

FRANKLIN REGIONAL RETIREMENT SYSTEM

**PERFORMANCE REVIEW
MARCH 2014**



ECONOMIC ENVIRONMENT

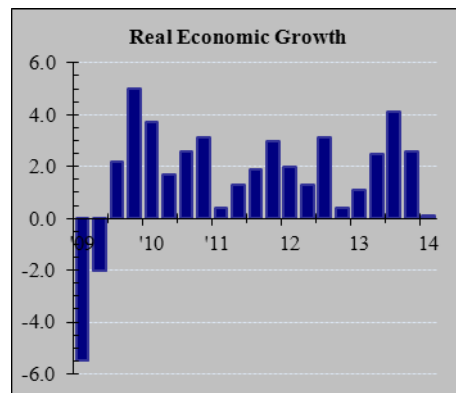
Key Indicators Remained Encouraging

The latest statistics point to weak economic growth during the past quarter. Estimates for the first quarter real GDP growth rate had been a bit below 2% following the previous quarter's 2.6% figure. However, the preliminary numbers from the Dept. of Commerce indicate an anemic 0.1% figure. The drop off has been attributed to the unusually cold and snowy winter in the East rather than any fundamental weakness.

Nonetheless, job growth averaged 183,000 during the last 12-months. Home prices edged upward during the quarter, increasing by double digits for the fiscal year. Manufacturing and service sector activity were appreciably positive and well above the expansion level. Consumer confidence remained surprisingly healthy. Inflation continued to be low, 0.4% for the quarter and 1.5% for the trailing year.

Below are the first quarter economic highlights:

- The final real GDP growth rate for the fourth quarter was 2.6% vs. 4.1% for the 3rd quarter. While lower than the prior quarter, there were gains from consumer spending, net exports and capital spending. Federal Government expenditures continued a multi-year decline. Preliminary economic estimates for Q1 indicate continued positive growth, but at a slower rate.
- The Bureau of Labor Statistics reported a gain of 192,000 jobs in March and a healthy 183,000 average monthly gain during the latest 12-months. The unemployment rate remained at 6.7%. Unfortunately, the number of job seekers remained a relatively high 10.5 million. There were 3.7 million long-term (more than 6-months) unemployed workers in March, down by 837,000 from a year ago.

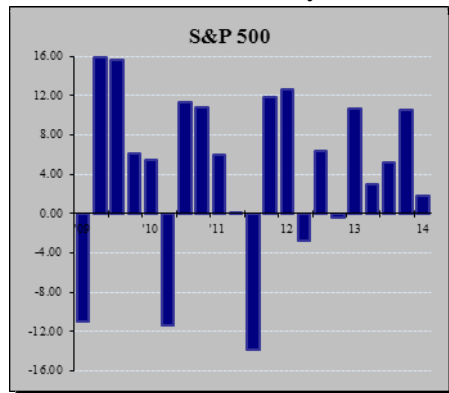


- Home prices rose 0.8% in February and are expected to increase another 0.5% in March. Homeowners feel wealthier, as prices have gained 12.2% during the latest 12-months. Importantly, there have been 24 months of consecutive annual price increases. Still, prices remain 16.9% below their 2006 peak.
- The manufacturing and service sectors expanded briskly in March, continuing a stretch of more than four years of monthly growth. The March ISM manufacturing Index registered 53.7%, with new orders at 55.1% and production rising to 55.9%. (Any percentage above 50% indicates net growth.) Fourteen of eighteen manufacturing industries gained ground. Only apparel, wood products, electrical equipment and a miscellaneous manufacturing category declined. The service index also climbed to 53.1%, as most service industries performed well; only mining, education, rental agencies and health care assistance declined.
- The Consumer Confidence Index rose from 78.1 to 82.3, during the quarter. A consumer poll showed that consumers were satisfied with current salary and job security, but even more optimistic regarding their future prospects. The expectations index climbed from 76.5 in February to 83.5 in March.
- The DJ-UBS Commodity Index posted its best quarterly start since 2008 (+7%). The gain was largely induced by: (1) Russian-Ukrainian tensions, which are expected to spur higher commodity prices; (2) bad weather; (3) livestock disease issues; and (4) a stabilized dollar in the currency markets. Gold climbed 6.8% and energy gained 4.2%, but copper dropped almost 10% on expectations for slower growth in China.
- CPI inflation was remarkably quiescent, given the Fed's tapering program. The March inflation rate was a low 0.2%, producing a 0.4% figure for the quarter and 1.5% for the trailing year.
- Beginning in April, the Fed's mortgage and long maturity Treasury purchases will be reduced to \$55 billion per month from the \$85 billion that was in effect before the taper. The latest reduction reflects the Fed's assessment that the economy and related employment are making cumulative progress. Nonetheless, the Fed believes that the lower bond-buying program will exert enough downward pressure on interest rates to support low home mortgage rates as well as lower corporate loan rates.

DOMESTIC EQUITY MARKET

Quiet Quarterly Results Masked a Volatile Quarter

US stocks fell in January, but climbed back in February and March.



Combining the three months yielded only modest gains and losses. The broadest market gauge, the Russell 3000, rose 2%, followed by the S&P's 1.8% gain. The tech-laden NASDAQ Composite added only 0.8%, while the DJIA declined slightly (-0.2%). Mid-caps outperformed both large and small-caps. The Russell

Mid-cap Index rose 3.5% vs. 2.1% for the Russell 1000 and 1.1% for the Russell 2000. Value was the clear winner among styles. For example, mid-cap value grew 5.2% vs. a 2% gain for mid-cap growth.

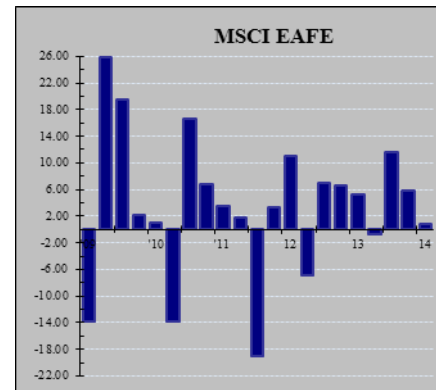
All S&P sectors, except consumer durables, gained ground during the quarter. Utilities saw the biggest advance (6.1%), buoyed by a decline in long maturity interest rates. Technology stocks were a close second (5.1%); this was a reflection of momentum and several big tech IPOs, as opposed to higher earnings. Increased spending helped boost the consumer non-durables sector (3.3%). However, consumer durables lost 0.3% partly due to poor weather conditions. Who feels like buying a new refrigerator when there is a foot of snow outside? The real sleeper was the REIT sub-sector, including mostly non-S&P names; REITs soared almost 10%. Like utilities, REITs benefited from lower interest rates. The REIT performance bounced back smartly from last year when it was ranked dead last among all equity sectors.

INTERNATIONAL EQUITIES

Developed Markets Performed Acceptably

MSCI EAFE (developed markets) returned a low positive 0.8%. Significant declines in Japan and Hong Kong offset spectacular gains

among the economically hardest-hit European countries. All five of the



so-called PIIGS country indices continued to advance sharply. While Greece is not currently part of the EAFE Index, its market experienced continued expansion. Portugal, Ireland, Italy and Spain showed mid-to-high single digit to double-digit gains. However, concerns about deflationary pressures dampened growth in Germany (-0.3%) and France (+3%), while the UK

also disappointed, dipping 0.8%.

Australian equities posted a strong 6% return due to higher commodity prices and better economic data. Japan, the largest index component, ended the quarter down 5.5%, amid weak economic growth; a strengthening yen (hurting exports); and especially the 3% pending increase in the value added tax. Hong Kong's 3.4% drop mirrored China's declining growth rate. Weak property prices and slow gains in Macau casino revenue were additional negative factors. Two small EAFE markets rose spectacularly; New Zealand, battling its way back from a recent earthquake, soared 16.7%, while Israel's high-tech sector drove an 18.7% surge.

Emerging markets again turned in weak results (-0.4%). Several political factors helped cloud the picture, including the Russian-Ukrainian standoff and vocal opposition to the Venezuelan and Thai governments. Slowing growth in China and concerns about that country's banking system also contributed to the weakness.

Russian shares plummeted 14.5% after the accelerated aggression against the Ukraine. The invasion of Crimea triggered significant economic sanctions against Russia, which, in turn, caused investor uncertainty and a global flight from capital investment. India climbed 8.2%, on the strength of national election fervor and promises of economic reform. Banking problems and slowing, albeit still high growth in China, led to a 5.9% fall in that country's index.

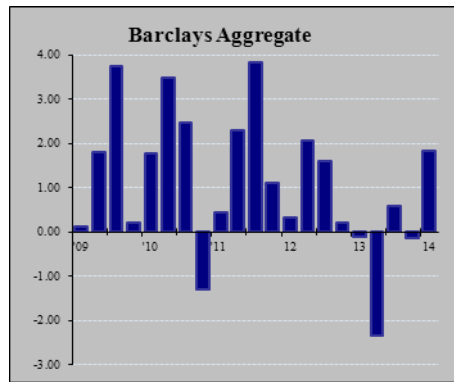
The Indonesian market soared more than 21%, lifted by hopes for reform and improving current account deficits. Despite political opposition, Thailand advanced 7.5% and Turkey gained 4.8%. The election results in Turkey solidified PM Erdogan's power base and reform programs, boosting investor confidence. Recovering from its recent typhoon, the Philippines rose an unexpected 10.3%. Mexico shed 5%, related to disappointing GDP growth and in spite of progress against its infamous drug cartels. Korean shares slid 2% despite rising exports.

Greece again surprised on the upside, surging another 18.1%. This spectacular return was directly attributable to the economic reforms it made in return for successive ECB bailouts; in fact, there has been enough optimism to allow the country to sell new debt in the open market. Finally, investors saw promise in the tiny Egyptian and South African markets; Egypt added 9.2% and South Africa added 4.9%.

BOND MARKET

An Uptick in Bond Returns

In a reversal from the prior quarter, first quarter bond results benefited



from a "risk off" investor attitude. The yield on the benchmark 10-year Treasury note fell 30 basis points to 2.73%. Thirty year rates fell even further, from 3.94% to 3.56%.

Surprisingly, the continuing wind down of Federal Reserve bond purchases failed to dampen investor interest. The

broad investment grade Barclays Aggregate Index returned 1.8%, which coincidentally was the same return as the S&P 500.

Investment grade credits (BBB and higher) earned almost 3%. Junk bonds (BA and below) performed quite similarly to their higher quality

cousins. Within the BA to CAA credit quality range, returns varied between 2¾% to 3.3%.

Treasuries, which comprise 36% of the Aggregate Index, gained 1.3%. Investment grade corporates, which comprise 29% of the Aggregate Index, returned 2.9%. The defensive utility sector was the best performer, earning 3.8%. Industrials added 3.3% and financials gained 2.1%. Securitized residential mortgage debt posted a 1.6% gain, while commercial mortgages (CMBS) added a moderately lower 1.3%. Asset-backed instruments, e.g. credit card debt, provided 0.5%.

G-6 Global Treasuries returned 3%. Five of the country sovereign debt returns were positive, with only Canada losing ground due to its weaker currency. Italian Treasuries topped the group, earning 5.2%. French, German, Japanese and UK sovereigns all earned between 2.6% and 3%.

EM bonds, a combination of sovereigns and corporates, earned 2.8%. The best performers were Central American countries. Belize bonds rose 12.6% and Honduran issues rose 9.5%. Among 70 countries in the EM Index, only three experienced losses: Ghana (-2.9%); Russia (-2.1%); and Mongolia (-2.6%). Unexpectedly, the Ukrainian Index generated a low positive 1.8%.

CASH EQUIVALENTS

A Repeat

Yields on short Treasuries and money market instruments remained at near zero levels during the fourth quarter. Short rates most likely will climb only after the Fed concludes its tapering program and the Fed becomes convinced that the economy has heated up sufficiently.

MARKET SUMMARY

ECONOMIC STATISTICS

	CURRENT QTR	LAST QTR
GDP	0.1	2.6
Unemployment	6.7	6.7
CPI All Items Year/Year	1.50	1.50
Fed Funds Rate	0.25	0.25
Industrial Capacity	79.2	78.4
US Dollars per Euro	1.38	1.38

MAJOR INDEX QUARTER RETURNS

INDEX	PERFORMANCE
Russell 3000	2.0
S&P 500	1.8
Russell Mid	3.5
Russell 2000	1.1
MSCI EAFE	0.8
MSCI Emg Mkts	-0.4
NCREIF ODCE	2.5
Barclays Agg	1.8
90 Day Tbills	0.0

EQUITY RETURN DISTRIBUTIONS

	QUARTER			TRAILING YEAR		
	VAL	COR	GRO	VAL	COR	GRO
LC	3.0	2.1	1.1	21.6	22.4	23.2
MC	5.2	3.5	2.0	22.9	23.5	24.2
SC	1.8	1.1	0.5	22.6	24.9	27.2

MARKET SUMMARY

- * Q1 GDP grew at an anemic rate of 0.1%.
- * The unemployment rate hovered at 6.7%.
- * CPI increased at a rate of 1.5% year over year.
- * Domestic equities continued to enjoy upward momentum. Mid Cap stocks posted the strongest returns, while Small Cap stocks lagged behind. Value stocks bested their Growth counterparts across all cap sizes in Q1.
- * The strength of the US Dollar was relatively flat against the Euro over the first quarter.

INVESTMENT RETURN

On March 31st, 2014, the Franklin Regional Retirement System was valued at \$115,586,272, representing an increase of \$1,251,807 from the December quarter's ending value of \$114,334,465. Last quarter, the Fund posted withdrawals totaling \$1,571,233, which offset the portfolio's net investment return of \$2,823,040. Income receipts totaling \$634,086 plus net realized and unrealized capital gains of \$2,188,954 combined to produce the portfolio's net investment return.

For the cumulative period since December 2008, the fund has recorded net contributions totaling \$550,616, and recorded net investment gains of \$55.6 million. For the period since December 2008, if the total fund had returned a compounded nominal rate of 8.0% it would have been valued at \$90.5 million or \$25.1 million less than the actual value as of March 31st, 2014.

RELATIVE PERFORMANCE

Total Fund

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

In the first quarter, the Composite portfolio gained 2.5%, which was 0.7% above the Franklin Regional Policy Index's return of 1.8% and ranked in the 12th percentile of the Public Fund universe. Over the trailing year, the portfolio returned 15.9%, which was 1.1% greater than the benchmark's 14.8% performance, and ranked in the 6th percentile. Since December 2008, the portfolio returned 13.1% on an annualized basis and ranked in the 22nd percentile. For comparison, the Franklin Regional Policy Index returned an annualized 12.4% over the same period.

PRIT Core

The Custom Core Index is a target-weighted passive index of the asset classes used in the PRIT Core Fund. Among the indices used is the Cambridge Private Equity Index. A flat return for the quarter was assumed, due to the unavailability of performance.

The PRIT core segment gained 2.7% in the first quarter, 0.7% above the Custom Core Index's return of 2.0% and ranked in the 6th percentile of the Public Fund universe. Over the trailing twelve months, this segment returned 13.4%; that return was 1.6% greater than the benchmark's 11.8% performance, ranking in the 35th percentile. Since December 2008, this component returned 12.0% per annum and ranked in the 58th percentile. The Custom Core Index returned an annualized 11.2% 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.

The domestic equity assets gained 2.1% during the first quarter; that return was 0.3% greater than the Franklin County Equity Index's return of 1.8% and ranked in the 45th percentile of the All Cap universe. Over the trailing twelve months, this segment returned 30.4%; that return was 7.3% above the benchmark's 23.1% return, and ranked in the 15th percentile. Since December 2008, this component returned 21.7% per annum and ranked in the 30th percentile. For comparison, the Franklin County Equity Index returned an annualized 19.5% during the same period.

Real Estate

For the first quarter, the real estate portion of the portfolio returned 3.3%, which was 0.8% greater than the NCREIF NFI-ODCE Index's return of 2.5%. Over the trailing year, this component returned 12.0%, which was 1.8% below the benchmark's 13.8% return. Since December 2008, this component returned 3.3% per annum, while the NCREIF NFI-ODCE Index returned an annualized 4.0% over the same time frame.

Fixed Income

For the first quarter, the fixed income segment returned 2.4%, which was 0.6% above the Barclays Aggregate Index's return of 1.8% and ranked in the 15th percentile of the Core Fixed Income universe. Over the trailing year, this segment returned 0.8%, which was 0.9% greater than the benchmark's -0.1% return, and ranked in the 23rd percentile. Since December 2008, this component returned 6.7% on an annualized basis and ranked in the 23rd percentile. The Barclays Aggregate Index returned an annualized 4.6% over the same time frame.

EXECUTIVE SUMMARY

PERFORMANCE SUMMARY

	Quarter	YTD	-----Annualized-----		
			1 Year	3 Years	Since 12/08
Total Gross/Fees	2.5	2.5	15.9	10.1	13.1
<i>PUBLIC FUND RANK</i>	(12)	(12)	(6)	(17)	(22)
Total Net/Fees	2.3	2.3	15.2	9.5	12.5
POLICY INDEX	1.8	1.8	14.8	10.7	12.4
PRIT Core	2.7	2.7	13.4	9.1	12.0
<i>PUBLIC FUND RANK</i>	(6)	(6)	(35)	(45)	(58)
CUSTOM CORE IDX	2.0	2.0	11.8	8.5	11.2
Domestic Equity	2.1	2.1	30.4	14.4	21.7
<i>ALL CAP RANK</i>	(45)	(45)	(15)	(55)	(30)
CUSTOM EQ INDEX	1.8	1.8	23.1	13.8	19.5
PRIT EQUITY	1.8	1.8	22.5	14.8	17.7
S&P 500	1.8	1.8	21.9	14.7	17.4
S&P 400	3.0	3.0	21.2	13.4	21.4
RUSSELL 3000	2.0	2.0	22.6	14.6	18.2
RUSSELL 1000	2.1	2.1	22.4	14.8	18.1
RUSSELL 1000G	1.1	1.1	23.2	14.6	19.6
RUSSELL 1000V	3.0	3.0	21.6	14.8	16.5
RUSSELL MID	3.5	3.5	23.5	14.4	22.0
RUSSELL 2000	1.1	1.1	24.9	13.2	19.3
Real Estate	3.3	3.3	12.0	12.9	3.3
NCREIF ODCE	2.5	2.5	13.8	13.0	4.0
Fixed Income	2.4	2.4	0.8	4.8	6.7
<i>CORE FIXED INCOME RANK</i>	(15)	(15)	(23)	(21)	(23)
BARCLAYS AGG	1.8	1.8	-0.1	3.8	4.6
PRIT FIXED	2.1	2.1	-1.1	4.2	6.2
GOV/CREDIT	2.0	2.0	-0.3	4.2	4.6
INT AGGREGATE	1.2	1.2	0.0	3.0	4.2
INT GOV/CREDIT	1.0	1.0	-0.1	3.1	4.0

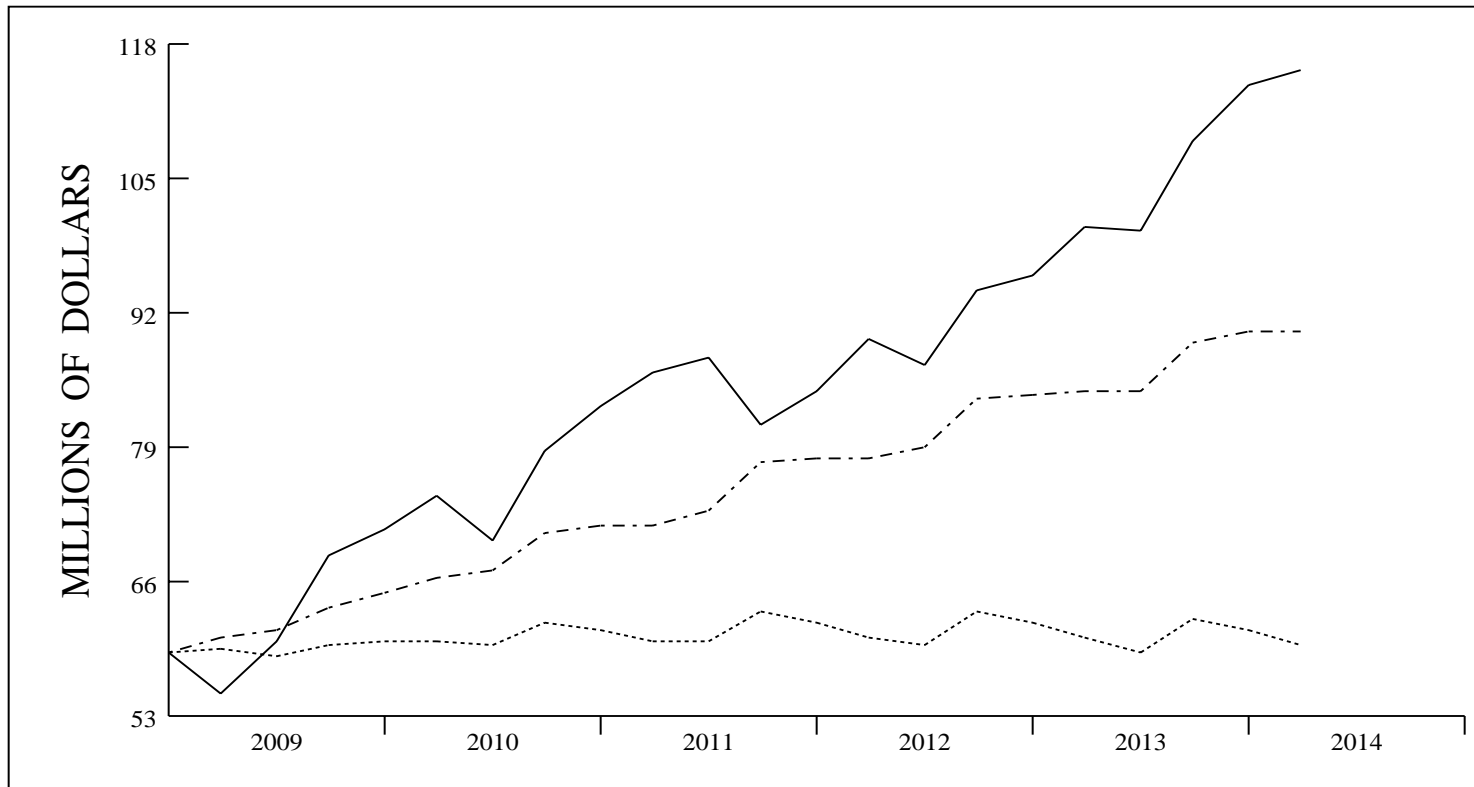
ASSET ALLOCATION

PRIT Core	55.4%	\$ 64,039,377
Domestic Equity	23.0%	26,568,825
Real Estate	4.9%	5,672,853
Fixed Income	10.5%	12,161,354
Cash	6.2%	7,143,863
Total Portfolio	100.0%	\$ 115,586,272

INVESTMENT RETURN

Market Value 12/2013	\$ 114,334,465
Contribs / Withdrawals	- 1,571,233
Income	634,086
Capital Gains / Losses	2,188,954
Market Value 3/2014	\$ 115,586,272

INVESTMENT GROWTH

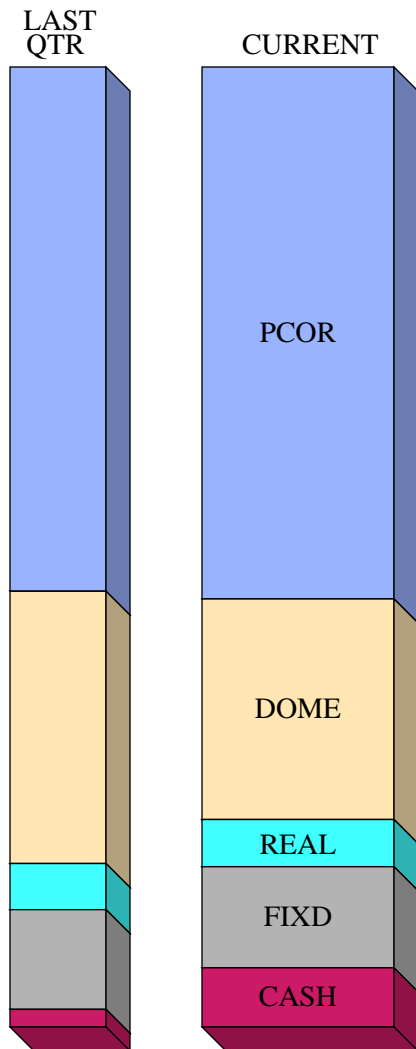


— ACTUAL RETURN
 - - - 8.0%
 0.0%

VALUE ASSUMING
 8.0% RETURN
 \$ 90,477,569

	LAST QUARTER	PERIOD 12/08 - 3/14
BEGINNING VALUE	\$ 114,334,465	\$ 59,462,940
NET CONTRIBUTIONS	- 1,571,233	550,616
<u>INVESTMENT RETURN</u>	<u>2,823,040</u>	<u>55,572,716</u>
ENDING VALUE	\$ 115,586,272	\$ 115,586,272
INCOME	634,086	9,836,801
<u>CAPITAL GAINS (LOSSES)</u>	<u>2,188,954</u>	<u>45,735,916</u>
INVESTMENT RETURN	2,823,040	55,572,716

ASSET ALLOCATION











	<u>VALUE</u>	<u>PERCENT</u>	<u>TARGET</u>	<u>DIFFERENCE</u> + / -
■ PRIT CORE	\$ 64,039,377	55.4%	55.0%	0.4%
■ DOMESTIC EQUITY	26,568,825	23.0%	27.0%	-4.0%
■ REAL ESTATE	5,672,853	4.9%	5.0%	-0.1%
■ FIXED INCOME	12,161,354	10.5%	13.0%	-2.5%
■ CASH & EQUIVALENT	7,143,863	6.2%	0.0%	6.2%
<hr/> TOTAL FUND	<hr/> \$ 115,586,272	<hr/> 100.0%		

MANAGER PERFORMANCE SUMMARY









Name	(Universe)	Quarter	YTD	1 Year	3 Years	5 Years
Total Portfolio	(Public Fund)	2.5 (12)	2.5 (12)	15.9 (6)	10.1 (17)	15.5 (16)
<i>Franklin Regional Policy Index</i>		<i>1.8 ----</i>	<i>1.8 ----</i>	<i>14.8 ----</i>	<i>10.7 ----</i>	<i>15.1 ----</i>
PRIT Core Fund	(Public Fund)	2.7 (6)	2.7 (6)	13.4 (35)	9.1 (45)	14.5 (37)
<i>Custom Core Index</i>		<i>2.0 ----</i>	<i>2.0 ----</i>	<i>11.8 ----</i>	<i>8.5 ----</i>	<i>13.7 ----</i>
Polen Capital	(LC Growth)	0.6 (58)	0.6 (58)	16.9 (97)	---- ----	---- ----
<i>Russell 1000 Growth</i>		<i>1.1 ----</i>	<i>1.1 ----</i>	<i>23.2 ----</i>	<i>14.6 ----</i>	<i>21.7 ----</i>
O'Shaughnessy	(LC Value)	3.3 (31)	3.3 (31)	36.8 (2)	---- ----	---- ----
<i>Russell 1000 Value</i>		<i>3.0 ----</i>	<i>3.0 ----</i>	<i>21.6 ----</i>	<i>14.8 ----</i>	<i>21.7 ----</i>
Seizert Capital	(Mid Cap)	2.6 (49)	2.6 (49)	34.6 (8)	---- ----	---- ----
<i>Russell Mid Cap</i>		<i>3.5 ----</i>	<i>3.5 ----</i>	<i>23.5 ----</i>	<i>14.4 ----</i>	<i>25.5 ----</i>
Daruma	(Small Cap)	1.4 (52)	1.4 (52)	28.5 (41)	12.0 (83)	27.5 (34)
<i>Russell 2000</i>		<i>1.1 ----</i>	<i>1.1 ----</i>	<i>24.9 ----</i>	<i>13.2 ----</i>	<i>24.3 ----</i>
PRIT Core R.E.		3.3 ----	3.3 ----	12.0 ----	11.8 ----	---- ----
<i>NCREIF NFI-ODCE Index</i>		<i>2.5 ----</i>	<i>2.5 ----</i>	<i>13.8 ----</i>	<i>13.0 ----</i>	<i>7.3 ----</i>
IR&M	(Core Fixed)	2.4 (15)	2.4 (15)	0.8 (23)	4.8 (21)	7.0 (24)
<i>Barclays Aggregate Index</i>		<i>1.8 ----</i>	<i>1.8 ----</i>	<i>-0.1 ----</i>	<i>3.8 ----</i>	<i>4.8 ----</i>

MANAGER VALUE ADDED

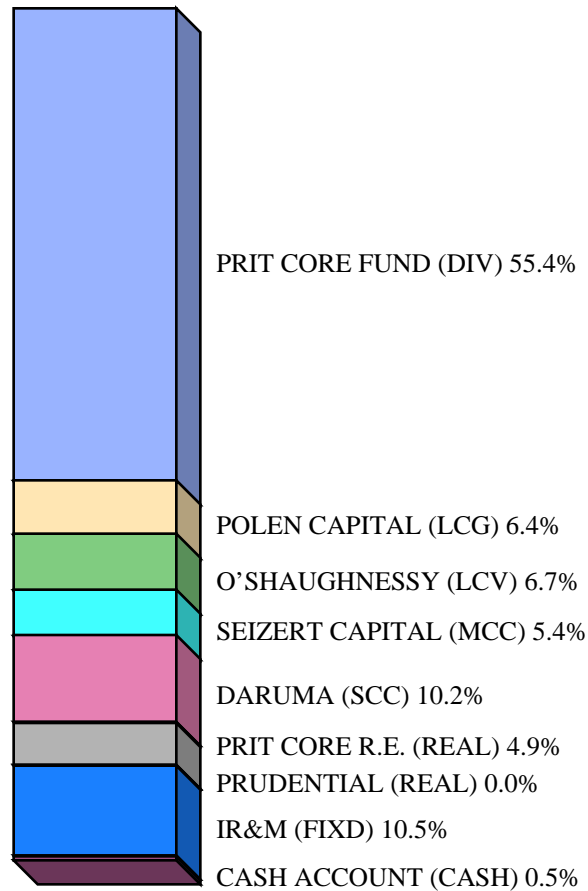
Most Recent Quarter

Manager	Benchmark	Value Added Vs. Benchmark
PRIT Core Fund	Custom Core Idx	0.7 
Polen Capital	Russell 1000G	-0.5 
O'Shaughnessy	Russell 1000V	0.3 
Seizert Capital	Russell Mid	-0.9 
Daruma	Russell 2000	0.3 
PRIT Core R.E.	NCREIF ODCE	0.8 
IR&M	Barclays Agg	0.5 
Total Portfolio	Policy Index	0.6 

Trailing Twelve Months

Manager	Benchmark	Value Added Vs. Benchmark
PRIT Core Fund	Custom Core Idx	1.6 
Polen Capital	Russell 1000G	-6.3 
O'Shaughnessy	Russell 1000V	15.2 
Seizert Capital	Russell Mid	11.1 
Daruma	Russell 2000	3.6 
PRIT Core R.E.	NCREIF ODCE	-1.8 
IR&M	Barclays Agg	0.8 
Total Portfolio	Policy Index	1.0 

MANAGER ALLOCATION SUMMARY

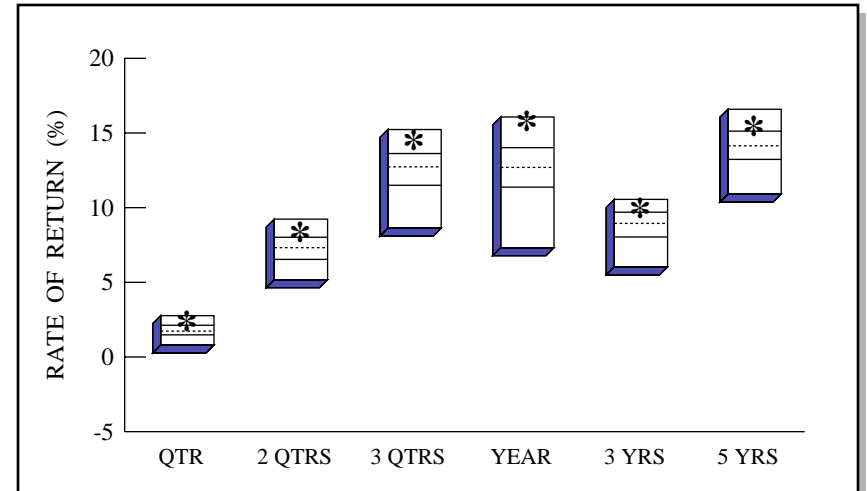
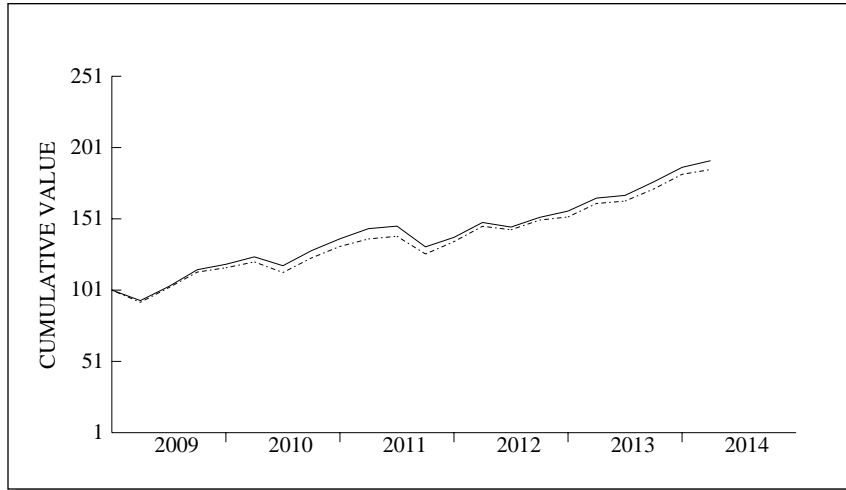


Name	Market Value	Percent	Target
PRIT Core Fund (DIV)	\$64,039,377	55.4	55.0
Polen Capital (LCG)	\$7,397,285	6.4	6.0
O'Shaughnessy (LCV)	\$7,705,984	6.7	6.0
Seizert Capital (MCC)	\$6,273,155	5.4	5.0
Daruma (SCC)	\$11,785,590	10.2	10.0
PRIT Core R.E. (REAL)	\$5,672,759	4.9	5.0
Prudential (REAL)	\$94	0.0	0.0
IR&M (FIXD)	\$12,161,354	10.5	13.0
Cash Account (CASH)	\$550,674	0.5	0.0
Total Fund	\$115,586,272	100.0	100.0

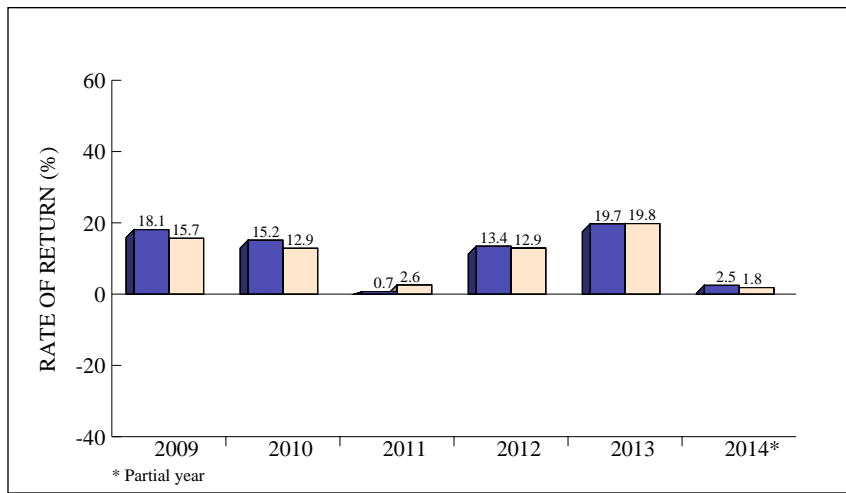
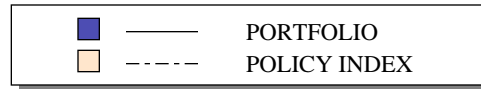
INVESTMENT RETURN SUMMARY - ONE QUARTER

Name	Quarter Total Return	Market Value December 31st, 2013	Net Cashflow	Net Investment Return	Market Value March 31st, 2014
PRIT Core Fund (DIV)	2.7	62,424,659	-84,457	1,699,175	64,039,377
Polen Capital (LCG)	0.6	7,351,085	0	46,200	7,397,285
O'Shaughnessy (LCV)	3.3	7,693,447	-230,278	242,815	7,705,984
Seizert Capital (MCC)	2.6	6,269,586	-159,000	162,569	6,273,155
Daruma (SCC)	1.4	12,427,047	-850,000	208,543	11,785,590
PRIT Core R.E. (REAL)	3.3	5,496,142	-6,518	183,135	5,672,759
Prudential (REAL)	---	95	1	-2	94
IR&M (FIXD)	2.4	11,880,754	0	280,600	12,161,354
Cash Account (CASH)	---	791,650	-240,981	5	550,674
Total Fund	2.5	114,334,465	-1,571,233	2,823,040	115,586,272

TOTAL RETURN COMPARISONS



Public Fund Universe

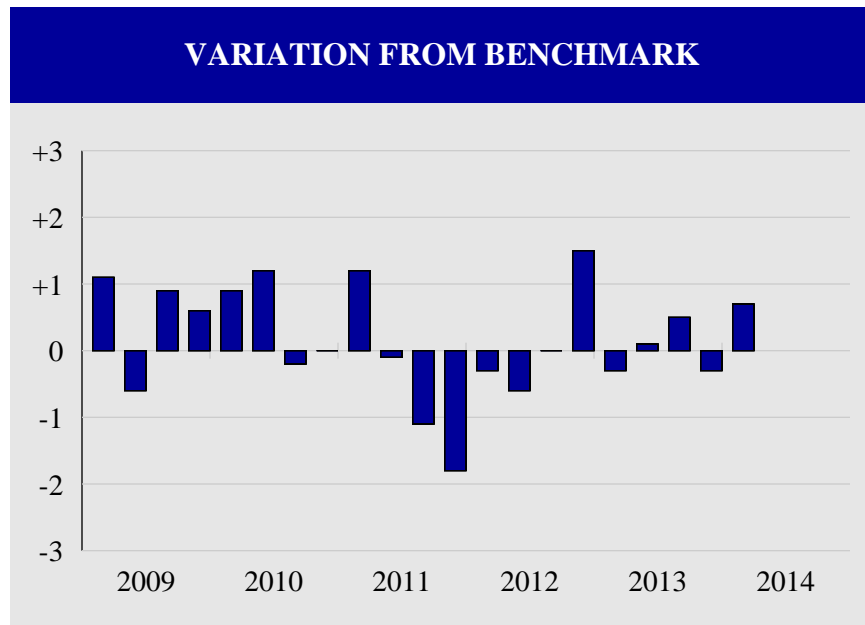


	QTR	2QTRS	3QTRS	YEAR	-----ANNUALIZED-----	
					3 YRS	5 YRS
RETURN	2.5	8.5	14.6	15.9	10.1	15.5
(RANK)	(12)	(16)	(11)	(6)	(17)	(16)
5TH %ILE	2.8	9.2	15.2	16.1	10.6	16.6
25TH %ILE	2.1	8.0	13.6	14.0	9.7	15.1
MEDIAN	1.7	7.3	12.7	12.7	9.0	14.2
75TH %ILE	1.5	6.5	11.5	11.4	8.0	13.2
95TH %ILE	0.8	5.2	8.6	7.3	6.0	10.9
Policy Idx	1.8	8.0	13.6	14.8	10.7	15.1

Public Fund Universe

TOTAL PORTFOLIO QUARTERLY PERFORMANCE SUMMARY

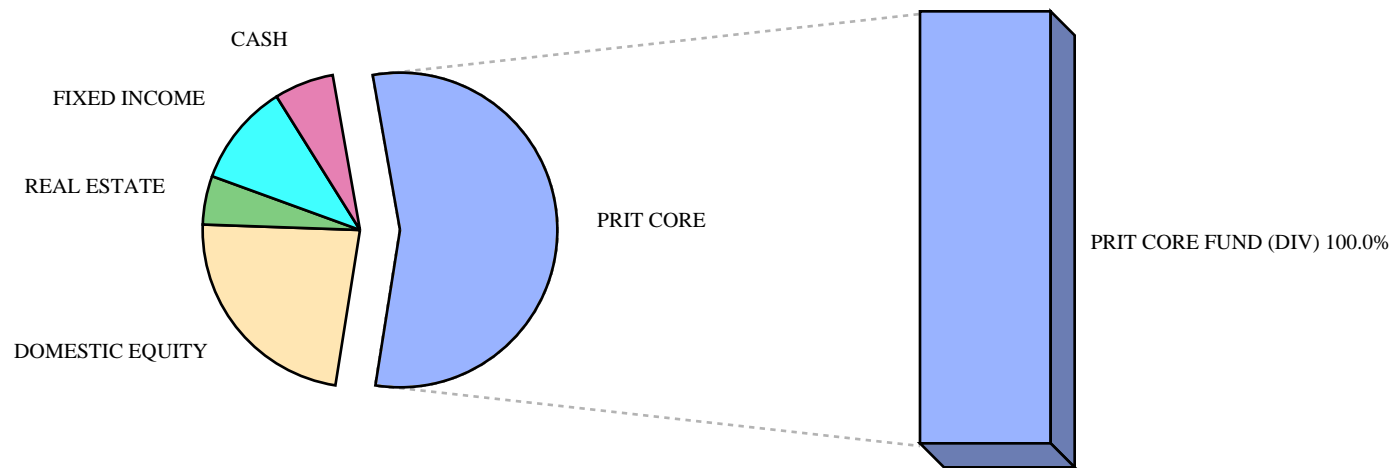
COMPARATIVE BENCHMARK: FRANKLIN REGIONAL POLICY INDEX



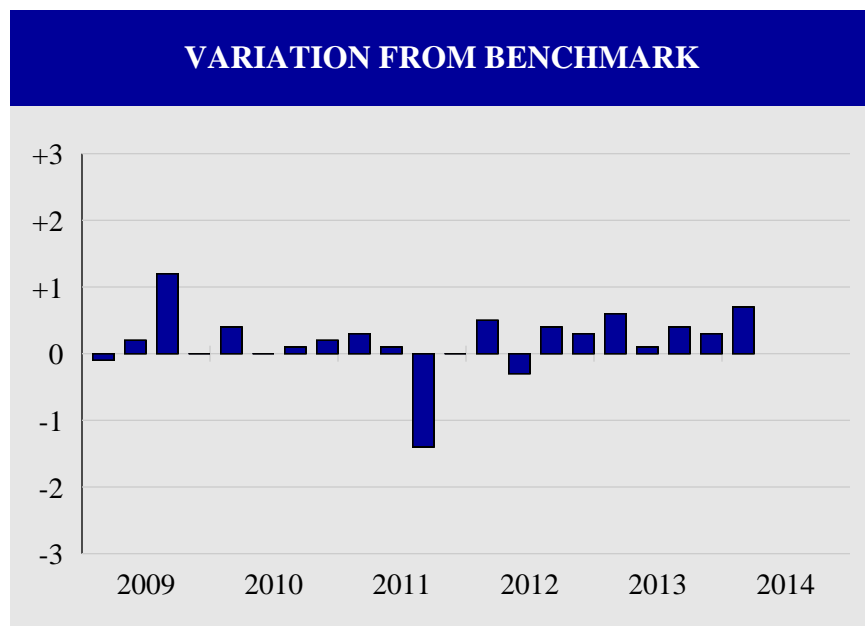
RATES OF RETURN			
Date	Portfolio	Benchmark	Difference
3/09	-7.4	-8.5	1.1
6/09	10.7	11.3	-0.6
9/09	11.5	10.6	0.9
12/09	3.3	2.7	0.6
3/10	4.4	3.5	0.9
6/10	-5.0	-6.2	1.2
9/10	9.0	9.2	-0.2
12/10	6.6	6.6	0.0
3/11	5.2	4.0	1.2
6/11	1.3	1.4	-0.1
9/11	-10.1	-9.0	-1.1
12/11	5.1	6.9	-1.8
3/12	7.7	8.0	-0.3
6/12	-2.2	-1.6	-0.6
9/12	4.7	4.7	0.0
12/12	3.0	1.5	1.5
3/13	5.9	6.2	-0.3
6/13	1.1	1.0	0.1
9/13	5.7	5.2	0.5
12/13	5.8	6.1	-0.3
3/14	2.5	1.8	0.7

Total Quarters Observed	21
Quarters At or Above the Benchmark	12
Quarters Below the Benchmark	9
Batting Average	.571

PRIT CORE MANAGER SUMMARY



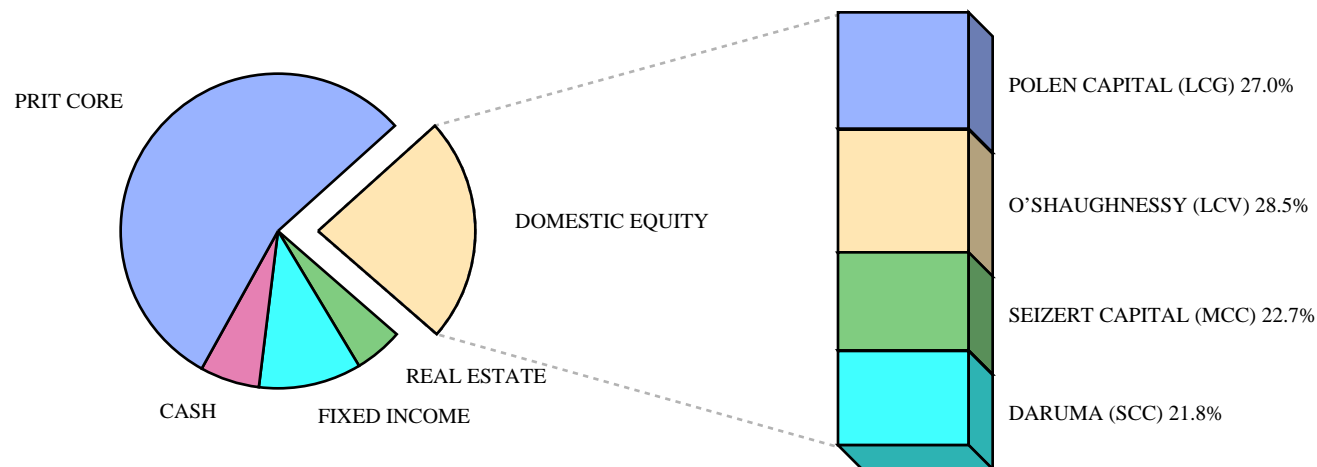
TOTAL RETURNS AND RANKINGS							
MANAGER	(UNIVERSE)	QTR	YTD	1 YEAR	3 YEARS	5 YEARS	MARKET VALUE
PRIT CORE FUND	(Public Fund)	2.7 (6)	2.7 (6)	13.4 (35)	9.1 (45)	14.5 (37)	\$64,039,377
<i>Custom Core Index</i>		<i>2.0 ---</i>	<i>2.0 ---</i>	<i>11.8 ---</i>	<i>8.5 ---</i>	<i>13.7 ---</i>	<i>---</i>

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

Total Quarters Observed	21
Quarters At or Above the Benchmark	18
Quarters Below the Benchmark	3
Batting Average	.857

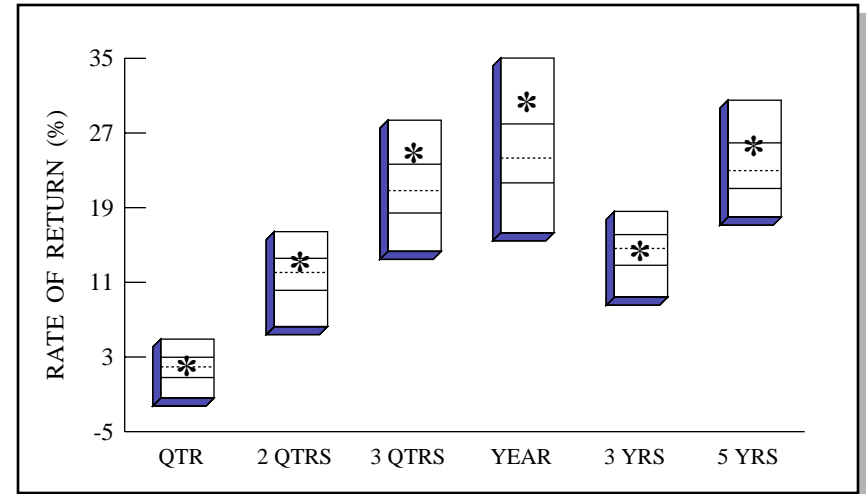
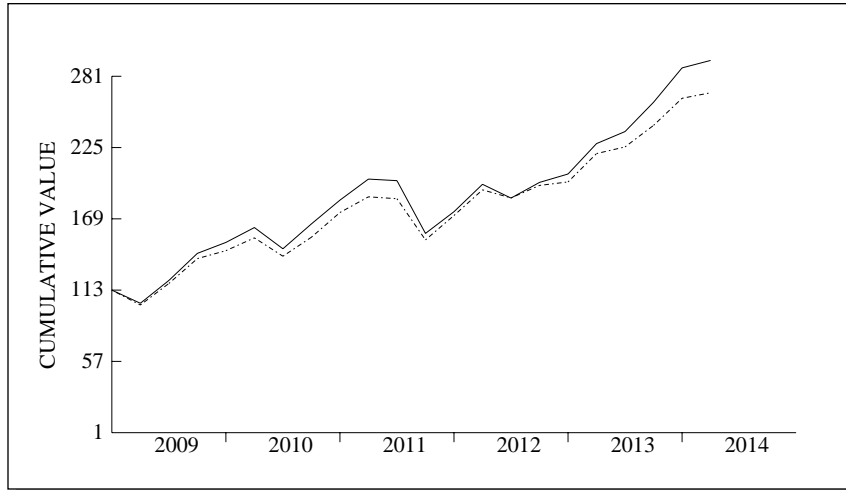
RATES OF RETURN			
Date	Portfolio	Benchmark	Difference
3/09	-8.1	-8.0	-0.1
6/09	11.7	11.5	0.2
9/09	11.5	10.3	1.2
12/09	2.9	2.9	0.0
3/10	3.5	3.1	0.4
6/10	-5.0	-5.0	0.0
9/10	8.9	8.8	0.1
12/10	6.1	5.9	0.2
3/11	4.3	4.0	0.3
6/11	1.7	1.6	0.1
9/11	-9.0	-7.6	-1.4
12/11	3.7	3.7	0.0
3/12	7.3	6.8	0.5
6/12	-1.5	-1.2	-0.3
9/12	4.4	4.0	0.4
12/12	3.1	2.8	0.3
3/13	4.6	4.0	0.6
6/13	0.2	0.1	0.1
9/13	5.1	4.7	0.4
12/13	4.9	4.6	0.3
3/14	2.7	2.0	0.7

DOMESTIC EQUITY MANAGER SUMMARY

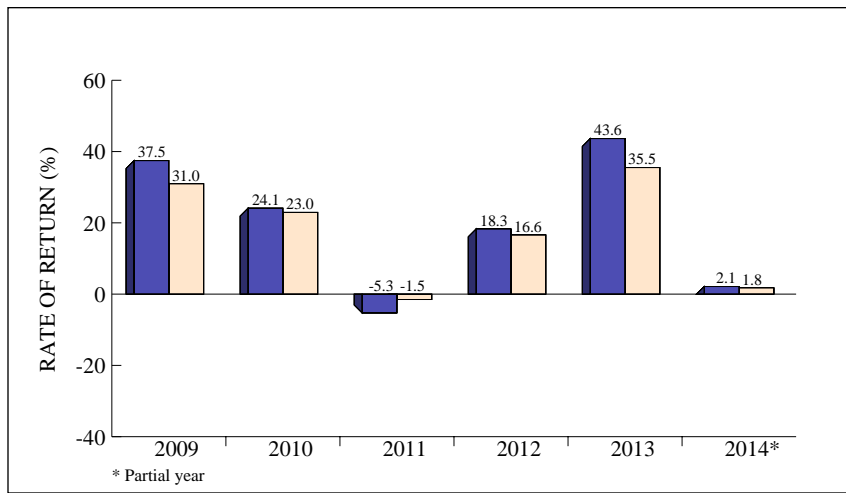


TOTAL RETURNS AND RANKINGS							
MANAGER	(UNIVERSE)	QTR	YTD	1 YEAR	3 YEARS	5 YEARS	MARKET VALUE
POLEN CAPITAL	(Large Cap Growth)	0.6 (58)	0.6 (58)	16.9 (97)	----	----	\$7,397,285
<i>Russell 1000 Growth</i>		<i>1.1</i> ----	<i>1.1</i> ----	<i>23.2</i> ----	<i>14.6</i> ----	<i>21.7</i> ----	----
O'SHAUGHNESSY	(Large Cap Value)	3.3 (31)	3.3 (31)	36.8 (2)	----	----	\$7,705,984
<i>Russell 1000 Value</i>		<i>3.0</i> ----	<i>3.0</i> ----	<i>21.6</i> ----	<i>14.8</i> ----	<i>21.7</i> ----	----
SEIZERT CAPITAL	(Mid Cap)	2.6 (49)	2.6 (49)	34.6 (8)	----	----	\$6,273,155
<i>Russell Mid Cap</i>		<i>3.5</i> ----	<i>3.5</i> ----	<i>23.5</i> ----	<i>14.4</i> ----	<i>25.5</i> ----	----
DARUMA	(Small Cap)	1.4 (52)	1.4 (52)	28.5 (41)	12.0 (83)	27.5 (34)	\$11,785,590
<i>Russell 2000</i>		<i>1.1</i> ----	<i>1.1</i> ----	<i>24.9</i> ----	<i>13.2</i> ----	<i>24.3</i> ----	----

DOMESTIC EQUITY RETURN COMPARISONS



All Cap Universe

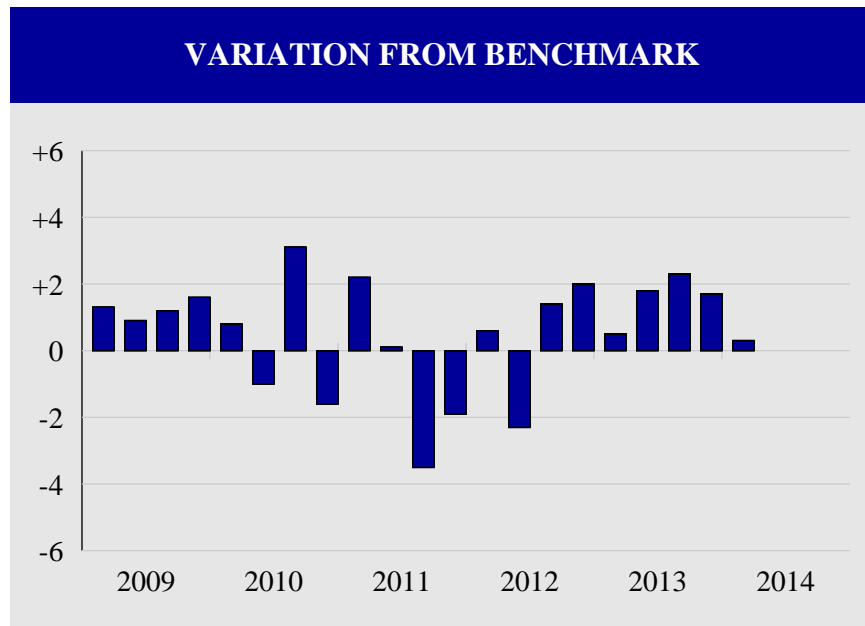


	QTR	2QTRS	3QTRS	YEAR	3 YRS	5 YRS
RETURN	2.1	13.3	24.9	30.4	14.4	25.6
(RANK)	(45)	(30)	(17)	(15)	(55)	(28)
5TH %ILE	4.9	16.4	28.4	35.0	18.6	30.5
25TH %ILE	3.0	13.6	23.7	28.0	16.1	25.9
MEDIAN	1.9	12.1	20.8	24.3	14.6	23.0
75TH %ILE	0.8	10.2	18.4	21.7	12.8	21.1
95TH %ILE	-1.4	6.3	14.3	16.3	9.4	18.0
Equity Index	1.8	11.2	20.0	23.1	13.8	23.6

All Cap Universe

DOMESTIC EQUITY QUARTERLY PERFORMANCE SUMMARY

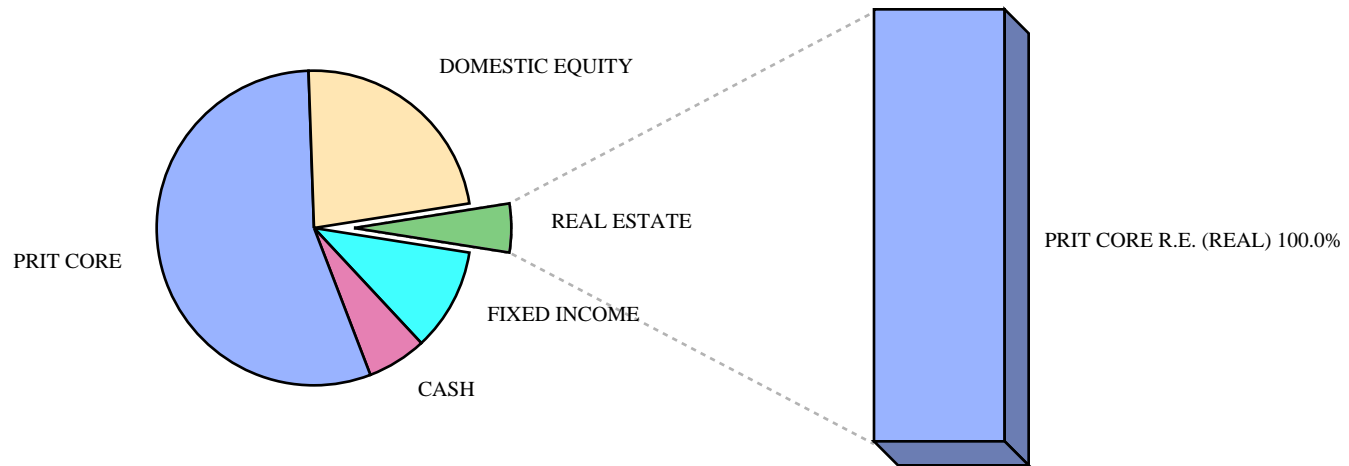
COMPARATIVE BENCHMARK: FRANKLIN COUNTY EQUITY INDEX



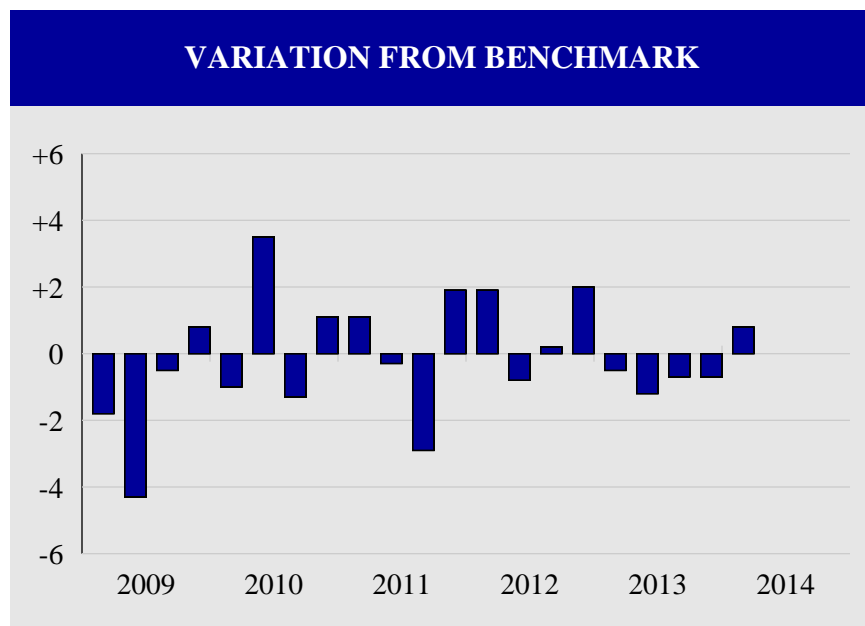
RATES OF RETURN			
Date	Portfolio	Benchmark	Difference
3/09	-10.4	-11.7	1.3
6/09	20.1	19.2	0.9
9/09	19.8	18.6	1.2
12/09	6.6	5.0	1.6
3/10	8.5	7.7	0.8
6/10	-11.2	-10.2	-1.0
9/10	14.8	11.7	3.1
12/10	12.2	13.8	-1.6
3/11	9.8	7.6	2.2
6/11	-0.7	-0.8	0.1
9/11	-22.3	-18.8	-3.5
12/11	11.8	13.7	-1.9
3/12	13.3	12.7	0.6
6/12	-5.9	-3.6	-2.3
9/12	7.1	5.7	1.4
12/12	3.5	1.5	2.0
3/13	12.5	12.0	0.5
6/13	4.4	2.6	1.8
9/13	10.3	8.0	2.3
12/13	10.9	9.2	1.7
3/14	2.1	1.8	0.3

Total Quarters Observed	21
Quarters At or Above the Benchmark	16
Quarters Below the Benchmark	5
Batting Average	.762

REAL ESTATE MANAGER SUMMARY



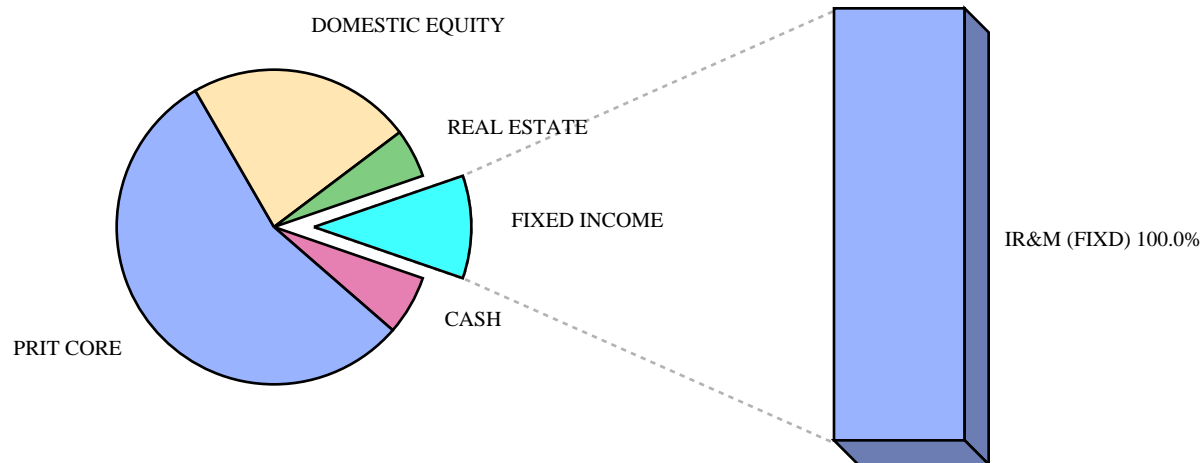
MANAGER	(UNIVERSE)	TOTAL RETURNS AND RANKINGS					MARKET VALUE
		QTR	YTD	1 YEAR	3 YEARS	5 YEARS	
PRIT CORE R.E.		3.3 ---	3.3 ---	12.0 ---	11.8 ---	--- ---	\$5,672,759
<i>NCREIF NFI-ODCE Index</i>		<i>2.5 ---</i>	<i>2.5 ---</i>	<i>13.8 ---</i>	<i>13.0 ---</i>	<i>7.3 ---</i>	---

REAL ESTATE QUARTERLY PERFORMANCE SUMMARY**COMPARATIVE BENCHMARK: NCREIF NFI-ODCE INDEX**

Total Quarters Observed	21
Quarters At or Above the Benchmark	9
Quarters Below the Benchmark	12
Batting Average	.429

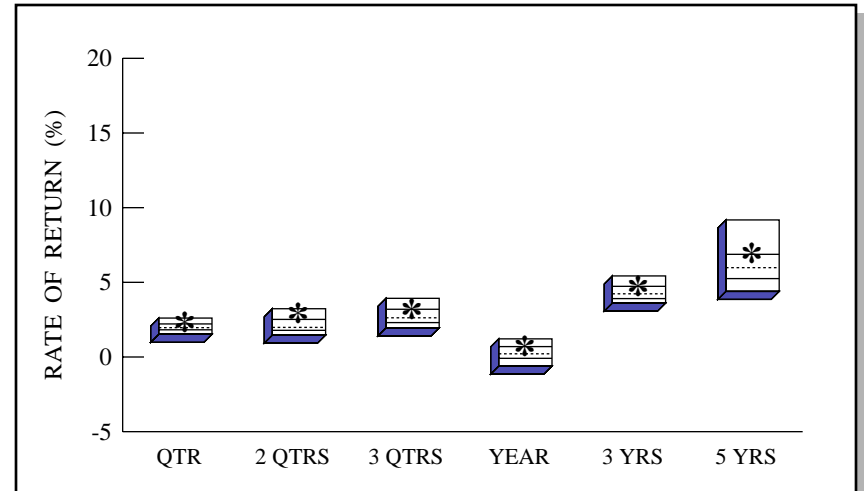
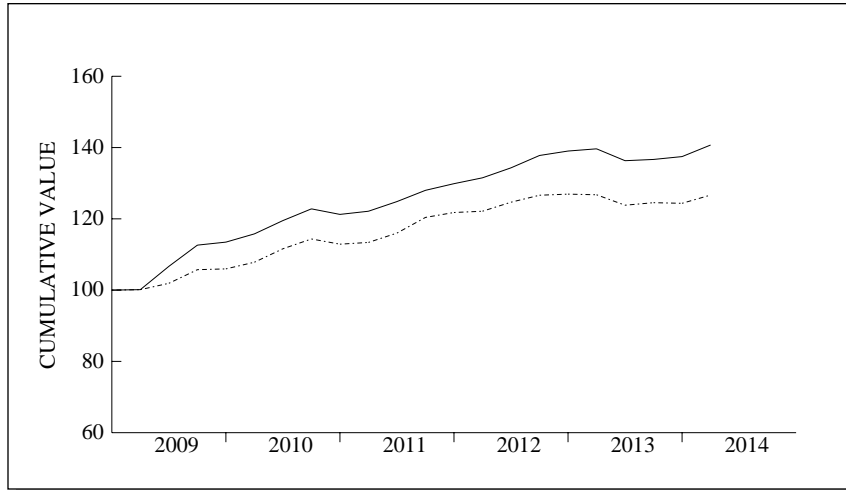
RATES OF RETURN			
Date	Portfolio	Benchmark	Difference
3/09	-15.5	-13.7	-1.8
6/09	-13.3	-9.0	-4.3
9/09	-7.8	-7.3	-0.5
12/09	-2.7	-3.5	0.8
3/10	-0.2	0.8	-1.0
6/10	7.9	4.4	3.5
9/10	4.1	5.4	-1.3
12/10	6.1	5.0	1.1
3/11	5.1	4.0	1.1
6/11	4.3	4.6	-0.3
9/11	0.6	3.5	-2.9
12/11	4.9	3.0	1.9
3/12	4.7	2.8	1.9
6/12	1.7	2.5	-0.8
9/12	3.0	2.8	0.2
12/12	4.3	2.3	2.0
3/13	2.2	2.7	-0.5
6/13	2.7	3.9	-1.2
9/13	2.9	3.6	-0.7
12/13	2.5	3.2	-0.7
3/14	3.3	2.5	0.8

FIXED INCOME MANAGER SUMMARY

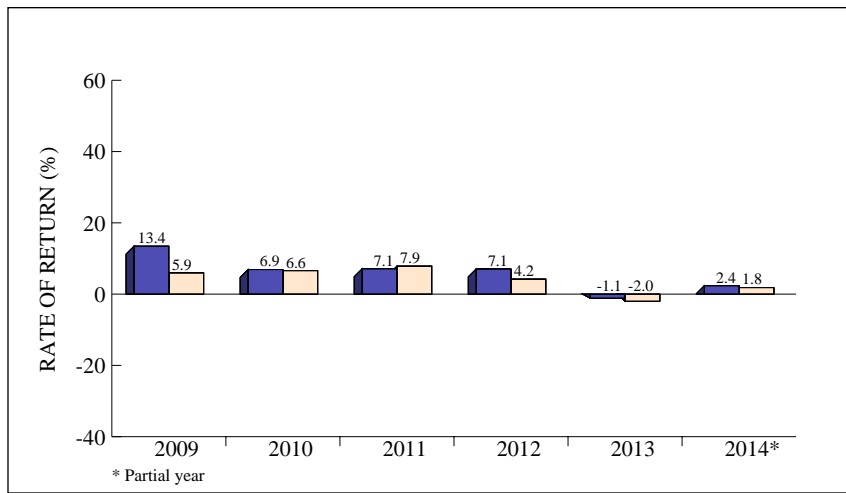


TOTAL RETURNS AND RANKINGS							
MANAGER	(UNIVERSE)	QTR	YTD	1 YEAR	3 YEARS	5 YEARS	MARKET VALUE
IR&M	(Core Fixed Income)	2.4 (15)	2.4 (15)	0.8 (23)	4.8 (21)	7.0 (24)	\$12,161,354
<i>Barclays Aggregate Index</i>		1.8 ----	1.8 ----	-0.1 ----	3.8 ----	4.8 ----	----

FIXED INCOME RETURN COMPARISONS



Core Fixed Income Universe

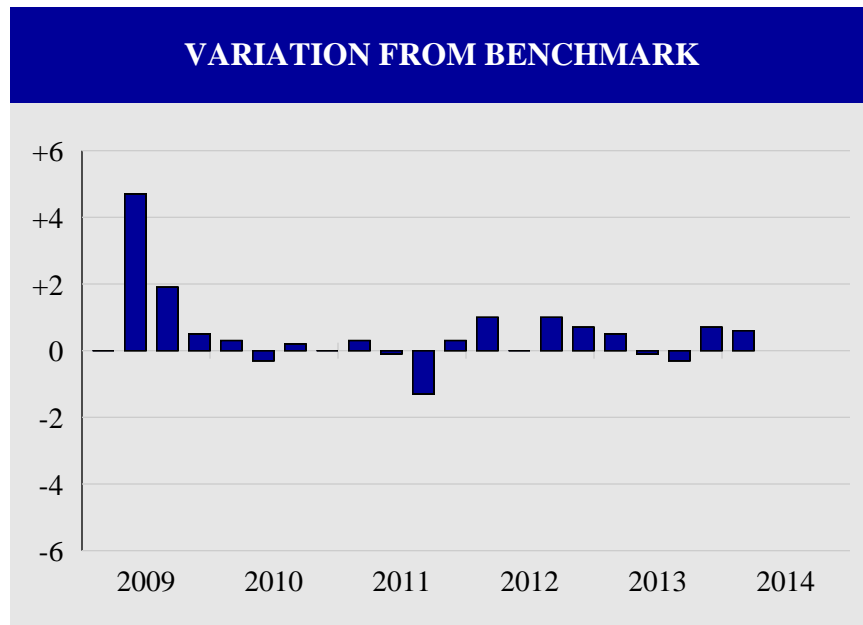


	QTR	2QTRS	3QTRS	YEAR	3 YRS	5 YRS
RETURN	2.4	3.0	3.2	0.8	4.8	7.0
(RANK)	(15)	(9)	(23)	(23)	(21)	(24)
5TH %ILE	2.6	3.2	3.9	1.2	5.4	9.2
25TH %ILE	2.2	2.5	3.2	0.7	4.7	6.9
MEDIAN	2.0	2.0	2.6	0.2	4.2	6.0
75TH %ILE	1.8	1.8	2.3	-0.1	3.9	5.3
95TH %ILE	1.5	1.5	2.0	-0.6	3.6	4.4
Agg Index	1.8	1.7	2.3	-0.1	3.8	4.8

Core Fixed Income Universe

FIXED INCOME QUARTERLY PERFORMANCE SUMMARY

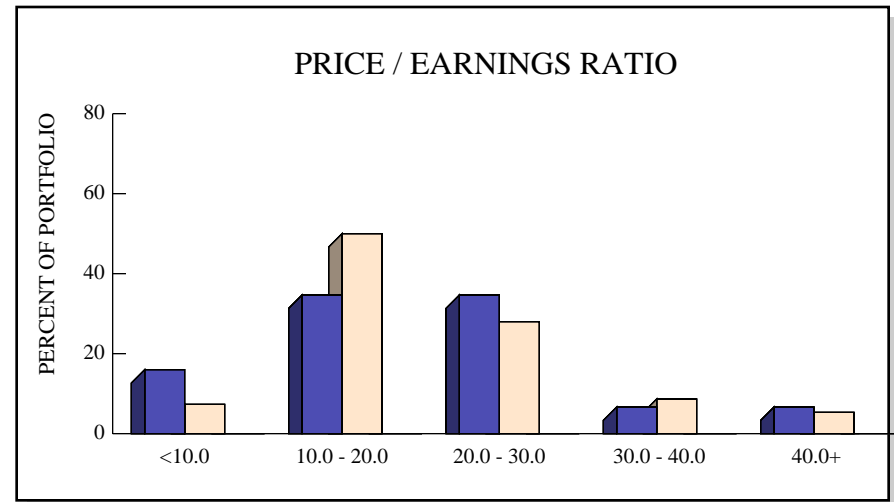
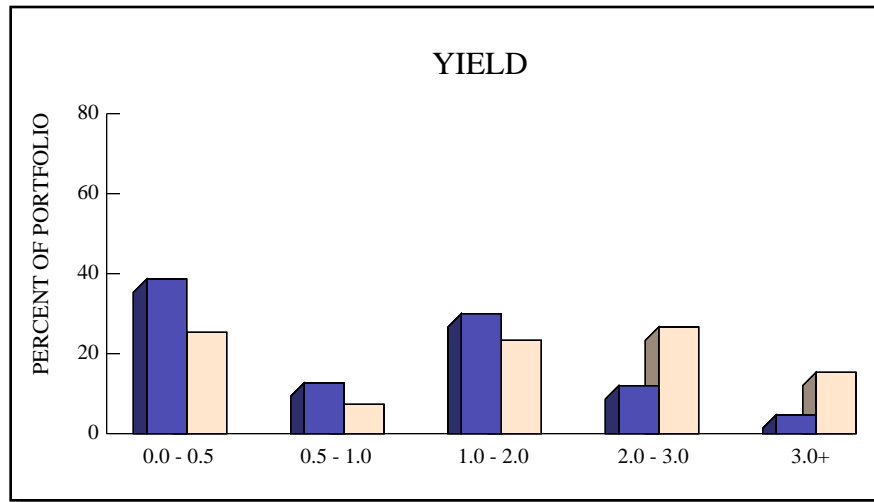
COMPARATIVE BENCHMARK: BARCLAYS AGGREGATE INDEX



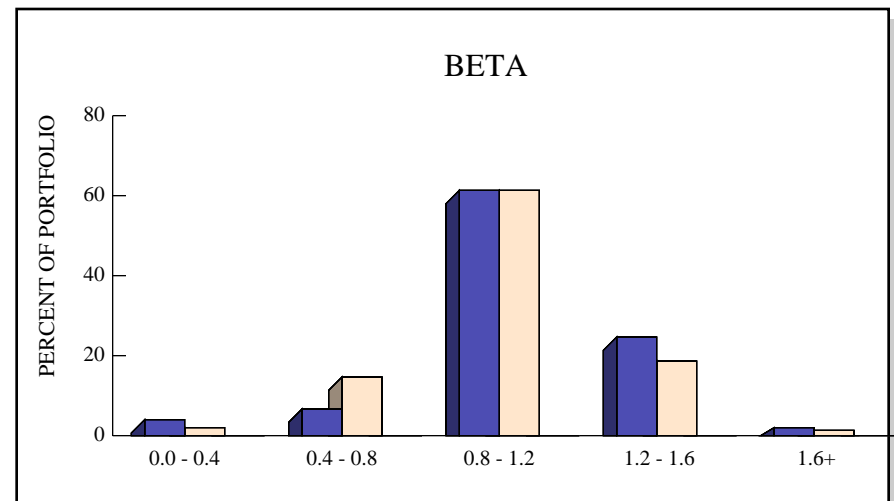
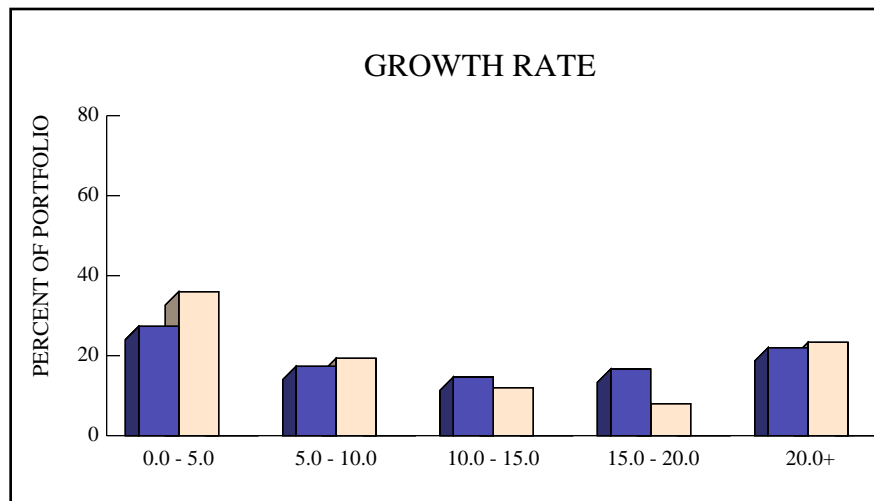
RATES OF RETURN			
Date	Portfolio	Benchmark	Difference
3/09	0.1	0.1	0.0
6/09	6.5	1.8	4.7
9/09	5.6	3.7	1.9
12/09	0.7	0.2	0.5
3/10	2.1	1.8	0.3
6/10	3.2	3.5	-0.3
9/10	2.7	2.5	0.2
12/10	-1.3	-1.3	0.0
3/11	0.7	0.4	0.3
6/11	2.2	2.3	-0.1
9/11	2.5	3.8	-1.3
12/11	1.4	1.1	0.3
3/12	1.3	0.3	1.0
6/12	2.1	2.1	0.0
9/12	2.6	1.6	1.0
12/12	0.9	0.2	0.7
3/13	0.4	-0.1	0.5
6/13	-2.4	-2.3	-0.1
9/13	0.3	0.6	-0.3
12/13	0.6	-0.1	0.7
3/14	2.4	1.8	0.6

Total Quarters Observed	21
Quarters At or Above the Benchmark	16
Quarters Below the Benchmark	5
Batting Average	.762

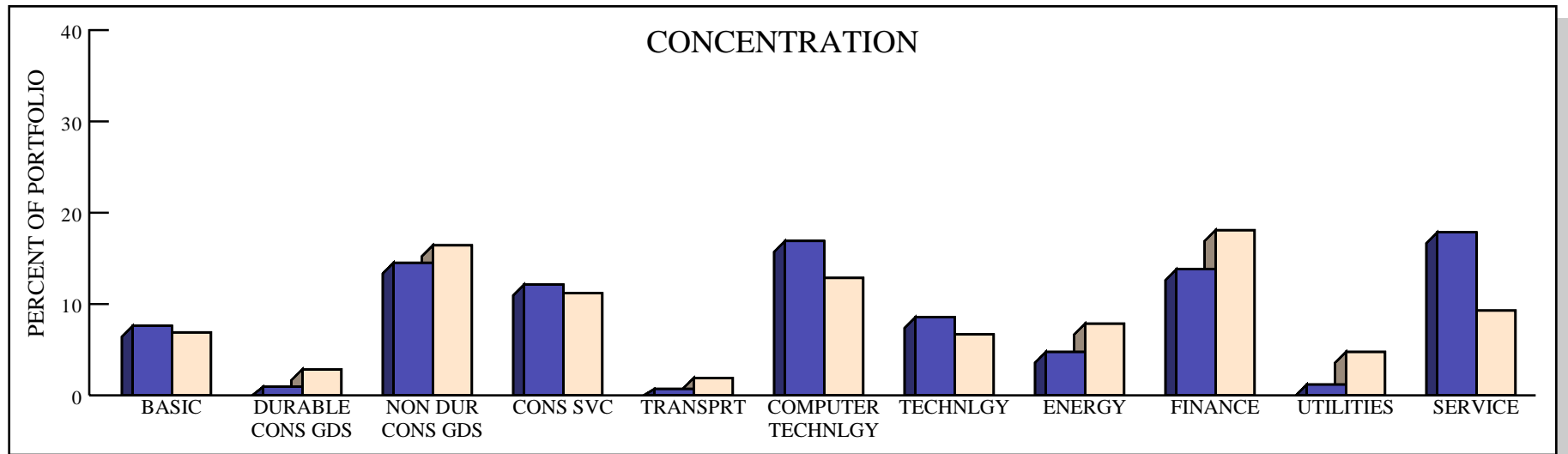
STOCK CHARACTERISTICS



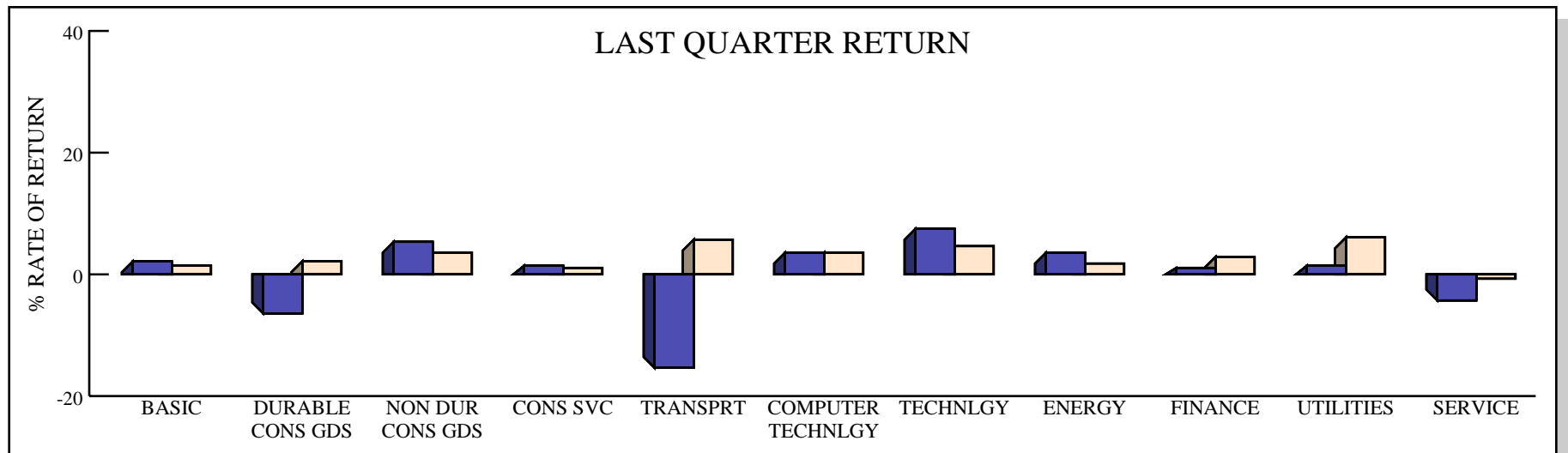
	YIELD	GROWTH	P/E	BETA
PORTFOLIO	1.2%	12.6%	20.2	1.03
RUSSELL 3000	1.8%	10.2%	20.9	1.00



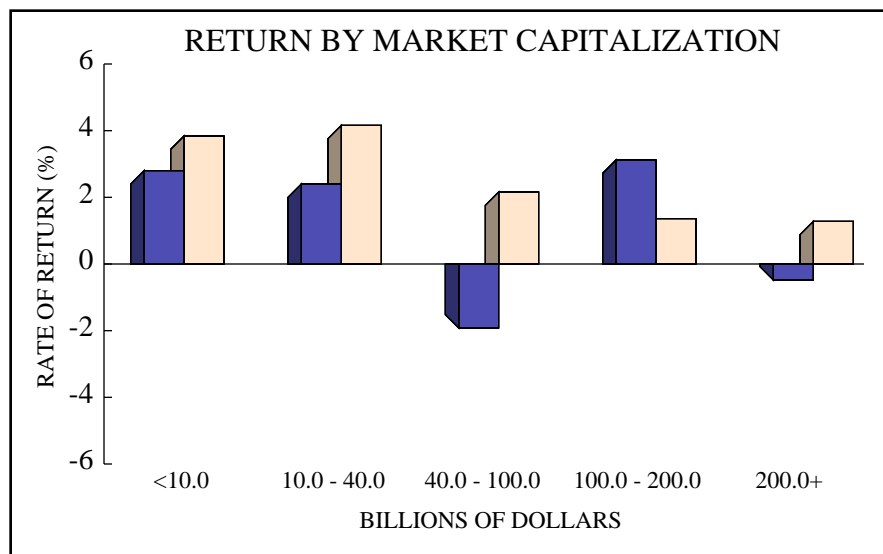
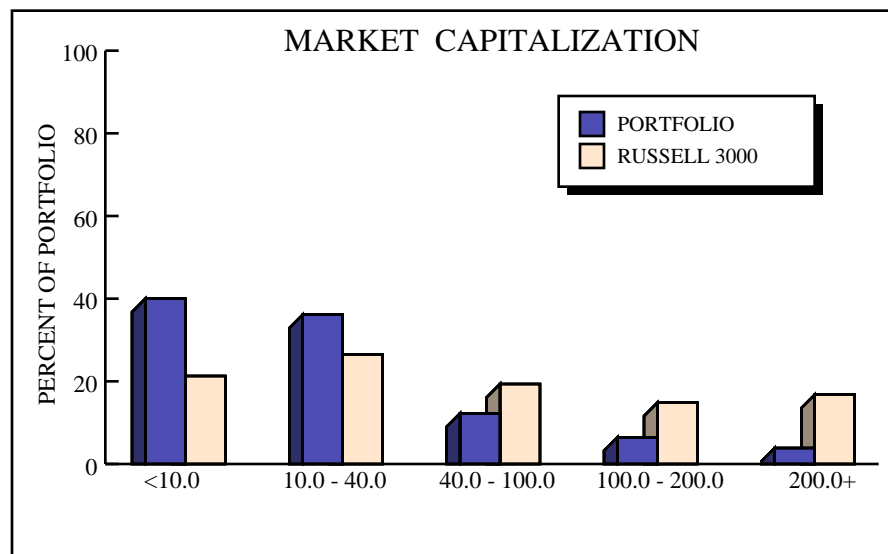
STOCK INDUSTRY ANALYSIS



■ PORTFOLIO ■ RUSSELL 3000



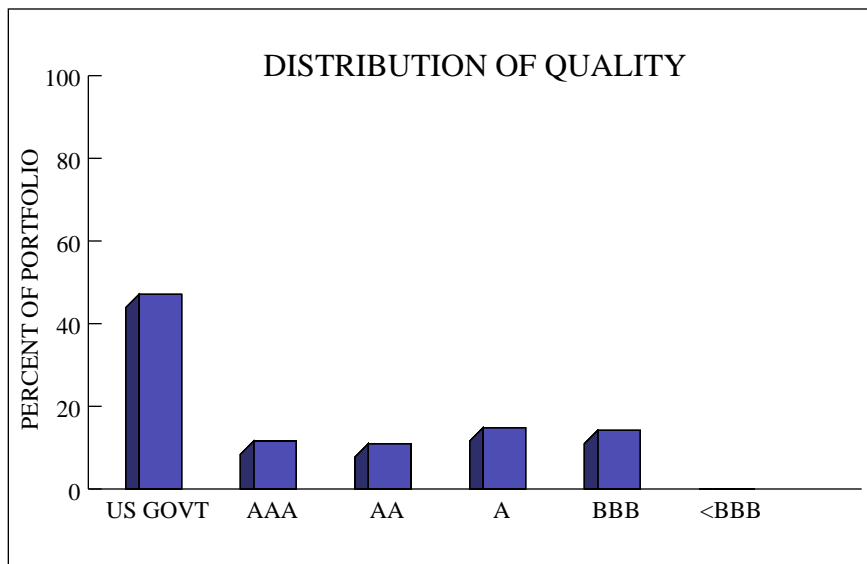
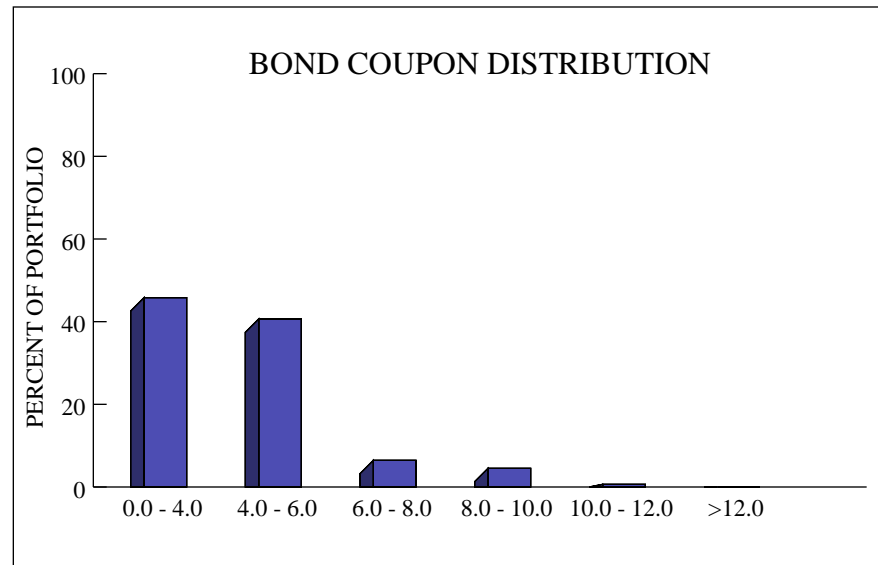
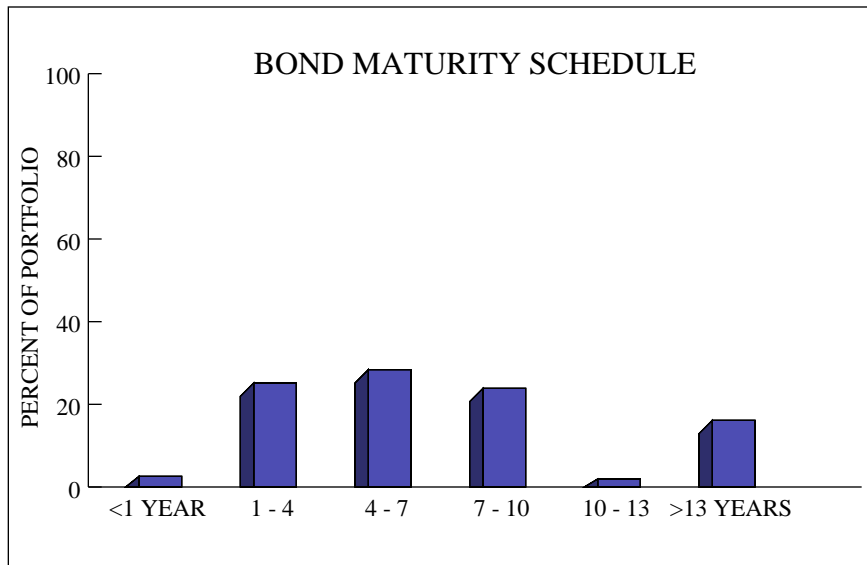
TOP TEN HOLDINGS



TOP TEN EQUITY HOLDINGS

RANK	NAME	VALUE	% EQUITY	RETURN	INDUSTRY SECTOR	MKT CAP
1	GOOGLE INC-CL A	\$ 635,271	2.39%	-0.6%	Computer Tech	\$ 313.0 B
2	L-3 COMMUNICATIONS HOLDINGS	559,204	2.10%	11.0%	Technology	10.2 B
3	VISA INC-CLASS A SHARES	517,848	1.95%	-2.9%	Finance	108.9 B
4	ALLERGAN INC	507,817	1.91%	11.8%	NonDur Cons Goods	37.1 B
5	QUALCOMM INC	502,338	1.89%	6.6%	Technology	133.4 B
6	ORACLE CORP	479,670	1.81%	7.2%	Computer Tech	182.4 B
7	T ROWE PRICE GROUP INC	458,278	1.72%	-1.2%	Finance	21.6 B
8	ABBOTT LABORATORIES	450,952	1.70%	0.8%	NonDur Cons Goods	59.4 B
9	WESTERN UNION CO	419,879	1.58%	-4.4%	Service	9.0 B
10	NIKE INC -CL B	418,417	1.57%	-5.8%	NonDur Cons Goods	52.3 B

BOND CHARACTERISTICS



	PORTFOLIO	BARCLAYS AGG
No. of Securities	164	8,441
Duration	5.95	5.65
YTM	2.58	2.39
Average Coupon	4.04	3.31
Avg Maturity / WAL	8.61	7.70
Average Quality	AAA-AA	USG-AAA

APPENDIX - MAJOR MARKET INDEX RETURNS

Domestic Equity	Style	QTR	YTD	1 Year	3 years	5 Years
Russell 3000	Broad Equity	2.0	2.0	22.6	14.6	21.9
S&P 500	Large Cap Core	1.8	1.8	21.9	14.7	21.1
Russell 1000	Large Cap Core	2.1	2.1	22.4	14.8	21.7
Russell 1000 Growth	Large Cap Growth	1.1	1.1	23.2	14.6	21.7
Russell 1000 Value	Large Cap Value	3.0	3.0	21.6	14.8	21.7
Russell Mid Cap	Midcap	3.5	3.5	23.5	14.4	25.5
Russell Mid Cap Growth	Midcap Growth	2.0	2.0	24.2	13.5	24.7
Russell Mid Cap Value	Midcap Value	5.2	5.2	22.9	15.2	26.3
Russell 2000	Small Cap	1.1	1.1	24.9	13.2	24.3
Russell 2000 Growth	Small Cap Growth	0.5	0.5	27.2	13.6	25.2
Russell 2000 Value	Small Cap Value	1.8	1.8	22.6	12.7	23.3
International Equity	Style	QTR	YTD	1 Year	3 years	5 Years
MSCI EAFE	Developed Markets Equity	0.8	0.8	18.1	7.7	16.5
MSCI EAFE Growth	Developed Markets Growth	0.2	0.2	15.3	7.6	16.3
MSCI EAFE Value	Developed Markets Value	1.3	1.3	20.9	7.8	16.8
MSCI All Country World Ex US	Foreign Equity	0.6	0.6	12.8	4.6	16.0
MSCI Emerging Markets	Emerging Markets Equity	-0.4	-0.4	-1.1	-2.5	14.8
Domestic Fixed Income	Style	QTR	YTD	1 Year	3 years	5 Years
Barclays Aggregate Index	Core Fixed Income	1.8	1.8	-0.1	3.8	4.8
Barclays Gov/Credit	Gov/Credit	2.0	2.0	-0.3	4.2	5.1
Barclays Capital Gov't Bond	Treasuries	1.3	1.3	-1.2	3.2	2.7
Barclays Capital Credit Bond	Corporate Bonds	2.9	2.9	1.5	6.1	9.5
Intermediate Aggregate	Core Intermediate	1.2	1.2	0.0	3.0	4.2
Intermediate Gov/Credit	Gov / Credit Intermediate	1.0	1.0	-0.1	3.1	4.2
ML/BoA 1-3 Year Treasury	Short Term Treasuries	0.1	0.1	0.4	0.6	1.0
CSFB High Yield	High Yield Bonds	3.1	3.1	7.7	8.9	17.5
Alternative Assets	Style	QTR	YTD	1 Year	3 years	5 Years
Barclays Global Ex-US	International Treasuries	3.1	3.1	2.1	1.0	2.6
NCREIF NFI-ODCE Index	Real Estate	2.5	2.5	13.8	13.0	7.3
HFRI FOF Composite	Hedge Funds	0.5	0.5	5.9	2.3	4.5

APPENDIX - DISCLOSURES

- * The Policy index is a policy-weighted passive index and was constructed as follows:
40% Russell 3000 Index / 25% Barclays Aggregate Index / 15% EAFE Index / 10% NCREIF NFI-ODCE/ 2.5% NCREIF Timber / 7.5% S&P 500
- * The Custom Equity index was constructed as follows:
44.5% Russell 2000 index / 33.3% S&P 500 index / 22.2% S&P 400 index
- * The Custom PRIT Core Policy Index is a policy-weighted passive index and was constructed as follows:
For all periods through December 2010:

26.0% Russell 3000	20.0% MSCI EAFE	5.0% MSCI Emerging Markets
15.0% Barclays Aggregate	5.0% CSFB Hi Yield	10.0% Cambridge Private Equity
10.0% NCREIF NFI-ODCE	4.0% NCREIF Timber	5.0% HFRI Fund of Funds Composite

 For all periods Since December 2010:

24.0% Russell 3000	20.0% MSCI EAFE	5.0% MSCI Emerging Markets
13.0% Barclays Aggregate	6.0% CSFB Hi Yield	10.0% Cambridge Private Equity
10.0% NCREIF NFI-ODCE	4.0% NCREIF Timber	8.0% HFRI Fund of Funds Composite
- * Performance for the Cambridge Private Equity Index is unavailable for the current quarter, a flat return of 0% is assumed.
- * Dahab Associates utilizes data provided by a custodian and other vendors it believes are reliable. However, it cannot assume responsibility for errors and omissions therefrom.
- * All returns were calculated on a time-weighted basis, and are gross of fees unless otherwise noted.
- * All returns for periods greater than one year are annualized.
- * All values are in US dollars.

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

INVESTMENT RETURN

On March 31st, 2014, the Franklin Regional Retirement System's PRIT Core Fund was valued at \$64,039,377, representing an increase of \$1,614,718 from the December quarter's ending value of \$62,424,659. Last quarter, the Fund posted withdrawals totaling \$84,457, which partially offset the portfolio's net investment return of \$1,699,175. Income receipts totaling \$484,944 plus net realized and unrealized capital gains of \$1,214,231 combined to produce the portfolio's net investment return.

For the cumulative period since December 2008, the fund has recorded net contributions totaling \$1.9 million, and recorded net investment gains of \$28.7 million. For the period since December 2008, if the total fund had returned a compounded nominal rate of 8.0% it would have been valued at \$52.9 million or \$11.1 million less than the actual value as of March 31st, 2014.

RELATIVE PERFORMANCE

During the first quarter, the PRIT Core Fund gained 2.7%, which was 0.7% greater than the Custom Core Index's return of 2.0% and ranked in the 6th percentile of the Public Fund universe. Over the trailing twelve-month period, the portfolio returned 13.4%, which was 1.6% greater than the benchmark's 11.8% performance, and ranked in the 35th percentile. Since December 2008, the portfolio returned 12.0% per annum and ranked in the 58th percentile. For comparison, the Custom Core Index returned an annualized 11.2% over the same time frame.

PRIT DOMESTIC EQUITY

Last quarter, the PRIT Domestic Equity sleeve comprised 20.3% of the PRIT portfolio and gained 1.8%, which was 0.2% less than the Russell 3000's 2.0% performance. Three of the four largest funds – SSGA S&P 500 index fund, Intech, and PIMCO Domestic – served

as the prime movers of the sleeve's return. Together they made up 14.6% of the PRIT portfolio – 71.9% of the Domestic Equity sleeve – and returned 1.8%, 1.8%, and 2.3%, respectively.

Last quarter, the SSGA S&P 500 index fund gained 1.8%, while over the trailing year it gained 22.2%. For comparison, the S&P 500 also gained 1.8% for the quarter and 21.9% for the year. The SSGA Russell 2500 fund – with the second heaviest sleeve allocation of 2.5% – gained 2.2% for the quarter, which was consistent with the Russell 2500 Index's return of 2.3%. Over the trailing year, SSGA returned 23.2%, falling short of the Russell 2500 by 0.8%.

PRIT INTERNATIONAL EQUITY

In the first quarter, the PRIT International Equity sleeve represented 18.1% of the PRIT portfolio and gained 1.5% for the quarter, which was 0.9% above the 0.6% return of the MSCI All Country World Ex US Index. The SSGA World Ex-US index fund (1.1% return), combined with Marathon Asset Management (0.9% return) and Baillie Gifford (2.4% return) to outperform the benchmark.

Over the previous three month period, the SSGA Ex US returned 1.1%. For the 3-year and 5-year periods it gained 7.0% and 16.8%, respectively. The Custom MSCI EAFE Standard Index gained 0.8% for the quarter. Over the 3-year and 5-year periods it gained 7.7% and 16.6%.

PRIT FIXED INCOME

In the first quarter, the PRIT Fixed Income sleeve surpassed the Barclays Aggregate index by 0.3%, returning 2.1% for the quarter. The BlackRock Passive fund and Loomis Sayles Core fund comprised nearly half of the sleeve, and both outperformed the index. Additionally, the BlackRock TIPS and ILBs combined to post a 2.4% gain, which was even with the return of the benchmark. However, the PIMCO Core fund (2.3% sleeve allocation) failed to

match the performance of the Barclays Aggregate index, turning in just a 1.3% gain, 0.5% less than that benchmark.

Last quarter, the BlackRock Passive fund gained 1.9%. Over the trailing year it returned -0.1%, and gained 3.8% and 4.8% for the 3-year and 5-year periods. For comparison, the Barclays Aggregate gained 1.8% for the quarter and sunk -0.1% for the year. Over the 3-year and 5-year periods the Barclays Aggregate gained 3.8% and 4.8%, respectively.

For the first quarter, the BlackRock ILBs returned 2.6%. Over the trailing year it reported losses of 4.2%, while gaining 4.3% and 8.5% for the 3-year and 5-year periods. Its benchmark, the Barclays ILB US Hedged index, posted a 2.4% return last quarter. Additionally, it returned -4.9% over the last year, and gained 3.9% and 8.0% over the last 3-year and 5-year periods, respectively.

Franklin Regional Retirement System
Total Fund Asset Allocation Analysis
As of March 31, 2014

Total Fund Assets \$ 115,586,272

Allocation by Manager						
	PRIT Fund Actual Allocation	FRRS Allocation	Target Allocation	Target Dollars	Actual Dollars	
PRIT Core Fund	100.0%	55.4%	55.0%	\$ 63,572,450	\$ 64,039,377	\$ 466,927
Domestic Equity	20.6%	11.4%			\$ 13,192,112	
Int'l Equity	18.3%	10.1%			\$ 11,693,590	
E.M. Int'l Equity	6.8%	3.8%			\$ 4,348,274	
Core Fixed Income	12.7%	7.0%			\$ 8,139,405	
Value Added Fixed Income	6.3%	3.5%			\$ 4,040,885	
Real Estate	8.6%	4.7%			\$ 5,475,367	
Timber/Natural Resources	4.0%	2.2%			\$ 2,555,171	
Alternatives-Private Equity	14.4%	8.0%			\$ 9,202,458	
Hedge Funds	8.4%	4.7%			\$ 5,392,116	
<u>Separate Managers</u>		<u>44.6%</u>	<u>45.0%</u>			
Polen Capital		6.4%	6.0%	\$ 6,935,176	\$ 7,397,285	\$ 462,109
O'Shaughnessy		6.7%	6.0%	\$ 6,935,176	\$ 7,705,984	\$ 770,808
Seizert		5.4%	5.0%	\$ 5,779,314	\$ 6,273,155	\$ 493,841
Daruma		10.2%	10.0%	\$ 11,558,627	\$ 11,785,590	\$ 226,963
PRIT RE		4.9%	5.0%	\$ 5,779,314	\$ 5,672,759	\$ (106,555)
Prudential		0.0%	0.0%	\$ -	\$ 94	\$ 94
IR&M		10.5%	13.0%	\$ 15,026,215	\$ 12,161,354	\$ (2,864,861)
Cash		0.5%	0.0%	\$ -	\$ 550,674	\$ 550,674

Allocation by Asset Class						
	Actual Allocation (%)	Target Allocation (%)	+/- Percent	Actual Allocation (\$)	Target Allocation (\$)	+/- Dollars
Franklin County Total Fund						
Domestic Equity	40.1%	40.0%	0.1%	\$ 46,354,126	\$ 46,234,509	\$ 119,617
Int'l Equity	13.9%	15.0%	-1.1%	\$ 16,041,864	\$ 17,337,941	\$ (1,296,077)
Fixed Income	21.1%	25.0%	-3.9%	\$ 24,341,644	\$ 28,896,568	\$ (4,554,924)
Real Estate	9.6%	10.0%	-0.4%	\$ 11,148,220	\$ 11,558,627	\$ (410,407)
Timber	2.2%	2.5%	-0.3%	\$ 2,555,171	\$ 2,889,657	\$ (334,486)
Alternatives-Private Equity	8.0%	5.0%	3.0%	\$ 9,202,458	\$ 5,779,314	\$ 3,423,145
Hedge Funds	4.7%	2.5%	2.2%	\$ 5,392,116	\$ 2,889,657	\$ 2,502,459
Cash	<u>0.5%</u>	<u>0.0%</u>	0.5%	\$ 550,674	\$ -	\$ 550,674
	100.0%	100.0%		\$ 115,586,272	\$ 115,586,272	

EXECUTIVE SUMMARY**PERFORMANCE SUMMARY**

	Quarter	YTD	1 Year	-----Annualized-----	
				3 Years	Since 12/08
Total Gross/Fees	2.7	2.7	13.4	9.1	12.0
<i>PUBLIC FUND RANK</i>	(6)	(6)	(35)	(45)	(58)
Total Net/Fees	2.6	2.6	12.8	8.5	11.4
CUSTOM CORE IDX	2.0	2.0	11.8	8.5	11.2
PRIT Core	2.7	2.7	13.4	9.1	12.0
<i>PUBLIC FUND RANK</i>	(6)	(6)	(35)	(45)	(58)
CUSTOM CORE IDX	2.0	2.0	11.8	8.5	11.2

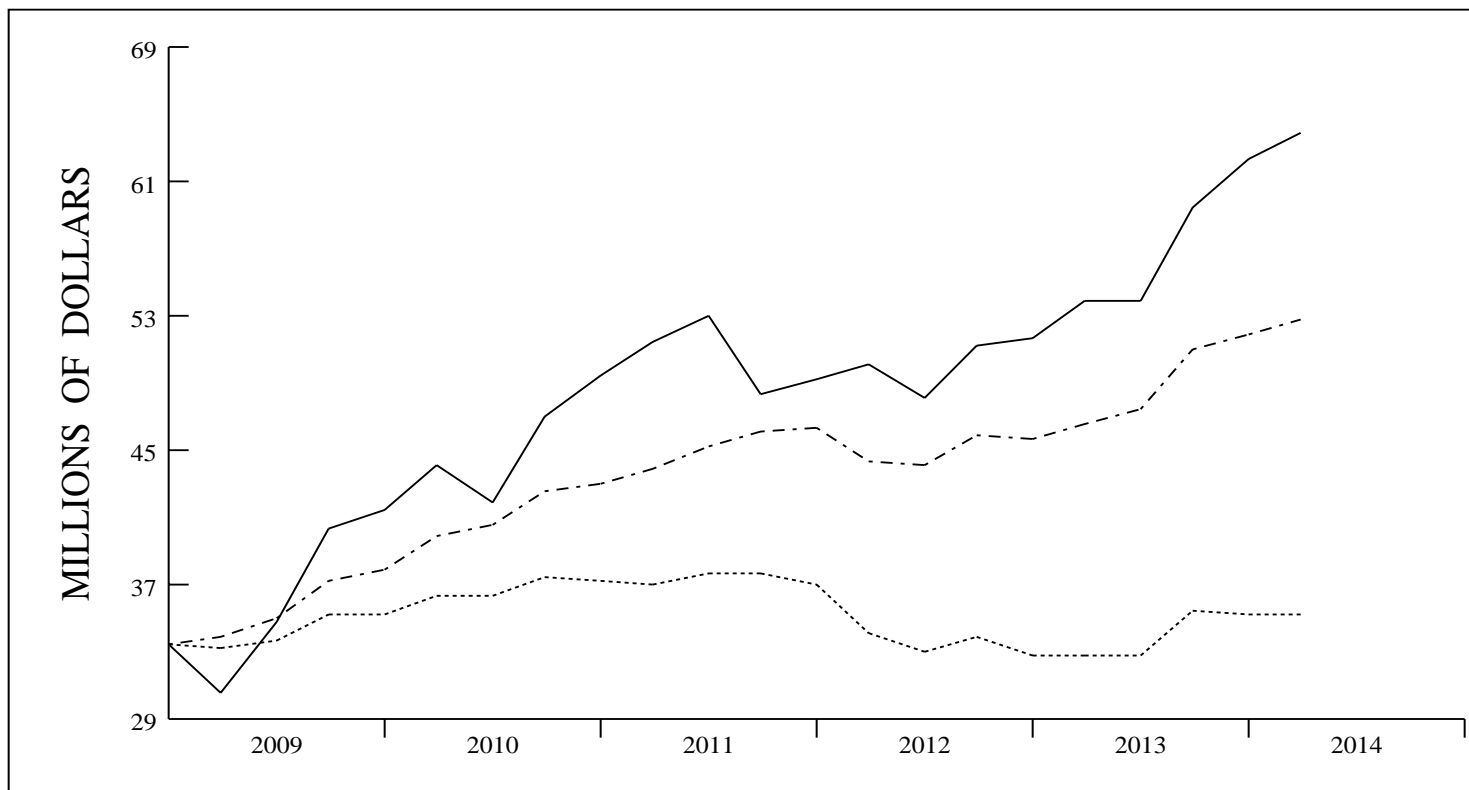
ASSET ALLOCATION

PRIT Core	100.0%	\$ 64,039,377
Total Portfolio	100.0%	\$ 64,039,377

INVESTMENT RETURN

Market Value 12/2013	\$ 62,424,659
Contribs / Withdrawals	- 84,457
Income	484,944
Capital Gains / Losses	1,214,231
Market Value 3/2014	\$ 64,039,377

INVESTMENT GROWTH

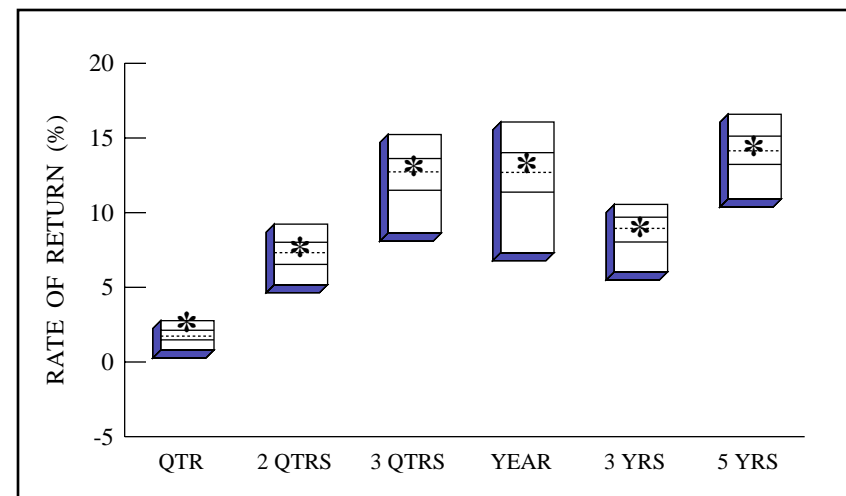
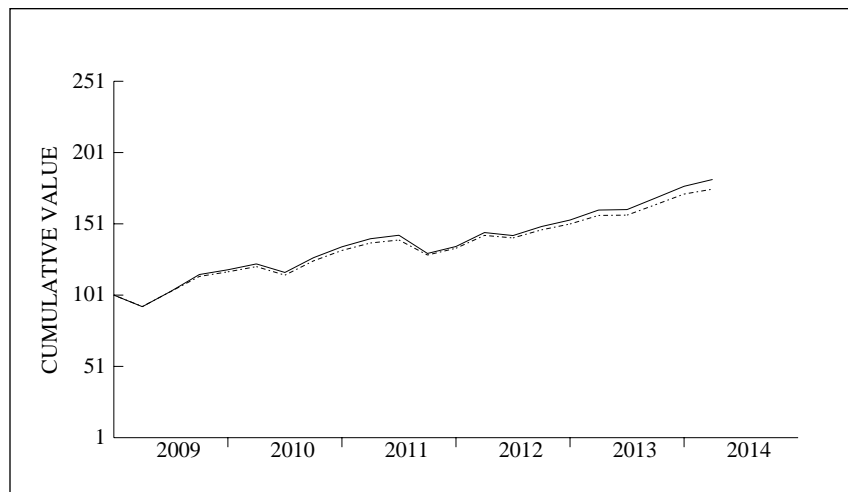


— ACTUAL RETURN
 - - - 8.0%
 . . . 0.0%

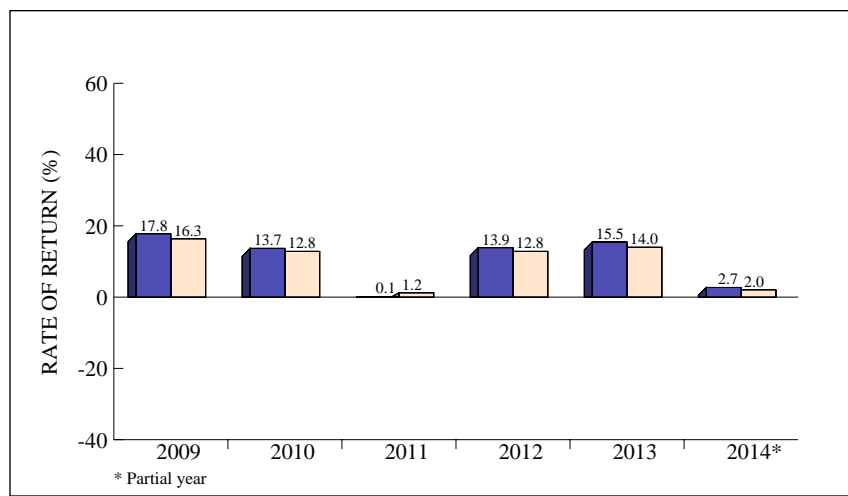
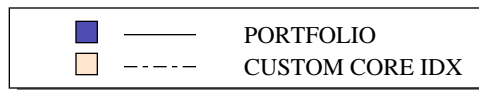
VALUE ASSUMING
 8.0% RETURN
 \$ 52,949,119

	LAST QUARTER	PERIOD 12/08 - 3/14
BEGINNING VALUE	\$ 62,424,659	\$ 33,492,695
NET CONTRIBUTIONS	- 84,457	1,856,426
<u>INVESTMENT RETURN</u>	<u>1,699,175</u>	<u>28,690,256</u>
ENDING VALUE	\$ 64,039,377	\$ 64,039,377
INCOME	484,944	7,634,097
<u>CAPITAL GAINS (LOSSES)</u>	<u>1,214,231</u>	<u>21,056,160</u>
INVESTMENT RETURN	1,699,175	28,690,256

TOTAL RETURN COMPARISONS

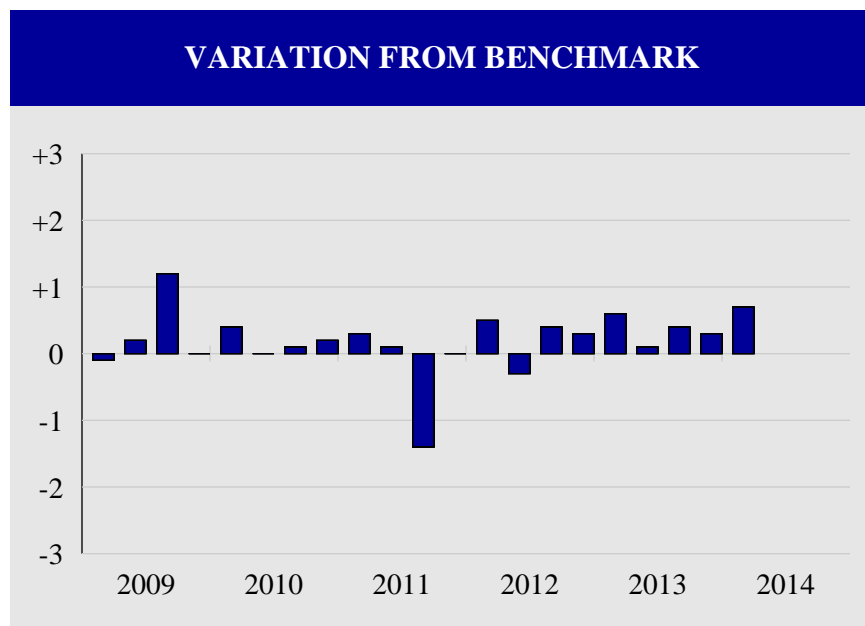


Public Fund Universe



	QTR	2QTRS	3QTRS	YEAR	-----ANNUALIZED-----	
					3 YRS	5 YRS
RETURN	2.7	7.7	13.2	13.4	9.1	14.5
(RANK)	(6)	(33)	(36)	(35)	(45)	(37)
5TH %ILE	2.8	9.2	15.2	16.1	10.6	16.6
25TH %ILE	2.1	8.0	13.6	14.0	9.7	15.1
MEDIAN	1.7	7.3	12.7	12.7	9.0	14.2
75TH %ILE	1.5	6.5	11.5	11.4	8.0	13.2
95TH %ILE	0.8	5.2	8.6	7.3	6.0	10.9
PRIT Index	2.0	6.7	11.7	11.8	8.5	13.7

Public Fund Universe

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

Total Quarters Observed	21
Quarters At or Above the Benchmark	18
Quarters Below the Benchmark	3
Batting Average	.857

RATES OF RETURN			
Date	Portfolio	Benchmark	Difference
3/09	-8.1	-8.0	-0.1
6/09	11.7	11.5	0.2
9/09	11.5	10.3	1.2
12/09	2.9	2.9	0.0
3/10	3.5	3.1	0.4
6/10	-5.0	-5.0	0.0
9/10	8.9	8.8	0.1
12/10	6.1	5.9	0.2
3/11	4.3	4.0	0.3
6/11	1.7	1.6	0.1
9/11	-9.0	-7.6	-1.4
12/11	3.7	3.7	0.0
3/12	7.3	6.8	0.5
6/12	-1.5	-1.2	-0.3
9/12	4.4	4.0	0.4
12/12	3.1	2.8	0.3
3/13	4.6	4.0	0.6
6/13	0.2	0.1	0.1
9/13	5.1	4.7	0.4
12/13	4.9	4.6	0.3
3/14	2.7	2.0	0.7

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

INVESTMENT RETURN

On March 31st, 2014, the Franklin Regional Retirement System's Polen Capital Management Large Cap Growth Fund was valued at \$7,397,285, representing an increase of \$46,200 from the December quarter's ending value of \$7,351,085. Last quarter, the Fund posted no net contributions or withdrawals, while posting \$46,200 in net investment returns. Income receipts totaling \$18,755 plus net realized and unrealized capital gains of \$27,445 combined to produce the portfolio's net investment return figure.

For the cumulative period since March 2012, the account has recorded net contributions totaling \$850,000, and has recorded net investment gains of \$1.3 million. Since March 2012, if the total account had earned a compounded nominal rate of 8.0% it would have been worth \$7.1 million or \$317,006 less than the actual value as of March 31st, 2014.

RELATIVE PERFORMANCE

During the first quarter, the Polen Capital Management Large Cap Growth Fund gained 0.6%, which was 0.5% below the Russell 1000 Growth Index's return of 1.1% and ranked in the 58th percentile of the Large Cap Growth universe. Over the trailing year, the portfolio returned 16.9%, which was 6.3% below the benchmark's 23.2% performance, ranking in the 97th percentile. Since March 2012, the account returned 9.6% on an annualized basis and ranked in the 99th percentile. For comparison, the Russell 1000 Growth returned an annualized 16.5% over the same period.

ASSET ALLOCATION

On March 31st, 2014, domestic equities comprised 96.8% of the total portfolio (\$7.2 million), while cash & equivalents totaled 3.2% (\$236,284).

ANALYSIS

Polen Capital Management maintained a similar allocation strategy to last quarter, remaining invested in six of the eleven industry sectors in our analysis, but increasing its allocation in the Consumer Service sector. The portfolio was overweight in the Consumer Service, Computer Technology, Finance, and Service sectors, while the Non-Durable Consumer Goods and Technology sectors remained slightly underweight. The portfolio once again avoided the Basic, Durable Consumer Goods, Transportation, Energy, and Utilities sectors.

The portfolio missed the benchmark due to many factors including its avoidance of the Basic, Durable Consumer Goods, Transportation, and Energy sectors which posted strong gains for the benchmark. Also, in contrast to the fourth quarter, the portfolio's high concentration sectors performed poorly compared to the benchmark due to negative selection effects. Fortunately, positive selection effects in the Non-Durable Consumer Goods and Technology sectors helped buoy the portfolio's performance. Two stocks in particular, Allergan and Qualcomm, helped these sectors as they were among the top ten equity holdings and returned 11.8% and 6.6%, respectively. Overall, the portfolio trailed the Russell 1000 Growth by 50 basis points.

EXECUTIVE SUMMARY**PERFORMANCE SUMMARY**

	Quarter	YTD	1 Year	-----Annualized-----	
				3 Years	Since 03/12
Total Gross/Fees	0.6	0.6	16.9	----	9.6
<i>LARGE CAP GROWTH RANK</i>	(58)	(58)	(97)	----	(99)
Total Net/Fees	0.4	0.4	16.2	----	9.0
RUSSELL 1000G	1.1	1.1	23.2	14.6	16.5
Domestic Equity	0.7	0.7	17.9	----	10.2
<i>LARGE CAP GROWTH RANK</i>	(58)	(58)	(94)	----	(99)
RUSSELL 1000G	1.1	1.1	23.2	14.6	16.5

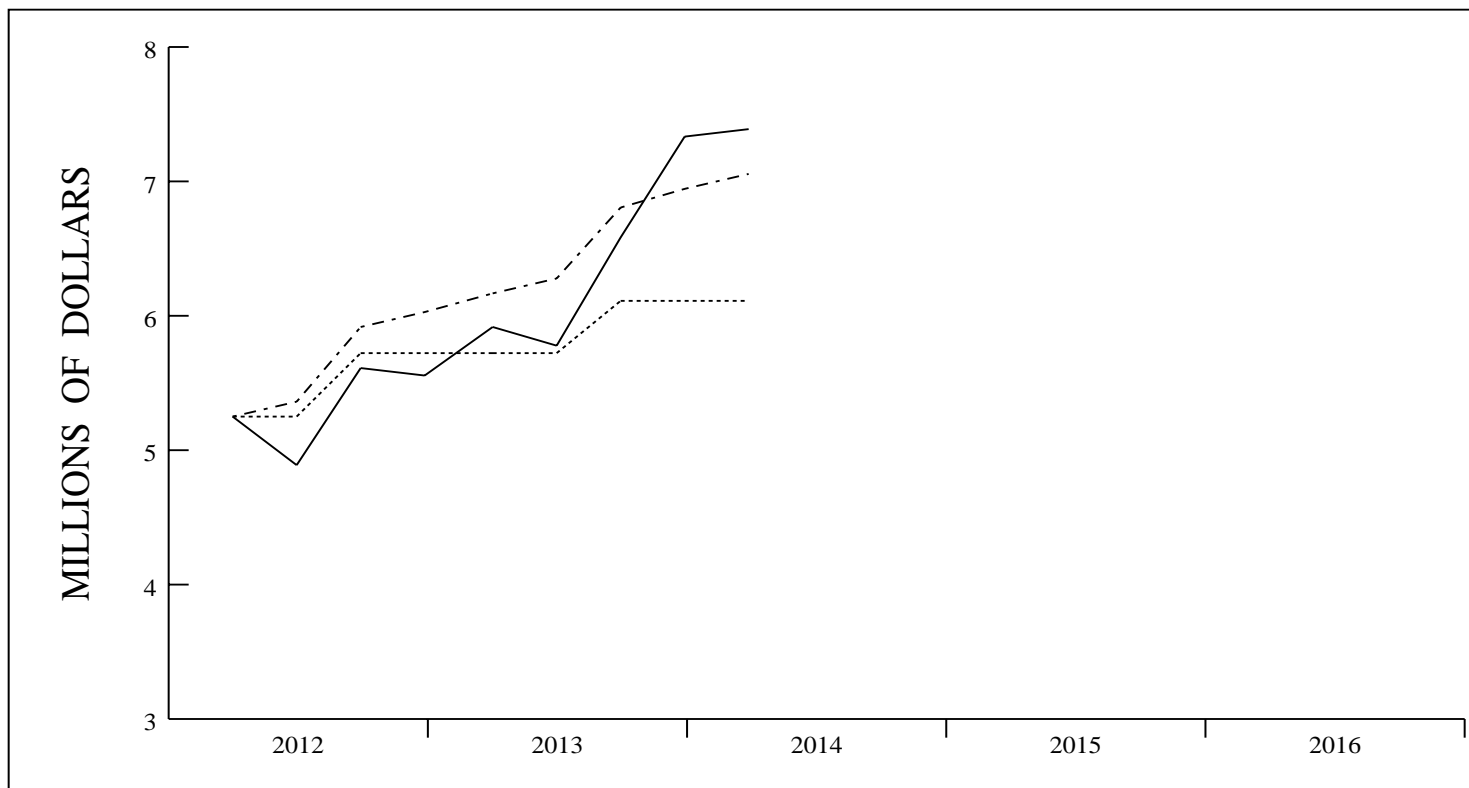
ASSET ALLOCATION

Domestic Equity	96.8%	\$ 7,161,001
Cash	3.2%	236,284
Total Portfolio	100.0%	\$ 7,397,285

INVESTMENT RETURN

Market Value 12/2013	\$ 7,351,085
Contribs / Withdrawals	0
Income	18,755
Capital Gains / Losses	27,445
Market Value 3/2014	\$ 7,397,285

INVESTMENT GROWTH

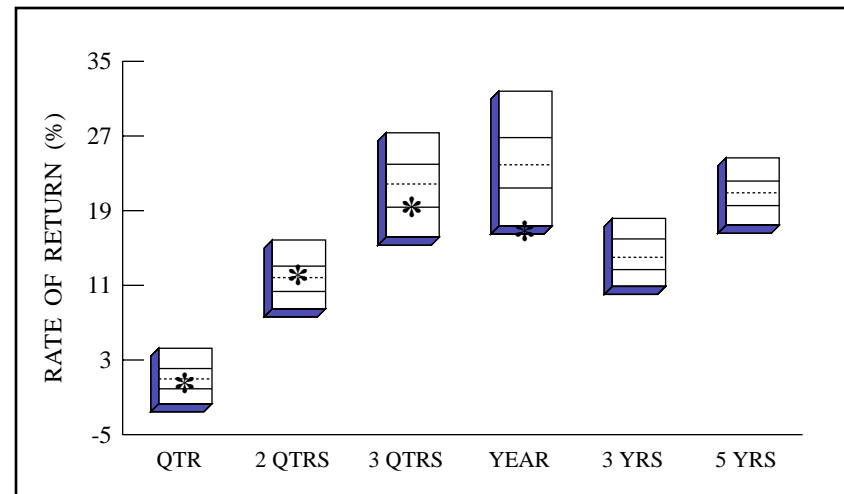
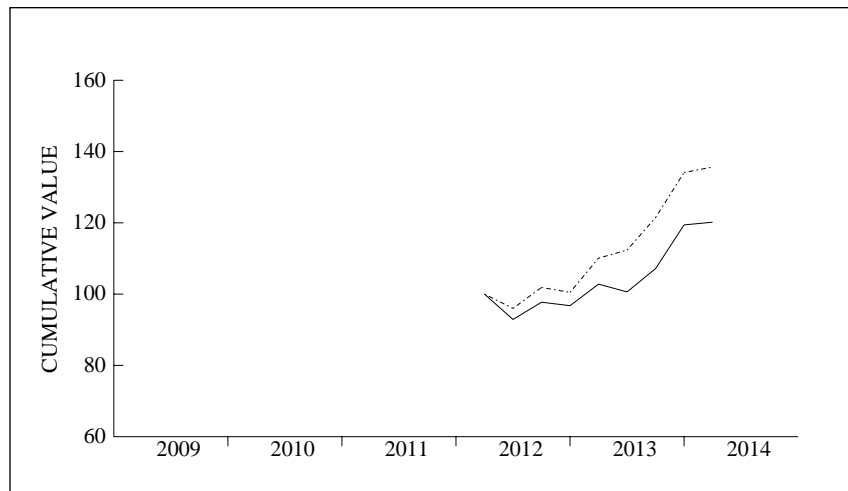


— ACTUAL RETURN
 - - - 8.0%
 . . . 0.0%

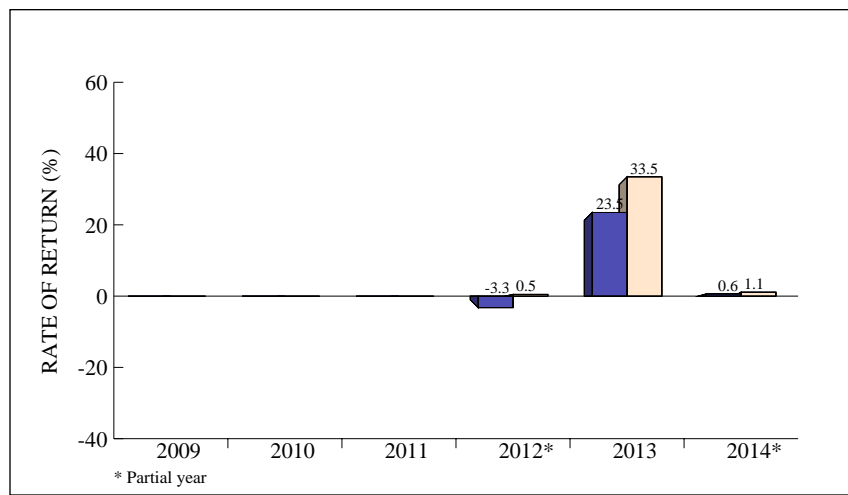
VALUE ASSUMING
 8.0% RETURN
 \$ 7,080,279

	LAST QUARTER	PERIOD 3/12 - 3/14
BEGINNING VALUE	\$ 7,351,085	\$ 5,273,154
NET CONTRIBUTIONS	0	850,000
INVESTMENT RETURN	46,200	1,274,131
ENDING VALUE	\$ 7,397,285	\$ 7,397,285
INCOME	18,755	141,171
CAPITAL GAINS (LOSSES)	27,445	1,132,960
INVESTMENT RETURN	46,200	1,274,131

TOTAL RETURN COMPARISONS



Large Cap Growth Universe

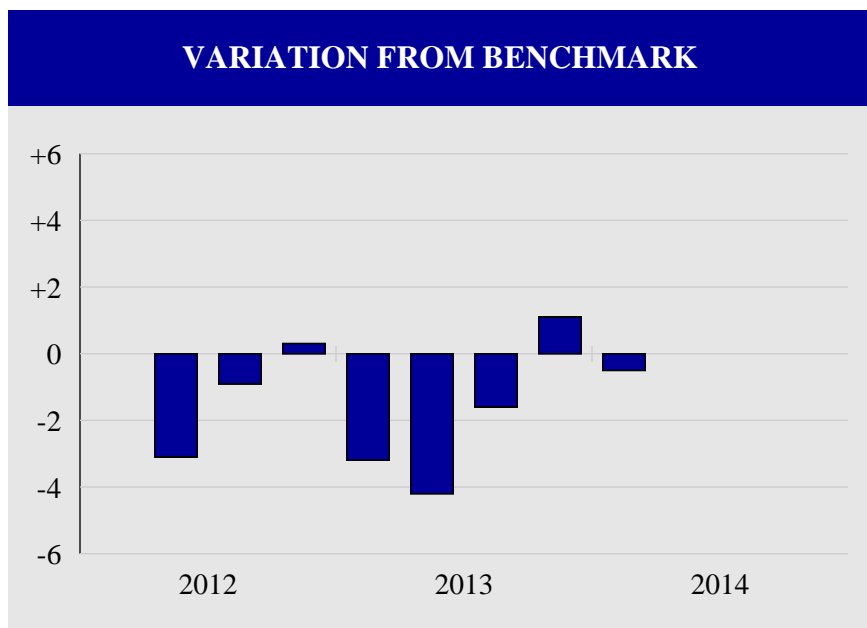


	QTR	2QTRS	3QTRS	YEAR	-----ANNUALIZED-----	
					3 YRS	5 YRS
RETURN	0.6	12.2	19.4	16.9	----	----
(RANK)	(58)	(44)	(74)	(97)	----	----
5TH %ILE	4.3	15.9	27.3	31.8	18.2	24.7
25TH %ILE	2.1	13.1	24.0	26.8	16.0	22.2
MEDIAN	1.0	11.8	21.9	23.9	14.0	20.9
75TH %ILE	-0.1	10.3	19.4	21.4	12.7	19.5
95TH %ILE	-1.7	8.5	16.1	17.4	10.9	17.4
Russ 1000G	1.1	11.7	20.7	23.2	14.6	21.7

Large Cap Growth Universe

TOTAL PORTFOLIO QUARTERLY PERFORMANCE SUMMARY

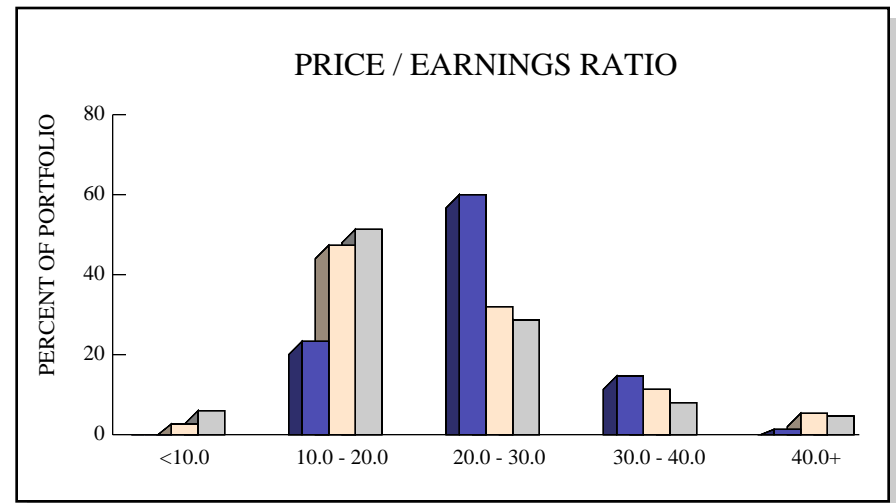
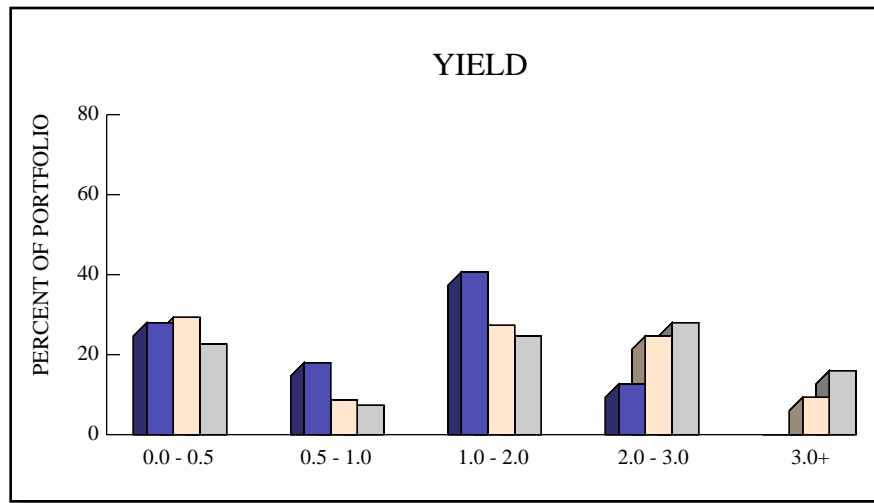
COMPARATIVE BENCHMARK: RUSSELL 1000 GROWTH



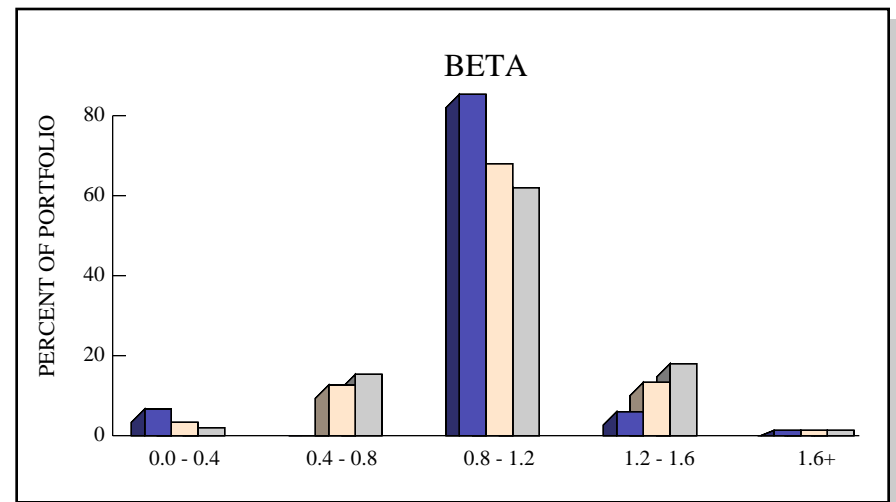
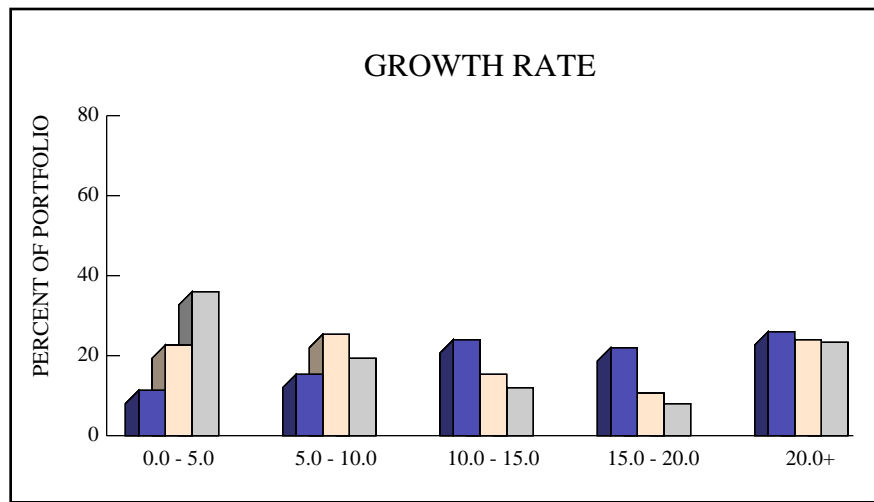
RATES OF RETURN			
Date	Portfolio	Benchmark	Difference
6/12	-7.1	-4.0	-3.1
9/12	5.2	6.1	-0.9
12/12	-1.0	-1.3	0.3
3/13	6.3	9.5	-3.2
6/13	-2.1	2.1	-4.2
9/13	6.5	8.1	-1.6
12/13	11.5	10.4	1.1
3/14	0.6	1.1	-0.5

Total Quarters Observed	8
Quarters At or Above the Benchmark	2
Quarters Below the Benchmark	6
Batting Average	.250

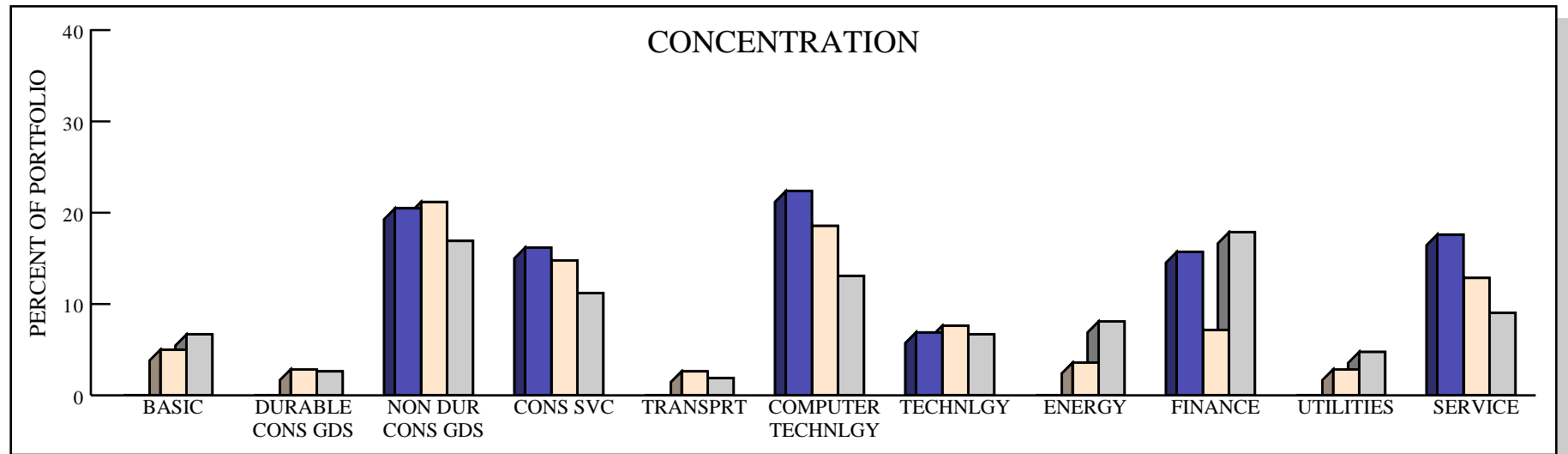
STOCK CHARACTERISTICS



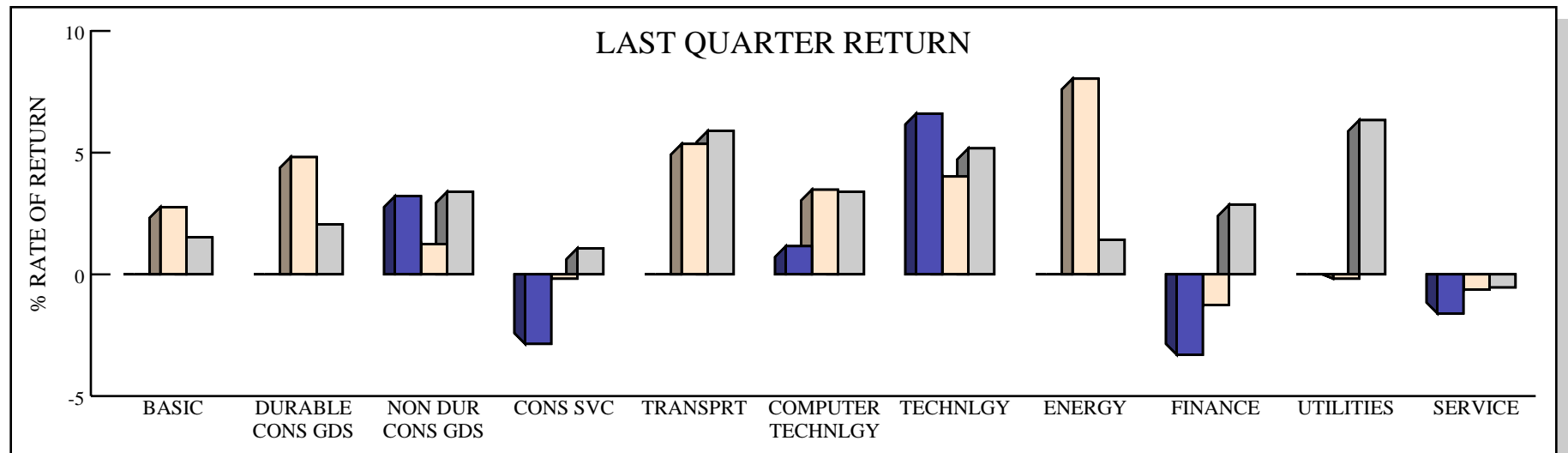
	YIELD	GROWTH	P/E	BETA
PORTFOLIO	1.1%	16.5%	25.6	0.94
RUSSELL 1000G	1.5%	12.3%	23.4	0.97
RUSSELL 1000	1.8%	10.2%	20.9	1.00



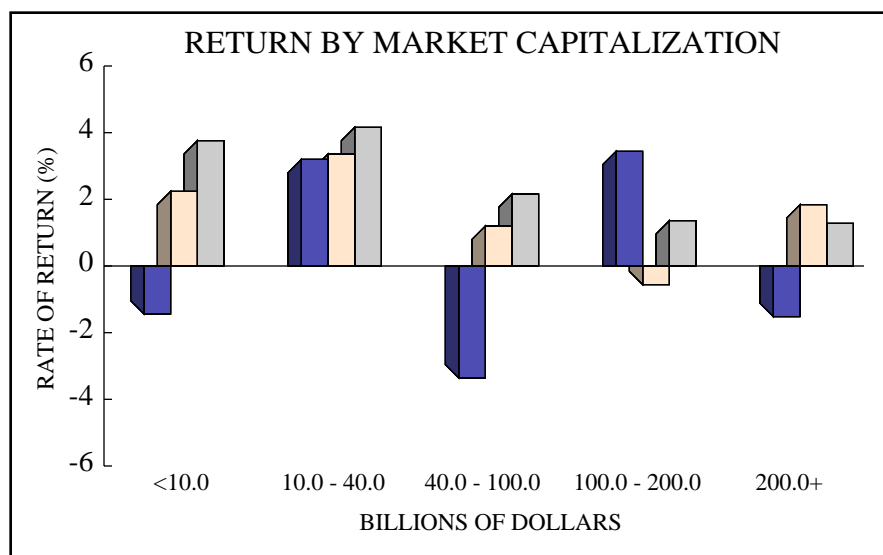
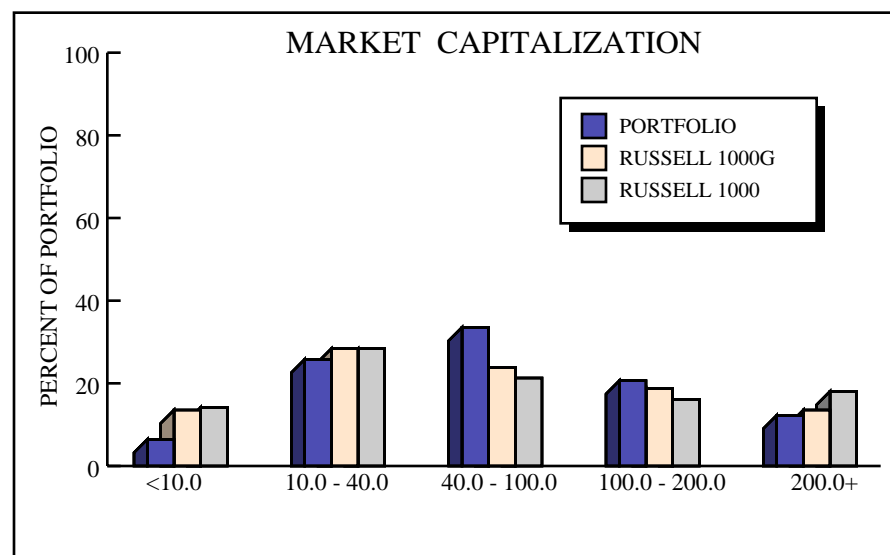
STOCK INDUSTRY ANALYSIS



■ PORTFOLIO
 ■ RUSSELL 1000 GROWTH
 ■ RUSSELL 1000



TOP TEN HOLDINGS



TOP TEN EQUITY HOLDINGS

RANK	NAME	VALUE	% EQUITY	RETURN	INDUSTRY SECTOR	MKT CAP
1	GOOGLE INC-CL A	\$ 635,271	8.87%	-0.6%	Computer Tech	\$ 313.0 B
2	VISA INC-CLASS A SHARES	517,848	7.23%	-2.9%	Finance	108.9 B
3	ALLERGAN INC	507,817	7.09%	11.8%	NonDur Cons Goods	37.1 B
4	QUALCOMM INC	502,338	7.01%	6.6%	Technology	133.4 B
5	ORACLE CORP	479,670	6.70%	7.2%	Computer Tech	182.4 B
6	T ROWE PRICE GROUP INC	458,278	6.40%	-1.2%	Finance	21.6 B
7	ABBOTT LABORATORIES	450,952	6.30%	0.8%	NonDur Cons Goods	59.4 B
8	NIKE INC -CL B	418,417	5.84%	-5.8%	NonDur Cons Goods	52.3 B
9	STARBUCKS CORP	380,769	5.32%	-6.1%	Consumer Service	55.5 B
10	EBAY INC	361,822	5.05%	0.6%	Service	70.1 B

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

INVESTMENT RETURN

On March 31st, 2014, the Franklin Regional Retirement System's O'Shaughnessy Asset Management Market Leaders Value portfolio was valued at \$7,705,984, representing an increase of \$12,537 from the December quarter's ending value of \$7,693,447. Last quarter, the Fund posted withdrawals totaling \$230,278, which offset the portfolio's net investment return of \$242,815. Income receipts totaling \$38,390 plus net realized and unrealized capital gains of \$204,425 combined to produce the portfolio's net investment return.

For the cumulative period since March 2012, the fund has recorded net withdrawals totaling \$438,396 and posted net investment gains of \$3.0 million. For the period since March 2012, if the total fund had returned a compounded nominal rate of 8.0% it would have been valued at \$5.5 million or \$2.2 million less than the actual value as of March 31st, 2014.

RELATIVE PERFORMANCE

Total Fund

In the first quarter, the O'Shaughnessy Asset Management Market Leaders Value portfolio gained 3.3%, which was 0.3% above the Russell 1000 Value Index's return of 3.0% and ranked in the 31st percentile of the Large Cap Value universe. Over the trailing year, the portfolio returned 36.8%, which was 15.2% greater than the benchmark's 21.6% performance, and ranked in the 2nd percentile. Since March 2012, the portfolio returned 25.5% on an annualized basis and ranked in the 3rd percentile. For comparison, the Russell 1000 Value returned an annualized 20.2% over the same period.

ASSET ALLOCATION

On March 31st, 2014, domestic equities comprised 98.4% of the total portfolio (\$7.6 million), while cash & equivalents totaled 1.6% (\$123,845).

STOCK ANALYSIS

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

Positive allocation effects were the main cause for the Daruma portfolio's slight lead over the Russell 1000 Value for the quarter. Significant allocation deviation from the benchmark in the Consumer Service sector amplified the surplus achieved throughout this sector.

EXECUTIVE SUMMARY**PERFORMANCE SUMMARY**

	Quarter	YTD	1 Year	-----Annualized-----	
				3 Years	Since 03/12
Total Gross/Fees	3.3	3.3	36.8	----	25.5
<i>LARGE CAP VALUE RANK</i>	(31)	(31)	(2)	----	(3)
Total Net/Fees	3.2	3.2	36.1	----	24.8
RUSSELL 1000V	3.0	3.0	21.6	14.8	20.2
Domestic Equity	3.4	3.4	37.4	----	25.9
<i>LARGE CAP VALUE RANK</i>	(29)	(29)	(2)	----	(3)
RUSSELL 1000V	3.0	3.0	21.6	14.8	20.2

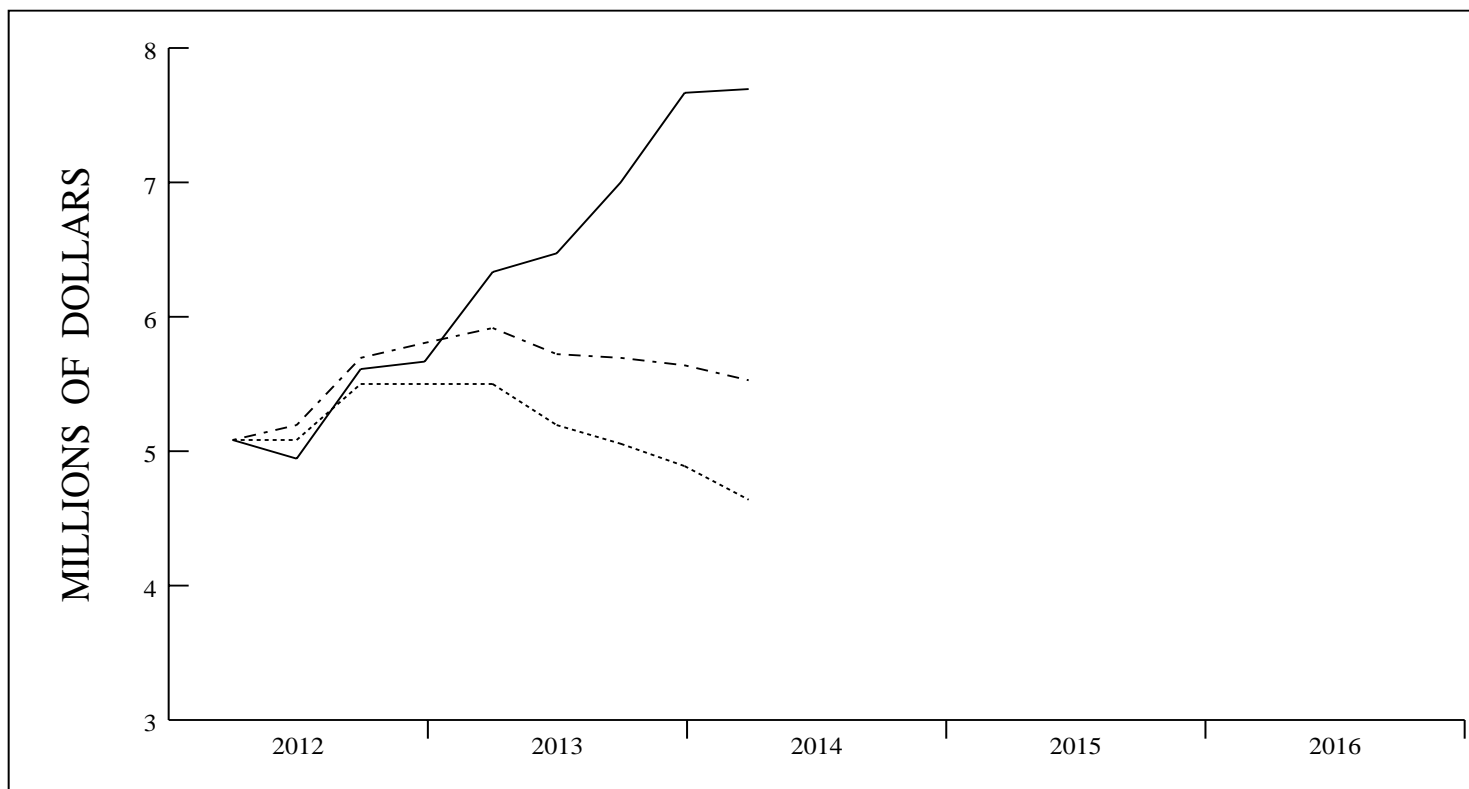
ASSET ALLOCATION

Domestic Equity	98.4%	\$ 7,582,139
Cash	1.6%	123,845
Total Portfolio	100.0%	\$ 7,705,984

INVESTMENT RETURN

Market Value 12/2013	\$ 7,693,447
Contribs / Withdrawals	-230,278
Income	38,390
Capital Gains / Losses	204,425
Market Value 3/2014	\$ 7,705,984

INVESTMENT GROWTH

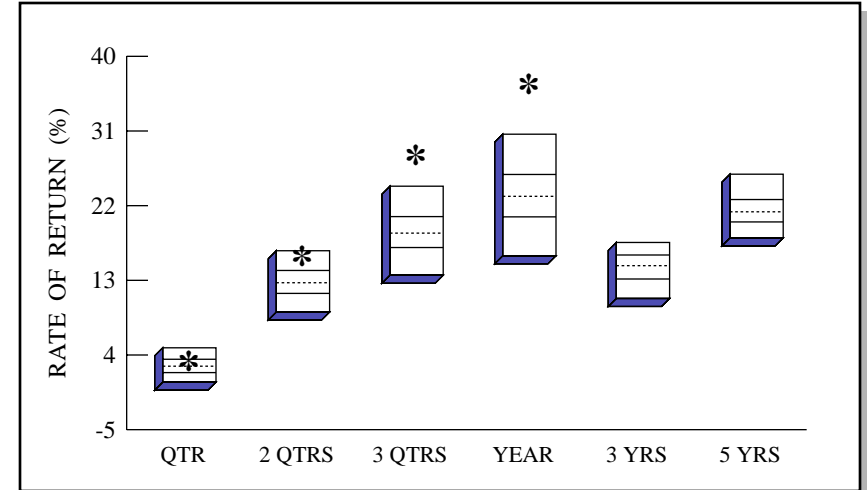
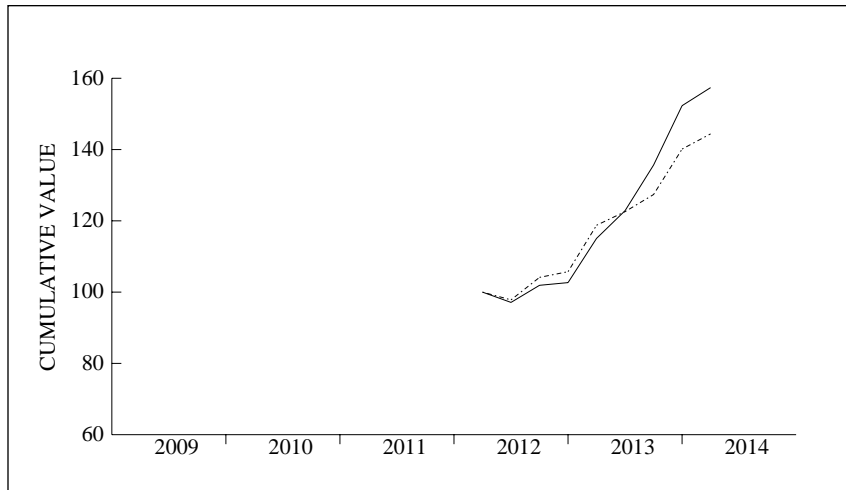


—	ACTUAL RETURN
- - -	8.0%
.....	0.0%

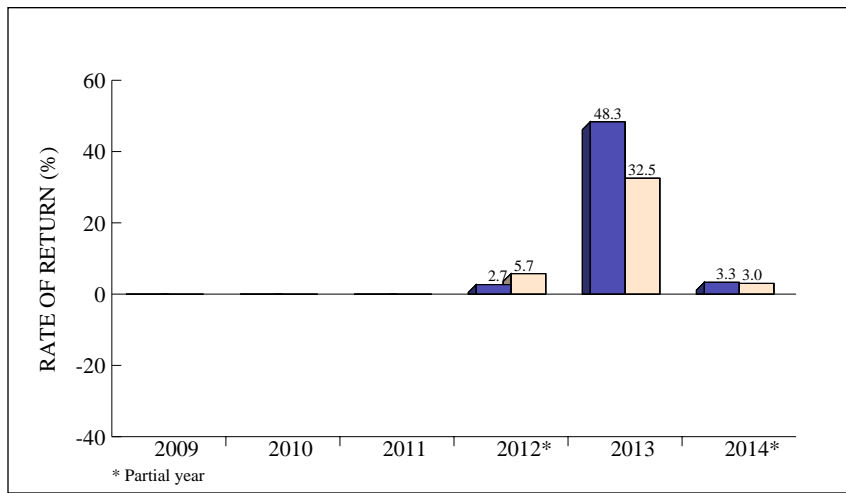
VALUE ASSUMING 8.0% RETURN
\$ 5,532,546

	LAST QUARTER	PERIOD 3/12 - 3/14
BEGINNING VALUE	\$ 7,693,447	\$ 5,103,112
NET CONTRIBUTIONS	-230,278	-438,396
INVESTMENT RETURN	242,815	3,041,268
ENDING VALUE	\$ 7,705,984	\$ 7,705,984
INCOME	38,390	358,409
CAPITAL GAINS (LOSSES)	204,425	2,682,859
INVESTMENT RETURN	242,815	3,041,268

TOTAL RETURN COMPARISONS



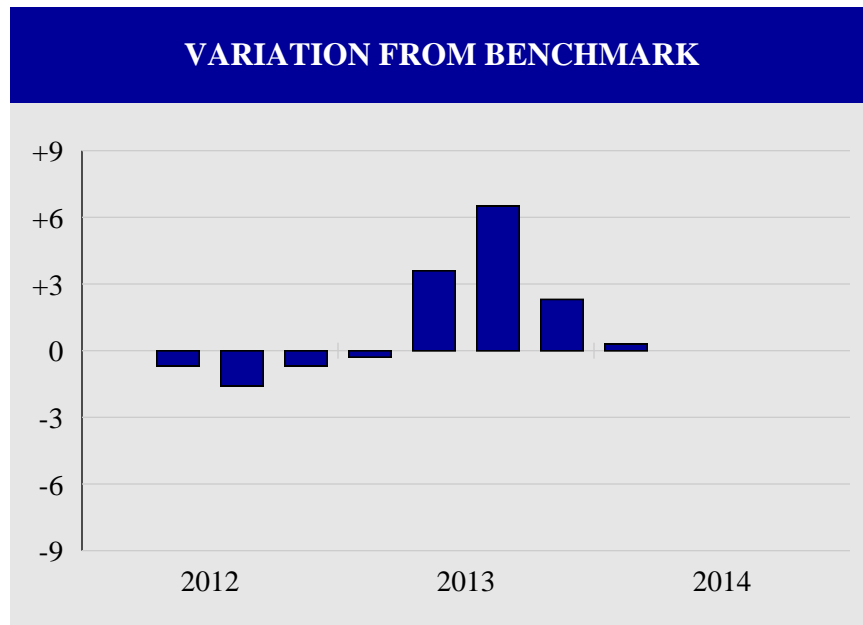
Large Cap Value Universe



* Partial year

	QTR	2QTRS	3QTRS	YEAR	-----ANNUALIZED-----	
					3 YRS	5 YRS
RETURN	3.3	16.0	28.1	36.8	----	----
(RANK)	(31)	(8)	(1)	(2)	----	----
5TH %ILE	4.9	16.6	24.3	30.6	17.6	25.8
25TH %ILE	3.5	14.2	20.7	25.8	16.0	22.7
MEDIAN	2.7	12.7	18.7	23.1	14.8	21.3
75TH %ILE	1.9	11.4	17.0	20.7	13.2	20.0
95TH %ILE	0.7	9.2	13.6	16.0	10.8	18.1
Russ 1000V	3.0	13.3	17.8	21.6	14.8	21.7

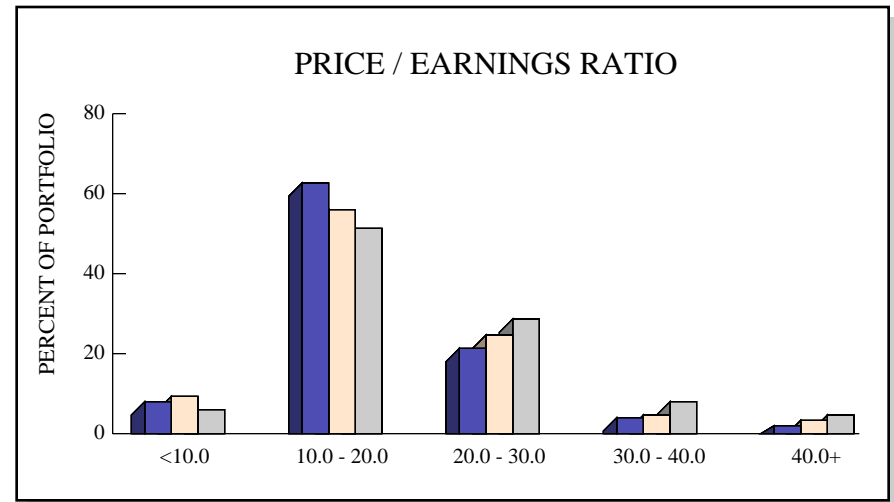
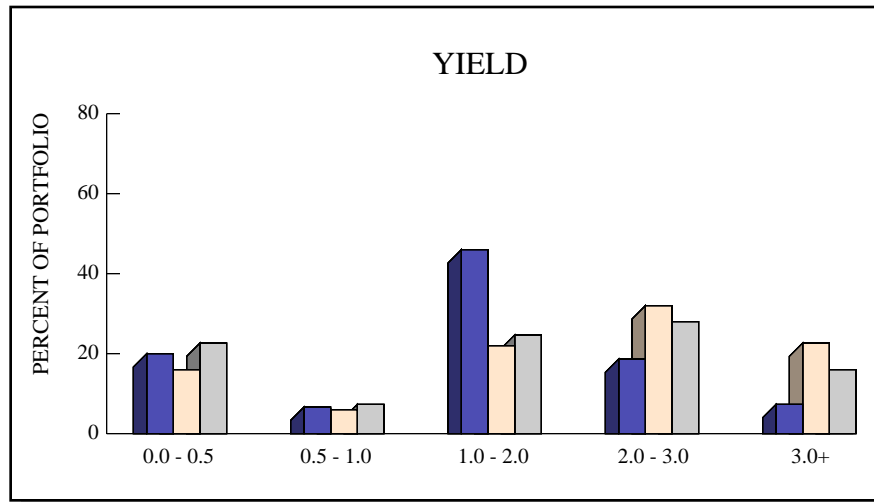
Large Cap Value Universe

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

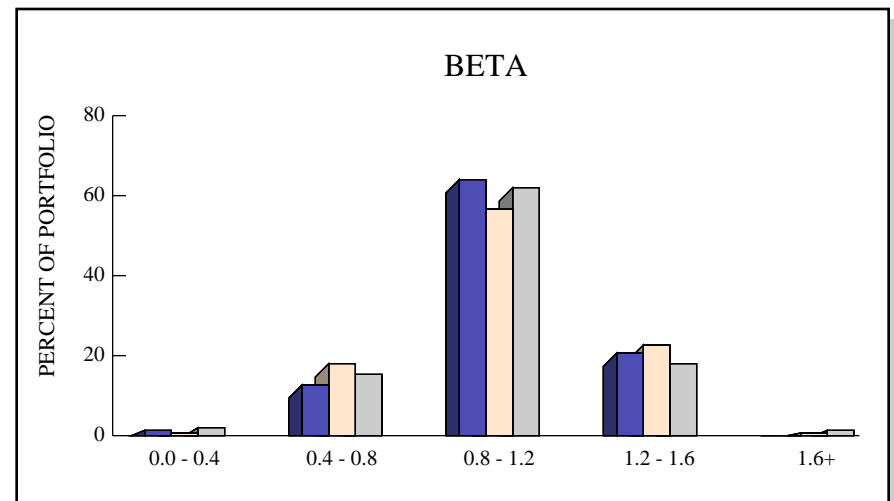
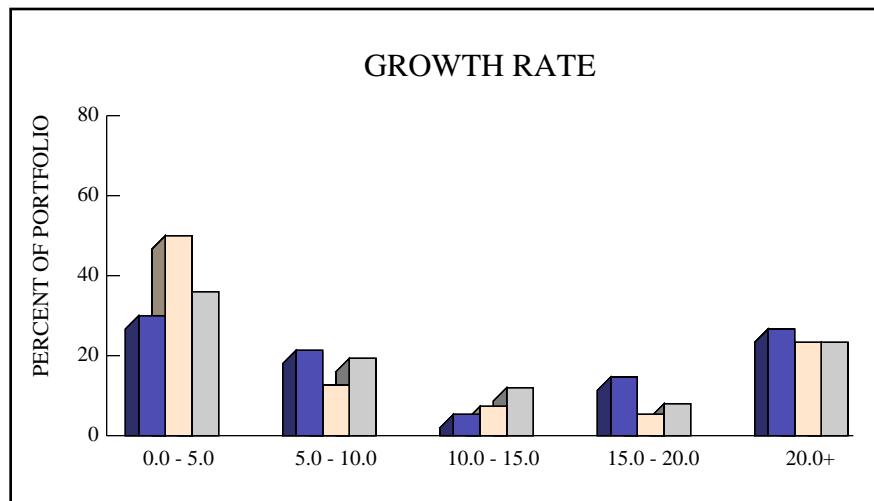
RATES OF RETURN			
Date	Portfolio	Benchmark	Difference
6/12	-2.9	-2.2	-0.7
9/12	4.9	6.5	-1.6
12/12	0.8	1.5	-0.7
3/13	12.0	12.3	-0.3
6/13	6.8	3.2	3.6
9/13	10.4	3.9	6.5
12/13	12.3	10.0	2.3
3/14	3.3	3.0	0.3

Total Quarters Observed	8
Quarters At or Above the Benchmark	4
Quarters Below the Benchmark	4
Batting Average	.500

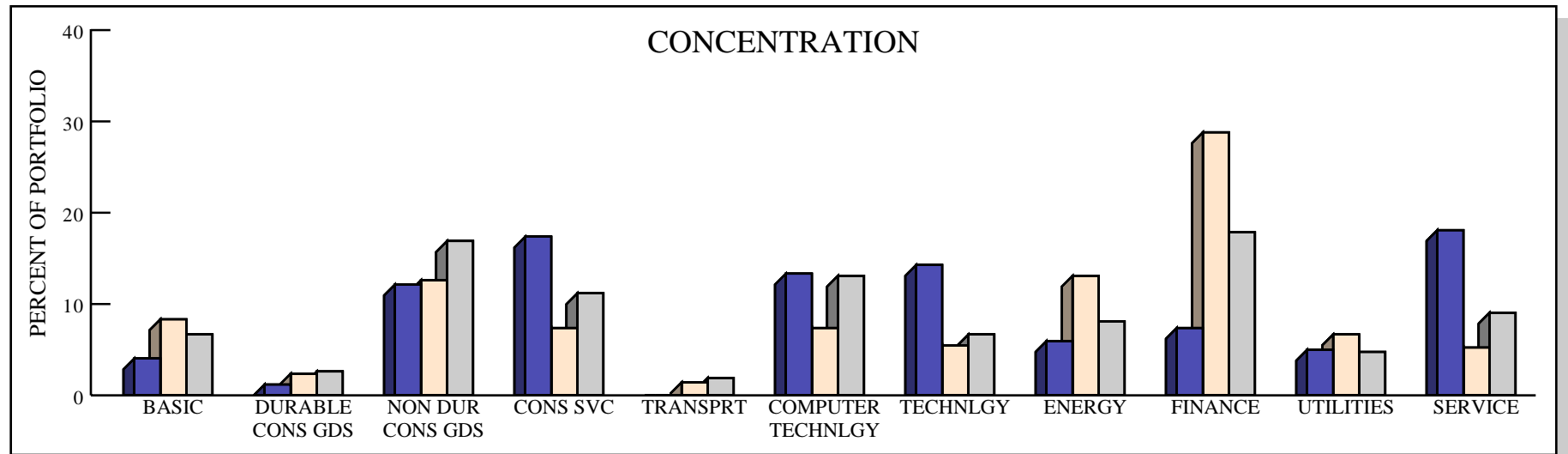
STOCK CHARACTERISTICS



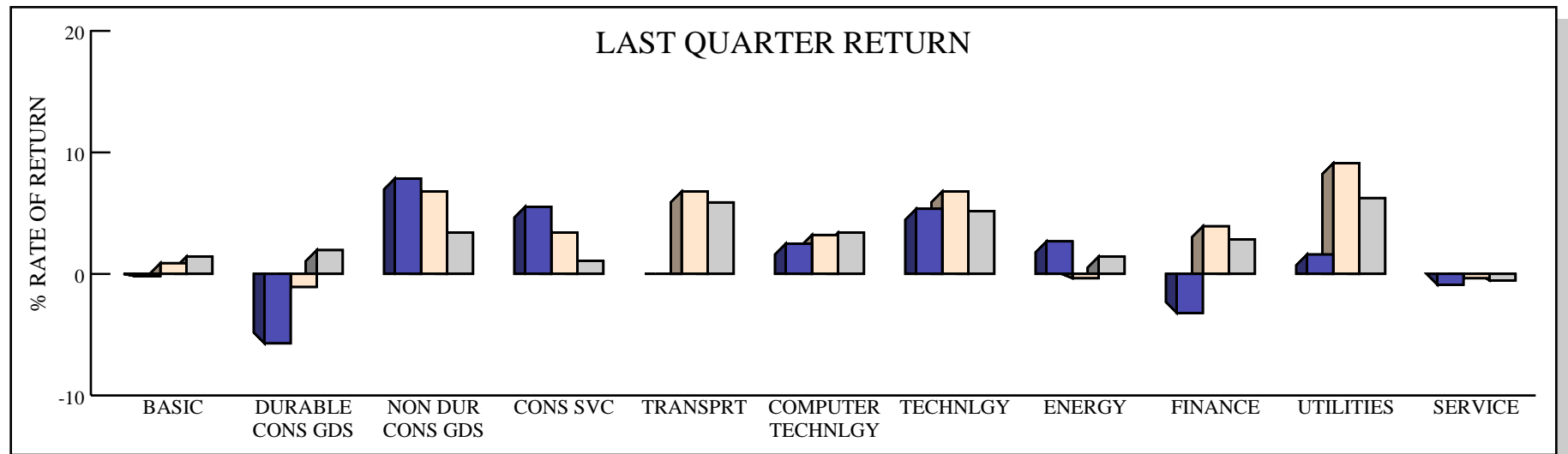
	YIELD	GROWTH	P/E	BETA
PORTFOLIO	1.6%	12.8%	18.5	1.02
RUSSELL 1000V	2.1%	7.9%	18.5	1.02
RUSSELL 1000	1.8%	10.2%	20.9	1.00



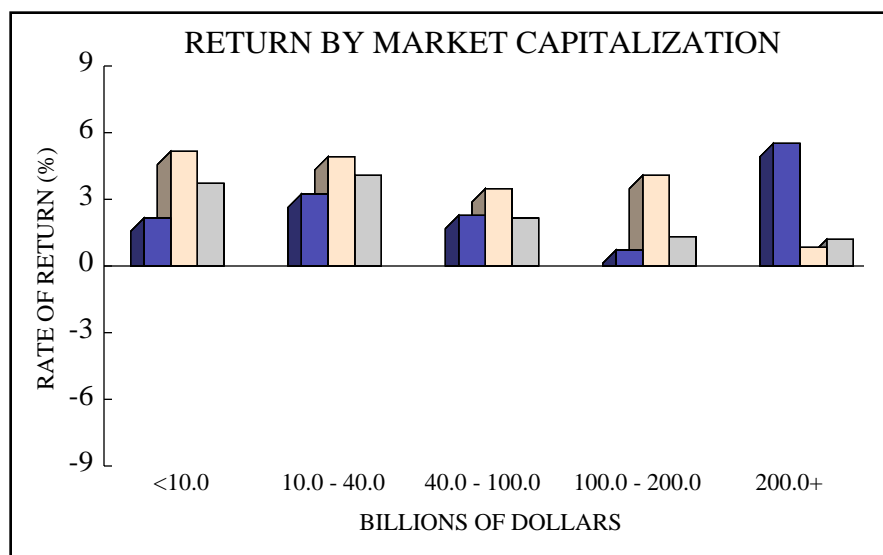
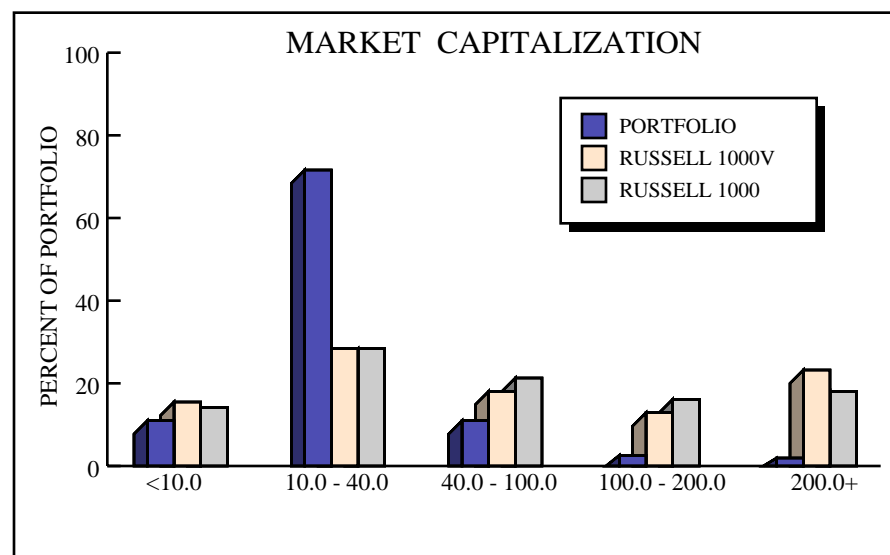
STOCK INDUSTRY ANALYSIS



■ PORTFOLIO
 ■ RUSSELL 1000 VALUE
 ■ RUSSELL 1000



TOP TEN HOLDINGS



TOP TEN EQUITY HOLDINGS

RANK	NAME	VALUE	% EQUITY	RETURN	INDUSTRY SECTOR	MKT CAP
1	DIRECTV	\$ 349,469	4.61%	10.6%	Service	\$ 39.0 B
2	L-3 COMMUNICATIONS HOLDINGS	341,217	4.50%	11.0%	Technology	10.2 B
3	NORTHROP GRUMMAN CORP	325,970	4.30%	8.1%	Technology	26.7 B
4	SEAGATE TECHNOLOGY	314,608	4.15%	0.5%	Computer Tech	18.5 B
5	COCA-COLA ENTERPRISES	312,303	4.12%	8.6%	NonDur Cons Goods	12.1 B
6	KOHL'S CORP	265,938	3.51%	0.7%	Consumer Service	11.8 B
7	FLOWERVE CORP	254,918	3.36%	-0.4%	Basic	10.8 B
8	O'REILLY AUTOMOTIVE INC	248,108	3.27%	15.3%	Consumer Service	15.8 B
9	AMERIPRISE FINANCIAL INC	247,217	3.26%	-3.9%	Finance	21.0 B
10	AMERISOURCEBERGEN CORP	241,174	3.18%	-6.4%	Service	15.0 B

FRANKLIN REGIONAL RETIREMENT SYSTEM
SEIZERT CAPITAL PARTNERS
PERFORMANCE REVIEW
MARCH 2014

INVESTMENT RETURN

On March 31st, 2014, the Franklin Regional Retirement System's Seizert Capital Partners portfolio was valued at \$6,273,155, representing an increase of \$3,569 from the December quarter's ending value of \$6,269,586. Last quarter, the Fund posted withdrawals totaling \$159,000, which offset the portfolio's net investment return of \$162,569. Income receipts totaling \$22,589 plus net realized and unrealized capital gains of \$139,980 combined to produce the portfolio's net investment return.

For the cumulative period since June 2011, the fund has recorded net withdrawals totaling \$1.5 million and posted net investment gains of \$2.8 million. For the period since June 2011, if the total fund had returned a compounded nominal rate of 8.0% it would have been valued at \$4.5 million or \$1.7 million less than the actual value as of March 31st, 2014.

RELATIVE PERFORMANCE

In the first quarter, the Seizert Capital Partners portfolio gained 2.6%, which was 0.9% below the Russell Mid Cap's return of 3.5% and ranked in the 49th percentile of the Mid Cap universe. Over the trailing year, the portfolio returned 34.6%, which was 11.1% greater than the benchmark's 23.5% performance, and ranked in the 8th percentile. Since June 2011, the portfolio returned 19.7% on an annualized basis and ranked in the 5th percentile. For comparison, the Russell Mid Cap returned an annualized 15.6% over the same period.

ASSET ALLOCATION

On March 31st, 2014, domestic equities comprised 96.2% of the total portfolio (\$6.0 million), while cash & equivalents totaled 3.8% (\$239,263).

STOCK ANALYSIS

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

The portfolio underperformed against the benchmark in five of the represented sectors. The overweight Basic and Service sectors performed poorly, while the Non-durable Consumer Goods, Computer Technology and Finance sectors beat their benchmarks. The portfolio incurred losses in the Basic, Durable Consumer Goods, Energy and Service sectors. Overall, the Seizert Capital Partners portfolio finished the quarter 90 basis points below the Russell Mid Cap Index

EXECUTIVE SUMMARY**PERFORMANCE SUMMARY**

	Quarter	YTD	1 Year	-----Annualized-----	
				3 Years	Since 06/11
Total Gross/Fees	2.6	2.6	34.6	----	19.7
<i>MID CAP RANK</i>	(49)	(49)	(8)	----	(5)
Total Net/Fees	2.4	2.4	33.7	----	18.9
RUSSELL MID	3.5	3.5	23.5	14.4	15.6
Domestic Equity	2.7	2.7	36.5	----	20.7
<i>MID CAP RANK</i>	(47)	(47)	(3)	----	(4)
RUSSELL MID	3.5	3.5	23.5	14.4	15.6

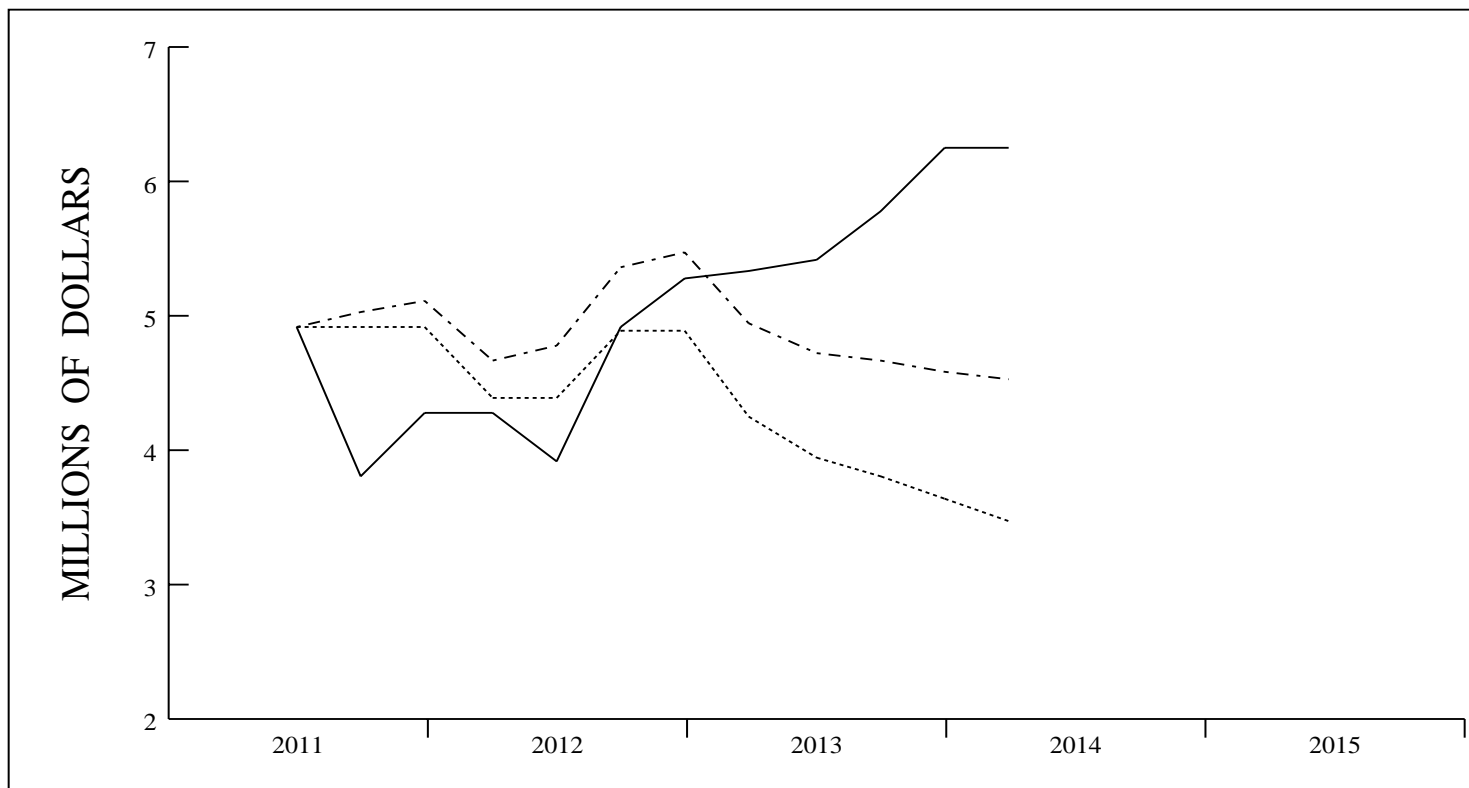
ASSET ALLOCATION

Domestic Equity	96.2%	\$ 6,033,892
Cash	3.8%	239,263
Total Portfolio	100.0%	\$ 6,273,155

INVESTMENT RETURN

Market Value 12/2013	\$ 6,269,586
Contribs / Withdrawals	-159,000
Income	22,589
Capital Gains / Losses	139,980
Market Value 3/2014	\$ 6,273,155

INVESTMENT GROWTH

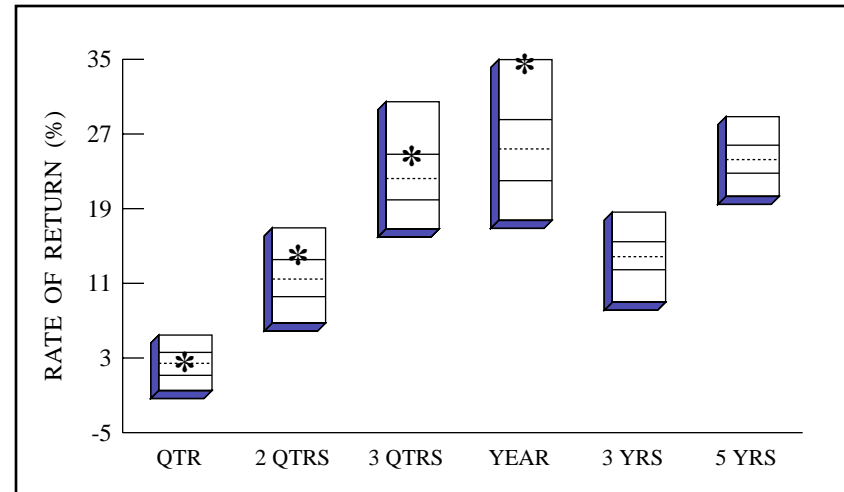
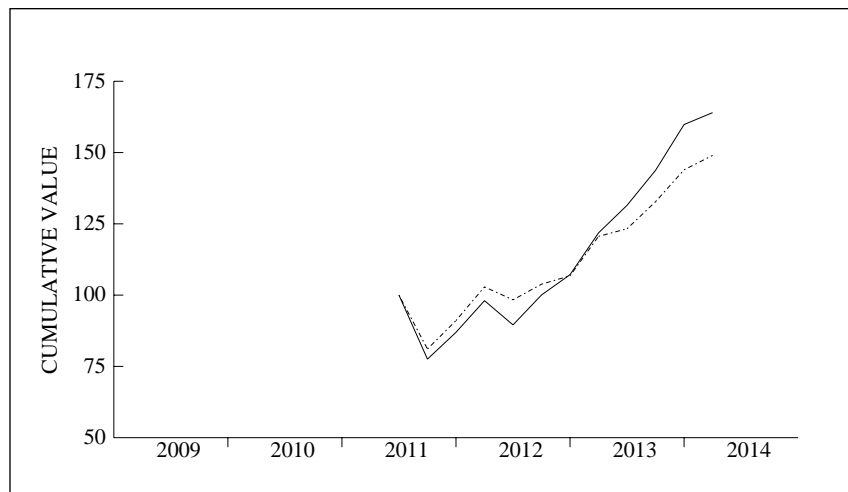


— ACTUAL RETURN
 - - - 8.0%
 . . . 0.0%

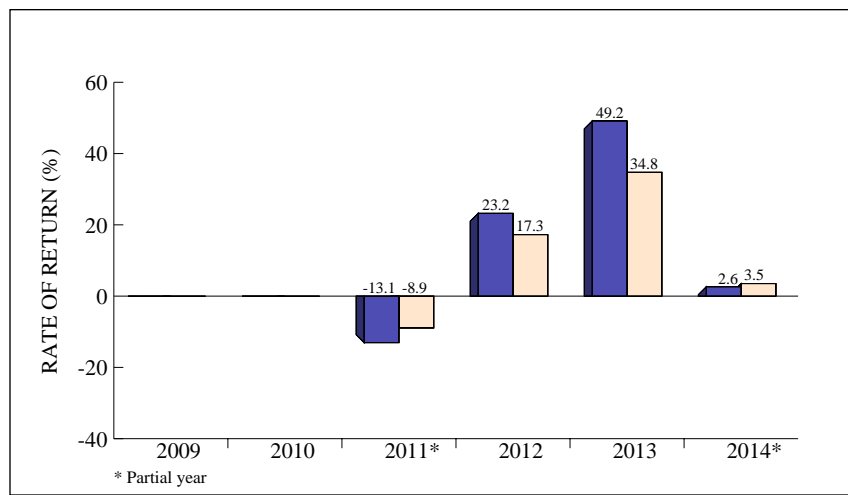
VALUE ASSUMING
 8.0% RETURN
 \$ 4,532,594

	LAST QUARTER	PERIOD 6/11 - 3/14
BEGINNING VALUE	\$ 6,269,586	\$ 4,935,067
NET CONTRIBUTIONS	-159,000	-1,450,000
INVESTMENT RETURN	162,569	2,788,088
ENDING VALUE	\$ 6,273,155	\$ 6,273,155
INCOME	22,589	199,158
CAPITAL GAINS (LOSSES)	139,980	2,588,930
INVESTMENT RETURN	162,569	2,788,088

TOTAL RETURN COMPARISONS

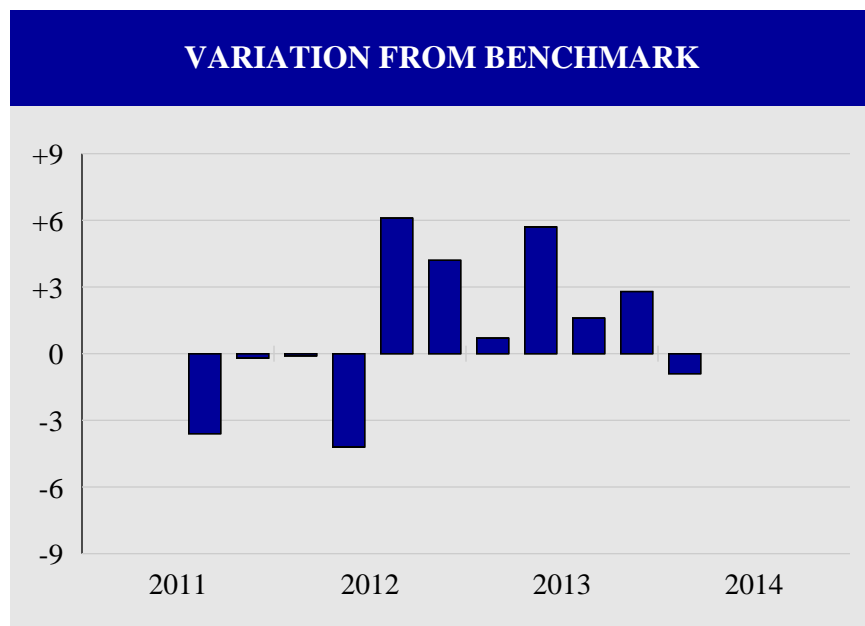


Mid Cap Universe



	QTR	2QTRS	3QTRS	YEAR	-----ANNUALIZED-----	
					3 YRS	5 YRS
RETURN	2.6	14.1	24.7	34.6	----	----
(RANK)	(49)	(21)	(28)	(8)	----	----
5TH %ILE	5.5	16.9	30.5	35.0	18.6	28.9
25TH %ILE	3.6	13.5	24.8	28.5	15.5	25.8
MEDIAN	2.4	11.5	22.2	25.4	13.9	24.3
75TH %ILE	1.1	9.6	19.9	22.0	12.5	22.8
95TH %ILE	-0.5	6.7	16.8	17.7	9.0	20.3
Russ MC	3.5	12.2	20.8	23.5	14.4	25.5

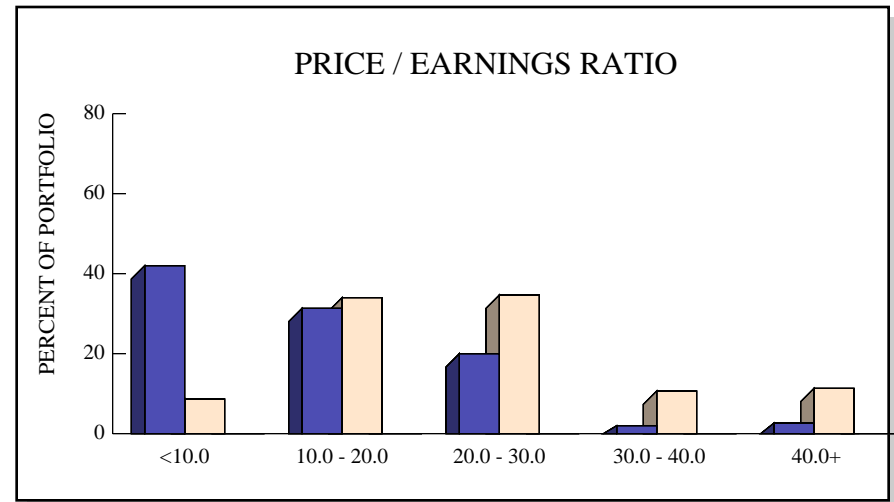
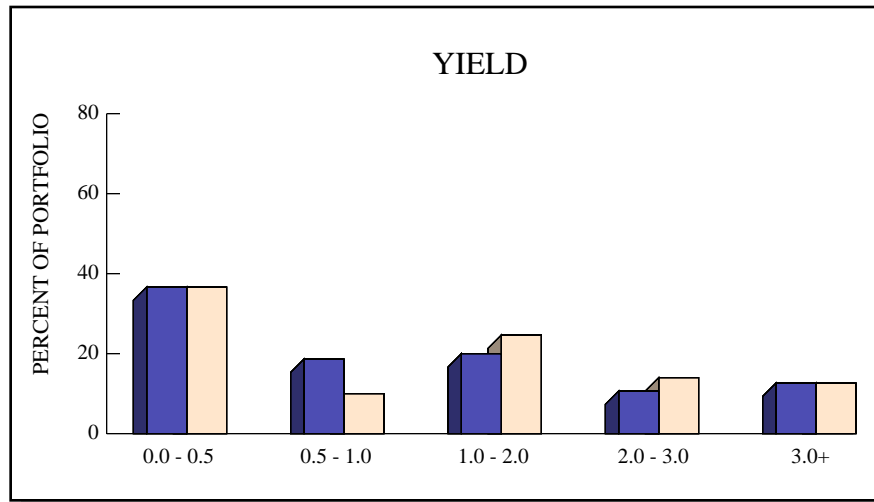
Mid Cap Universe

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

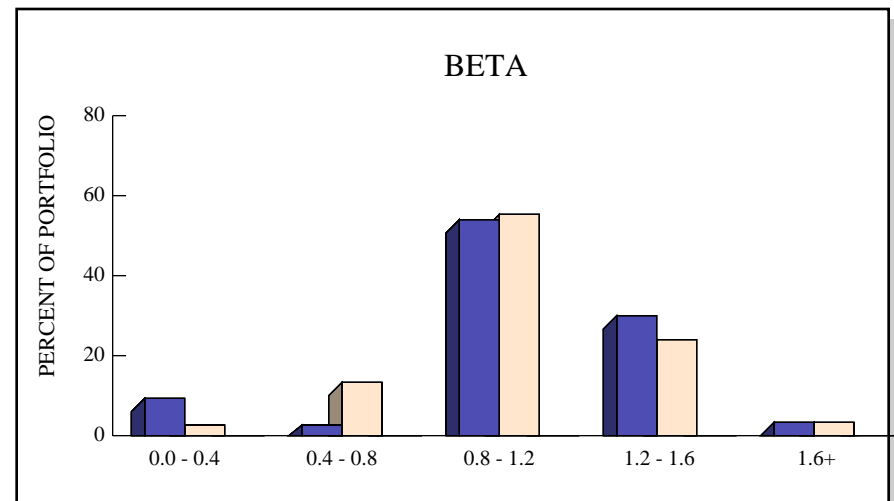
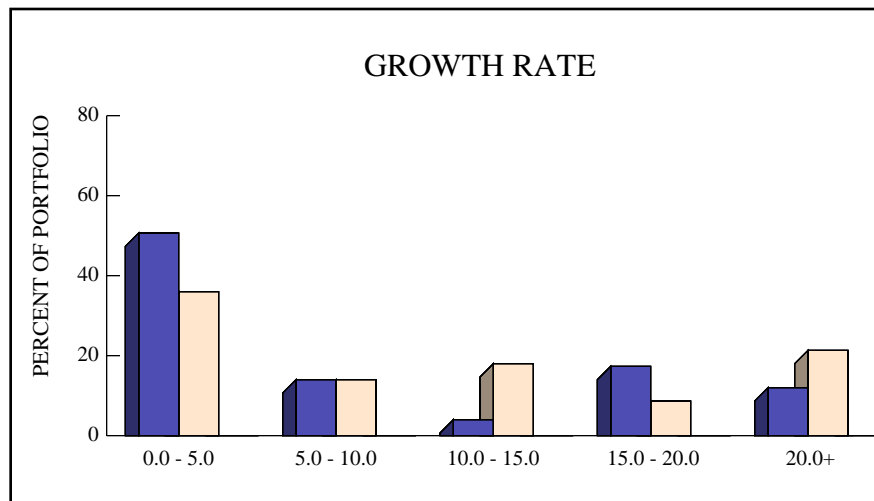
RATES OF RETURN			
Date	Portfolio	Benchmark	Difference
9/11	-22.5	-18.9	-3.6
12/11	12.1	12.3	-0.2
3/12	12.8	12.9	-0.1
6/12	-8.6	-4.4	-4.2
9/12	11.7	5.6	6.1
12/12	7.1	2.9	4.2
3/13	13.7	13.0	0.7
6/13	7.9	2.2	5.7
9/13	9.3	7.7	1.6
12/13	11.2	8.4	2.8
3/14	2.6	3.5	-0.9

Total Quarters Observed	11
Quarters At or Above the Benchmark	6
Quarters Below the Benchmark	5
Batting Average	.545

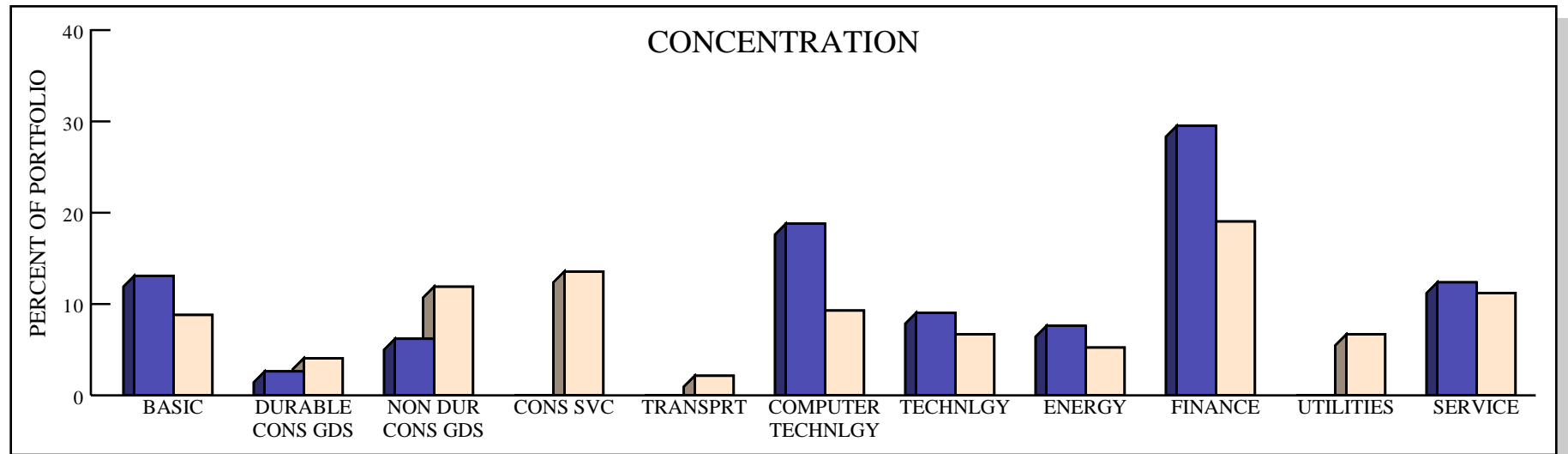
STOCK CHARACTERISTICS



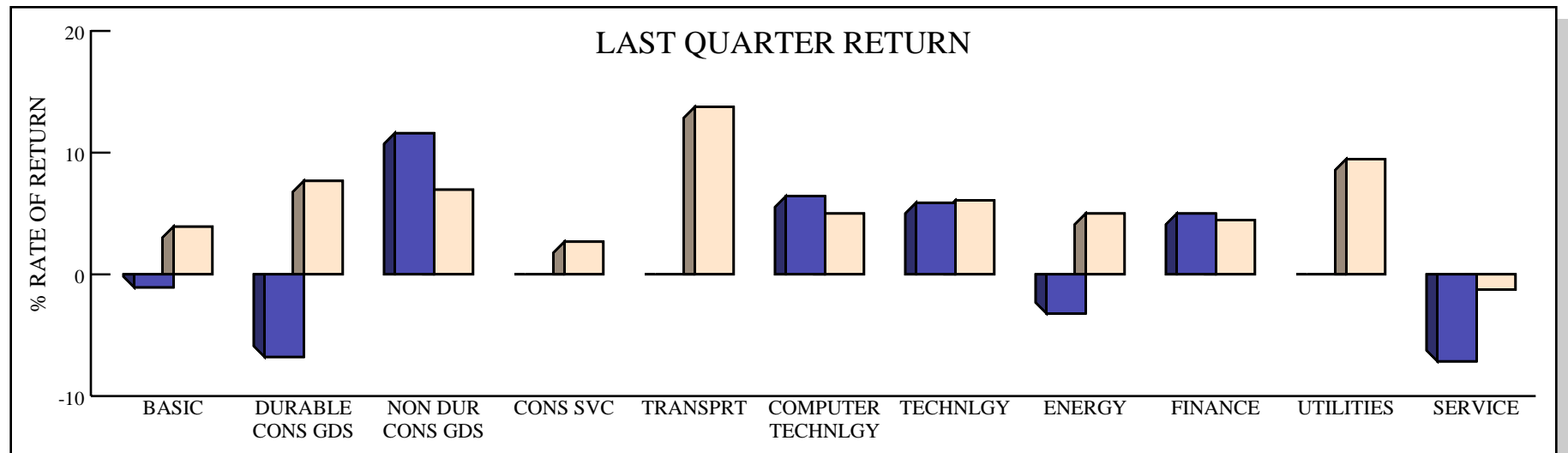
	YIELD	GROWTH	P/E	BETA
PORTFOLIO	1.7%	4.9%	13.4	1.03
RUSSELL MID	1.5%	10.6%	23.8	1.05



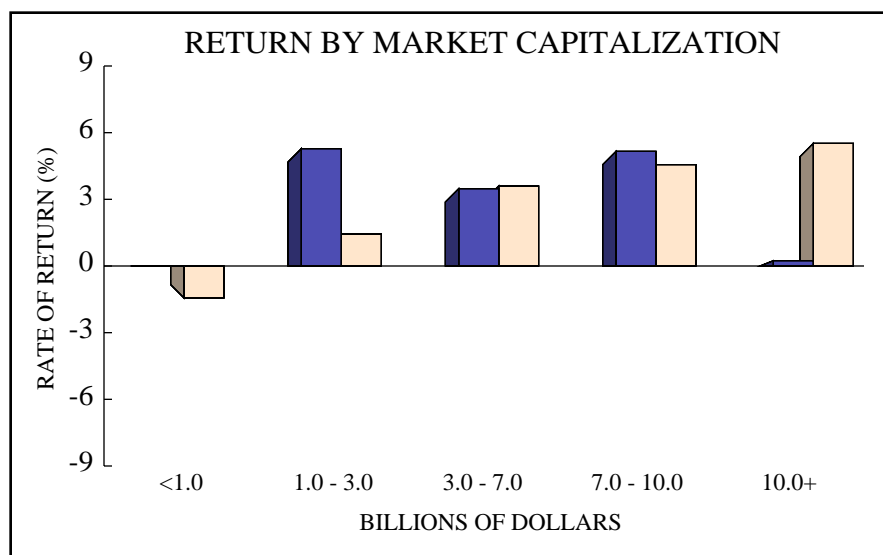
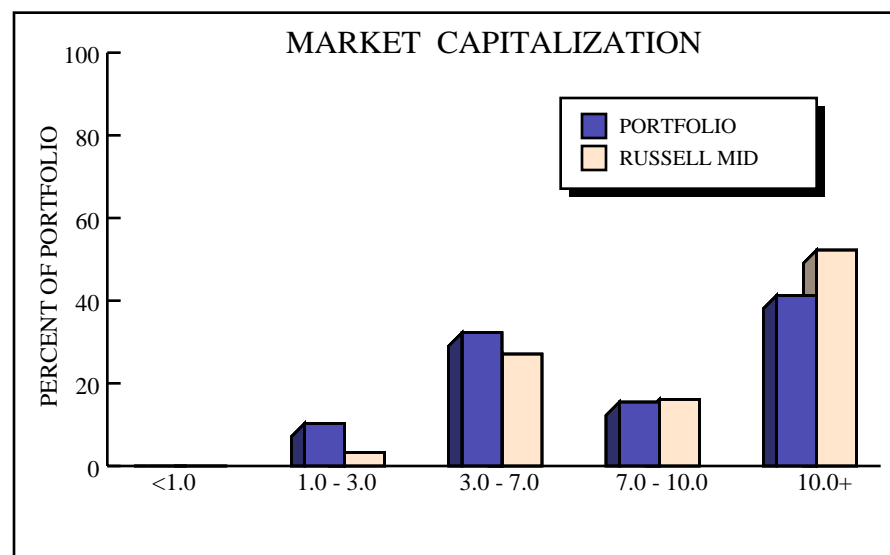
STOCK INDUSTRY ANALYSIS



■ PORTFOLIO ■ RUSSELL MID CAP



TOP TEN HOLDINGS



TOP TEN EQUITY HOLDINGS

RANK	NAME	VALUE	% EQUITY	RETURN	INDUSTRY SECTOR	MKT CAP
1	LIBERTY MEDIA CORP - A	\$ 377,810	6.26%	-10.7%	Service	\$ 13.7 B
2	VISTEON CORP	277,702	4.60%	8.0%	Basic	4.3 B
3	DENBURY RESOURCES INC	254,774	4.22%	-0.2%	Energy	5.8 B
4	REGIONS FINANCIAL CORP	249,364	4.13%	12.6%	Finance	15.3 B
5	CHECK POINT SOFTWARE TECH	247,864	4.11%	4.8%	Computer Tech	13.5 B
6	TESSERA TECHNOLOGIES INC	239,608	3.97%	20.6%	Computer Tech	1.3 B
7	WESTERN DIGITAL CORP	223,582	3.71%	9.7%	Computer Tech	21.7 B
8	WESTERN UNION CO	221,105	3.66%	-4.4%	Service	9.0 B
9	ASSURED GUARANTY LTD	218,258	3.62%	7.7%	Finance	4.6 B
10	L-3 COMMUNICATIONS HOLDINGS	217,987	3.61%	11.0%	Technology	10.2 B

FRANKLIN REGIONAL RETIREMENT SYSTEM
DARUMA
PERFORMANCE REVIEW
MARCH 2014

INVESTMENT RETURN

On March 31st, 2014, the Franklin Regional Retirement System's Daruma portfolio was valued at \$11,785,590, a decrease of \$641,457 from the December ending value of \$12,427,047. Last quarter, the account recorded a net withdrawal of \$850,000, which overshadowed the fund's net investment return of \$208,543. Income receipts totaling \$13,201 and realized and unrealized capital gains of \$195,342 combined to produce the portfolio's net investment return.

Since December 2008, the account has recorded net withdrawals totaling \$3.5 million while posting net investment gains totaling \$9.9 million. Since December 2008, if the account earned a compounded nominal rate of 8.0% it would have been valued at \$4.0 million or \$7.8 million less than the actual value as of March 31st, 2014.

RELATIVE PERFORMANCE

Total Fund

For the first quarter, the Daruma portfolio gained 1.4%, which was 0.3% above the Russell 2000 Index's return of 1.1% and ranked in the 52nd percentile of the Small Cap universe. Over the trailing twelve-month period, this portfolio returned 28.5%, which was 3.6% greater than the benchmark's 24.9% performance, and ranked in the 41st percentile. Since December 2008, the portfolio returned 23.5% annualized and ranked in the 33rd percentile. The Russell 2000 returned an annualized 19.3% over the same time frame.

ASSET ALLOCATION

On March 31st, 2014, domestic equities comprised 49.1% of the total portfolio (\$5.8 million), while cash & equivalents comprised the remaining 50.9% (\$6.0 million).

HOLDINGS ANALYSIS

The Daruma portfolio was invested across nine of the eleven industry sectors shown in our analysis. With regard to the Russell 2000 Index, the portfolio was most notably underweight in the Finance sector – by far the heaviest in the benchmark, but among the smallest in the portfolio. The Technology sector was also under allocated, while the Durable Consumer Goods and Utilities sectors were not utilized. The remaining sectors were slightly overweight.

The portfolio success over the index last quarter was mostly the result of strong selection across several industry sectors. Only four of the invested sectors underperformed – Non-Durable Consumer Goods, Transportation, Computer Technology and Service – and of these, only two represented significant allocations in the portfolio. Strong returns in the heavily weighted Basic sector were a great benefit to the portfolio.

EXECUTIVE SUMMARY**PERFORMANCE SUMMARY**

	Quarter	YTD	1 Year	-----Annualized-----	
				3 Years	Since 12/08
Total Gross/Fees	1.4	1.4	28.5	12.0	23.5
<i>SMALL CAP RANK</i>	(52)	(52)	(41)	(83)	(33)
Total Net/Fees	1.1	1.1	27.3	10.9	22.3
RUSSELL 2000	1.1	1.1	24.9	13.2	19.3
Domestic Equity	1.4	1.4	29.8	12.5	24.6
<i>SMALL CAP RANK</i>	(52)	(52)	(34)	(80)	(25)
RUSSELL 2000	1.1	1.1	24.9	13.2	19.3
RUSSELL 2000G	0.5	0.5	27.2	13.6	21.5
RUSSELL 2000V	1.8	1.8	22.6	12.7	17.1

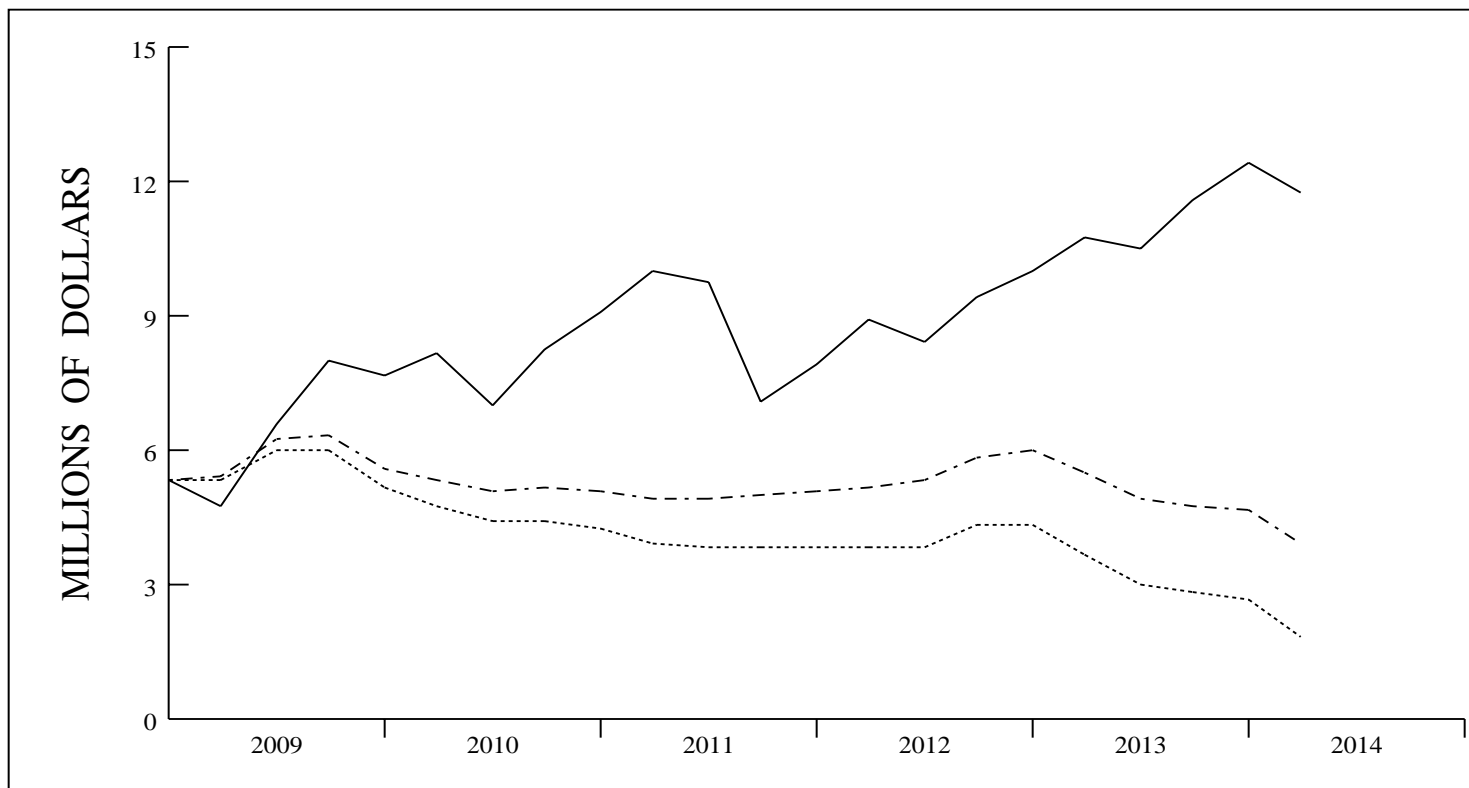
ASSET ALLOCATION

Domestic Equity	49.1%	\$ 5,791,793
Cash	50.9%	5,993,797
Total Portfolio	100.0%	\$ 11,785,590

INVESTMENT RETURN

Market Value 12/2013	\$ 12,427,047
Contribs / Withdrawals	-850,000
Income	13,201
Capital Gains / Losses	195,342
Market Value 3/2014	\$ 11,785,590

INVESTMENT GROWTH

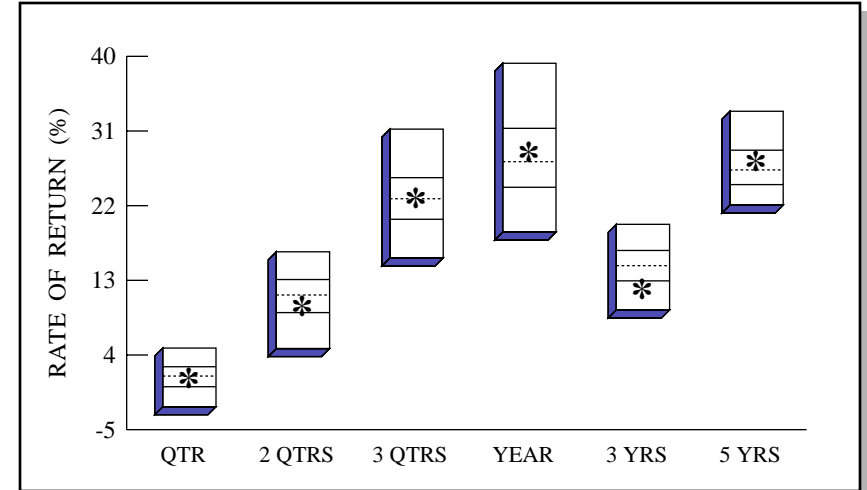
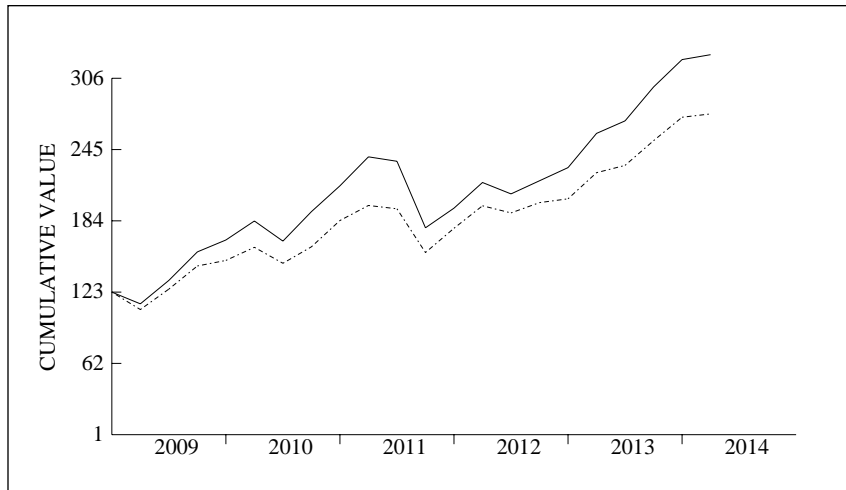


—	ACTUAL RETURN
- - -	8.0%
.....	0.0%

VALUE ASSUMING 8.0% RETURN
\$ 3,982,262

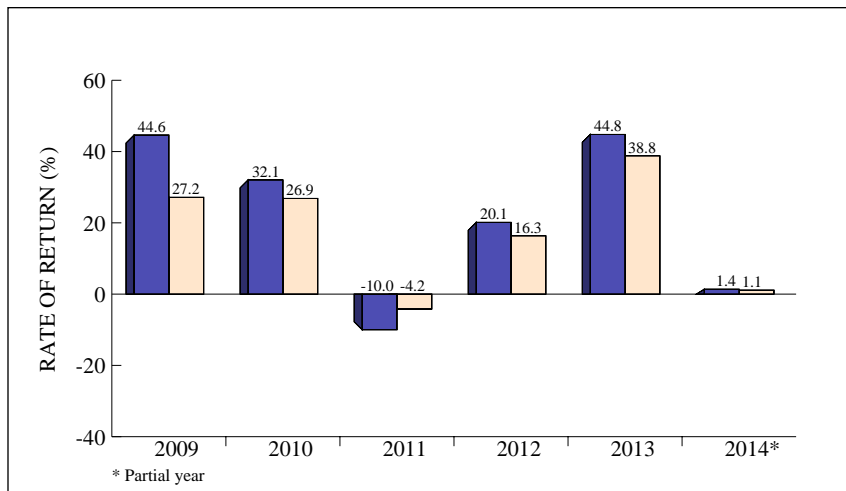
	LAST QUARTER	PERIOD 12/08 - 3/14
BEGINNING VALUE	\$ 12,427,047	\$ 5,341,893
NET CONTRIBUTIONS	-850,000	-3,504,000
<u>INVESTMENT RETURN</u>	<u>208,543</u>	<u>9,947,697</u>
ENDING VALUE	\$ 11,785,590	\$ 11,785,590
INCOME	13,201	219,798
CAPITAL GAINS (LOSSES)	<u>195,342</u>	<u>9,727,899</u>
INVESTMENT RETURN	208,543	9,947,697

TOTAL RETURN COMPARISONS



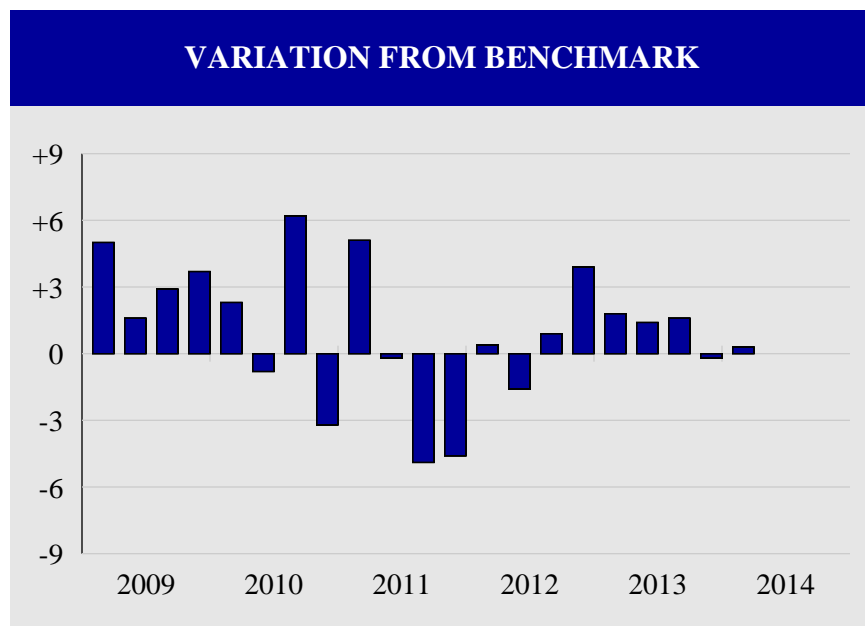
■ ——— PORTFOLIO
■ - - - - RUSSELL 2000

Small Cap Universe



	QTR	2QTRS	3QTRS	YEAR	-----ANNUALIZED-----	
					3 YRS	5 YRS
RETURN	1.4	10.0	23.0	28.5	12.0	27.5
(RANK)	(52)	(67)	(48)	(41)	(83)	(34)
5TH %ILE	4.9	16.5	31.2	39.2	19.8	33.4
25TH %ILE	2.6	13.1	25.4	31.3	16.6	28.7
MEDIAN	1.5	11.2	22.8	27.3	14.8	26.3
75TH %ILE	0.2	9.1	20.4	24.2	12.9	24.5
95TH %ILE	-2.2	4.8	15.7	18.8	9.4	22.1
Russ 2000	1.1	9.9	21.2	24.9	13.2	24.3

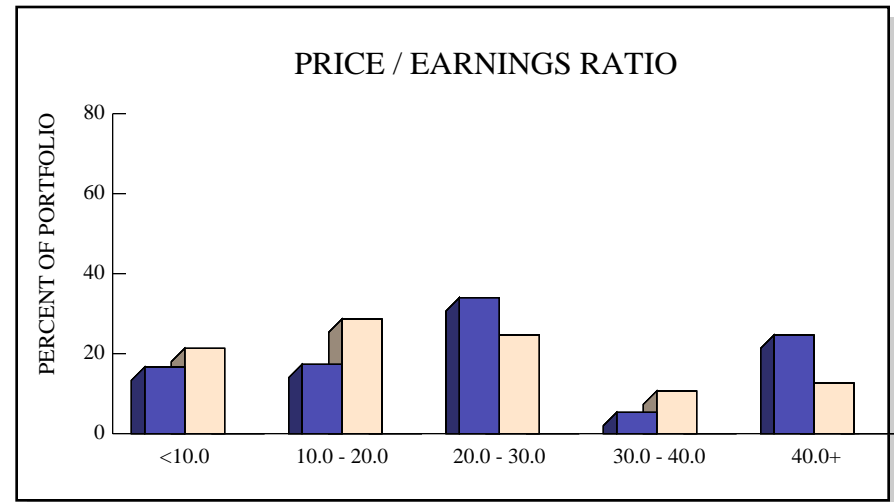
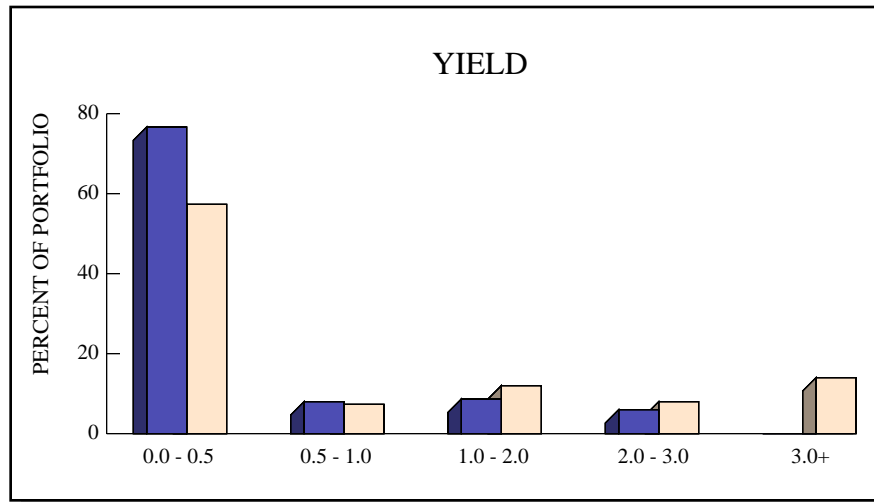
Small Cap Universe

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

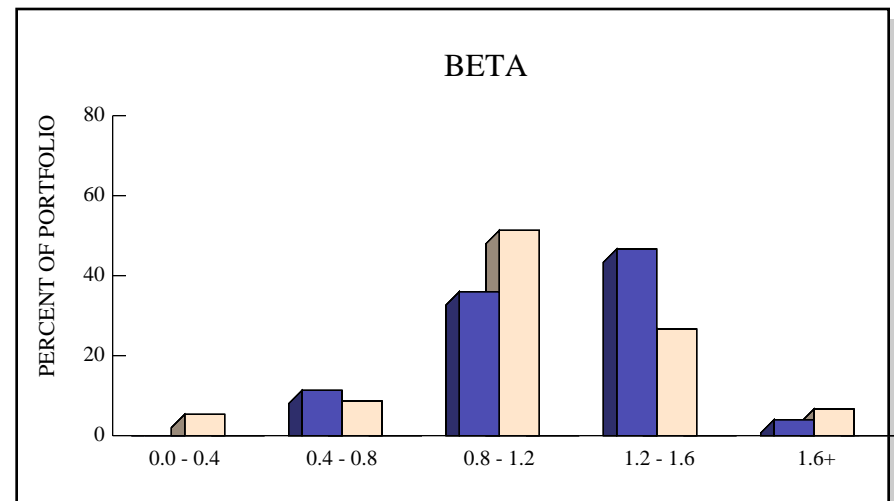
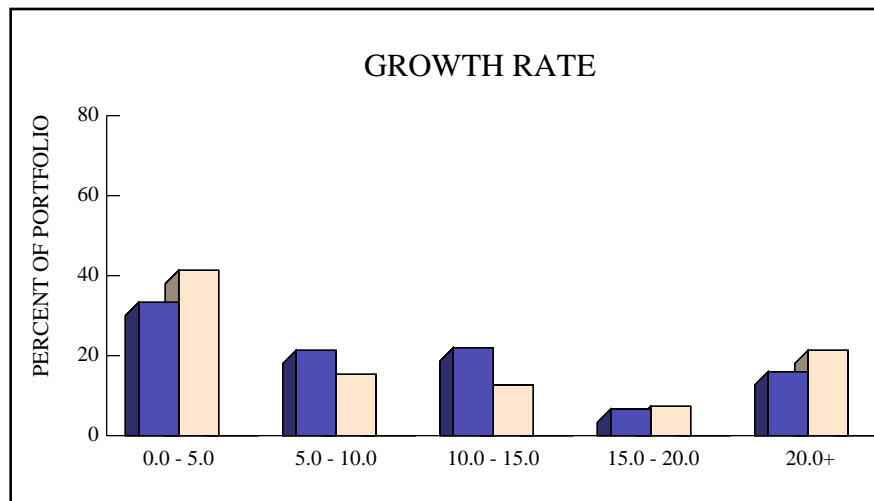
Total Quarters Observed	21
Quarters At or Above the Benchmark	14
Quarters Below the Benchmark	7
Batting Average	.667

RATES OF RETURN			
Date	Portfolio	Benchmark	Difference
3/09	-10.0	-15.0	5.0
6/09	22.3	20.7	1.6
9/09	22.2	19.3	2.9
12/09	7.6	3.9	3.7
3/10	11.2	8.9	2.3
6/10	-10.7	-9.9	-0.8
9/10	17.5	11.3	6.2
12/10	13.1	16.3	-3.2
3/11	13.0	7.9	5.1
6/11	-1.8	-1.6	-0.2
9/11	-26.8	-21.9	-4.9
12/11	10.9	15.5	-4.6
3/12	12.8	12.4	0.4
6/12	-5.1	-3.5	-1.6
9/12	6.1	5.2	0.9
12/12	5.7	1.8	3.9
3/13	14.2	12.4	1.8
6/13	4.5	3.1	1.4
9/13	11.8	10.2	1.6
12/13	8.5	8.7	-0.2
3/14	1.4	1.1	0.3

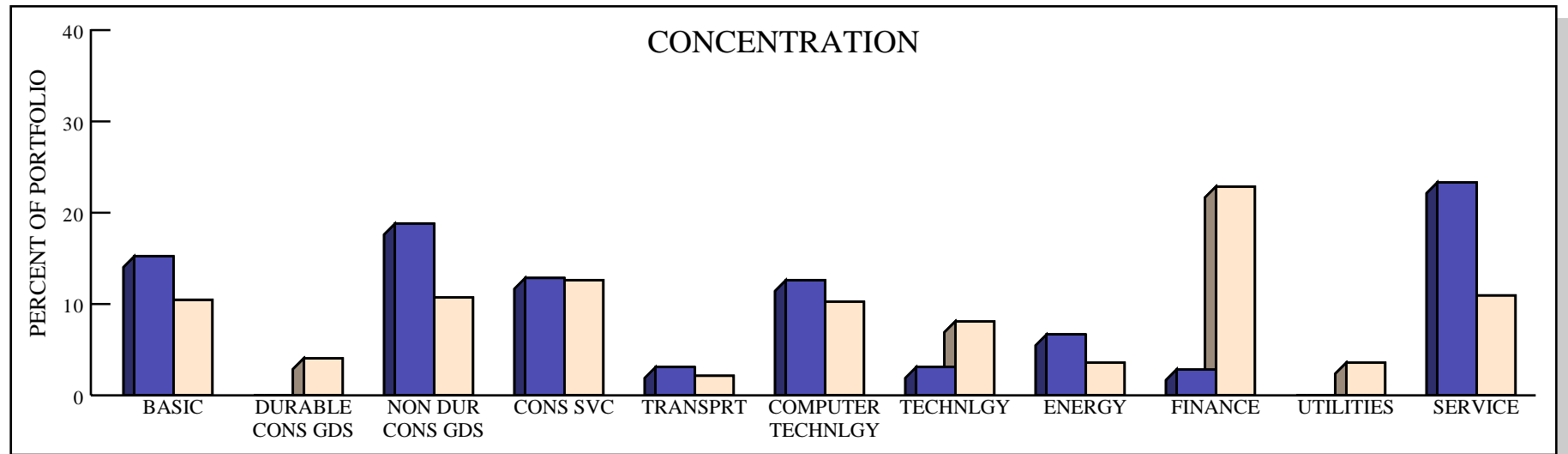
STOCK CHARACTERISTICS



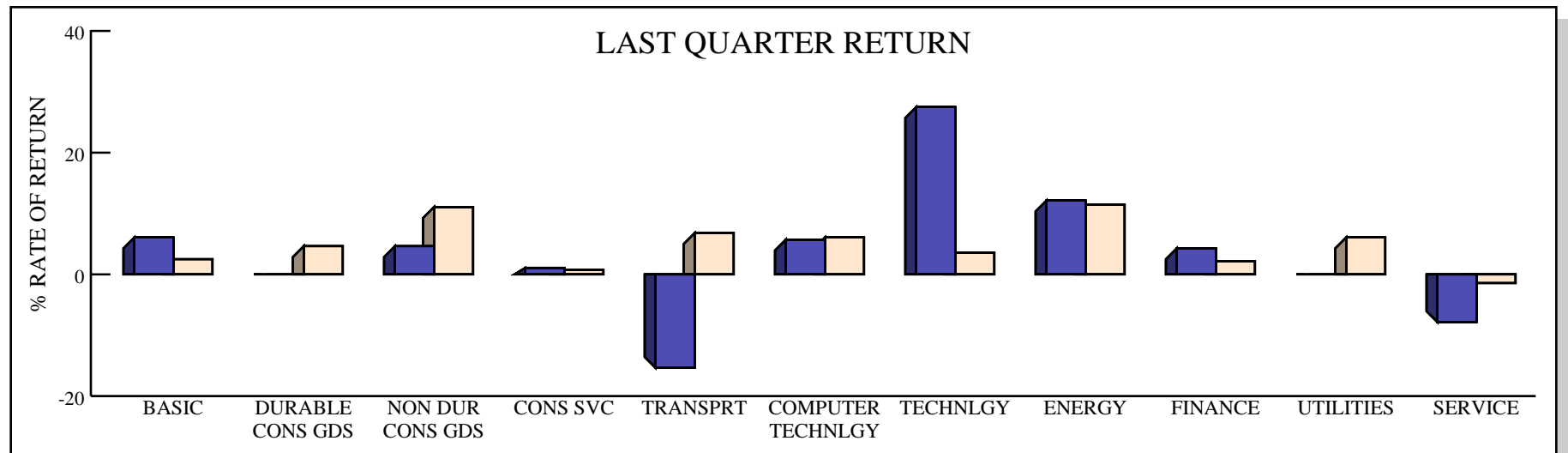
	YIELD	GROWTH	P/E	BETA
PORTFOLIO	0.3%	13.3%	23.6	1.17
RUSSELL 2000	1.3%	9.8%	19.8	1.08



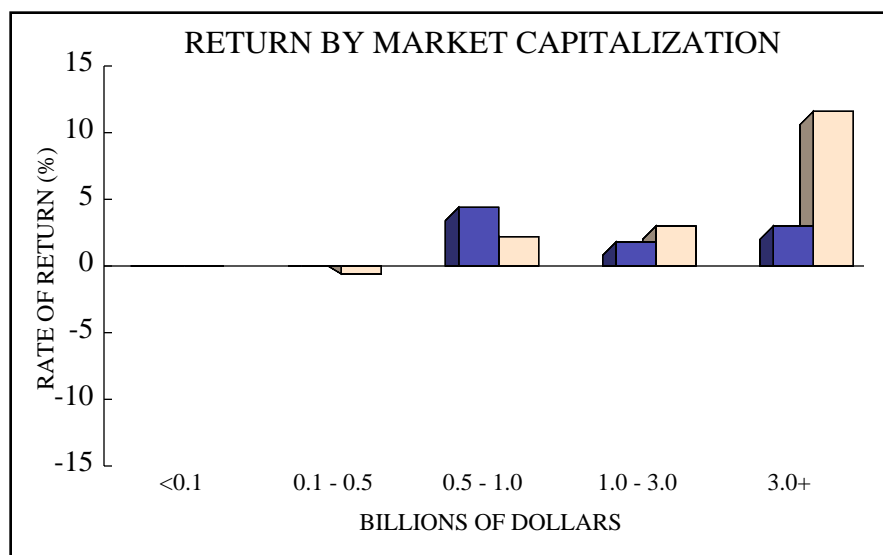
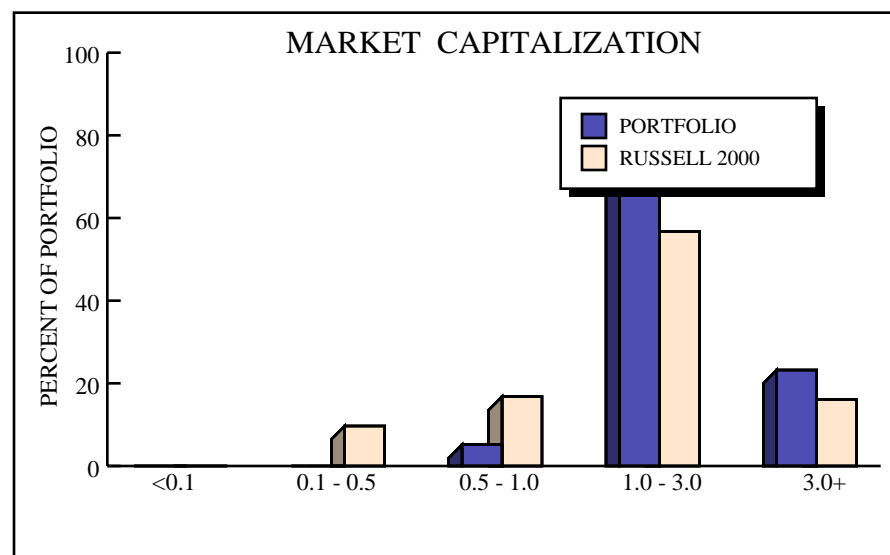
STOCK INDUSTRY ANALYSIS



■ PORTFOLIO ■ RUSSELL 2000



TOP TEN HOLDINGS



TOP TEN EQUITY HOLDINGS

RANK	NAME	VALUE	% EQUITY	RETURN	INDUSTRY SECTOR	MKT CAP
1	CARRIZO OIL & GAS INC	\$ 223,142	3.85%	19.4%	Energy	\$ 2.4 B
2	PACIRA PHARMACEUTICALS INC	214,169	3.70%	21.7%	NonDur Cons Goods	2.4 B
3	ACXIOM CORP	207,707	3.59%	-7.0%	Service	2.6 B
4	BRUNSWICK CORP	204,892	3.54%	-1.6%	Basic	4.2 B
5	DEALERTRACK TECHNOLOGIES INC	204,188	3.53%	2.3%	Computer Tech	2.2 B
6	DIEBOLD INC	200,647	3.46%	21.6%	Basic	2.6 B
7	MICROSEMI CORP	200,165	3.46%	0.3%	Computer Tech	2.4 B
8	MONRO MUFFLER BRAKE INC	199,137	3.44%	1.1%	Consumer Service	1.8 B
9	SCORPIO TANKERS INC	188,602	3.26%	-15.1%	Transportation	2.0 B
10	COSTAR GROUP INC	187,860	3.24%	1.2%	Service	5.4 B

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

INVESTMENT RETURN

On March 31st, 2014, the Franklin Regional Retirement System's PRIT Core Real Estate Account portfolio was valued at \$5,672,759, representing an increase of \$176,617 from the December quarter's ending value of \$5,496,142. Last quarter, the Fund posted withdrawals totaling \$6,518, which partially offset the portfolio's net investment return of \$183,135. Income receipts totaling \$56,203 plus net realized and unrealized capital gains of \$126,932 combined to produce the portfolio's net investment return.

For the cumulative period since September 2010, the fund has recorded net contributions totaling \$2.8 million, and recorded net investment gains of \$1.7 million. For the period since September 2010, if the total fund had returned a compounded nominal rate of 8.0% it would have been valued at \$5.0 million or \$658,863 less than the actual value as of March 31st, 2014.

RELATIVE PERFORMANCE

In the first quarter, the PRIT Core Real Estate Account portfolio gained 3.3%, which was 0.8% greater than the NCREIF NFI-ODCE Index's return of 2.5%. Over the trailing twelve-month period, the portfolio returned 12.0%, which was 1.8% below the benchmark's 13.8% return. Since September 2010, the account returned 12.9% on an annualized basis, while the NCREIF NFI-ODCE Index returned an annualized 13.9% over the same time frame.

ASSET ALLOCATION

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

EXECUTIVE SUMMARY

PERFORMANCE SUMMARY

	Quarter	YTD	1 Year	-----Annualized-----	
				3 Years	Since 09/10
Total Gross/Fees	3.3	3.3	12.0	11.8	12.9
Total Net/Fees	3.2	3.2	11.4	11.2	12.3
NCREIF ODCE	2.5	2.5	13.8	13.0	13.9
Real Estate	3.3	3.3	12.0	11.8	12.9
NCREIF ODCE	2.5	2.5	13.8	13.0	13.9

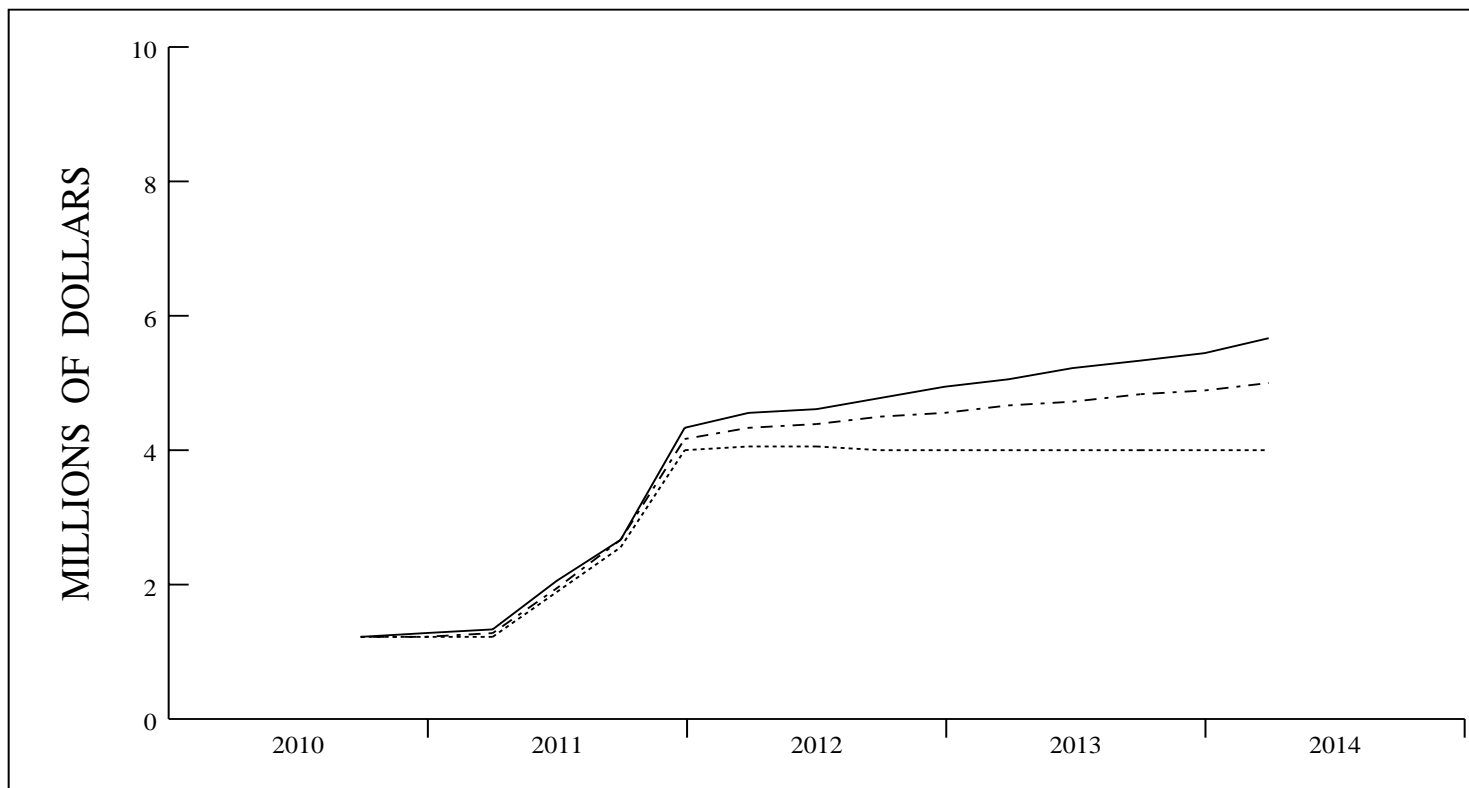
ASSET ALLOCATION

Real Estate	100.0%	\$ 5,672,759
Total Portfolio	100.0%	\$ 5,672,759

INVESTMENT RETURN

Market Value 12/2013	\$ 5,496,142
Contribs / Withdrawals	- 6,518
Income	56,203
Capital Gains / Losses	126,932
Market Value 3/2014	\$ 5,672,759

INVESTMENT GROWTH



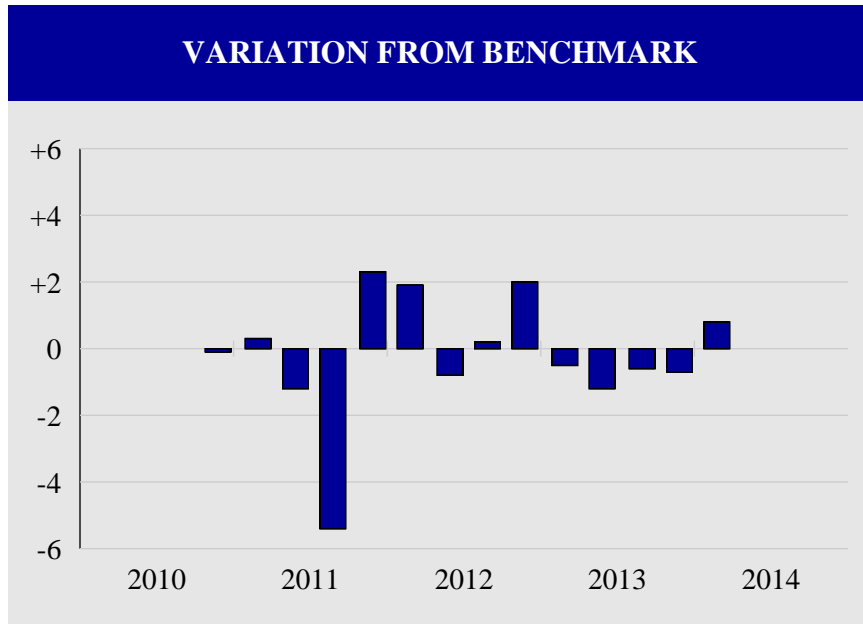
— ACTUAL RETURN
 - - - 8.0%
 . . . 0.0%

VALUE ASSUMING
 8.0% RETURN
 \$ 5,013,896

	LAST QUARTER	PERIOD 9/10 - 3/14
BEGINNING VALUE	\$ 5,496,142	\$ 1,247,572
NET CONTRIBUTIONS	- 6,518	2,763,112
INVESTMENT RETURN	183,135	1,662,075
ENDING VALUE	\$ 5,672,759	\$ 5,672,759
INCOME	56,203	703,500
CAPITAL GAINS (LOSSES)	126,932	958,575
INVESTMENT RETURN	183,135	1,662,075

TOTAL PORTFOLIO QUARTERLY PERFORMANCE SUMMARY

COMPARATIVE BENCHMARK: NCREIF NFI-ODCE INDEX



RATES OF RETURN			
Date	Portfolio	Benchmark	Difference
12/10	4.9	5.0	-0.1
3/11	4.3	4.0	0.3
6/11	3.4	4.6	-1.2
9/11	-1.9	3.5	-5.4
12/11	5.3	3.0	2.3
3/12	4.7	2.8	1.9
6/12	1.7	2.5	-0.8
9/12	3.0	2.8	0.2
12/12	4.3	2.3	2.0
3/13	2.2	2.7	-0.5
6/13	2.7	3.9	-1.2
9/13	3.0	3.6	-0.6
12/13	2.5	3.2	-0.7
3/14	3.3	2.5	0.8

Total Quarters Observed	14
Quarters At or Above the Benchmark	6
Quarters Below the Benchmark	8
Batting Average	.429

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

INVESTMENT RETURN

On March 31st, 2014, the Franklin Regional Retirement System's Income Research & Management Core Bond Fund was valued at \$12,161,354, representing an increase of \$280,600 from the December quarter's ending value of \$11,880,754. Last quarter, the Fund posted no net contributions or withdrawals, while posting \$280,600 in net investment returns. Since there were no income receipts for the first quarter, the portfolio's net investment return was the result of net realized and unrealized capital gains totaling \$280,600.

For the cumulative period since December 2008, the portfolio has posted net withdrawals totaling \$28,000 and recorded net investment gains totaling \$3.3 million. For the period since December 2008, if the fund had returned a compounded nominal rate of 8.0% it would have been valued at \$12.9 million or \$780,538 more than the actual value as of March 31st, 2014.

RELATIVE PERFORMANCE

For the first quarter, the Income Research & Management Core Bond Fund returned 2.4%, which was 0.6% greater than the Barclays Aggregate Index's return of 1.8% and ranked in the 15th percentile of the Core Fixed Income universe. Over the trailing year, this portfolio returned 0.8%, which was 0.9% above the benchmark's -0.1% return, ranking in the 23rd percentile. Since December 2008, the account returned 6.7% on an annualized basis and ranked in the 23rd percentile. For comparison, the Barclays Aggregate Index returned an annualized 4.6% over the same time frame.

ASSET ALLOCATION

The portfolio was fully invested in the IR&M Core Bond Fund at the end of the quarter.

ANALYSIS

At the end of the quarter, USG rated securities comprised approximately 45% of the bond portfolio, while corporate securities, rated AAA through BBB, made up the remainder, giving the bond portfolio an overall average quality rating of AAA-AA. The average maturity of the portfolio was 8.6 years, longer than the Barclays Aggregate Index's 7.7-year maturity. The average coupon was 4.0%.

EXECUTIVE SUMMARY**PERFORMANCE SUMMARY**

	Quarter	YTD	1 Year	-----Annualized-----	
				3 Years	Since 12/08
Total Gross/Fees	2.4	2.4	0.8	4.8	6.7
<i>CORE FIXED INCOME RANK</i>	(15)	(15)	(23)	(21)	(23)
Total Net/Fees	2.3	2.3	0.4	4.5	6.4
BARCLAYS AGG	1.8	1.8	-0.1	3.8	4.6
Fixed Income	2.4	2.4	0.8	4.8	6.7
<i>CORE FIXED INCOME RANK</i>	(15)	(15)	(23)	(21)	(23)
BARCLAYS AGG	1.8	1.8	-0.1	3.8	4.6
GOV/CREDIT	2.0	2.0	-0.3	4.2	4.6

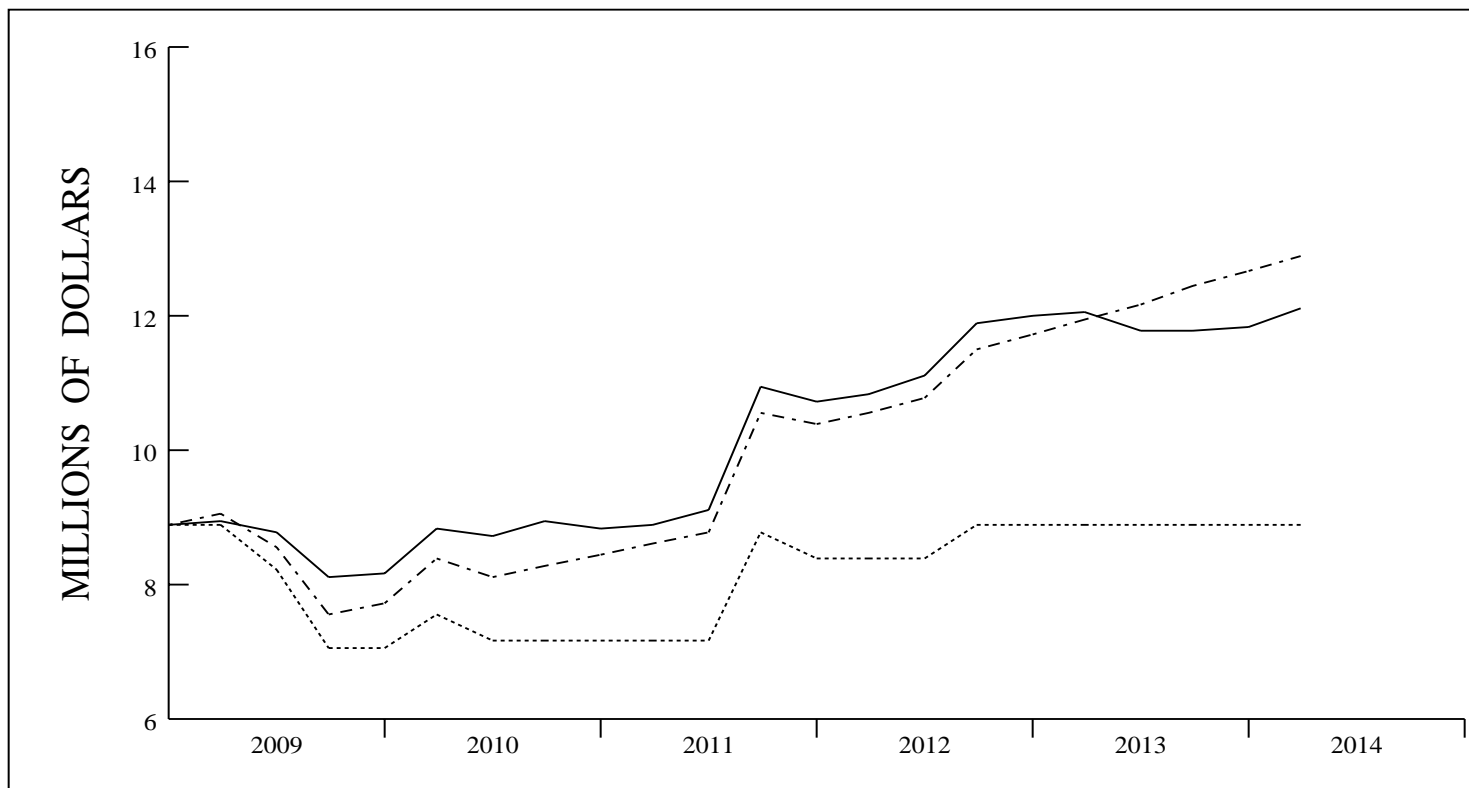
ASSET ALLOCATION

Fixed Income	100.0%	\$ 12,161,354
Total Portfolio	100.0%	\$ 12,161,354

INVESTMENT RETURN

Market Value 12/2013	\$ 11,880,754
Contribs / Withdrawals	0
Income	0
Capital Gains / Losses	280,600
Market Value 3/2014	\$ 12,161,354

INVESTMENT GROWTH

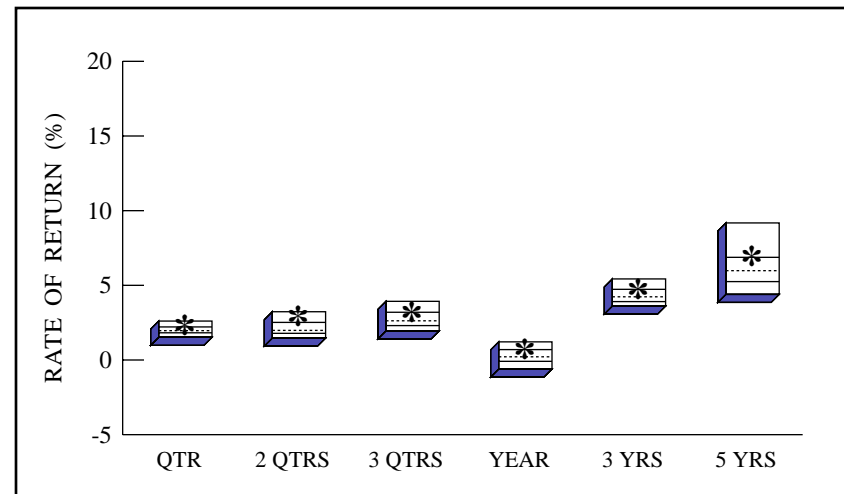
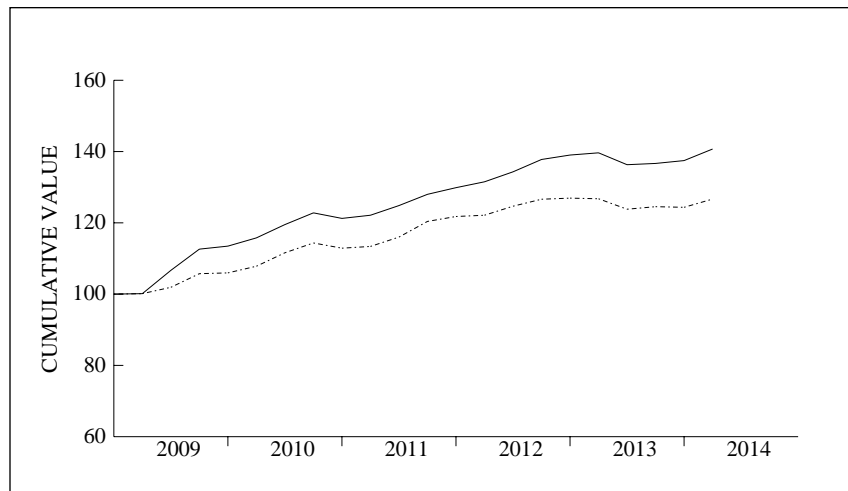


— ACTUAL RETURN
 - - - 8.0%
 0.0%

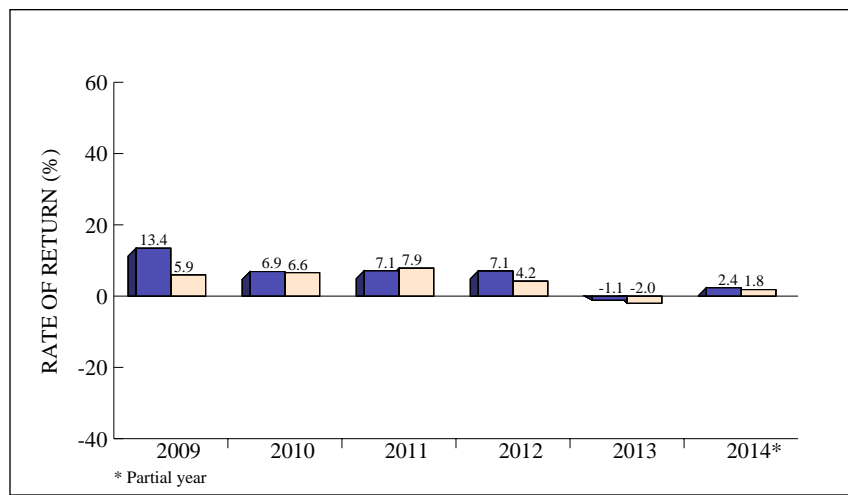
VALUE ASSUMING
 8.0% RETURN
 \$ 12,941,892

	LAST QUARTER	PERIOD 12/08 - 3/14
BEGINNING VALUE	\$ 11,880,754	\$ 8,937,353
NET CONTRIBUTIONS	0	- 28,000
INVESTMENT RETURN	280,600	3,252,001
ENDING VALUE	\$ 12,161,354	\$ 12,161,354
INCOME	0	5
CAPITAL GAINS (LOSSES)	280,600	3,251,996
INVESTMENT RETURN	280,600	3,252,001

TOTAL RETURN COMPARISONS

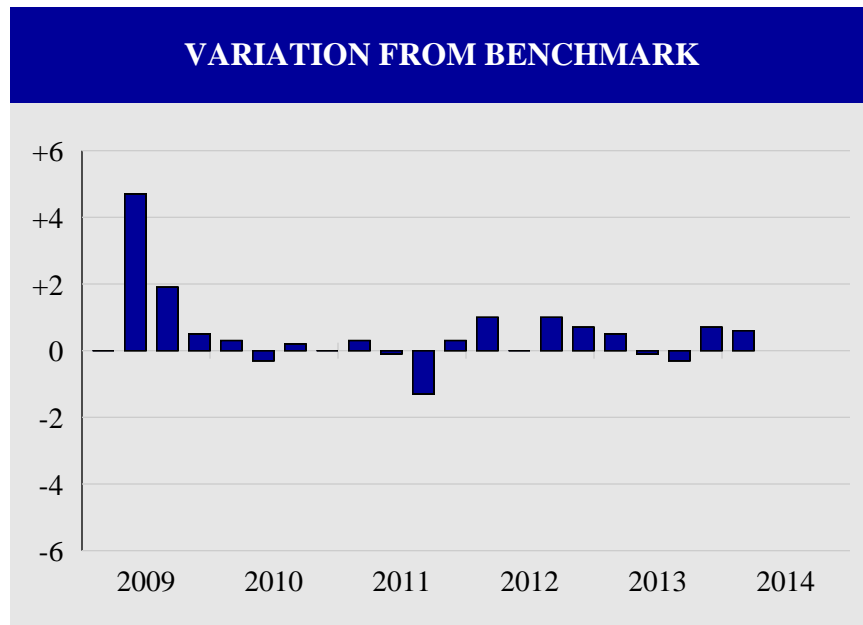


Core Fixed Income Universe



	QTR	2QTRS	3QTRS	YEAR	3 YRS	5 YRS
RETURN	2.4	3.0	3.2	0.8	4.8	7.0
(RANK)	(15)	(9)	(23)	(23)	(21)	(24)
5TH %ILE	2.6	3.2	3.9	1.2	5.4	9.2
25TH %ILE	2.2	2.5	3.2	0.7	4.7	6.9
MEDIAN	2.0	2.0	2.6	0.2	4.2	6.0
75TH %ILE	1.8	1.8	2.3	-0.1	3.9	5.3
95TH %ILE	1.5	1.5	2.0	-0.6	3.6	4.4
Agg Index	1.8	1.7	2.3	-0.1	3.8	4.8

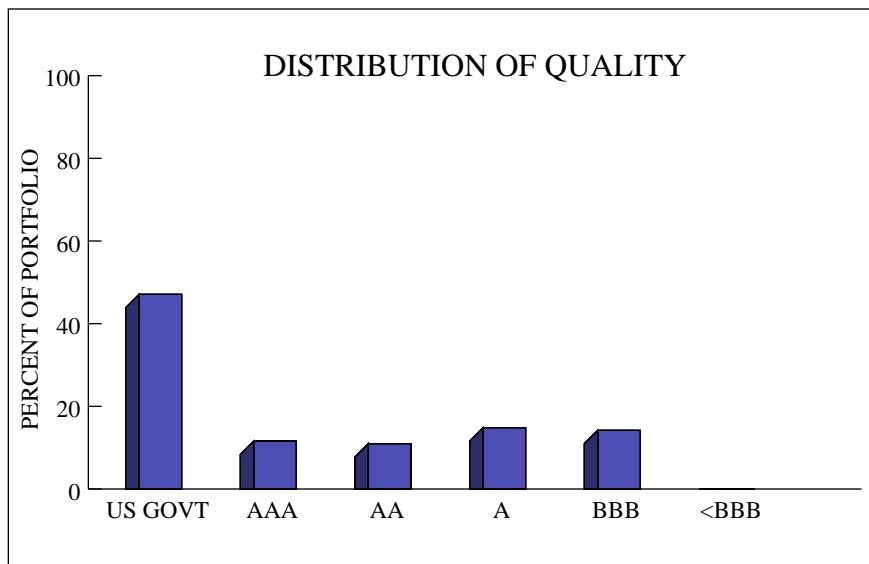
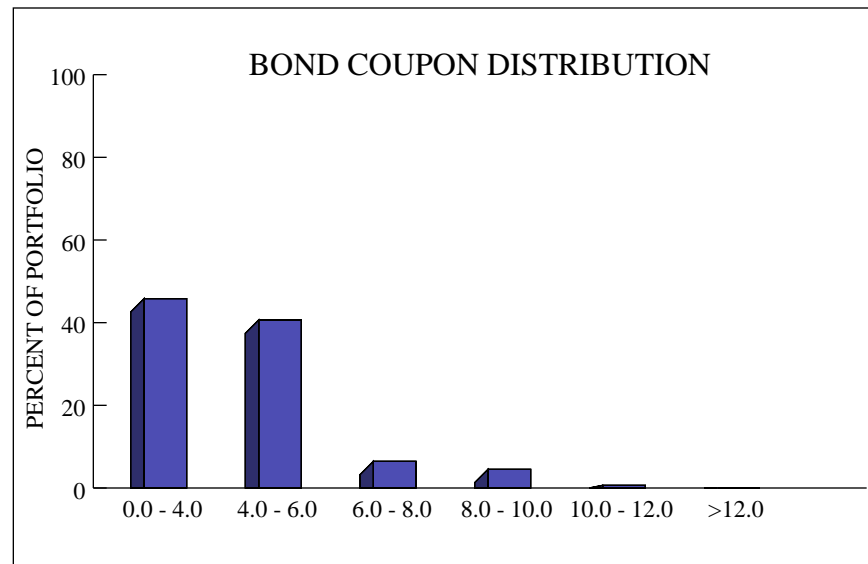
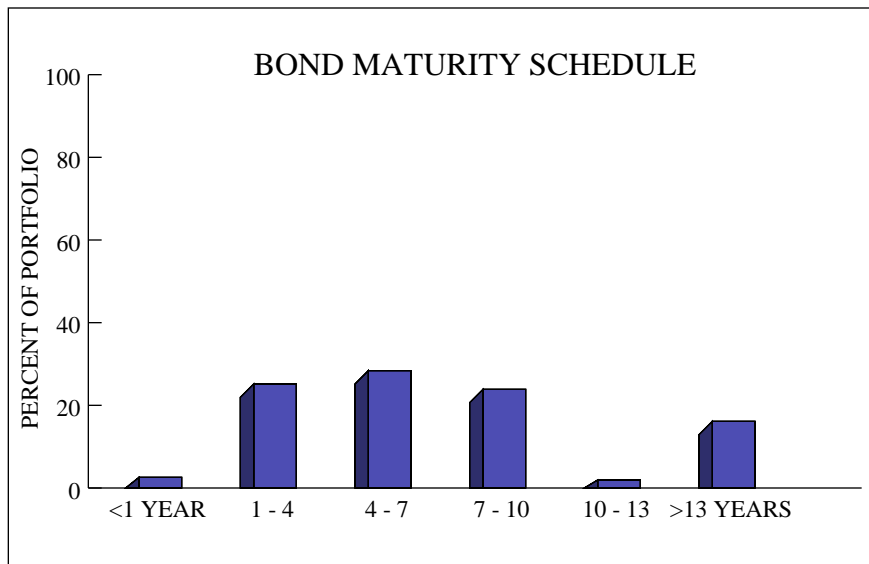
Core Fixed Income Universe

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

Total Quarters Observed	21
Quarters At or Above the Benchmark	16
Quarters Below the Benchmark	5
Batting Average	.762

RATES OF RETURN			
Date	Portfolio	Benchmark	Difference
3/09	0.1	0.1	0.0
6/09	6.5	1.8	4.7
9/09	5.6	3.7	1.9
12/09	0.7	0.2	0.5
3/10	2.1	1.8	0.3
6/10	3.2	3.5	-0.3
9/10	2.7	2.5	0.2
12/10	-1.3	-1.3	0.0
3/11	0.7	0.4	0.3
6/11	2.2	2.3	-0.1
9/11	2.5	3.8	-1.3
12/11	1.4	1.1	0.3
3/12	1.3	0.3	1.0
6/12	2.1	2.1	0.0
9/12	2.6	1.6	1.0
12/12	0.9	0.2	0.7
3/13	0.4	-0.1	0.5
6/13	-2.4	-2.3	-0.1
9/13	0.3	0.6	-0.3
12/13	0.6	-0.1	0.7
3/14	2.4	1.8	0.6

BOND CHARACTERISTICS



	PORTFOLIO	BARCLAYS AGG
No. of Securities	164	8,441
Duration	5.95	5.65
YTM	2.58	2.39
Average Coupon	4.04	3.31
Avg Maturity / WAL	8.61	7.70
Average Quality	AAA-AA	USG-AAA