



FEDERAL RETIREMENT THRIFT INVESTMENT BOARD  
1250 H Street, NW Washington, DC 20005

February 6, 2012

MEMORANDUM FOR THE EXECUTIVE DIRECTOR

FROM: TRACEY RAY  
CHIEF INVESTMENT OFFICER

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

**TRACKING ERROR - BlackRock Funds (BTC)**

***January Tracking Error***

<b><u>Fund</u></b>	<b><u>% BTC Fund Performance</u></b>	<b><u>% Index Performance</u></b>	<b><u>Tracking Error</u></b>
Fixed Income	0.89	0.88	0.01
Large Cap	4.49	4.48	0.01
Small Mid Cap	7.58	7.56	0.02
International	5.35	5.33	0.02

BlackRock's U.S. Debt Index Fund, Extended Equity Market Fund, EAFE Equity Index Fund and the C Fund -Unitized Account all tracked their respective indexes closely in January.

**Trading Costs**

		<u>Trading Costs</u>	
	<u>Dollar Amount Traded</u>	<u>\$</u>	<u>Basis Points</u>
<u>F Fund</u>			
January 2012	744,788,627	1,827,220	24.5
<u>C Fund</u>			
January 2012	649,013,695	315,376	4.9
<u>S Fund</u>			
January 2012	655,602,846	282,304	4.3
<u>I Fund</u>			
January 2012	917,957,108	203,975	2.2

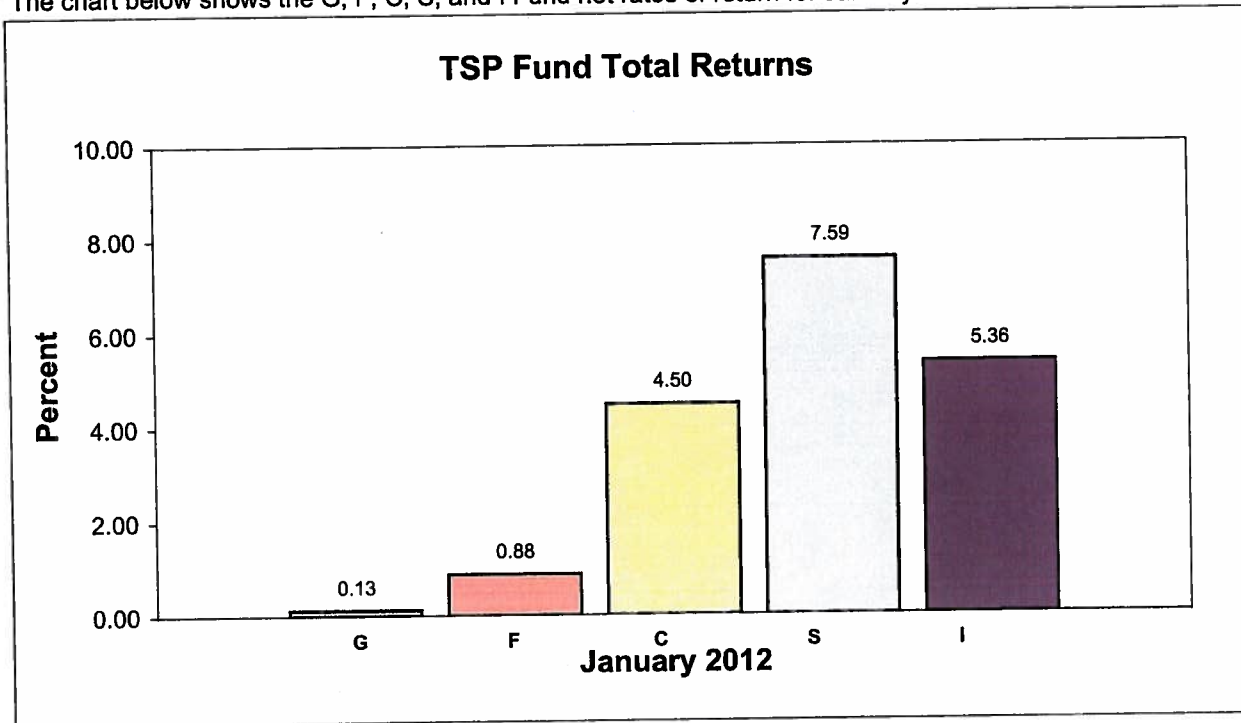
## **G Fund**

The following table compares the G Fund rate to be paid in the month noted to the 3 month Treasury bill, the 10 year Treasury note and the 30 year Treasury bond at the time the rate was set. The weighted average maturity of the securities included in the G Fund rate calculation was 10.7 years, as of December 31, 2011.

	<b><u>G Fund</u></b>	<b><u>3-month T-bill</u></b>	<b><u>10 year T-note</u></b>	<b><u>30 year T-bond</u></b>
<b><u>2012</u></b>				
February	1.50%	0.05%	1.80%	2.94%
January	1.50	0.01	1.88	2.90
<b><u>2011</u></b>				
December	1.75%	0.00%	2.07%	3.06%
November	1.75	0.00	2.11	3.13
October	1.63	0.02	1.92	2.91
September	1.88	0.01	2.22	3.60
August	2.25	0.09	2.80	4.12
July	2.63	0.02	3.16	4.37
June	2.50	0.06	3.06	4.23
May	2.88	0.05	3.29	4.40
April	3.00	0.09	3.47	4.51
March	3.00	0.14	3.43	4.50
February	2.88	0.15	3.37	4.57
January	2.88	0.13	3.30	4.34
<b><u>2010</u></b>				
December	2.38%	0.17%	2.80%	4.11%
November	2.13	0.12	2.60	3.98
October	2.13	0.16	2.51	3.69
September	2.13	0.14	2.47	3.52
August	2.50	0.15	2.91	3.99
July	2.63	0.17	2.93	3.89
June	2.88	0.16	3.29	4.21
May	3.25	0.16	3.66	4.52
April	3.38	0.14	3.83	4.71
March	3.13	0.13	3.61	4.56
February	3.13	0.08	3.59	4.49
January	3.50	0.08	3.84	4.64

## Performance of TSP Funds

The chart below shows the G, F, C, S, and I Fund net rates of return for January 2011 and 2011.



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.

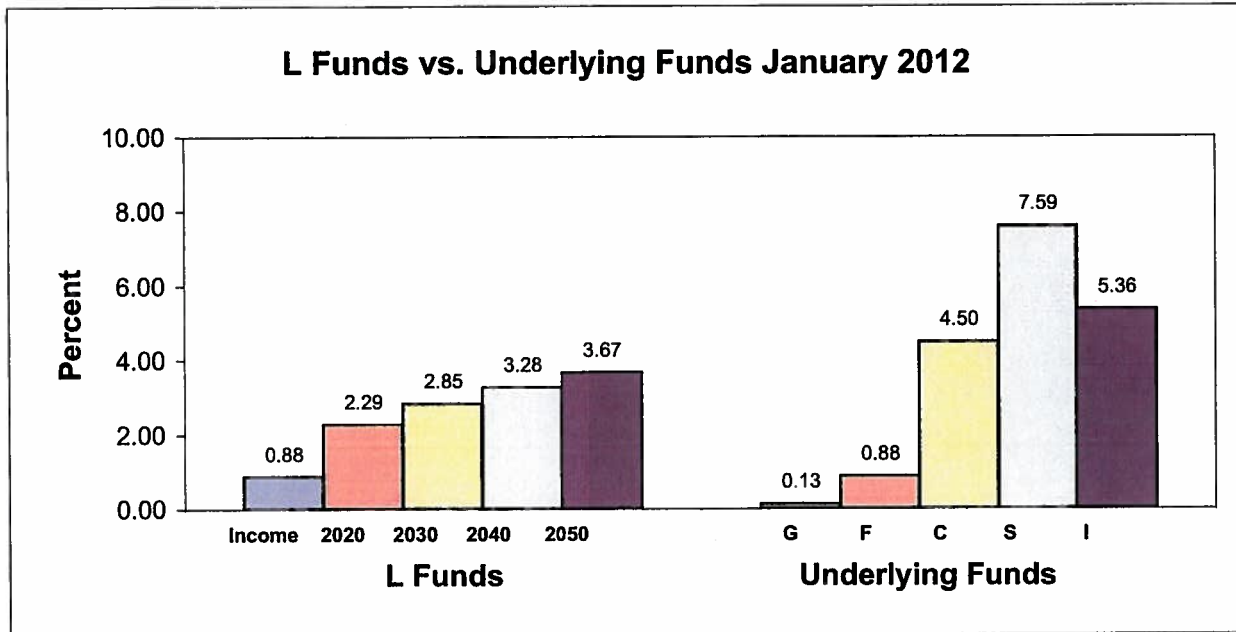
### **January 2012 Total Return % Fund**

<b>Fund</b>	<b><u>TSP</u></b>	<b><u>BTC</u></b>	<b><u>Difference</u></b>	<b><u>Index</u></b>
Fixed Income	0.88	0.89	-0.01	0.88
Large Cap	4.50	4.49	0.01	4.48
Small Cap	7.59	7.58	0.01	7.56
International	5.36	5.35	0.01	5.33

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**

Attachment 1 provides a summary of TSP investment activity and participation rates.

- 20% of FERS participants have investments in one or more L Fund (p.10).

Attachment

**THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY**  
**Contributions and Interfund Transfers**

	Contributions							Interfund Transfer Activity						
	G Fund (%)	F Fund (%)	C Fund (%)	S Fund (%)	I Fund (%)	L Funds (%)	Total (\$Mil)	G Fund (\$Mil)	F Fund (\$Mil)	C Fund (\$Mil)	S Fund (\$Mil)	I Fund (\$Mil)	L Funds (\$Mil)	# of IFTs
<b>2006</b>	34%	5%	32%	10%	10%	9%	19,531	(252)	(965)	(6,556)	(631)	2,989	5,415	1,964,545
<b>2007</b>	32%	4%	29%	9%	12%	13%	20,786	3,056	57	(6,343)	(1,505)	1,448	3,287	2,245,657
<b>2008</b>	37%	5%	25%	8%	11%	14%	21,772	19,383	293	(7,393)	(2,938)	(6,729)	(2,616)	1,561,517
<b>2009</b>	45%	5%	21%	7%	8%	14%	22,668	(3,818)	330	(1,051)	1,294	2,088	1,157	1,237,637
<b>2010</b>	42%	5%	20%	8%	9%	16%	24,426	97	635	(2,223)	2,397	(2,762)	1,856	1,427,253
<b>2011</b>	41%	5%	20%	9%	8%	17%	25,215	10,282	1,776	(5,607)	(2,660)	(3,133)	(658)	1,618,528
<b>1/31/2011</b>	41%	5%	21%	9%	8%	16%	1,813	(694)	(443)	271	501	(115)	480	142,594
<b>2/28/2011</b>	41%	5%	20%	9%	8%	17%	1,982	883	(247)	(479)	(189)	(302)	334	153,601
<b>3/31/2011</b>	41%	5%	20%	9%	8%	17%	2,339	1,345	151	(691)	(300)	(570)	65	173,787
<b>4/30/2011</b>	41%	5%	20%	9%	8%	17%	2,192	(371)	(181)	(248)	522	10	268	122,475
<b>5/31/2011</b>	40%	5%	20%	9%	8%	18%	2,142	(290)	310	(214)	(55)	42	207	99,151
<b>6/30/2011</b>	40%	5%	20%	9%	8%	18%	2,235	1,756	574	(897)	(844)	(332)	(257)	111,724
<b>7/31/2011</b>	41%	5%	20%	9%	8%	18%	1,980	5,581	(180)	(2,041)	(1,556)	(757)	(1,047)	149,823
<b>8/31/2011</b>	42%	5%	19%	9%	8%	17%	1,988	1,365	687	(571)	(437)	(468)	(576)	239,363
<b>9/30/2011</b>	43%	5%	19%	8%	7%	17%	2,431	(102)	582	(184)	(93)	(128)	(75)	104,089
<b>10/31/2011</b>	43%	5%	19%	8%	7%	17%	2,028	159	156	(173)	(66)	(84)	8	122,878
<b>11/30/2011</b>	42%	5%	19%	9%	7%	17%	2,203	147	147	(70)	75	(203)	(96)	104,938
<b>12/31/2011</b>	44%	5%	19%	8%	7%	17%	1,882	503	220	(310)	(218)	(226)	31	94,105
<b>1/31/2012</b>	43%	5%	19%	8%	7%	17%	1,960	(821)	582	141	71	(207)	234	113,050

**THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY**  
**L Fund Investment Balances and Investment Allocations**

	L Fund Investment Balances						Allocation of L Fund Balances		
							( $\%$ )		
	Income (\$Mil)	2010 (\$Mil)	2020 (\$Mil)	2030 (\$Mil)	2040 (\$Mil)	Total (\$Mil)	FERS Inc/2010/2020/2030/2040	CSRS Inc/2010/2020/2030/2040	Uniformed Services Inc/2010/2020/2030/2040

2006	917	4,081	6,418	3,335	2,126	16,877	4 / 21 / 40 / 22 / 13	11 / 45 / 32 / 6 / 6	2 / 7 / 22 / 35 / 34
2007	1,237	5,326	8,801	4,970	3,547	23,881	4 / 19 / 39 / 23 / 15	10 / 42 / 34 / 7 / 7	2 / 6 / 21 / 34 / 37
2008	968	4,001	6,593	4,031	2,725	18,318	5 / 19 / 37 / 24 / 15	11 / 44 / 33 / 7 / 5	2 / 7 / 20 / 34 / 37
2009	1,205	4,479	9,290	6,219	4,558	25,751	4 / 15 / 37 / 26 / 18	11 / 39 / 36 / 8 / 6	2 / 5 / 19 / 34 / 40
2010	5,404	0	12,914	8,840	6,645	33,803	14 / 0 / 38 / 28 / 20	39 / 0 / 45 / 9 / 7	5 / 0 / 18 / 34 / 43

	Income (\$Mil)	2020 (\$Mil)	2030 (\$Mil)	2040 (\$Mil)	2050 (\$Mil)	Total (\$Mil)	FERS Inc/2020/2030/2040/2050	CSRS Inc/2020/2030/2040/2050	Uniformed Services Inc/2020/2030/2040/2050
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1/31/2011	5,234	13,493	9,212	6,888	142	34,969	13 / 39 / 28 / 20 / 0	37 / 47 / 9 / 7 / 0	5 / 18 / 34 / 43 / 0
2/28/2011	5,270	13,971	9,591	7,046	473	36,351	12 / 40 / 28 / 19 / 1	36 / 47 / 9 / 7 / 1	6 / 18 / 34 / 41 / 2
3/31/2011	5,256	14,075	9,725	7,091	569	36,716	12 / 39 / 28 / 19 / 2	36 / 47 / 10 / 6 / 1	4 / 18 / 34 / 42 / 2
4/30/2011	5,317	14,632	10,184	7,426	661	38,220	12 / 39 / 28 / 19 / 2	35 / 48 / 10 / 6 / 1	4 / 17 / 35 / 42 / 2
5/31/2011	5,357	14,688	10,237	7,441	707	38,429	12 / 39 / 28 / 19 / 2	35 / 48 / 10 / 6 / 1	4 / 17 / 34 / 42 / 3
6/30/2011	5,317	14,526	10,183	7,386	703	38,115	12 / 39 / 28 / 19 / 2	36 / 47 / 10 / 6 / 1	4 / 17 / 34 / 42 / 3
7/31/2011	5,249	13,960	9,892	7,179	651	36,931	12 / 39 / 28 / 19 / 2	36 / 48 / 9 / 6 / 1	4 / 17 / 34 / 42 / 3
8/31/2011	5,025	13,193	9,455	6,786	672	35,131	12 / 38 / 29 / 19 / 2	37 / 47 / 9 / 6 / 1	5 / 17 / 34 / 41 / 3
9/30/2011	4,924	12,623	9,000	6,412	648	33,607	13 / 38 / 28 / 19 / 2	38 / 47 / 9 / 5 / 1	5 / 17 / 34 / 41 / 3
10/31/2011	5,024	13,494	9,798	7,064	731	36,112	12 / 38 / 29 / 19 / 2	36 / 47 / 10 / 6 / 1	4 / 17 / 34 / 42 / 3
11/30/2011	4,993	13,488	9,839	7,116	757	36,193	12 / 38 / 29 / 19 / 2	37 / 48 / 9 / 5 / 1	4 / 17 / 34 / 41 / 4
12/31/2011	5,006	13,572	9,971	7,205	764	36,517	12 / 38 / 29 / 19 / 2	37 / 47 / 10 / 5 / 1	4 / 17 / 34 / 41 / 4

1/31/2012	5,079	14,155	10,522	7,618	830	38,204	11 / 38 / 29 / 20 / 2	36 / 47 / 10 / 6 / 1	4 / 17 / 34 / 41 / 4
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**THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY**  
**Allocation of Account Balances**

	Number of TSP Participants with Entire Account Balance Invested in One Lifecycle Fund						Allocation of Account Balances (G/F/C/S/I/L Fund) (%)		
	FERS		CSRS		Uniformed Services		FERS	CSRS	Uniformed Services
	#	%	#	%	#	%	(G / F / C / S / I / L)	(G / F / C / S / I / L)	(G / F / C / S / I / L)
<b>2006</b>	94,323	4%	25,860	4%	30,921	4%	32 / 5 / 36 / 8 / 10 / 9	38 / 5 / 35 / 6 / 8 / 8	38 / 4 / 20 / 14 / 13 / 11
<b>2007</b>	116,157	5%	28,753	5%	40,046	5%	32 / 5 / 33 / 7 / 12 / 11	39 / 5 / 32 / 6 / 9 / 9	36 / 4 / 18 / 13 / 15 / 14
<b>2008</b>	108,130	4%	21,470	4%	42,267	5%	50 / 7 / 22 / 5 / 6 / 10	58 / 6 / 21 / 3 / 4 / 8	48 / 5 / 14 / 9 / 10 / 14
<b>2009</b>	116,137	4%	20,090	4%	43,720	4%	44 / 6 / 25 / 6 / 8 / 11	53 / 6 / 23 / 4 / 6 / 8	42 / 4 / 15 / 11 / 12 / 16
<b>2010</b>	134,674	5%	21,025	4%	47,928	4%	40 / 6 / 25 / 9 / 7 / 13	49 / 6 / 24 / 7 / 5 / 9	39 / 4 / 15 / 13 / 11 / 18
<b>1/31/2011</b>	137,604	5%	21,090	4%	49,088	5%	39 / 6 / 26 / 9 / 7 / 13	48 / 6 / 25 / 7 / 5 / 9	39 / 4 / 15 / 13 / 11 / 18
<b>2/28/2011</b>	139,504	5%	21,218	4%	49,706	5%	39 / 6 / 26 / 9 / 7 / 13	48 / 6 / 25 / 7 / 5 / 9	38 / 4 / 15 / 13 / 11 / 19
<b>3/31/2011</b>	140,389	5%	21,134	4%	50,184	5%	40 / 6 / 25 / 9 / 7 / 13	47 / 6 / 25 / 7 / 5 / 10	38 / 4 / 15 / 13 / 11 / 19
<b>4/30/2011</b>	141,500	5%	21,207	4%	50,444	5%	39 / 6 / 26 / 9 / 7 / 13	47 / 6 / 25 / 7 / 5 / 10	37 / 4 / 15 / 14 / 11 / 19
<b>5/31/2011</b>	142,683	5%	21,277	4%	50,875	5%	39 / 6 / 25 / 9 / 7 / 14	47 / 6 / 25 / 7 / 5 / 10	38 / 4 / 15 / 13 / 11 / 19
<b>6/30/2011</b>	142,559	5%	21,058	4%	51,056	5%	40 / 6 / 25 / 9 / 7 / 13	48 / 6 / 24 / 7 / 5 / 10	38 / 4 / 15 / 13 / 11 / 19
<b>7/31/2011</b>	140,596	5%	20,473	4%	51,167	5%	43 / 6 / 24 / 8 / 6 / 13	52 / 6 / 23 / 6 / 4 / 9	38 / 4 / 15 / 13 / 11 / 19
<b>8/31/2011</b>	139,009	5%	19,877	4%	51,235	5%	43 / 7 / 23 / 8 / 6 / 13	52 / 7 / 22 / 6 / 4 / 9	40 / 5 / 14 / 12 / 10 / 19
<b>9/30/2011</b>	138,842	5%	19,688	4%	51,225	5%	46 / 7 / 22 / 7 / 5 / 13	54 / 7 / 21 / 5 / 4 / 9	43 / 5 / 14 / 11 / 9 / 18
<b>10/31/2011</b>	139,380	5%	19,539	4%	51,535	4%	43 / 7 / 23 / 8 / 6 / 13	51 / 7 / 23 / 6 / 4 / 9	39 / 5 / 15 / 12 / 10 / 19
<b>11/30/2011</b>	139,204	5%	19,342	4%	51,683	4%	44 / 7 / 23 / 8 / 5 / 13	52 / 7 / 22 / 6 / 4 / 9	40 / 5 / 15 / 12 / 9 / 19
<b>12/31/2011</b>	139,599	5%	19,253	4%	51,715	4%	44 / 7 / 23 / 8 / 5 / 13	52 / 7 / 23 / 6 / 3 / 9	40 / 5 / 15 / 12 / 9 / 19
<b>1/31/2012</b>	140,948	5%	19,230	4%	52,315	5%	43 / 7 / 24 / 8 / 5 / 13	51 / 7 / 23 / 6 / 4 / 9	40 / 5 / 15 / 12 / 9 / 19

**THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY**  
**L Fund Participation**

	Participants with Balances in the L Funds						Number of Participant Accounts with L Fund Balances					
	FERS (000s)      %		CSRS (000s)      %		Uniformed Services (000s)      %		Income	2010	2020	2030	2040	Any L Fund

<b>2006</b>	273	12%	57	9%	103	14%	34,698	87,845	137,155	124,086	132,325	433,025
<b>2007</b>	359	15%	68	11%	139	17%	45,093	108,073	175,838	168,215	196,888	566,232
<b>2008</b>	373	15%	57	10%	154	17%	48,139	103,507	174,922	179,855	211,196	584,468
<b>2009</b>	424	16%	57	10%	165	17%	53,770	110,879	195,500	204,995	244,145	647,040
<b>2010</b>	497	18%	59	11%	183	17%	130,930	0	230,231	243,512	295,619	738,720

	FERS (000s)      %		CSRS (000s)      %		Uniformed Services (000s)      %		Income	2020	2030	2040	2050	Any L Fund
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<b>1/31/2011</b>	505	18%	59	11%	184	17%	127,892	234,372	247,483	299,794	3,176	748,186
<b>2/28/2011</b>	513	18%	60	11%	187	17%	127,328	236,984	250,725	300,507	15,645	759,595
<b>3/31/2011</b>	522	18%	60	11%	189	17%	126,889	238,665	253,941	302,907	22,873	770,657
<b>4/30/2011</b>	528	18%	60	12%	191	17%	126,806	241,486	257,383	305,966	28,163	779,089
<b>5/31/2011</b>	533	19%	60	12%	192	17%	127,024	243,221	259,899	308,262	32,126	785,674
<b>6/30/2011</b>	534	19%	60	12%	193	17%	126,513	242,897	260,762	308,677	34,734	787,339
<b>7/31/2011</b>	530	18%	58	11%	194	17%	125,018	238,983	258,922	306,624	35,997	781,907
<b>8/31/2011</b>	528	18%	57	11%	194	17%	122,453	234,539	257,007	303,831	38,922	778,913
<b>9/30/2011</b>	530	18%	56	11%	195	17%	122,268	235,399	258,261	304,908	41,458	781,547
<b>10/31/2011</b>	531	18%	56	11%	196	17%	121,893	236,424	259,744	306,369	43,817	783,052
<b>11/30/2011</b>	533	18%	56	11%	196	17%	121,566	236,638	260,835	307,241	46,029	785,421
<b>12/31/2011</b>	536	19%	55	11%	197	17%	121,564	237,321	262,098	308,186	47,832	788,326

<b>1/31/2012</b>	539	20%	55	11%	199	17%	121,752	238,782	264,330	309,932	50,505	793,065
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