



Franklin Regional Retirement System

Market Analysis

The Russell small cap indices got off to a good start in the first quarter, posting low-to-mid single-digit gains.

Growth stocks were in favor with the Russell 2000® Growth Index outperforming the Russell 2000® Value Index by approximately 4.7% during the quarter.

Our Small Cap Equity strategy lagged the Russell 2000® Index, while outperforming the Russell 2000® Value Index.

Our underperformance relative to the Russell 2000® Index was primarily a result of our stock selection within the Energy, Consumer Discretionary and Information Technology sectors.

We remain committed to our balanced approach to stock selection and portfolio construction, confident that it will be rewarded in the long term.

Comments above relating to portfolio results are based upon composite performance data, and may not be representative of individual client portfolio performance due to a number of factors, including but not limited to, account specific restrictions and timing of client cash flows.

Further, the views and the assumptions underlying Systematic's comments are subject to change. The comments and opinions contained herein may be based on or derived from third party sources and/or Systematic's internal analysis of financial data, public filings and/or our fundamental research efforts. We believe the third party sources from which information is derived to be accurate and dependable however, we are not responsible for errors by them on which we reasonably rely.

The companies held in the portfolio have been classified in accordance with S&P/MSCI GICS. The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property and service mark of MSCI Inc. ("MSCI") and Standard & Poor's Financial Services LLC ("S&P"), and is licensed for use by Systematic "as such".

Performance (Gross of Fees)

	1Q15	YTD	1 Year	3 Year	5 Year	Since Inception*
Total Portfolio	2.35%	2.35%	—	—	—	2.62%
Russell 2000®	4.32%	4.32%	8.21%	16.27%	14.56%	6.78%
Russell 2000® Value	1.98%	1.98%	4.43%	14.79%	12.53%	3.23%

*Inception date: 3/31/2014

Market Value

	Trade Date Market Value
Total Portfolio	\$6,067,632
Equity	\$5,959,921
Cash	\$107,711

Past performance does not guarantee future results and current performance may be lower or higher than the past performance data quoted. All performance and market value information is preliminary, pending reconciliation to custodial statements. Performance provided is gross of fees, which does not reflect the deduction of advisory fees and other expenses that may be incurred in the management of this account. Advisory fees are described in the Firm Brochure. Performance for periods over one year is annualized. Performance may differ slightly when compared to other performance reports released by Systematic due to different methods of rounding employed by performance reporting systems.

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