



FEDERAL RETIREMENT THRIFT INVESTMENT BOARD
77K Street, NE Washington, DC 20002

November 13, 2020

MEMORANDUM FOR THE EXECUTIVE DIRECTOR

FROM: Sean McCaffrey, Chief Investment Officer

SUBJECT: October 2020 Performance Review – G, F, C, S, I, and L Funds

INTRODUCTION

This report reviews key aspects of the investment performance of the G, F, C, S, I, and L Funds, investment manager performance and tracking error, interfund transfer activity, and L Fund participation.

RETURNS AND TRACKING ERROR

The tables below contain the monthly and year-to-date (YTD) returns and tracking errors for the separate accounts managed by BlackRock.

October 2020 Returns and Tracking Error

		<u>Fixed Income</u>	<u>Large Cap</u>	<u>Small Mid Cap</u>	<u>International</u>
		<u>(F Fund)</u>	<u>(C Fund)</u>	<u>(S Fund)</u>	<u>(I Fund)</u>
Return (%)	Index	-0.45	-2.66	0.45	-3.99
	BlackRock	-0.42	-2.66	0.50	-3.97
	TSP Fund (Net)	-0.42	-2.66	0.50	-3.97
Tracking Error vs Index (%)	BlackRock	0.03	0.00	0.05	0.02
	TSP Fund	0.03	0.00	0.05	0.02

BlackRock's performance for the C and I Funds was in line with the Funds' respective indices for the month. Its performance for the F Fund exceeded that of the Fixed Income Index by 3 basis points, primarily due to securities sampling and securities lending. BlackRock's performance for the S Fund exceeded that of the Small Mid Cap Index by 5 basis points, primarily due to securities sampling and securities lending.

The TSP Funds closely tracked the BlackRock performance for the month.

2020 YTD Returns and Tracking Error

		<u>Fixed Income</u>	<u>Large Cap</u>	<u>Small Mid Cap</u>	<u>International</u>
		<u>(F Fund)</u>	<u>(C Fund)</u>	<u>(S Fund)</u>	<u>(I Fund)</u>
Return (%)	Index	6.32	2.77	4.20	-10.80
	BlackRock	6.34	2.77	4.04	-10.47
	TSP Fund (Net)	6.30	2.69	3.97	-10.53
Tracking Error vs Index (%)	BlackRock	0.02	0.00	-0.16	0.33
	TSP Fund	-0.02	-0.08	-0.23	0.27

BlackRock's performance for the F and C Funds was in line with the Funds' respective indices for the year-to-date. Its performance for the S Fund lagged the Small Mid Cap Index by 16 basis points, primarily due to securities sampling and futures mistracking related to market volatility in March and April. BlackRock's performance was ahead of the International Index by 33 basis points, primarily due to tax advantage and futures mistracking.

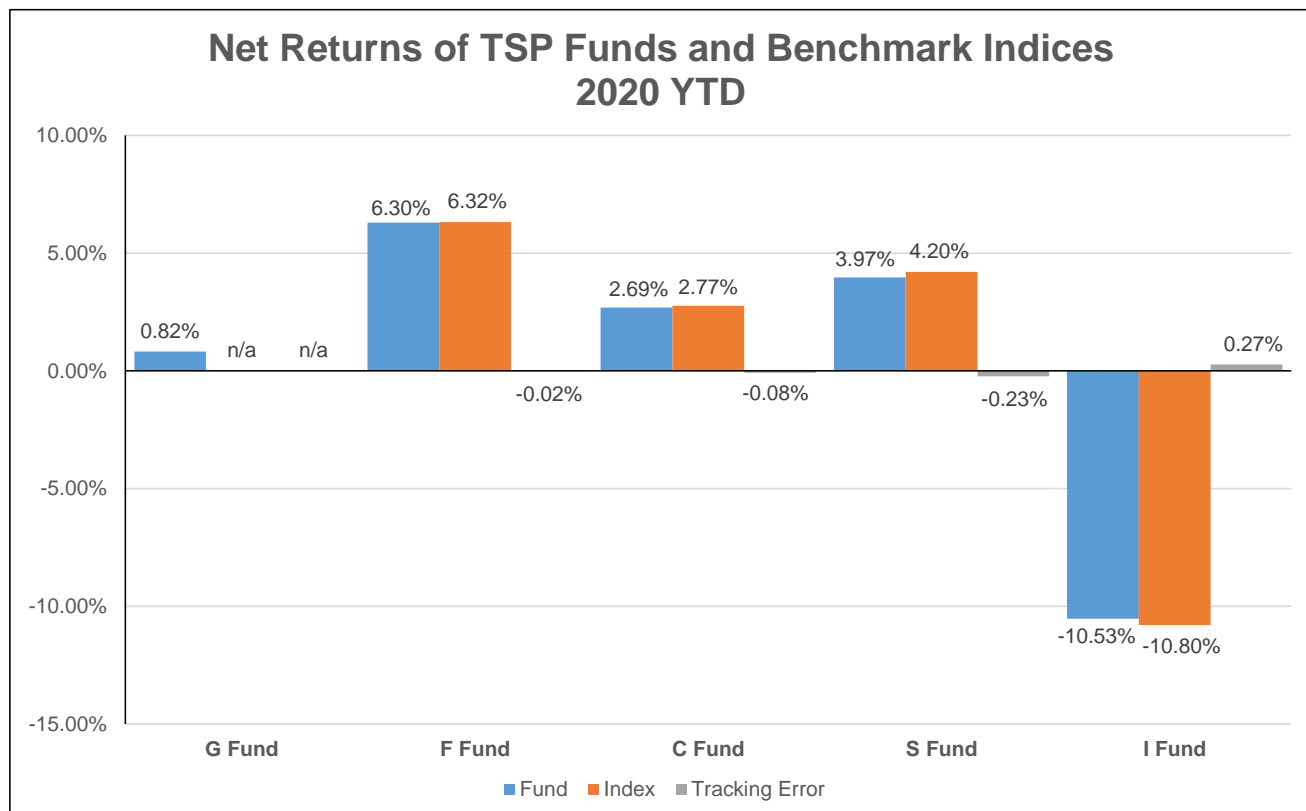
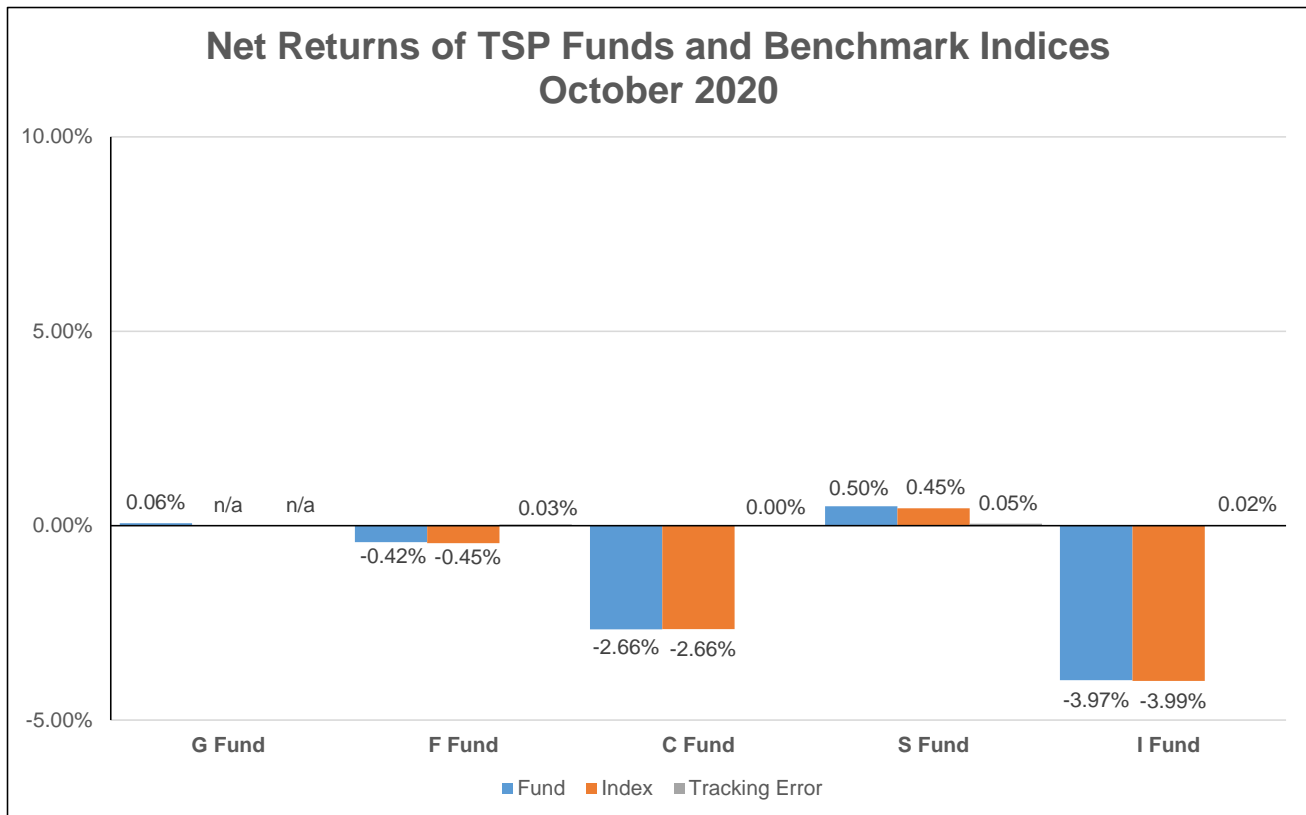
Year-to-date, the F, C, S, and I Funds lagged the BlackRock accounts, primarily due to a high volume of interfund transfers on days of extreme market volatility, especially in March and April.

TSP Net Returns (as of October 31, 2020)

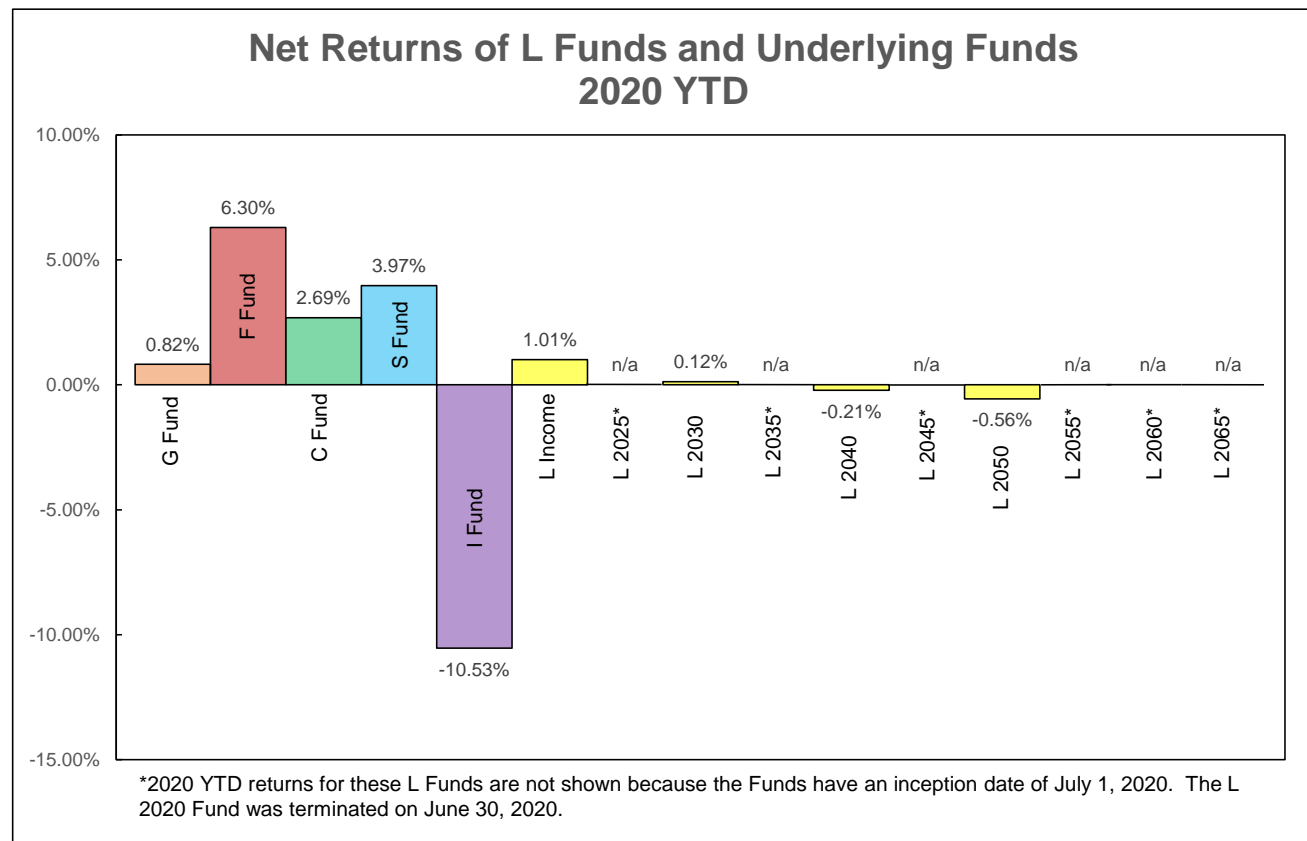
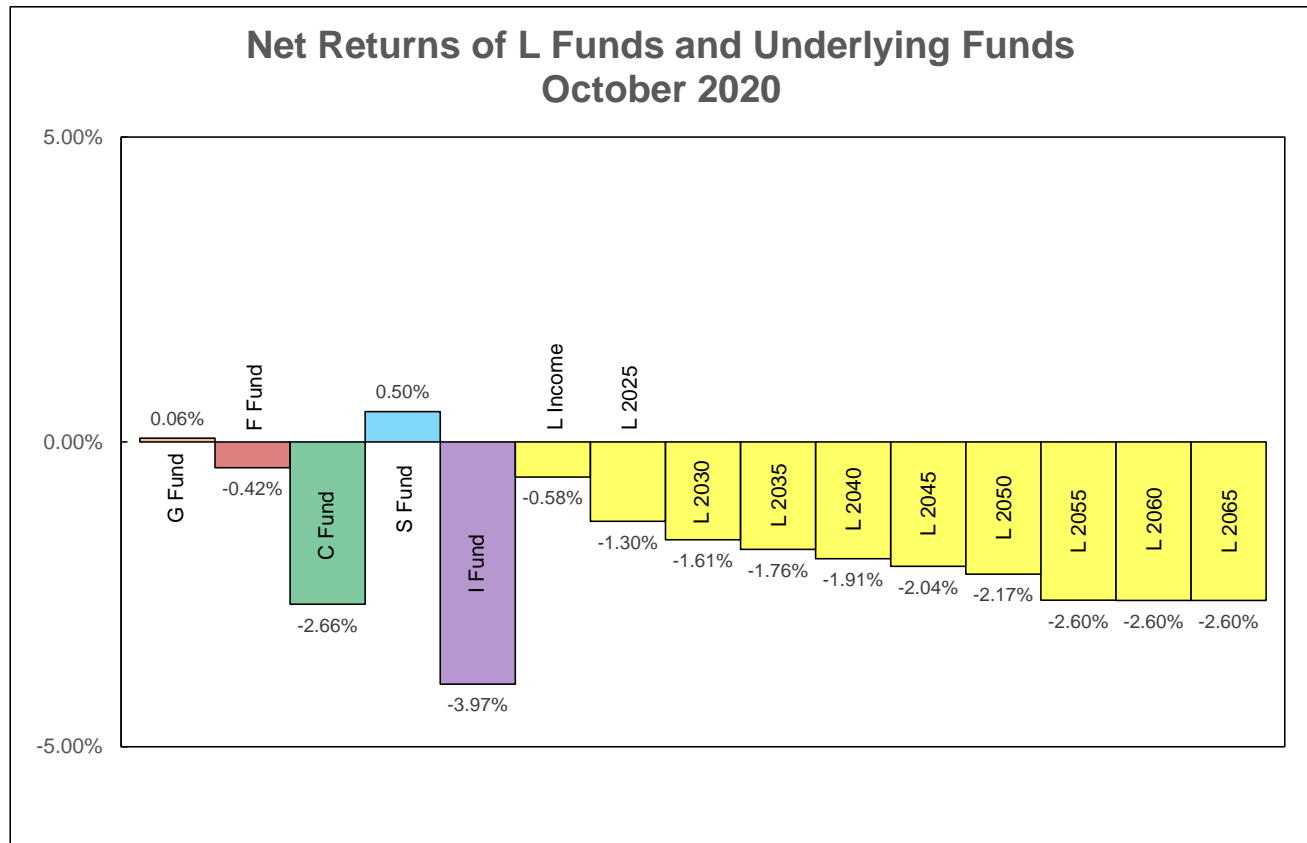
	1-Year	3-Year	5-Year	10-Year
G Fund	1.13%	2.12%	2.09%	2.07%
F Fund	6.16%	5.11%	4.22%	3.78%
Bloomberg Barclays US Agg Bond Index	6.19%	5.06%	4.08%	3.55%
Tracking Error	-0.03%	0.05%	0.13%	0.23%
C Fund	9.62%	10.37%	11.69%	13.03%
S&P 500 Index	9.71%	10.42%	11.71%	13.01%
Tracking Error	-0.09%	-0.05%	-0.02%	0.02%
S Fund	11.02%	7.67%	10.18%	11.78%
Dow Jones US Completion TSM Index	11.33%	7.62%	9.99%	11.49%
Tracking Error	-0.31%	0.05%	0.19%	0.29%
I Fund	-6.57%	-0.87%	3.36%	4.17%
MSCI EAFE Index	-6.86%	-1.24%	2.85%	3.82%
Tracking Error	0.29%	0.37%	0.51%	0.35%
L Income Fund	2.48%	3.41%	3.76%	3.99%
L 2025 Fund	N/A	N/A	N/A	N/A
L 2030 Fund	3.76%	5.14%	6.60%	7.67%
L 2035 Fund	N/A	N/A	N/A	N/A
L 2040 Fund	4.07%	5.57%	7.32%	8.50%
L 2045 Fund	N/A	N/A	N/A	N/A
L 2050 Fund	4.27%	5.90%	7.92%	N/A
L 2055 Fund	N/A	N/A	N/A	N/A
L 2060 Fund	N/A	N/A	N/A	N/A
L 2065 Fund	N/A	N/A	N/A	N/A
Inception date for L 2025, L 2035, L 2045, L 2055, L 2060, L 2065: July 1, 2020				
Inception date for L 2050: January 31, 2011				

Performance of TSP Funds

The charts below show the G, F, C, S, and I Fund net rates of return vs. their respective benchmark indices.

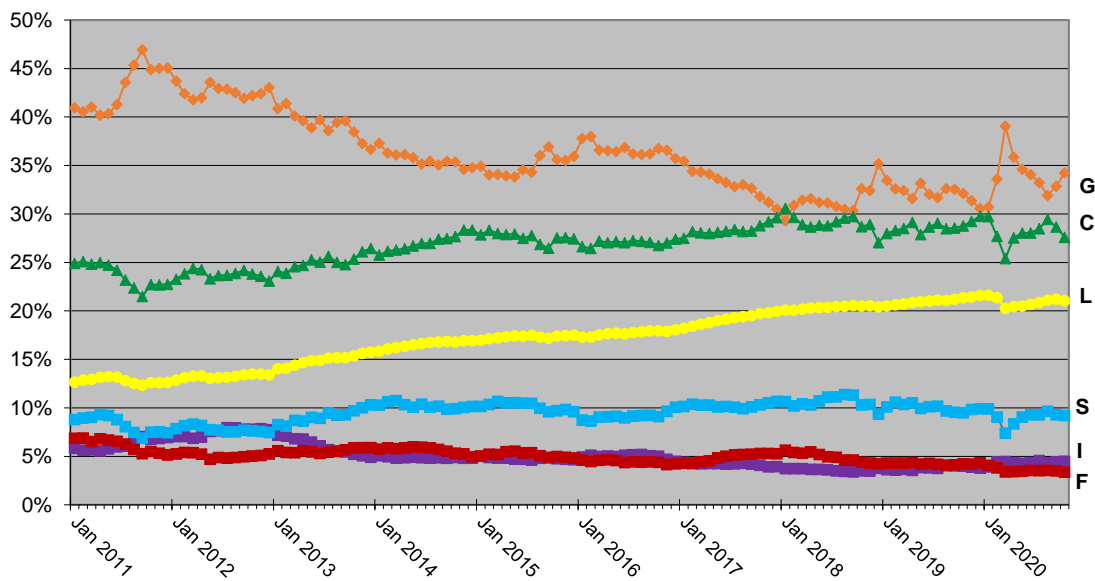


Net rates of return for the L Funds are shown below, along with comparable returns for the G, F, C, S, and I Funds.



Asset Allocation

Participant Asset Allocation History

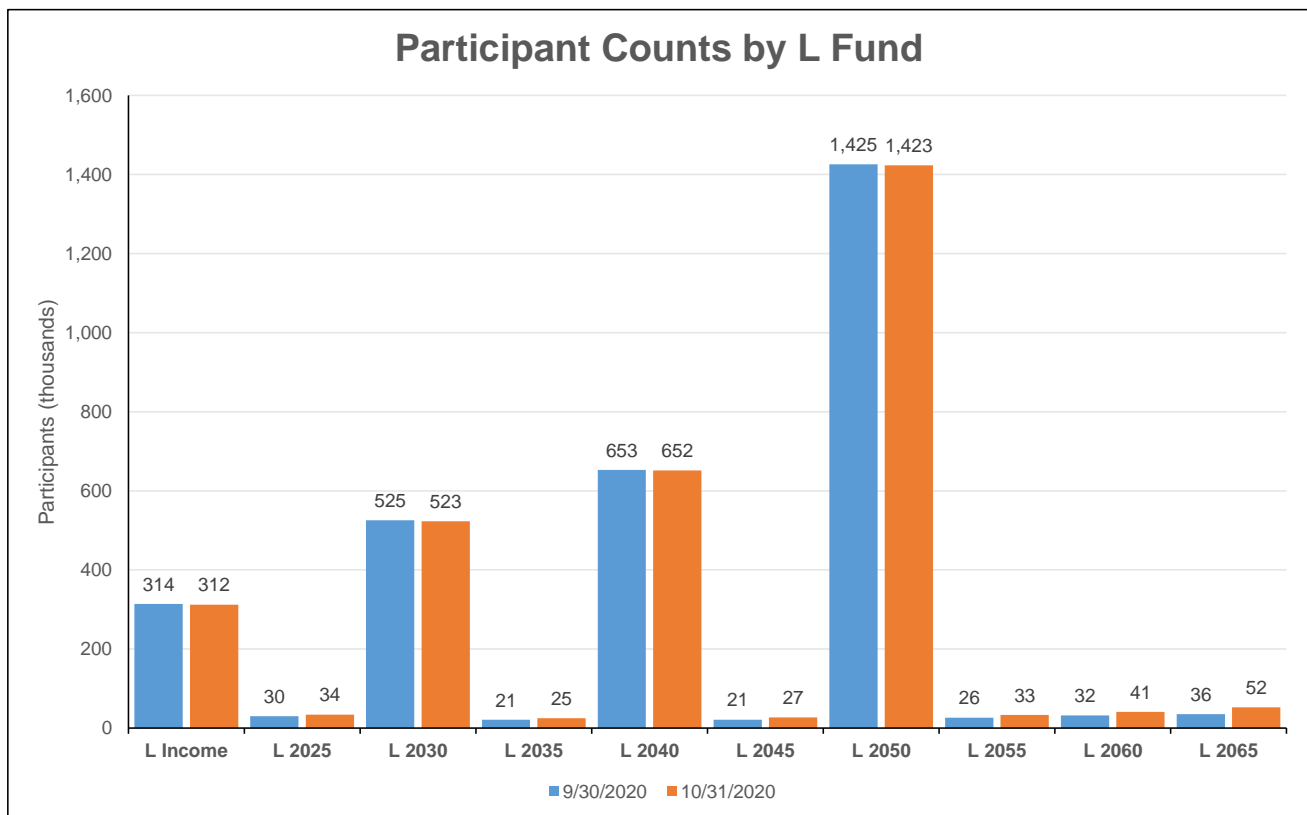
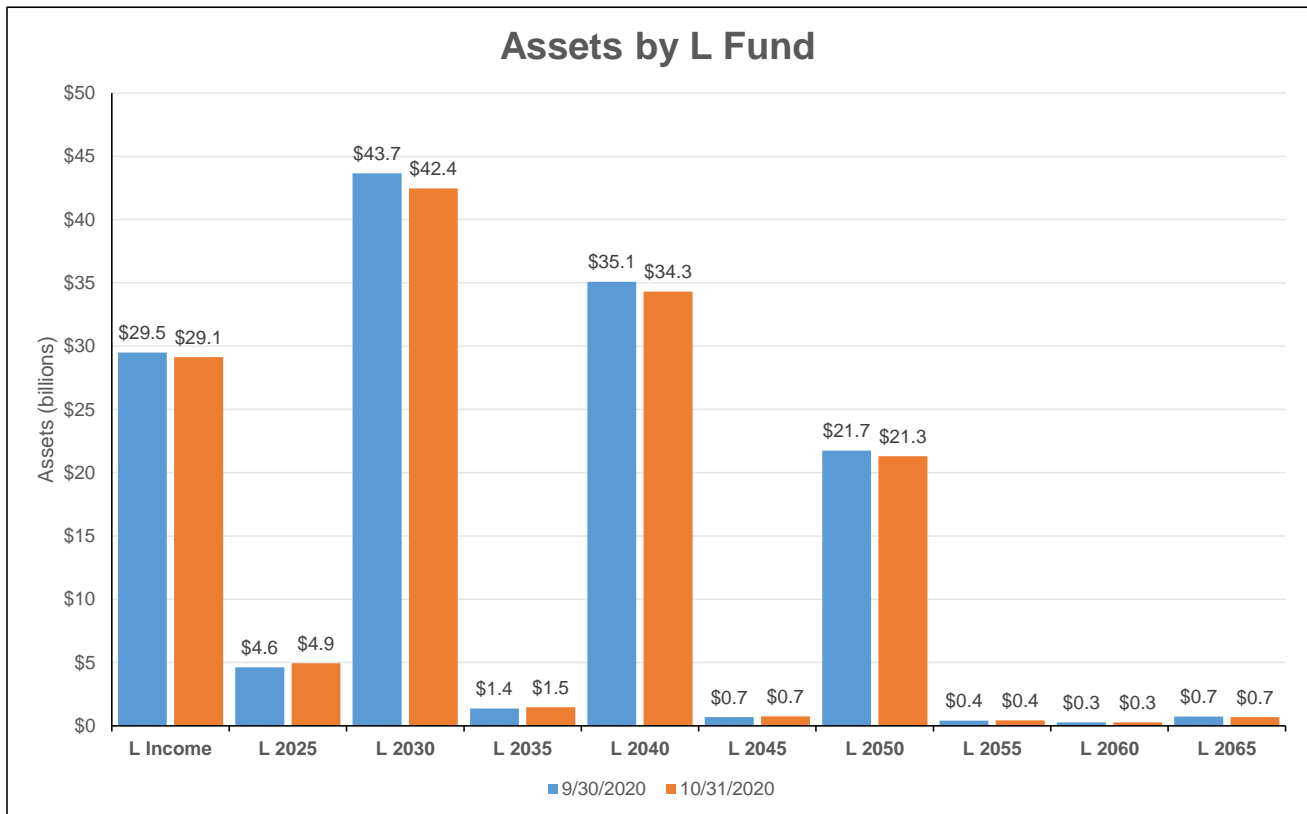


Asset Allocation as of October 31, 2020

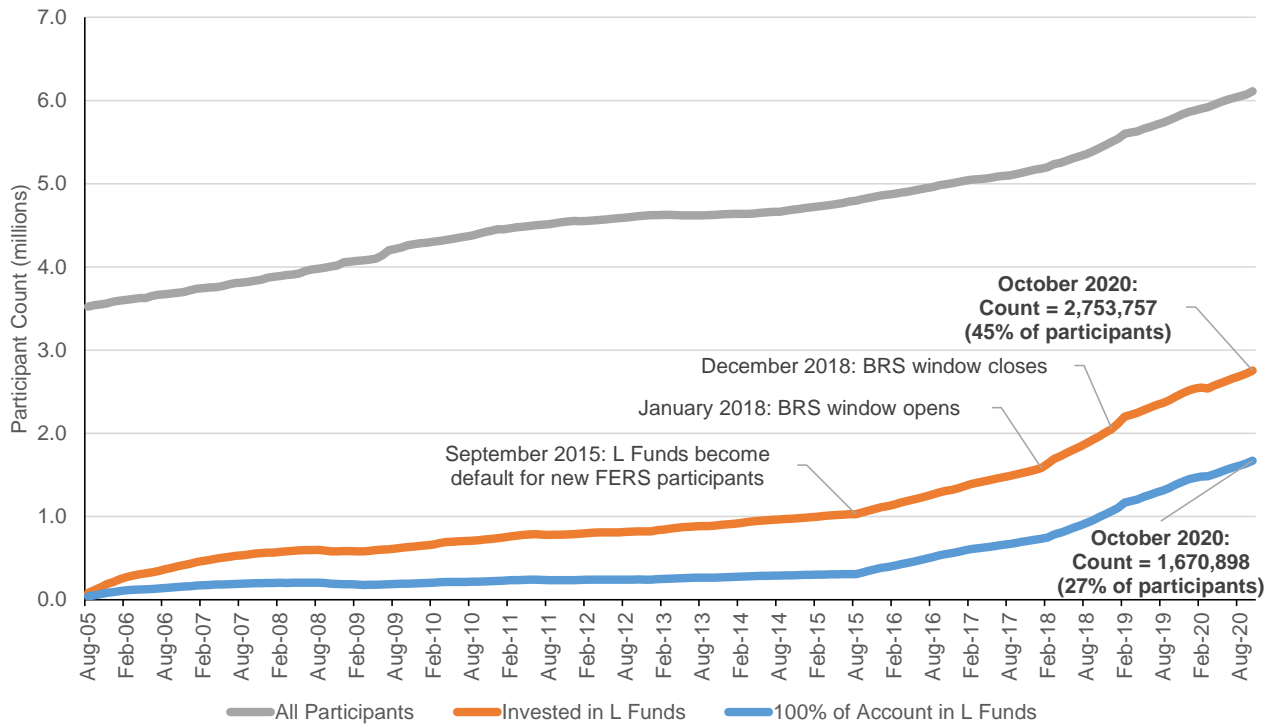
	<u>Participant Allocation</u>		<u>Core TSP Funds</u>	
	Assets (billions)	Share of Total	Assets (billions)	Share of Total
G Fund	\$220.6	34.2%	\$267.7	41.5%
F Fund	\$29.0	4.5%	\$38.6	6.0%
C Fund	\$177.9	27.6%	\$217.8	33.8%
S Fund	\$59.5	9.2%	\$70.9	11.0%
I Fund	\$21.7	3.4%	\$49.5	7.7%
<u>L Funds</u>	<u>\$135.8</u>	<u>21.1%</u>	<u>n/a</u>	<u>n/a</u>
Total	\$644.4	100%	\$644.4	100%

*Components may not sum to totals because of rounding.

Lifecycle (L) Funds

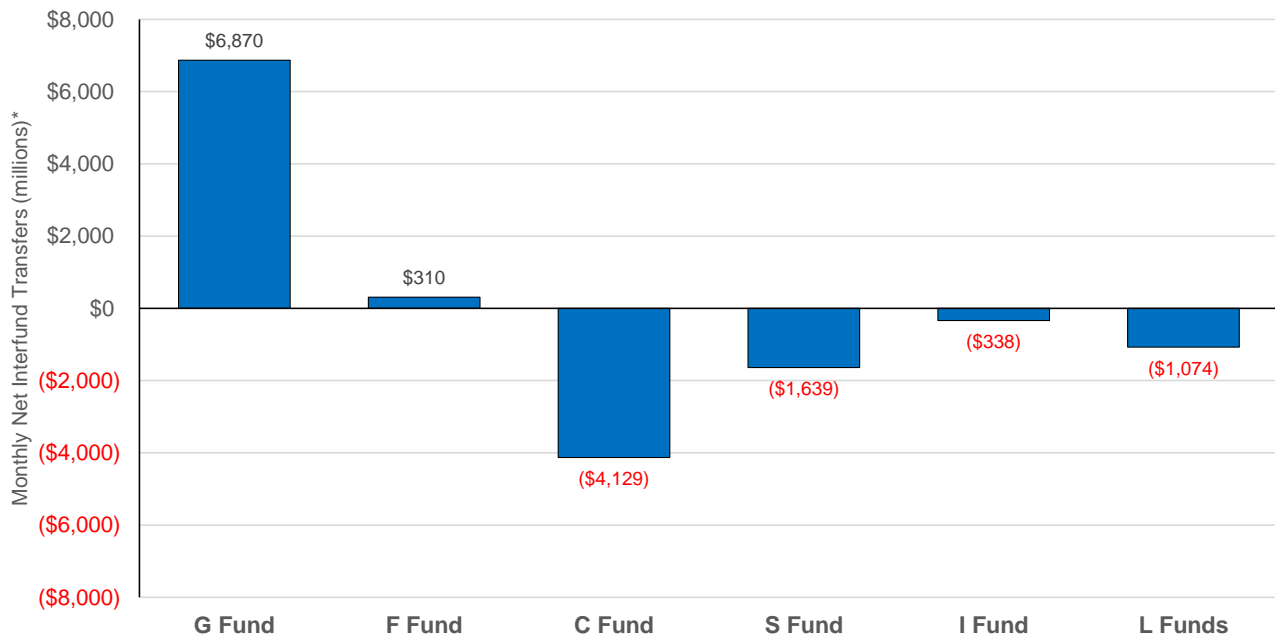


Participation History of the L Funds



Interfund Transfer Activity

Monthly Net Interfund Transfers October 2020



*Values may not sum to zero due to rounding