

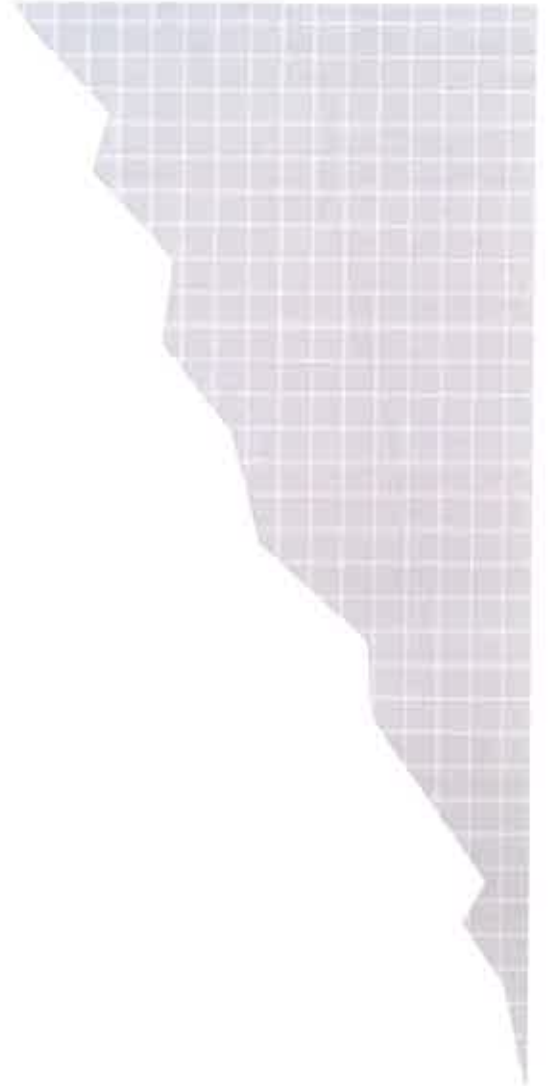


GOVERNMENT PORTFOLIO ADVISORS

Monthly Report

Account
City of Franklin

2/28/2014





Government Portfolio Advisors, LLC was founded on 2/4/2014 and we are pleased to announce that we have in excess of \$900MM in assets under management and we will exceed \$1BLN by the end of next month. Our group would like to express our appreciation and dedication to you as a client for your support and belief in our service.

One of our reasons for making our move was to improve our reporting capabilities and improve the timeliness of providing reports to our clients. This is our first reporting package and it will evolve over the next couple of months. Our goal is to reduce the number of pages and provide you with the concise information that is important to you.

We have many terms that we use in our disciplined investment process that we will be incorporating into these reports. These include: mark to market change, effective duration, total return and accrual earnings. The new reporting package significantly improves our graphic presentation, however, the standard terms built into the pages are different from what we use. Therefore, we will be customizing these pages over the next several months.

Please note the following translations:

1. Page 4 – Average Yield is the weighted average market yield on the portfolio.
2. Page 4 – Average Duration is the weighted average duration to maturity on the portfolio.
3. Page 4 – Net Gain/Loss is the unrealized gain or loss from amortization price.
4. Page 5 – Unrealized Gains is the change in market value for the period. Note: Premium bond impact this value negatively even without a market change.
5. Page 5- Inception date is as of 12/31/13 as requested. Given the assignment and transfer of your account from DFIM to GPA and our receipt of your January statement, we have reconciled the portfolio to 12/31/13 and will be using that as a start date.
6. Page 5 – Net Contributions and Withdrawals is the net amount of total purchase cost, sale proceeds, maturities or calls.
7. There are several pages at the end that replicate our old reports that we temporarily need provide you with information that we feel is important.
8. Effective duration and benchmark information will be included separate report after the disclaimer. Note that this report is being run effective 3/5th. Effective duration calculation does not include securities identified as liquidity ie: T- Bills, Discount Notes, CP, BA's, MMF or LGIP.



GOVERNMENT PORTFOLIO ADVISORS

Two events occurred in February that will most likely have a significant and long lasting impact to the financial world and the direction of interest rates over the foreseeable future; first, on February 3rd, Janet Yellen was named to a four year term as head of the Federal Reserve and on the following day, February 4th, the Portland Group of Davidson Fixed Income Management, Inc. started their own fixed income advisory firm, Government Portfolio Advisors (GPA). Significance is often in the eye of the beholder but, nevertheless, both events are deemed to be potential watershed events for interest rates (Janet Yellen as Fed Chairman) and your portfolio (GPA).

Treasury yields were little changed in February while stocks rallied to near-record levels. The benchmark ten-year note began the month at 2.64% and closed on 2/28/14 at 2.65%. Two-year treasuries were virtually unchanged at .32%.

Non-farm Payrolls/Unemployment: Total nonfarm payroll employment rose by 113,000 in January, and the unemployment rate was little changed at 6.6 percent, the U.S. Bureau of Labor Statistics reported in February. Employment grew in construction, manufacturing, wholesale trade, and mining. The increase in nonfarm payrolls was lower than anticipated.

The Fed: The economy appears to have hit a soft patch this winter, but it's too soon to worry, according to Federal Reserve Chair Janet Yellen. She blames most of the recent weakness on the weather. Over the last month, government data have pointed to, as well as declines in retail sales, new home construction and manufacturing.

Other Headlines:

- **Purchasing Managers Index: PMI** dropped to 51.3 in January from 56.5 in December. That drop, the biggest one-month decline since October 2008, left the index barely above the reading of 50 that separates expansion from contraction. Economists surveyed by Briefing.com had projected a drop to 56 for January.
- **Housing Market:** U.S. homebuilder confidence suffered its largest one-month drop ever in February, heightening concerns that recent signs of weakness in the economy reflect deeper problems than the severe weather that has gripped much of the country.



**GOVERNMENT
PORTFOLIO
ADVISORS**

Treasury Yield Curve Total Returns over the last 12 months:*

<u>Maturity</u>	<u>Total Return (trailing 12 months)</u>
3month bill	.08
1 year note	.30
2 year note	.52
3-year note	.35
5-year note	neg (.93)

Changes in the Treasury Market over the past quarter (absolute yield levels:*

	<u>12/31/13</u>	<u>01/31/14</u>	<u>02/28/14</u>	<u>February change</u>
3-month bill	.07	.02	.05	+3
6-month bill	.09	.05	.07	+2
2-year note	.38	.33	.32	-1
3-year note	.77	.67	.67	unch
5-year note	1.74	1.49	1.50	+1
10-year bond	3.03	2.64	2.65	+1
30-year bond	3.97	3.60	3.58	-2

*Source: Bloomberg



Portfolio Characteristics - Settled Trades

Weighted Averages

Average Yield	0.55
Average Maturity	1.88
Average Coupon	0.69
Average Duration	1.86
Average Moody	Aaa
Average S&P	AA+
Average Fitch	Not Rated

Fixed Income Allocation



Fixed Income Totals

Par Value	12,500,000
Market Value	12,523,955.00
Total Cost	12,497,725.15
Net Gain/Loss	26,229.85
Annual Income	85,875.00

Security Type	Market Value	% Fixed Income	% Assets
US Agency (USD)	10,022,782.50	80.0	80.0
US Treasury (USD)	2,501,172.50	20.0	20.0
Fixed Income Total	12,523,955.00	100.0	100.0



City of Franklin

Activity and Issuer Overview

Net of Fees | US Dollar
1/31/2014 - 2/28/2014

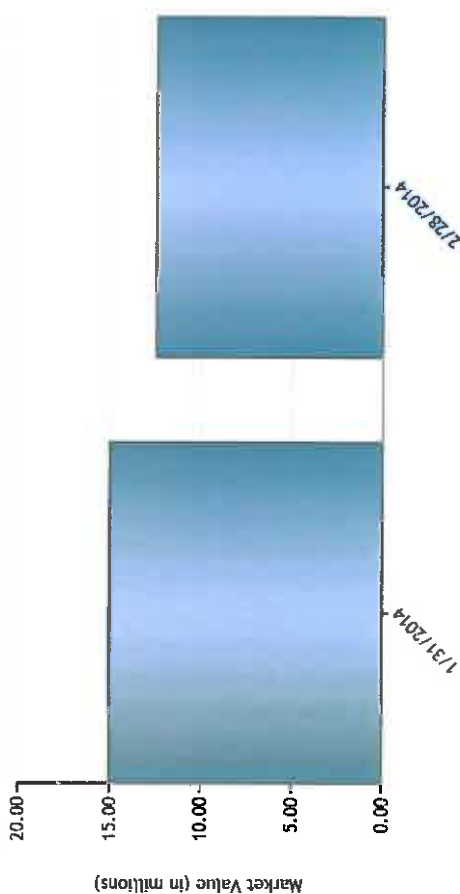
Activity Summary

	Inception to Date	Month to Date
Beginning Value	14,988,860.00	15,014,315.00
Accrued Interest	33,361.81	20,838.35
Net Contributions/Withdrawals	-2,548,875.00	-2,527,500.00
Realized Gains	0.00	0.00
Unrealized Gains	35,095.00	9,640.00
Income Received	48,875.00	27,500.00
Change in Accrued Interest	-22,275.02	-9,751.55
Ending Value	12,523,955.00	12,523,955.00
Accrued Interest	11,086.80	11,086.80

Portfolio Allocation as of 2/28/2014



Change in Portfolio



Issuer	Market Value	% Assets	Yield
FEDERAL HOME LOAN BANKS	5,018,572.50	40.1	0.6
FEDERAL FARM CR BKS	2,500,070.00	20.0	0.7
FEDERAL HOME LN MTG CORP	2,504,140.00	20.0	1.0
UNITED STATES TREAS NTS	2,501,172.50	20.0	0.6
Total	12,523,955.00	100.0	0.7

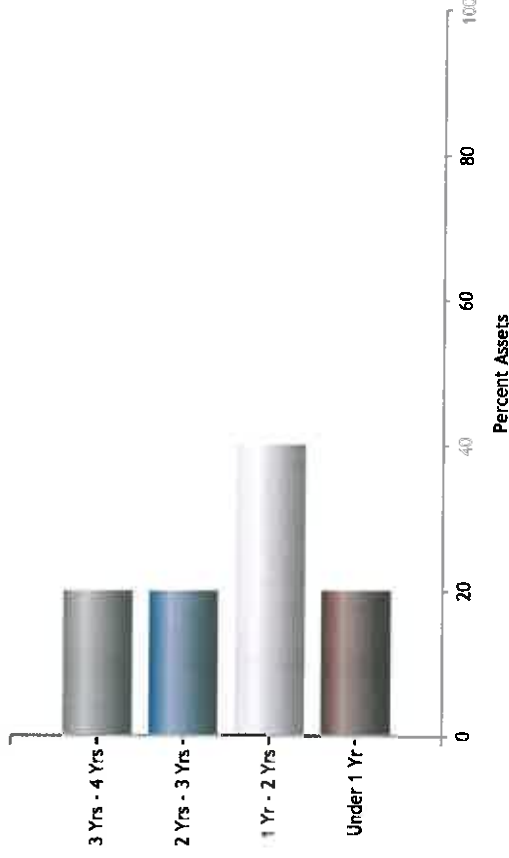
□ Beginning Market Value Plus Flows ■ Ending Market Value



Distribution by Duration

Duration	Number	Market Value	% FI Holdings	Average YTM	Average Coupon	Average Duration
Under 1 Yr	1	2,500,070.00	20.0	0.6	0.710%	0.0
1 Yr - 2 Yrs	2	5,018,572.50	40.1	0.3	0.550%	1.6
2 Yrs - 3 Yrs	1	2,501,172.50	20.0	0.6	0.625%	2.8
3 Yrs - 4 Yrs	1	2,504,140.00	20.0	1.0	1.000%	3.3

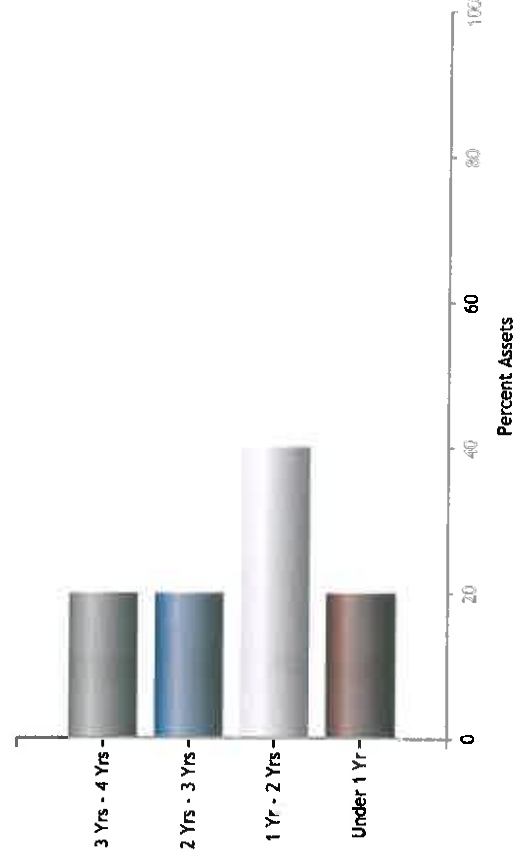
Distribution by Duration



Distribution by Maturity

Maturity	Number	Market Value	% FI Holdings	Average YTM	Average Coupon	Average Duration
Under 1 Yr	1	2,500,070.00	20.0	0.6	0.710%	0.0
1 Yr - 2 Yrs	2	5,018,572.50	40.1	0.3	0.550%	1.6
2 Yrs - 3 Yrs	1	2,501,172.50	20.0	0.6	0.625%	2.8
3 Yrs - 4 Yrs	1	2,504,140.00	20.0	1.0	1.000%	3.3

Distribution by Maturity





City of Franklin

Rating Distribution

US Dollar
2/28/2014

Distribution by S&P Rating

S&P Rating	Number	Market Value	% FI Holdings	Average YTM	Average Coupon	Average Duration
AA+	5	12,523,955.00	100.0	0.7	0.687%	2.8

■ AA+



Distribution by S&P Rating

Distribution by Moody Rating

Moody Rating	Number	Market Value	% FI Holdings	Average YTM	Average Coupon	Average Duration
Aaa	5	12,523,955.00	100.0	0.7	0.687%	2.8

■ Aaa



Distribution by Moody Rating



City of Franklin

Performance Overview

Net of Allocated Fees | US Dollar
2/28/2014

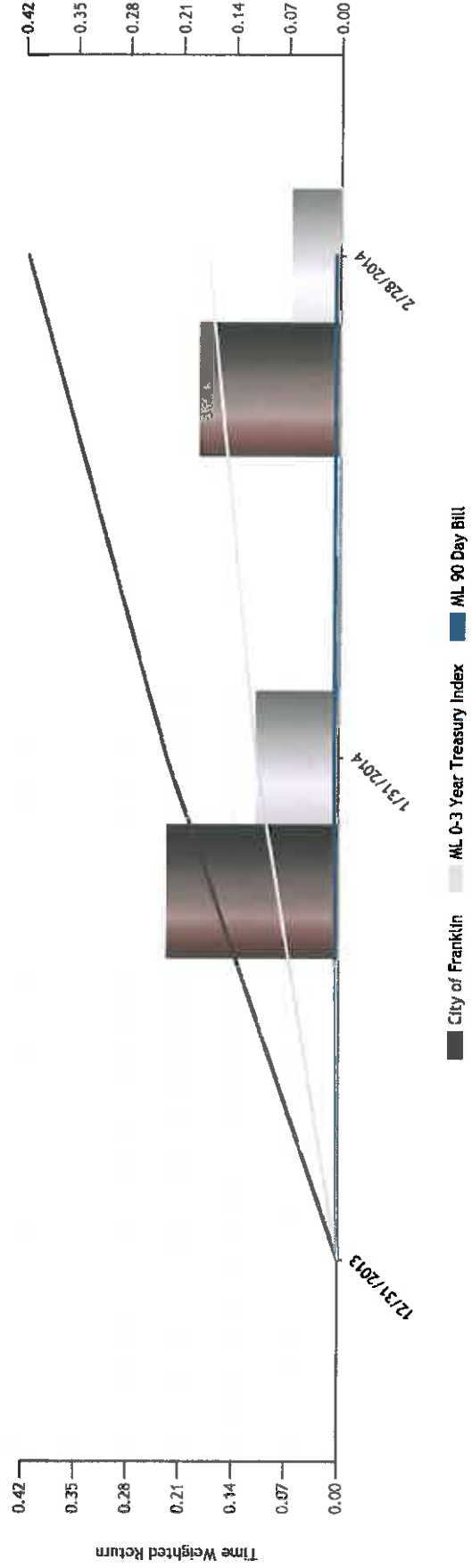
Performance History

Asset Class	Month To Date	Quarter To Date	Year To Date	Inception To Date
Cash and Equiv.	0.00	0.00	0.00	0.00
Equity	0.00	0.00	0.00	0.00
Fixed Income Investments	0.19	0.42	0.42	0.42
Other	0.00	0.00	0.00	0.00
Liquidity	0.00	0.00	0.00	0.00
Account	0.19	0.42	0.42	0.42

Index

ML 0-3 Year Treasury Index	0.07	0.18	0.18	0.18
ML 90 Day Bill	0.00	0.01	0.01	0.01

Time Weighted Return Inception (12/31/2013) to Date





City of Franklin

Portfolio Holdings - Settled Trades

US Dollar
2/28/2014

US Agency (USD) Agency	Quantity	Symbol	Security	Unit Adj. Cost	Total Adjusted Cost	Price	Market Value	% Assets	Unrealized Gain/Loss
US Agency Callable									
US Agency Callable	2,500,000	3133EAYQ5	FEDERAL FARM CR BKS 0.710% Due 07-19-16	100.00	2,500,006.75	100.00	2,500,070.00	20.0	63.25
					2,500,006.75		2,500,070.00	20.0	63.25
			Agency Total		9,998,547.37		10,022,782.50	80.0	24,235.13
			US Agency (USD) Total		9,998,547.37		10,022,782.50	80.0	24,235.13
US Treasury (USD)									
US Treasury	2,500,000	912828A59	UNITED STATES TREAS NTS 0.625% Due 12-15-16	99.97	2,499,177.78	100.05	2,501,172.50	20.0	1,994.72
					2,499,177.78		2,501,172.50	20.0	1,994.72
			Treasury Total		2,499,177.78		2,501,172.50	20.0	1,994.72
			US Treasury (USD) Total		2,499,177.78		2,501,172.50	20.0	1,994.72
Total Portfolio					12,497,725.15		12,523,955.00	100.0	26,229.85



City of Franklin

Transaction Summary

US Dollar
2/1/2014 - 2/28/2014

Interest

Trade Date	Settle Date	Symbol	Security	Amount
2/17/2014	2/17/2014	313378CN9	FEDERAL HOME LOAN BANKS 0.600% Due 08-17-15	7,500.00
2/24/2014	2/24/2014	3134G3MX5	FEDERAL HOME LN MTG CORP 0.800% Due 02-24-16	10,000.00
2/24/2014	2/24/2014	3134G3MX5	FEDERAL HOME LN MTG CORP 0.800% Due 02-24-16	10,000.00
Total Interest				27,500.00

Calls

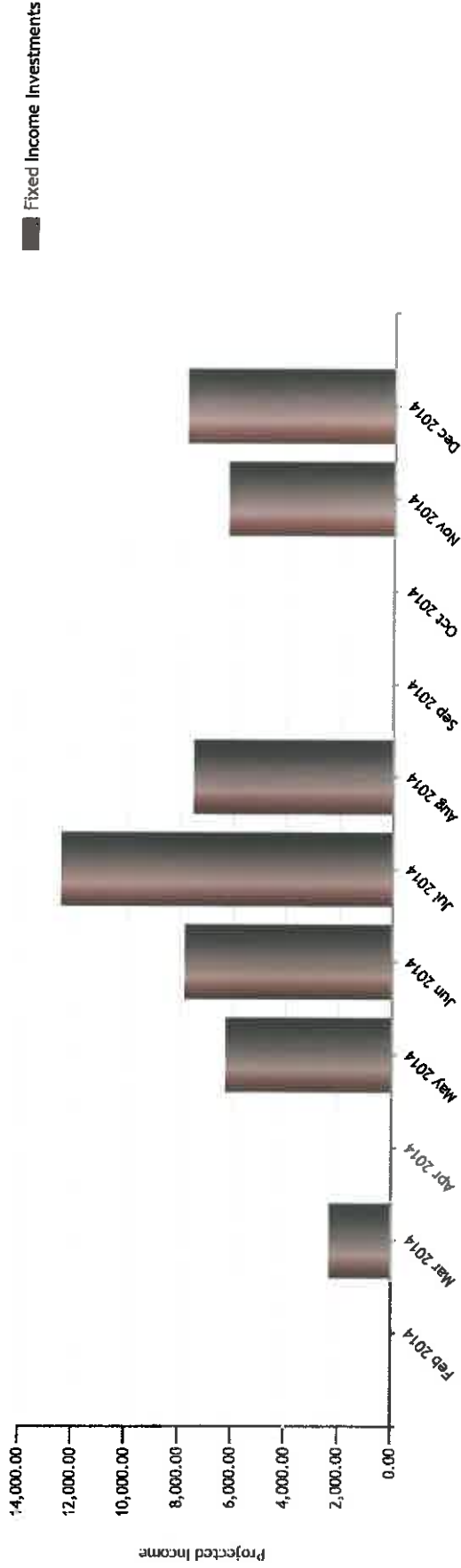
Trade Date	Settle Date	Quantity	Symbol	Security	Adj Unit Cost	Adjusted Total Cost	Amort. or Accretion	Unit Price	Proceeds	Gain/Loss
2/24/2014	2/24/2014	2,500,000	3134G3MX5	FEDERAL HOME LN MTG CORP 0.800% Due 02-24-16	100.00	2,500,000.00				
Total Calls						2,500,000.00				



City of Franklin

Income Projection

US Dollar
2/28/2014 - 12/31/2014



	Feb 2014	Mar 2014	Apr 2014	May 2014	Jun 2014	Jul 2014	Aug 2014	Sep 2014	Oct 2014	Nov 2014	Dec 2014
Fixed Income Investments	0.00	2,317.36	0.00	6,250.00	7,812.50	12,500.00	7,500.00	0.00	0.00	6,250.00	7,812.50
US Agency (USD)	0.00	2,317.36	0.00	6,250.00	0.00	12,500.00	7,500.00	0.00	0.00	6,250.00	0.00
US Treasury (USD)	0.00	0.00	0.00	0.00	7,812.50	0.00	0.00	0.00	0.00	0.00	7,812.50
Total	0.00	2,317.36	0.00	6,250.00	7,812.50	12,500.00	7,500.00	0.00	0.00	6,250.00	7,812.50
Grand Total	50,442.36										

Government Portfolio Advisors

PORTFOLIO SUMMARY

City of Franklin

February 28, 2014

Security Type	Total Cost	Total Adjusted Cost	Market Value	Pct. Assets	Yield On Cost	Est. Annual Income
Fixed Income Investments	12,495,584.84	12,497,725.15	12,523,955.00	100.0	0.70	85,875.00
TOTAL PORTFOLIO	12,495,584.84	12,497,725.15	12,523,955.00	100.0	0.70	85,875.00

PORTFOLIO HOLDINGS- SETTLED TRADES

City of Franklin

February 28, 2014

Cusip	Par Value	Security	Call Date	Trade Date	Amor Price	Book Yield	Market Price	Market Yield	Market Value	Accrued Interest	Total Value	Unrealized Gain/Loss	Pct. Assets	Dur Mat	Dur Call
US Treasury															
912828A59	2,500,000	UNITED STATES TREAS NTS 0.625% Due 12-15-16		12-18-13	99.97	0.64	100.05	0.61	2,501,172.50	3,219.44	2,504,391.94	1,994.72	20.0	2.76	2.76
US Agency Bullet															
313378CN9	2,500,000	FEDERAL HOME LOAN BANKS 0.600% Due 08-17-15		03-12-12	99.92	0.66	100.46	0.29	2,511,530.00	458.33	2,511,988.33	13,599.60	20.1	1.46	1.46
313380L96	2,500,000	FEDERAL HOME LOAN BANKS 0.500% Due 11-20-15		07-11-13	99.98	0.51	100.28	0.34	2,507,042.50	3,402.78	2,510,445.28	7,481.03	20.0	1.72	1.72
3137EADJ5	2,500,000	FEDERAL HOME LN MTG CORP 1.800% Due 07-28-17		12-18-13	100.04	0.99	100.17	0.95	2,504,140.00	2,083.33	2,506,223.33	3,091.25	20.0	3.35	3.35
	7,500,000					0.72		0.52	7,522,712.50	5,944.44	7,528,656.94	24,171.88	60.1	2.18	2.18
US Agency Callable															
3133EAYQ5	2,500,000	FEDERAL FARM CR BKS 0.710% Due 07-19-16		03-06-14	100.00	0.69	100.00	0.58	2,500,070.00	1,922.92	2,501,992.92	63.25	20.0	0.02	0.02
TOTAL PORTFOLIO	12,500,000					0.70		0.55	12,523,955.00	11,086.80	12,535,041.80	26,229.85	100.0	1.86	1.86

Government Portfolio Advisors
PERFORMANCE REPORT

NET OF FEES

City of Franklin

From 01-31-14 to 02-28-14

Portfolio Value on 01-31-14	15,014,315.0
Accrued Interest	20,838.35
Contributions	0.00
Withdrawals	-2,527,500.00
Realized Gains	0.00
Market Value Change in Period	9,640.00
Interest	17,748
Portfolio Value on 02-28-14	12,523,955.00
Accrued Interest	11,086.80
Average Capital	14,671,581.92
Total Return	27,388.45
Return for Period	0.19
Annualized Return for period	2.46

TRANSACTION SUMMARY - SETTLED TRADES

City of Franklin

From 02-01-14 To 02-28-14

List Counterparty Broker or Bank

Settle Date	Trade Date	Cusip	Security	Call Date	Quantity	Trade Amount	Broker
Accrued Interest (Sold Fixed-Income)							
02-24-14	02-24-14	3134G3MX5	FEDERAL HOME LN MTG CORP 0.800% Due 02-24-16			10,000.00	
Interest							
02-17-14	02-17-14	313378CN9	FEDERAL HOME LOAN BANKS 0.600% Due 08-17-15			7,500.00	
02-24-14	02-24-14	3134G3MX5	FEDERAL HOME LN MTG CORP 0.800% Due 02-24-16			10,000.00	
Sell							
02-24-14	02-24-14	3134G3MX5	FEDERAL HOME LN MTG CORP 0.800% Due 02-24-16		2,500,000	2,500,000.00	Maurity

Government Portfolio Advisors
AMORTIZATION AND ACCRETION - SETTLED TRADES
City of Franklin
 February 28, 2014

Purchase Information				Amortization/Accretion Information							
Symbol	Par Value	Lot	Settle Date	Tran Type	Price	Total Cost	Month To Date	Year To Date	Total To Date	Balance	Adjusted Cost
US Agency (USD) 0											
FEDERAL HOME LOAN BANKS 0.600% Due 08-17-15											
313378CNS	2,500,000	1	03-12-2012	Open	99.807	2,495,175.00	107.97	227.45	2,755.40	2,069.60	2,497,930.40
FEDERAL HOME LOAN BANKS 0.500% Due 11-20-15											
313380L96	2,500,000	1	07-11-2013	Open	99.976	2,499,400.00	19.43	40.94	161.47	438.53	2,499,561.47
FEDERAL FARM CR BKS 0.710% Due 07-19-16											
3133EAYQ5	2,500,000	1	08-01-2012	Open	100.031	2,500,781.25	-37.78	-79.58	-774.50	-6.75	2,500,006.75
FEDERAL HOME LN MTG CORP 1.000% Due 07-28-17											
3137EADJ5	2,500,000	1	12-20-2013	Open	100.044	2,501,107.50	-23.18	-48.83	-58.75	-1,048.75	2,501,048.75
Total						9,996,463.75	66.44	139.97	2,083.62	1,452.63	9,998,547.37
US Treasury (USD) (Scientific)											
UNITED STATES TREAS NTS 0.625% Due 12-15-16											
912828A59	2,500,000	1	12-20-2013	Open	99.965	2,499,121.09	22.37	47.11	56.69	822.22	2,499,177.78
GRAND TOTAL						12,495,584.84	88.81	187.08	2,140.31	2,274.85	12,497,725.15

Government Portfolio Advisors
EARNED INCOME REPORT
City of Franklin
 From 01-31-14 To 02-28-14

Security Symbol	Description	Beginning Accrued Interest	Purchased Interest	Sold Interest	Interest Received	Ending Accrued Interest	Earned Interest	Amortization/ Accretion	Earned Income
US Agency (USD)									
Agency									
US Agency Bullet									
313378CN9	FEDERAL HOME LOAN BANKS 0.600% Due 08-17-15	6,833.33	0.00	0.00	-7,500.00	458.33	1,125.00	107.97	1,232.97
313380L96	FEDERAL HOME LOAN BANKS 0.500% Due 11-20-15	2,465.28	0.00	0.00	0.00	3,402.78	937.50	19.43	956.93
3134G3MX5	FEDERAL HOME LN MTG CORP 0.800% Due 02-24-16	8,722.22	0.00	-10,000.00	-10,000.00	0.00	11,277.78	0.00	11,277.78
3137EADJ5	FEDERAL HOME LN MTG CORP 1.000% Due 07-28-17	208.33	0.00	0.00	0.00	2,083.33	1,875.00	-23.18	1,851.82
		18,229.17	0.00	-10,000.00	-17,500.00	5,944.44	15,215.28	104.22	15,319.50
US Agency Callable									
3133EAYQ5	FEDERAL FARM CR BKS 0.710% Due 07-19-16	591.67	0.00	0.00	0.00	1,922.92	1,331.25	-37.78	1,293.47
		591.67	0.00	0.00	0.00	1,922.92	1,331.25	-37.78	1,293.47
Agency Total		18,820.83	0.00	-10,000.00	-17,500.00	7,867.36	16,546.53	66.44	16,612.97
US Agency (USD) Total		18,820.83	0.00	-10,000.00	-17,500.00	7,867.36	16,546.53	66.44	16,612.97
US Treasury (USD)									
Treasury									
US Treasury									
912828A59	UNITED STATES TREAS NTS 0.625% Due 12-15-16	2,017.51	0.00	0.00	0.00	3,219.44	1,201.92	22.37	1,224.29
		2,017.51	0.00	0.00	0.00	3,219.44	1,201.92	22.37	1,224.29
Treasury Total		2,017.51	0.00	0.00	0.00	3,219.44	1,201.92	22.37	1,224.29
US Treasury (USD) Total		2,017.51	0.00	0.00	0.00	3,219.44	1,201.92	22.37	1,224.29
TOTAL PORTFOLIO		20,838.35	0.00	-10,000.00	-17,500.00	11,086.80	17,748.45	88.81	17,837.26



Disclaimer & Terms

2/28/2014

This statement is for general informational purposes only and is not intended to provide specific advice or recommendations. Government Portfolio Advisors (GPA) is an investment advisor registered with the Securities and Exchange Commission and is required to maintain a written disclosure statement of our background and business experience. If you would like to receive a copy of our current disclosure statement, please contact Service Operations at the address below.

Questions About an Account: GPA's monthly report is intended to detail our investment advisory activity managed by GPA. In addition, at the request of the account, the report may include bank balances, LIGIP balances and other funds that are held but not invested at the direction of GPA. The custodian bank maintains the control of assets and executes (ie. Settles) all investment transactions. The custodian statement is the official record of security and cash holdings and transactions. GPA recognizes that clients may use these reports to facilitate record keeping and that the custodian bank statement and the GPA statement should be reconciled and differences resolved. Many custodians use a settlement date basis which may result in the need to reconcile due to a timing difference.

Account Control

GPA does not have the authority to withdraw funds from or deposit funds to the custodian. Our clients retain responsibility for their deposit funds to the custodian. Our clients retain responsibility for their internal accounting policies, implementing and enforcing internal controls and generating ledger entries or otherwise recording transactions.

Market Value

Generally, GPAs market prices are derived from closing bid prices as of the last business day of the month as supplied by Interactive Data or Bloomberg. Where prices are not available from generally recognized sources the securities are priced using a yield-based matrix system to arrive at an estimated market value. Prices that fall between data points are interpolated. Non-negotiable FDIC -insured bank certificates of deposit are priced at par. Although GPA believes the prices to be reliable, the values of the securities do not always represent the prices at which the securities could have been bought or sold. Explanation of the valuation methods for money market and TERM funds is contained in the appropriate fund information statement.

Amortized Cost

The original cost of the principal of the security is adjusted for the amount of the periodic reduction of any discount or premium from the purchase date until the date of the report. Discount or premiums with respect to short term securities (those with less than one year to maturity at time of issuance) is amortized on a straightline basis. Such discount or premium with respect to longer term securities is amortized using the constant yield basis.

Financial Situation

In order to better serve you, GPA should be promptly notified of any material change in your investment objective or financial situation.

Callable Securities

Securities subject to redemption prior to maturity may be redeemed in whole or in part before maturity, which could affect the yield represented. Certain call dates may not show up on the report if the call date has passed and it is continuously callable.

Duration

The duration listed on the reports is duration to maturity and duration to call. These reports do not calculate the effective duration that incorporates callable bonds. GPA will provide this number in the strategic reports.

Portfolio

The securities in this portfolio are not guaranteed or otherwise protected by GPA, the FDIC (except for non-negotiable certificates of deposit) or any government agency. Investment in securities involves risks, including the possible loss of the amount invested.

Rating

Information provided for ratings is based upon a good faith inquiry of selected sources, but its accuracy and completeness cannot be guaranteed.