



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

July 10, 2015

MEMORANDUM FOR BOARD MEMBERS KENNEDY, BILYEU, McCRAY,
JONES AND JASIEN

FROM: GREGORY T. LONG
EXECUTIVE DIRECTOR

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SUBJECT: June 2015 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 June 2015, investment manager performance and tracking error, trading costs, TSP fund performance, and L Fund participation.

TRACKING ERROR - TSP Separate Accounts at BlackRock (BTC)

June Tracking Error

<u>Fund</u>	<u>% BTC Performance</u>	<u>% Index Performance</u>	<u>Tracking Error</u>
Fixed Income	-1.06	-1.09	0.03
Large Cap	-1.93	-1.94	0.01
Small Mid Cap	-0.71	-0.76	0.05
International	-2.79	-2.83	0.04

2015 Tracking Error

<u>Fund</u>	<u>% BTC Performance</u>	<u>% Index Performance</u>	<u>Tracking Error</u>
Fixed Income	0.07	-0.10	0.17
Large Cap	1.28	1.23	0.05
Small Mid Cap	4.98	4.77	0.21
International	6.55	5.52	1.03

BlackRock outperformed the index by 103 basis points in the International Fund for the year as a result of the tax effect and fair value pricing adjustment on December 31, 2014. BlackRock outperformed the index by 21 basis points in the Small Mid Cap Fund for the year due to securities sampling and securities lending. BlackRock outperformed the index by 17 basis points in the Fixed Income Fund for the year due to pricing differences and securities lending.

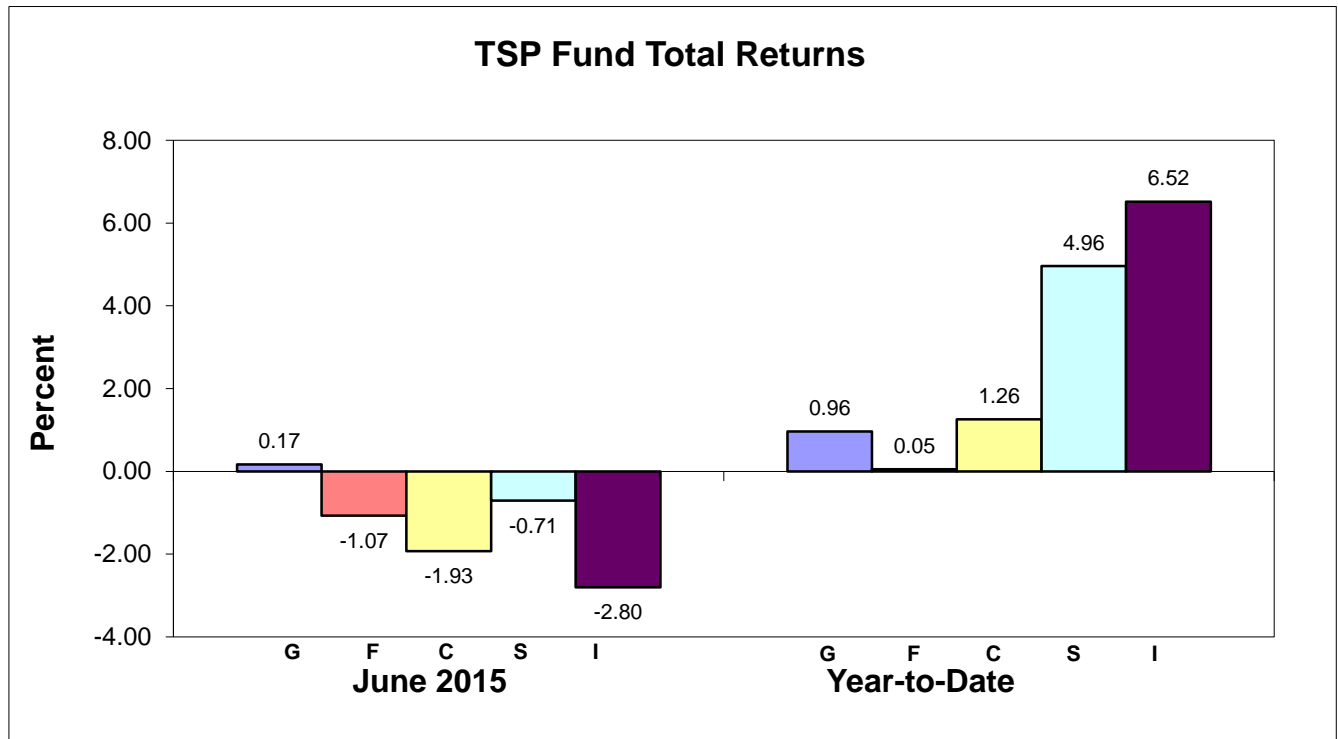
Trading Costs

	<u>Dollar Amount Traded</u>	<u>Trading Costs</u>	
		<u>\$</u>	<u>Basis Points</u>
<u>F Fund</u>			
June	824,301,976	(12,284)	-0.1
Year-to-Date	3,934,043,688	242,632	0.6
<u>C Fund</u>			
June	2,114,897,515	(265,155)	-1.3
Year-to-Date	12,199,896,249	(945,953)	-0.8
<u>S Fund</u>			
June	1,520,768,078	(251,902)	-1.7
Year-to-Date	7,877,424,695	124,836	0.2
<u>I Fund</u>			
June	1,318,910,922	1,667,297	12.6
Year-to-Date	6,509,496,639	4,645,335	7.1

* -- Trading Costs are comprised of commissions, fees, and the difference between where a security 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.



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

June

Total Return %

<u>Fund</u>	<u>TSP</u>	<u>BTC</u>	<u>Difference</u>	<u>Index</u>
Fixed Income	-1.07	-1.06	-0.01	-1.09
Large Cap	-1.93	-1.93	0.00	-1.94
Small Cap	-0.71	-0.71	0.00	-0.76
International	-2.80	-2.79	-0.01	-2.83

2015

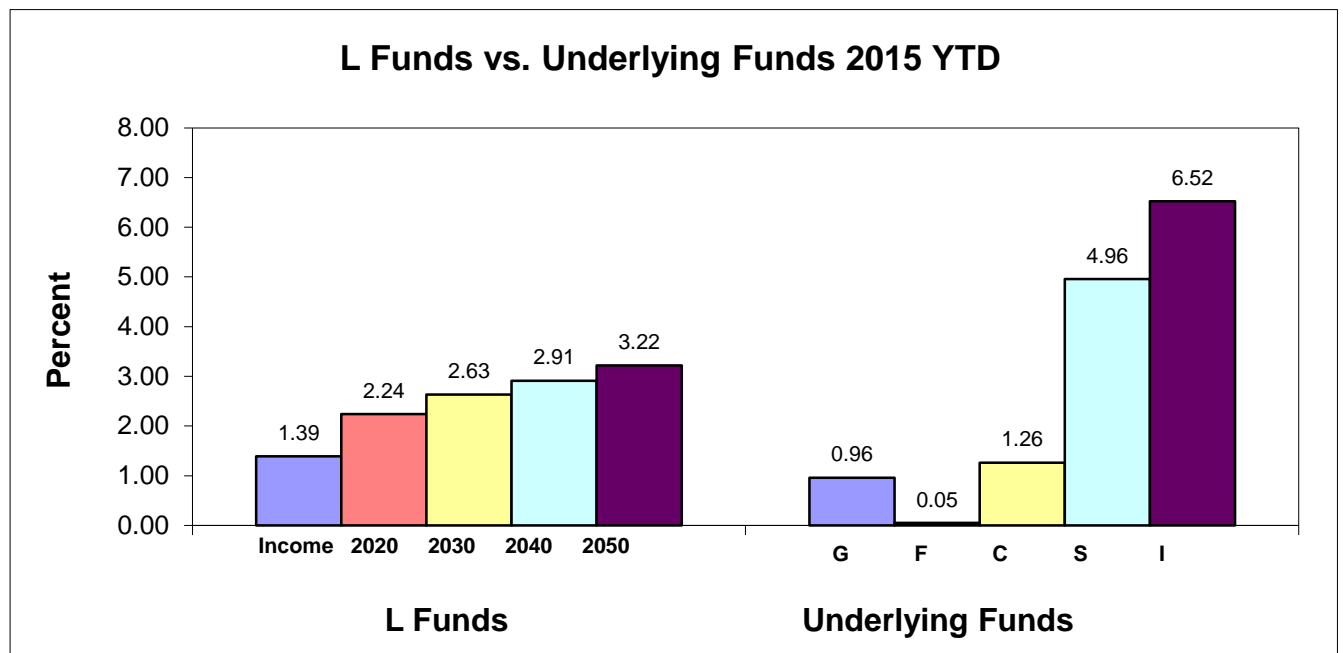
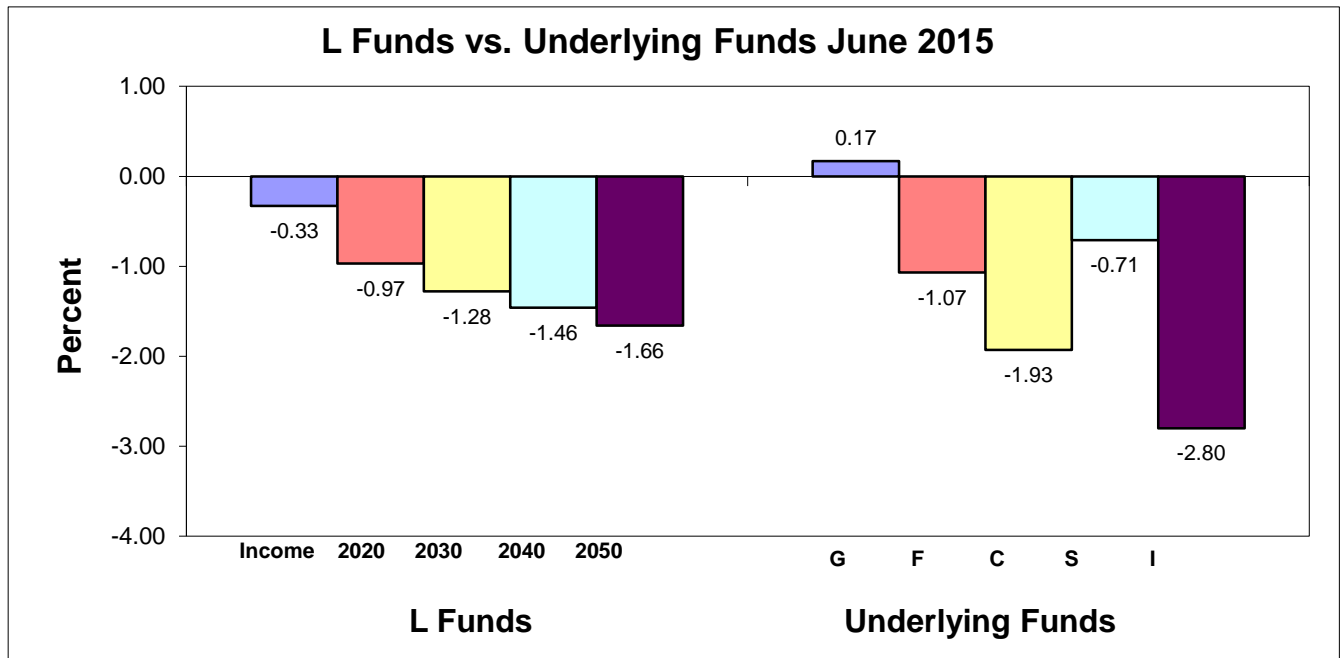
Total Return %

<u>Fund</u>	<u>TSP</u>	<u>BTC</u>	<u>Difference</u>	<u>Index</u>
Fixed Income	0.05	0.07	-0.02	-0.10
Large Cap	1.26	1.28	-0.02	1.23
Small Cap	4.96	4.98	-0.02	4.77
International	6.52	6.55	-0.03	5.52

The TSP Funds closely tracked the BTC Accounts 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.

PROXY VOTING -- FIRST QUARTER 2015

An audit of BTC's proxy voting conducted by ISS found no exceptions to BTC's established guidelines during the first quarter of 2015. A copy of the audit report is provided as Attachment 2. The ISS audit report for the second quarter of 2015 is not yet available.

CLASS ACTION SETTLEMENTS -- FIRST QUARTER 2015

No claims were opened for all of the funds during the first quarter. Two claims remain open in the C Fund. Through the first quarter, no claims were settled in the C Fund. The TSP has not settled on any settlement claims year to date.

	<u>Claims Opened during Quarter</u>	<u>Open Claims Outstanding</u>	<u>No. of Claims Settled (YTD)</u>	<u>Estimate of Settled Claims in 2015 (USD)</u>
F Fund	-	-	-	-
C Fund	-	2	-	-
S Fund	-	-	-	-
I Fund	-	-	-	-
Total	<u>0</u>	<u>2</u>	<u>0</u>	<u>\$0</u>

RECOMMENDATION

The G Fund investments produce long-term yields while incurring no market risk. **I recommend reaffirmation of the current G Fund policy of investing solely in short-term maturities.**

The F, C, S, and I Funds have tracked their respective indices and have incurred low trading costs. **I recommend reaffirmation of the current F, C, S, and I Fund investment policies.**

WHEREAS the Federal Employees' Retirement System Act of 1986, as amended (5 U.S.C. § 8401 -- et seq.) provides the Board members shall establish policies for the investment and management of the Thrift Savings Fund (5 U.S.C. § 8472(f) (1) and (2)); and

WHEREAS the Board members at this meeting have reviewed the investment performance and investment policies of the Government Securities Investment Fund, the Fixed Income Index Investment Fund, Common Stock Index Investment Fund, the Small Capitalization Stock Index Investment Fund and the International Stock Index Investment Fund; and

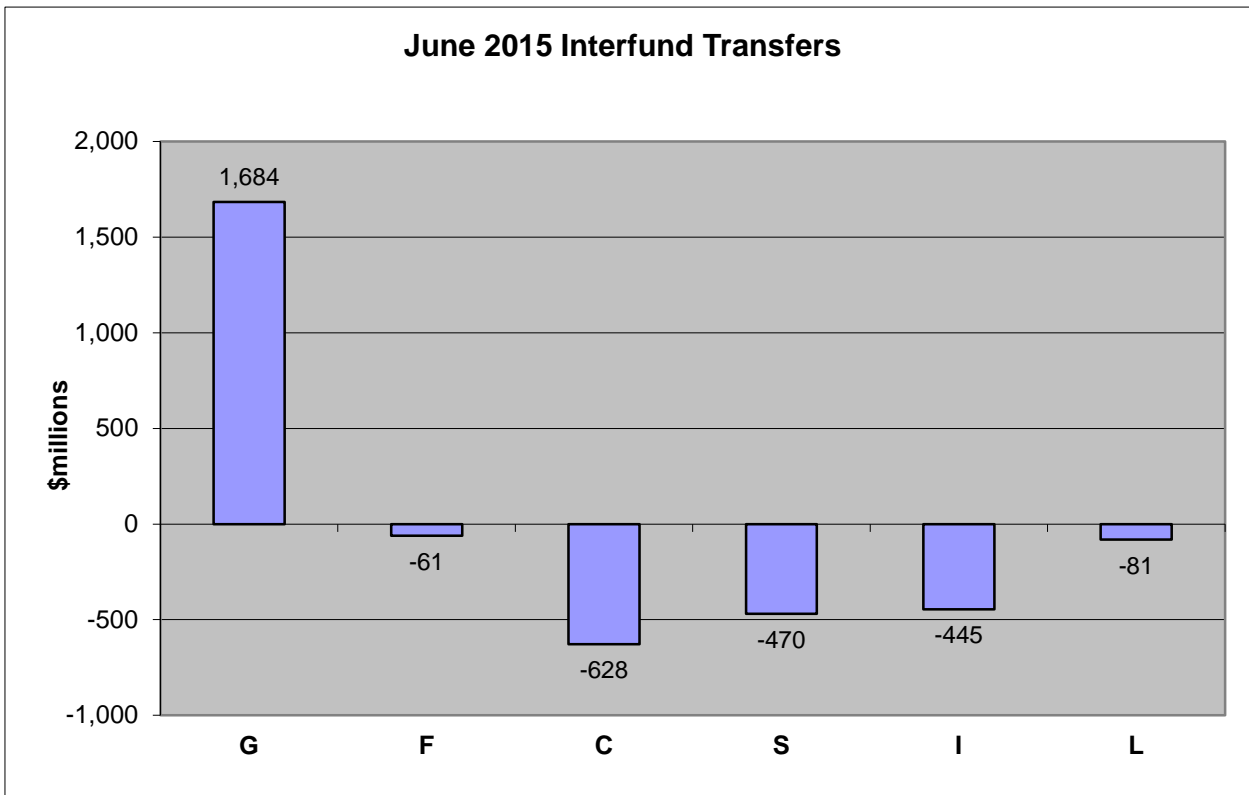
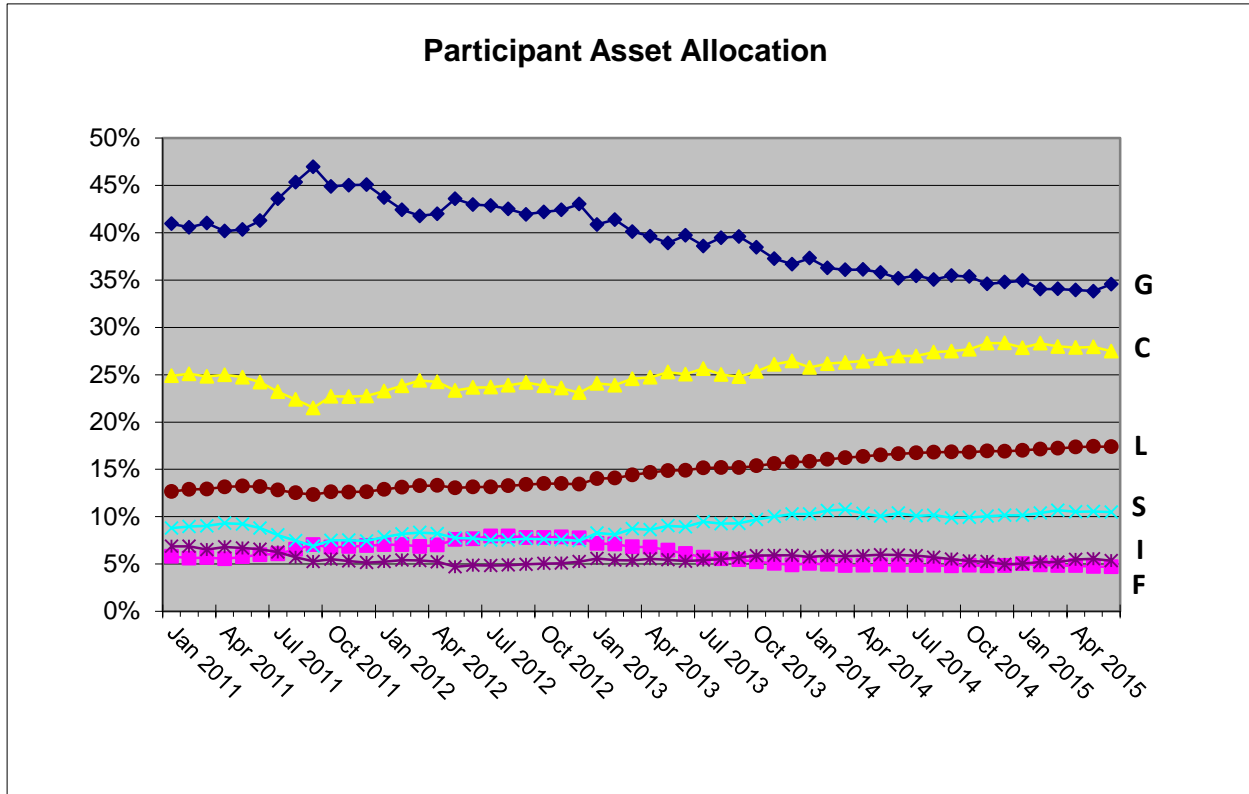
WHEREAS the Board members are satisfied with the investment performance and investment policies of these Funds;

NOW THEREFORE BE IT RESOLVED that the current investment policies for the Government Securities Investment Fund, the Common Stock Index Investment Fund, the Fixed Income Index Investment Fund, the Small Capitalization Stock Index Investment Fund, and the International Stock Index Investment Fund are affirmed without change.

Attachments

THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY June 2015

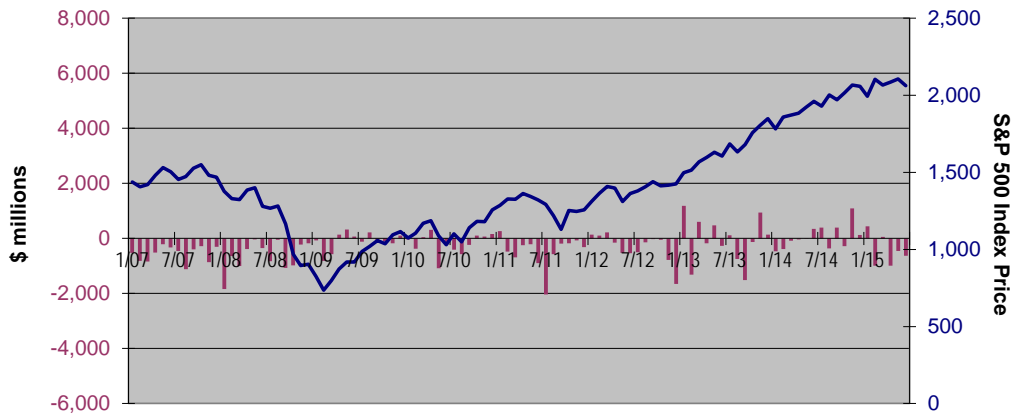
Attachment 1



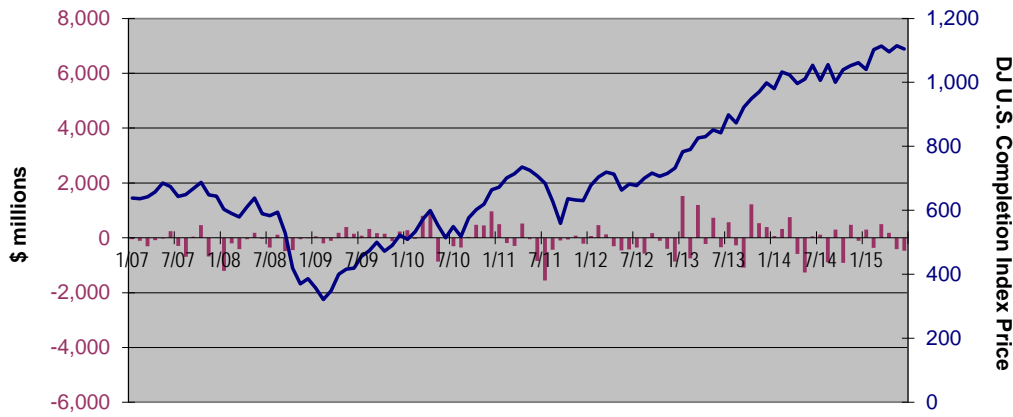
THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY

June 2015

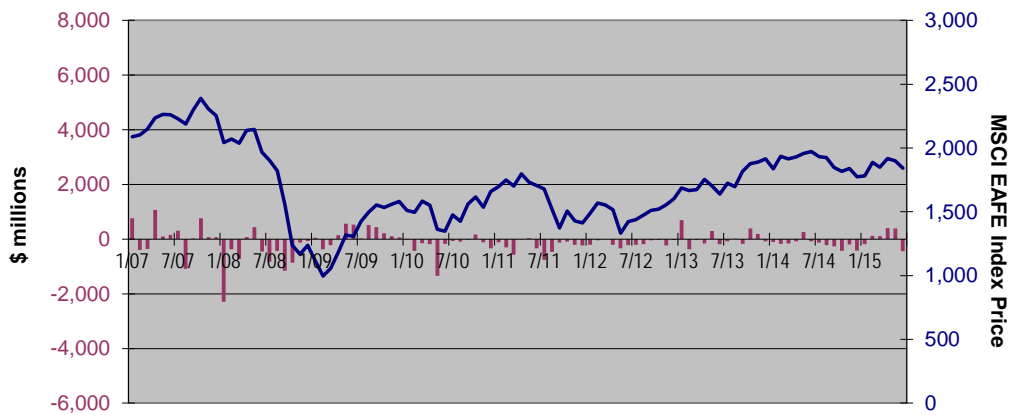
Monthly Interfund Transfers
C Fund



Monthly Interfund Transfers
S Fund



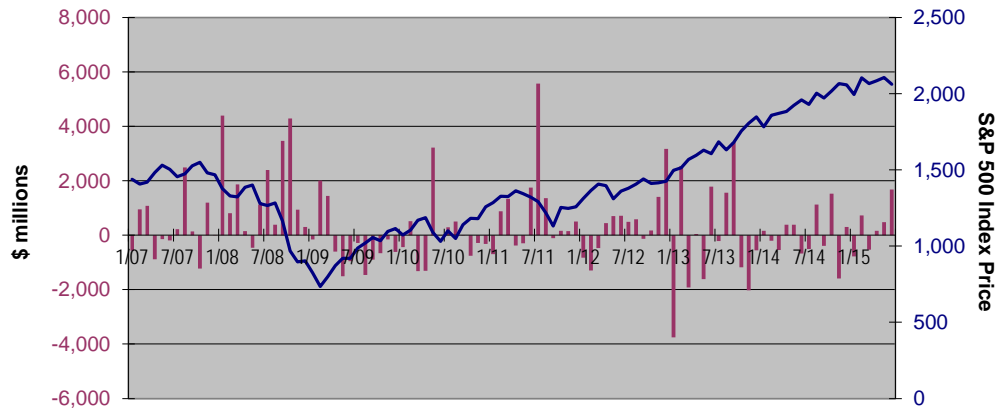
Monthly Interfund Transfers
I Fund



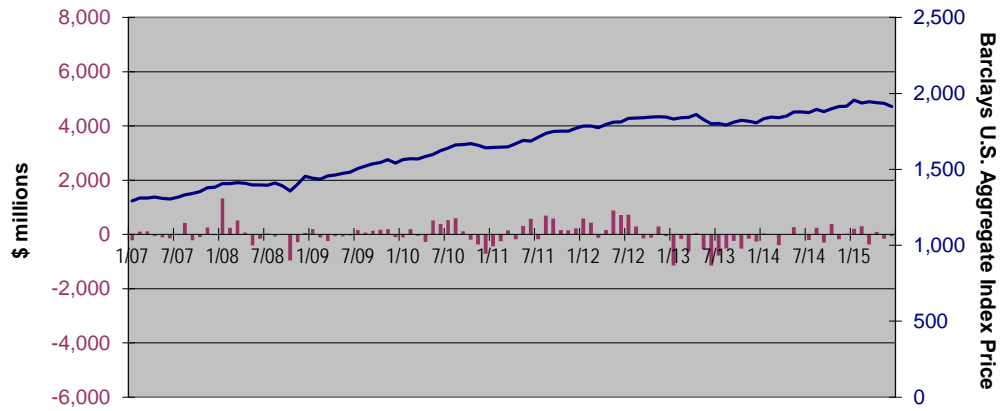
THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY

June 2015

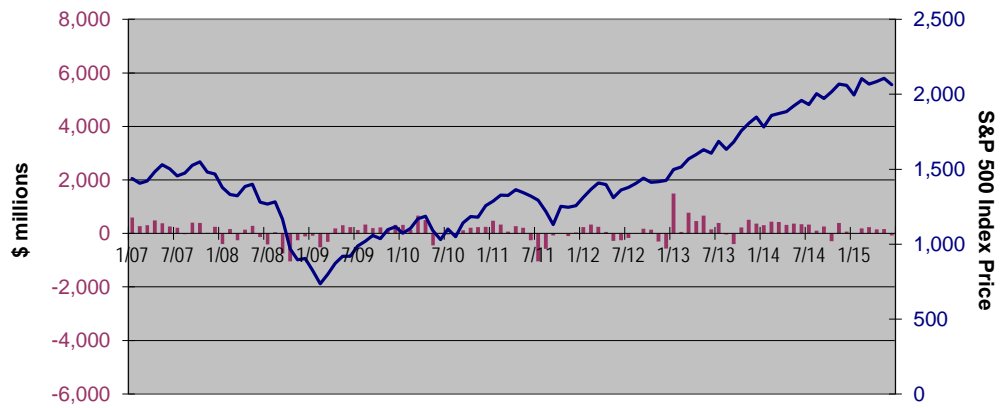
Monthly Interfund Transfers
G Fund



Monthly Interfund Transfers
F Fund

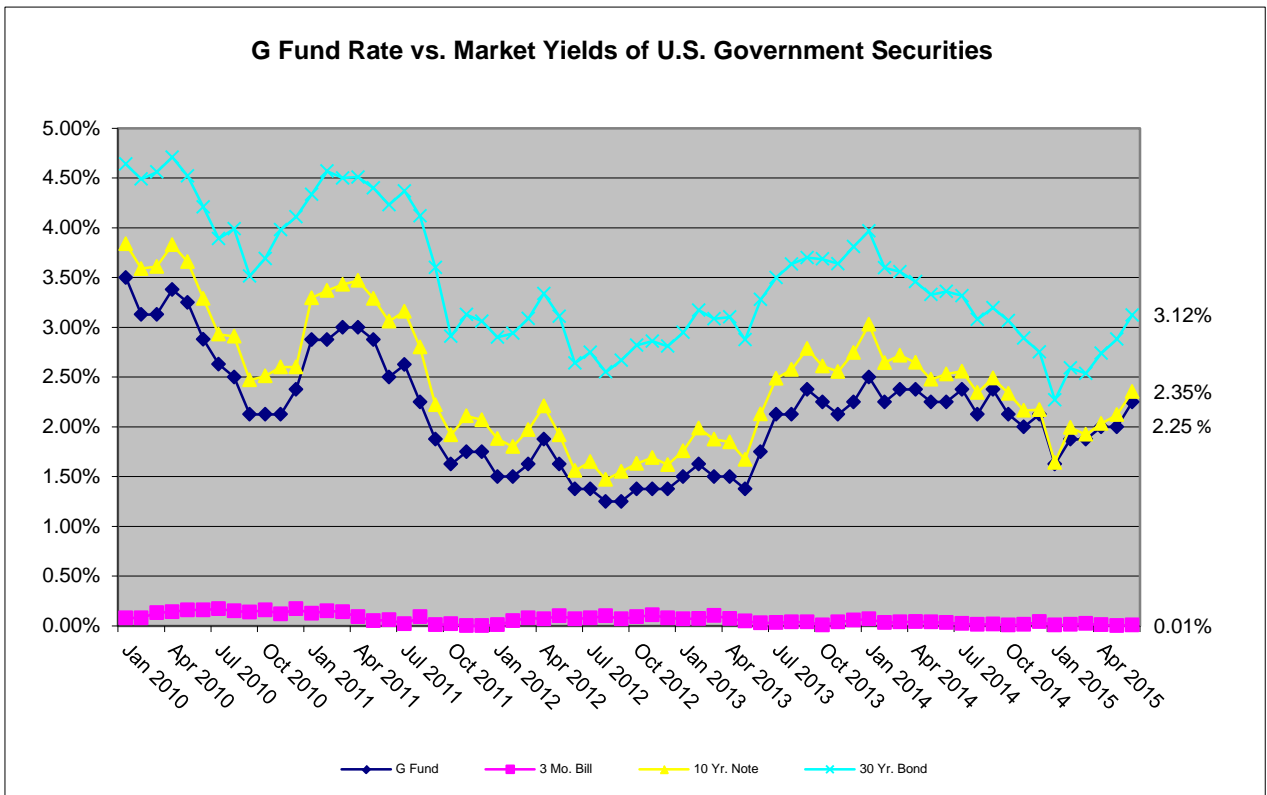
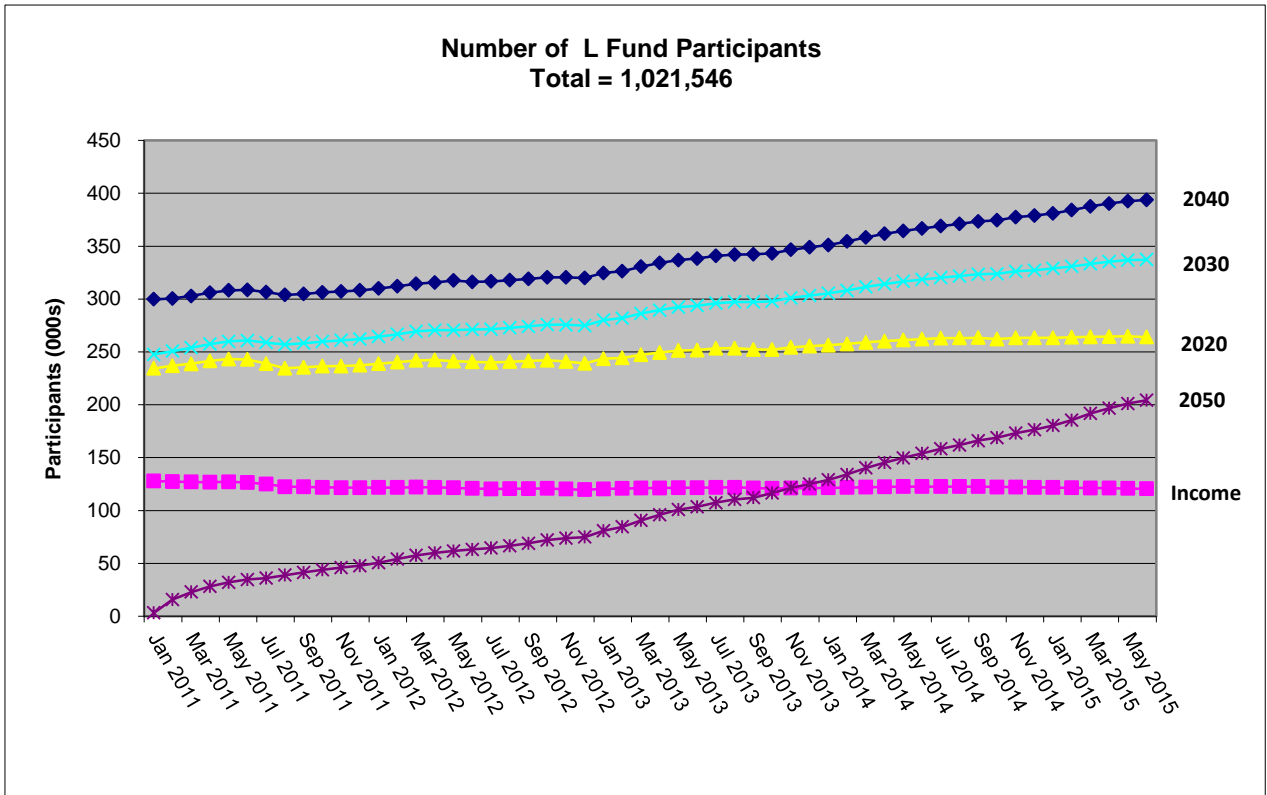


Monthly Interfund Transfers
L Funds



THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY

June 2015





April 13, 2015

Mr. Zach Oleksiuk, CFA
Director
Corporate Governance & Responsible Investment
BlackRock
55 East 52nd St
New York, NY 10055

Dear Zach,

Enclosed are the results of our review of US proxy votes by BlackRock for the 1st quarter of 2015. Our review found that there were no exceptions to policy over this period.

Best regards,

A handwritten signature in black ink, appearing to read "Fassil Michael", written over a light blue horizontal line.

Fassil G. Michael
Executive Director, Head of Custom Research

MEMORANDUM

The results of our review of BlackRock's 1st quarter proxy voting for US meetings are as follows:

- Votes at 36 meetings were examined.
- Votes at 15 of the 36 meetings were for directors, auditors, and/or management say-on-pay (MSOP) only.
- At the 21 remaining meetings, there were 37 non-director/auditor/MSOP proposals.

The following table illustrates the votes involved by proposal type:

Proposal	Votes
Executive stock option plan	11
Non-executive stock option plan	1
Employee share purchase plan	2
Advisory vote on golden parachute compensation	2
Authorize new class of common stock	1
Reverse stock split	1
Approve sale of assets	1
Merger	2
Issue shares in connection with acquisition	1
Adjourn meeting	4
Classify board of directors	1
Adopt majority voting for director elections	1
Eliminate cumulative voting	1
Eliminate supermajority vote requirement	2
Reduce supermajority vote requirement	1
Amend stock ownership limitations	1
Amend certificate of incorporation	2
Shareholder proposal	2
Total:	37

- There were 11 votes cast on executive stock option plans:
 - a) 10 votes were cast in favor of the plans (90.9 percent);
 - b) 1 vote was cast against the plans because the plan does not align interests with those of shareholders (9.1 percent).

- There was 1 vote cast on non-executive stock option plans; the vote was cast in favor of the plan.

- There were 4 votes cast on mergers and/or major corporate transactions, including an issuance of shares pursuant to acquisition and a sale of company assets; the votes were cast in favor of the transactions.

- There were 24 votes cast on management advisory votes on executive compensation:
 - a) 23 votes were cast in favor of the advisory votes (95.8 percent);
 - b) 1 vote was cast against the advisory votes, as pay did not appear to be properly aligned with performance and peers (4.2 percent).

- There were 2 votes cast on a management advisory vote on golden parachute compensation; the votes were cast in favor of the advisory votes.

- There were 2 votes cast on shareholder proposals which included:
 - a) 1 shareholder proposal to establish term limits for directors; the vote was cast against the proposal.
 - b) 1 shareholder proposal to report on risk associated with use of gestation crates; the vote was cast against the proposal.

There were no exceptions to policy this period.