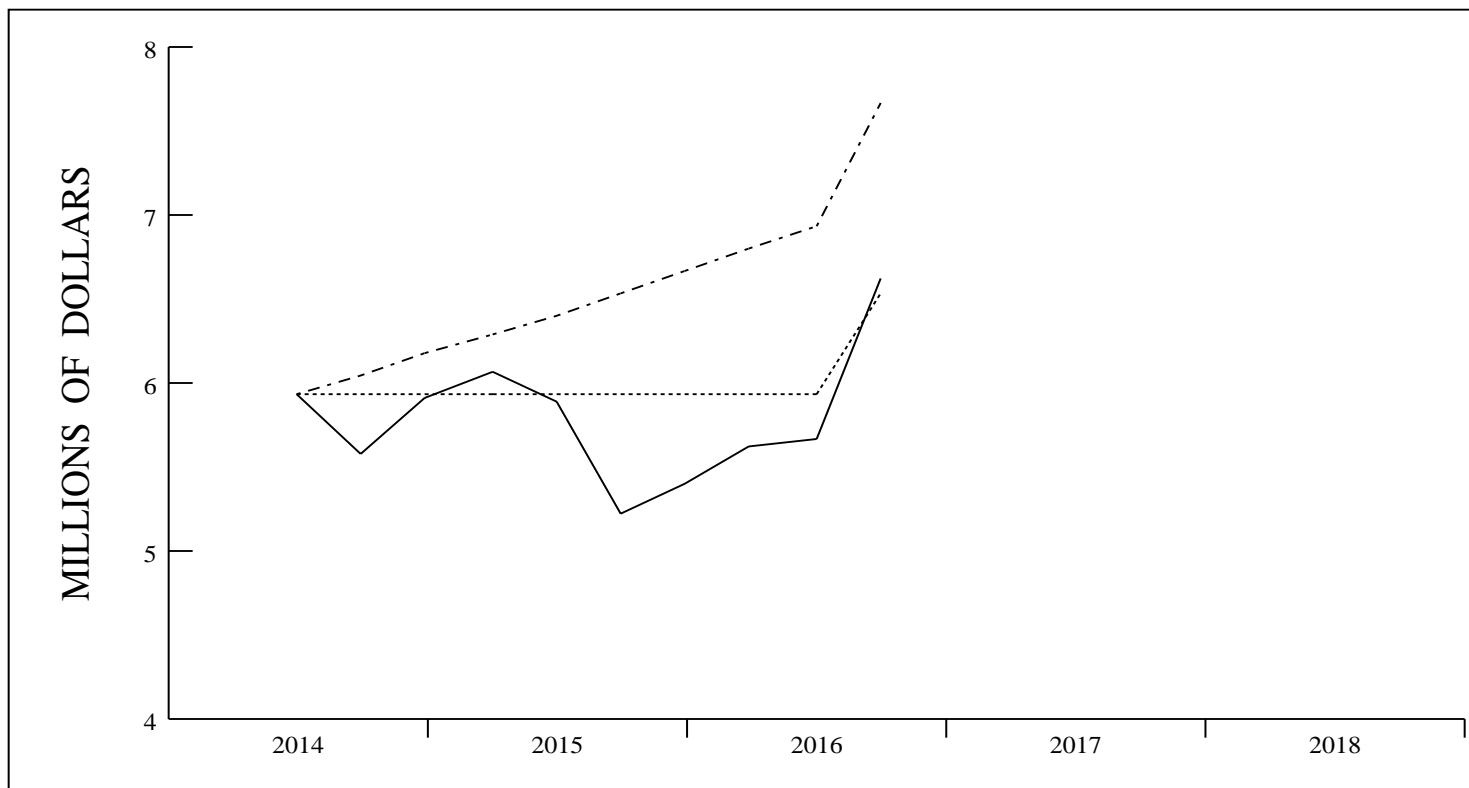
ASSET ALLOCATION

Domestic Equity	99.3%	\$ 6,582,566
Cash	0.7%	44,433
Total Portfolio	100.0%	\$ 6,626,999

INVESTMENT RETURN

Market Value 6/2016	\$ 5,667,731
Contribs / Withdrawals	600,000
Income	30,583
Capital Gains / Losses	328,685
Market Value 9/2016	\$ 6,626,999

INVESTMENT GROWTH

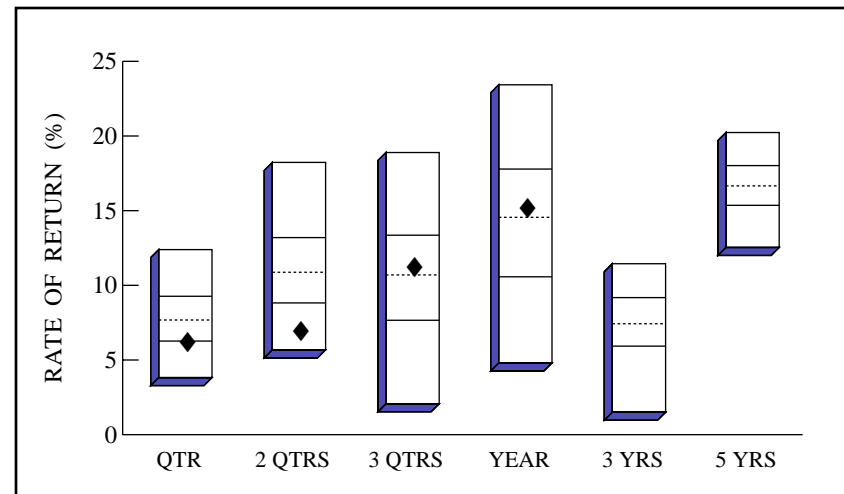
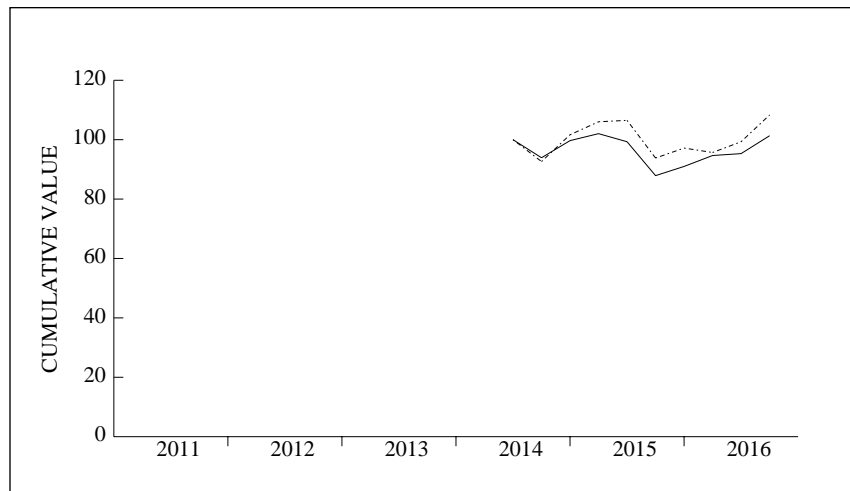


—	ACTUAL RETURN
- - - - -	8.0%
.....	0.0%

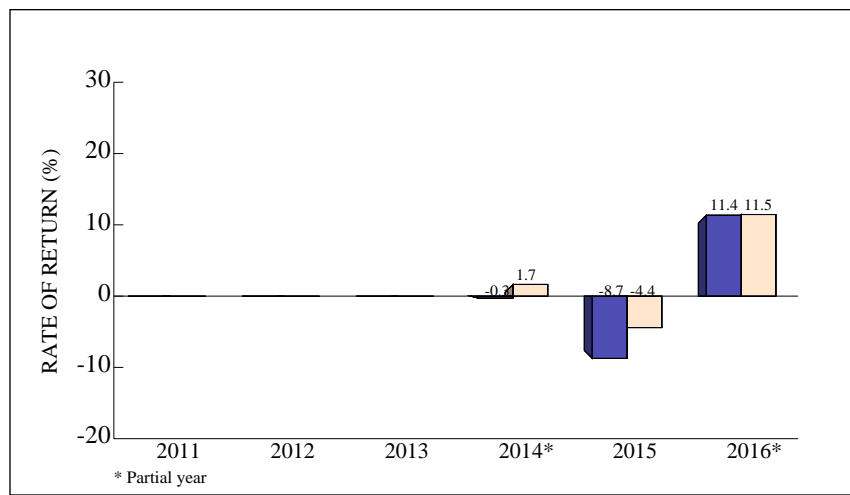
VALUE ASSUMING	
8.0% RETURN	\$ 7,679,777

	LAST QUARTER	PERIOD 6/14 - 9/16
BEGINNING VALUE	\$ 5,667,731	\$ 5,945,950
NET CONTRIBUTIONS	600,000	599,991
INVESTMENT RETURN	359,268	81,058
ENDING VALUE	\$ 6,626,999	\$ 6,626,999
INCOME	30,583	250,708
CAPITAL GAINS (LOSSES)	328,685	-169,650
INVESTMENT RETURN	359,268	81,058

TOTAL RETURN COMPARISONS



Small Cap Universe



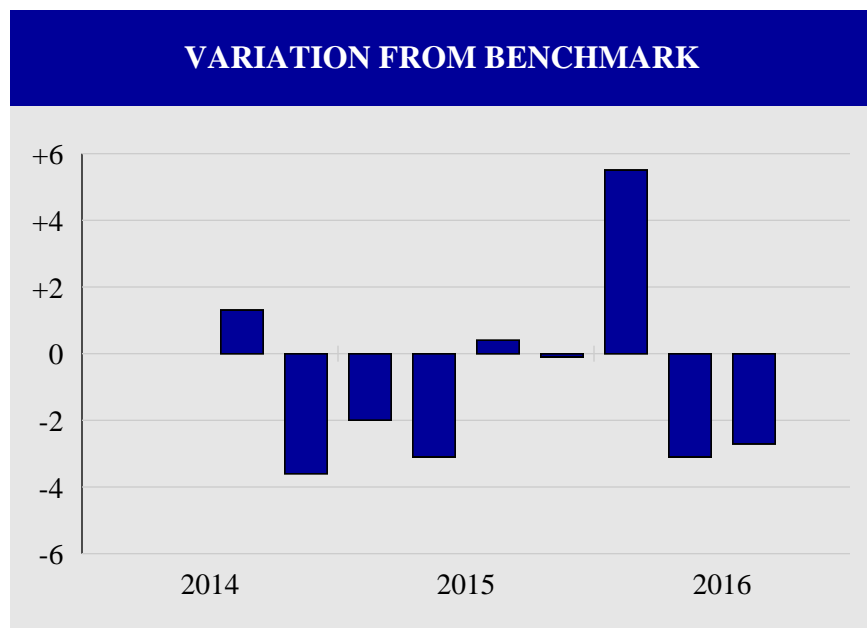
* Partial year

	QTR	2 QTRS	3 QTRS	YEAR	-----ANNUALIZED-----	
					3 YRS	5 YRS
RETURN	6.3	7.1	11.4	15.3	----	----
(RANK)	(75)	(88)	(43)	(45)	----	----
5TH %ILE	12.4	18.2	18.9	23.4	11.4	20.2
25TH %ILE	9.3	13.2	13.4	17.8	9.2	18.0
MEDIAN	7.7	10.9	10.7	14.6	7.4	16.7
75TH %ILE	6.3	8.8	7.7	10.6	5.9	15.4
95TH %ILE	3.8	5.7	2.1	4.8	1.5	12.5
Russ 2000	9.0	13.2	11.5	15.5	6.7	15.8

Small Cap Universe

TOTAL PORTFOLIO QUARTERLY PERFORMANCE SUMMARY

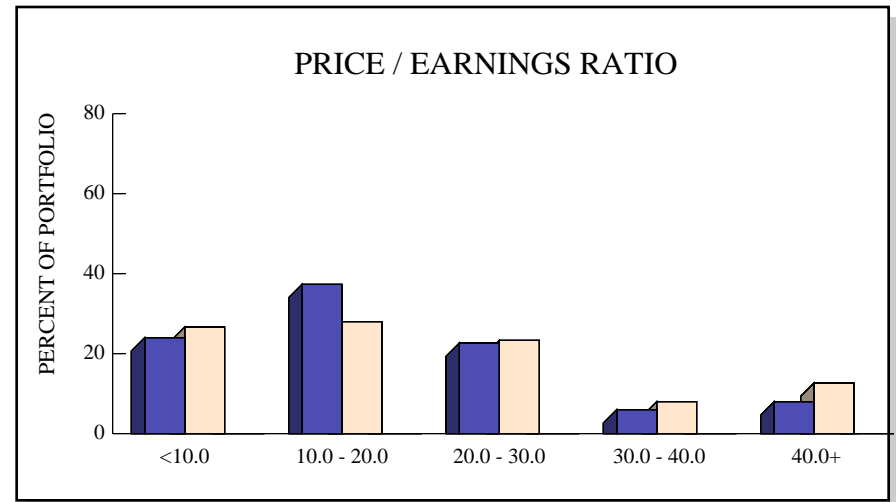
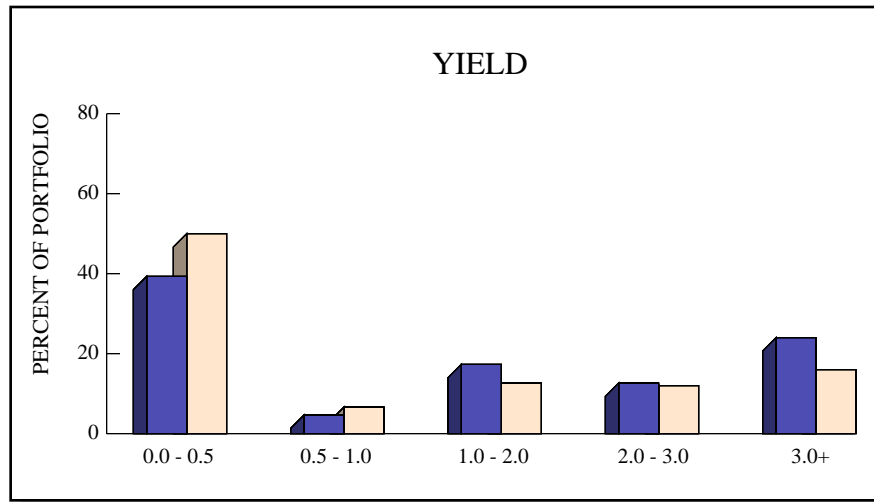
COMPARATIVE BENCHMARK: RUSSELL 2000



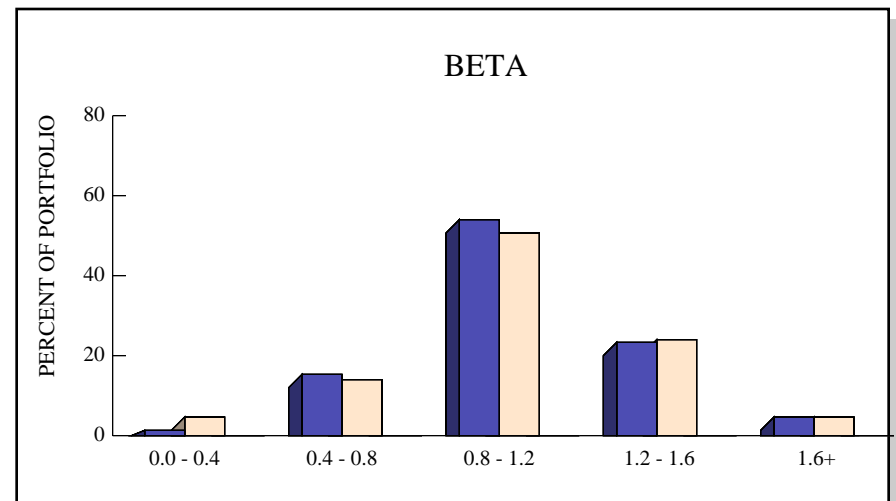
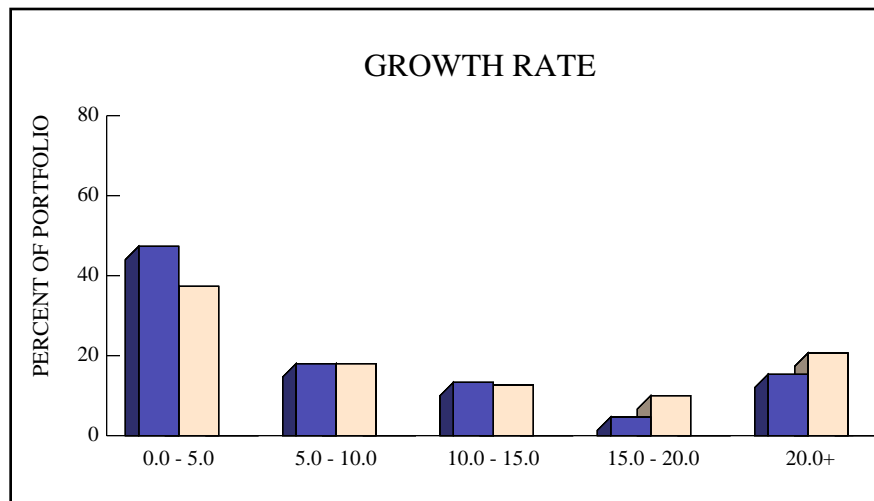
RATES OF RETURN			
Date	Portfolio	Benchmark	Difference
9/14	-6.1	-7.4	1.3
12/14	6.1	9.7	-3.6
3/15	2.3	4.3	-2.0
6/15	-2.7	0.4	-3.1
9/15	-11.5	-11.9	0.4
12/15	3.5	3.6	-0.1
3/16	4.0	-1.5	5.5
6/16	0.7	3.8	-3.1
9/16	6.3	9.0	-2.7

Total Quarters Observed	9
Quarters At or Above the Benchmark	3
Quarters Below the Benchmark	6
Batting Average	.333

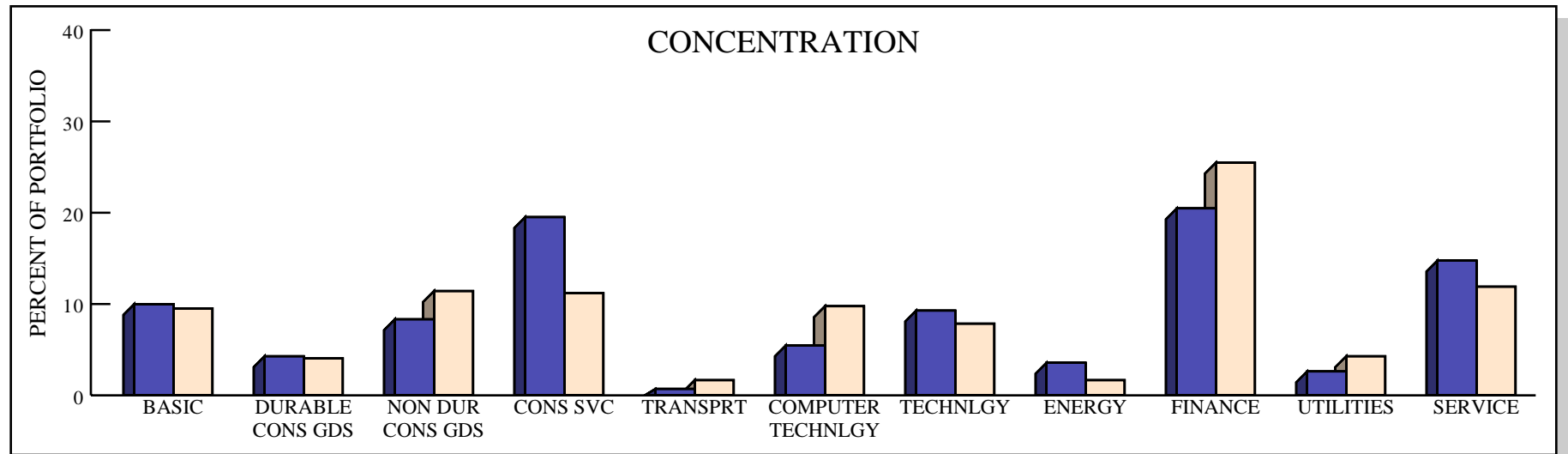
STOCK CHARACTERISTICS



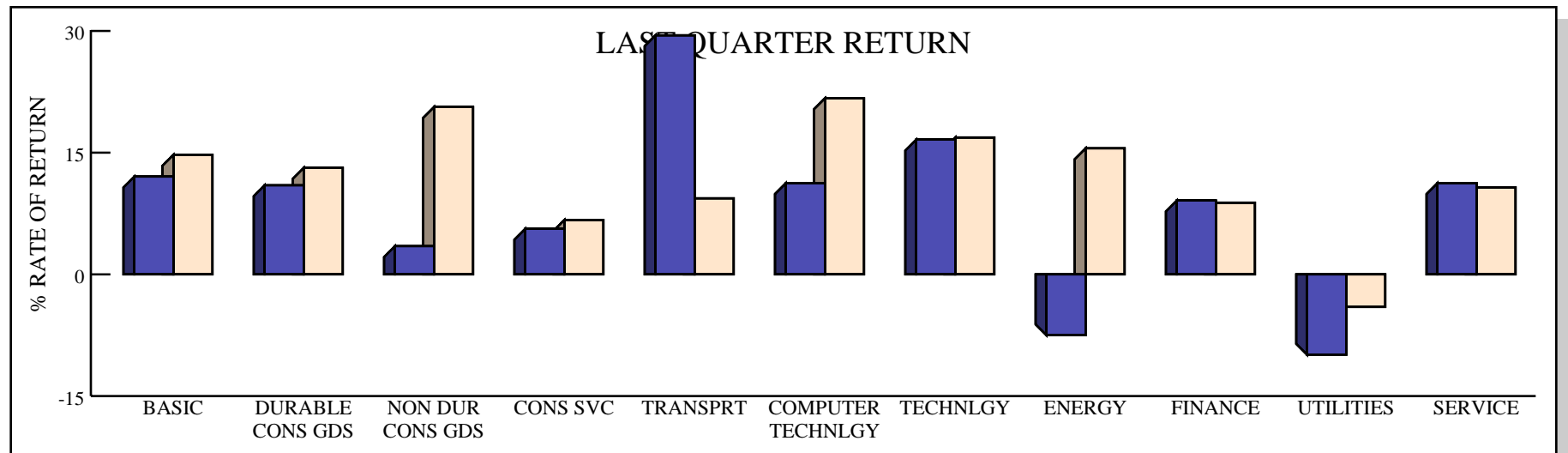
	# HOLDINGS	YIELD	GROWTH	P/E	BETA
PORTFOLIO	281	2.1%	5.1%	15.9	1.05
RUSSELL 2000	1,962	1.5%	10.6%	17.7	1.04



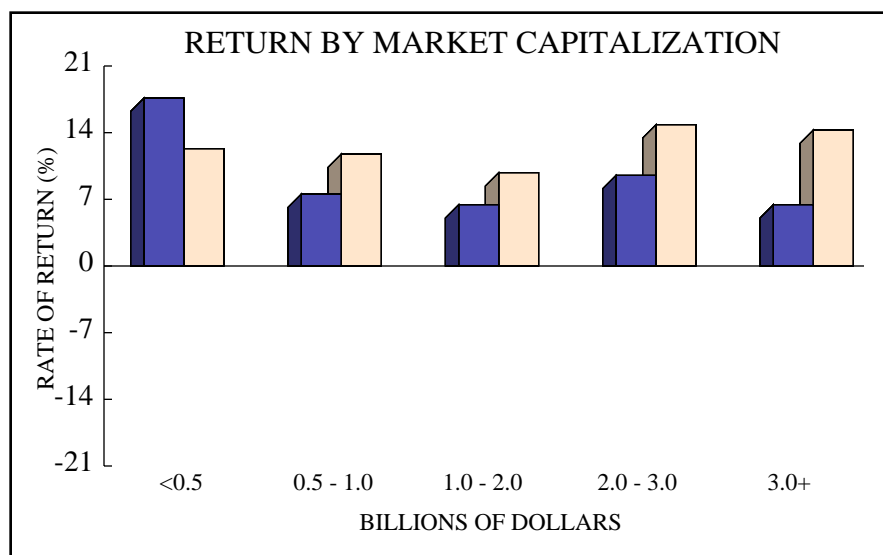
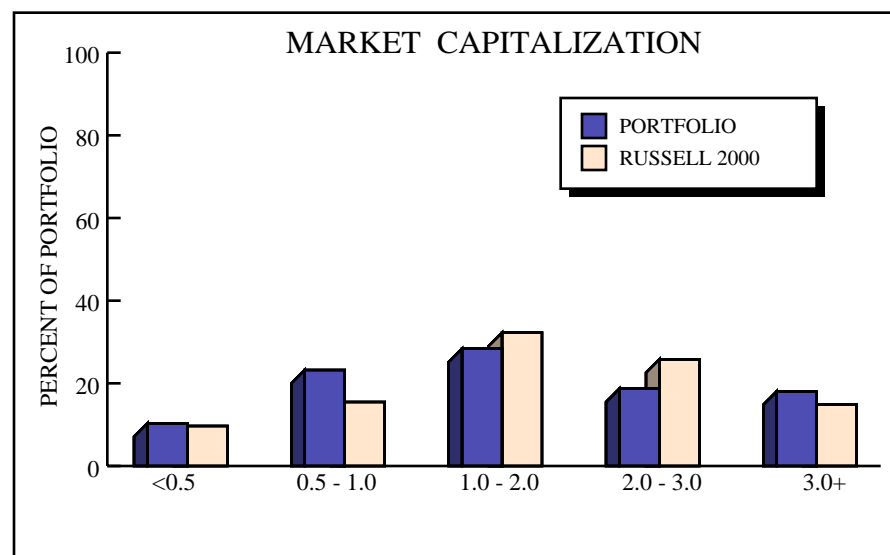
STOCK INDUSTRY ANALYSIS



■ PORTFOLIO ■ RUSSELL 2000



TOP TEN HOLDINGS



TOP TEN EQUITY HOLDINGS

RANK	NAME	VALUE	% EQUITY	RETURN	INDUSTRY SECTOR	MKT CAP
1	ROWAN COMPANIES PLC-A	\$ 28,425	.43%	-13.8%	Energy	\$ 1.9 B
2	TECH DATA CORP	28,378	.43%	17.9%	Service	3.0 B
3	NABORS INDUSTRIES LTD	28,333	.43%	21.5%	Energy	3.4 B
4	EMERGENT BIOSOLUTIONS INC	28,219	.43%	18.7%	NonDur Cons Goods	1.3 B
5	MENTOR GRAPHICS CORP	28,159	.43%	24.6%	Computer Tech	2.9 B
6	ENSCO PLC-CL A	27,838	.42%	-11.5%	Energy	2.6 B
7	SCHNITZER STEEL INDS INC-A	27,588	.42%	19.7%	Service	0.6 B
8	GENESCO INC	27,502	.42%	-15.3%	Consumer Service	1.1 B
9	IROBOT CORP	27,487	.42%	25.4%	Durable Cons Goods	1.2 B
10	SYNNEX CORP	27,386	.42%	20.5%	Service	4.5 B

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

INVESTMENT RETURN

On September 30th, 2016, the Franklin Regional Retirement System's PRIT International Equity portfolio was valued at \$5,790,313, representing an increase of \$365,403 from the June quarter's ending value of \$5,424,910. Last quarter, the Fund posted withdrawals totaling \$2,733, which partially offset the portfolio's net investment return of \$368,136. Income receipts totaling \$37,362 plus net realized and unrealized capital gains of \$330,774 combined to produce the portfolio's net investment return.

For the cumulative period since September 2014, the fund has recorded net contributions totaling \$139,242, and recorded net investment gains of \$108,241. For the period since September 2014, if the total fund returned a compound annual rate of 9.0% it would have been valued at \$6.7 million or \$951,316 more than the actual value as of September 30th, 2016.

RELATIVE PERFORMANCE

In the third quarter, the PRIT International Equity portfolio gained 6.8%, which was 0.3% above the MSCI EAFE Index's return of 6.5% and ranked in the 60th percentile of the International Equity universe. Over the trailing year, the portfolio returned 9.1%, which was 2.1% greater than the benchmark's 7.0% performance, and ranked in the 61st percentile. Since September 2014, the portfolio returned 1.0% on an annualized basis and ranked in the 46th percentile. For comparison, the MSCI EAFE Index returned an annualized -0.9% over the same period.

ASSET ALLOCATION

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

EXECUTIVE SUMMARY**PERFORMANCE SUMMARY**

	Quarter	YTD	1 Year	3 Year	Since 09/14
Total Portfolio - Gross	6.8	3.8	9.1	----	1.0
<i>INTERNATIONAL EQUITY RANK</i>	(60)	(64)	(61)	----	(46)
Total Portfolio - Net	6.7	3.6	8.9	----	0.8
MSCI EAFE	6.5	2.2	7.0	0.9	-0.9
ACWI EX US	7.0	6.3	9.8	0.6	-1.6
MSCI EMG MKTS	9.2	16.4	17.2	-0.2	-2.5
International Equity - Gross	6.8	3.8	9.1	----	1.0
<i>INTERNATIONAL EQUITY RANK</i>	(60)	(64)	(61)	----	(46)
MSCI EAFE	6.5	2.2	7.0	0.9	-0.9

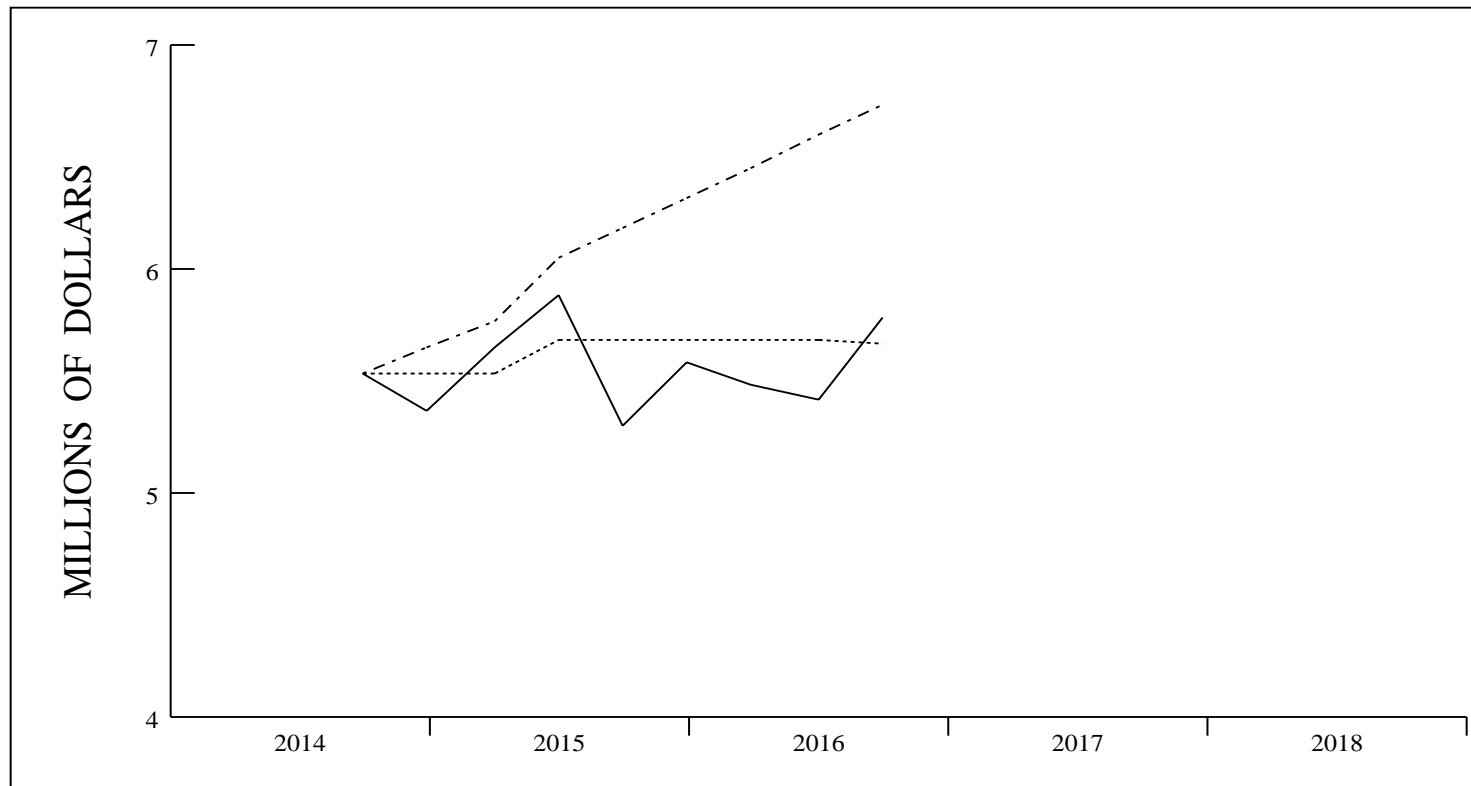
ASSET ALLOCATION

Int'l Equity	100.0%	\$ 5,790,313
Total Portfolio	100.0%	\$ 5,790,313

INVESTMENT RETURN

Market Value 6/2016	\$ 5,424,910
Contribs / Withdrawals	-2,733
Income	37,362
Capital Gains / Losses	330,774
Market Value 9/2016	\$ 5,790,313

INVESTMENT GROWTH

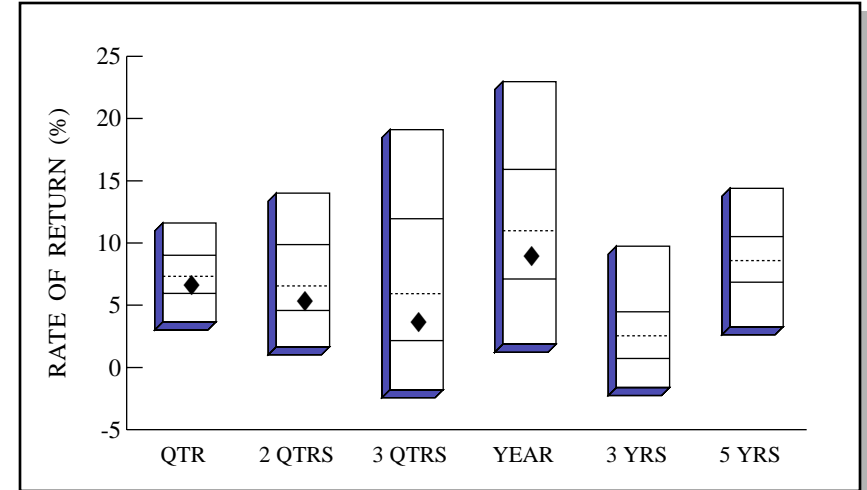
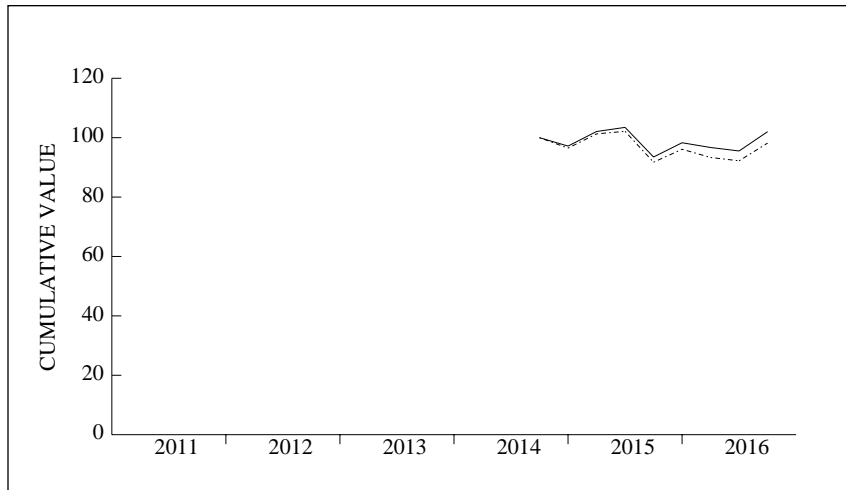


— ACTUAL RETURN
 - - - 9.0%
 . . . 0.0%

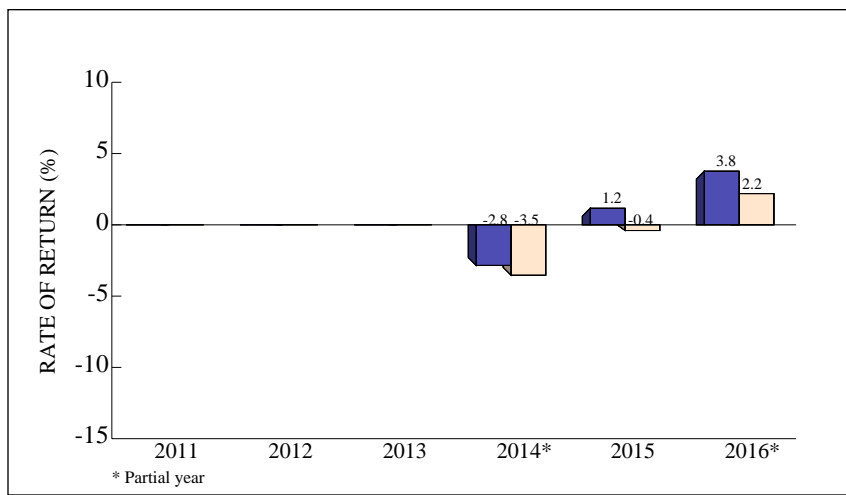
VALUE ASSUMING
 9.0% RETURN \$ 6,741,629

	LAST QUARTER	PERIOD 9/14 - 9/16
BEGINNING VALUE	\$ 5,424,910	\$ 5,542,830
NET CONTRIBUTIONS	- 2,733	139,242
<u>INVESTMENT RETURN</u>	<u>368,136</u>	<u>108,241</u>
ENDING VALUE	\$ 5,790,313	\$ 5,790,313
INCOME	37,362	316,636
<u>CAPITAL GAINS (LOSSES)</u>	<u>330,774</u>	<u>-208,395</u>
INVESTMENT RETURN	368,136	108,241

TOTAL RETURN COMPARISONS



International Equity Universe

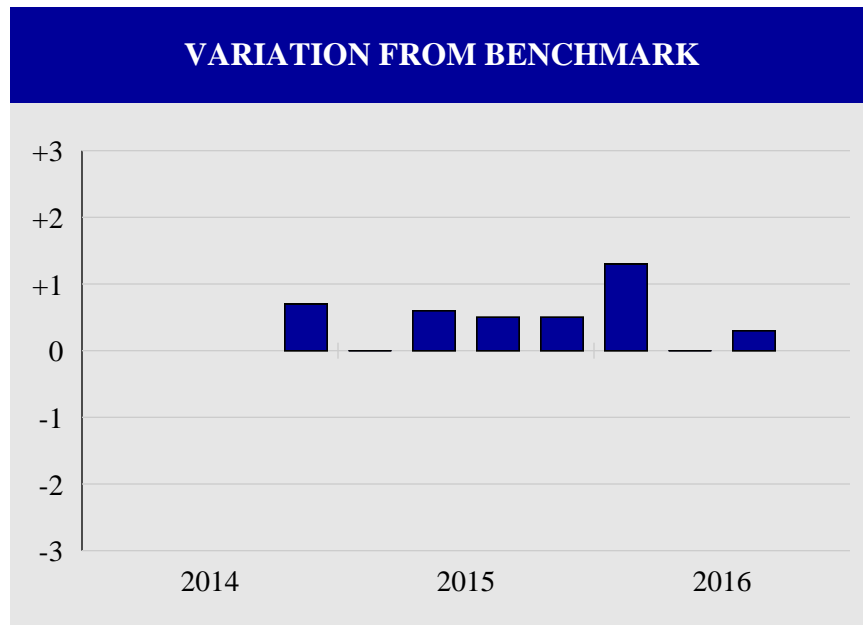


	QTR	2 QTRS	3 QTRS	YEAR	-----ANNUALIZED-----	
					3 YRS	5 YRS
RETURN	6.8	5.5	3.8	9.1	----	----
(RANK)	(60)	(63)	(64)	(61)	----	----
5TH %ILE	11.6	14.0	19.1	23.0	9.8	14.4
25TH %ILE	9.0	9.9	12.0	15.9	4.5	10.5
MEDIAN	7.3	6.5	5.9	11.0	2.5	8.6
75TH %ILE	5.9	4.6	2.2	7.1	0.7	6.8
95TH %ILE	3.7	1.7	-1.8	1.9	-1.6	3.3
MSCI EAFE	6.5	5.2	2.2	7.0	0.9	7.9

International Equity Universe

TOTAL PORTFOLIO QUARTERLY PERFORMANCE SUMMARY

COMPARATIVE BENCHMARK: MSCI EAFE



RATES OF RETURN			
Date	Portfolio	Benchmark	Difference
12/14	-2.8	-3.5	0.7
3/15	5.0	5.0	0.0
6/15	1.4	0.8	0.6
9/15	-9.7	-10.2	0.5
12/15	5.2	4.7	0.5
3/16	-1.6	-2.9	1.3
6/16	-1.2	-1.2	0.0
9/16	6.8	6.5	0.3

Total Quarters Observed	8
Quarters At or Above the Benchmark	8
Quarters Below the Benchmark	0
Batting Average	1.000

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

INVESTMENT RETURN

On September 30th, 2016, the Franklin Regional Retirement System's PRIT Core Real Estate Account portfolio was valued at \$12,822,836, representing an increase of \$315,448 from the June quarter's ending value of \$12,507,388. Last quarter, the Fund posted withdrawals totaling \$13,900, which partially offset the portfolio's net investment return of \$329,348. Income receipts totaling \$155,338 plus net realized and unrealized capital gains of \$174,010 combined to produce the portfolio's net investment return.

For the cumulative period since September 2011, the fund has recorded net contributions totaling \$5.2 million, and recorded net investment gains of \$4.9 million. For the period since September 2011, if the total fund had returned a compound annual rate of 8.25% it would have been valued at \$10.9 million or \$2.0 million less than the actual value as of September 30th, 2016.

RELATIVE PERFORMANCE

In the third quarter, the PRIT Core Real Estate Account portfolio gained 2.6%, which was 0.5% greater than the NCREIF NFI-ODCE Index's return of 2.1%. Over the trailing twelve-month period, the portfolio returned 12.2%, which was 2.1% above the benchmark's 10.1% return. Since September 2011, the account returned 13.1% on an annualized basis, while the NCREIF NFI-ODCE Index returned an annualized 12.4% 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	3 Year	5 Years
Total Portfolio - Gross	2.6	8.2	12.2	12.4	13.1
Total Portfolio - Net	2.5	7.8	11.7	11.8	12.5
NCREIF ODCE	2.1	6.5	10.1	12.4	12.4
Real Estate - Gross	2.6	8.2	12.2	12.4	13.1
NCREIF ODCE	2.1	6.5	10.1	12.4	12.4

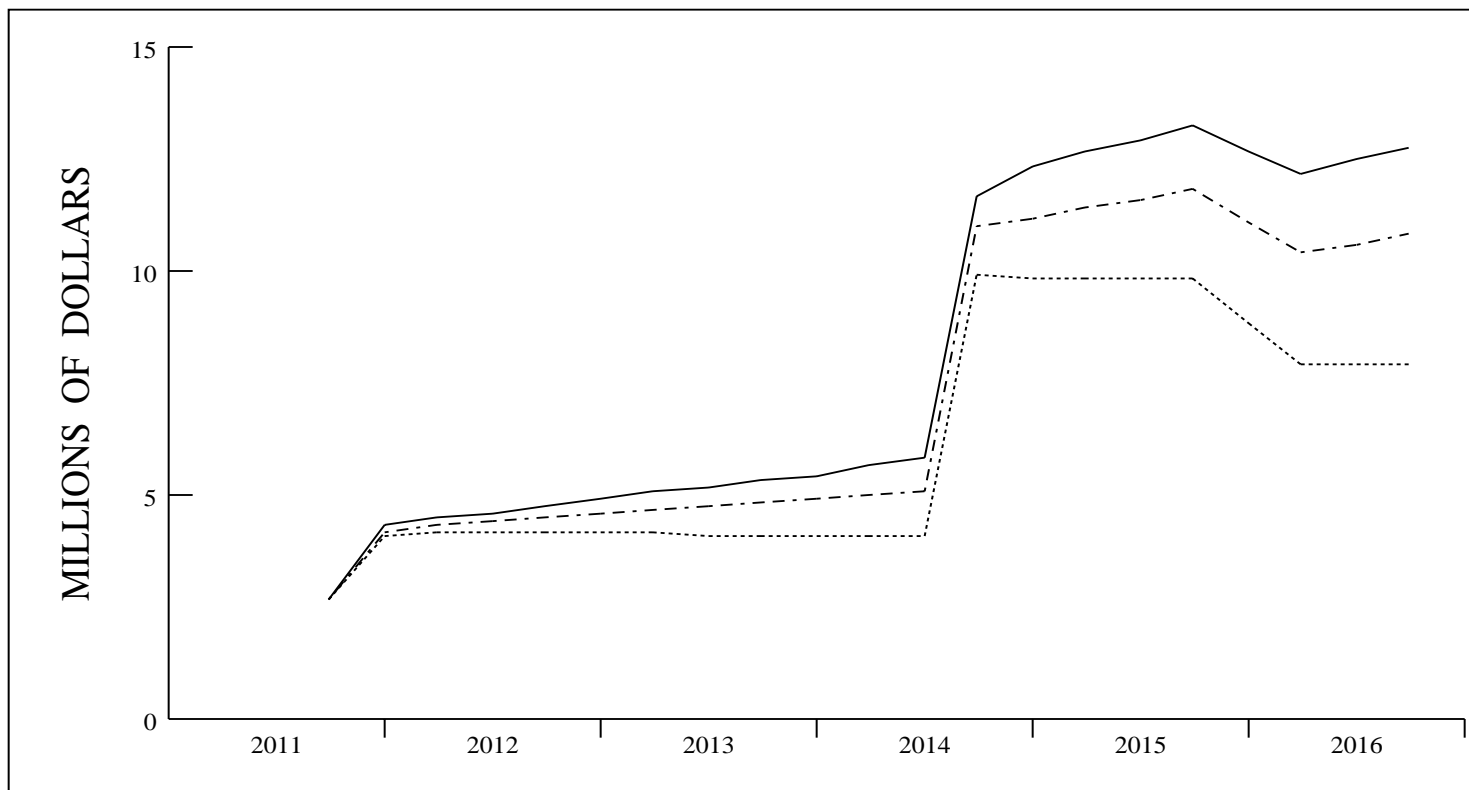
ASSET ALLOCATION

Real Estate	100.0%	\$ 12,822,836
Total Portfolio	100.0%	\$ 12,822,836

INVESTMENT RETURN

Market Value 6/2016	\$ 12,507,388
Contribs / Withdrawals	- 13,900
Income	155,338
Capital Gains / Losses	174,010
Market Value 9/2016	\$ 12,822,836

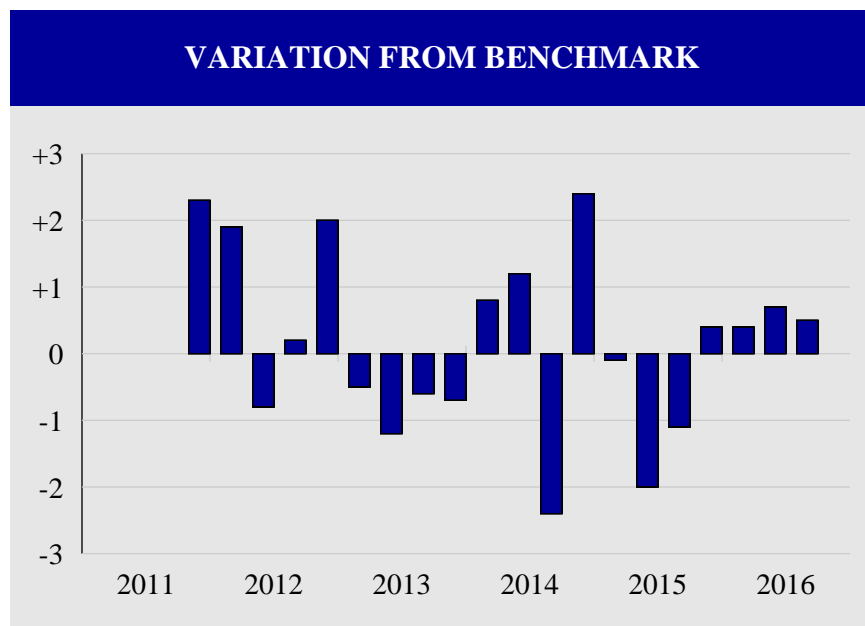
INVESTMENT GROWTH



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

VALUE ASSUMING
 8.25% RETURN \$ 10,853,717

	LAST QUARTER	PERIOD 9/11 - 9/16
BEGINNING VALUE	\$ 12,507,388	\$ 2,712,047
NET CONTRIBUTIONS	- 13,900	5,249,496
<u>INVESTMENT RETURN</u>	<u>329,348</u>	<u>4,861,293</u>
ENDING VALUE	\$ 12,822,836	\$ 12,822,836
INCOME	155,338	1,992,629
<u>CAPITAL GAINS (LOSSES)</u>	<u>174,010</u>	<u>2,868,664</u>
INVESTMENT RETURN	329,348	4,861,293

TOTAL PORTFOLIO QUARTERLY PERFORMANCE SUMMARY**COMPARATIVE BENCHMARK: NCREIF NFI-ODCE INDEX**

Total Quarters Observed	20
Quarters At or Above the Benchmark	11
Quarters Below the Benchmark	9
Batting Average	.550

RATES OF RETURN			
Date	Portfolio	Benchmark	Difference
12/11	5.3	3.0	2.3
3/12	4.7	2.8	1.9
6/12	1.7	2.5	-0.8
9/12	3.0	2.8	0.2
12/12	4.3	2.3	2.0
3/13	2.2	2.7	-0.5
6/13	2.7	3.9	-1.2
9/13	3.0	3.6	-0.6
12/13	2.5	3.2	-0.7
3/14	3.3	2.5	0.8
6/14	4.1	2.9	1.2
9/14	0.8	3.2	-2.4
12/14	5.7	3.3	2.4
3/15	3.3	3.4	-0.1
6/15	1.8	3.8	-2.0
9/15	2.6	3.7	-1.1
12/15	3.7	3.3	0.4
3/16	2.6	2.2	0.4
6/16	2.8	2.1	0.7
9/16	2.6	2.1	0.5

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

INVESTMENT RETURN

As of September 30th, 2016, the Franklin Regional Retirement System's Income Research & Management Core Bond Fund was valued at \$16,324,945, which represented an increase of \$2,804,717 over the June quarter's ending value of \$13,520,228. Over the last three months, the fund posted net contributions totaling \$2,706,508 in addition to net investment gains of \$98,209. In the absence of income receipts during the quarter, the portfolio's net investment return figure was the product of \$98,209 in realized and unrealized capital gains.

Since September 2011, the fund has recorded net contributions totaling \$2.8 million, and has recorded net investment gains totaling \$2.5 million. Since September 2011, if the portfolio returned a compound annual rate of 6.0% it would have been worth \$17.6 million or \$1.2 million more than the actual value as of September 30th, 2016.

RELATIVE PERFORMANCE

For the third quarter, the Income Research & Management Core Bond Fund gained 0.7%, which was 0.2% greater than the Bloomberg Barclays Aggregate Index's return of 0.5% and ranked in the 50th percentile of the Core Fixed Income universe. Over the trailing twelve-month period, this portfolio returned 5.8%, which was 0.6% greater than the benchmark's 5.2% return, ranking in the 39th percentile. Since September 2011, the portfolio returned 4.2% per annum and ranked in the 17th percentile. The Bloomberg Barclays Aggregate Index returned an annualized 3.1% 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, nearly 35% of the total bond portfolio was comprised of USG quality securities. Corporate securities, rated AAA through BBB made up the remainder, giving the portfolio an overall average quality rating of AAA-AA. The average maturity of the portfolio was 7.75 years, less than the Bloomberg Barclays Aggregate Index's 7.82-year maturity. The average coupon was 3.76%.

EXECUTIVE SUMMARY**PERFORMANCE SUMMARY**

	Quarter	YTD	1 Year	3 Year	5 Years
Total Portfolio - Gross	0.7	6.3	5.8	4.8	4.2
<i>CORE FIXED INCOME RANK</i>	(50)	(38)	(39)	(18)	(17)
Total Portfolio - Net	0.5	6.0	5.4	4.4	3.8
AGGREGATE INDEX	0.5	5.8	5.2	4.0	3.1
Fixed Income - Gross	0.7	6.3	5.8	4.8	4.2
<i>CORE FIXED INCOME RANK</i>	(50)	(38)	(39)	(18)	(17)
AGGREGATE INDEX	0.5	5.8	5.2	4.0	3.1
GOV/CREDIT	0.4	6.7	5.9	4.2	3.2

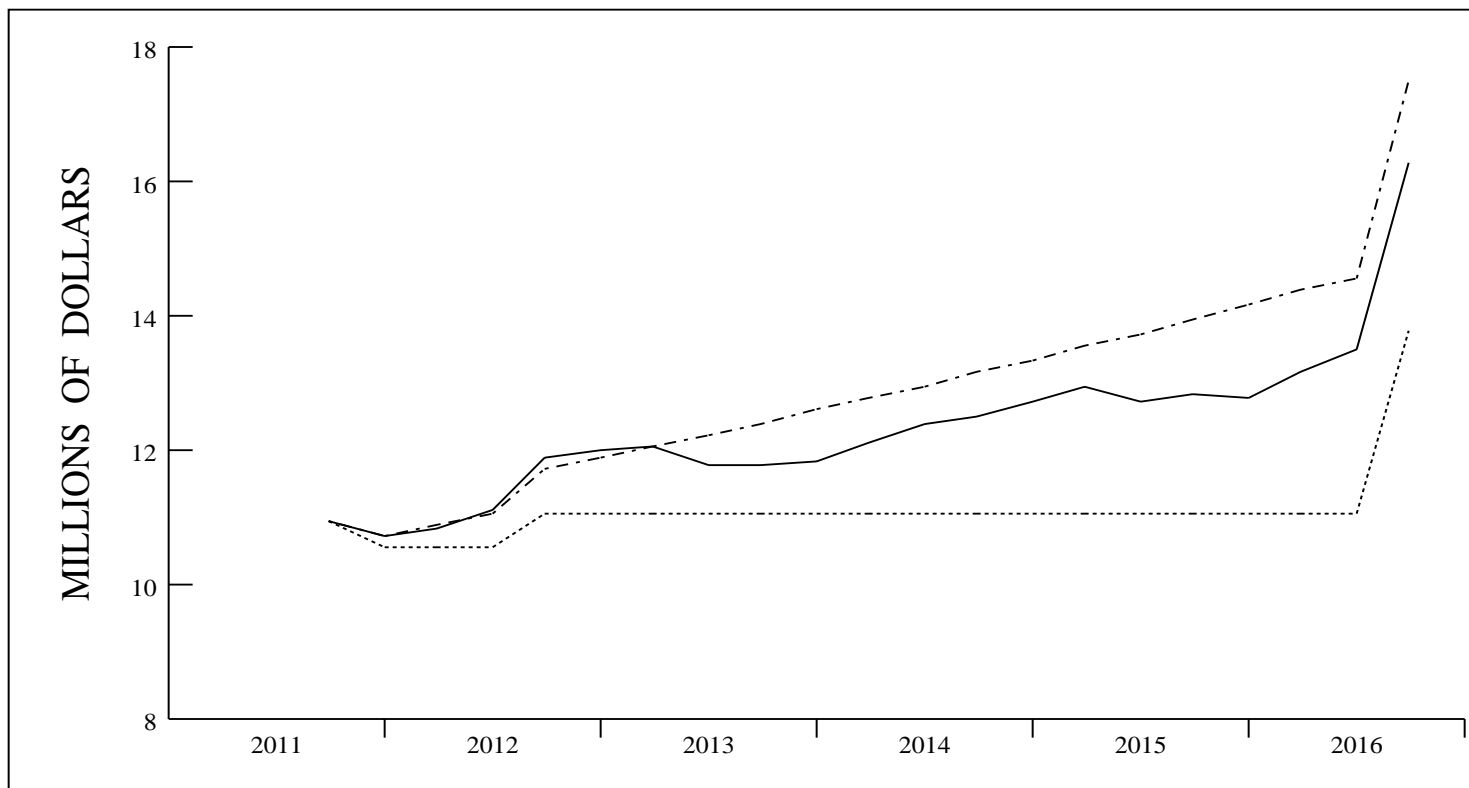
ASSET ALLOCATION

Fixed Income	100.0%	\$ 16,324,945
Total Portfolio	100.0%	\$ 16,324,945

INVESTMENT RETURN

Market Value 6/2016	\$ 13,520,228
Contribs / Withdrawals	2,706,508
Income	0
Capital Gains / Losses	98,209
Market Value 9/2016	\$ 16,324,945

INVESTMENT GROWTH

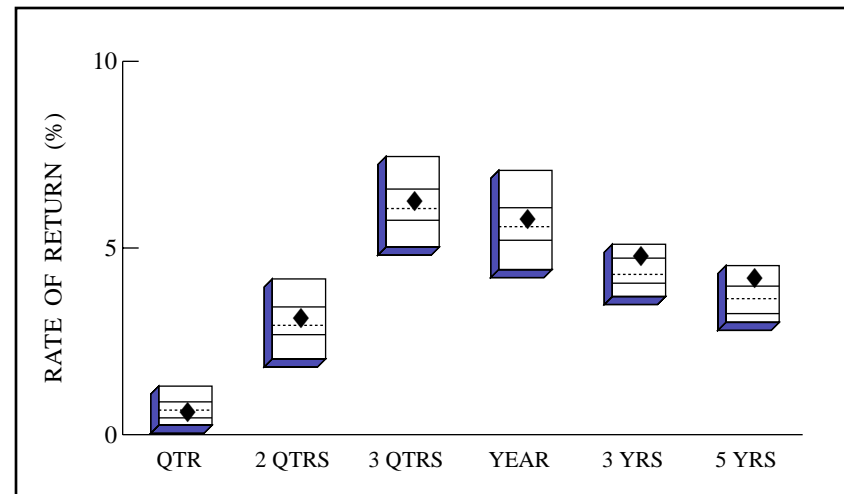
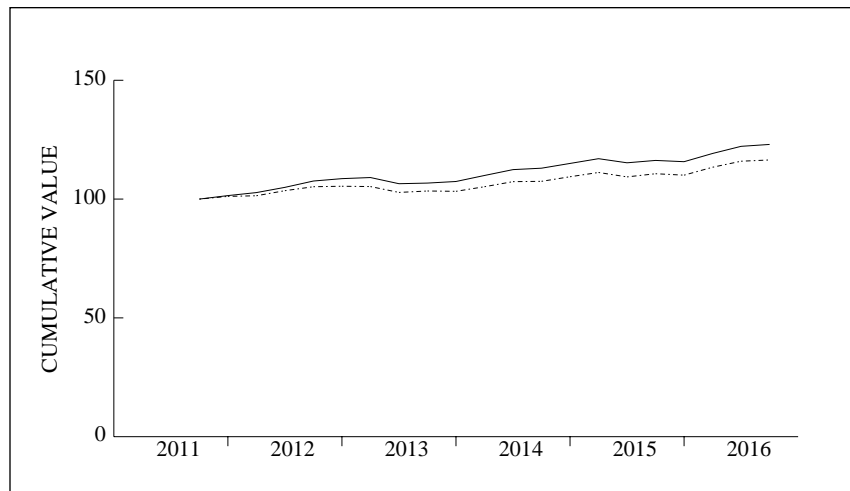


— ACTUAL RETURN
 - - - 6.0%
 . . . 0.0%

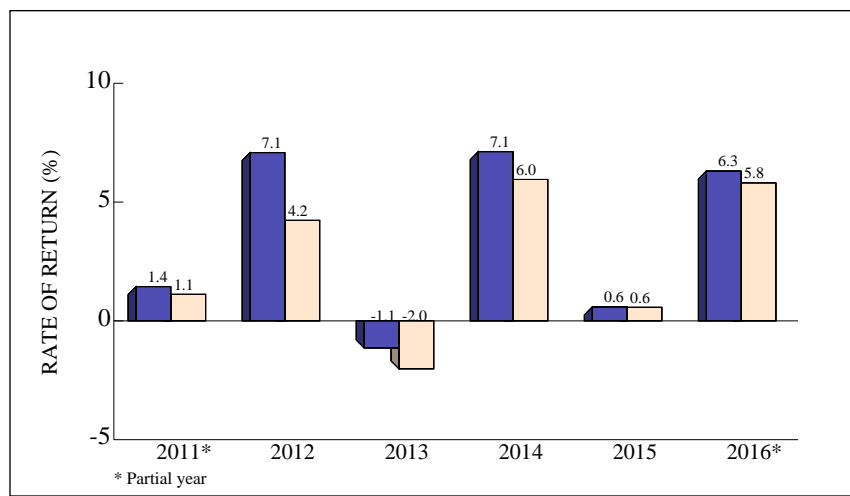
VALUE ASSUMING
 6.0% RETURN \$ 17,554,998

	LAST QUARTER	PERIOD 9/11 - 9/16
BEGINNING VALUE	\$ 13,520,228	\$ 10,971,059
NET CONTRIBUTIONS	2,706,508	2,828,508
INVESTMENT RETURN	98,209	2,525,378
ENDING VALUE	\$ 16,324,945	\$ 16,324,945
INCOME	0	0
CAPITAL GAINS (LOSSES)	98,209	2,525,378
INVESTMENT RETURN	98,209	2,525,378

TOTAL RETURN COMPARISONS



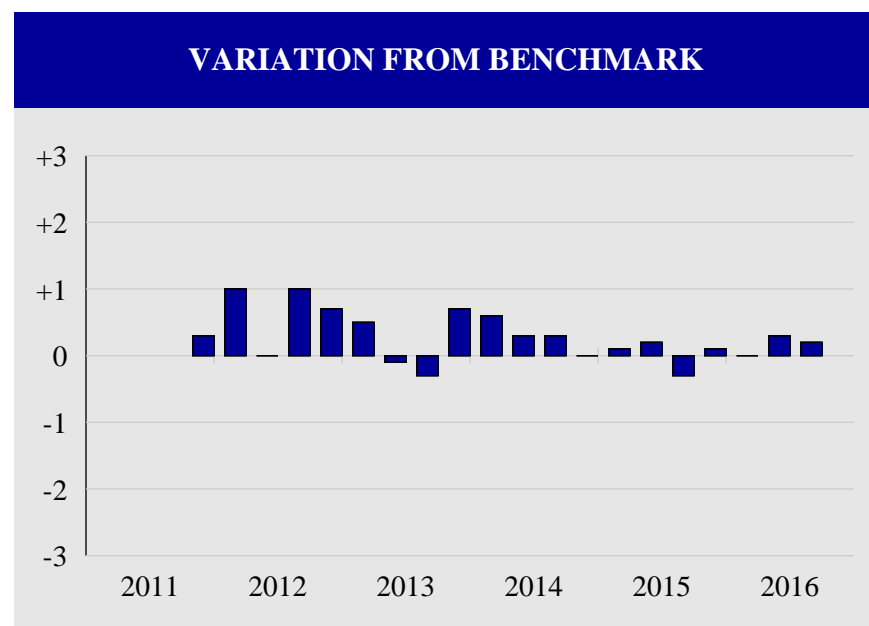
Core Fixed Income Universe



* Partial year

	QTR	2 QTRS	3 QTRS	YEAR	-----ANNUALIZED-----	
					3 YRS	5 YRS
RETURN	0.7	3.2	6.3	5.8	4.8	4.2
(RANK)	(50)	(41)	(38)	(39)	(18)	(17)
5TH %ILE	1.3	4.2	7.5	7.1	5.1	4.5
25TH %ILE	0.9	3.4	6.6	6.1	4.7	4.0
MEDIAN	0.7	2.9	6.1	5.6	4.3	3.6
75TH %ILE	0.5	2.7	5.7	5.2	4.1	3.2
95TH %ILE	0.3	2.0	5.0	4.4	3.7	3.0
Agg Index	0.5	2.7	5.8	5.2	4.0	3.1

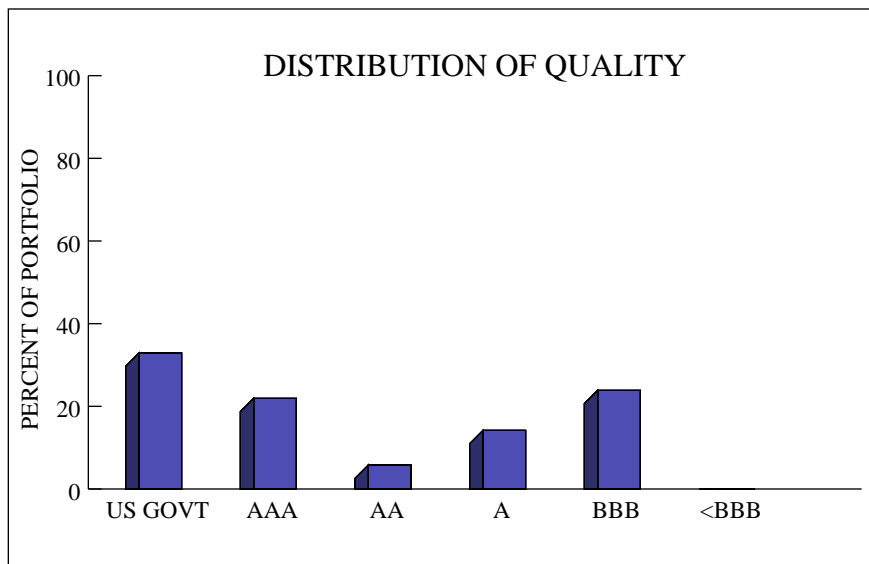
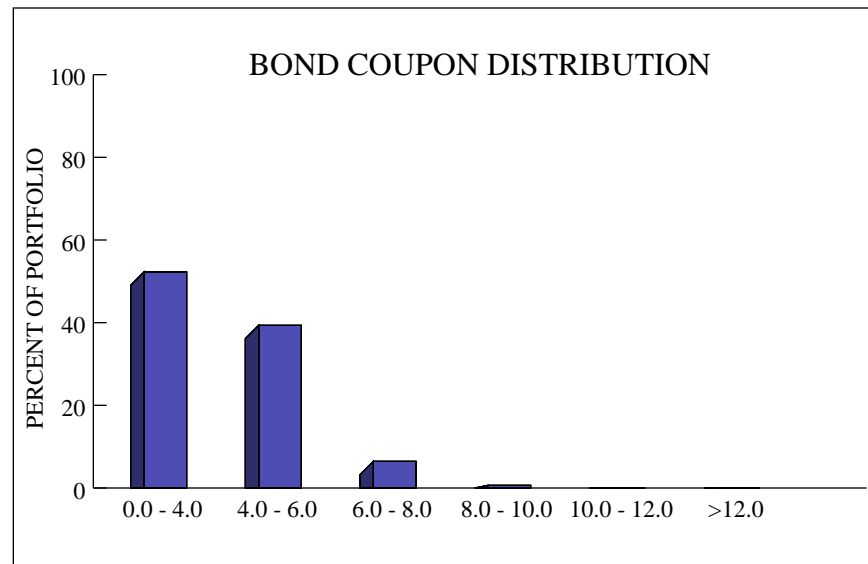
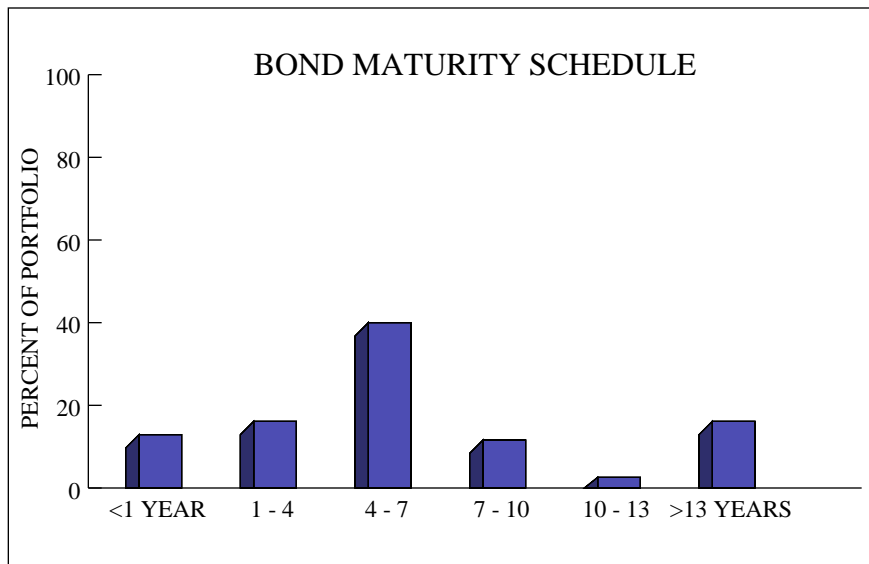
Core Fixed Income Universe

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

Total Quarters Observed	20
Quarters At or Above the Benchmark	17
Quarters Below the Benchmark	3
Batting Average	.850

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

BOND CHARACTERISTICS



	PORTFOLIO	AGGREGATE INDEX
No. of Securities	275	9,977
Duration	6.11	5.51
YTM	2.85	1.96
Average Coupon	3.76	3.09
Avg Maturity / WAL	7.75	7.82
Average Quality	AAA-AA	USG-AAA