



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

September 6, 2013

MEMORANDUM FOR THE EXECUTIVE DIRECTOR

FROM: TRACEY RAY
CHIEF INVESTMENT OFFICER

A handwritten signature in blue ink, appearing to read "TRAY", is written over the printed name of Tracey Ray.

SUBJECT: August 2013 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 2013, 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	-0.48	-0.51	0.03
Large Cap	-2.89	-2.90	0.01
Small Mid Cap	-2.76	-2.75	-0.01
International	-1.30	-1.32	0.02

2013 Tracking Error

<u>Fund</u>	<u>% BTC Fund Performance</u>	<u>% Index Performance</u>	<u>Tracking Error</u>
Fixed Income	-2.62	-2.81	0.19
Large Cap	16.20	16.15	0.05
Small Mid Cap	20.25	20.14	0.11
International	7.53	8.15	-0.62

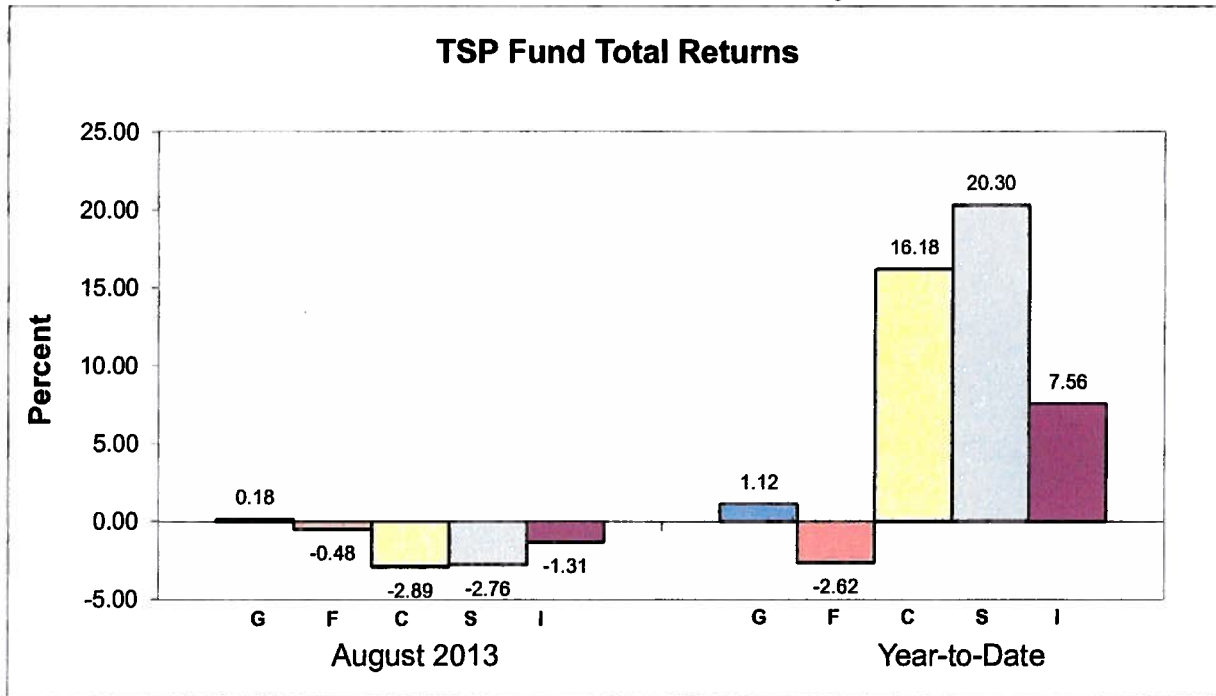
The Fixed Income Index Fund has outperformed by 19 basis points year to date, primarily due to a change in the pricing source for mortgage-backed securities that was implemented by BlackRock in January. The BlackRock Extended Equity Market Fund has outperformed by 11 basis points this year, primarily due to the optimization process. The BlackRock EAFE Equity Index Fund E has underperformed by 62 basis points year to date, primarily as a result of the tax effect and fair valuation on December 28, 2012.

Trading Costs

	<u>Dollar Amount Traded</u>	<u>Trading Costs</u>	
		<u>\$</u>	<u>Basis Points</u>
<u>F Fund</u>			
August 2013	605,979,112	(4,225)	-0.1
Year-to-Date	7,672,437,858	1,501,856	2.0
<u>C Fund</u>			
August 2013	1,018,110,891	37,336	0.4
Year-to-Date	9,704,173,842	855,494	0.9
<u>S Fund</u>			
August 2013	1,024,962,861	(232,250)	16.8
Year-to-Date	9,638,110,179	(336,412)	-3.1
<u>I Fund</u>			
August 2013	805,277,040	1,356,867	16.8
Year-to-Date	7,010,558,551	(2,207,232)	-3.1

Performance of TSP Funds

The chart below shows the G, F, C, S, and I Fund net rates of return for August 2013 and 2013.



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 2013

Total Return %

<u>Fund</u>	<u>TSP</u>	<u>BTC</u>	<u>Difference</u>	<u>Index</u>
Fixed Income	-0.48	-0.48	0.00	-0.51
Large Cap	-2.89	-2.89	0.00	-2.90
Small Cap	-2.76	-2.76	0.00	-2.75
International	-1.31	-1.30	-0.01	-1.32

2013

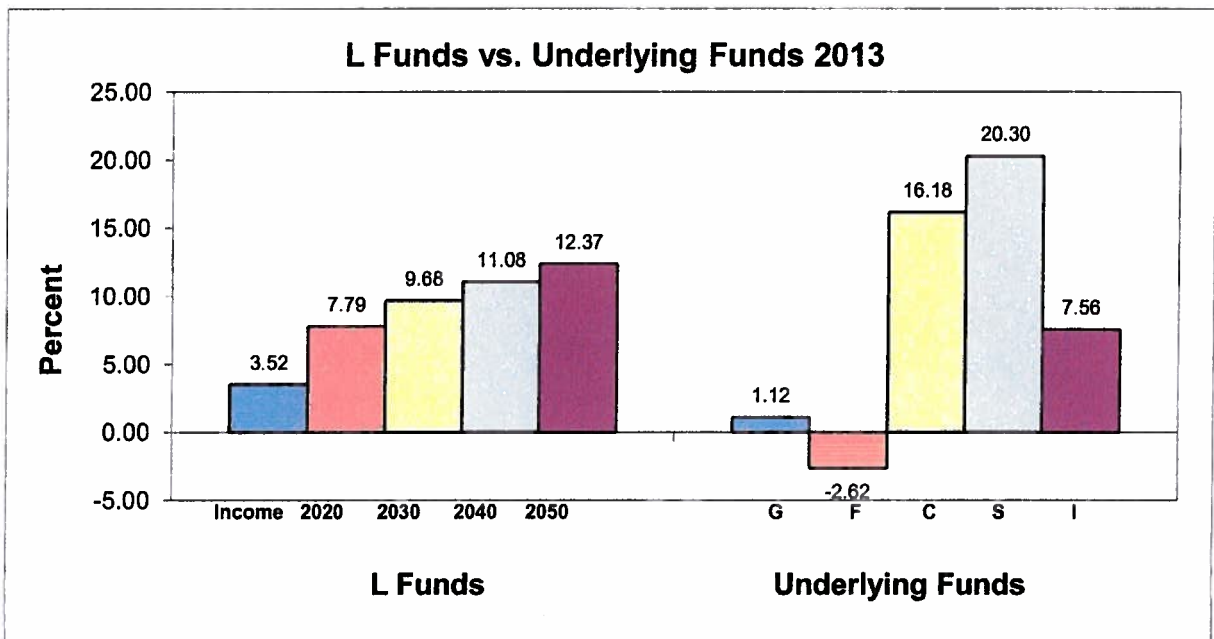
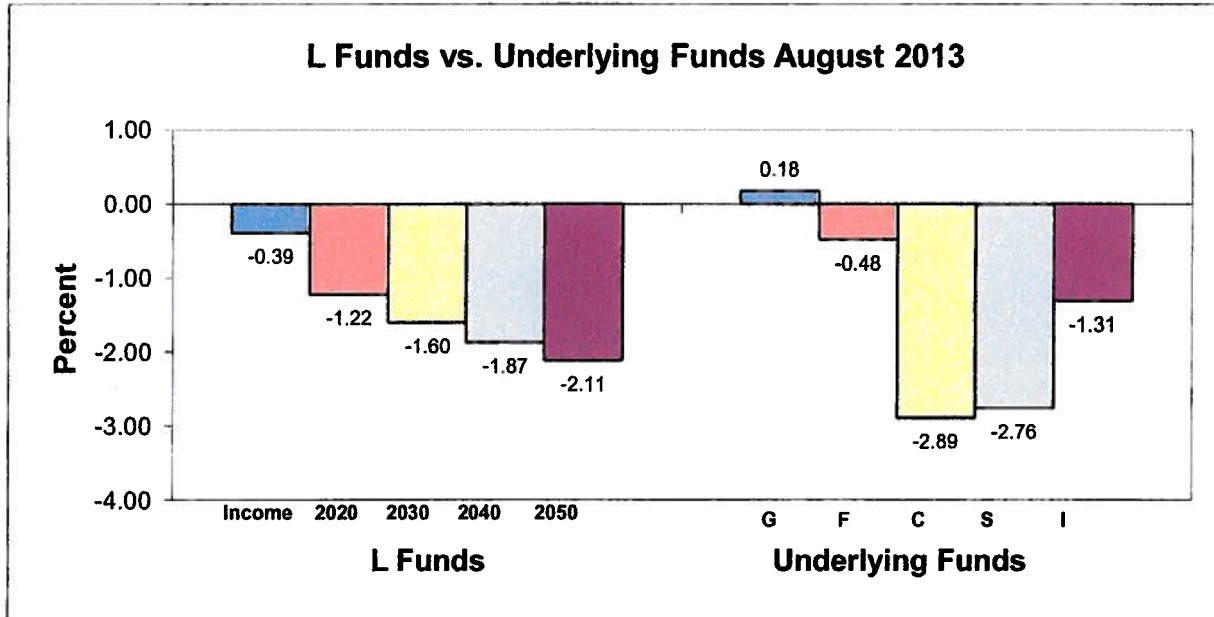
Total Return %

<u>Fund</u>	<u>TSP</u>	<u>BTC</u>	<u>Difference</u>	<u>Index</u>
Fixed Income	-2.62	-2.62	0.00	-2.81
Large Cap	16.18	16.20	-0.02	16.15
Small Cap	20.30	20.25	0.05	20.14
International	7.56	7.53	0.03	8.15

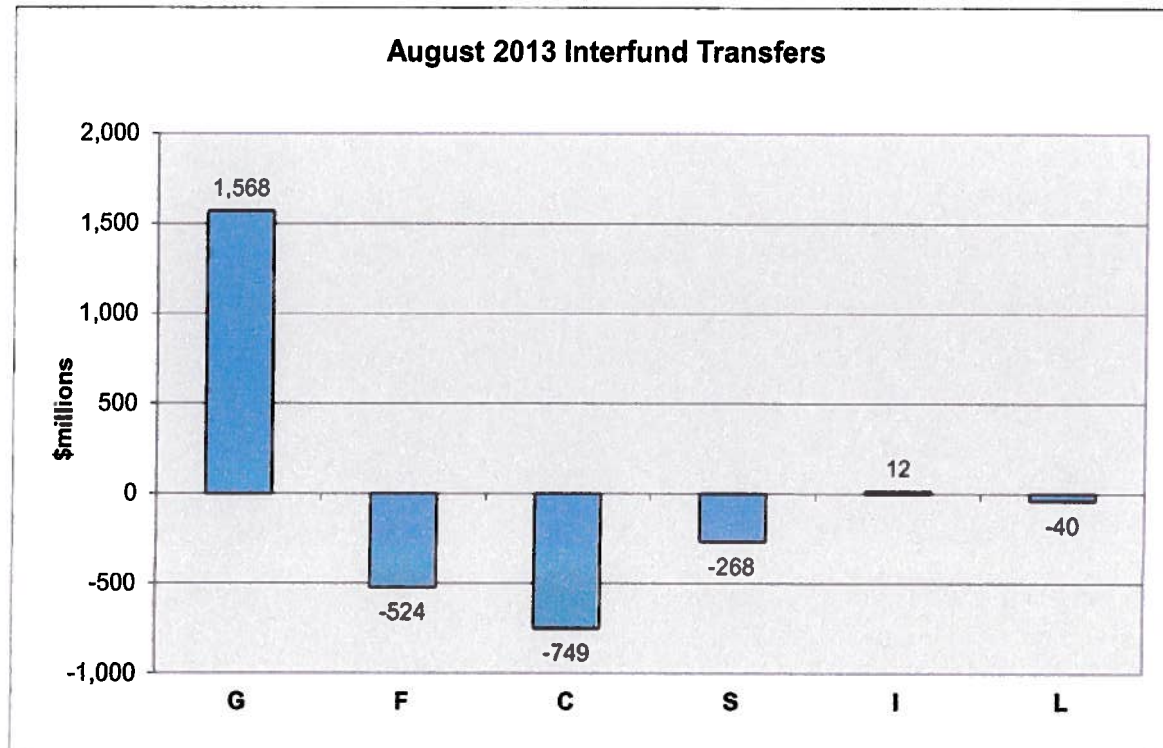
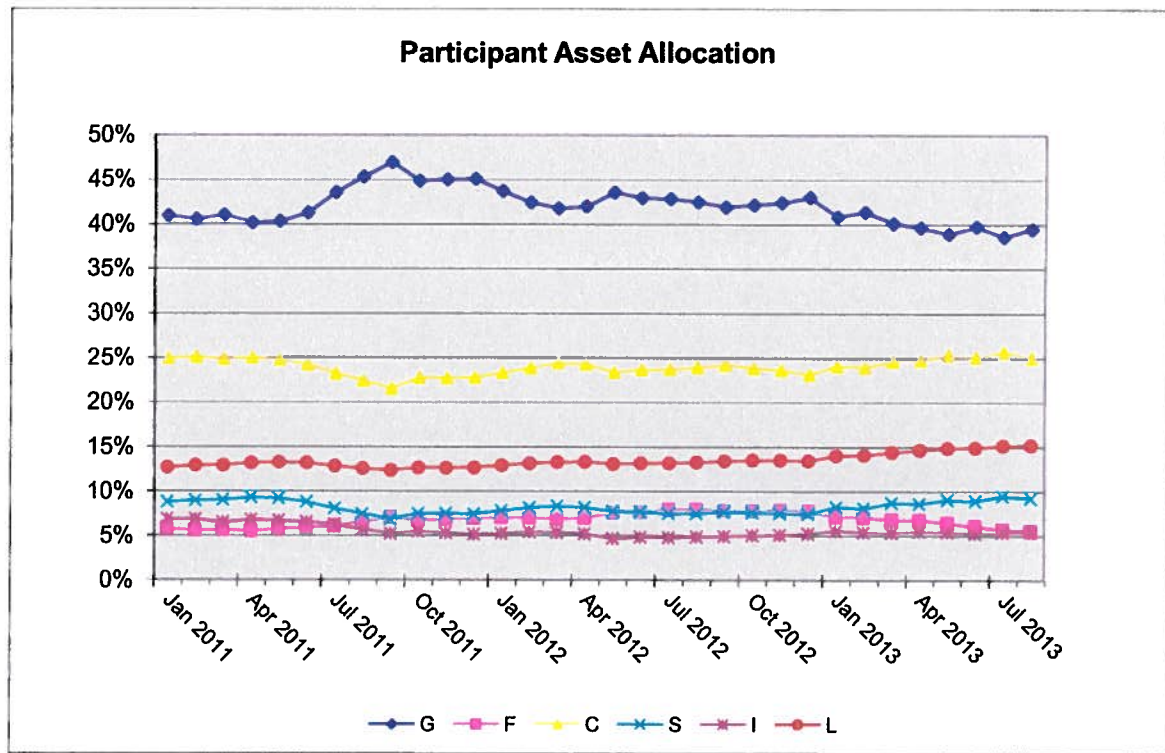
The TSP Funds closely tracked the BTC Funds for the month and year-to-date.

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.

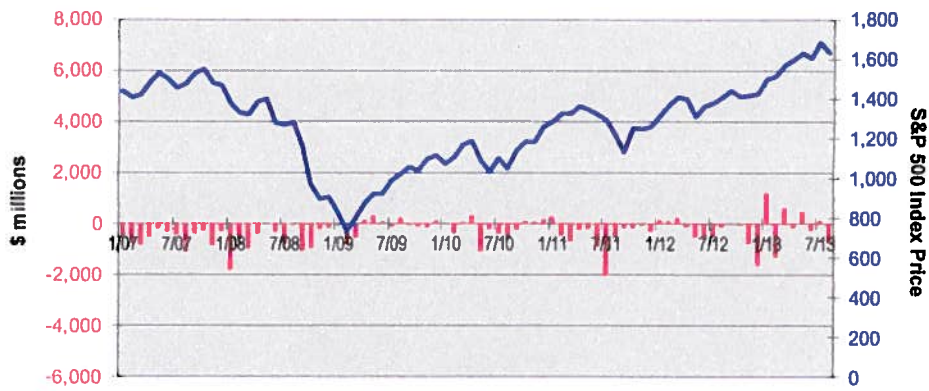


THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY
August 2013

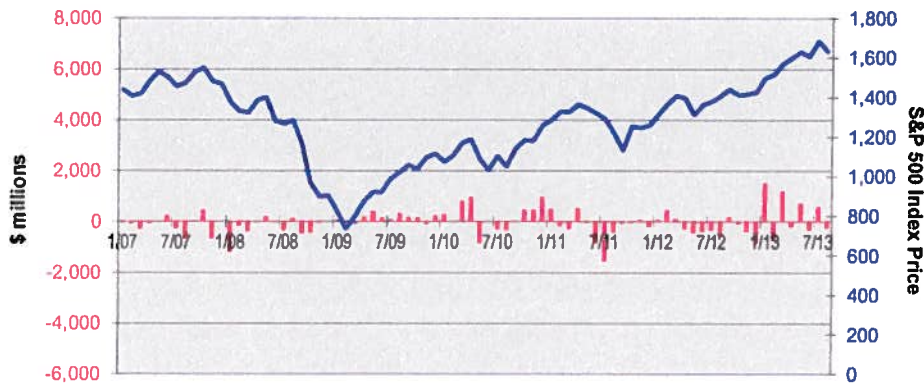


THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY
August 2013

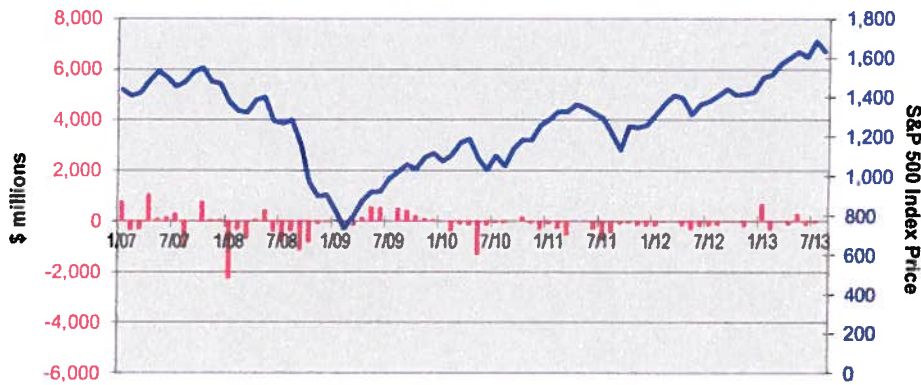
**Monthly Interfund Transfers
C Fund**



**Monthly Interfund Transfers
S Fund**

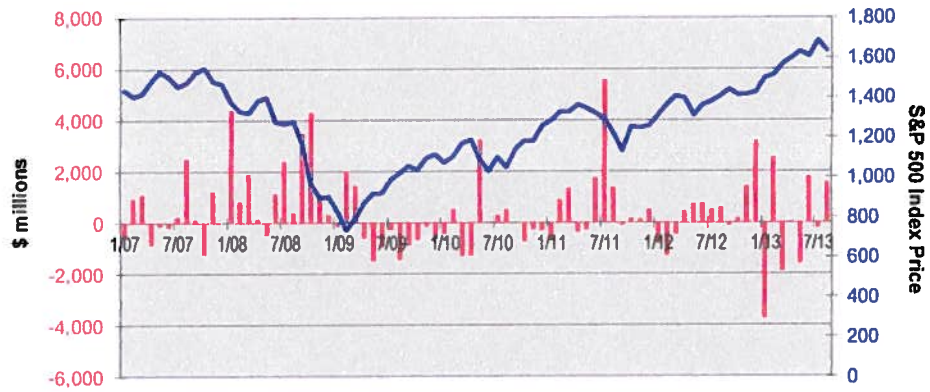


**Monthly Interfund Transfers
I Fund**

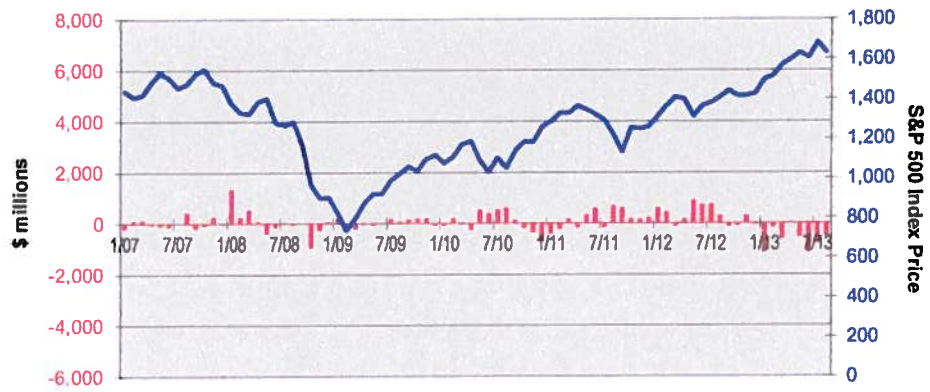


THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY **August 2013**

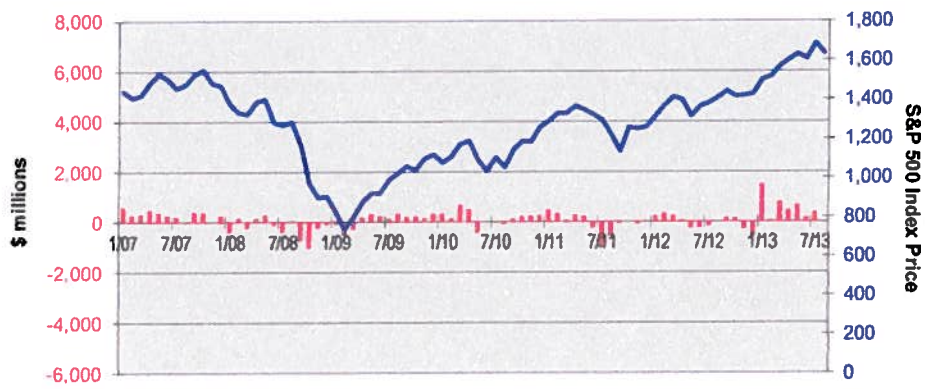
**Monthly Interfund Transfers
G Fund**



**Monthly Interfund Transfers
F Fund**



**Monthly Interfund Transfers
L Funds**



THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY

August 2013

