

**FRANKLIN REGIONAL RETIREMENT SYSTEM
INVESTMENT POLICY**

With revisions effective: July1, 2019

I. PURPOSE OF INVESTMENT GUIDELINE STATEMENT

The Franklin Regional Retirement System has been created under the laws of the State of Massachusetts and funded to provide retirement benefits for those employees who through their years of service have earned a right to a pension benefit. The purpose of this fund is to provide for the accumulation and distribution of money in an actuarially sound fashion over the years of the employees' service and subsequent retirement. This document is designed to set forth the policies and guidelines for those who administer and invest the funds in the portfolio.

The Retirement System Pension Board of Trustees maintains that an important determinant of future investment returns is the expression and periodic review of the Fund's investment objectives. To that end, the Trustees have adopted this statement of Investment Guidelines.

In fulfilling their fiduciary responsibility, the Trustees recognize that the retirement system is an essential vehicle for providing income and benefits to retired participants and/or their beneficiaries. The Board also recognizes that the obligations of the Fund are long-term and that the investment policy should be made with a view toward performance return over a number of years. The general investment objective, then, is to obtain a reasonable total rate of return, defined as interest and dividend income plus realized and unrealized gains or losses, commensurate with the Prudent Investor Rule and any other applicable statute or requirement.

A reasonably consistent and adequate return, protection of the assets against the inroads of inflation, and absolute safety of the assets are paramount. However, the volatility of interest rates and securities markets make it necessary to judge results within the context of several years rather than over short periods of one or two years. Performance will be measured quarterly

II. MASSACHUSETTS LAWS

Since the Franklin Regional Retirement System is a defined benefit plan as defined and set forth by Massachusetts laws, Chapter 32, certain investment procedures and restrictions set forth under these regulations must be followed. If at any time this document is found to be in conflict with Massachusetts laws, the statute shall prevail

Although this fund is not subject to the Employee Retirement Income Security Act (ERISA), the Board and all of its agents comply with the standards set forth in ERISA. Therefore, all of the individuals associated with the plan should act within the confines of that statute. Where not specifically indicated, the actions or decisions of the individuals are to be governed by the prudent investor rule.

Additionally:

EVERY FIDUCIARY SHALL:

- Discharge his or her duties for the exclusive purpose of providing benefits to the Franklin Regional Retirement System members and their beneficiaries and defraying reasonable expenses of administering the Plan;
- Act with care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims;
- Diversify investments of the Franklin Regional Retirement System so as to minimize the risk of large losses unless under the circumstances it is clearly not prudent to do so, and;
- Operate in accordance with the Franklin Regional Retirement System procedures, documents and instruments.

NO FIDUCIARY SHALL:

- Deal with the Franklin Regional Retirement System assets for his or her own account or his or her own interest, or;
- Act in any matter affecting the retirement system on behalf of any person or organization whose interests are adverse to the interests of the Franklin Regional Retirement System, its members or beneficiaries.

III. INVESTMENT PERFORMANCE OBJECTIVES

Based upon the Fund's latest actuarial report, the Trustees have established long-term goals for the overall investment portfolio consistent with the liabilities of the Fund. At a minimum, the Fund in aggregate needs to earn a compound annualized rate of return over time of 8.0%.

A. Total Fund Performance

The performance of the total fund will be measured each quarter for rolling three and five year periods. These periods are considered sufficient to accommodate the different market cycles commonly experienced with investments. In addition to achieving the required actuarial rate of return, the total return of this portfolio is expected to exceed the return of the calculated model index as provided by the consultant. The model index is defined as a composite of passive indices whose composition is determined each quarter based on the plan's actual allocation mix.

B. Domestic Equity Performance

The equity portion of the portfolio is expected to perform at a rate at greater than a custom index composed of 31.25% Russell 2000, 37.5% S&P 500 and 31.25% S&P 400 indices.

C. Fixed Income Performance

The fixed income portion of the portfolio is expected to perform at a rate greater than the Lehman Aggregate Index and/or in the top 40% of an appropriate broad market fixed income universe.

While the Trustees acknowledge that market conditions can produce periods where such returns are difficult to achieve, the advisor is expected to contribute to meeting the long term objectives of the plan as well as others set forth in this document.

IV. BROKERAGE

Investment managers shall use their best efforts to ensure that portfolio transactions are placed on a "best execution" basis. Brokerage transactions should not be directed to any firm if in doing so, taking all factors into consideration, the Fund will incur a disadvantage with respect to the market price of the security. Further, irrespective of any obligations to pay for services engaged by either the investment managers or the Trustees, only transactions that would normally be made for the Fund in the absence of such obligations should be executed.

V. PROXY VOTING

Responsibility for the exercise of ownership through proxy solicitation shall rest solely with the investment managers. Guidelines for voting proxies will be listed in individual manager guidelines.

VI. ASSET ALLOCATION

The Board of Trustees has currently adopted the following asset allocation at market value:

	<u>% allocated</u>	<u>Corresponding Index</u>
Diversified Investment	45.0%	Customized
Separately Managed Domestic Stocks	32.0%	Customized
International Stocks	5.0%	MSCI ACWI-ex US
Separately Managed Domestic Bonds	8.0%	Barclay's Aggregate Bond Index
Real Estate	10.0%	NCREIF Real Estate Index

Although cash is not included in the asset allocation of the Fund, the Trustees realize the need to provide liquidity to pay obligations as the come due. Surplus cash flows, additional contributions, and investment manager cash will be utilized to pay obligations of the Fund and periodic re-balancing of the assets. The Fund's investment manager(s) shall be kept informed of the liquidity requirements of the Fund, and to the extent possible, avoid untimely sales of assets which could be detrimental to the performance of the Plan

VII. MANAGEMENT STRUCTURE

To diversify plan assets so as to minimize the risk associated with dependence on the success on one enterprise, the Board of Trustees has decided to employ a multi-manager team approach to investing plan assets.

Investment managers will be employed to utilize individual expertise within their assigned area of responsibility. Each manager will be governed by individual investment guidelines. Separate manager guidelines for each investment manager shall serve as addenda to this Policy. Commingled funds will be governed by the guidelines adopted by said fund and reviewed during the contract negotiation process.

The asset management structure at market value is currently as follows:

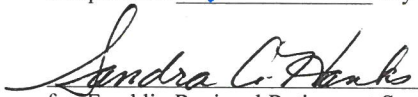
	<u>Target</u>	<u>MINimum</u>	<u>MAXimum</u>
<u>Diversified Investments:</u>	<u>45.0%</u>	<u>35.0%</u>	<u>55.0%</u>
PRIT Fund *	45.0	35.0	55.0
<u>Domestic Stocks:</u>	<u>32.0%</u>	<u>27.0%</u>	<u>37.0%</u>
<i>Large Cap Stocks:</i>			
O'Shaughnessy A.M. (Active LC Value)	6.0	0.0	10.0
Polen Capital Mgmt (Active LC Growth)	6.0	0.0	10.0
<i>Mid Cap Stocks:</i>			
Chartwell Inv't Partners (Active Mid Cap Value)	5.0	0.0	7.5
Fiera Capital (Active Mid Cap Growth)	5.0	0.0	7.5
<i>Small Cap Stocks:</i>			
Aberdeen A.M. (Active Small Cap) *	5.0	0.0	7.5
Systematic A.M. (Active Small Cap)	5.0	0.0	7.5
<u>International Stocks:</u>	<u>5.0%</u>	<u>2.5%</u>	<u>7.5%</u>
PRIT International Sleeve *	3.0	0.0	5.0
PRIT Emerging Markets Sleeve *	2.0	0.0	4.0
<u>Domestic Bonds:</u>	<u>8.0%</u>	<u>5.0%</u>	<u>12.0%</u>
Loomis Sayles *	4.0	0.0	7.0
PRIT Value Added F/I Sleeve *	4.0	0.0	6.0
<u>Real Estate:</u>	<u>10.0%</u>	<u>0.0%</u>	<u>12.5%</u>
PRIT R/E Sleeve *	10.0	0.0	12.5

* Denotes Commingled Fund

VIII. IMPLEMENTATION

All monies invested for the Plan by the investment managers after the adoption of these Investment Guidelines shall conform to this statement.

Adopted this 26th day of May, 2019



 for: Franklin Regional Retirement System