



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

September 4, 2014

MEMORANDUM FOR THE EXECUTIVE DIRECTOR

FROM: TRACEY RAY
CHIEF INVESTMENT OFFICER

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

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

TRACKING ERROR - BlackRock Funds (BTC)

August Tracking Error

<u>Fund</u>	<u>% BTC Fund Performance</u>	<u>% Index Performance</u>	<u>Tracking Error</u>
Fixed Income	1.12	1.10	0.02
Large Cap	4.01	4.00	0.01
Small Mid Cap	4.98	4.95	0.03
International	-0.14	-0.15	0.01

2014 Tracking Error

<u>Fund</u>	<u>% BTC Fund Performance</u>	<u>% Index Performance</u>	<u>Tracking Error</u>
Fixed Income	5.36	4.81	0.55
Large Cap	9.96	9.89	0.07
Small Mid Cap	6.58	6.52	0.06
International	2.88	2.56	0.32

The Fixed Income Fund outperformed the index by 55 basis points for the year to date, primarily because of securities lending and pricing differences. The International Fund outperformed the index by 32 basis points for the year as a result of the tax effect.

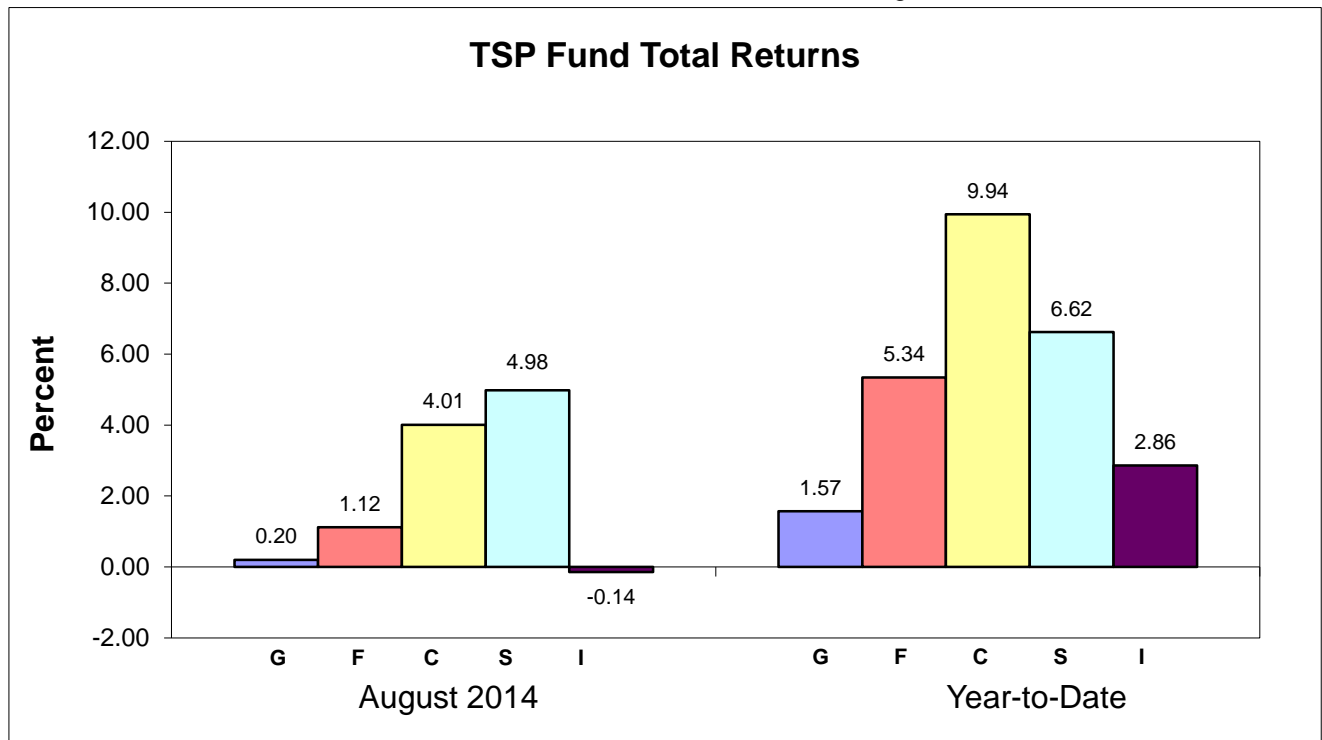
Trading Costs

	<u>Dollar Amount Traded</u>	<u>Trading Costs*</u>	
		<u>\$</u>	<u>Basis Points</u>
<u>F Fund</u>			
August 2014	366,191,557	(86,319)	-2.4
Year-to-Date	6,121,296,253	113,540	0.2
<u>C Fund</u>			
August 2014	1,252,968,583	223,220	1.8
Year-to-Date	9,021,245,159	(270,907)	-0.3
<u>S Fund</u>			
August 2014	1,368,501,027	(96,174)	-0.7
Year-to-Date	10,975,703,527	(580,346)	-0.5
<u>I Fund</u>			
August 2014	821,927,893	(63,206)	-0.8
Year-to-Date	6,341,384,564	1,000,077	1.6

* -- 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 for August 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.

August 2014

Total Return %

<u>Fund</u>	<u>TSP</u>	<u>BTC</u>	<u>Difference</u>	<u>Index</u>
Fixed Income	1.12	1.12	0.00	1.10
Large Cap	4.01	4.01	0.00	4.00
Small Cap	4.98	4.98	0.00	4.95
International	-0.14	-0.14	0.00	-0.15

2014

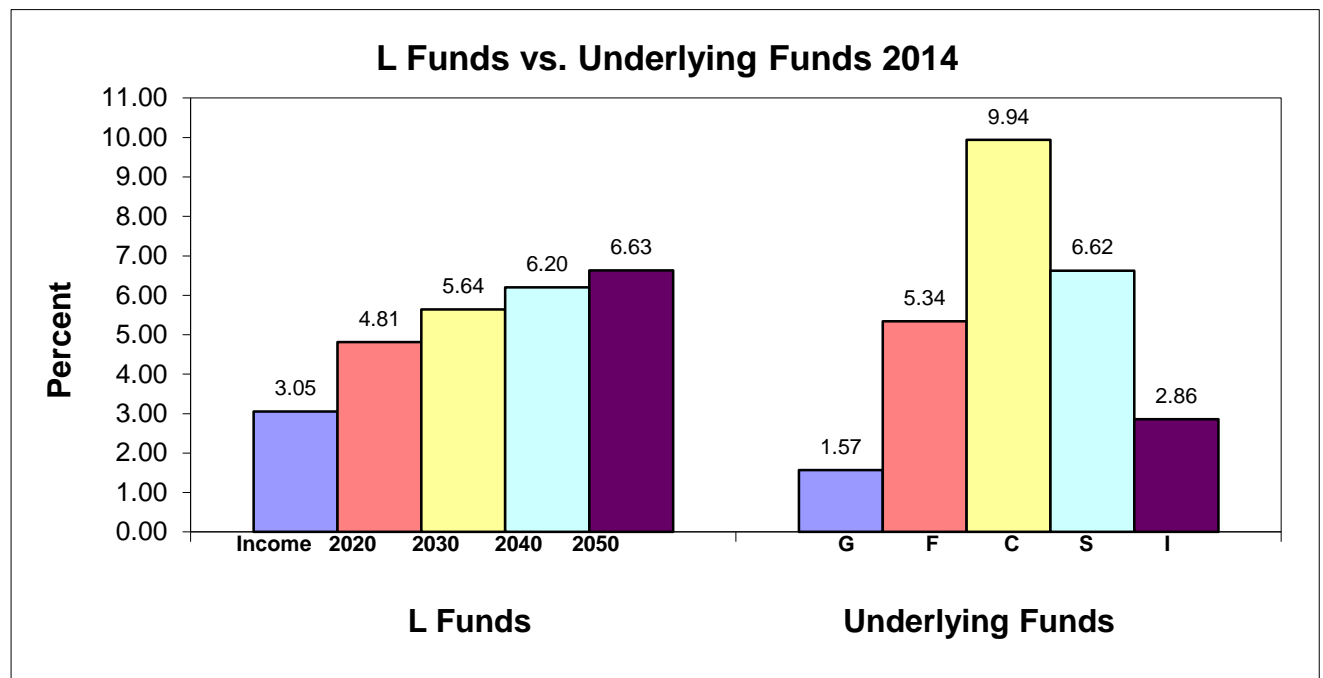
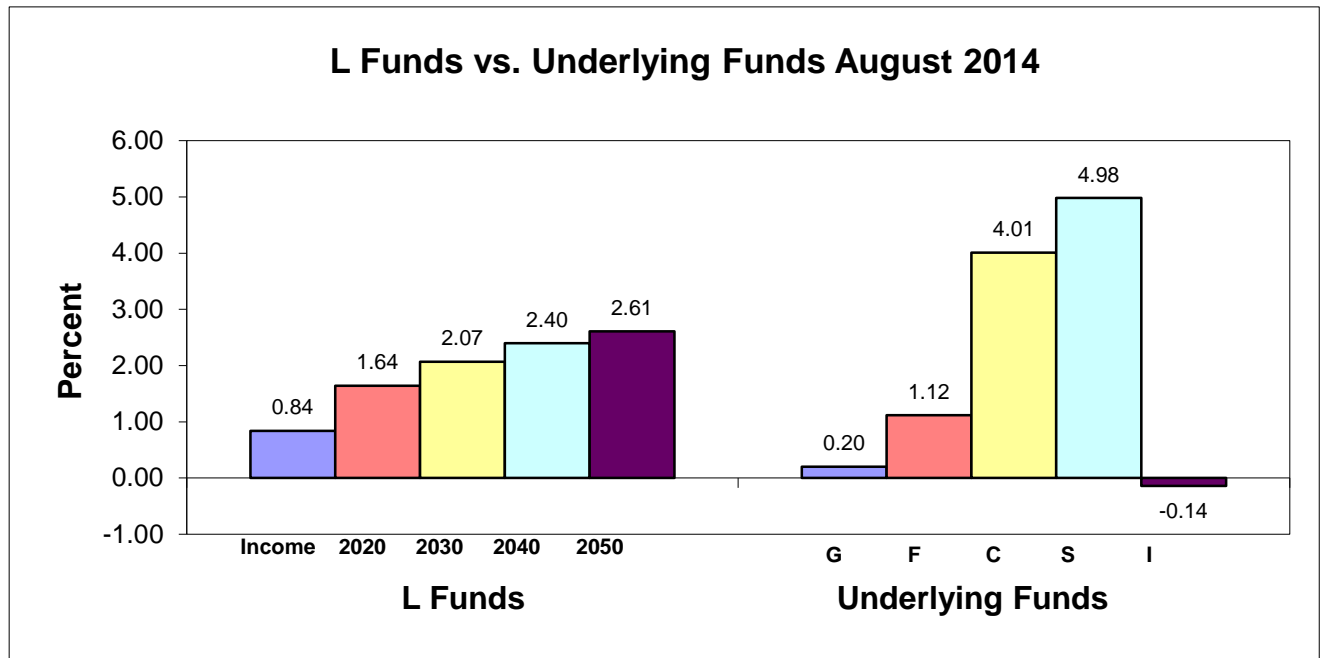
Total Return %

<u>Fund</u>	<u>TSP</u>	<u>BTC</u>	<u>Difference</u>	<u>Index</u>
Fixed Income	5.34	5.36	-0.02	4.81
Large Cap	9.94	9.96	-0.02	9.89
Small Cap	6.62	6.58	0.04	6.52
International	2.86	2.88	-0.02	2.56

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

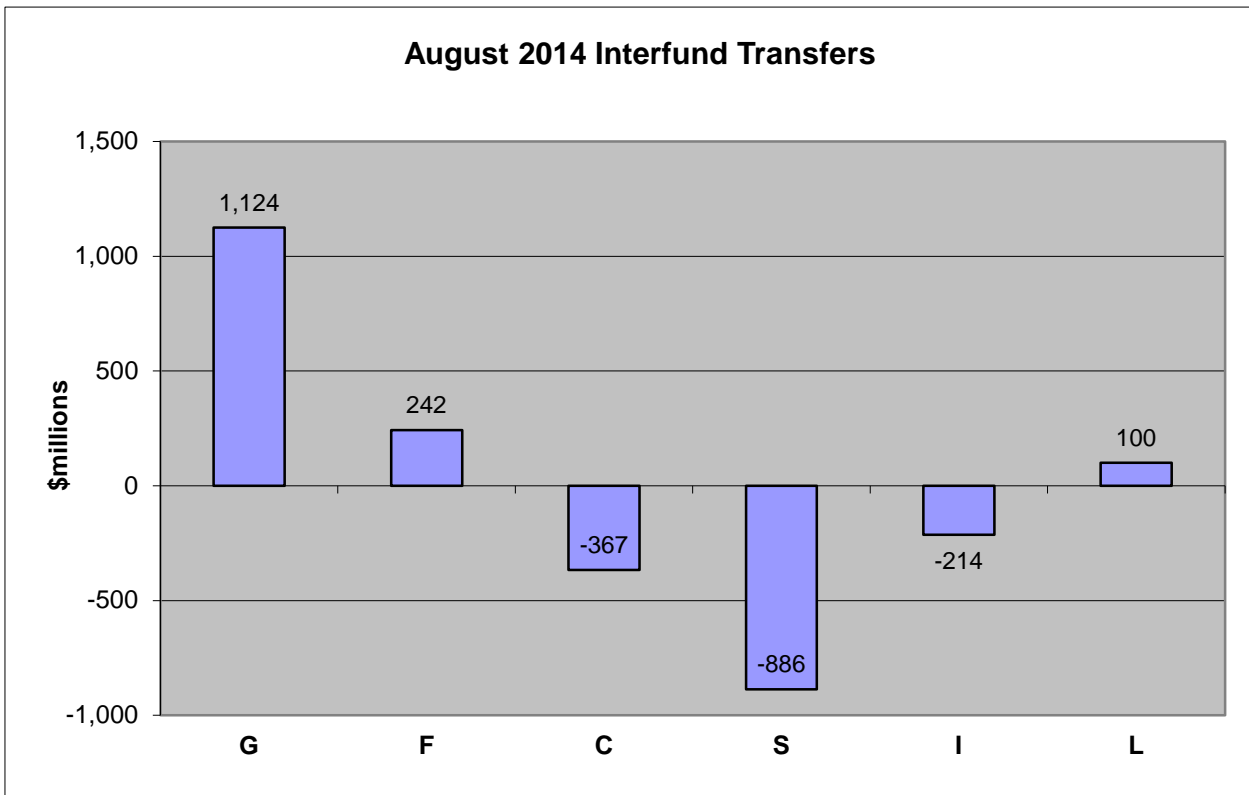
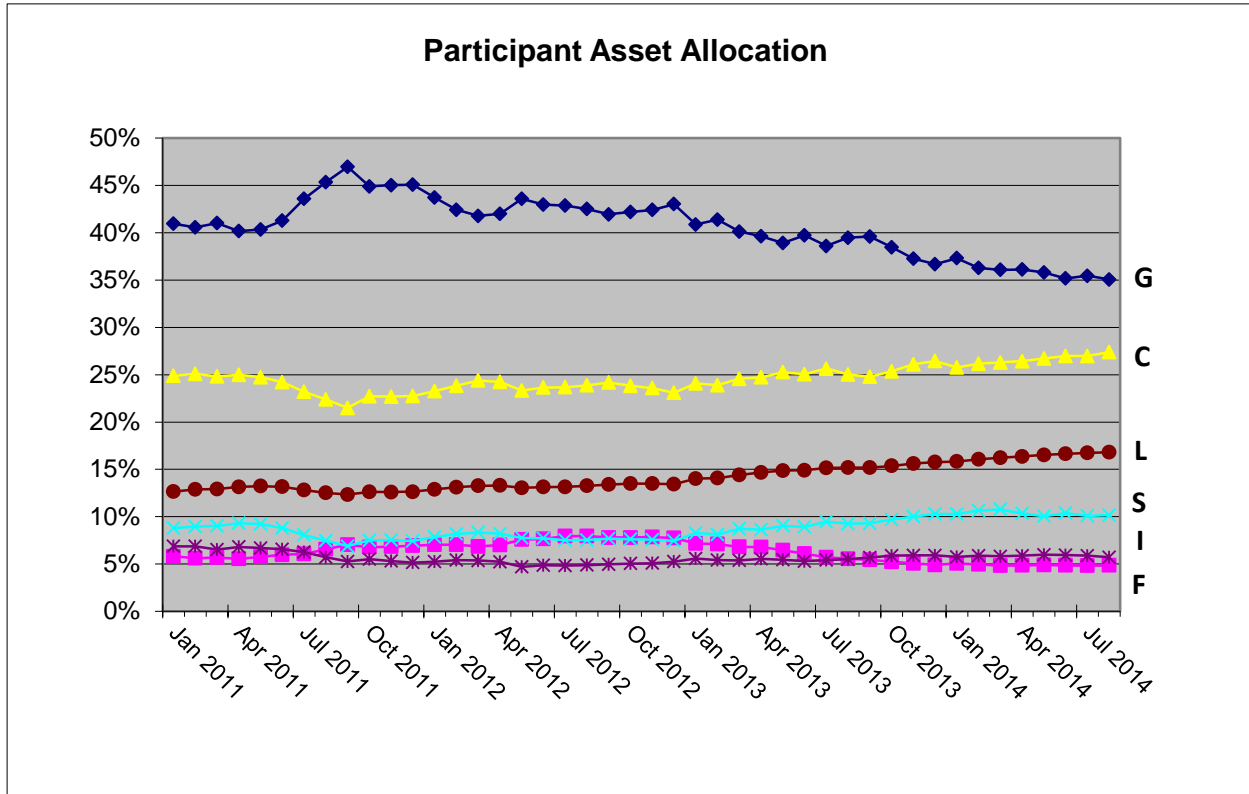
L Funds

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 August 2014

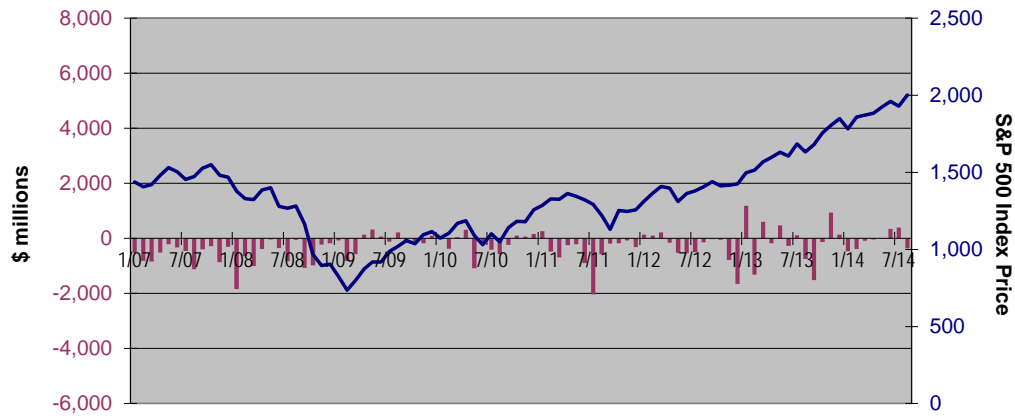
Attachment 1



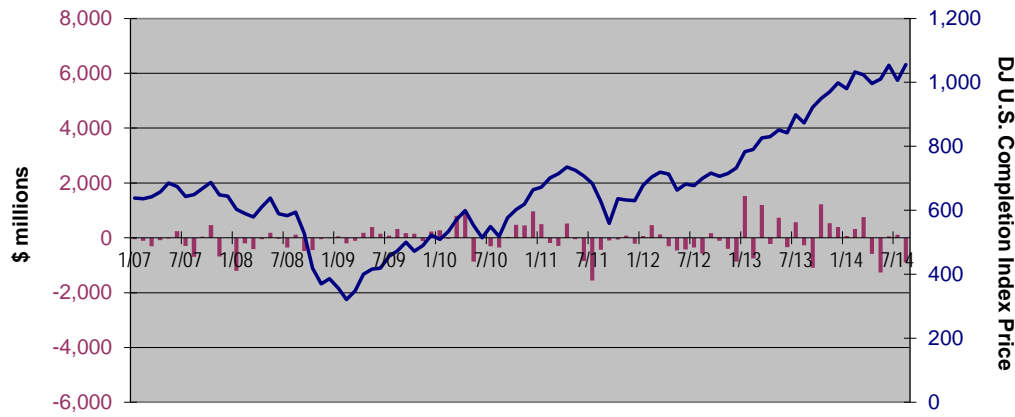
THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY

August 2014

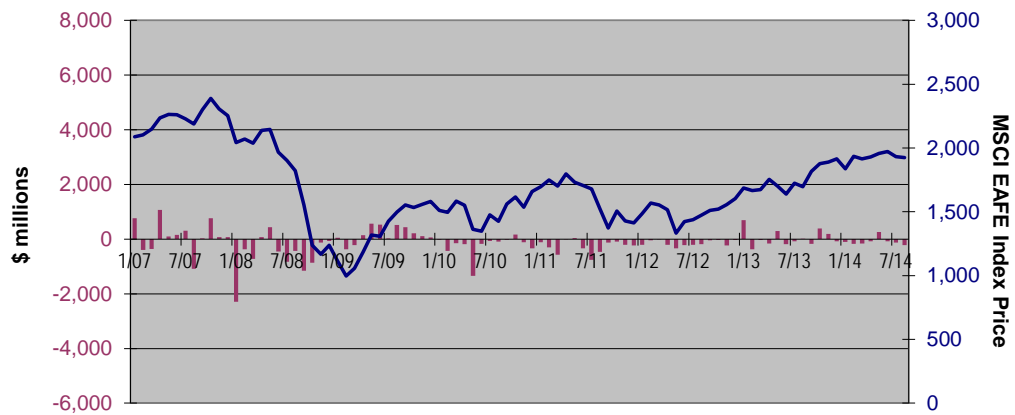
Monthly Interfund Transfers
C Fund



Monthly Interfund Transfers
S Fund



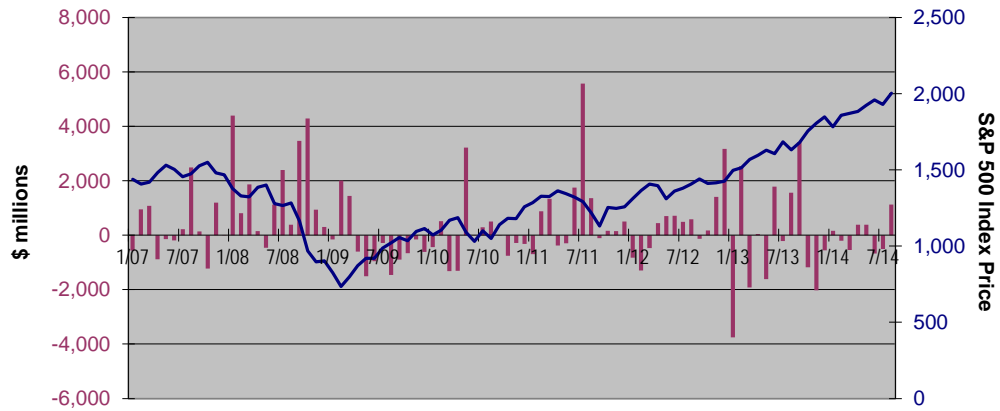
Monthly Interfund Transfers
I Fund



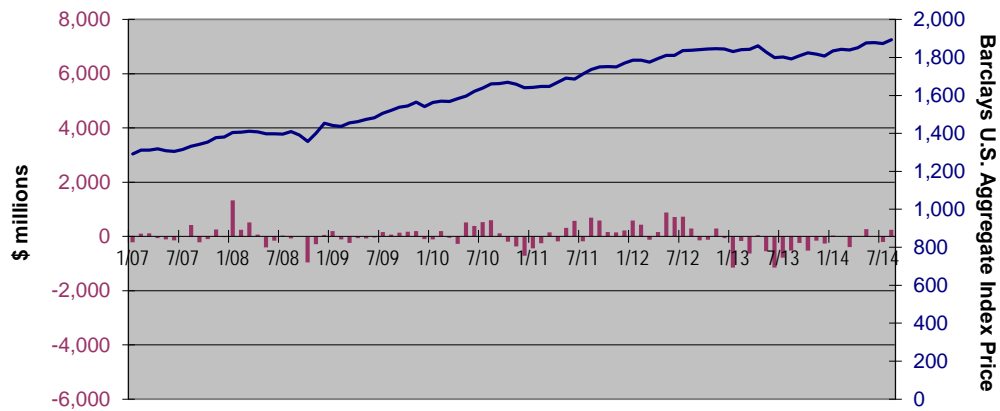
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August 2014

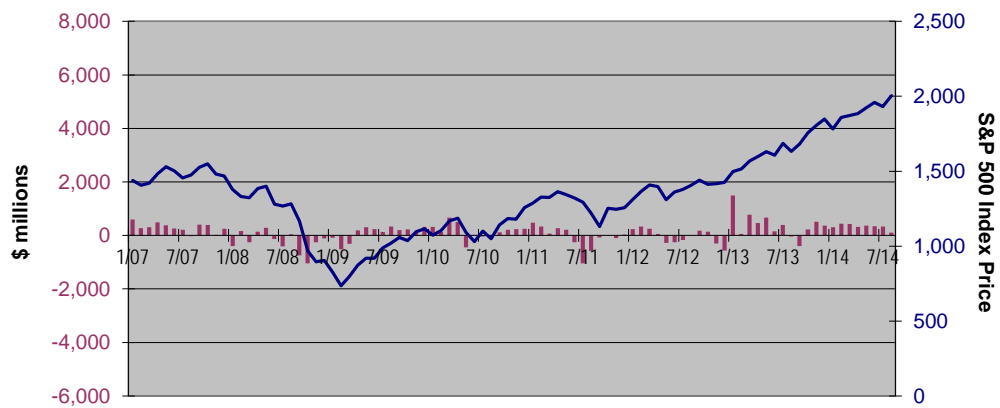
Monthly Interfund Transfers
G Fund



Monthly Interfund Transfers
F Fund



Monthly Interfund Transfers
L Funds



THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY

August 2014

