

Franklin Regional Retirement Board

O'Shaughnessy Market Leaders Value



QUARTERLY REPORT ENDING
SEPTEMBER 30, 2020

Our Core Investment Tenets

1. Maximizing total, risk adjusted, and consistency of returns are our touchstones
2. A stock's fundamental characteristics (or factors) are its drivers of return over time
 - Avoid those with poor factor profiles
 - Concentrate into those with the most attractive factor profiles
3. Portfolio construction is key to amplifying good stock selection
 - Weightings should be designed to deliver a strong edge in the most effective factors
 - The sell discipline should be rigorously followed to consistently safeguard this edge
 - Risk management helps avoid negative events while still maintaining a factor edge
4. None of this works without unyielding discipline
5. Smart Beta is an expensive wrapper for index-like results
 - Differentiated, high conviction, high active share portfolios make more sense
 - Factors are better used to generate alpha, not tilted beta

Franklin Regional Retirement Board – Annualized Returns

(As of 09/30/20)

Relationship Summary

Market Value (09/30/20)	\$9,086,378.62
Strategy:	O'Shaughnessy Market Leaders Value
Inception Date:	March 2, 2012
Custodian:	Comerica

Performance Review

(As of 09/30/20)

	Current Month	Quarter to Date	Year to Date	1-Year	3-Year	5-Year	7-Year	Since Inception (Annualized)	*Inception Date
Franklin Regional Retirement Board	(Gross)	-2.71	4.40	-14.82	-8.13	1.82	7.58	7.05	9.80
	(Net)	-2.75	4.25	-15.17	-8.64	1.27	7.00	6.47	9.21
Russell 1000 Value	-2.46	5.59	-11.58	-5.03	2.63	7.66	7.35	9.27	

Returns are in USD. Periods longer than 1 year are annualized.

Past performance is no guarantee of future results. Please see important information titled “General Legal Disclosures & Hypothetical and/or Backtested Results Disclaimer” at the end of this presentation.

Franklin Regional Retirement Board – Calendar Returns

(As of 09/30/20)

Relationship Summary

Market Value (09/30/20)	\$9,086,378.62
Strategy:	O'Shaughnessy Market Leaders Value
Inception Date:	March 2, 2012
Custodian:	Comerica

Performance Review

(As of 09/30/20)

		2019	2018	2017	2016	2015	2014	2013	2012*
Franklin Regional Retirement Board	(Gross)	27.61	-10.75	24.30	16.33	-7.57	10.78	48.17	4.91
	(Net)	26.93	-11.25	23.63	15.70	-8.08	10.18	47.38	4.43
Russell 1000 Value		26.54	-8.27	13.66	17.34	-3.83	13.45	32.53	8.16

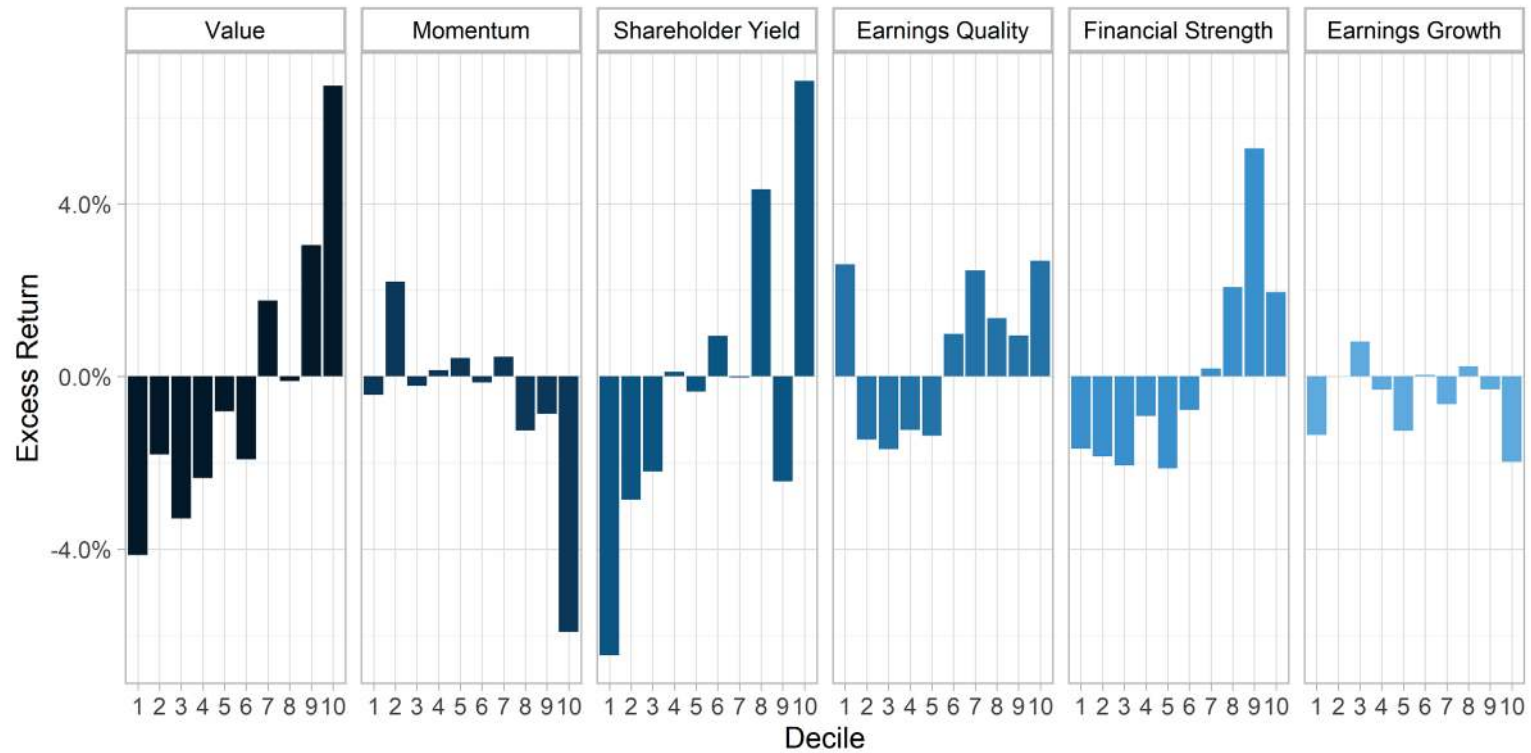
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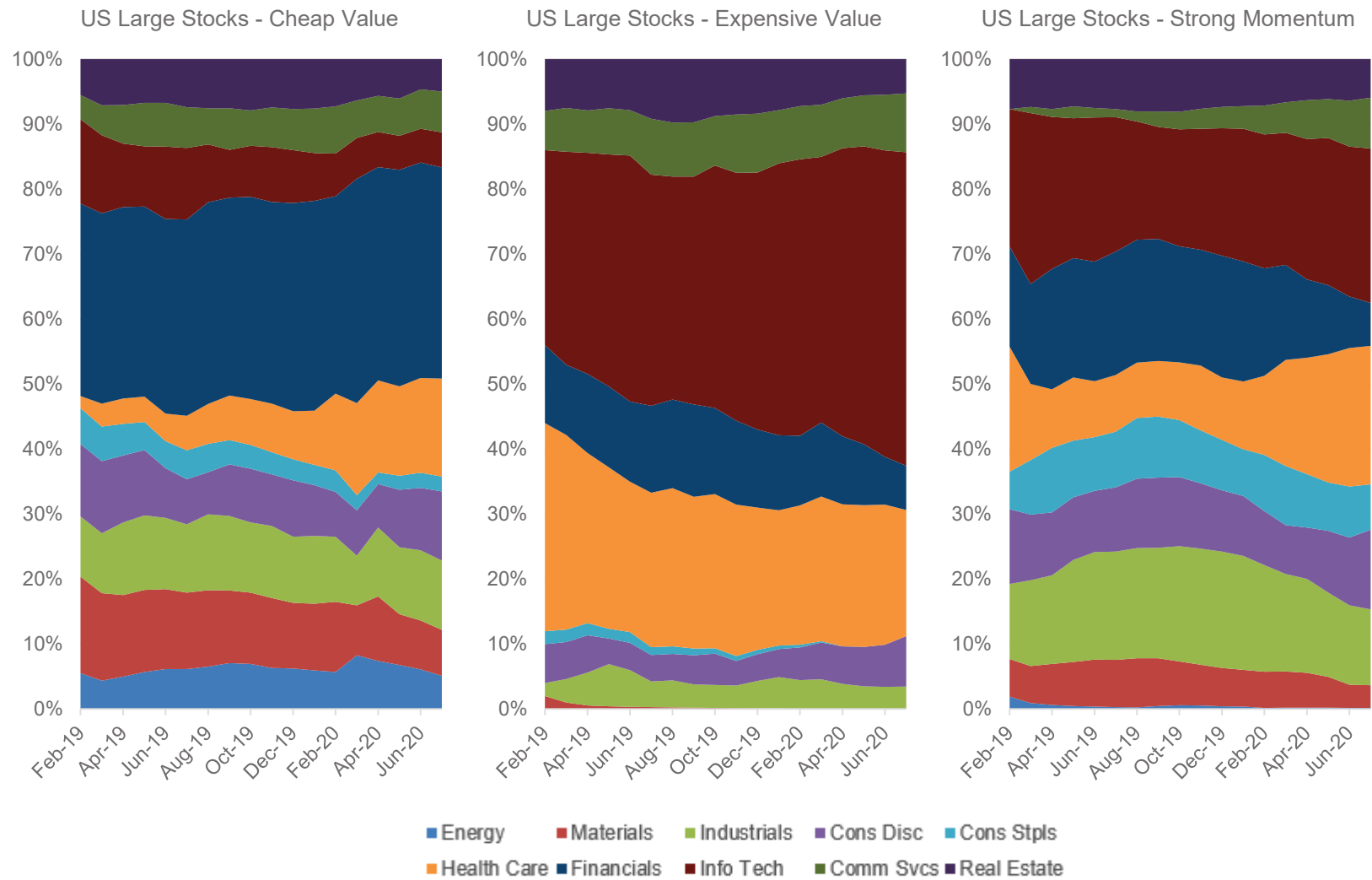
Factor Performance

Factor Excess Return - U.S. Large Stocks

7/1/2020 to 9/30/2020



Composition of Value Deciles



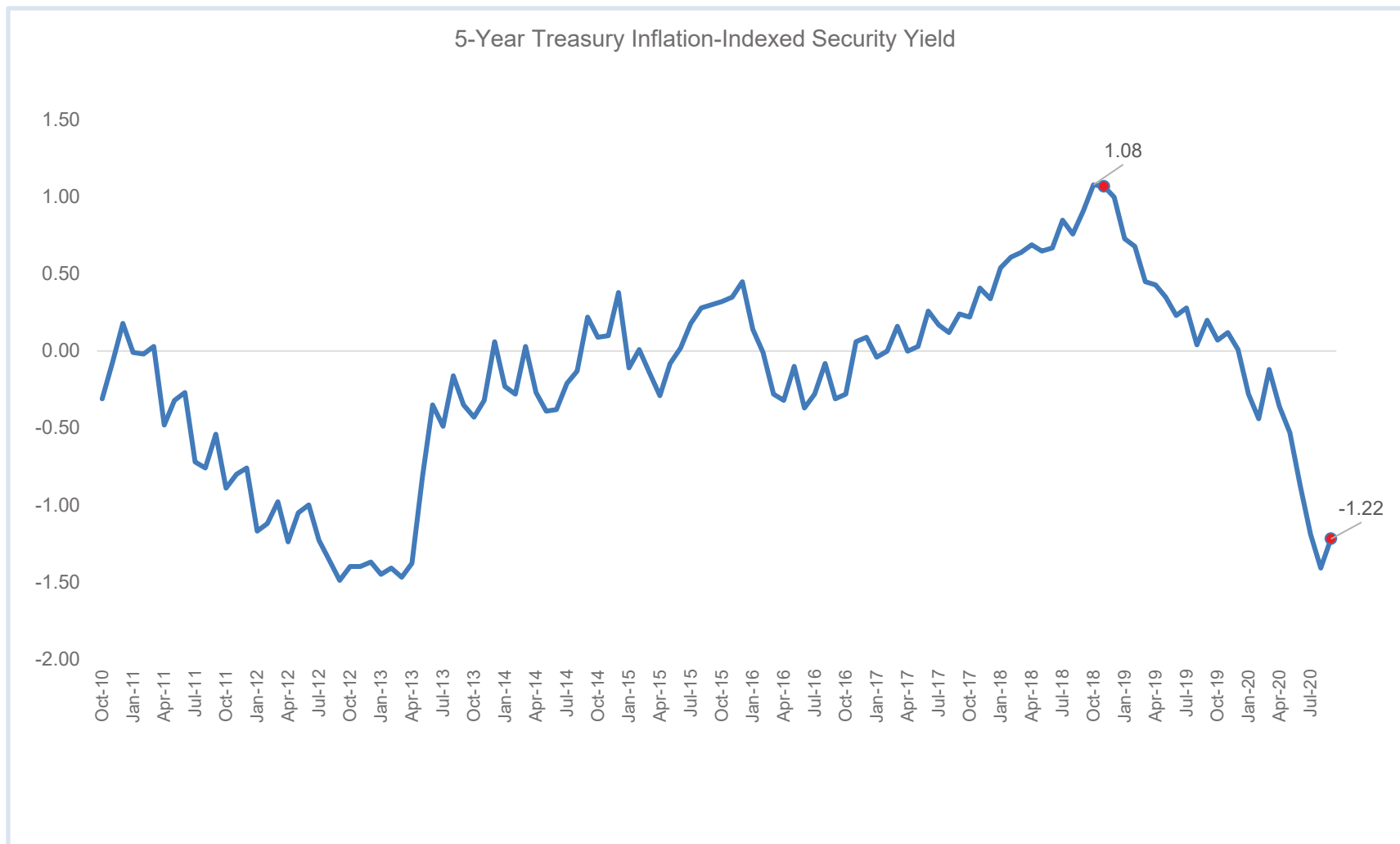
Factor Effectiveness During Drawdown and Recovery

- Historically, value stocks return capital to shareholders (dividends and buybacks) at higher rates, making up for worse fundamental performance.
- In the last two years, the Return of Capital margin has narrowed while Growth has also outperformed on fundamental growth.
- For that, they have been rewarded with stronger multiple expansion.

1965-2019				
	Total Return	Return of Capital	Fundamental Growth	Multiple Expansion
Russell 1000 Value	10.50%	3.55%	5.87%	1.08%
Russell 1000 Growth	9.46%	2.21%	6.23%	1.03%
Difference	+1.04%	+1.34%	-0.36%	+0.05%
2018-2019				
Russell 1000 Value	6.21%	5.00%	3.05%	-1.86%
Russell 1000 Growth	14.30%	4.44%	4.45%	5.17%
Difference	-8.09%	+0.56%	-1.40%	-7.03%

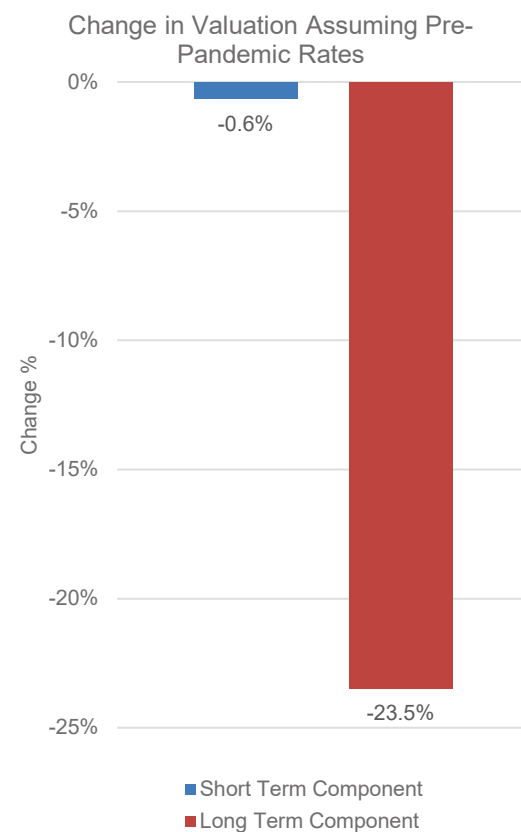
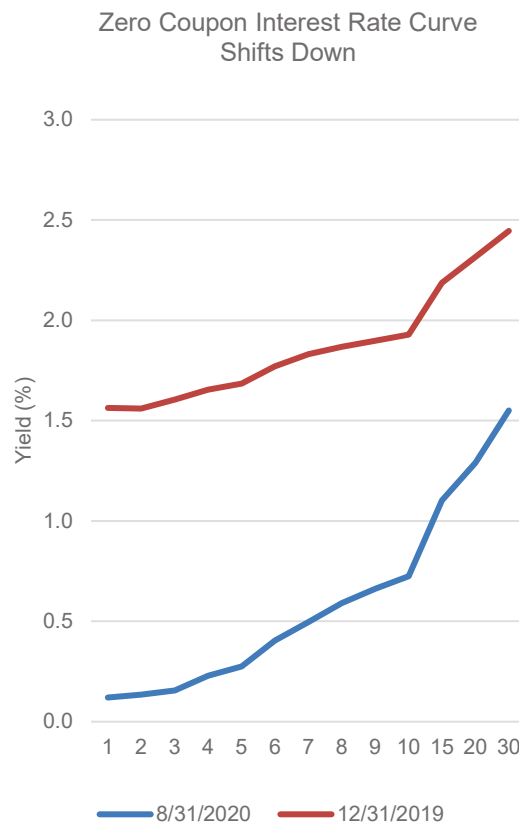
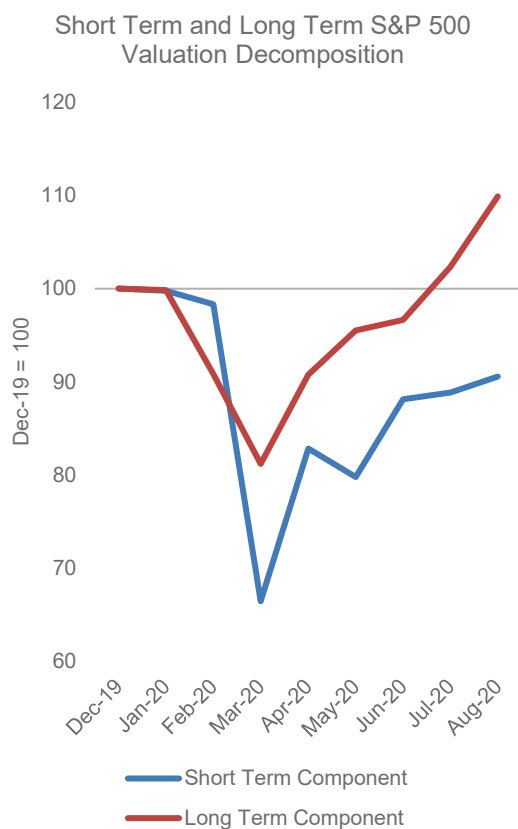
Discount Rates are Plummeting

- Falling interest rates disproportionately hurt Value stocks and benefit Growth stocks.



Impact on Discounted Cash Flow

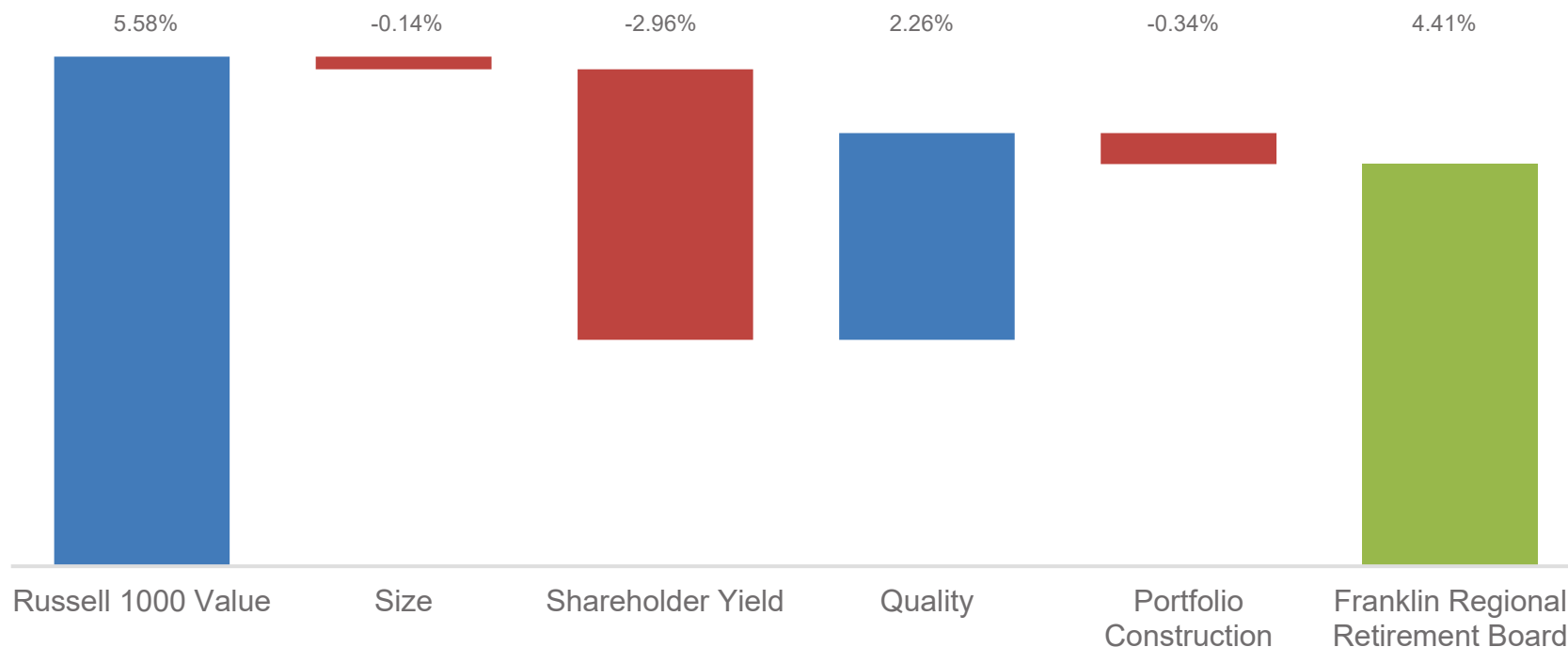
- Growth stock valuations are disproportionately boosted by falling rates in the pandemic.



O'Shaughnessy Investment Process Attribution (QTD)

This analysis attributes the impacts of selection and portfolio construction decisions in a manner that is consistent with our investment process:

Franklin Regional Retirement Board (07/01/2020 to 09/30/2020)



Russell 1000 Value:	The benchmark delivered a 5.58% return for the period.
Size:	Our underweight to larger names in the benchmark names detracted -0.14%.
Shareholder Yield:	After controlling for size, the selection factor detracted -2.96% from relative returns.
Quality:	Eliminating poor quality names added 2.26%.
Portfolio Construction:	Our overweights to names qualifying the most frequently, recently, and with the highest overall factor profile detracted -0.34% from performance.

Franklin Regional Retirement Board: Brinson Attribution QTD

(As of 09/30/20)

Sectors	Portfolio			Russell 1000 Value			Performance Attribution		
	Average Weight	Total Return	Contribution to Return	Average Weight	Total Return	Contribution to Return	Allocation Effect	Selection + Interaction	Total Effect
Communication Services	3.84	2.87	0.04	9.52	8.45	0.79	-0.17	-0.22	-0.39
Consumer Discretionary	6.74	7.73	0.59	7.26	15.28	1.02	-0.05	-0.44	-0.48
Consumer Staples	2.15	-14.29	-0.34	8.28	9.07	0.73	-0.19	-0.55	-0.74
Energy	0.15	-21.17	-0.04	4.72	-19.54	-0.98	1.19	0.00	1.19
Financials	26.96	1.21	0.39	18.42	3.76	0.71	-0.15	-0.66	-0.81
Health Care	19.74	2.36	0.56	14.20	7.09	1.02	0.08	-0.91	-0.83
Industrials	13.08	13.31	1.59	12.67	11.45	1.36	0.01	0.21	0.21
Information Technology	15.12	6.68	0.99	9.68	-0.52	-0.03	-0.28	1.03	0.75
Materials	6.77	19.74	1.12	4.67	11.96	0.52	0.08	0.47	0.56
Real Estate	5.45	-8.90	-0.49	4.64	1.73	0.08	-0.03	-0.59	-0.62
Utilities	0.00	0.00	0.00	5.93	5.79	0.36	-0.02	0.00	-0.02
Total	100.00	4.41	4.41	100.00	5.58	5.58	0.47	-1.65	-1.18

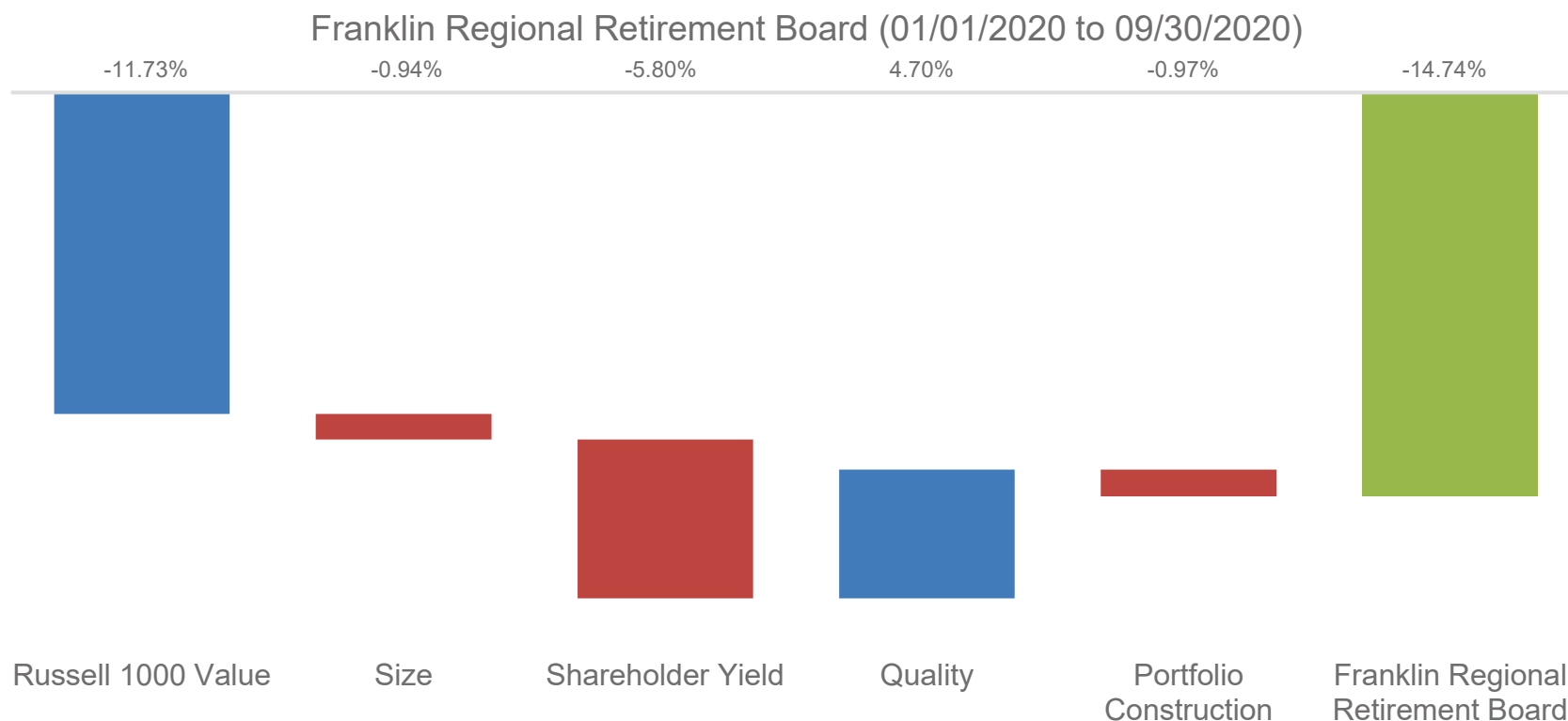
Source: Analytics are performed through OSAM Workbench, a proprietary tool. Security level data is from S&P Xpressfeed, a third-party subscription-based information service provider.

Numbers may not add up due to rounding.

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O'Shaughnessy Investment Process Attribution (YTD)

This analysis attributes the impacts of selection and portfolio construction decisions in a manner that is consistent with our investment process:



Russell 1000 Value: The benchmark delivered a -11.73% return for the period.

Size: Our underweight to larger names in the benchmark names detracted -0.94%.

Shareholder Yield: After controlling for size, the selection factor detracted -5.80% from relative returns.

Quality: Eliminating poor quality names added 4.70%.

Portfolio Construction: Our overweights to names qualifying the most frequently, recently, and with the highest overall factor profile detracted -0.97% from performance.

Franklin Regional Retirement Board: Brinson Attribution YTD

(As of 09/30/20)

Sectors

	Portfolio			Russell 1000 Value			Performance Attribution		
	Average Weight	Total Return	Contribution to Return	Average Weight	Total Return	Contribution to Return	Allocation Effect	Selection + Interaction	Total Effect
Communication Services	2.33	-8.79	-0.04	8.81	-5.80	-0.38	-0.35	-0.18	-0.52
Consumer Discretionary	7.99	16.17	1.64	6.21	-3.41	0.09	0.21	1.50	1.71
Consumer Staples	2.60	-30.53	-1.06	9.29	2.92	0.10	-0.69	-1.04	-1.73
Energy	1.10	-57.52	-2.04	5.96	-48.12	-3.64	1.54	-0.25	1.29
Financials	28.10	-30.20	-9.60	20.77	-24.27	-6.65	-1.01	-1.27	-2.28
Health Care	20.00	3.85	1.32	14.45	3.97	0.94	0.81	-0.14	0.67
Industrials	13.46	-14.92	-3.98	10.61	-7.77	-0.42	-0.30	-1.49	-1.79
Information Technology	14.05	3.74	1.67	7.73	-4.52	0.19	1.08	0.72	1.80
Materials	5.34	-17.00	0.09	4.42	1.39	0.39	0.12	-0.57	-0.45
Real Estate	5.03	-41.44	-2.75	4.95	-18.67	-1.45	0.04	-1.65	-1.61
Utilities	0.00	0.00	0.00	6.80	-6.61	-0.90	-0.11	0.00	-0.11
Total	100.00	-14.74	-14.74	100.00	-11.73	-11.73	1.35	-4.36	-3.01

Source: Analytics are performed through OSAM Workbench, a proprietary tool. Security level data is from S&P Xpressfeed, a third-party subscription-based information service provider.

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Franklin Regional Retirement Board: Characteristics

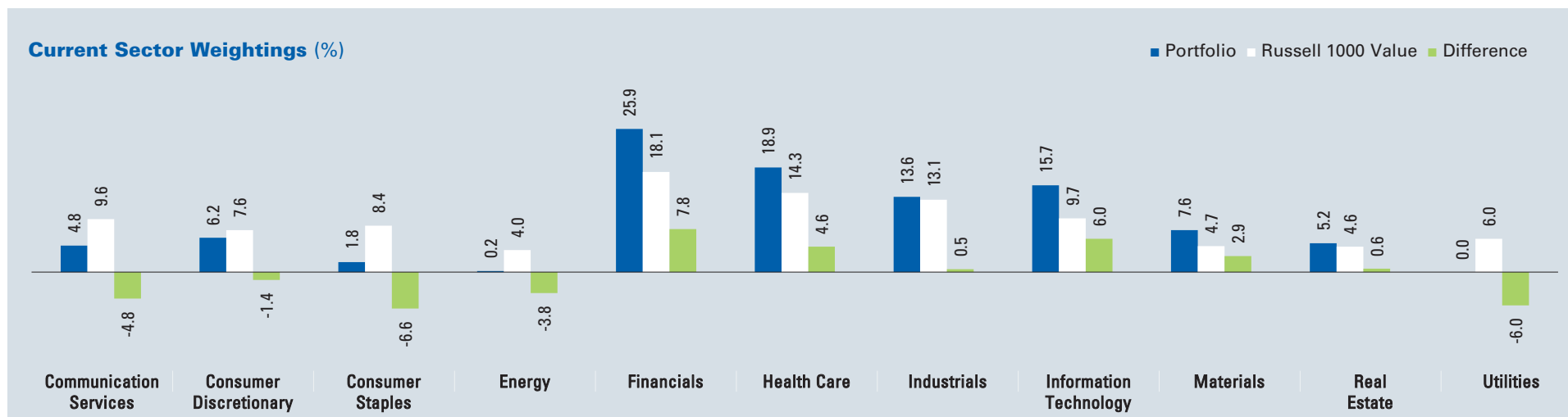
(USD, as of 09/30/20)	Portfolio	Russell 1000 Value
Market Cap (Weighted Average)	67,463	122,514
Market Cap (Median)	23,844	9,547
Approximate Number of Holdings	62	850
Approximate Turnover (% LTM)	63.7	—
Tracking Error (%)	5.4	—
Active Share (%)	88.0	—
Cash (%)	0.6	—

Top 10 Holdings	Percent of Portfolio	Shareholder Yield (%)	Percent of Russell 1000 Value
AMERIPRISE FINANCIAL INC	4.4	10.7	0.1
CELANESE CORP	4.3	6.6	0.1
LILLY (ELI) & CO	3.9	3.0	0.0
WATERS CORP	3.8	8.4	0.1
QUALCOMM INC	3.6	9.5	0.0
METLIFE INC	3.5	7.8	0.2
WESTERN UNION CO	3.5	7.6	0.0
JOHNSON CONTROLS INTL PLC	3.4	9.0	0.2
MCKESSON CORP	3.3	13.4	0.0
EBAY INC	3.0	17.5	0.0
Total	36.7	9.4*	0.8

* Average of top 10 holdings

			Portfolio	Russell 1000 Value	Relative Advantage
YIELD		Dividend Yield (%)	3.0	2.5	20% Difference
		Buyback Yield (%)	6.0	-0.2	3100% Difference
		Shareholder Yield (%)	9.2	2.3	300% Difference
VALUE		Price/Earnings Ratio	15.6	20.3	23% Cheaper
		Price/Sales Ratio	1.4	1.7	18% Cheaper
		EBITDA/Enterprise Value	9.3	8.0	16% Higher
		Free Cash Flow/Enterprise Value	3.3	1.9	74% Higher
QUALITY	EARNINGS GROWTH	1-Year Historical EPS Growth (%)	-9.1	-15.5	41% Higher
		Return on Invested Capital (%)	29.1	22.7	28% Higher
	EARNINGS QUALITY	Total Accruals/Total Assets (%)	-4.3	-5.3	19% Higher
		Depreciation/CapEx (%)	1.4	1.7	18% Lower
	FINANCIAL STRENGTH	External Financing (%)	-6.6	-0.6	1000% Lower
		Cash Flow-to-Debt Ratio	0.3	0.3	—

Franklin Regional Retirement Board: Portfolio Positioning



Sector Allocations (%)

	Active Weight		3-Month Change in Active Sector Weight	
	09/30/20	06/30/20		
Materials	2.9	1.0		1.9
Information Technology	6.0	4.1		1.9
Communication Services	-4.8	-6.5		1.7
Energy	-3.8	-5.3		1.5
Utilities	-6.0	-5.9	-0.1	
Real Estate	0.6	0.9	-0.3	
Industrials	0.5	1.0	-0.5	
Consumer Staples	-6.6	-5.7	-0.9	
Health Care	4.6	5.9	-1.3	
Consumer Discretionary	-1.4	0.2	-1.6	
Financials	7.8	10.3	-2.5	

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O'Shaughnessy Asset Management (OSAM) At A Glance

- Managing factor-based long-only equity portfolios since 1996
- Long-term leadership and investment in our strategies
 - Firm's senior leadership averages 16+ years with team
 - Every senior manager has worked at OSAM longer than anywhere else
 - 37% of employees are owners in the firm
 - All senior leaders and portfolio managers invest in our strategies
- \$4.6 billion in assets (9/30/20)*
- Independent, 90% employee-owned
- Partnership with institutional and advisory clients across multiple vehicles—SMA, mutual fund, LP, and model delivery

* The AUM and AUA combined total represents \$4.1 billion of O'Shaughnessy Asset Management assets under management as of 9/30/20 and \$0.5 billion of assets under advisement as of 8/31/20 (Numbers may not add up due to rounding). The information regarding AUA is supplemental, OSAM does not have control over the assets under advisement, implementation of the models, or execution of the trades.

Six Factor Themes Make Up Each Stock's Factor Profile and Drive Returns



Value

Stocks trading at large discounts to current sales, earnings, EBITDA, and Free Cash Flow

Momentum

Stocks with impressive and stable recent total returns

Earnings Growth

Stocks whose profitability is high and trending up

Financial Strength

Stocks that use debt responsibly, and aren't overly reliant on outside financing

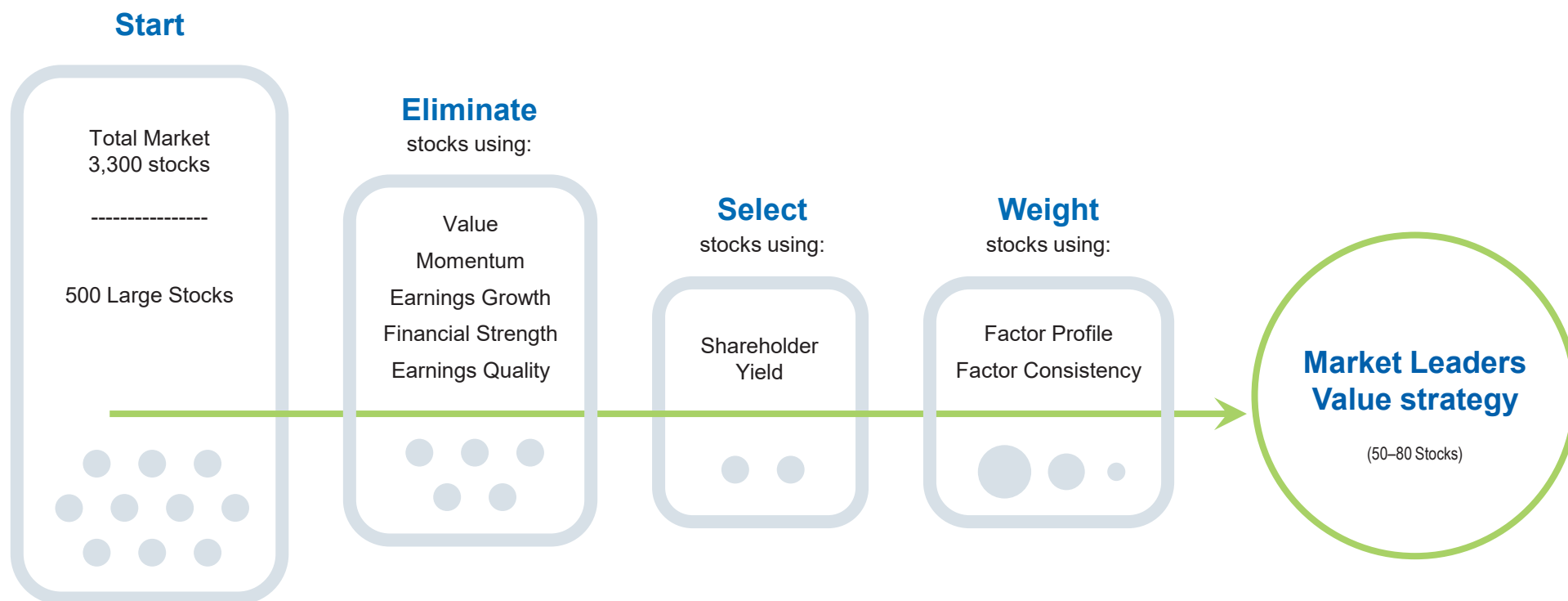
Earnings Quality

Stocks with strong cash flows and conservative accounting

Shareholder Yield

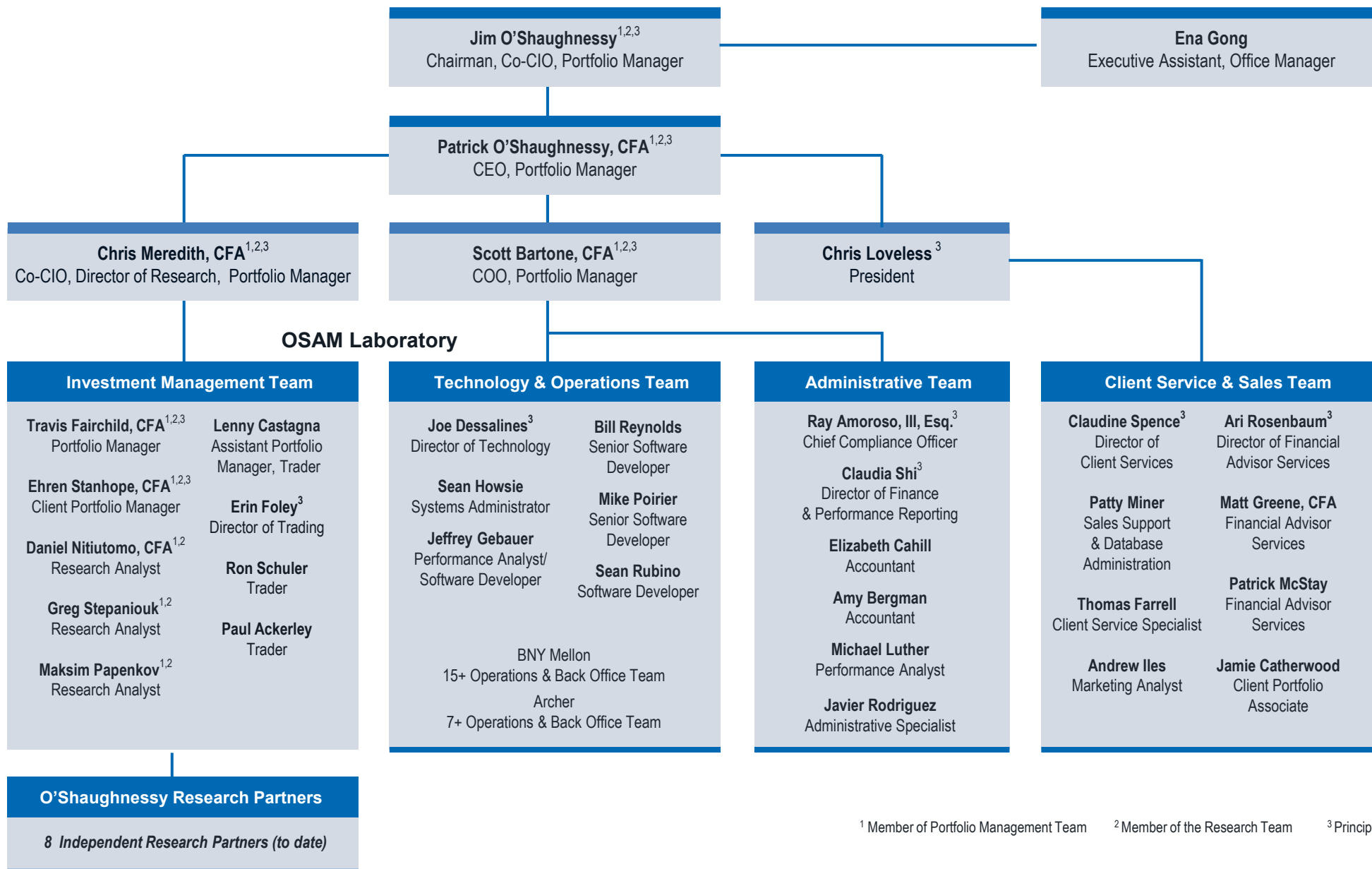
Stocks returning high amounts of cash to shareholders through dividends and buybacks

Building Your Portfolio of Stocks with Strong Overall Factor Profiles



Always considering: sector & industry exposures, transaction costs, client guidelines

Organizational Structure



¹ Member of Portfolio Management Team

² Member of the Research Team

³ Principal

General Legal Disclosures & Hypothetical and/or Backtested Results Disclaimer

Please remember that past performance may not be indicative of future results. Different types of investments involve varying degrees of risk, and there can be no assurance that the future performance of any specific investment, investment strategy, or product (including the investments and/or investment strategies recommended or undertaken by O'Shaughnessy Asset Management, LLC), or any non-investment related content, made reference to directly or indirectly in this piece will be profitable, equal any corresponding indicated historical performance level(s), be suitable for your portfolio or individual situation, or prove successful. Due to various factors, including changing market conditions and/or applicable laws, the content may no longer be reflective of current opinions or positions. Moreover, you should not assume that any discussion or information contained in this piece serves as the receipt of, or as a substitute for, personalized investment advice from O'Shaughnessy Asset Management, LLC. Any individual account performance information reflects the reinvestment of dividends (to the extent applicable), and is net of applicable transaction fees, O'Shaughnessy Asset Management, LLC's investment management fee (if debited directly from the account), and any other related account expenses. Account information has been compiled solely by O'Shaughnessy Asset Management, LLC, has not been independently verified, and does not reflect the impact of taxes on non-qualified accounts. In preparing this report, O'Shaughnessy Asset Management, LLC has relied upon information provided by the account custodian. Please defer to formal tax documents received from the account custodian for cost basis and tax reporting purposes. Please remember to contact O'Shaughnessy Asset Management, LLC, in writing, if there are any changes in your personal/financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services, or if you want to impose, add, or modify any reasonable restrictions to our investment advisory services. Please Note: Unless you advise, in writing, to the contrary, there are no restrictions on our services, other than to manage the account in accordance with your designated investment objective. Please Also Note: Please compare this statement with account statements received from the account custodian. The account custodian does not verify the accuracy of the advisory fee calculation. Please advise us if you have not been receiving monthly statements from the account custodian. Historical performance results for investment indices and/or categories have been provided for general comparison purposes only, and generally do not reflect the deduction of transaction and/or custodial charges, the deduction of an investment management fee, nor the impact of taxes, the incurrence of which would have the effect of decreasing historical performance results. It should not be assumed that your account holdings correspond directly to any comparative indices. To the extent that a reader/user has any questions regarding the applicability of any specific issue discussed above to his/her individual situation, he/she is encouraged to consult with the professional advisor of his/her choosing. O'Shaughnessy Asset Management, LLC is neither a law firm nor a certified public accounting firm and no portion of the newsletter content should be construed as legal or accounting advice. A copy of the O'Shaughnessy Asset Management, LLC's current written disclosure statement discussing our advisory services and fees is available upon request.

The risk-free rate used in the calculation of Sortino, Sharpe, and Treynor ratios is 5%, consistently applied across time.

The universe of All Stocks consists of all securities in the Chicago Research in Security Prices (CRSP) dataset or S&P Compustat Database (or other, as noted) with inflation-adjusted market capitalization greater than \$200 million as of most recent year-end. The universe of Large Stocks consists of all securities in the Chicago Research in Security Prices (CRSP) dataset or S&P Compustat Database (or other, as noted) with inflation-adjusted market capitalization greater than the universe average as of most recent year-end. The stocks are equally weighted and generally rebalanced annually.

Hypothetical performance results shown on the preceding pages are backtested and do not represent the performance of any account managed by OSAM, but were achieved by means of the retroactive application of each of the previously referenced models, certain aspects of which may have been designed with the benefit of hindsight.

The hypothetical backtested performance does not represent the results of actual trading using client assets nor decision-making during the period and does not and is not intended to indicate the past performance or future performance of any account or investment strategy managed by OSAM. If actual accounts had been managed throughout the period, ongoing research might have resulted in changes to the strategy which might have altered returns. The performance of any account or investment strategy managed by OSAM will differ from the hypothetical backtested performance results for each factor shown herein for a number of reasons, including without limitation the following:

- Although OSAM may consider from time to time one or more of the factors noted herein in managing any account, it may not consider all or any of such factors. OSAM may (and will) from time to time consider factors in addition to those noted herein in managing any account.
- OSAM may rebalance an account more frequently or less frequently than annually and at times other than presented herein.
- OSAM may from time to time manage an account by using non-quantitative, subjective investment management methodologies in conjunction with the application of factors.
- The hypothetical backtested performance results assume full investment, whereas an account managed by OSAM may have a positive cash position upon rebalance. Had the hypothetical backtested performance results included a positive cash position, the results would have been different and generally would have been lower.
- The hypothetical backtested performance results for each factor do not reflect any transaction costs of buying and selling securities, investment management fees (including without limitation management fees and performance fees), custody and other costs, or taxes – all of which would be incurred by an investor in any account managed by OSAM. If such costs and fees were reflected, the hypothetical backtested performance results would be lower. Therefore it should be noted that on the previous pages of this presentation, any back-tested results may be reflected gross of fees. Had OSAM managed the back-tested Portfolio during the corresponding time period, the deduction of an OSAM fee would have decreased the reflected results. For example, the deduction of a 1.00% fee over a 10-year period would have reduced a 10% gross of fees gain to an 8.9% net of fees gain.
- The hypothetical performance does not reflect the reinvestment of dividends and distributions therefrom, interest, capital gains and withholding taxes.
- Accounts managed by OSAM are subject to additions and redemptions of assets under management, which may positively or negatively affect performance depending generally upon the timing of such events in relation to the market's direction.
- Simulated returns may be dependent on the market and economic conditions that existed during the period. Future market or economic conditions can adversely affect the returns.