



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

March 5, 2010

MEMORANDUM FOR THE EXECUTIVE DIRECTOR

FROM: TRACEY RAY
CHIEF INVESTMENT OFFICER

SUBJECT: February 2010 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 February 2010, investment manager performance and tracking error, trading costs, TSP fund performance, and L Fund participation.

TRACKING ERROR – BlackRock Funds (BTC)

February Tracking Error

<u>Fund</u>	<u>% BTC FUND Performance</u>	<u>% Index Performance</u>	<u>Tracking Error</u>
Fixed Income	0.39	0.37	0.02
Large Cap	3.11	3.10	0.01
Small Mid Cap	4.89	4.83	0.06
International	0.07	-0.69	0.76

2010 Tracking Error

<u>Fund</u>	<u>% BTC FUND Performance</u>	<u>% Index Performance</u>	<u>Tracking Error</u>
Fixed Income	1.93	1.91	0.02
Large Cap	-0.60	-0.61	0.01
Small-Mid Cap	2.34	2.32	0.02
International	-5.12	-5.06	-0.06

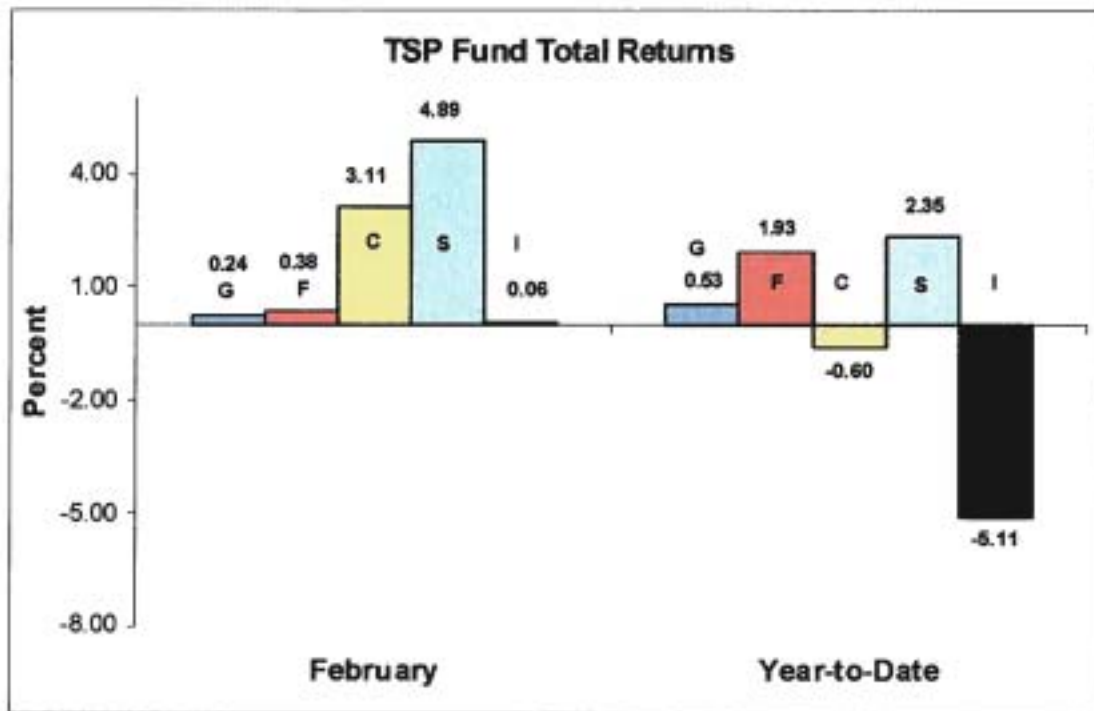
The BlackRock EAFE Equity Index Fund E outperformed by 76 basis points in February primarily because of a fair valuation adjustment on January 29.

TRADING COSTS

	<u>DOLLAR AMOUNT TRADED</u>	<u>TRADING COSTS</u>	
		<u>\$</u>	<u>Basis Points</u>
<u>F Fund</u>			
February 2010	\$371,908,234	\$264,708	7.1
Year-to-Date	569,292,429	268,205	4.7
<u>C Fund</u>			
February 2010	591,146,815	(134,685)	(2.3)
Year-to-Date	1,370,378,650	(23,648)	(0.2)
<u>S Fund</u>			
February 2010	491,756,081	65,904	1.3
Year-to-Date	1,137,854,720	153,029	1.3
<u>I Fund</u>			
February 2010	532,820,867	715,029	13.4
Year-to-Date	1,097,450,579	(506,374)	(4.6)

PERFORMANCE OF TSP FUNDS

The chart below shows the G, F, C, S, and I Fund net rates of return for February 2010 and the year to date.



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.

February 2010

Total Return %

<u>Fund</u>	<u>TSP</u>	<u>BTC</u>	<u>Difference</u>	<u>Index</u>
Fixed Income	0.38	0.39	-0.01	0.37
Large Cap	3.11	3.11	0.00	3.10
Small Cap	4.89	4.89	0.00	4.83
International	0.06	0.07	-0.01	-0.69

2010 Total Return %

<u>Fund</u>	<u>TSP</u>	<u>BTC</u>	<u>Difference</u>	<u>Index</u>
Fixed Income	1.93	1.93	0.00	1.91
Large Cap	-0.60	-0.60	0.00	-0.61
Small Cap	2.35	2.34	0.01	2.32
International	-5.11	-5.12	-0.01	-5.06

The TSP Funds closely tracked the BTC Funds for the month.

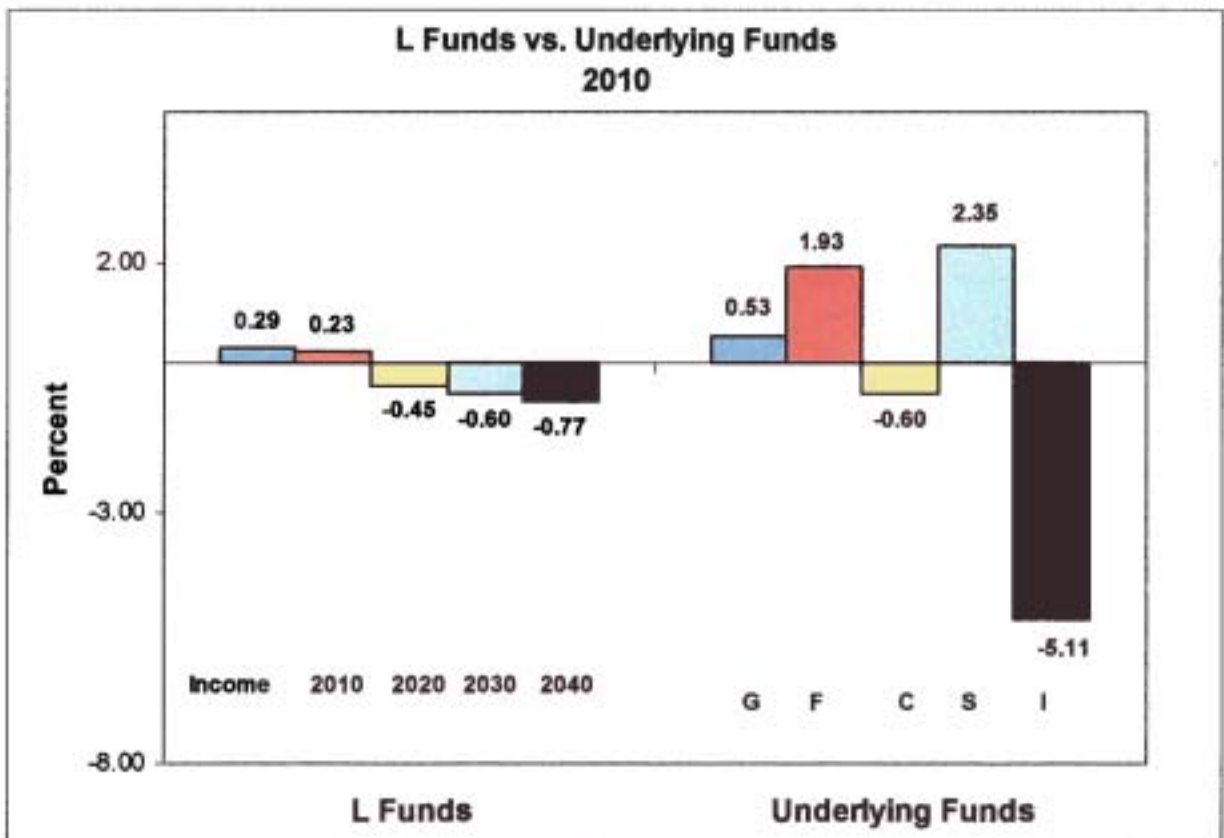
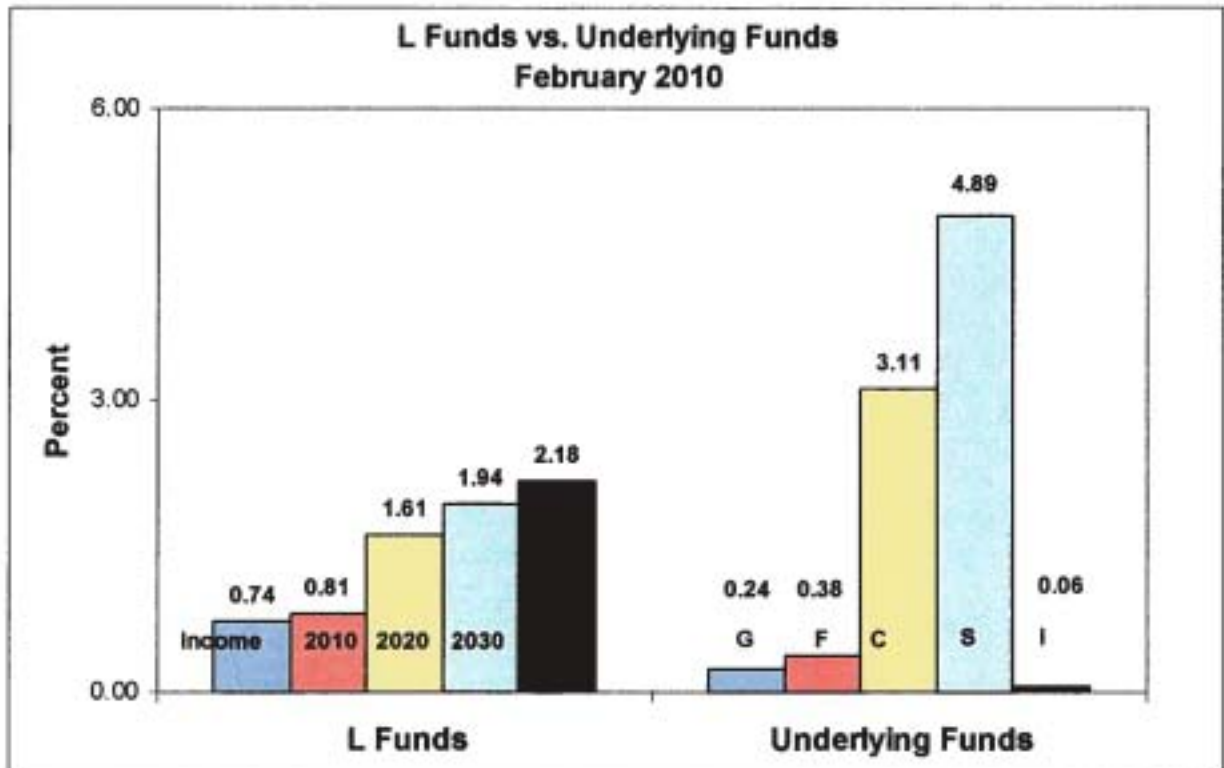
G FUND

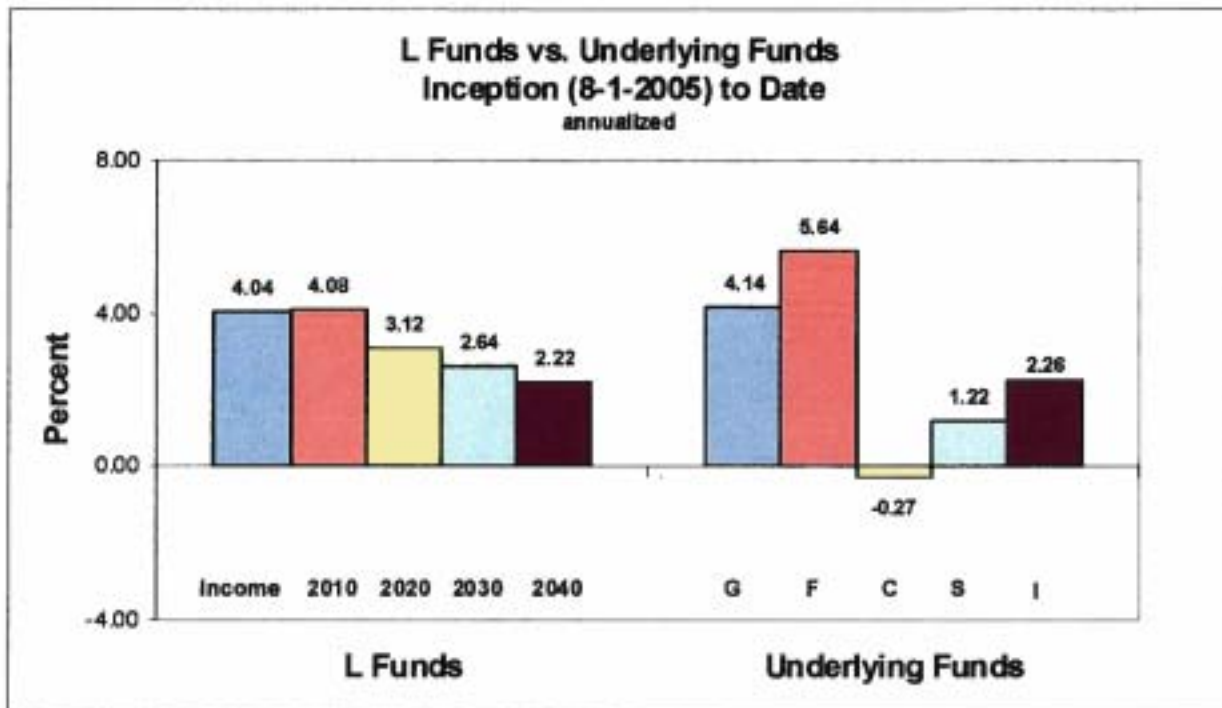
The following table compares the G Fund rate to be paid in the month noted to the 3 month Treasury bill, the 10 year Treasury note and the 30 year Treasury bond at the time the rate was set.

	<u>G Fund</u>	<u>3-month T-bill</u>	<u>10 year T-note</u>	<u>30 year T-bond</u>
<u>2010</u>				
March	3.13%	.13%	3.61%	4.56%
February	3.13	.08	3.59	4.49
January	3.50	.08	3.84	4.64
<u>2009</u>				
December	2.88	.05	3.20	4.19
November	3.13	.06	3.39	4.23
October	3.00	.08	3.31	4.05
September	3.25	.13	3.40	4.18
August	3.25	.18	3.48	4.30
July	3.25	.19	3.54	4.33
June	3.25	.14	3.46	4.34
May	2.88	.15	3.12	4.03
April	2.50	.20	2.67	3.54
March	2.88	.27	3.02	3.71
February	2.75	.13	2.84	3.60
January	2.13	.02	2.21	2.68

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. Since inception, all of the L Funds except the 2040 Fund have outperformed the TSP equity funds. The 2040 Fund has outperformed the C and S Funds and trails the I Fund by just 4 basis points.





THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY

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

- Participants transferred money into the G Fund for the first time since March of 2009. (p. 7)
- A record 663,525 participants are investing in the L Funds. (p. 10)

Attachments

THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY
Contributions and Interfund Transfers

Month end	Monthly TSP Contributions							Interfund Transfer Activity						
	G Fund (%)	F Fund (%)	C Fund (%)	S Fund (%)	I Fund (%)	L Funds (%)	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	40%	7%	39%	8%	6%	N/A	1,560	(637)	(1,550)	(2,387)	1,515	3,059	N/A	1,409,778
12/31/2005	36%	6%	35%	9%	8%	6%	1,560	(1,169)	(1,159)	(7,602)	516	1,975	7,439	1,739,695
12/31/2006	33%	5%	30%	9%	11%	11%	1,569	(700)	(936)	(7,149)	(774)	3,704	5,855	2,112,668
12/31/2007	33%	4%	27%	9%	13%	14%	1,619	3,073	33	(6,652)	(1,505)	1,520	3,531	2,379,207
12/31/2008	43%	4%	23%	7%	9%	13%	1,936	19,691	349	(7,573)	(2,952)	(6,791)	(2,724)	1,637,711
1/31/2009	43%	5%	22%	7%	9%	13%	1,706	(155)	200	(71)	58	50	(82)	95,683
2/28/2009	44%	5%	22%	7%	9%	13%	1,749	2,011	(104)	(819)	(204)	(366)	(518)	121,203
3/31/2009	47%	5%	21%	6%	8%	13%	1,757	1,449	(238)	(565)	(110)	(218)	(318)	160,299
4/30/2009	47%	5%	21%	6%	8%	13%	2,091	(602)	(62)	143	185	148	188	92,651
5/31/2009	46%	5%	21%	7%	8%	13%	1,837	(1,507)	(80)	320	394	567	306	95,675
6/30/2009	45%	5%	22%	7%	8%	13%	2,097	(948)	(36)	74	143	533	234	90,730
7/31/2009	45%	5%	21%	7%	8%	13%	1,774	(288)	166	(120)	82	27	133	89,172
8/31/2009	45%	5%	21%	7%	9%	14%	1,768	(1,462)	68	218	323	525	328	112,852
9/30/2009	45%	5%	21%	7%	9%	14%	1,907	(894)	142	(61)	174	433	206	101,509
10/31/2009	44%	5%	21%	7%	9%	14%	2,117	(658)	172	(104)	143	221	226	107,237
11/30/2009	43%	5%	21%	7%	9%	14%	1,847	(150)	201	(172)	(119)	104	136	89,240
12/31/2009	43%	5%	21%	7%	9%	15%	2,019	(614)	(99)	106	225	63	319	81,386
1/31/2010	43%	5%	21%	7%	9%	15%	1,818	(439)	(104)	(31)	276	(19)	317	106,109
2/28/2010	42%	5%	21%	7%	9%	15%	1,862	518	200	(379)	(34)	(431)	126	93,229

THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY
L Fund Investment Balances and Investment Allocations

Month end	L Fund Investment Balances						Allocation of L Fund Balances		
	Income (\$Mil)	2010 (\$Mil)	2020 (\$Mil)	2030 (\$Mil)	2040 (\$Mil)	Total (\$Mil)	FERS (%) Inc/2010/2020/2030/2040	CSRS (%) Inc/2010/2020/2030/2040	Uniformed Services (%) Inc/2010/2020/2030/2040
12/31/2005	542	2,235	3,092	1,362	664	7,895	6 / 24 / 41 / 20 / 9	13 / 50 / 30 / 4 / 3	2 / 8 / 23 / 36 / 31
12/31/2006	917	4,081	6,418	3,335	2,126	16,877	4 / 21 / 40 / 22 / 13	11 / 45 / 32 / 6 / 6	2 / 7 / 22 / 35 / 34
12/31/2007	1,237	5,326	8,801	4,970	3,547	23,881	4 / 19 / 39 / 23 / 15	10 / 42 / 34 / 7 / 7	2 / 6 / 21 / 34 / 37
12/31/2008	968	4,001	6,593	4,031	2,725	18,318	5 / 19 / 37 / 24 / 15	11 / 44 / 33 / 7 / 5	2 / 7 / 20 / 34 / 37
1/31/2009	936	3,874	6,257	3,817	2,571	17,455	5 / 19 / 37 / 24 / 15	11 / 45 / 33 / 6 / 5	2 / 7 / 20 / 34 / 37
2/28/2009	882	3,606	5,731	3,529	2,365	16,113	5 / 19 / 37 / 24 / 15	11 / 45 / 33 / 6 / 5	2 / 7 / 20 / 34 / 37
3/31/2009	884	3,580	5,959	3,777	2,571	16,771	4 / 19 / 38 / 24 / 15	11 / 45 / 33 / 6 / 5	2 / 7 / 20 / 34 / 37
4/30/2009	913	3,741	6,526	4,207	2,912	18,299	4 / 18 / 37 / 25 / 16	11 / 43 / 33 / 7 / 6	2 / 6 / 19 / 34 / 39
5/31/2009	953	3,905	7,022	4,564	3,200	19,644	4 / 17 / 38 / 25 / 16	11 / 42 / 34 / 7 / 6	2 / 6 / 19 / 34 / 39
6/30/2009	976	3,959	7,207	4,691	3,311	20,144	4 / 17 / 38 / 25 / 16	11 / 42 / 34 / 7 / 6	2 / 6 / 19 / 34 / 39
7/31/2009	1,007	4,094	7,714	5,069	3,615	21,499	4 / 17 / 37 / 25 / 17	10 / 42 / 35 / 7 / 6	2 / 6 / 19 / 34 / 39
8/31/2009	1,040	4,199	8,135	5,347	3,852	22,573	4 / 16 / 37 / 26 / 17	10 / 41 / 36 / 7 / 6	2 / 6 / 19 / 34 / 39
9/30/2009	1,081	4,283	8,500	5,635	4,090	23,589	4 / 16 / 37 / 26 / 17	10 / 41 / 36 / 7 / 6	2 / 5 / 19 / 34 / 40
10/31/2009	1,118	4,317	8,545	5,659	4,092	23,731	4 / 16 / 37 / 26 / 17	10 / 41 / 36 / 7 / 6	2 / 5 / 19 / 34 / 40
11/30/2009	1,151	4,410	8,945	5,960	4,337	24,803	4 / 15 / 38 / 26 / 17	10 / 40 / 37 / 7 / 6	2 / 5 / 19 / 34 / 40
12/31/2009	1,205	4,479	9,290	6,219	4,558	25,751	4 / 15 / 37 / 26 / 18	11 / 39 / 36 / 8 / 6	2 / 5 / 19 / 34 / 40
1/31/2010	1,250	4,467	9,310	6,197	4,534	25,758	4 / 15 / 38 / 26 / 17	11 / 38 / 37 / 8 / 6	2 / 5 / 19 / 34 / 40
2/28/2010	1,275	4,511	9,585	6,449	4,705	26,525	4 / 15 / 37 / 26 / 18	11 / 38 / 37 / 8 / 6	2 / 5 / 18 / 34 / 41

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
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
12/31/2008	108,130	4%	21,470	4%	42,267	5%	50 / 7 / 22 / 5 / 6 / 10	58 / 6 / 21 / 3 / 4 / 8	48 / 5 / 14 / 9 / 10 / 14
1/31/2009	107,944	4%	21,032	4%	42,344	5%	53 / 7 / 22 / 4 / 5 / 9	60 / 6 / 19 / 3 / 4 / 8	50 / 5 / 13 / 9 / 9 / 14
2/28/2009	105,490	4%	19,855	3%	42,133	4%	56 / 7 / 19 / 4 / 5 / 9	62 / 7 / 18 / 3 / 3 / 7	53 / 5 / 12 / 8 / 9 / 13
3/31/2009	102,689	4%	18,823	3%	41,884	4%	55 / 7 / 20 / 4 / 5 / 9	63 / 6 / 18 / 3 / 3 / 7	50 / 5 / 13 / 9 / 9 / 14
4/30/2009	103,465	4%	18,839	3%	41,888	4%	53 / 6 / 22 / 5 / 5 / 9	60 / 6 / 20 / 3 / 4 / 7	48 / 5 / 13 / 10 / 10 / 14
5/31/2009	104,877	4%	18,995	3%	42,056	4%	51 / 6 / 22 / 5 / 6 / 10	59 / 6 / 20 / 4 / 4 / 7	46 / 5 / 13 / 10 / 11 / 15
6/30/2009	106,146	4%	19,152	3%	42,279	4%	50 / 6 / 22 / 5 / 7 / 10	57 / 6 / 20 / 4 / 5 / 8	45 / 5 / 14 / 10 / 11 / 15
7/31/2009	107,596	4%	19,281	3%	42,386	4%	48 / 6 / 23 / 6 / 7 / 10	56 / 6 / 21 / 4 / 5 / 8	45 / 4 / 14 / 10 / 11 / 16
8/31/2009	110,025	4%	19,513	3%	42,730	4%	47 / 6 / 24 / 6 / 7 / 10	55 / 6 / 22 / 4 / 5 / 8	43 / 4 / 14 / 11 / 12 / 16
9/30/2009	111,413	4%	19,650	3%	42,983	4%	45 / 6 / 24 / 6 / 8 / 11	53 / 6 / 23 / 4 / 6 / 8	43 / 4 / 14 / 11 / 12 / 16
10/31/2009	113,061	4%	19,823	3%	43,248	4%	45 / 6 / 24 / 6 / 8 / 11	54 / 6 / 22 / 4 / 6 / 8	44 / 4 / 14 / 10 / 12 / 16
11/30/2009	114,474	4%	19,897	4%	43,502	4%	44 / 6 / 25 / 6 / 8 / 11	53 / 6 / 23 / 4 / 6 / 8	42 / 4 / 15 / 11 / 12 / 16
12/31/2009	116,137	4%	20,090	4%	43,720	4%	44 / 6 / 25 / 6 / 8 / 11	53 / 6 / 23 / 4 / 6 / 8	42 / 4 / 15 / 11 / 12 / 16
1/31/2010	118,281	4%	20,351	4%	44,205	4%	45 / 6 / 24 / 6 / 8 / 11	52 / 6 / 23 / 5 / 6 / 8	43 / 4 / 15 / 11 / 11 / 16
2/28/2010	119,943	4%	20,445	4%	44,599	4%	44 / 6 / 25 / 7 / 7 / 11	52 / 6 / 23 / 5 / 5 / 9	43 / 4 / 15 / 11 / 11 / 16

THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY
L Fund Participation

Month end	Participants with Balances in the L Funds						Number of Participant Accounts with L Fund Balances					
	FERS (000s) %		CSRS (000s) %		Uniformed Services (000s) %		Income	2010	2020	2030	2040	Any L Fund
12/31/2005	138	6%	33	5%	44	7%	16,915	46,517	67,777	55,164	50,848	214,779
12/31/2006	273	12%	57	9%	103	14%	34,698	87,845	137,155	124,086	132,325	433,025
12/31/2007	359	15%	68	11%	139	17%	45,093	108,073	175,838	168,215	196,888	566,232
12/31/2008	373	15%	57	10%	154	17%	48,139	103,507	174,922	179,855	211,196	584,468
1/31/2009	375	15%	56	10%	155	17%	48,283	103,812	175,057	180,440	212,115	585,781
2/28/2009	371	15%	54	9%	155	17%	48,249	102,518	172,157	179,328	210,798	580,588
3/31/2009	372	15%	53	9%	155	16%	48,493	102,097	171,406	180,065	211,682	581,045
4/30/2009	378	15%	54	9%	157	16%	49,177	104,066	174,862	183,280	215,109	588,039
5/31/2009	383	15%	54	9%	158	17%	50,011	105,967	177,921	186,083	218,449	595,315
6/30/2009	388	15%	55	9%	159	17%	50,498	107,099	180,519	188,490	221,364	601,850
7/31/2009	392	15%	55	10%	160	17%	50,842	107,948	182,661	190,481	223,997	606,828
8/31/2009	399	15%	56	10%	161	17%	51,363	108,847	185,678	193,500	228,299	615,835
9/30/2009	404	15%	56	10%	162	17%	51,823	109,315	187,915	196,265	232,005	623,066
10/31/2009	412	15%	57	10%	163	17%	52,676	110,046	190,475	199,246	236,077	631,869
11/30/2009	418	15%	57	10%	164	17%	53,156	110,474	192,795	202,022	239,947	639,034
12/31/2009	424	16%	57	10%	165	17%	53,770	110,879	195,500	204,995	244,145	647,040
1/31/2010	431	16%	58	10%	167	17%	54,564	111,110	198,178	207,844	247,913	657,364
2/28/2010	437	16%	58	10%	168	17%	55,141	111,453	200,516	211,250	251,769	663,525