



FEDERAL RETIREMENT THRIFT INVESTMENT BOARD

77 K Street, NE Washington, DC 20002

August 8, 2014

MEMORANDUM FOR THE EXECUTIVE DIRECTOR

FROM: TRACEY RAY
CHIEF INVESTMENT OFFICER

A handwritten signature in black ink, appearing to read "TRAY", located to the right of the "FROM:" line.

SUBJECT: July 2014 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 July 2014, investment manager performance and tracking error, trading costs, TSP fund performance, and L Fund participation.

TRACKING ERROR - BlackRock Funds (BTC)

July Tracking Error

| <u>Fund</u> | <u>% BTC Fund Performance</u> | <u>% Index Performance</u> | <u>Tracking Error</u> |
|---------------------|--------------------------------------|-----------------------------------|------------------------------|
| Fixed Income | -0.18 | -0.25 | 0.07 |
| Large Cap | -1.37 | -1.38 | 0.01 |
| Small Mid Cap | -4.39 | -4.44 | 0.05 |
| International | -1.95 | -1.97 | 0.02 |

2014 Tracking Error

| <u>Fund</u> | <u>% BTC Fund Performance</u> | <u>% Index Performance</u> | <u>Tracking Error</u> |
|----------------------|--------------------------------------|-----------------------------------|------------------------------|
| Fixed Income | 4.19 | 3.66 | 0.53 |
| Large Cap | 5.72 | 5.66 | 0.06 |
| Small Mid Cap | 1.53 | 1.49 | 0.04 |
| International | 3.03 | 2.72 | 0.31 |

The Fixed Income Fund outperformed the index by 7 basis points for the month and 53 basis points for the year to date, primarily because of securities lending and pricing differences. The International Fund outperformed the index by 31 basis points for the year as a result of the tax effect.

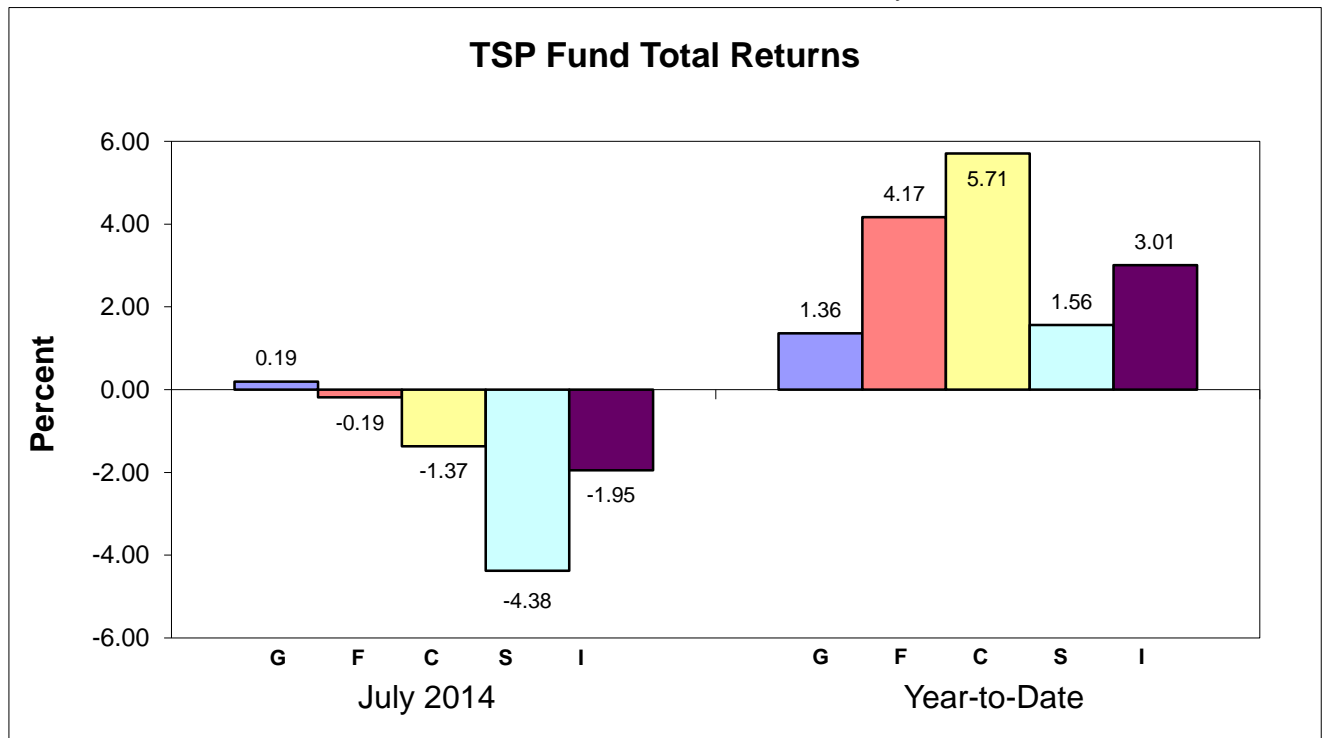
Trading Costs

| | | <u>Trading Costs*</u> | |
|---------------|-----------------------------|-----------------------|---------------------|
| | <u>Dollar Amount Traded</u> | <u>\$</u> | <u>Basis Points</u> |
| <u>F Fund</u> | | | |
| July 2014 | 764,765,904 | 113,880 | 1.5 |
| Year-to-Date | 5,755,104,695 | 199,859 | 0.3 |
| <u>C Fund</u> | | | |
| July 2014 | 867,706,081 | (180,214) | -2.1 |
| Year-to-Date | 7,768,276,577 | (494,127) | -0.6 |
| <u>S Fund</u> | | | |
| July 2014 | 1,268,267,646 | (610,148) | -4.8 |
| Year-to-Date | 9,607,202,500 | (484,172) | -0.5 |
| <u>I Fund</u> | | | |
| July 2014 | 717,473,988 | (117,752) | -1.6 |
| Year-to-Date | 5,519,456,671 | 1,063,284 | 1.9 |

* -- Trading Costs are comprised of commissions, fees, and the difference between where a stock is traded and the closing index price.

Performance of TSP Funds

The chart below shows the G, F, C, S, and I Fund net rates of return for July 2014 and 2014.



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.

July 2014

Total Return %

| <u>Fund</u> | <u>TSP</u> | <u>BTC</u> | <u>Difference</u> | <u>Index</u> |
|---------------|------------|------------|-------------------|--------------|
| Fixed Income | -0.19 | -0.18 | -0.01 | -0.25 |
| Large Cap | -1.37 | -1.37 | 0.00 | -1.38 |
| Small Cap | -4.38 | -4.39 | 0.01 | -4.44 |
| International | -1.95 | -1.95 | 0.00 | -1.97 |

2014

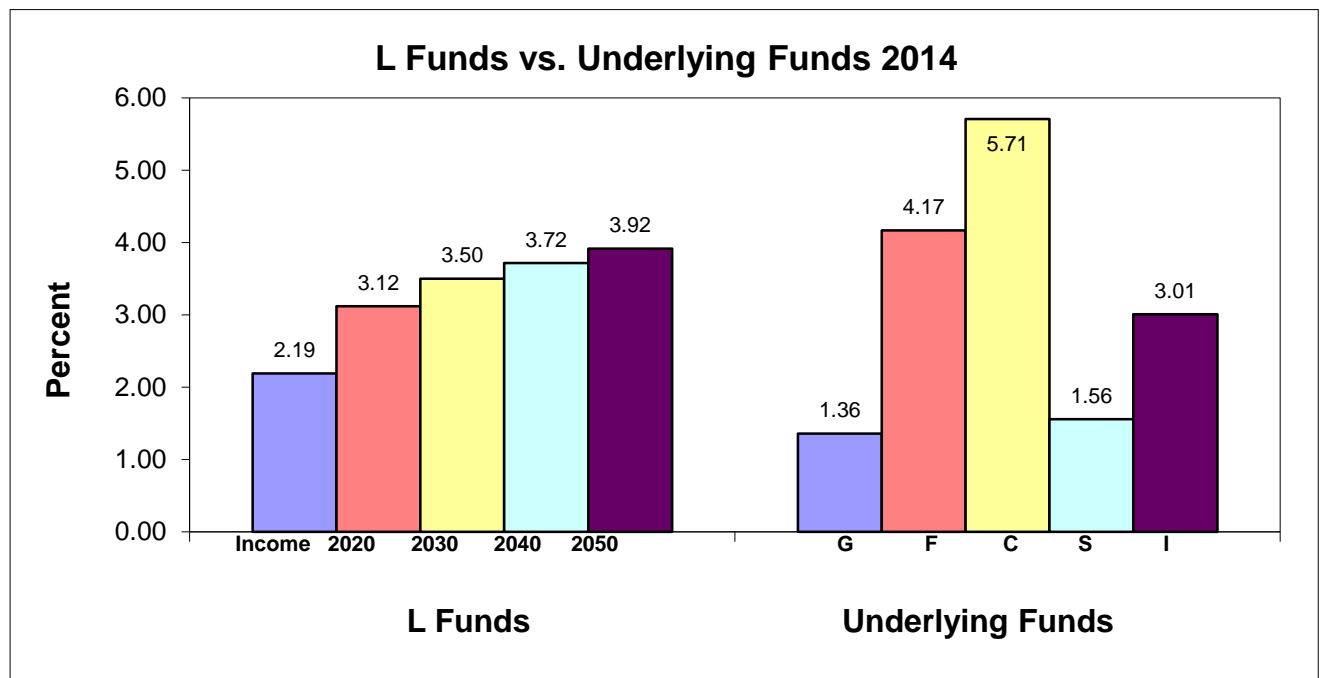
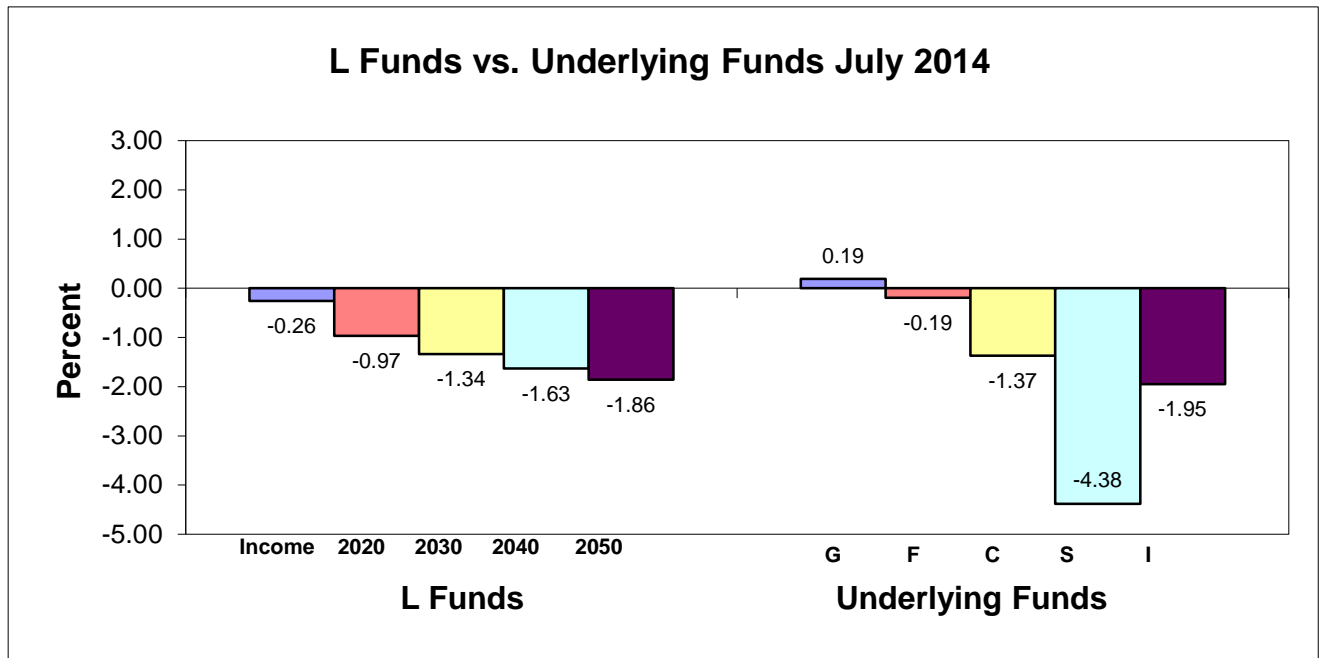
Total Return %

| <u>Fund</u> | <u>TSP</u> | <u>BTC</u> | <u>Difference</u> | <u>Index</u> |
|---------------|------------|------------|-------------------|--------------|
| Fixed Income | 4.17 | 4.19 | -0.02 | 3.66 |
| Large Cap | 5.71 | 5.72 | -0.01 | 5.66 |
| Small Cap | 1.56 | 1.53 | 0.03 | 1.49 |
| International | 3.01 | 3.03 | -0.02 | 2.72 |

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

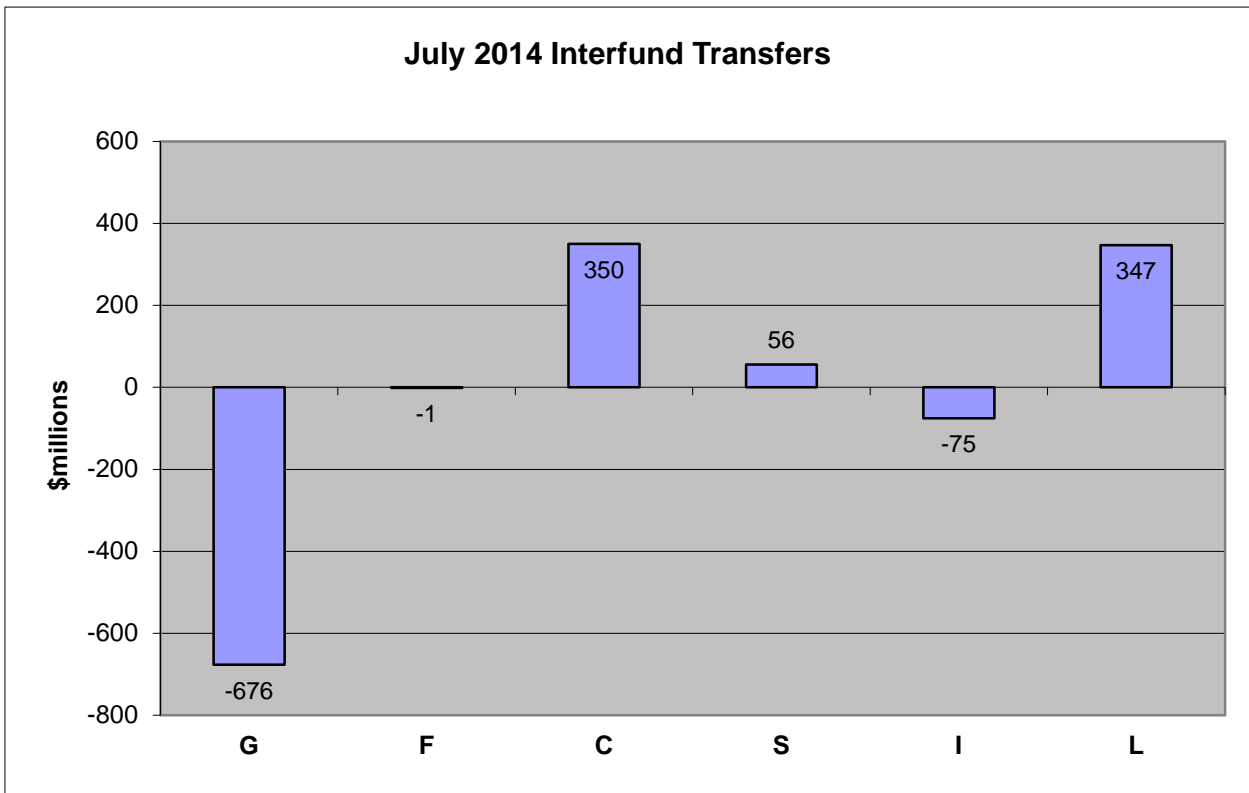
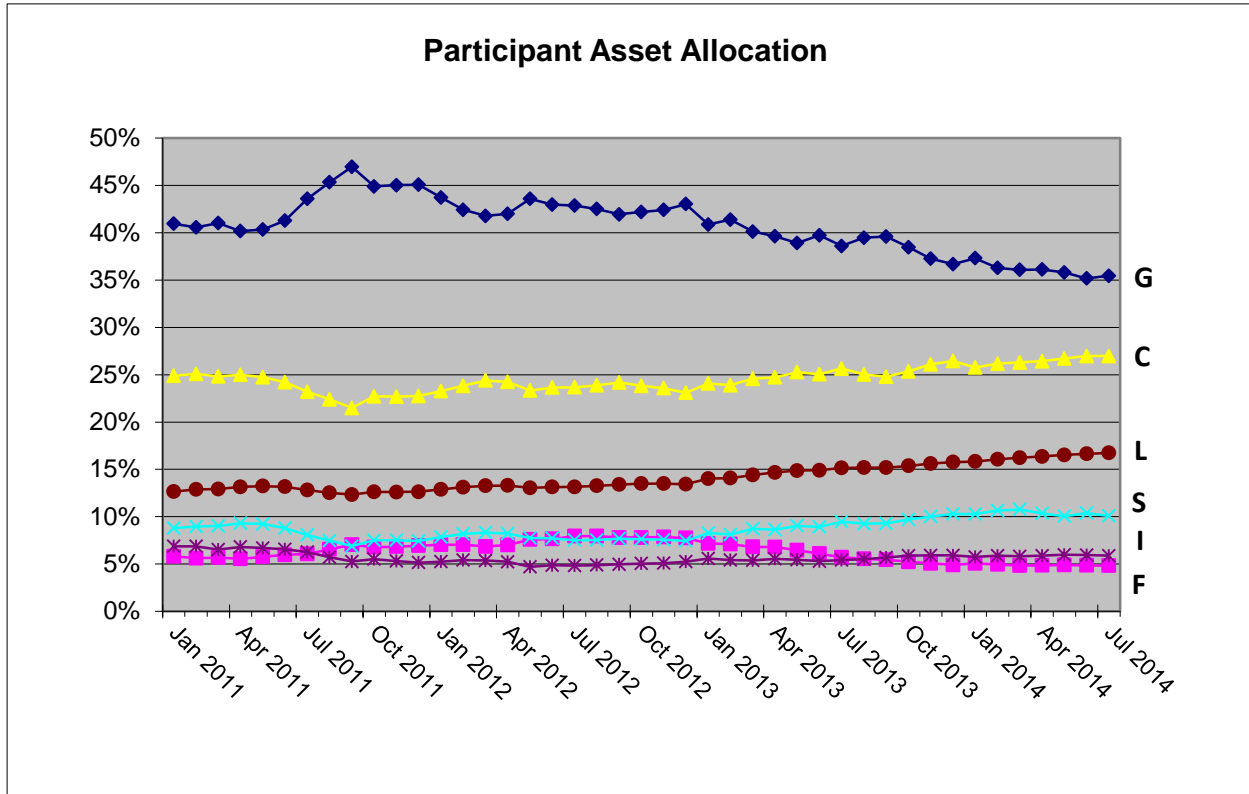
L Funds

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 July 2014

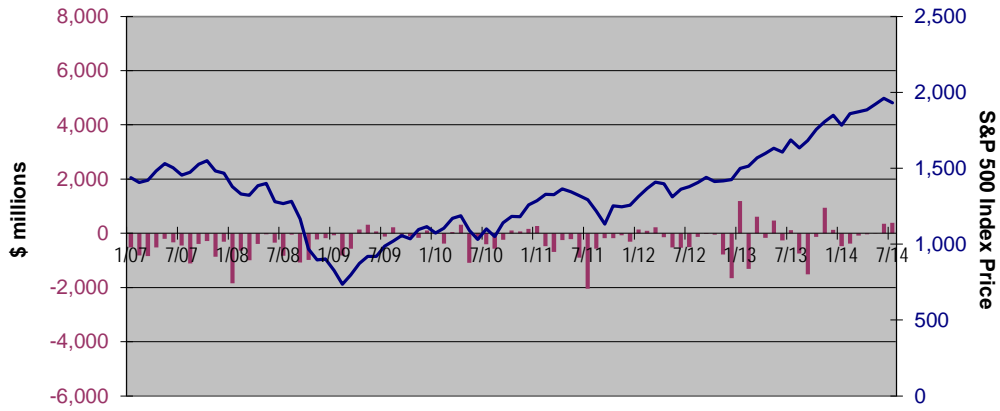
Attachment 1



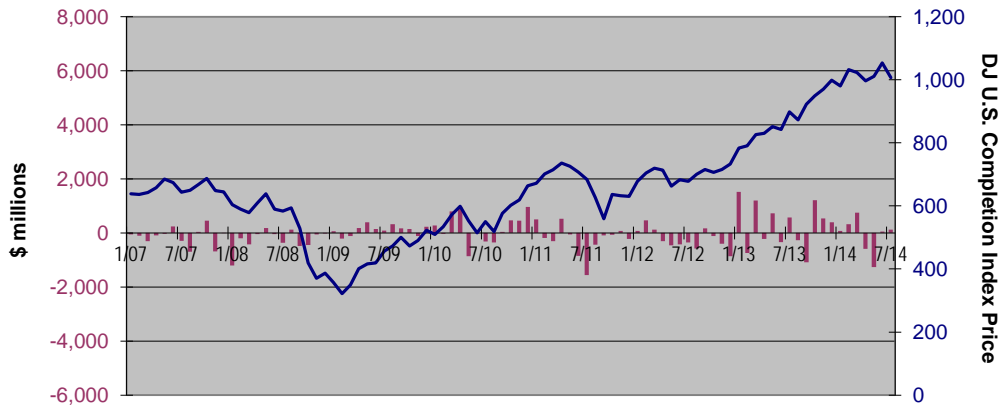
THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY

July 2014

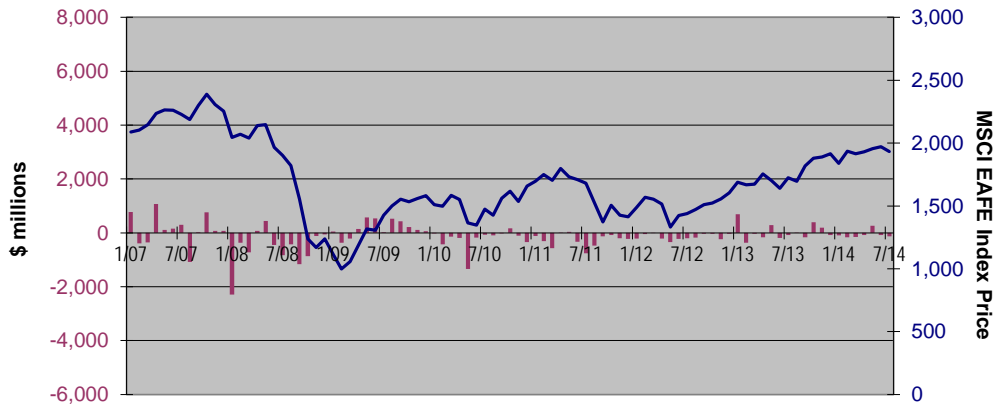
Monthly Interfund Transfers
C Fund



Monthly Interfund Transfers
S Fund

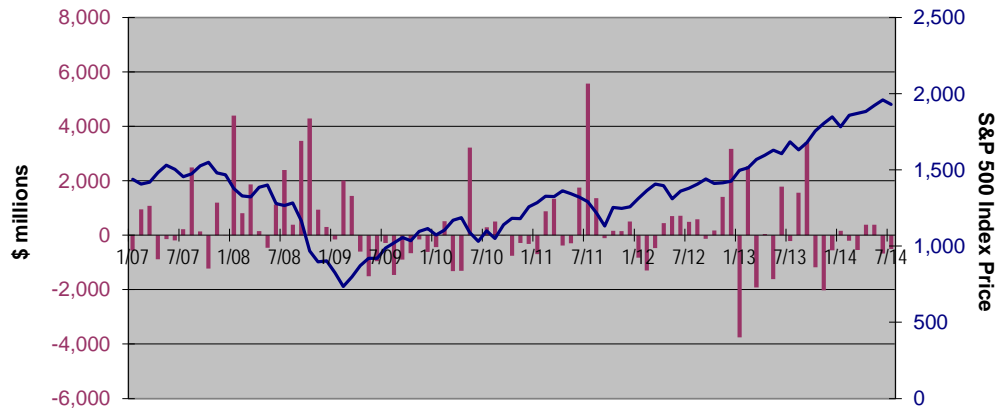


Monthly Interfund Transfers
I Fund

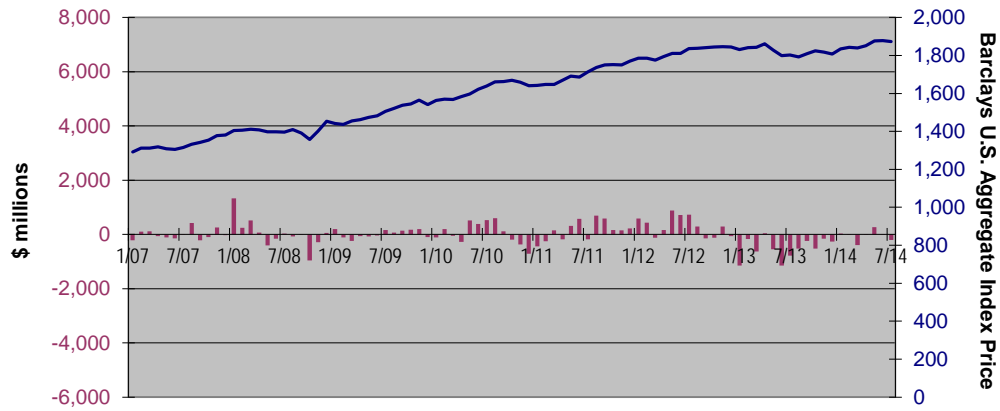


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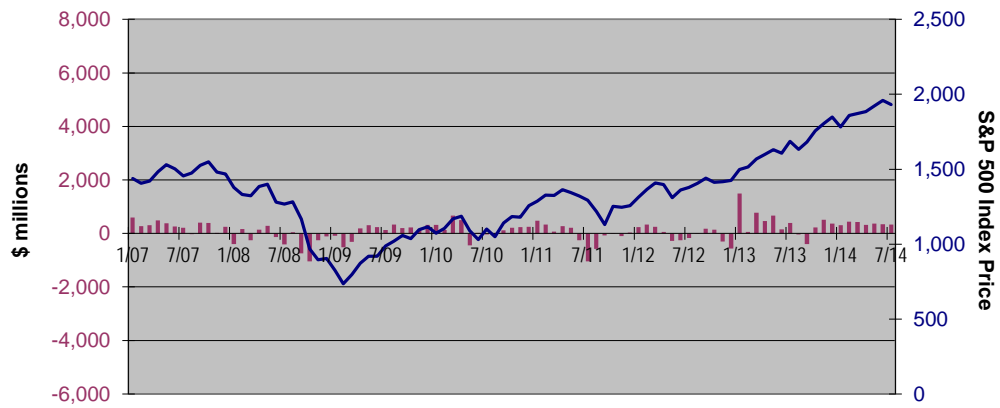
Monthly Interfund Transfers G Fund



Monthly Interfund Transfers F Fund



Monthly Interfund Transfers L Funds



THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY

July 2014

