



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

August 16, 2018

MEMORANDUM FOR THE EXECUTIVE DIRECTOR

FROM: SEAN MCCAFFREY
CHIEF INVESTMENT OFFICER

SUBJECT: July 2018 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, investment manager performance and tracking error, trading costs, TSP fund performance, and L Fund participation.

TRACKING ERROR - TSP Separate Accounts at BlackRock (BTC)

Monthly Tracking Error

| <u>Fund</u> | <u>% BTC Returns</u> | <u>% TSP Returns</u> | <u>% Index Returns</u> | <u>BTC T.E.</u> | <u>TSP vs. BTC</u> |
|----------------------|-----------------------------|-----------------------------|-------------------------------|------------------------|---------------------------|
| Fixed Income | 0.04 | 0.04 | 0.02 | 0.02 | 0.00 |
| Large Cap | 3.72 | 3.72 | 3.72 | 0.00 | 0.00 |
| Small Mid Cap | 1.64 | 1.64 | 1.61 | 0.03 | 0.00 |
| International | 2.45 | 2.45 | 2.46 | -0.01 | 0.00 |

2018 Year-to-Date (YTD) Tracking Error

| <u>Fund</u> | <u>% BTC Returns</u> | <u>% TSP Returns</u> | <u>% Index Returns</u> | <u>BTC T.E.</u> | <u>TSP vs. BTC</u> |
|----------------------|-----------------------------|-----------------------------|-------------------------------|------------------------|---------------------------|
| Fixed Income | -1.50 | -1.52 | -1.59 | 0.09 | -0.02 |
| Large Cap | 6.47 | 6.45 | 6.47 | 0.00 | -0.02 |
| Small Mid Cap | 7.92 | 7.91 | 7.77 | 0.15 | -0.01 |
| International | -0.01 | -0.04 | -0.36 | 0.35 | -0.03 |

BlackRock's performance for the F, C and I Funds was in-line with indices for the month. BlackRock outperformed the Small Mid Cap Index by 3 basis points during the month due to securities lending. Year-to-date, the F Fund was ahead of the Fixed Income Index by 9 basis points primarily due to securities lending. BlackRock's performance for the C Fund year-to-date was in-line with the Large Cap Index. It's performance was ahead of the Small Cap Index by 15 basis points year-to-date, primarily due to securities lending. BlackRock outperformed the International Index by 35 basis points year-to-date, primarily due to tax effect.

The TSP Funds closely tracked the BTC Accounts for the month. The TSP Funds also closely tracked the BTC Accounts for the year-to-date, except for the International Fund, which was lower due to higher trading costs.

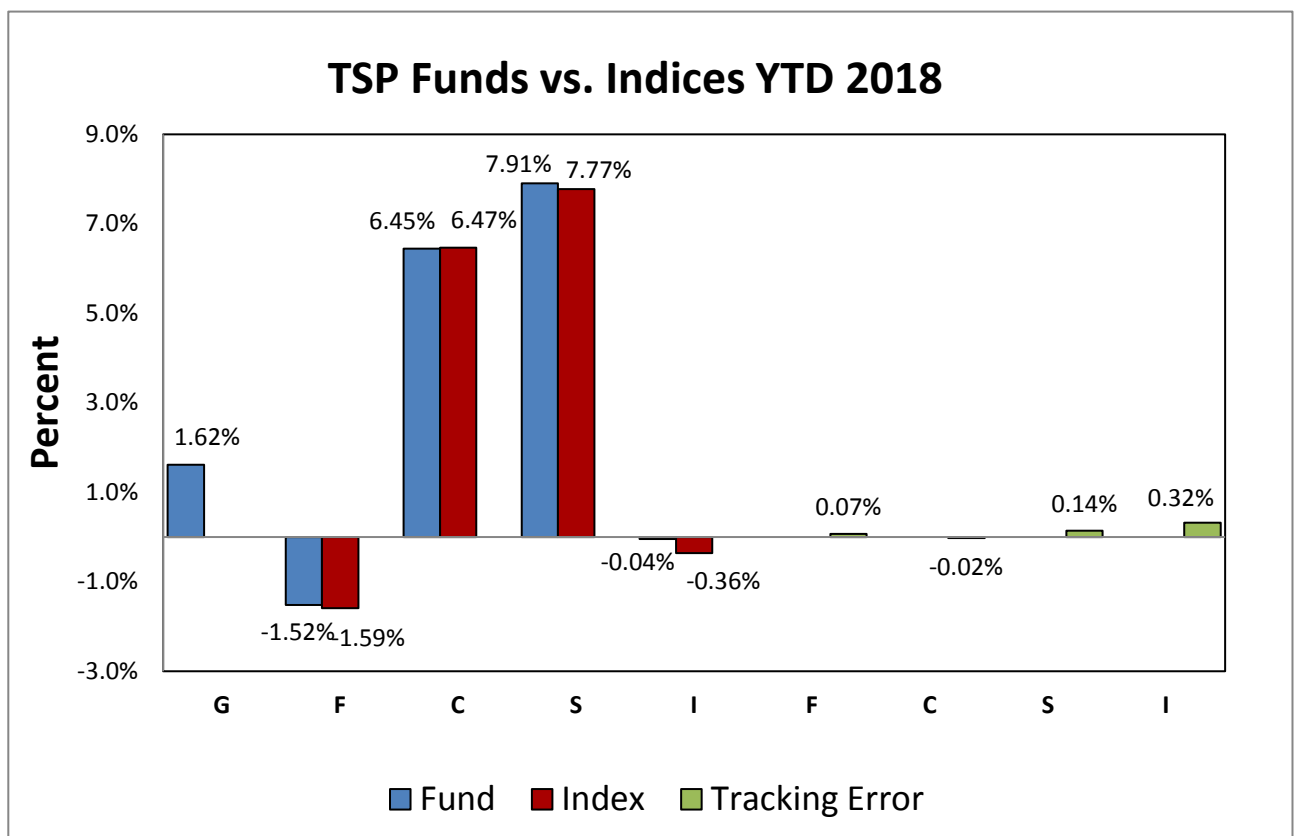
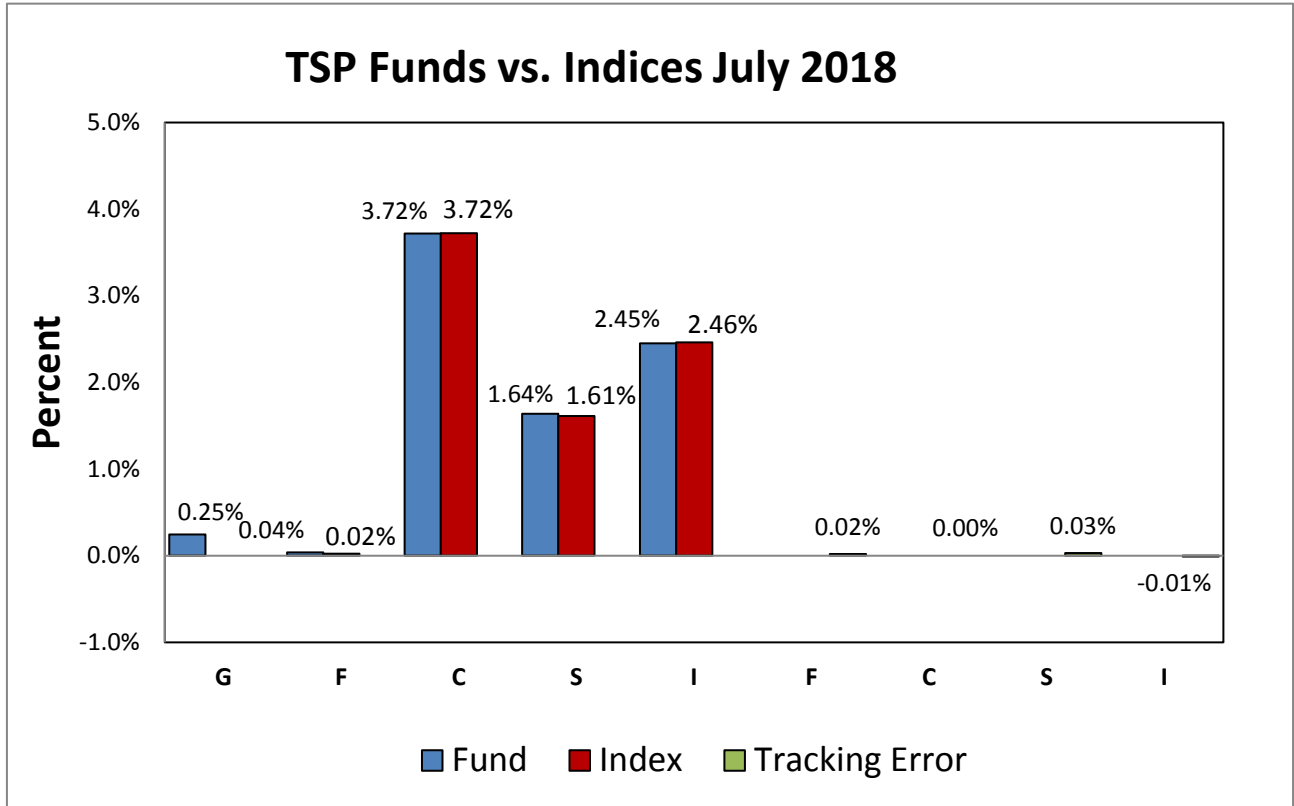
Trading Costs

| <u>Trading Costs</u> | | | |
|----------------------|---------------------------------------|----------------|-------------------------------|
| <u>F Fund</u> | <u>Dollar Amount</u> <u>Traded</u> | <u>Dollars</u> | <u>Basis</u> <u>Points</u> |
| July | 722,949,266 | 24,936 | 0.3 |
| Year-to-Date | 6,682,041,020 | 157,686 | 0.2 |
| <u>C Fund</u> | | | |
| July | 2,396,917,306 | 253,642 | 1.1 |
| Year-to-Date | 20,864,341,066 | (8,850,105) | -4.2 |
| <u>S Fund</u> | | | |
| July | 1,586,895,425 | (115,897) | -0.7 |
| Year-to-Date | 11,829,801,087 | (5,882,977) | -5.0 |
| <u>I Fund</u> | | | |
| July | 1,587,194,949 | (595,281) | -3.8 |
| Year-to-Date | 11,540,192,341 | 5,549,369 | 4.8 |

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

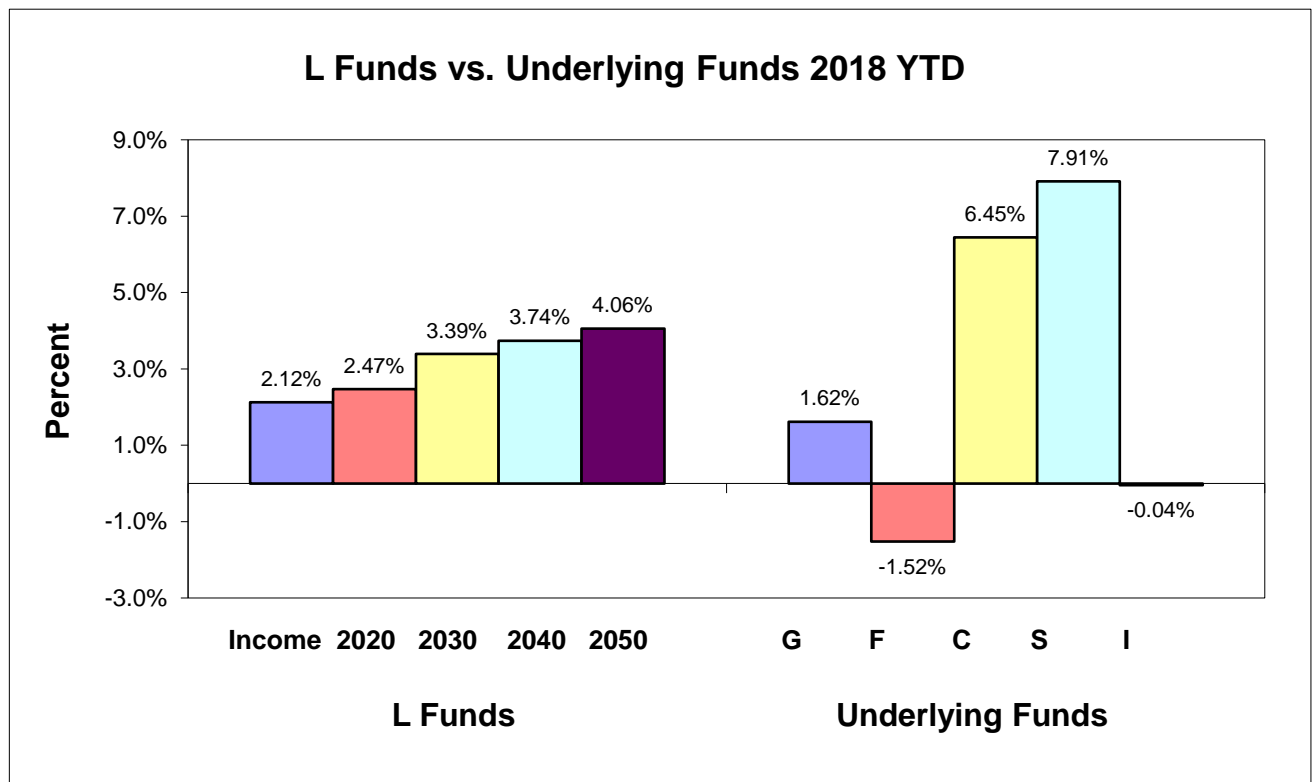
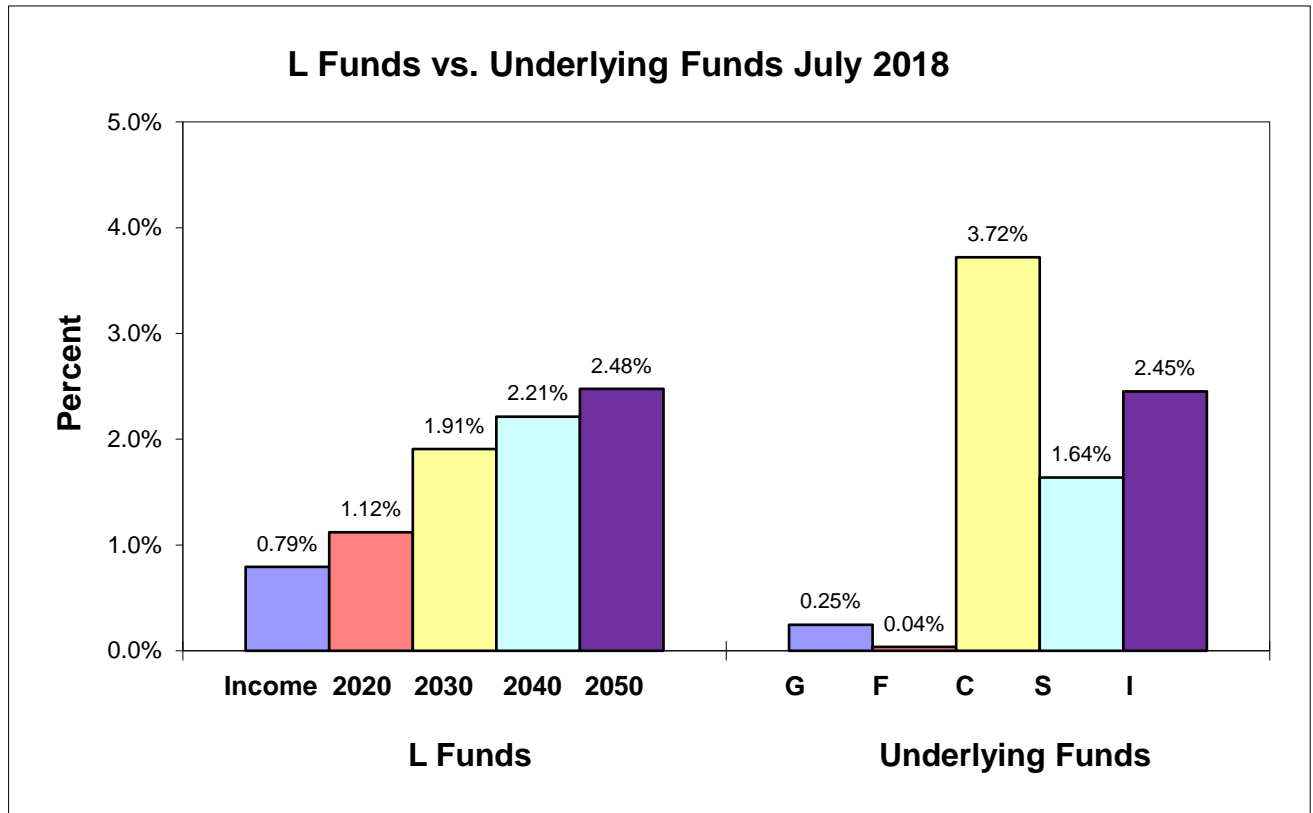
Performance of TSP Funds Total Returns

The charts below show the G, F, C, S, and I Fund net rates of return vs. respective benchmark indices.



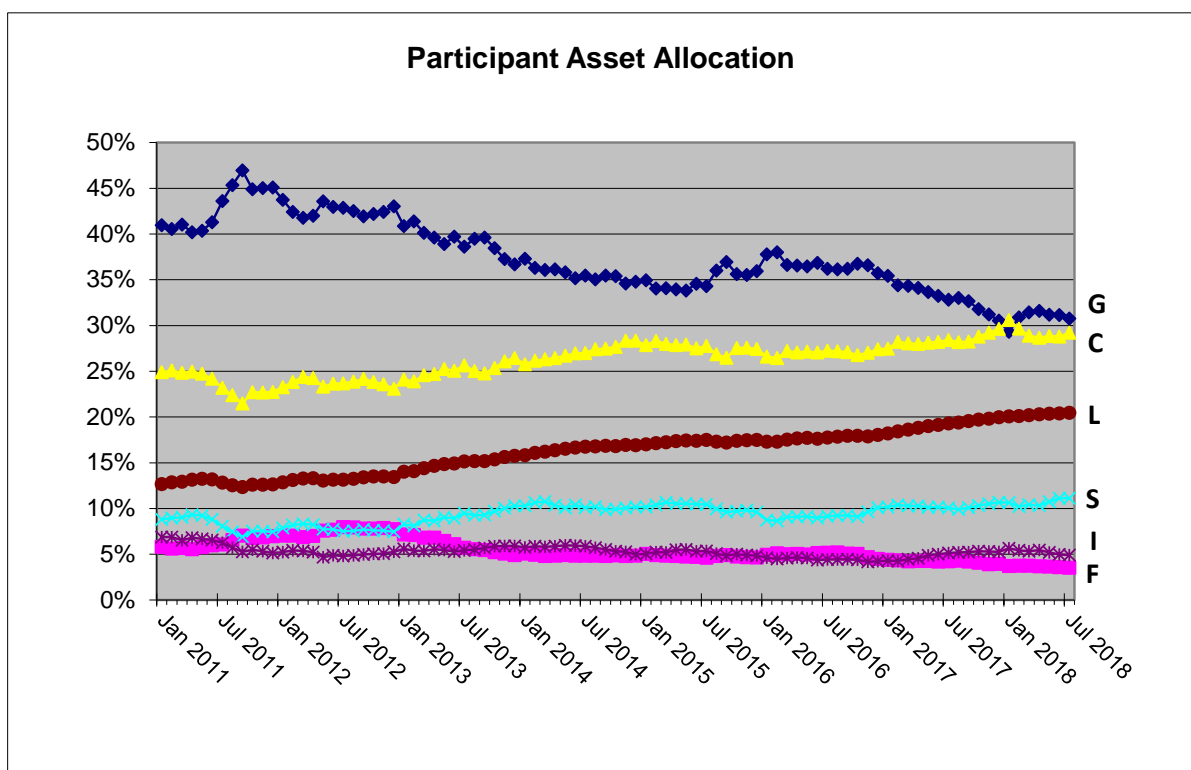
L Funds

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 2018**

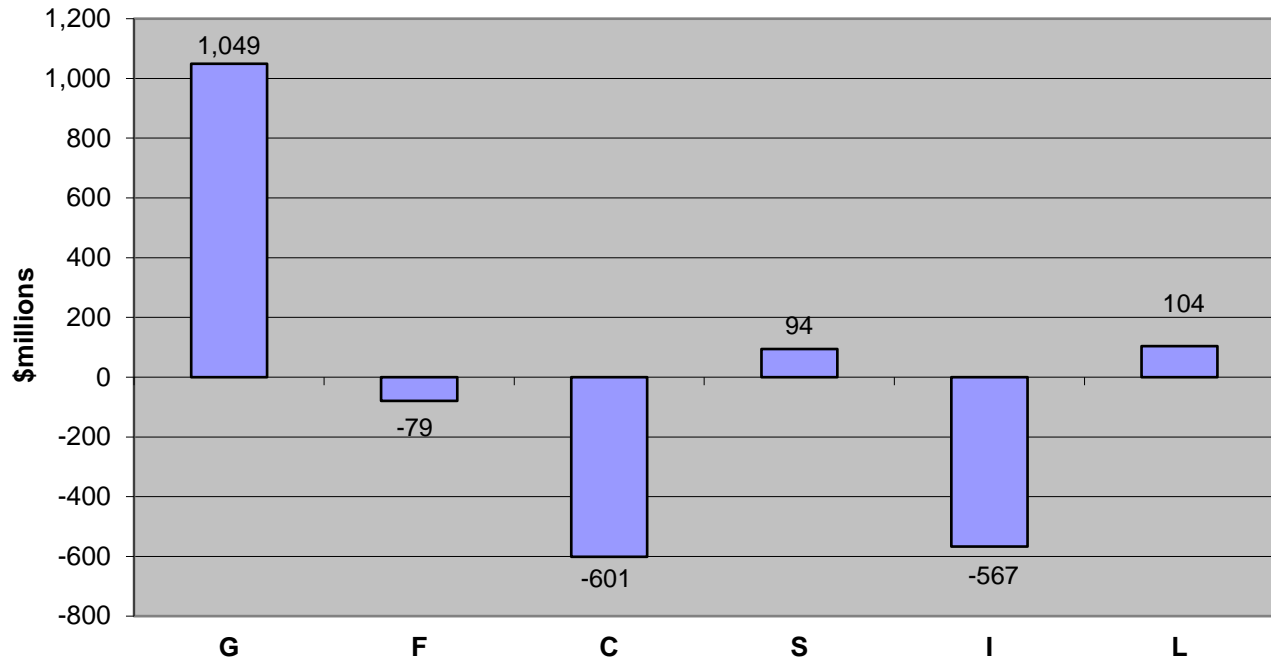
Attachment 1



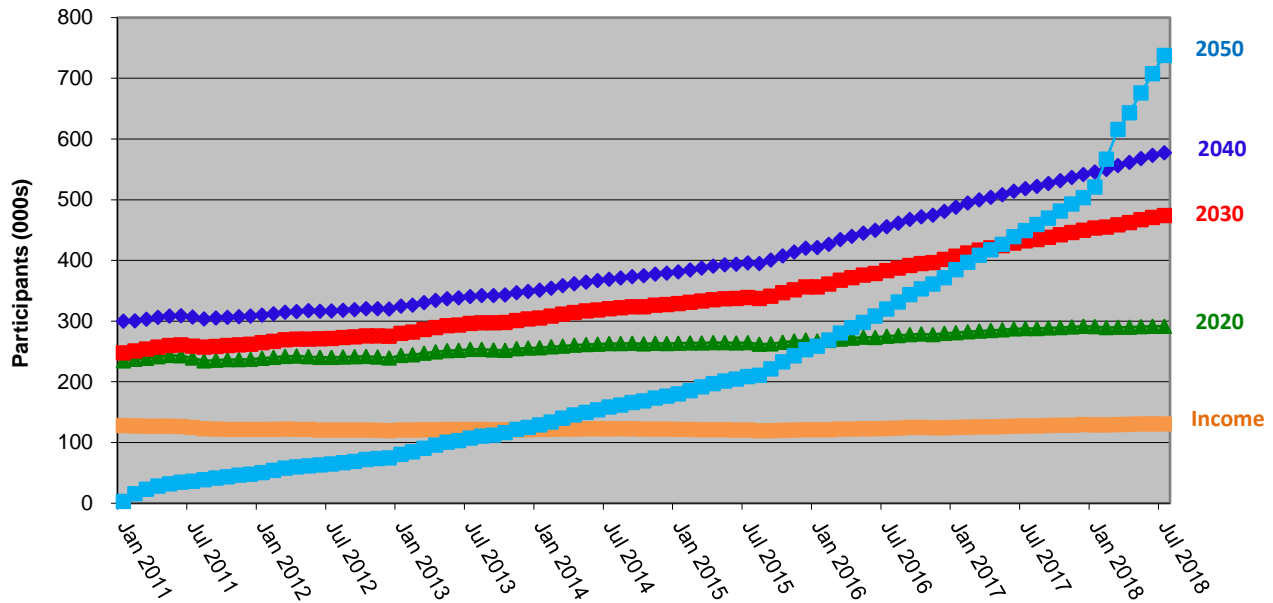
| TSP Assets -- Participant Allocation (July 31, 2018) | | | TSP Assets -- By Core Funds (July 31, 2018) | | |
|---|------------------------------|----------------|--|------------------------------|----------------|
| <u>Fund</u> | <u>Dollars (Billion USD)</u> | <u>Percent</u> | <u>Fund</u> | <u>Dollars (Billion USD)</u> | <u>Percent</u> |
| G Fund | \$175.1 | 30.9% | G Fund | \$218.4 | 38.5% |
| F Fund | \$19.9 | 3.5% | F Fund | \$27.7 | 4.9% |
| C Fund | \$165.6 | 29.2% | C Fund | \$200.8 | 35.4% |
| S Fund | \$63.1 | 11.1% | S Fund | \$73.5 | 12.9% |
| I Fund | \$27.8 | 4.9% | I Fund | \$47.1 | 8.3% |
| L Fund | \$116.0 | 20.4% | | | |
| Total | \$567.6 | 100% | Total | \$567.6 | 100% |

**THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY
JULY 2018**

July 2018 -- Interfund Transfers

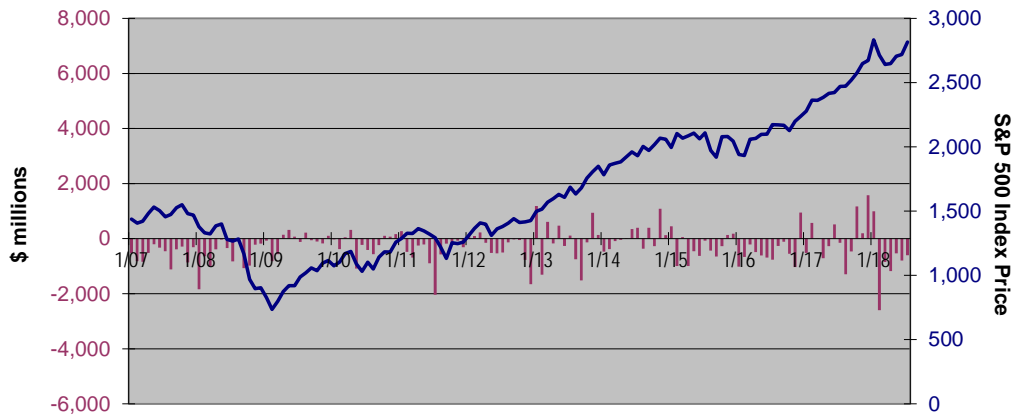


**Number of L Fund Participants
Total = 1,839,280**

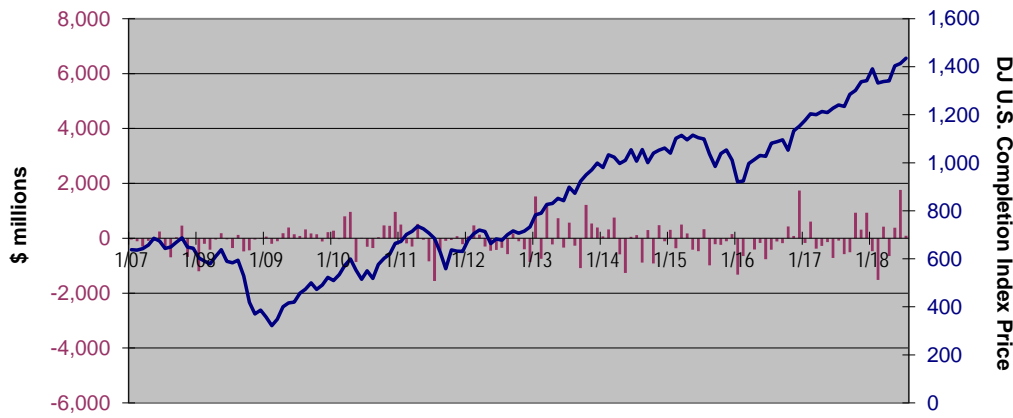


THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY JULY 2018

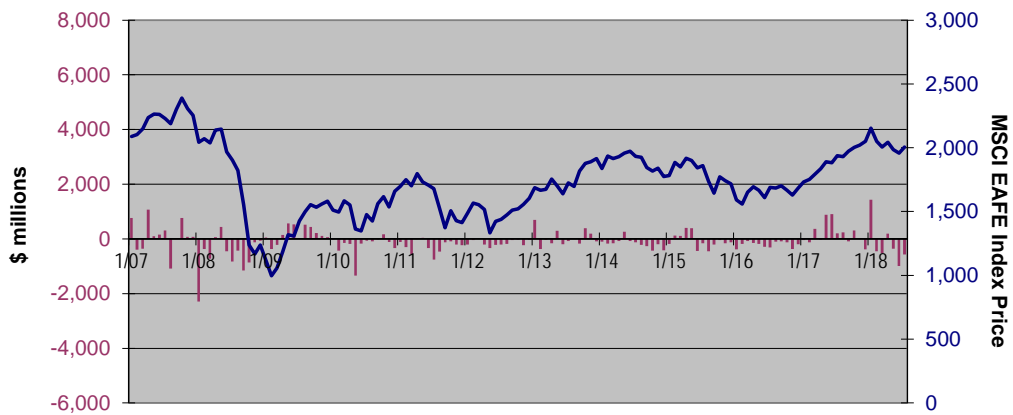
Monthly Interfund Transfers
C Fund



Monthly Interfund Transfers
S Fund

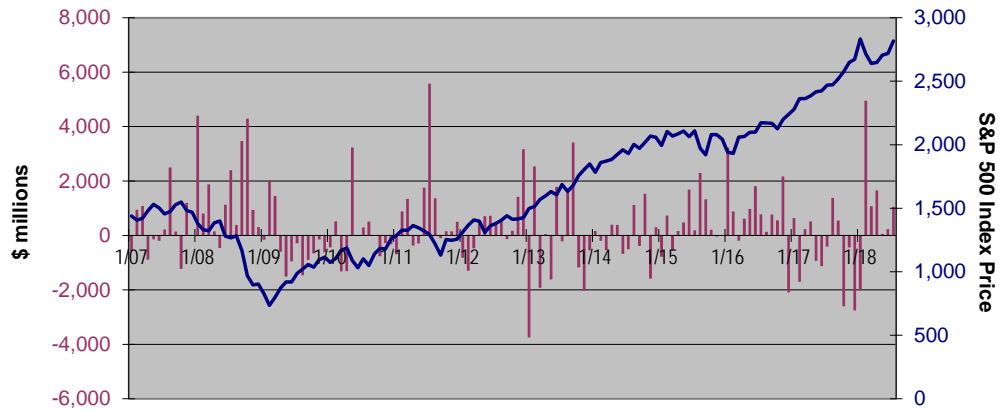


Monthly Interfund Transfers
I Fund

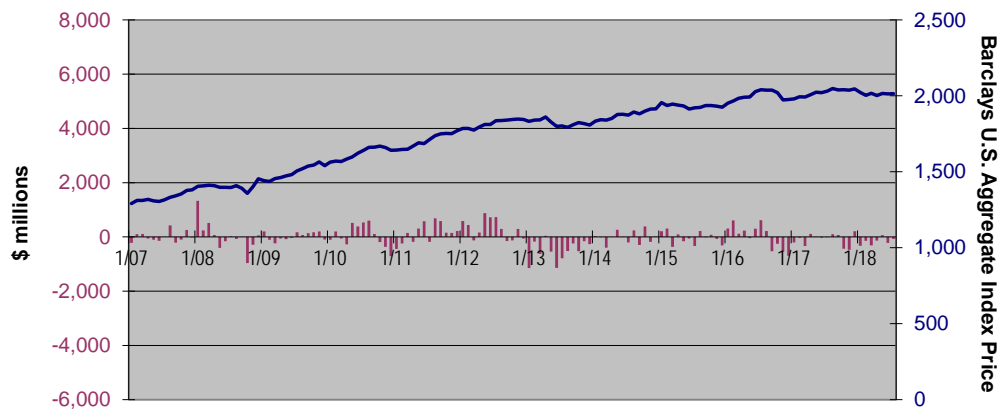


THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY JULY 2018

Monthly Interfund Transfers G Fund



Monthly Interfund Transfers F Fund



Monthly Interfund Transfers L Funds

