



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

June 8, 2011

MEMORANDUM FOR THE EXECUTIVE DIRECTOR

FROM: TRACEY RAY
CHIEF INVESTMENT OFFICER

A handwritten signature in black ink, appearing to be "TRAY", written over the printed name of the Chief Investment Officer.

SUBJECT: May 2011 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 May 2011, investment manager performance and tracking error, trading costs, TSP fund performance, and L Fund participation.

TRACKING ERROR - BlackRock Funds (BTC)

May Tracking Error

<u>Fund</u>	<u>% BTC Fund Performance</u>	<u>% Index Performance</u>	<u>Tracking Error</u>
Fixed Income	1.31	1.31	0.00
Large Cap	-1.13	-1.13	0.00
Small Mid Cap	-1.27	-1.27	0.00
International	-2.89	-2.95	0.06

2011 Tracking Error

<u>Fund</u>	<u>% BTC Fund Performance</u>	<u>% Index Performance</u>	<u>Tracking Error</u>
Fixed Income	3.06	3.02	0.04
Large Cap	7.82	7.82	0.00
Small Mid Cap	9.74	9.72	0.02
International	6.57	6.31	0.26

The BlackRock EAFE Equity Index Fund E outperformed by 6 basis points in May and 26 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>			
May 2011	385,547,314	63,151	1.6
Year-to-Date	2,028,809,216	255,460	1.3
<u>C Fund</u>			
May 2011	870,337,820	166,586	1.9
Year-to-Date	6,007,078,008	1,245,661	2.1
<u>S Fund</u>			
May 2011	722,459,282	192,810	2.7
Year-to-Date	6,209,542,850	481,686	0.8
<u>I Fund</u>			
May 2011	832,906,998	1,410,781	16.9
Year-to-Date	4,051,471,753	13,310,184	32.9

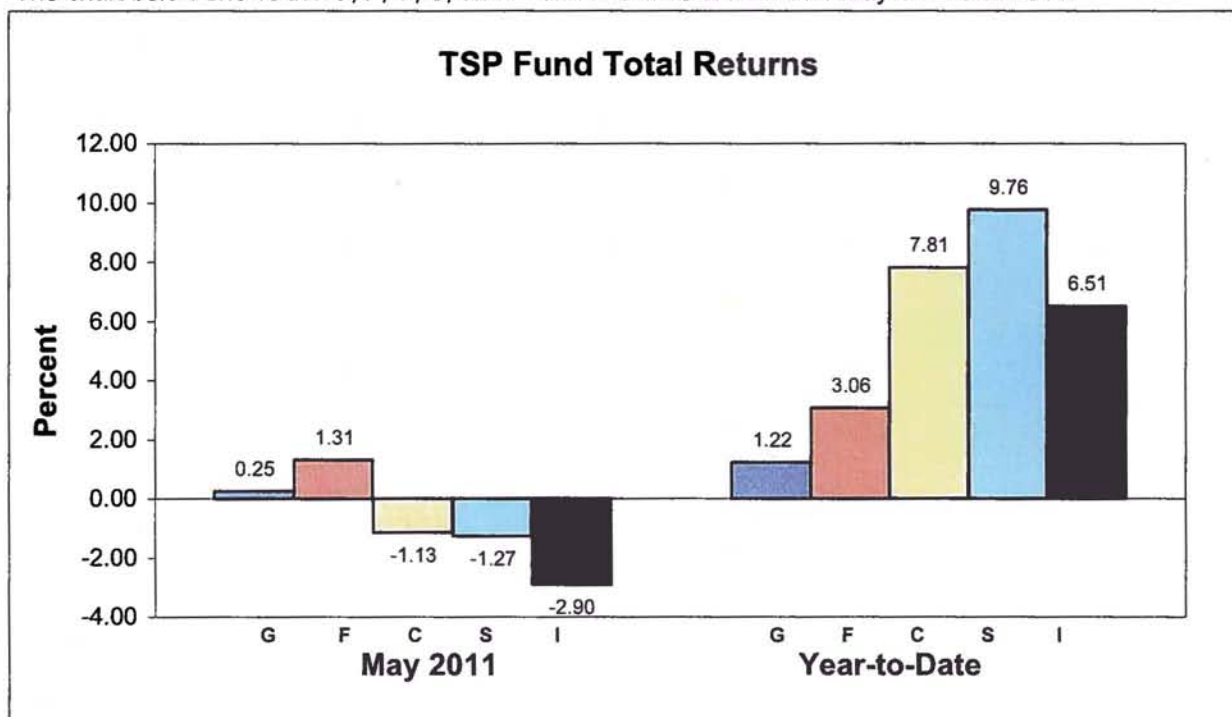
G Fund

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.

	<u>G Fund</u>	<u>3-month T-bill</u>	<u>10 year T-note</u>	<u>30 year T-bond</u>
<u>2011</u>				
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
<u>2010</u>				
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
<u>2009</u>				
December	2.88	0.05	3.20	4.19
November	3.13	0.06	3.39	4.23
October	3.00	0.08	3.31	4.05
September	3.25	0.13	3.40	4.18
August	3.25	0.18	3.48	4.30
July	3.25	0.19	3.54	4.33
June	3.25	0.14	3.46	4.34
May	2.88	0.15	3.12	4.03
April	2.50	0.20	2.67	3.54
March	2.88	0.27	3.02	3.71
February	2.75	0.13	2.84	3.60
January	2.13	0.02	2.21	2.68

Performance of TSP Funds

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

May 2011

Total Return %

<u>Fund</u>	<u>TSP</u>	<u>BTC</u>	<u>Difference</u>	<u>Index</u>
Fixed Income	1.31	1.31	0.00	1.31
Large Cap	-1.13	-1.13	0.00	-1.13
Small Cap	-1.27	-1.27	0.00	-1.27
International	-2.90	-2.89	-0.01	-2.95

2011

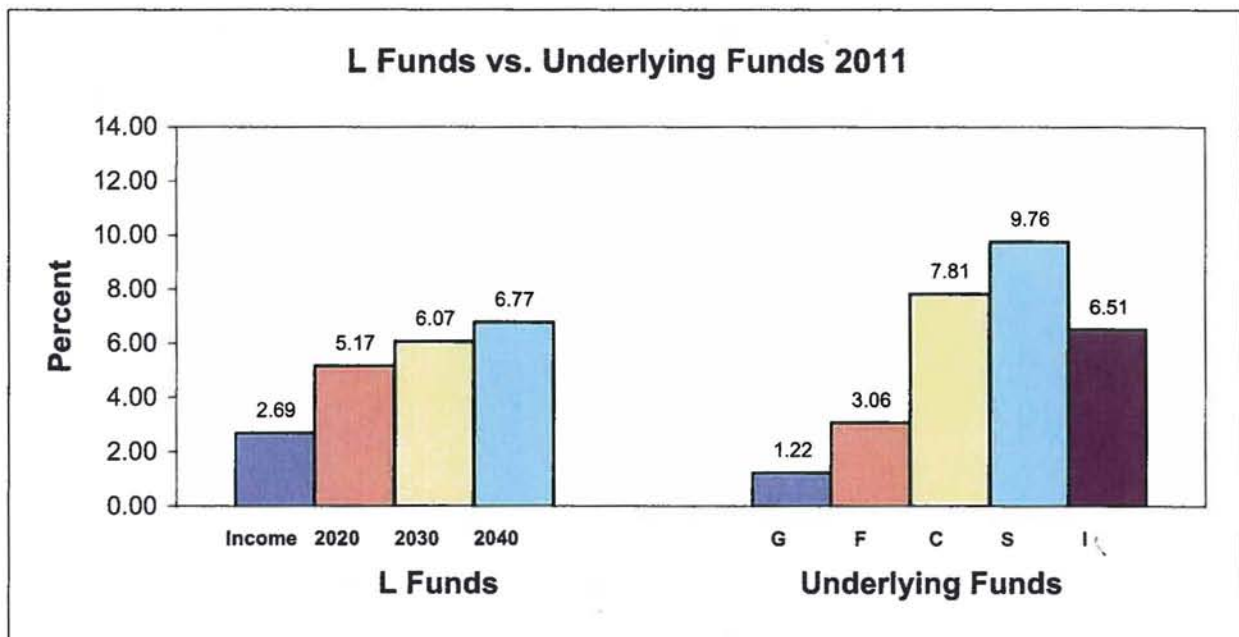
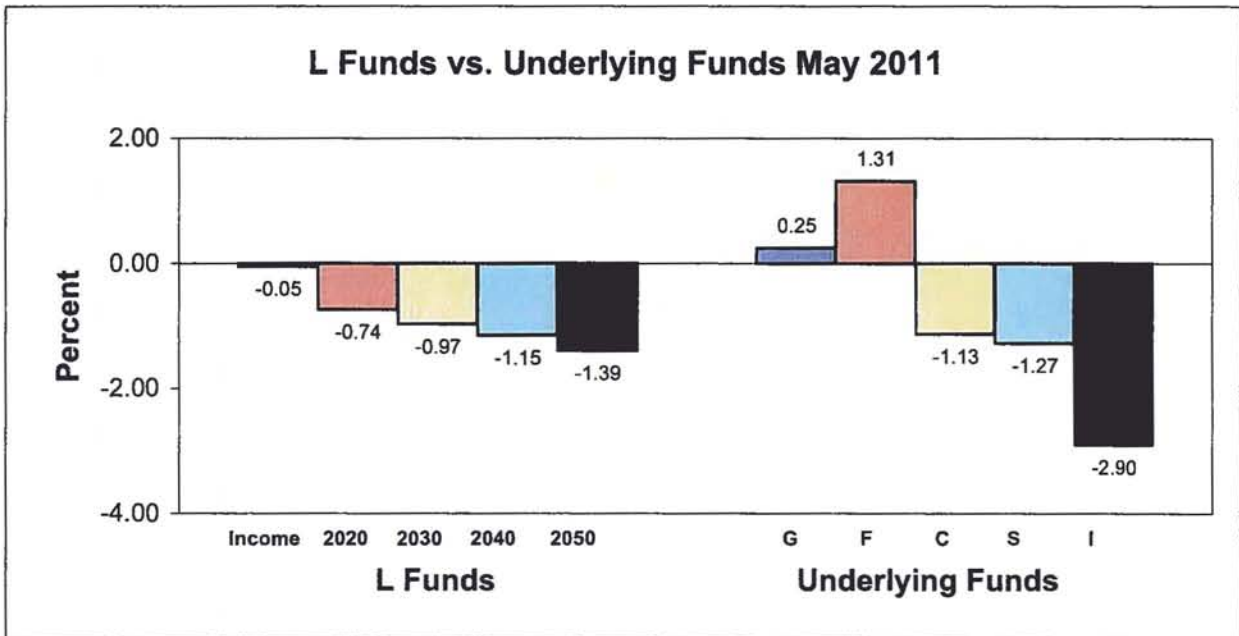
Total Return %

<u>Fund</u>	<u>TSP</u>	<u>BTC</u>	<u>Difference</u>	<u>Index</u>
Fixed Income	3.06	3.06	0.00	3.02
Large Cap	7.81	7.82	-0.01	7.82
Small Cap	9.76	9.74	0.02	9.72
International	6.51	6.57	-0.06	6.31

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.



From Inception January 31, 2011
2050 5.32%

G	F	C	S	I
0.98%	2.93%	5.32%	8.42%	4.01%

THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY

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

- Participants are now allocating 18% of their contributions to the L Funds (p. 7).
- The number of interfund transfers fell to below 100,000 for the first time since September 2010 (p. 7).

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
2005	37%	6%	38%	9%	7%	2%	17,772	(1,169)	(1,159)	(7,602)	516	1,975	7,439	1,739,695
2006	34%	5%	32%	10%	10%	9%	19,531	(700)	(936)	(7,149)	(774)	3,704	5,855	2,112,668
2007	32%	4%	29%	9%	12%	13%	20,786	3,073	33	(6,652)	(1,505)	1,520	3,531	2,379,207
2008	37%	5%	25%	8%	11%	14%	21,772	19,691	349	(7,573)	(2,952)	(6,791)	(2,724)	1,637,711
2009	45%	5%	21%	7%	8%	14%	22,668	(3,818)	330	(1,051)	1,294	2,088	1,157	1,237,637
1/31/2010	43%	5%	21%	7%	9%	15%	1,818	(439)	(104)	(31)	276	(19)	317	106,109
2/28/2010	42%	5%	21%	7%	9%	15%	1,862	518	200	(379)	(34)	(431)	126	93,229
3/31/2010	42%	5%	21%	8%	9%	15%	1,900	(1,317)	(56)	51	799	(146)	669	120,856
4/30/2010	42%	5%	21%	8%	9%	16%	2,366	(1,310)	(277)	316	958	(186)	499	125,817
5/31/2010	41%	5%	21%	8%	9%	16%	1,977	3,228	512	(1,085)	(865)	(1,345)	(445)	165,061
6/30/2010	41%	5%	21%	8%	9%	16%	2,175	(15)	382	(224)	12	(175)	20	90,660
7/31/2010	42%	5%	20%	8%	8%	16%	1,897	291	532	(408)	(312)	(65)	(38)	97,944
8/31/2010	42%	5%	20%	8%	8%	16%	1,895	506	601	(566)	(354)	(92)	(95)	96,986
9/30/2010	42%	5%	20%	8%	8%	16%	2,159	(5)	112	(234)	34	(20)	113	87,245
10/31/2010	42%	5%	20%	8%	8%	16%	2,119	(757)	(187)	102	470	163	209	105,172
11/30/2010	41%	5%	20%	8%	9%	16%	2,249	(281)	(370)	73	452	(108)	234	113,425
12/31/2010	42%	5%	19%	8%	8%	17%	2,010	(322)	(710)	162	961	(338)	247	224,749
2010	42%	5%	20%	8%	9%	16%	24,426	97	635	(2,223)	2,397	(2,762)	1,856	1,427,253
1/31/2011	41%	5%	21%	9%	8%	16%	1,813	(694)	(443)	271	501	(115)	480	142,594
2/28/2011	41%	5%	20%	9%	8%	17%	1,982	883	(247)	(479)	(189)	(302)	334	153,601
3/31/2011	41%	5%	20%	9%	8%	17%	2,339	1,345	151	(691)	(300)	(570)	65	173,787
4/30/2011	41%	5%	20%	9%	8%	17%	2,192	(371)	(181)	(248)	522	10	268	122,475
5/31/2011	40%	5%	20%	9%	8%	18%	2,142	(290)	310	(214)	(55)	42	207	99,151

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

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

2005	542	2,235	3,092	1,362	664	7,895	6 / 24 / 41 / 20 / 9	13 / 50 / 30 / 4 / 3	2 / 8 / 23 / 36 / 31
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

1/31/2010	1,250	4,467	9,310	6,197	4,534	25,758	4 / 15 / 38 / 26 / 17	11 / 38 / 37 / 8 / 6	2 / 5 / 19 / 34 / 40
2/28/2010	1,275	4,511	9,585	6,449	4,705	26,525	4 / 15 / 37 / 26 / 18	11 / 38 / 37 / 8 / 6	2 / 5 / 18 / 34 / 41
3/31/2010	1,374	4,646	10,317	6,964	5,113	28,414	4 / 14 / 38 / 26 / 18	11 / 37 / 38 / 8 / 6	2 / 5 / 18 / 34 / 41
4/30/2010	1,439	4,673	10,727	7,247	5,344	29,430	4 / 14 / 38 / 26 / 18	11 / 36 / 39 / 8 / 6	2 / 5 / 18 / 34 / 41
5/31/2010	1,381	4,533	10,093	6,819	4,950	27,776	4 / 14 / 38 / 26 / 18	11 / 37 / 38 / 8 / 6	2 / 5 / 18 / 34 / 41
6/30/2010	1,374	4,521	9,938	6,724	4,867	27,424	4 / 14 / 38 / 26 / 18	12 / 37 / 37 / 8 / 6	2 / 5 / 18 / 34 / 41
7/31/2010	1,392	4,610	10,468	7,205	5,256	28,931	4 / 14 / 37 / 27 / 18	11 / 36 / 39 / 8 / 6	2 / 5 / 18 / 34 / 41
8/31/2010	1,378	4,577	10,258	7,046	5,142	28,401	4 / 14 / 37 / 27 / 18	11 / 37 / 38 / 8 / 6	2 / 5 / 18 / 34 / 41
9/30/2010	1,426	4,645	10,988	7,664	5,651	30,374	4 / 13 / 37 / 27 / 19	11 / 36 / 39 / 8 / 6	2 / 4 / 18 / 34 / 42
10/31/2010	1,572	4,145	11,773	8,077	5,998	31,565	4 / 11 / 39 / 27 / 19	12 / 32 / 42 / 8 / 6	2 / 4 / 18 / 34 / 42
11/30/2010	1,648	3,843	12,105	8,229	6,132	31,957	4 / 10 / 39 / 28 / 19	12 / 29 / 44 / 9 / 6	2 / 4 / 18 / 34 / 42
12/31/2010	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 (\$MII)	2020 (\$MII)	2030 (\$MII)	2040 (\$MII)	2050 (\$MII)	Total (\$MII)	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

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 (G / F / C / S / I / L)	CSRS (G / F / C / S / I / L)	Uniformed Services (G / F / C / S / I / L)
2005	55,386	2%	17,220	2%	14,404	2%	35 / 6 / 39 / 8 / 7 / 5	40 / 6 / 38 / 6 / 6 / 4	44 / 5 / 21 / 15 / 10 / 5
2006	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
2007	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
2008	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
2009	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
1/31/2010	118,281	4%	20,351	4%	44,205	4%	45 / 6 / 24 / 6 / 8 / 11	52 / 6 / 23 / 5 / 6 / 8	43 / 4 / 15 / 11 / 11 / 16
2/28/2010	119,943	4%	20,445	4%	44,599	4%	44 / 6 / 25 / 7 / 7 / 11	52 / 6 / 23 / 5 / 5 / 9	43 / 4 / 15 / 11 / 11 / 16
3/31/2010	123,912	5%	21,145	4%	45,460	4%	42 / 6 / 25 / 7 / 8 / 12	49 / 6 / 24 / 6 / 6 / 9	41 / 4 / 15 / 12 / 11 / 17
4/30/2010	126,152	5%	21,536	4%	45,889	4%	41 / 6 / 26 / 8 / 7 / 12	50 / 6 / 24 / 6 / 5 / 9	41 / 4 / 15 / 12 / 11 / 17
5/31/2010	125,730	5%	21,106	4%	46,075	4%	45 / 6 / 24 / 7 / 6 / 12	52 / 6 / 23 / 6 / 4 / 9	42 / 5 / 14 / 12 / 10 / 17
6/30/2010	126,459	5%	21,035	4%	46,356	4%	45 / 7 / 23 / 7 / 6 / 12	53 / 7 / 22 / 5 / 4 / 9	43 / 5 / 14 / 11 / 10 / 17
7/31/2010	127,315	5%	20,945	4%	46,633	4%	43 / 7 / 24 / 7 / 7 / 12	51 / 7 / 23 / 5 / 5 / 9	41 / 5 / 14 / 12 / 11 / 17
8/31/2010	127,879	5%	20,808	4%	46,882	4%	44 / 7 / 23 / 7 / 7 / 12	52 / 7 / 22 / 5 / 5 / 9	42 / 5 / 14 / 11 / 11 / 17
9/30/2010	128,918	5%	20,780	4%	47,045	4%	43 / 7 / 24 / 7 / 7 / 12	51 / 7 / 23 / 5 / 5 / 9	41 / 5 / 14 / 12 / 11 / 17
10/31/2010	130,951	5%	20,806	4%	47,432	4%	42 / 7 / 24 / 8 / 7 / 12	50 / 7 / 23 / 6 / 5 / 9	40 / 5 / 14 / 12 / 11 / 18
11/30/2010	132,562	5%	20,764	4%	47,864	4%	42 / 7 / 24 / 8 / 7 / 12	50 / 7 / 23 / 6 / 5 / 9	40 / 5 / 15 / 12 / 11 / 17
12/31/2010	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
1/31/2011	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
2/28/2011	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
3/31/2011	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
4/30/2011	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
5/31/2011	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

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		CSRS		Uniformed Services		Income	2010	2020	2030	2040	Any L Fund
	(000s)	%	(000s)	%	(000s)	%						
2005	138	6%	33	5%	44	7%	16,915	46,517	67,777	55,164	50,848	214,779
2006	273	12%	57	9%	103	14%	34,698	87,845	137,155	124,086	132,325	433,025
2007	359	15%	68	11%	139	17%	45,093	108,073	175,838	168,215	196,888	566,232
2008	373	15%	57	10%	154	17%	48,139	103,507	174,922	179,855	211,196	584,468
2009	424	16%	57	10%	165	17%	53,770	110,879	195,500	204,995	244,145	647,040
1/31/2010	431	16%	58	10%	167	17%	54,564	111,110	198,178	207,844	247,913	657,364
2/28/2010	437	16%	58	10%	168	17%	55,141	111,453	200,516	211,250	251,769	663,525
3/31/2010	450	16%	60	11%	171	17%	56,528	112,319	206,175	217,167	259,339	680,887
4/30/2010	461	17%	61	11%	173	17%	57,508	112,719	210,898	222,205	266,152	694,763
5/31/2010	462	17%	60	11%	174	17%	57,553	112,025	210,310	223,248	267,491	696,912
6/30/2010	467	17%	60	11%	176	17%	58,038	112,576	212,081	225,655	270,697	702,440
7/31/2010	470	17%	59	11%	177	17%	58,209	112,455	213,419	227,855	273,785	706,538
8/31/2010	473	17%	59	11%	178	17%	58,331	112,294	214,020	229,224	276,075	710,207
9/30/2010	479	17%	59	11%	179	17%	58,689	111,773	216,367	232,162	280,138	716,566
10/31/2010	485	17%	59	11%	180	17%	59,773	101,527	221,804	235,902	285,064	723,018
11/30/2010	491	17%	59	11%	181	17%	60,658	96,206	226,122	239,663	290,522	731,390
12/31/2010	497	18%	59	11%	183	17%	130,930	0	230,231	243,512	295,619	738,720
	FERS		CSRS		Uniformed Services		Income	2020	2030	2040	2050	Any L Fund
	(000s)	%	(000s)	%	(000s)	%						
1/31/2011	505	18%	59	11%	184	17%	127,892	234,372	247,483	299,794	3,176	748,186
2/28/2011	513	18%	60	11%	187	17%	127,328	236,984	250,725	300,507	15,645	759,595
3/31/2011	522	18%	60	11%	189	17%	126,889	238,665	253,941	302,907	22,873	770,657
4/30/2011	528	18%	60	12%	191	17%	126,806	241,486	257,383	305,966	28,163	779,089
5/31/2011	533	19%	60	12%	192	17%	127,024	243,221	259,899	308,262	32,126	785,674