



FEDERAL RETIREMENT THRIFT INVESTMENT BOARD

77 K Street, NE Washington, DC 20002

November 9, 2012

MEMORANDUM FOR THE EXECUTIVE DIRECTOR

FROM: TRACEY RAY
CHIEF INVESTMENT OFFICER

A handwritten signature in black ink, appearing to be "TR" or "Tracey Ray", written in a cursive style.

SUBJECT: October 2012 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 through October 2012, investment manager performance and tracking error, trading costs, TSP fund performance, and L Fund participation.

TRACKING ERROR - BlackRock Funds (BTC)

October Tracking Error

<u>Fund</u>	<u>% BTC Fund Performance</u>	<u>% Index Performance</u>	<u>Tracking Error</u>
Fixed Income	0.20	0.20	0.00
Large Cap	-1.84	-1.85	0.01
Small Mid Cap	-1.31	-1.32	0.01
International	0.85	0.83	0.02

2012 Tracking Error

<u>Fund</u>	<u>% BTC Fund Performance</u>	<u>% Index Performance</u>	<u>Tracking Error</u>
Fixed Income	4.28	4.20	0.08
Large Cap	14.38	14.29	0.09
Small Mid Cap	13.65	13.21	0.44
International	11.33	11.00	0.33

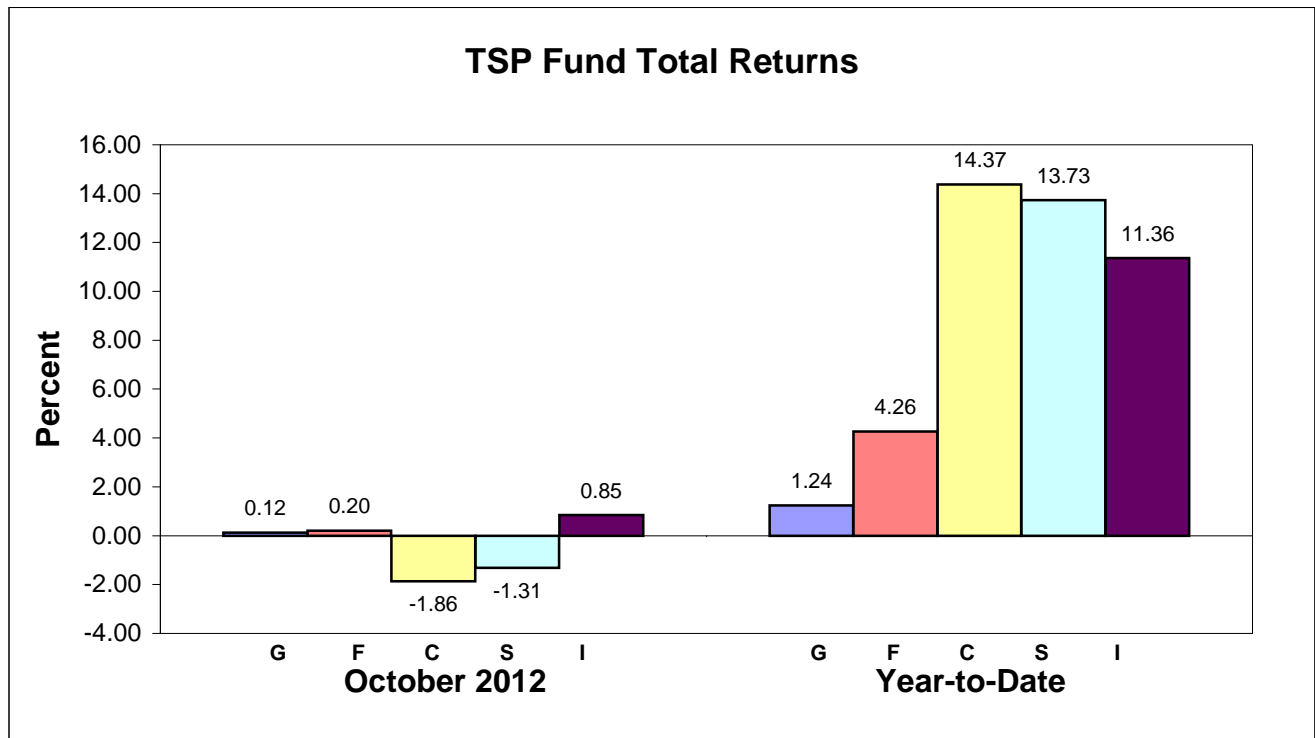
The BlackRock Extended Equity Market Fund E has outperformed by 44 basis points year to date, primarily due to the optimization process and securities lending income. The BlackRock EAFE Equity Index Fund E has outperformed by 33 basis points year to date, primarily as a result of the tax effect.

Trading Costs

	<u>Dollar Amount Traded</u>	<u>Trading Costs</u>	
		<u>\$</u>	<u>Basis Points</u>
<u>F Fund</u>			
October 2012	571,657,383	3,532	0.1
Year-to-Date	6,965,492,077	6,458,923	9.3
<u>C Fund</u>			
October 2012	975,876,784	18,035	0.2
Year-to-Date	9,194,389,936	33,450	0.0
<u>S Fund</u>			
October 2012	1,036,277,396	(668,947)	-6.5
Year-to-Date	8,441,322,694	(999,435)	-1.2
<u>I Fund</u>			
October 2012	782,241,579	306,549	3.9
Year-to-Date	7,746,251,669	580,144	0.7

Performance of TSP Funds

The chart below shows the G, F, C, S, and I Fund net rates of return for October 2012 and 2012.



The table below compares the net rates of return for the F, C, S, and I Funds to the returns of the corresponding BlackRock funds.

October 2012 Total Return %

<u>Fund</u>	<u>TSP</u>	<u>BTC</u>	<u>Difference</u>	<u>Index</u>
Fixed Income	0.20	0.20	0.00	0.20
Large Cap	-1.86	-1.84	-0.02	-1.85
Small Cap	-1.31	-1.31	0.00	-1.32
International	0.85	0.85	0.00	0.83

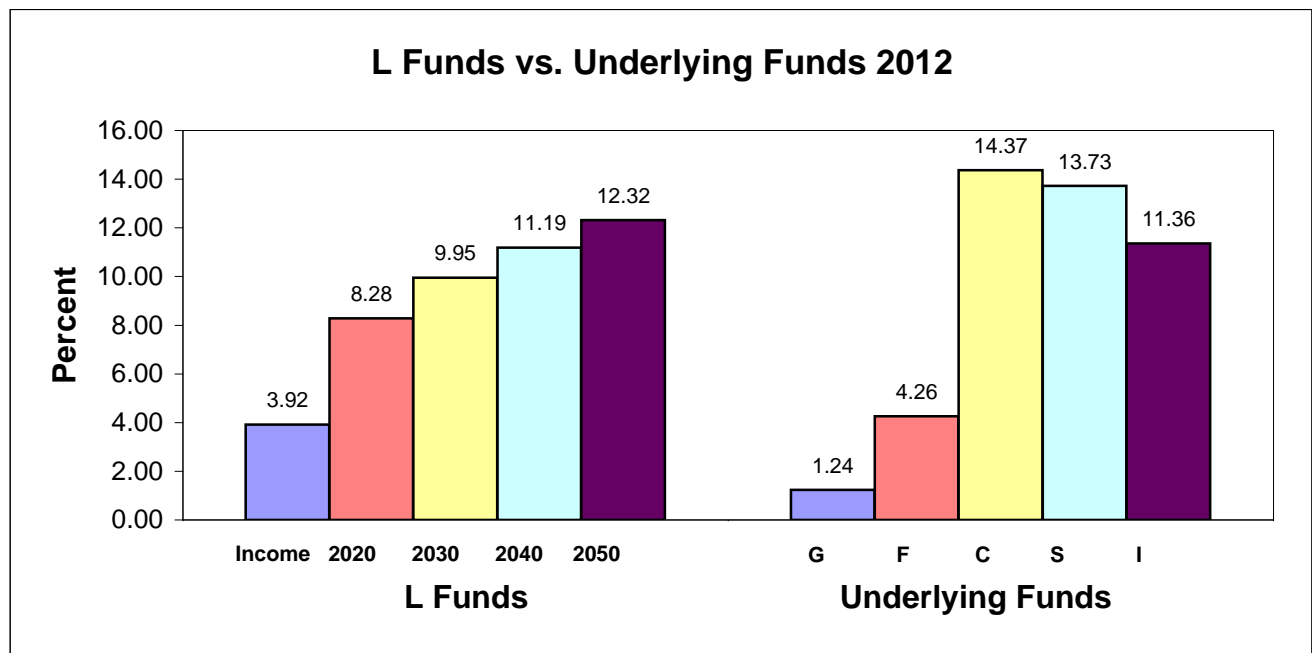
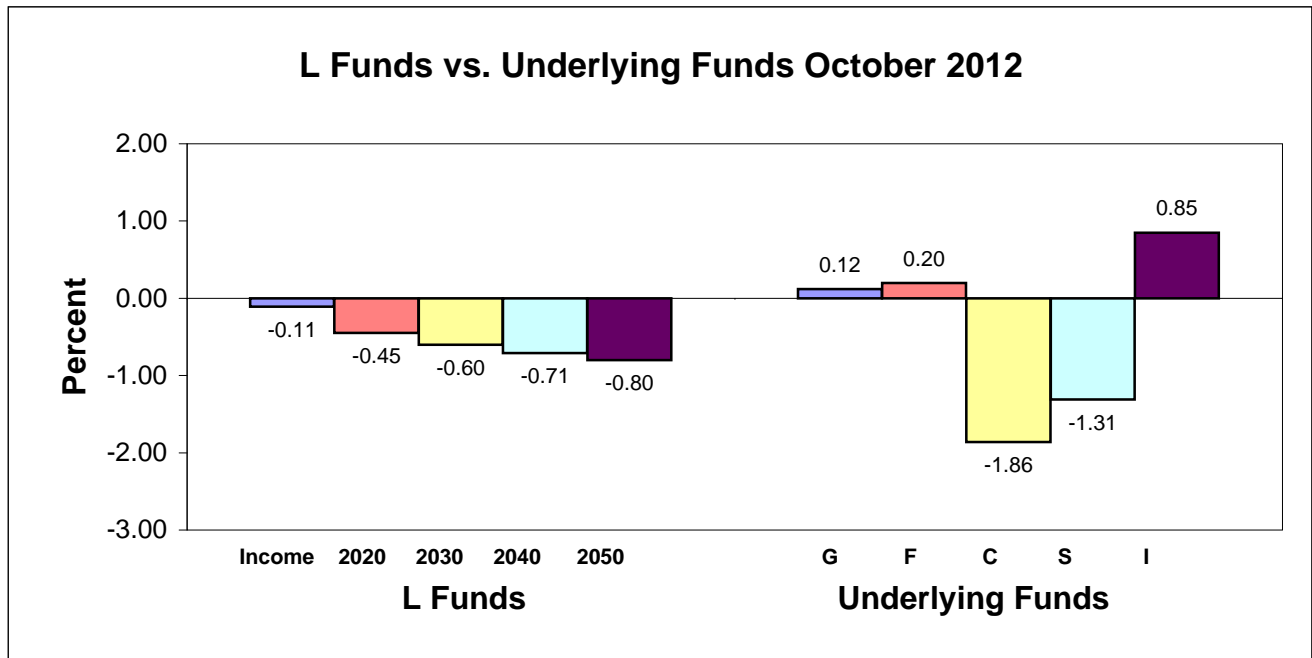
2012 Total Return %

<u>Fund</u>	<u>TSP</u>	<u>BTC</u>	<u>Difference</u>	<u>Index</u>
Fixed Income	4.26	4.28	-0.02	4.20
Large Cap	14.37	14.38	-0.01	14.29
Small Cap	13.73	13.65	0.08	13.21
International	11.36	11.33	0.03	11.00

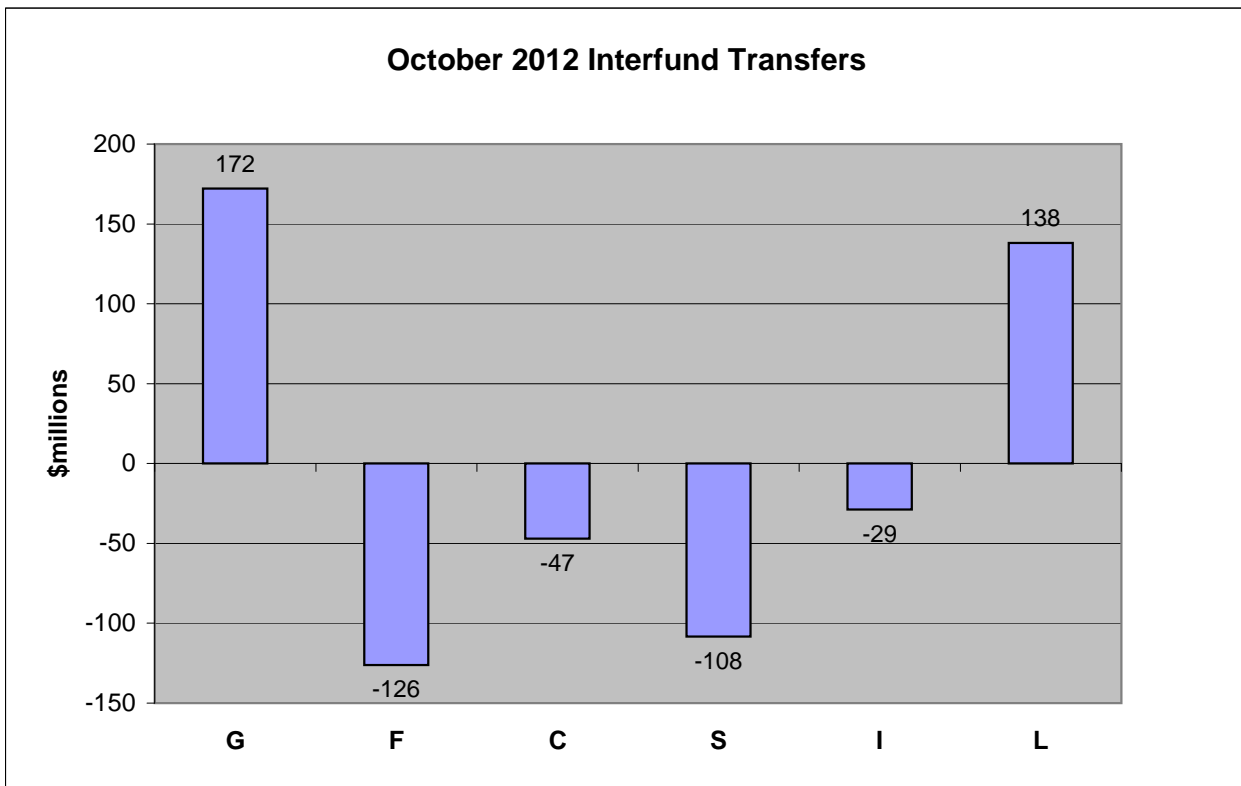
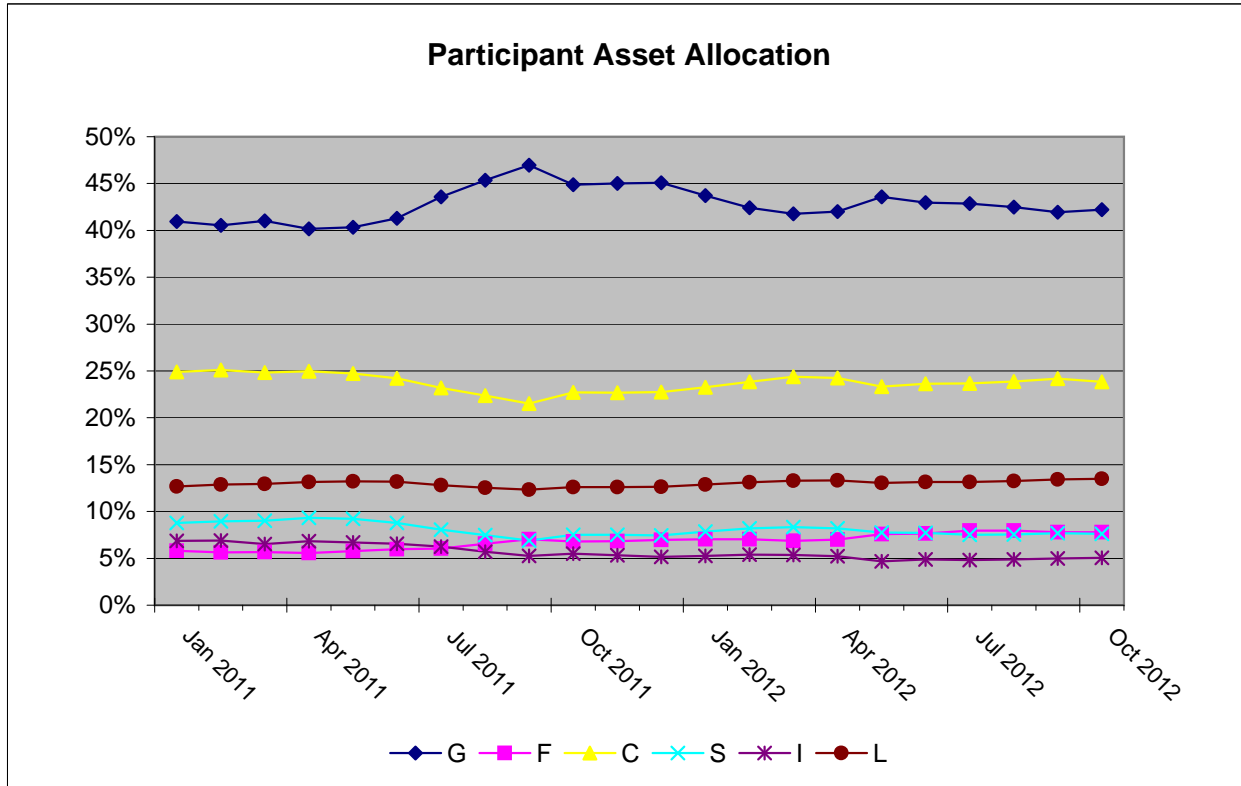
The TSP Funds closely tracked the BTC Funds for the month and year-to-date.

L Funds

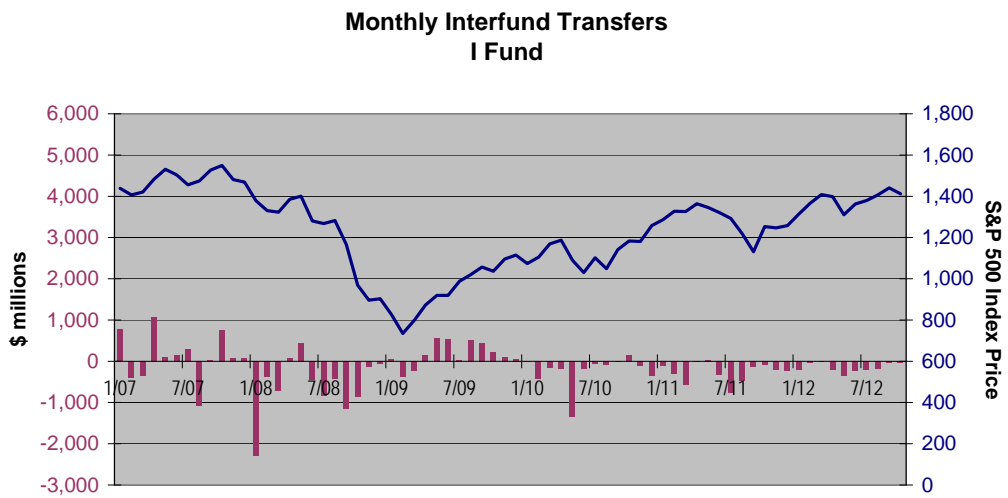
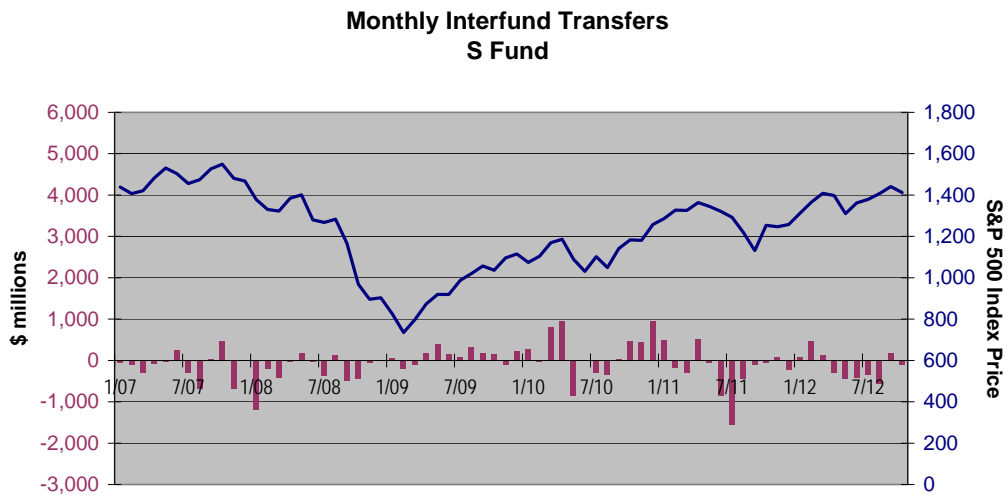
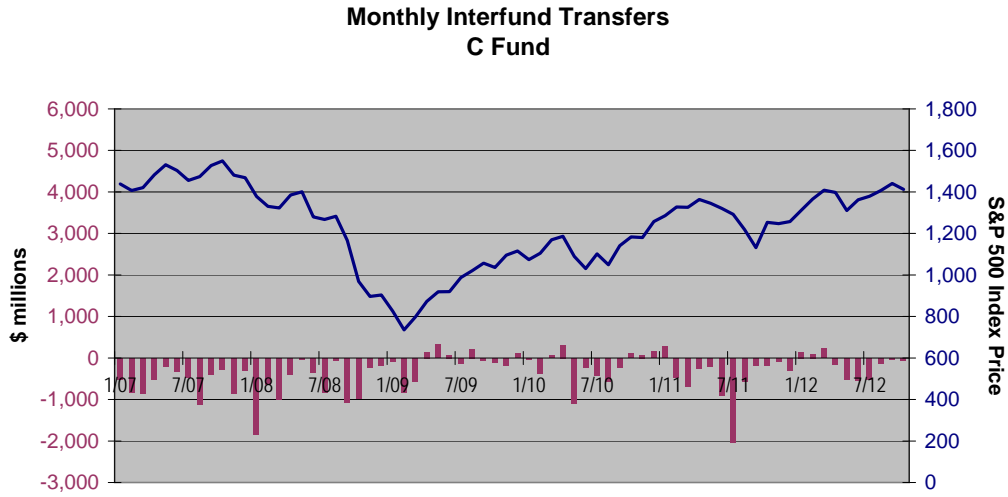
The net rates of return for the L Funds are shown below along with comparable returns for the G, F, C, S, and I Funds.



THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY

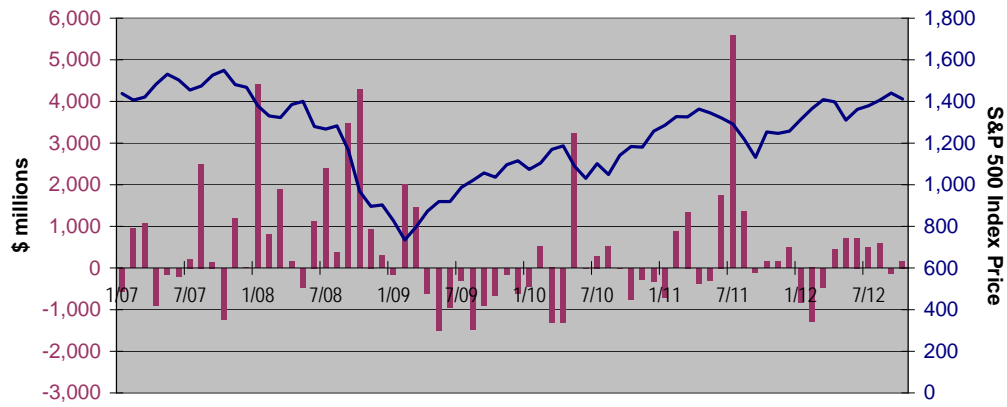


THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY

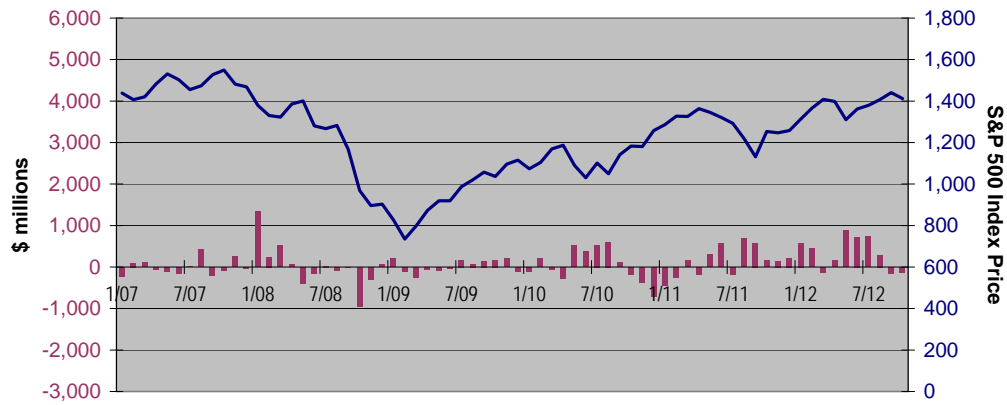


THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY

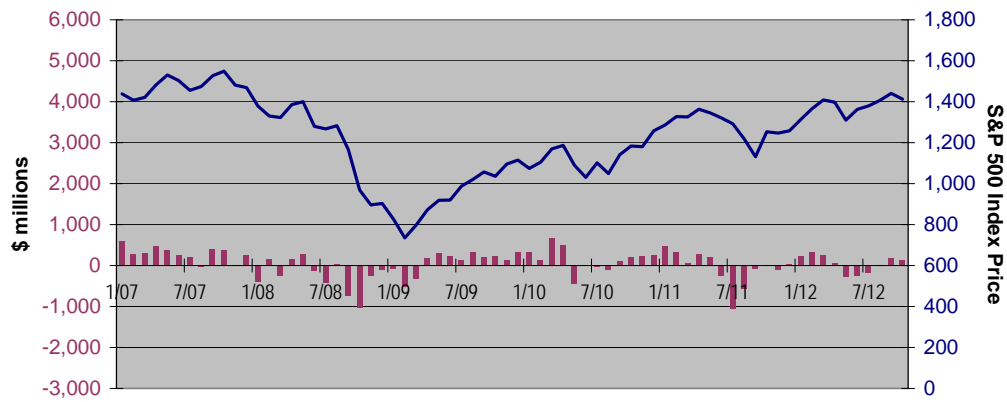
Monthly Interfund Transfers
G Fund



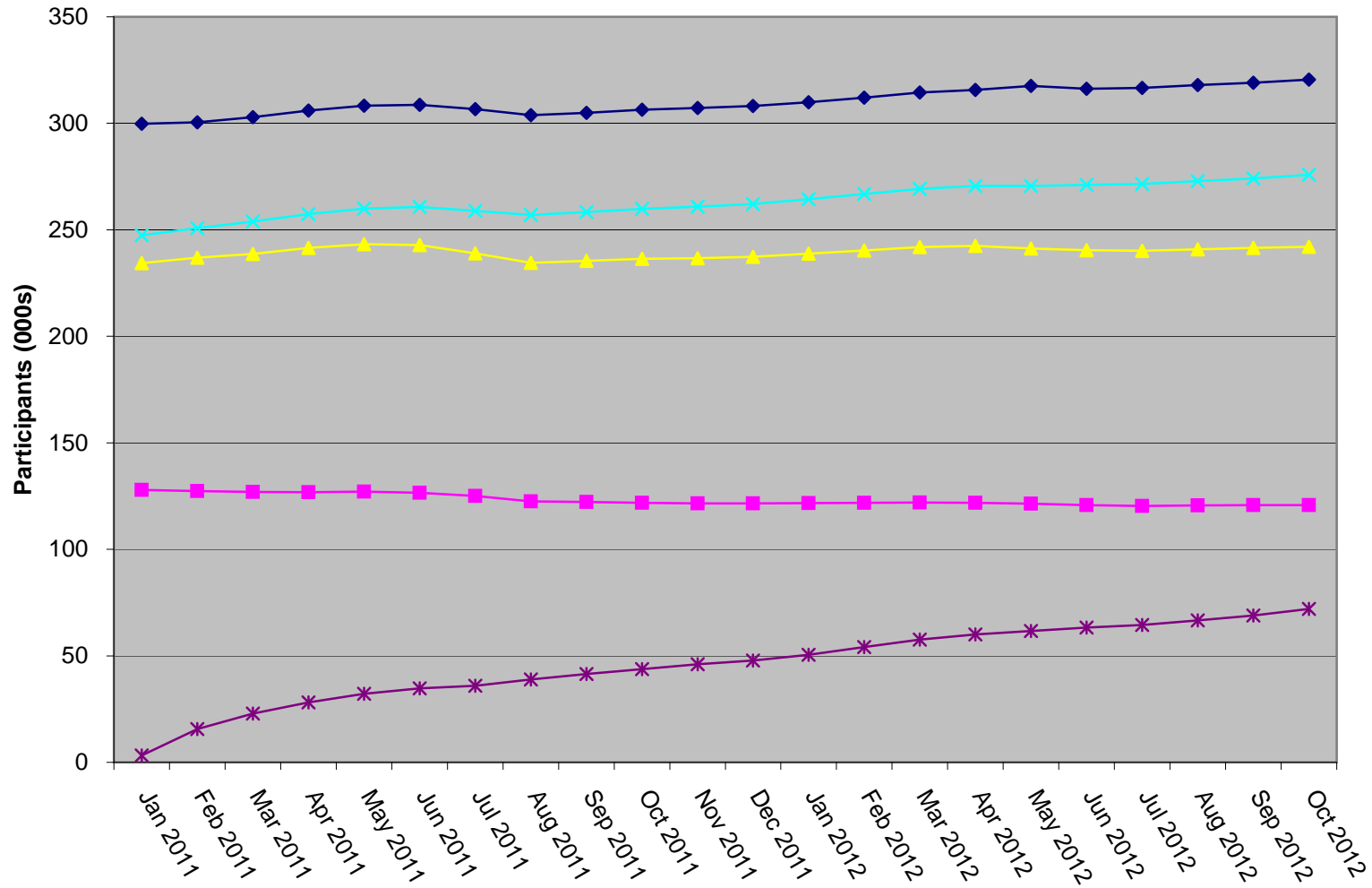
Monthly Interfund Transfers
F Fund



Monthly Interfund Transfers
L Funds



THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY
Number of L Fund Participants
Total = 822,395



THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY **G Fund Rate vs. Market Yields of U.S. Government Securities**

