



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

MEMORANDUM FOR THE EXECUTIVE DIRECTOR

FROM: Sean McCaffrey, Chief Investment Officer *SM*

DATE: March 15, 2022

SUBJECT: February 2022 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, interfund transfer activity, and L Funds participation.

**RETURNS AND TRACKING ERRORS**

The tables below contain returns and tracking errors for the F, C, S, and I Funds and for the separate accounts managed by BlackRock and State Street. Due to rounding, the tracking errors may not match the differences in returns.

**February 2022 Returns and Tracking Errors**

		<u>Fixed Income</u>	<u>Large Cap</u>	<u>Small Mid Cap</u>	<u>International</u>
		<u>(F Fund)</u>	<u>(C Fund)</u>	<u>(S Fund)</u>	<u>(I Fund)</u>
<b>Return (%)</b>	<b>Index</b>	-1.12	-2.99	-0.02	-1.77
	<b>BlackRock</b>	-1.07	-2.99	0.04	-2.61
	<b>State Street</b>	-1.13	-2.99	-0.01	n/a
	<b>TSP Fund (Net)</b>	-1.08	-2.99	0.03	-2.61
<b>Tracking Error vs Index (%)</b>	<b>BlackRock</b>	0.05	0.01	0.05	-0.84
	<b>State Street</b>	-0.02	0.00	0.01	n/a
	<b>TSP Fund</b>	0.03	0.00	0.04	-0.85

BlackRock's performance for the F Fund exceeded that of the Fixed Income Index by 5 basis points, primarily resulting from securities lending. Its performance for the C Fund was in line with the Large Cap Index. For the S Fund, BlackRock outperformed the Small Mid Cap Index by 5 basis points, primarily resulting from securities lending. Its performance for the I Fund lagged the International Index by 84 basis points, primarily due to a fair value pricing event that occurred on the last trading day of January.

State Street's performance for the F, C, and S Funds was in line with the Funds' respective indices for the month.

## 2022 YTD Returns and Tracking Errors

		<u>Fixed Income</u>	<u>Large Cap</u>	<u>Small Mid Cap</u>	<u>International</u>
		<u>(F Fund)</u>	<u>(C Fund)</u>	<u>(S Fund)</u>	<u>(I Fund)</u>
<b>Return (%)</b>	<b>Index</b>	-3.25	-8.01	-10.11	-6.52
	<b>BlackRock</b>	-3.11	-8.00	-10.03	-6.46
	<b>State Street</b>	-3.27	-8.02	-10.05	n/a
	<b>TSP Fund (Net)</b>	-3.15	-8.01	-10.05	-6.47
<b>Tracking Error vs Index (%)</b>	<b>BlackRock</b>	0.14	0.01	0.07	0.06
	<b>State Street</b>	-0.02	0.00	0.06	n/a
	<b>TSP Fund</b>	0.10	0.00	0.06	0.05

Year-to-date, BlackRock's performance for the F Fund was ahead of the Fixed Income Index by 14 basis points, primarily due to a difference in the timing of pricing by BlackRock and by the index provider on December 31, 2021. Its performance for the C Fund was in line with the Large Cap Index. For the S Fund, BlackRock's performance exceeded the Small Mid Cap Index by 7 basis points, primarily resulting from securities lending. Its performance for the I Fund was ahead of the International Index by 6 basis points, primarily due to fair value pricing.

Year-to-date, State Street's performance for the F and C Funds was in line with the Funds' respective indices. For the S Fund, State Street outperformed the Small Mid Cap Index by 6 basis points, primarily due to securities lending.

***TSP Net Returns as of February 28, 2022***

	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>
<b>G Fund</b>	1.51%	1.47%	1.94%	1.94%

	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>
<b>F Fund</b>	-2.47%	3.35%	2.81%	2.70%
<b>Bloomberg Barclays US Agg Bond Index</b>	-2.64%	3.30%	2.71%	2.47%
<b>Tracking Error</b>	0.18%	0.05%	0.10%	0.23%

	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>
<b>C Fund</b>	16.37%	18.20%	15.14%	14.60%
<b>S&amp;P 500 Index</b>	16.39%	18.24%	15.17%	14.59%
<b>Tracking Error</b>	-0.02%	-0.05%	-0.04%	0.01%

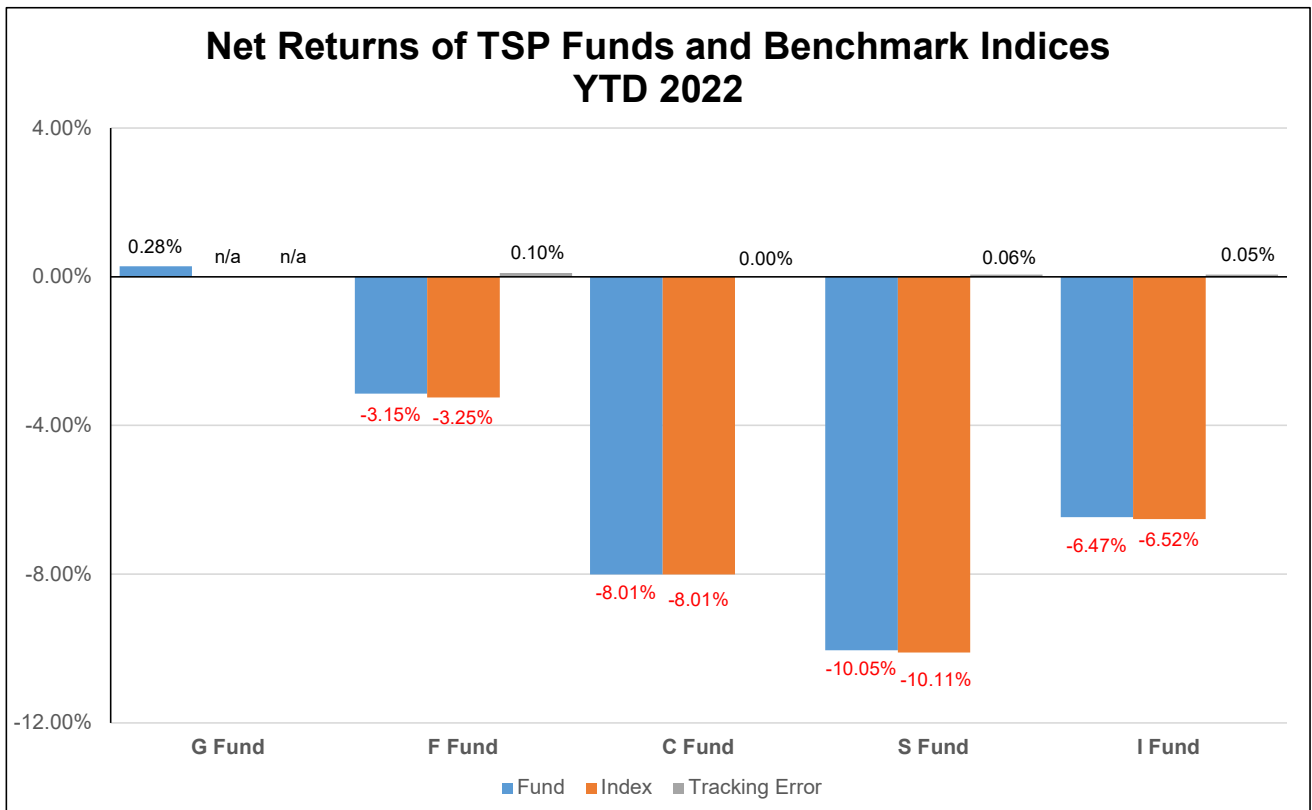
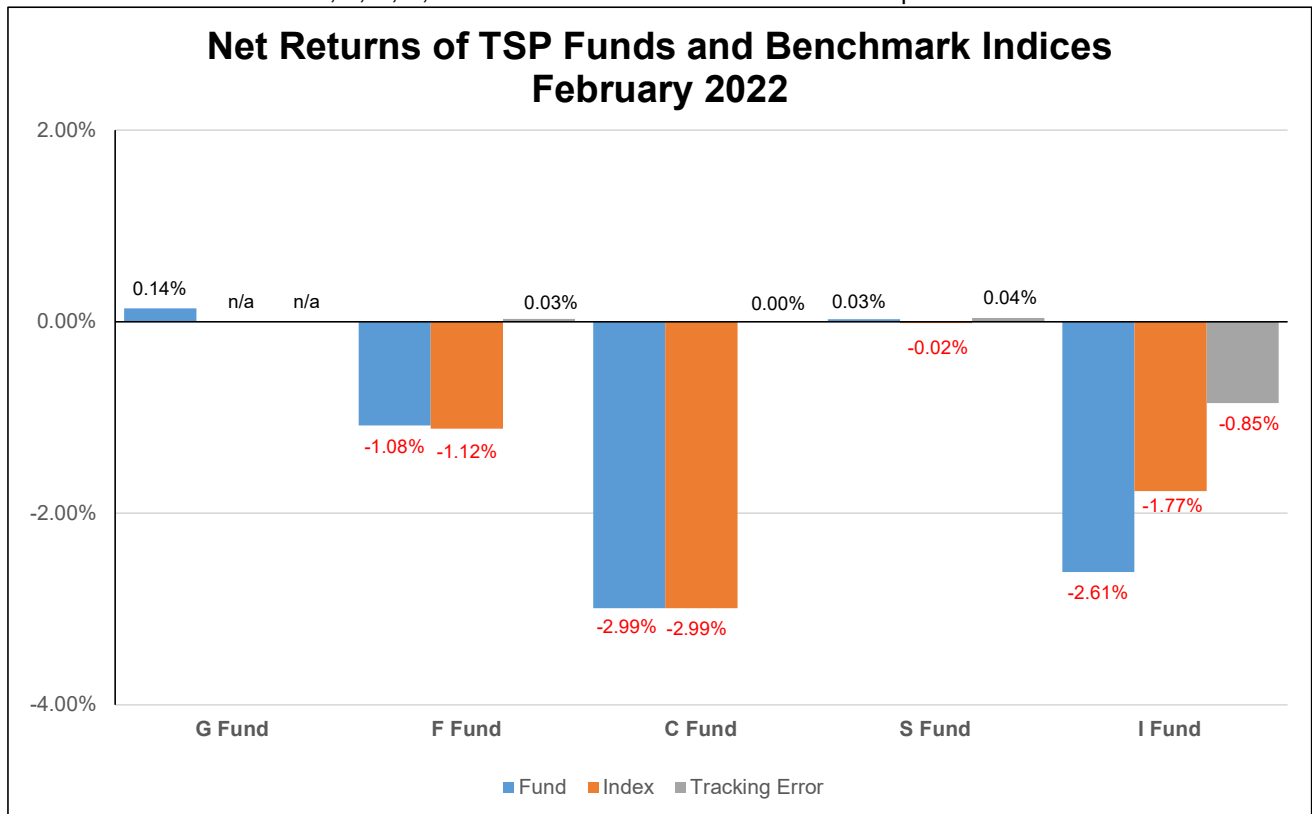
	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>
<b>S Fund</b>	-6.52%	13.35%	11.83%	12.57%
<b>Dow Jones US Completion TSM Index</b>	-6.64%	13.39%	11.75%	12.31%
<b>Tracking Error</b>	0.12%	-0.04%	0.08%	0.26%

	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>
<b>I Fund</b>	3.06%	8.10%	7.52%	6.56%
<b>MSCI EAFE Index</b>	2.83%	7.78%	7.16%	6.15%
<b>Tracking Error</b>	0.23%	0.32%	0.35%	0.40%

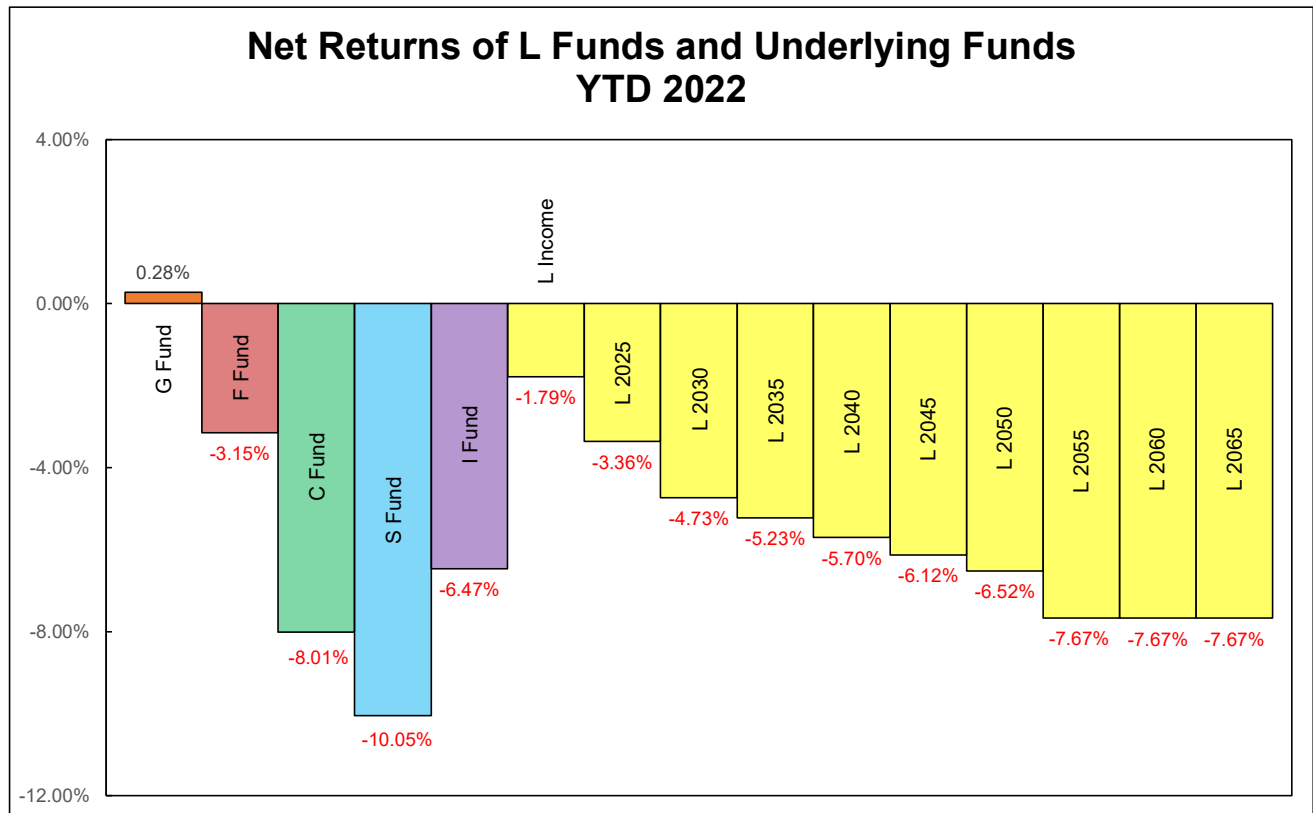
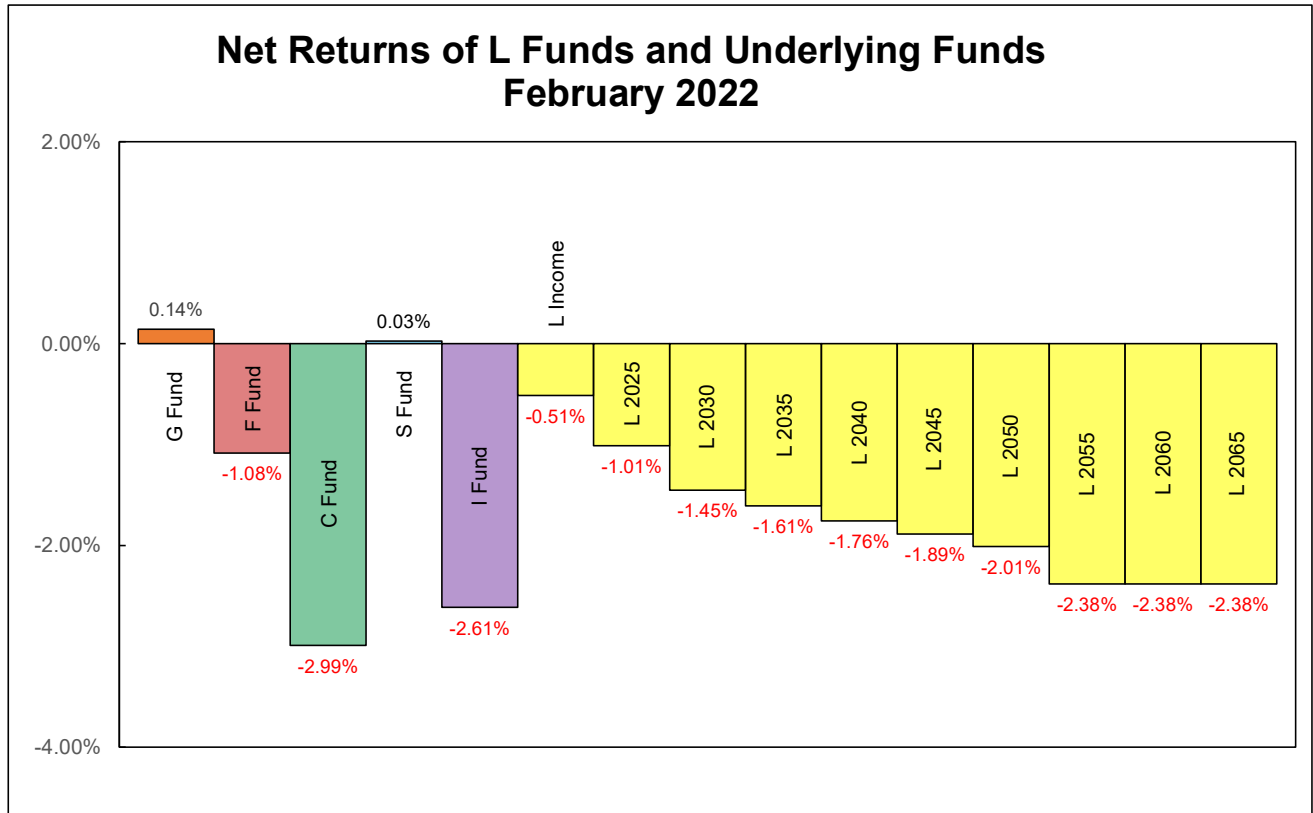
	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>
<b>L Income Fund</b>	2.99%	4.50%	4.32%	4.17%
<b>L 2025 Fund</b>	4.90%	N/A	N/A	N/A
<b>L 2030 Fund</b>	5.60%	9.38%	8.37%	8.39%
<b>L 2035 Fund</b>	5.91%	N/A	N/A	N/A
<b>L 2040 Fund</b>	6.24%	10.82%	9.51%	9.44%
<b>L 2045 Fund</b>	6.45%	N/A	N/A	N/A
<b>L 2050 Fund</b>	6.72%	12.02%	10.48%	10.34%
<b>L 2055 Fund</b>	8.04%	N/A	N/A	N/A
<b>L 2060 Fund</b>	8.03%	N/A	N/A	N/A
<b>L 2065 Fund</b>	8.03%	N/A	N/A	N/A
<b>Inception date for L 2025, L 2035, L 2045, L 2055, L 2060, L 2065: July 1, 2020</b>				

## Performance of TSP Funds

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

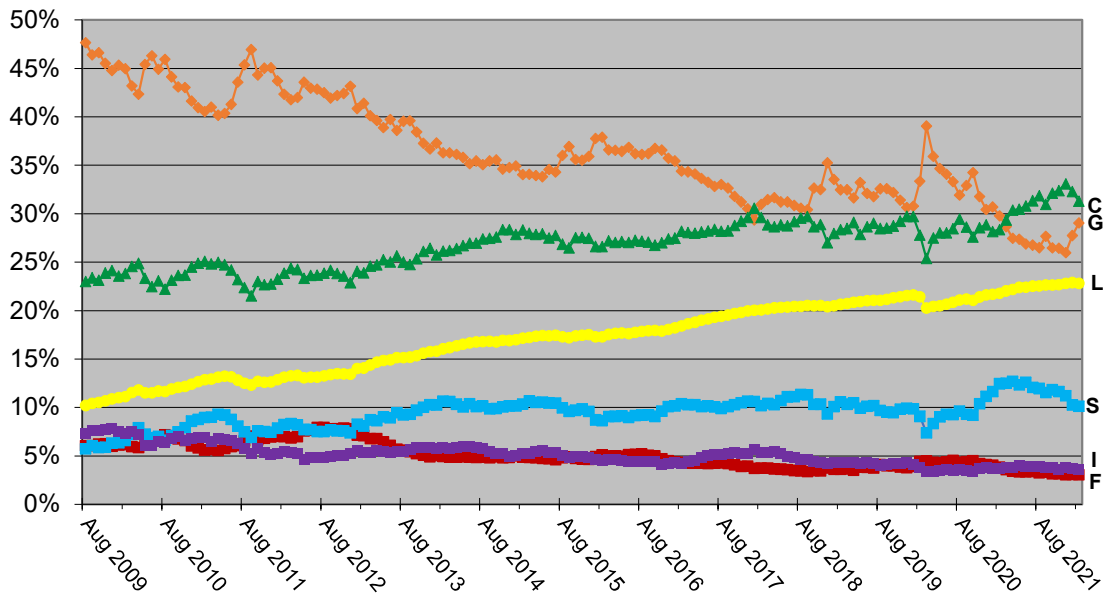


Net rates of return for the L Funds are shown below, along with comparable returns for the G, F, C, S, and I Funds.



## Asset Allocation

### Participant Asset Allocation History

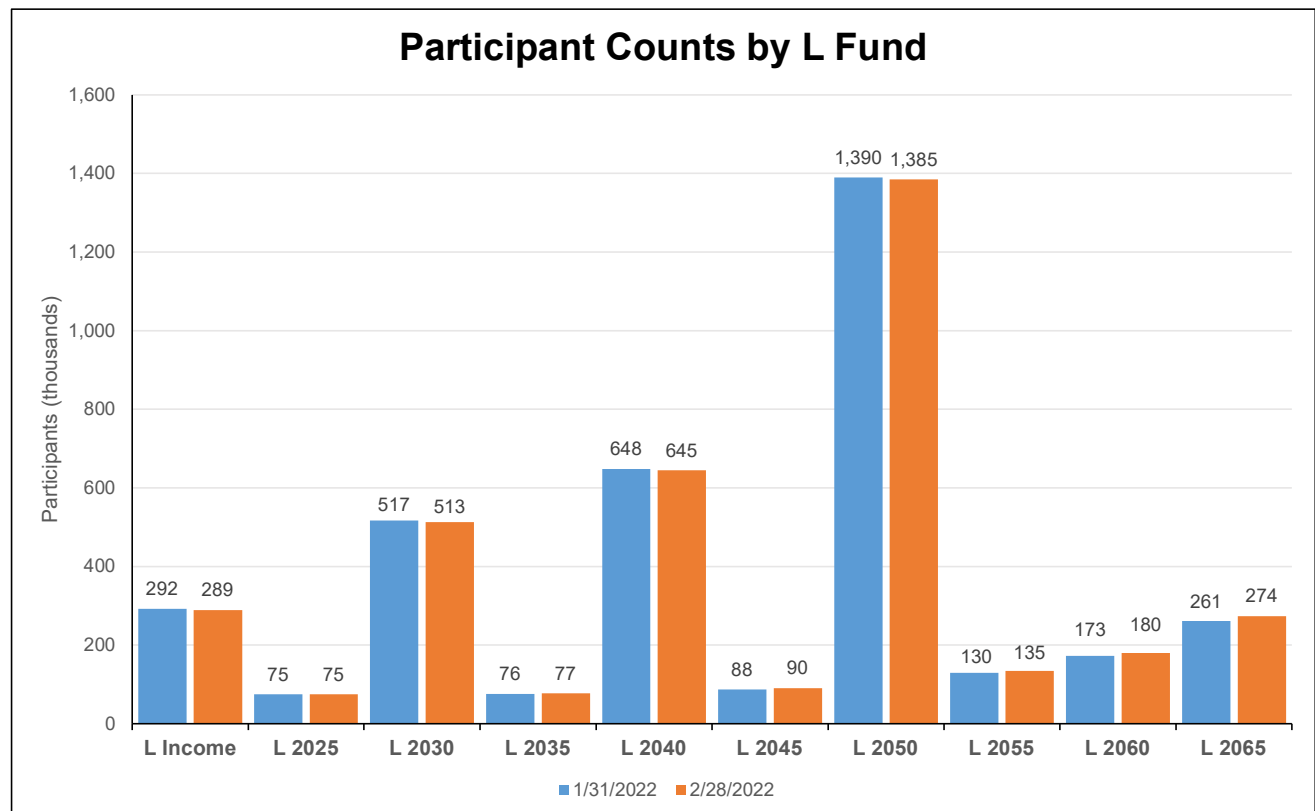
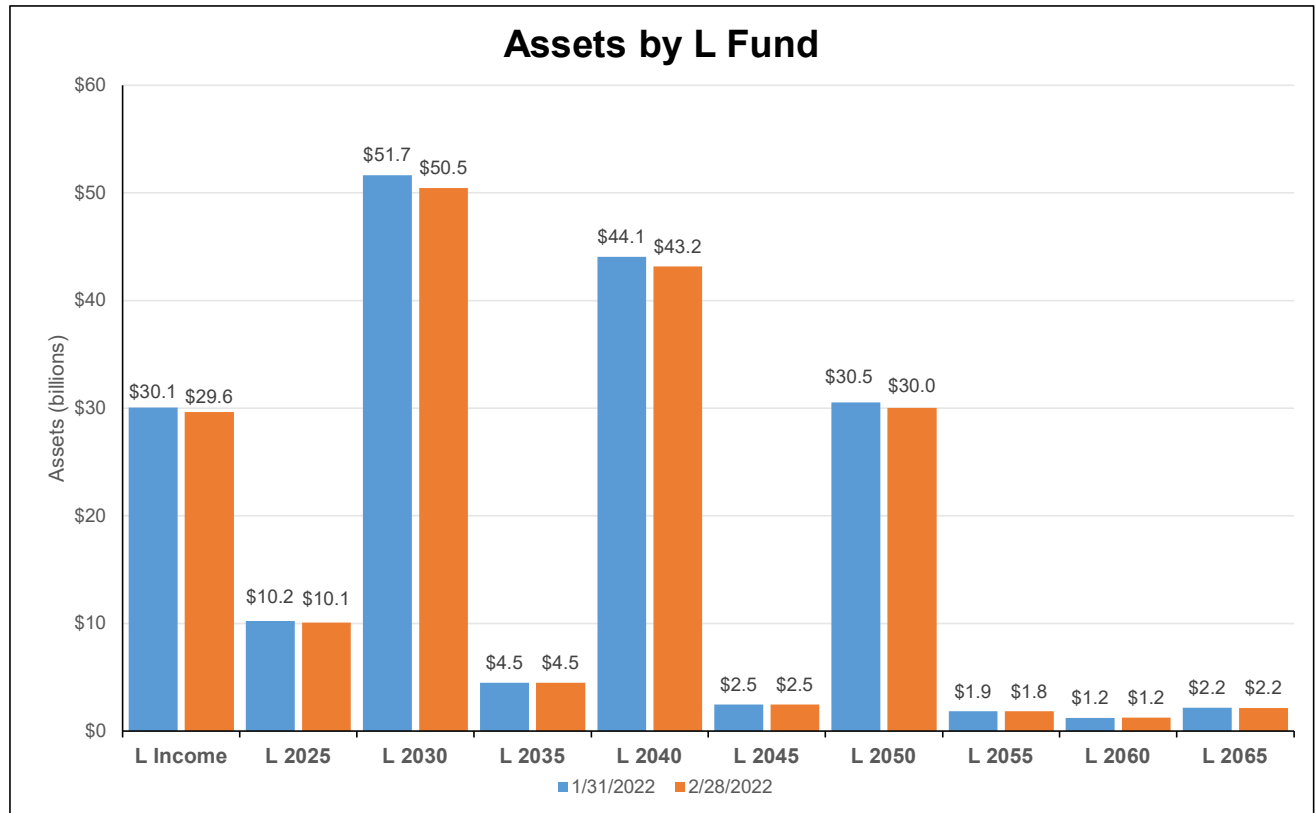


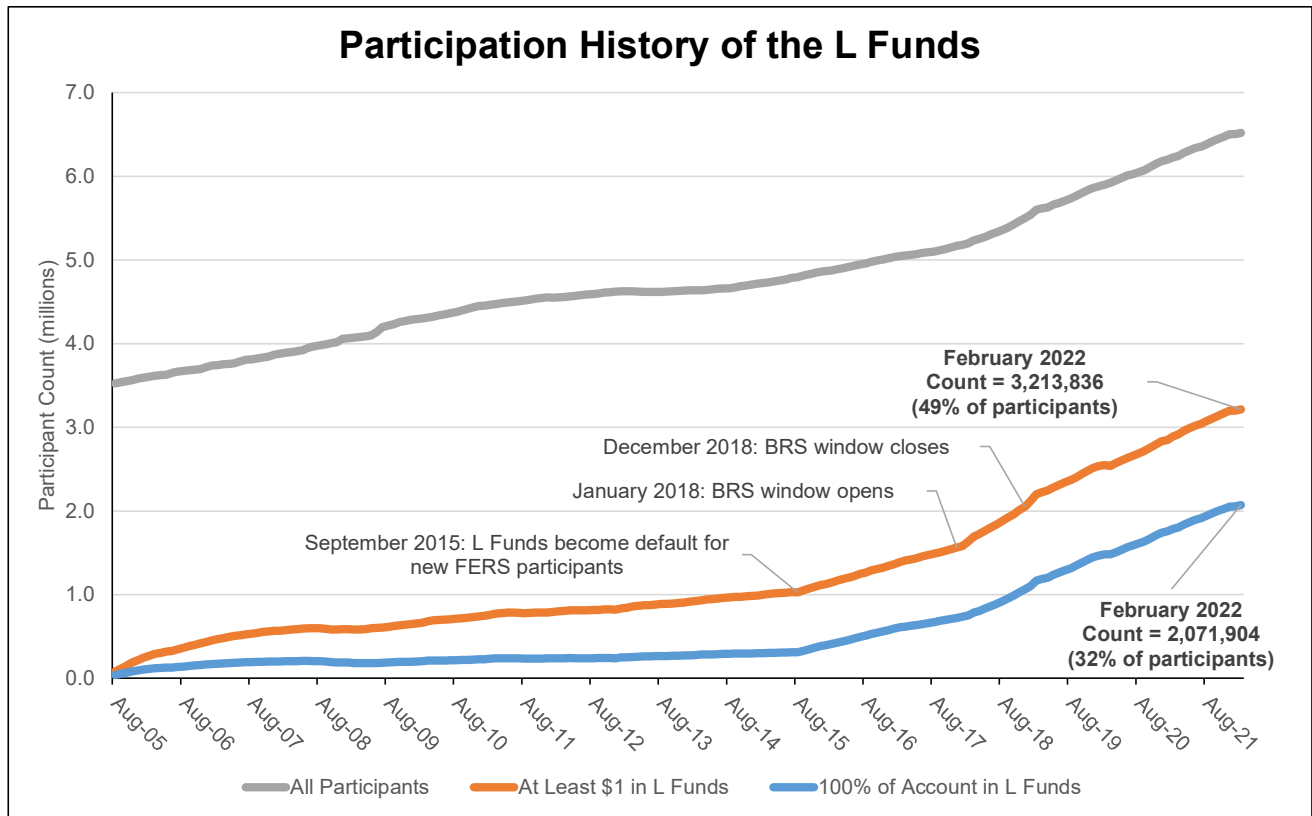
### Asset Allocation as of February 28, 2022

	<u>Participant Allocation</u>		<u>Individual TSP Funds</u>	
	<u>Assets</u> (Billions)	<u>Share of</u> Total	<u>Assets</u> (Billions)	<u>Share of</u> Total
<b>G Fund</b>	\$223.6	29.1%	\$280.2	36.4%
<b>F Fund</b>	\$23.7	3.1%	\$35.5	4.6%
<b>C Fund</b>	\$240.7	31.3%	\$295.6	38.4%
<b>S Fund</b>	\$78.0	10.1%	\$93.0	12.1%
<b>I Fund</b>	\$27.9	3.6%	\$65.1	8.5%
<b><u>L Funds</u></b>	<u>\$175.6</u>	<u>22.8%</u>	<u>n/a</u>	<u>n/a</u>
<b>Total</b>	\$769.5	100%	\$769.5	100%

\*Components may not sum to totals because of rounding.

## Lifecycle (L) Funds





#### Interfund Transfer Activity

