



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

June 10, 2008

MEMORANDUM FOR GREG LONG, Executive Director

FROM: TRACEY RAY,   
Chief Investment Officer

SUBJECT: May 2008 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 2008: investment manager performance and tracking error, trading costs, TSP fund performance, and L Fund participation.

**TRACKING ERROR - BGI Funds**

**May Tracking Error**

<b><u>Fund</u></b>	<b><u>% BGI FUND Performance</u></b>	<b><u>% Index Performance</u></b>	<b><u>Tracking Error</u></b>
Fixed Income	-0.73	-0.73	0.00
Large Cap	1.31	1.30	0.01
<b>Small Mid Cap</b>	<b>4.84</b>	<b>4.76</b>	<b>0.08</b>
International	1.10	0.97	0.13

**Year to Date Tracking Error**

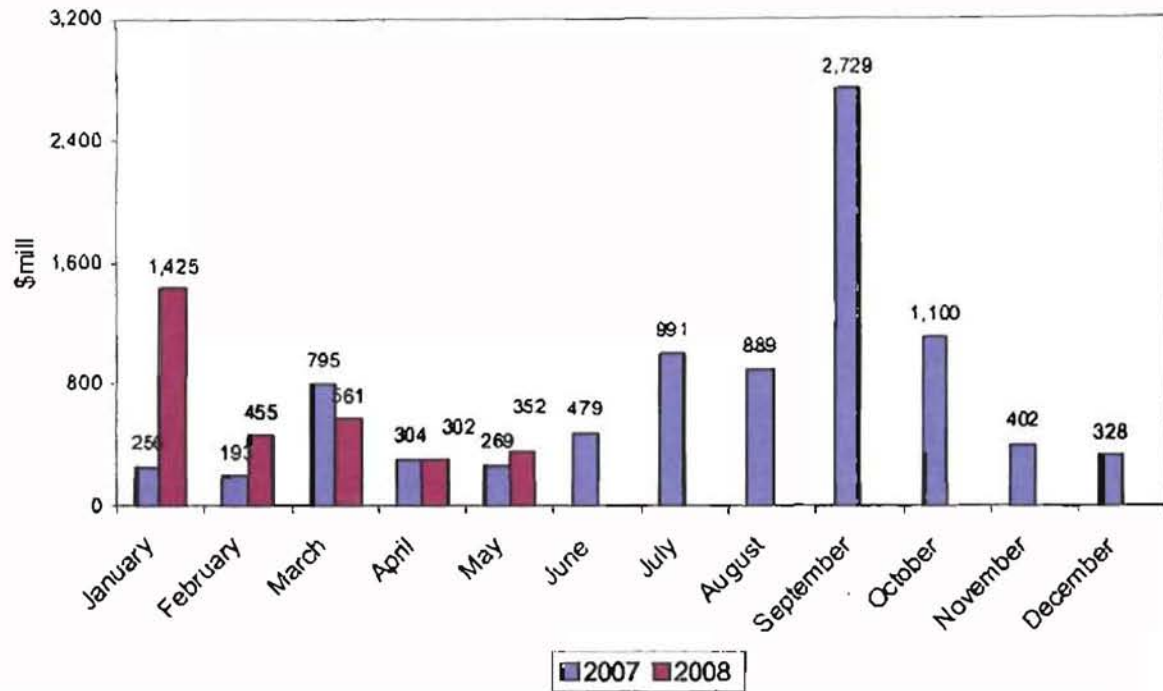
<b><u>Fund</u></b>	<b><u>% BGI FUND Performance</u></b>	<b><u>% Index Performance</u></b>	<b><u>Tracking Error</u></b>
<b>Fixed Income</b>	<b>1.30</b>	<b>1.21</b>	<b>0.09</b>
Large Cap	-3.78	-3.80	0.02
<b>Small-Mid Cap</b>	<b>-0.09</b>	<b>-0.38</b>	<b>0.29</b>
International	-2.80	-3.03	0.23

The **Barclays Extended Equity Market Fund E** outperformed by 8 basis points in May and by 29 basis points year to date. This tracking error is primarily related to the sampling technique used by the Fund. The **Barclay's EAFE Equity Index Fund E** outperformed by 13 basis points in May and 23 basis points year to date, primarily because of the tax effect. The **Barclays U.S. Debt Index Fund E** has outperformed by 9 basis points in 2008, primarily as a result of the sampling technique used by the Fund.

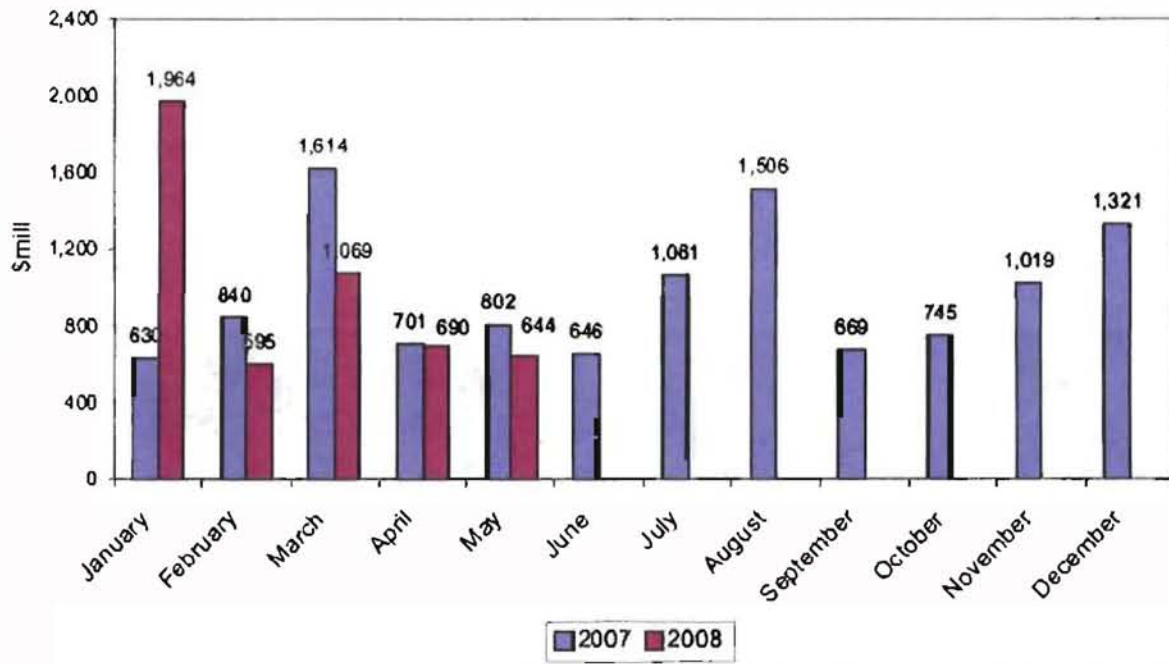
**TRADING COSTS**

	<u>DOLLAR AMOUNT TRADED</u>	<u>TRADING COSTS</u>	
		<u>\$</u>	<u>Basis Points</u>
<u>F Fund</u>			
May 2008	352,083,760	-22,524	-0.6
Year-to-Date	3,094,762,021	1,365,507	4.4
<u>C Fund</u>			
May 2008	644,169,960	-101,701	-1.6
Year-to-Date	4,963,254,790	-110,741	-0.2
<u>S Fund</u>			
May 2008	356,461,485	-333,955	-9.4
Year-to-Date	2,760,729,201	703,418	2.5
<u>I Fund</u>			
May 2008	806,901,023	155,521	1.9
Year-to-Date	5,746,108,490	-1,299,676	-2.3

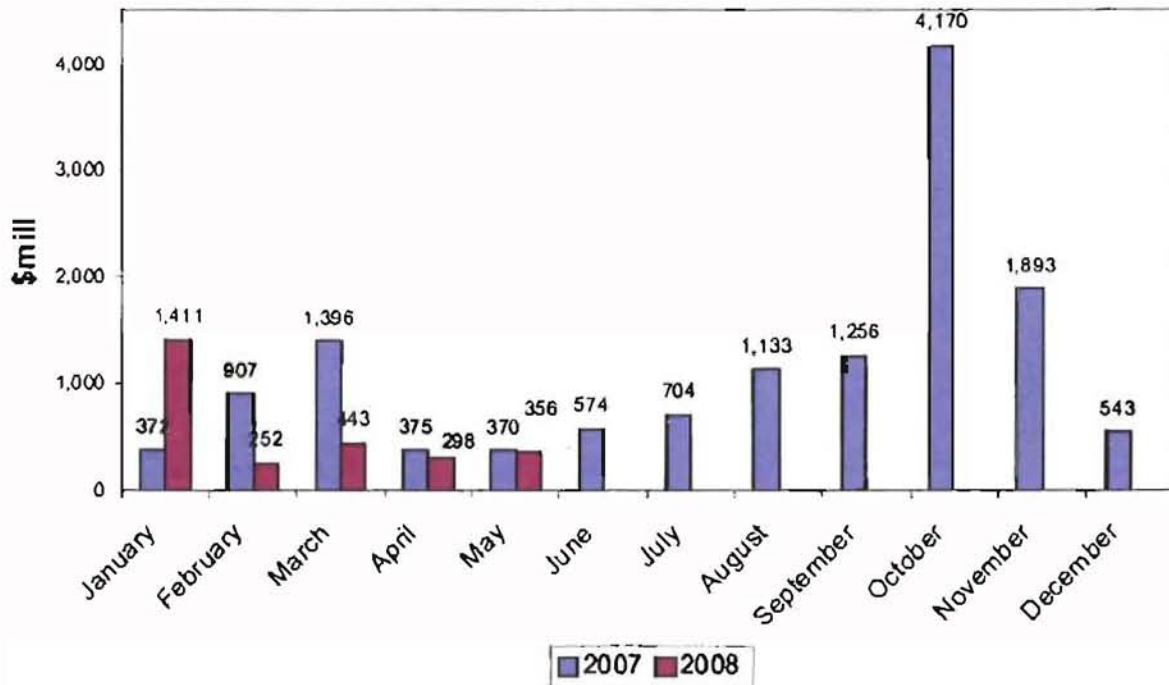
### F Fund - \$ Amount Traded



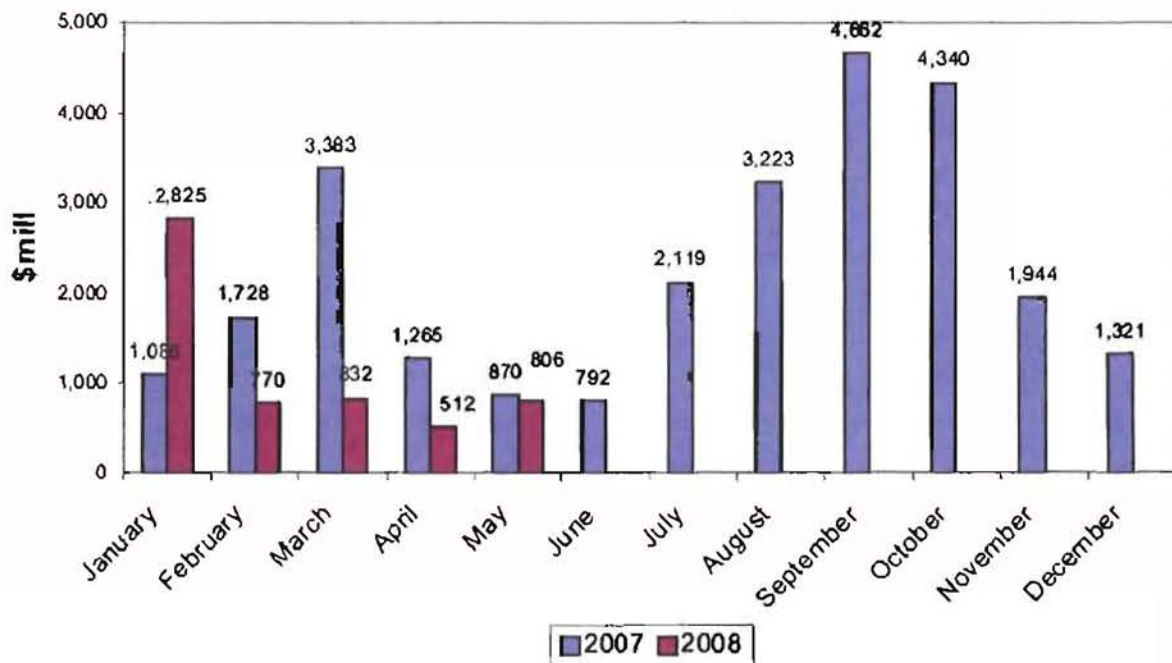
### C Fund - \$ Amount Traded



### S Fund - \$ Amount Traded



### I Fund - \$ Amount Traded



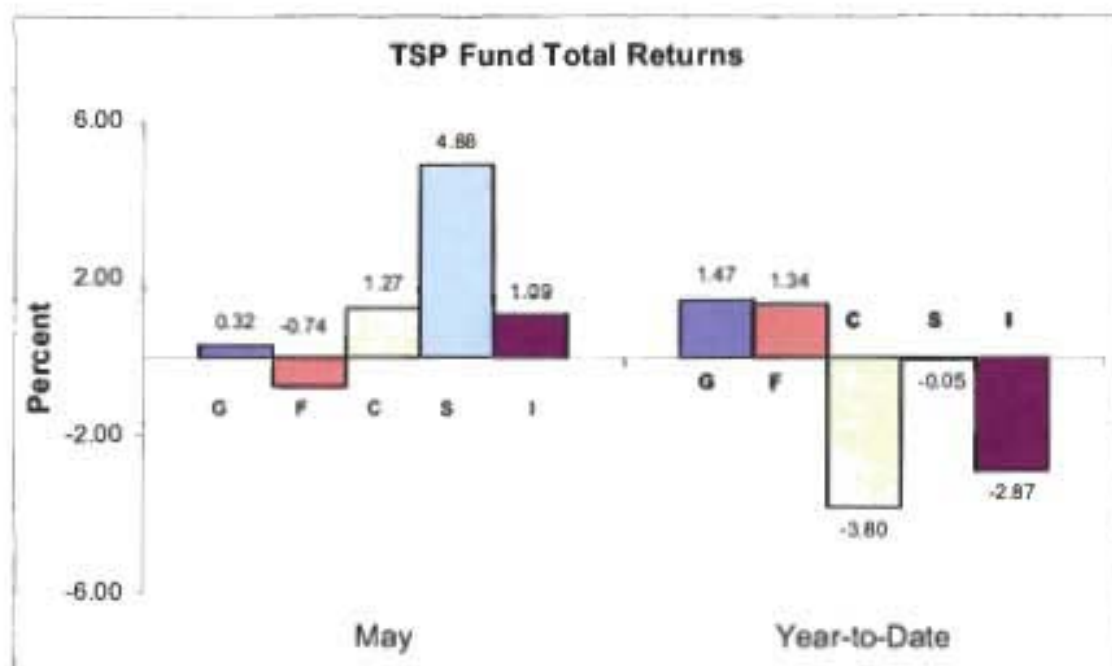
**G FUND**

The following table compares the G Fund rate to the 3 month Treasury bill, the 10 year Treasury note and the 30 year Treasury bond.

	<u>G Fund</u>	<u>3-month T-bill</u>	<u>10 year T-note</u>	<u>30 year T-bond</u>
January	4.00%	3.31%	4.03%	4.45%
February	3.50	1.98	3.60	4.32
March	3.38	1.84	3.51	4.40
May	3.38	1.35	3.41	4.29
June	4.00	1.86	4.06	4.72

## PERFORMANCE OF TSP FUNDS

The chart below shows the G, F, C, S, and I Fund net rates of return for May 2008 and year-to-date.



The table below compares the net rates of return for the F, C, S, and I Funds to the returns to the corresponding Barclays funds.

### May 2008 Total Return %

Fund	TSP	Barclays	Difference	Index
Fixed Income	-0.74	-0.73	-0.01	-0.73
Large Cap	1.27	1.31	-0.04	1.30
Small Cap	4.88	4.84	0.04	4.76
International	1.09	1.10	-0.01	0.97

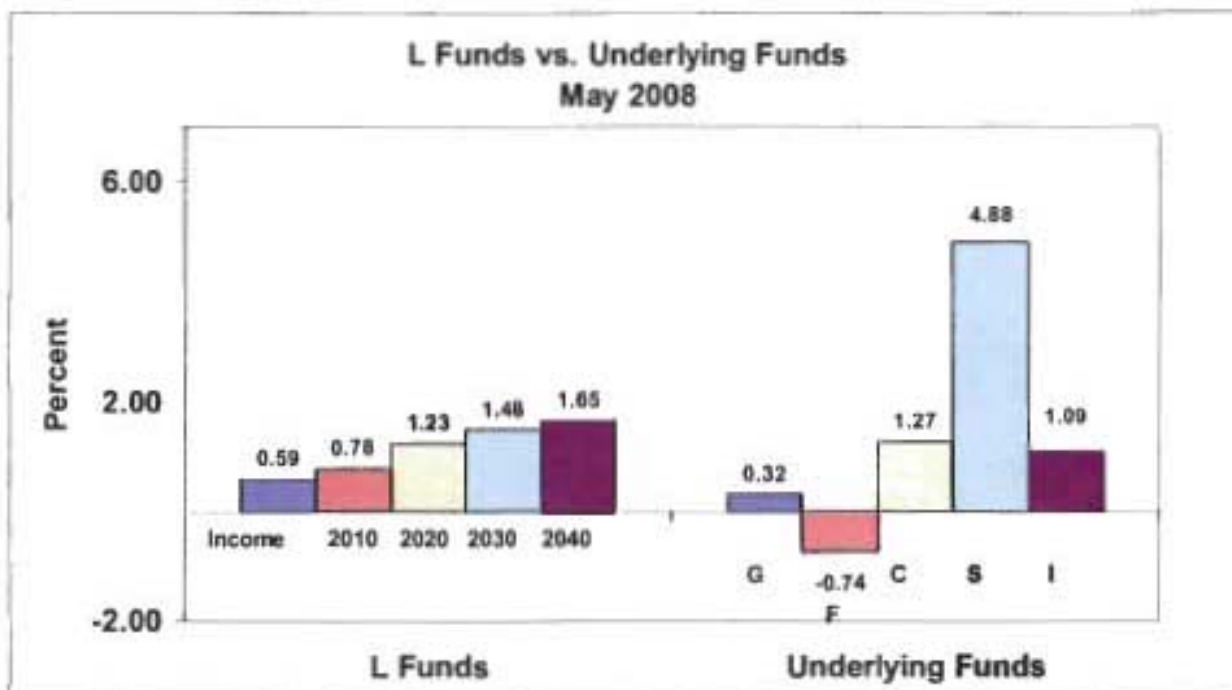
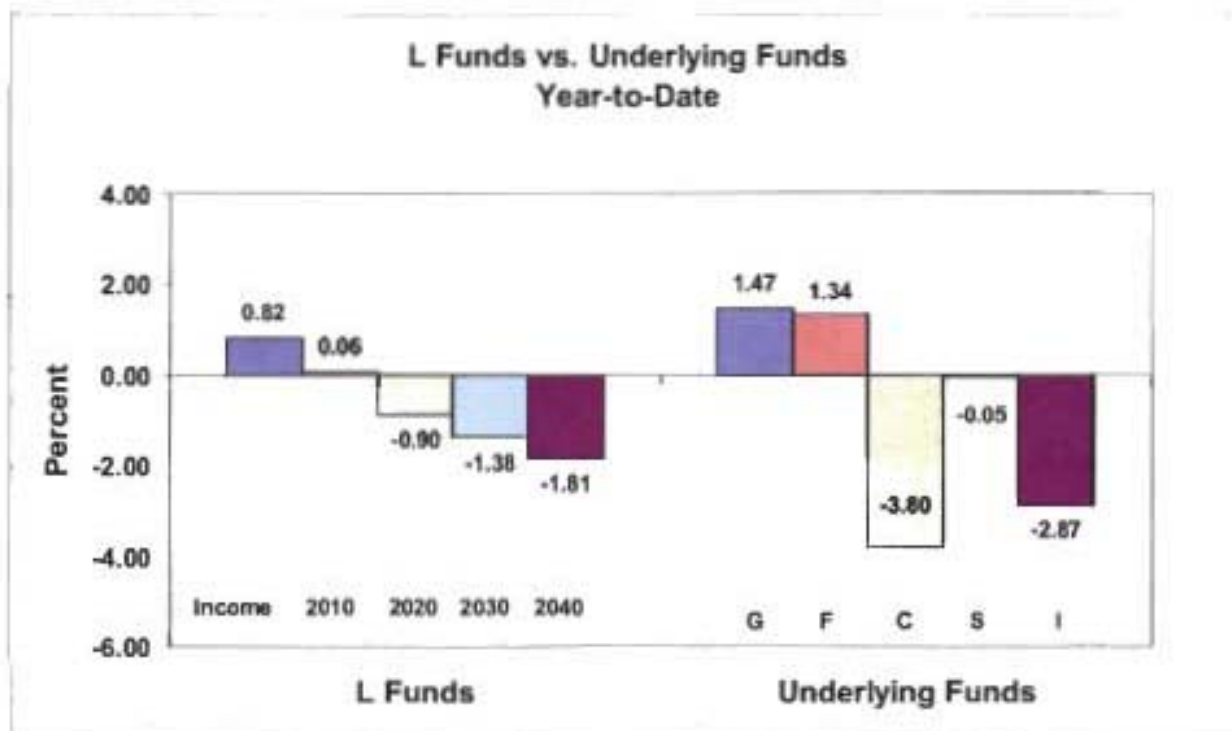
### Year-to-Date %

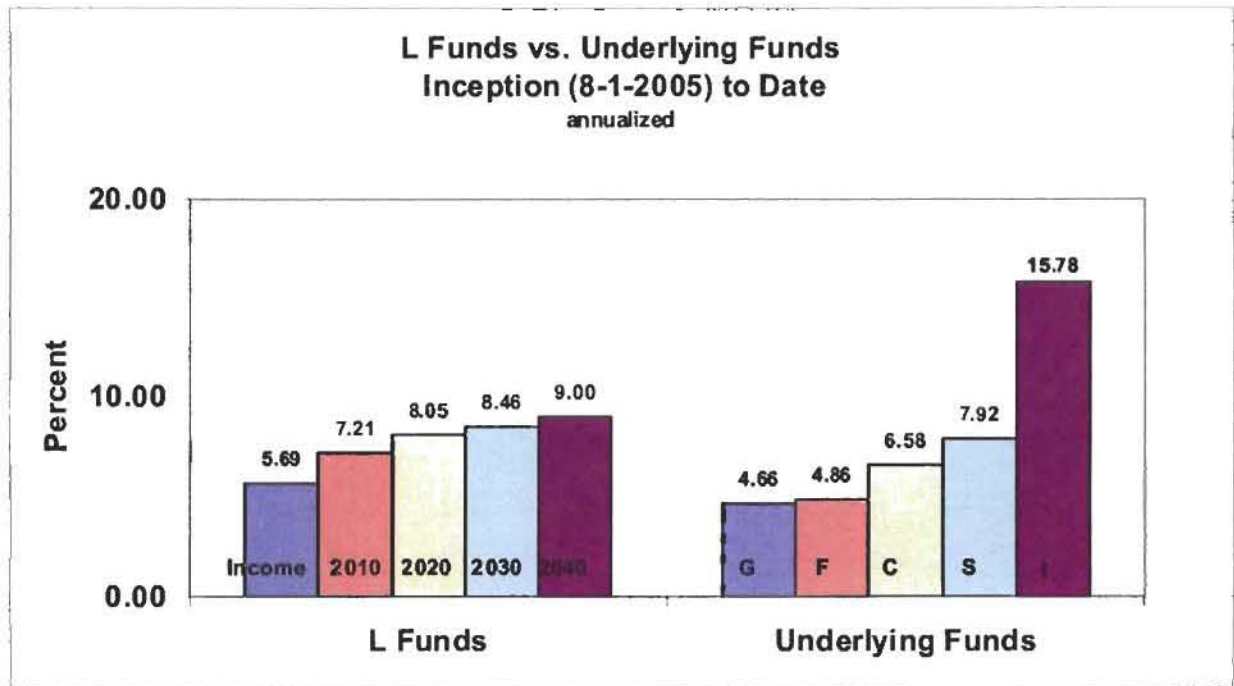
Fund	TSP	Barclays	Difference	Index
Fixed Income	1.34	1.30	0.04	1.21
Large Cap	-3.80	-3.78	-0.02	-3.80
Small Cap	-0.05	-0.09	0.04	-0.38
International	-2.87	-2.80	-0.07	-3.03

The TSP Funds closely tracked the Barclays 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. The bulk of our participants' funds are held in the G and C Funds. **Year-to-date, all of the L Funds have outperformed the C and I Funds.** Since inception, the Income Fund has outperformed the G Fund by 103 basis points on an annual basis.





#### THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY

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

- The number of interfund transfers fell to 84,209 as restrictions to limit the number of monthly IFTs became effective on 5/1. (p.9)



**THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY**  
**Contributions and Interfund Transfers**

	Monthly TSP Contributions							Interfund Transfer Activity						
Month end	G Fund (\$Mil)	F Fund (\$Mil)	C Fund (\$Mil)	S Fund (\$Mil)	I Fund (\$Mil)	L Funds (\$Mil)	Total (\$Mil)	G Fund (\$Mil)	F Fund (\$Mil)	C Fund (\$Mil)	S Fund (\$Mil)	I Fund (\$Mil)	L Funds (\$Mil)	# of IFTs
12/31/2004	618	107	616	130	90	N/A	1,560	(397)	(156)	(326)	357	522	N/A	141,159
12/31/2005	562	88	541	147	125	97	1,560	(366)	(109)	(703)	27	359	792	140,242
12/31/2006	524	71	473	148	173	180	1,569	(448)	29	(593)	(143)	715	440	148,123
1/31/2007	611	85	580	183	223	227	1,909	(566)	(219)	(525)	(50)	771	589	175,918
2/28/2007	518	71	479	156	194	201	1,619	947	98	(818)	(107)	(391)	271	194,549
3/31/2007	536	72	475	154	193	206	1,636	1,079	113	(843)	(302)	(354)	307	268,213
4/30/2007	518	70	465	150	195	204	1,602	(887)	(63)	(516)	(91)	1,075	482	188,180
5/31/2007	621	84	558	179	239	250	1,931	(144)	(106)	(207)	(29)	104	382	177,196
6/30/2007	537	71	476	158	211	221	1,674	(194)	(146)	(327)	245	162	260	169,638
7/31/2007	603	82	568	188	252	264	1,957	217	8	(454)	(290)	304	215	209,575
8/31/2007	523	68	451	150	204	221	1,617	2,497	421	(1,115)	(697)	(1,081)	(25)	271,447
9/30/2007	517	68	448	147	200	221	1,601	142	(213)	(391)	39	23	400	201,192
10/31/2007	572	74	485	159	221	240	1,751	(1,229)	(94)	(286)	458	764	387	201,126
11/30/2007	601	80	517	169	238	265	1,870	1,194	258	(861)	(681)	71	19	188,623
12/31/2007	529	67	440	145	210	228	1,619	17	(24)	(309)	0	72	244	133,550
1/31/2008	621	83	512	165	240	268	1,889	4,405	1,332	(1,839)	(1,204)	(2,295)	(399)	260,044
2/29/2008	580	80	439	141	203	241	1,684	810	242	(639)	(202)	(370)	159	137,320
3/31/2008	591	82	435	138	199	240	1,685	1,876	512	(999)	(417)	(720)	(252)	147,306
4/30/2008	659	94	467	146	212	257	1,835	152	67	(388)	(45)	69	145	108,103
5/31/2008	696	100	503	161	231	289	1,980	(465)	(403)	(36)	187	436	281	84,209

**THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY**  
**L Fund Investment Balances and Number of Participants**

Month end	L Fund Investment Balances						Number of Participant Accounts with L Fund Balances					
	Income (\$Mil)	2010 (\$Mil)	2020 (\$Mil)	2030 (\$Mil)	2040 (\$Mil)	Total (\$Mil)	Income	2010	2020	2030	2040	Any L Fund

12/31/2005	542	2,235	3,092	1,362	664	7,895	16,915	46,517	67,777	55,164	50,848	214,779
12/31/2006	917	4,081	6,418	3,335	2,126	16,877	34,698	87,845	137,155	124,086	132,325	433,025

1/31/2007	945	4,253	6,770	3,569	2,325	17,862	35,884	90,846	142,944	130,446	141,504	452,990
2/28/2007	969	4,288	6,876	3,661	2,431	18,225	36,805	92,347	146,563	134,733	147,822	466,011
3/31/2007	1,024	4,425	7,107	3,815	2,532	18,903	38,162	94,330	150,187	138,790	153,296	479,199
4/30/2007	1,056	4,613	7,500	4,068	2,766	20,003	39,040	96,641	154,557	143,464	160,361	492,781
5/31/2007	1,106	4,781	7,852	4,298	2,981	21,018	40,005	98,731	158,403	147,738	167,023	505,790
6/30/2007	1,100	4,826	7,962	4,385	3,066	21,339	40,711	100,161	161,585	151,245	172,169	515,928
7/31/2007	1,105	4,839	7,977	4,399	3,072	21,392	41,428	101,406	164,251	154,401	176,988	525,602
8/31/2007	1,126	4,890	8,080	4,494	3,107	21,697	42,143	102,132	165,732	156,845	180,103	532,836
9/30/2007	1,183	5,097	8,485	4,751	3,324	22,840	43,015	104,039	168,956	160,405	185,224	543,213
10/31/2007	1,216	5,270	8,835	4,976	3,540	23,837	43,842	105,893	172,179	163,699	190,501	553,212
11/30/2007	1,225	5,258	8,690	4,892	3,477	23,542	44,564	106,853	173,626	165,725	193,441	559,051
12/31/2007	1,237	5,326	8,801	4,970	3,547	23,881	45,093	108,073	175,838	168,215	196,888	566,232

1/31/2008	1,248	5,137	8,379	4,730	3,303	22,797	45,776	107,113	174,501	168,348	196,366	567,020
2/29/2008	1,250	5,146	8,403	4,766	3,308	22,873	46,564	108,280	176,978	171,237	199,758	575,405
3/31/2008	1,237	5,084	8,368	4,800	3,305	22,794	47,165	108,208	177,624	173,291	201,998	580,062
4/30/2008	1,265	5,209	8,759	5,082	3,528	23,843	47,921	109,199	179,963	176,181	205,487	586,284
5/31/2008	1,285	5,322	9,045	5,294	3,715	24,661	48,740	110,531	182,790	179,242	209,726	594,265

# THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY

## Allocation of Account Balances

Month end	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 (%)	CSRS (%)	Uniformed Services (%)
	#	%	#	%	#	%	(G/F/C/S/I/L)	(G/F/C/S/I/L)	(G/F/C/S/I/L)
12/31/2004	-	-	-	-	-	-	37 / 7 / 44 / 7 / 5 / -	43 / 6 / 42 / 5 / 4 / -	49 / 6 / 23 / 14 / 8 / -
12/31/2005	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
12/31/2006	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
1/31/2007	97,967	4%	26,489	4%	32,517	4%	31 / 5 / 36 / 8 / 11 / 9	37 / 5 / 35 / 6 / 9 / 8	36 / 4 / 20 / 15 / 14 / 11
2/28/2007	100,232	4%	26,835	4%	33,344	4%	32 / 5 / 35 / 8 / 11 / 9	38 / 5 / 34 / 6 / 9 / 8	37 / 4 / 19 / 14 / 14 / 12
3/31/2007	102,312	4%	27,023	4%	34,289	4%	33 / 5 / 35 / 8 / 10 / 9	38 / 5 / 34 / 6 / 9 / 8	37 / 4 / 19 / 14 / 14 / 12
4/30/2007	104,911	4%	27,522	4%	35,285	5%	31 / 5 / 35 / 8 / 11 / 10	37 / 5 / 35 / 6 / 9 / 8	36 / 4 / 20 / 14 / 14 / 12
5/31/2007	106,136	5%	27,642	4%	35,954	5%	31 / 5 / 35 / 8 / 11 / 10	37 / 4 / 35 / 6 / 9 / 9	35 / 4 / 19 / 15 / 14 / 13
6/30/2007	107,580	5%	27,842	4%	36,560	5%	31 / 5 / 35 / 8 / 11 / 10	36 / 4 / 34 / 7 / 10 / 9	36 / 3 / 19 / 14 / 15 / 13
7/31/2007	109,163	5%	28,093	4%	37,316	5%	32 / 5 / 34 / 8 / 12 / 10	38 / 4 / 33 / 6 / 10 / 9	35 / 4 / 19 / 14 / 15 / 13
8/31/2007	110,279	5%	27,942	4%	37,874	5%	33 / 5 / 34 / 7 / 11 / 10	38 / 5 / 33 / 6 / 9 / 9	36 / 4 / 19 / 14 / 14 / 13
9/30/2007	112,277	5%	28,444	5%	38,763	5%	32 / 5 / 35 / 7 / 11 / 10	38 / 5 / 33 / 6 / 9 / 9	35 / 4 / 19 / 14 / 15 / 14
10/31/2007	113,906	5%	28,773	5%	39,277	5%	31 / 5 / 33 / 8 / 12 / 11	37 / 4 / 34 / 6 / 10 / 9	34 / 3 / 19 / 14 / 15 / 14
11/30/2007	114,782	5%	28,578	5%	39,547	5%	32 / 5 / 33 / 7 / 12 / 11	38 / 5 / 32 / 6 / 10 / 9	36 / 4 / 18 / 13 / 15 / 14
12/31/2007	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
1/31/2008	115,790	5%	28,066	5%	40,607	5%	35 / 6 / 31 / 7 / 10 / 11	42 / 6 / 30 / 5 / 8 / 9	37 / 4 / 18 / 13 / 14 / 14
2/29/2008	117,125	5%	27,878	5%	41,026	5%	37 / 6 / 30 / 6 / 10 / 11	43 / 6 / 29 / 5 / 8 / 9	38 / 4 / 17 / 13 / 14 / 14
3/31/2008	117,022	5%	27,303	4%	41,626	5%	37 / 6 / 30 / 6 / 10 / 11	44 / 6 / 29 / 5 / 8 / 9	39 / 4 / 17 / 12 / 14 / 14
4/30/2008	117,927	5%	27,144	4%	41,983	5%	37 / 6 / 30 / 6 / 10 / 11	43 / 6 / 29 / 5 / 8 / 9	38 / 4 / 17 / 12 / 14 / 15
5/31/2008	118,977	5%	27,189	4%	42,324	5%	36 / 6 / 30 / 7 / 10 / 11	43 / 6 / 29 / 5 / 8 / 9	37 / 4 / 17 / 13 / 14 / 15

**THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY**  
**L Fund Participation Rates and Balance Distribution**

Month end	Participants with Balances in the L Funds						Allocation of L Fund Balances		
	FERS		CSRS		Uniformed Services		FERS (%)	CSRS (%)	Uniformed Services (%)
	(000s)	%	(000s)	%	(000s)	%	Inc/2010/2020/2030/2040	Inc/2010/2020/2030/2040	Inc/2010/2020/2030/2040

12/31/2005	138	6%	33	5%	44	7%	6 / 24 / 41 / 20 / 9	13 / 50 / 30 / 4 / 3	2 / 8 / 23 / 36 / 31
12/31/2006	273	12%	57	9%	103	14%	4 / 21 / 40 / 22 / 13	11 / 45 / 32 / 6 / 6	2 / 7 / 22 / 35 / 34

1/31/2007	286	12%	59	9%	107	14%	4 / 20 / 41 / 22 / 13	10 / 45 / 33 / 6 / 6	2 / 7 / 22 / 35 / 34
2/28/2007	294	13%	60	9%	112	15%	4 / 20 / 40 / 22 / 14	10 / 45 / 33 / 6 / 6	2 / 7 / 22 / 35 / 34
3/31/2007	303	13%	61	9%	116	15%	5 / 20 / 39 / 22 / 14	10 / 45 / 33 / 6 / 6	2 / 7 / 22 / 35 / 34
4/30/2007	311	13%	62	10%	119	15%	5 / 20 / 39 / 22 / 14	10 / 44 / 33 / 6 / 7	2 / 7 / 22 / 34 / 35
5/31/2007	319	14%	64	10%	123	16%	4 / 19 / 39 / 23 / 15	10 / 43 / 33 / 7 / 7	2 / 6 / 21 / 35 / 36
6/30/2007	326	14%	65	10%	126	16%	4 / 19 / 39 / 23 / 15	10 / 43 / 33 / 7 / 7	2 / 6 / 21 / 35 / 36
7/31/2007	332	14%	65	10%	128	16%	4 / 19 / 39 / 23 / 15	10 / 43 / 33 / 7 / 7	2 / 6 / 21 / 35 / 36
8/31/2007	337	14%	65	10%	131	16%	4 / 19 / 39 / 23 / 15	10 / 43 / 33 / 7 / 7	2 / 6 / 21 / 35 / 36
9/30/2007	344	14%	66	10%	133	17%	4 / 19 / 39 / 23 / 15	10 / 42 / 34 / 7 / 7	2 / 6 / 21 / 35 / 36
10/31/2007	350	15%	67	11%	136	17%	4 / 19 / 39 / 23 / 15	10 / 42 / 34 / 7 / 7	2 / 6 / 21 / 34 / 37
11/30/2007	354	15%	67	11%	137	17%	4 / 19 / 39 / 23 / 15	10 / 42 / 34 / 7 / 7	2 / 6 / 21 / 34 / 37
12/31/2007	359	15%	68	11%	139	17%	4 / 19 / 39 / 23 / 15	10 / 42 / 34 / 7 / 7	2 / 6 / 21 / 34 / 37

1/31/2008	360	15%	66	11%	140	17%	5 / 19 / 38 / 23 / 15	11 / 43 / 33 / 7 / 6	2 / 6 / 21 / 34 / 37
2/29/2008	366	15%	66	11%	143	17%	5 / 19 / 38 / 23 / 15	11 / 43 / 33 / 7 / 6	2 / 6 / 21 / 34 / 37
3/31/2008	369	15%	66	11%	145	17%	5 / 19 / 38 / 23 / 15	11 / 43 / 33 / 7 / 6	2 / 6 / 20 / 35 / 37
4/30/2008	373	15%	66	11%	147	17%	5 / 19 / 38 / 23 / 15	11 / 42 / 34 / 7 / 6	2 / 6 / 20 / 34 / 38
5/31/2008	379	16%	66	11%	149	17%	4 / 19 / 39 / 23 / 15	10 / 43 / 34 / 7 / 6	2 / 6 / 20 / 34 / 38