



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: November 7, 2022

SUBJECT: October 2022 Investment Program Review

INTRODUCTION

This report reviews key aspects of the TSP's investment program, including performance and tracking error, interfund transfer activity, and participant allocations.

RETURNS AND TRACKING ERRORS

The tables below contain the monthly and year-to-date (YTD) 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.

October 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>
Return (%)	Index	-1.30	8.10	8.53	5.38
	BlackRock	-1.26	8.09	8.60	5.98
	State Street	-1.28	8.10	8.57	n/a
	TSP Fund (Net)	-1.26	8.10	8.59	5.98
Tracking Error vs Index (%)	BlackRock	0.04	0.00	0.07	0.60
	State Street	0.01	0.00	0.04	n/a
	TSP Fund	0.03	0.00	0.07	0.60

BlackRock's performance for the F Fund exceeded the Fixed Income Index's return by 4 basis points, primarily due to 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 7 basis points, primarily due to securities lending. Its performance for the I Fund was ahead of the International Index by 60 basis points, primarily due to fair value pricing.

State Street's performance for the F and C Funds was in line with the Funds' respective indices. Its performance for the S Fund was ahead of the Small Mid Cap Index's return by 4 basis points, primarily resulting from futures mistracking.

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>
Return (%)	Index	-15.72	-17.70	-24.13	-23.17
	BlackRock	-15.27	-17.66	-23.78	-22.87
	State Street	-15.65	-17.70	-23.83	n/a
	TSP Fund (Net)	-15.38	-17.70	-23.83	-22.90
Tracking Error vs Index (%)	BlackRock	0.44	0.04	0.35	0.31
	State Street	0.06	0.00	0.29	n/a
	TSP Fund	0.33	0.00	0.30	0.28

Year-to-date, BlackRock's performance for the F Fund was ahead of the Fixed Income Index's return by 44 basis points, primarily due to securities lending. For the C Fund, BlackRock outperformed the Large Cap Index by 4 basis points, primarily due to securities lending. For the S Fund, BlackRock's performance exceeded the Small Mid Cap Index's return by 35 basis points, primarily due to securities lending. Its performance for the I Fund was ahead of the International Index by 31 basis points, primarily due to fair value pricing.

Year-to-date, State Street's performance for the F Fund exceeded the Fixed Income Index's return by 6 basis points, primarily due to securities lending. Its performance for the C Fund was in line with the Large Cap Index. For the S Fund, State Street outperformed the Small Mid Cap Index by 29 basis points, primarily due to securities lending.

TSP Net Returns as of October 31, 2022

	1-Year	3-Year	5-Year	10-Year
G Fund	2.55%	1.65%	2.03%	2.04%

	1-Year	3-Year	5-Year	10-Year
F Fund	-15.40%	-3.62%	-0.42%	1.00%
Bloomberg Barclays US Agg Bond Index	-15.68%	-3.77%	-0.54%	0.74%
Tracking Error	0.28%	0.15%	0.12%	0.26%

	1-Year	3-Year	5-Year	10-Year
C Fund	-14.61%	10.18%	10.41%	12.80%
S&P 500 Index	-14.61%	10.22%	10.44%	12.79%
Tracking Error	0.00%	-0.04%	-0.03%	0.01%

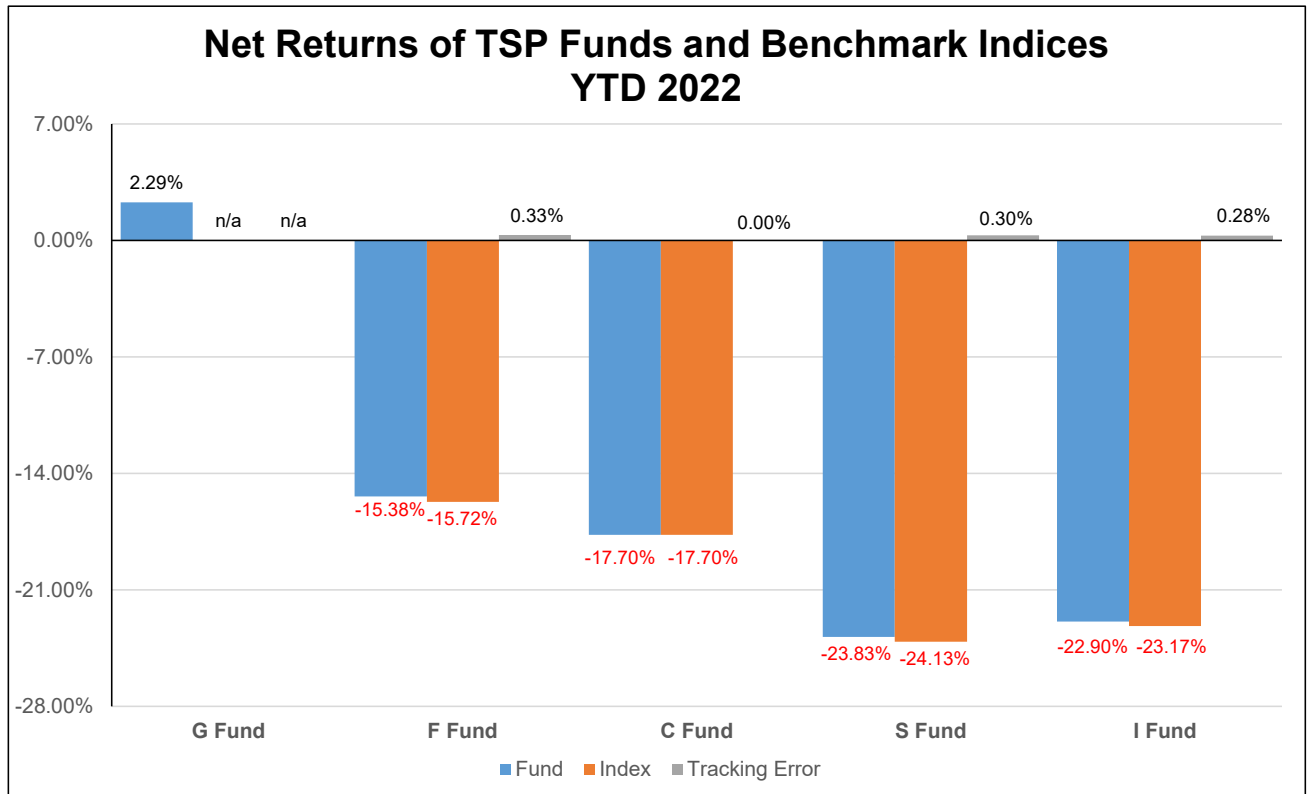
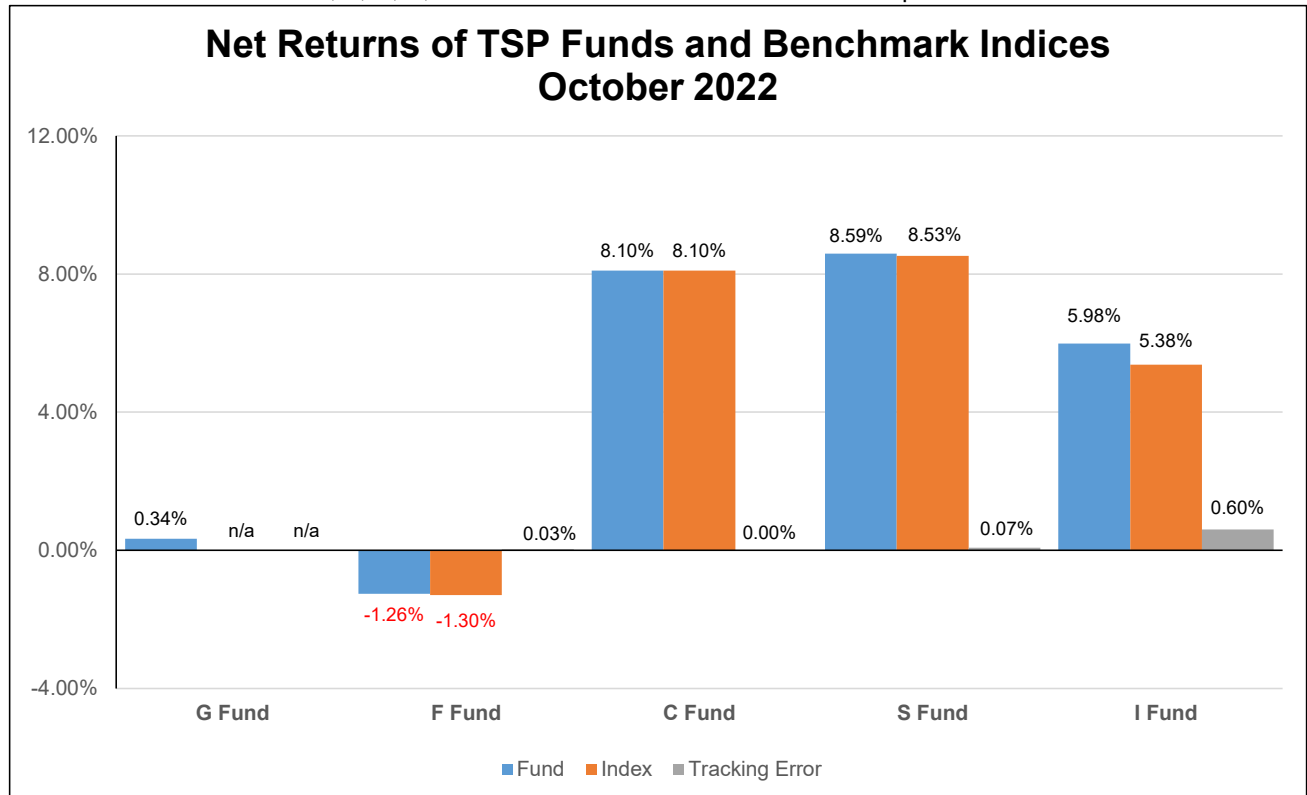
	1-Year	3-Year	5-Year	10-Year
S Fund	-27.24%	6.45%	6.28%	10.54%
Dow Jones US Completion TSM Index	-27.55%	6.37%	6.15%	10.29%
Tracking Error	0.31%	0.07%	0.13%	0.25%

	1-Year	3-Year	5-Year	10-Year
I Fund	-22.74%	-0.99%	0.24%	4.46%
MSCI EAFE Index	-23.00%	-1.27%	-0.09%	4.13%
Tracking Error	0.26%	0.29%	0.33%	0.34%

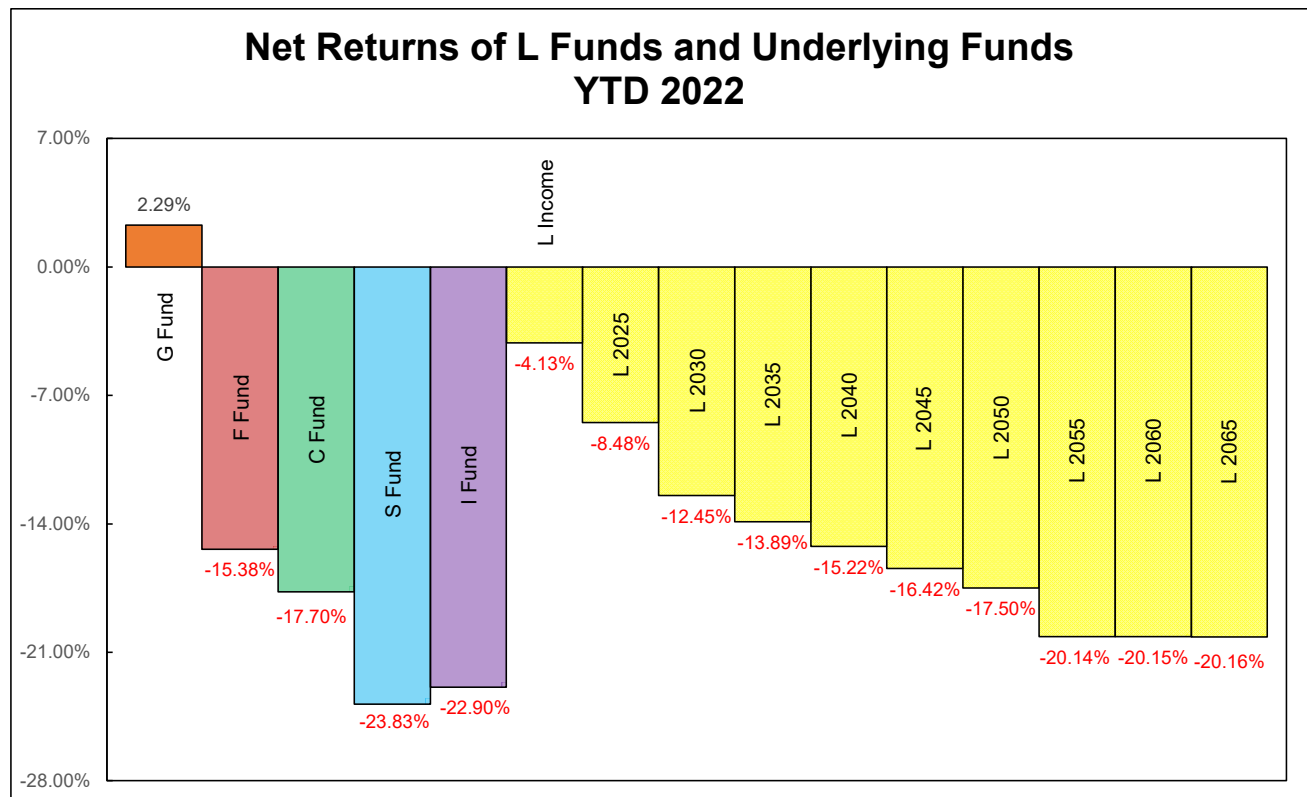
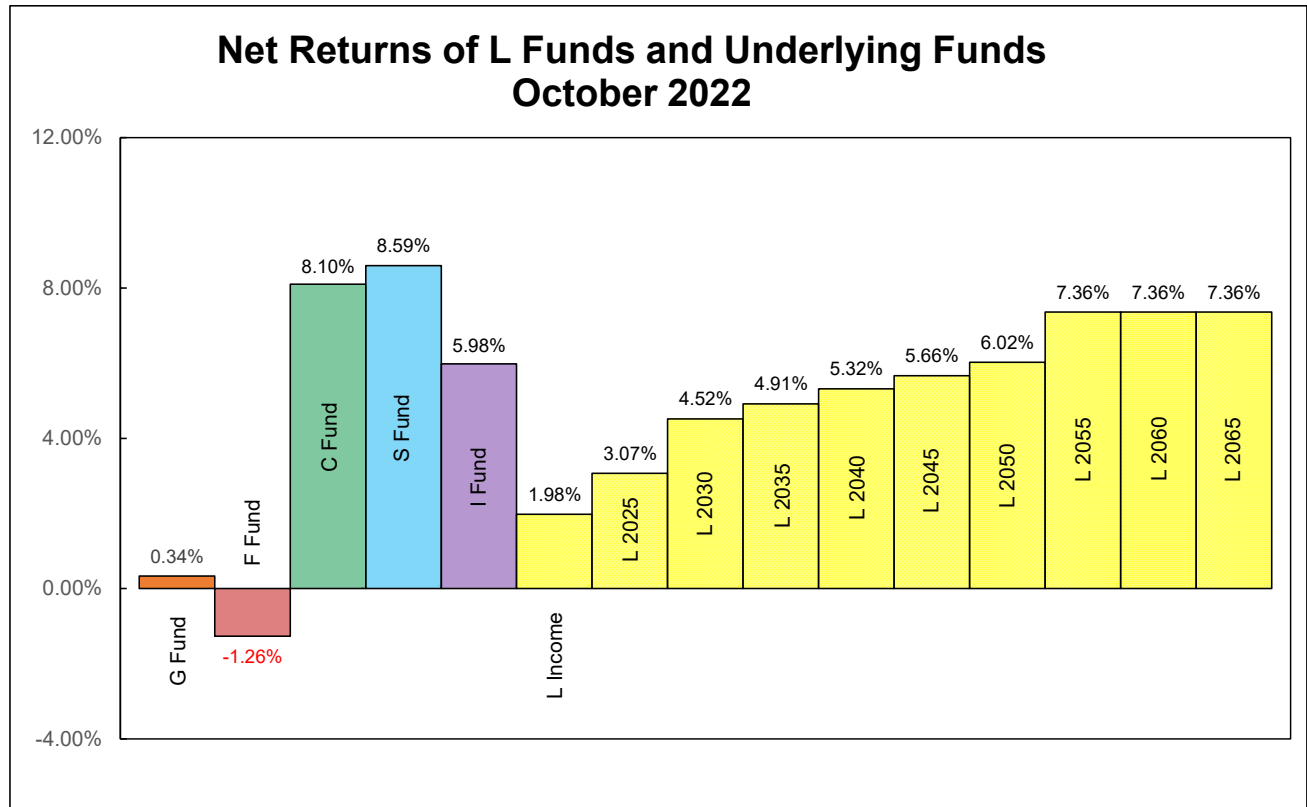
	1-Year	3-Year	5-Year	10-Year
L Income Fund	-3.61%	2.54%	3.08%	3.74%
L 2025 Fund	-7.75%	N/A	N/A	N/A
L 2030 Fund	-11.62%	4.29%	4.91%	7.18%
L 2035 Fund	-13.02%	N/A	N/A	N/A
L 2040 Fund	-14.33%	4.64%	5.32%	7.97%
L 2045 Fund	-15.53%	N/A	N/A	N/A
L 2050 Fund	-16.59%	4.93%	5.65%	8.65%
L 2055 Fund	-19.13%	N/A	N/A	N/A
L 2060 Fund	-19.14%	N/A	N/A	N/A
L 2065 Fund	-19.16%	N/A	N/A	N/A
Inception date for L 2025, L 2035, L 2045, L 2055, L 2060, L 2065: July 1, 2020				

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.

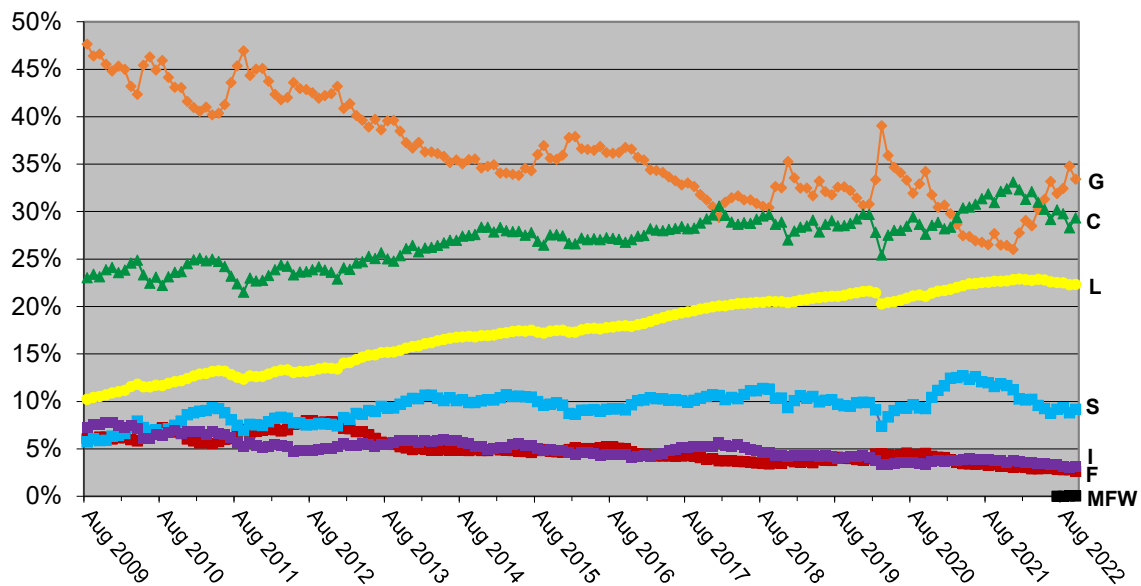


Net rates of return for the L Funds are shown below, along with comparable returns for the G, F, C, S, and I Funds.



Asset Allocation

Participant Asset Allocation History

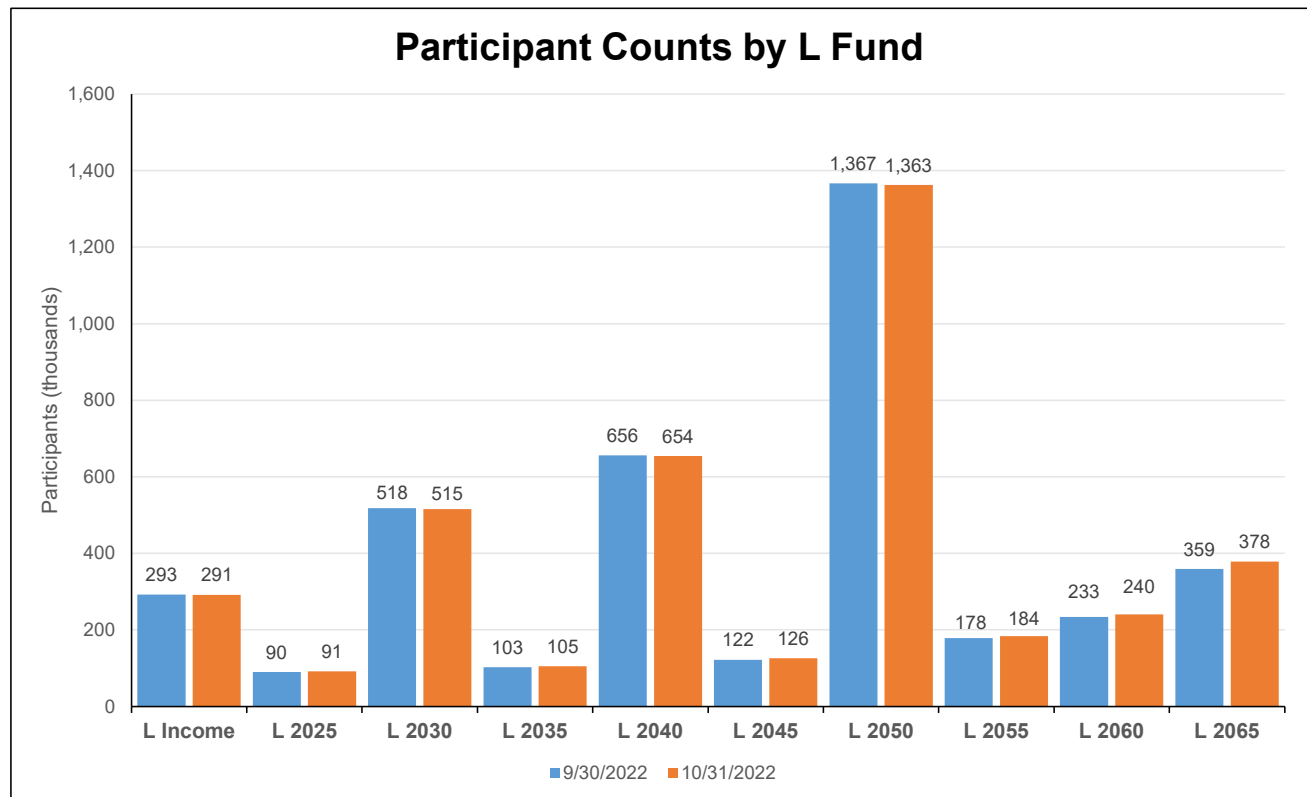
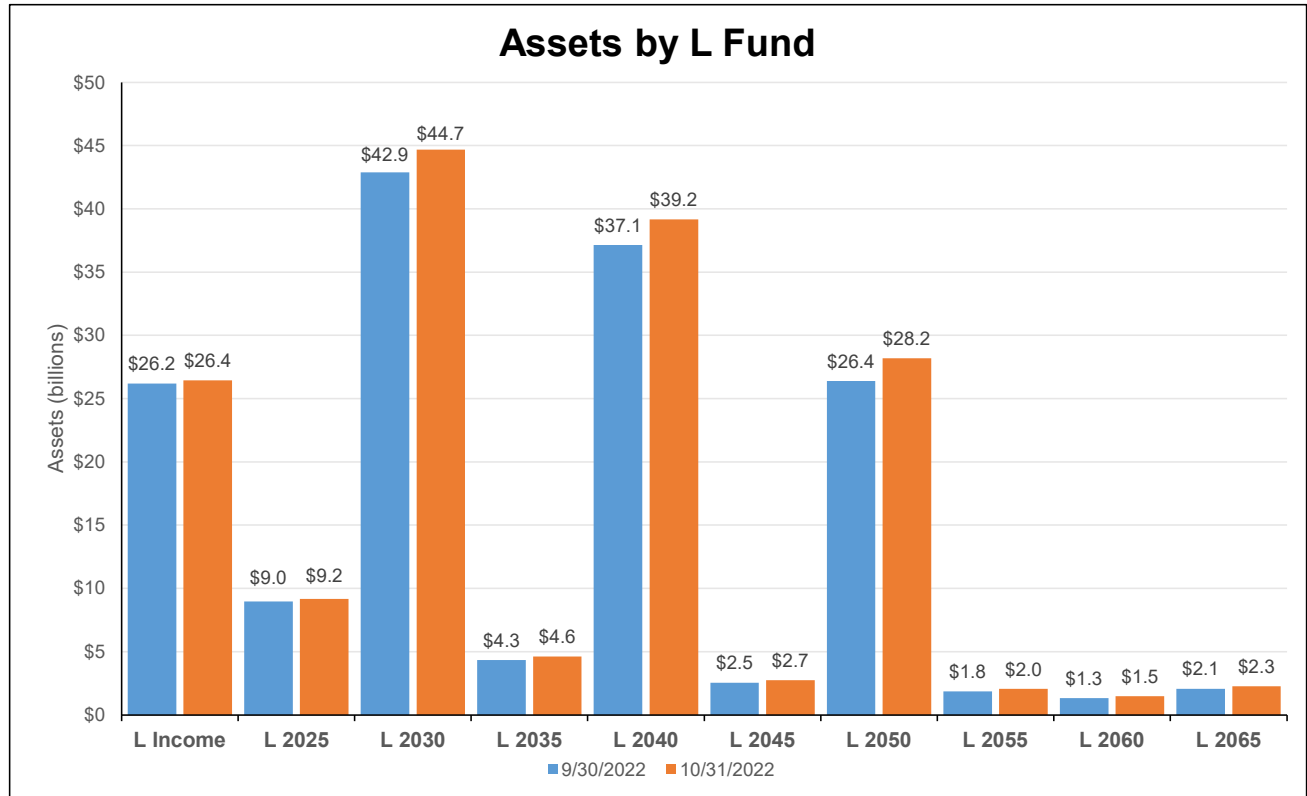


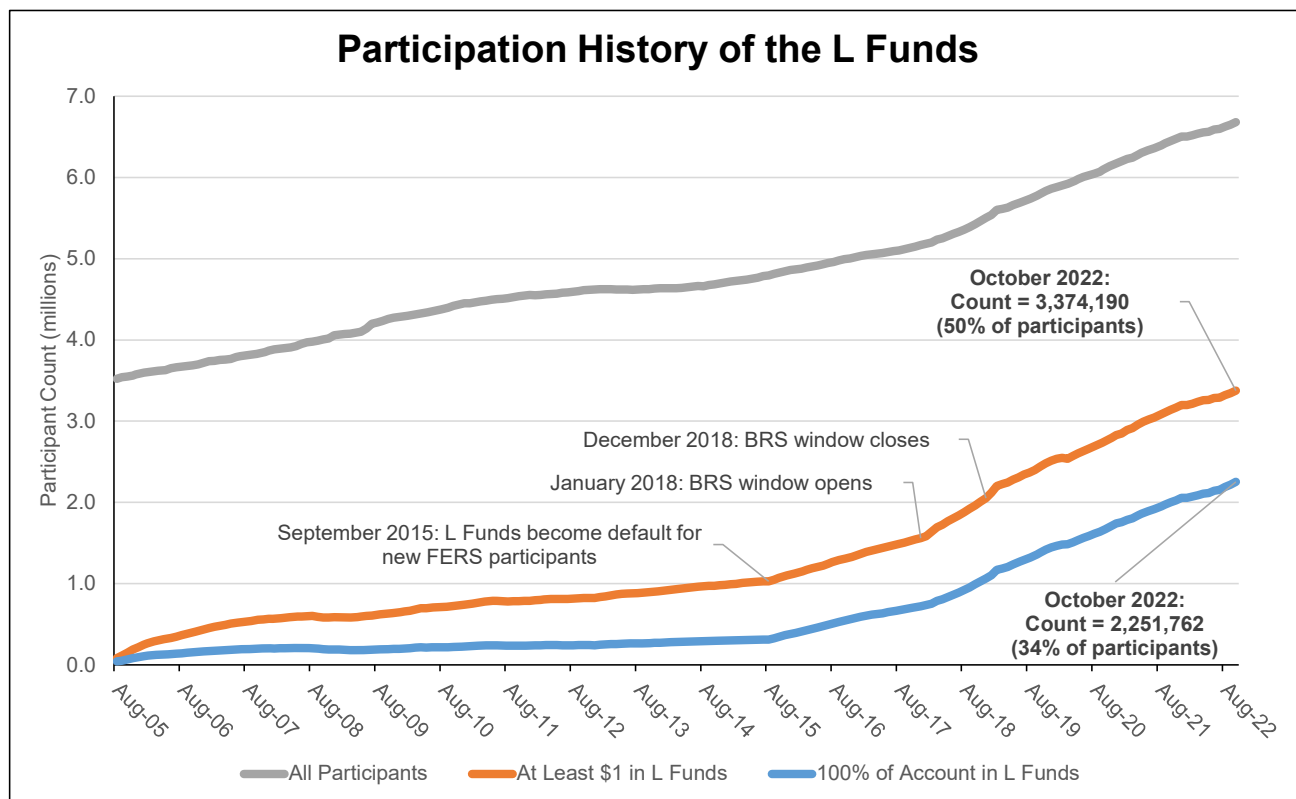
Asset Allocation as of October 31, 2022

	Participant Allocation		Individual TSP Funds	
	Assets (Billions)	Share of Total	Assets (Billions)	Share of Total
G Fund	\$240.5	33.4%	\$292.0	40.6%
F Fund	\$18.9	2.6%	\$29.4	4.1%
C Fund	\$211.3	29.3%	\$261.9	36.4%
S Fund	\$66.0	9.2%	\$79.6	11.1%
I Fund	\$22.3	3.1%	\$56.8	7.9%
L Funds	\$160.7	22.3%	n/a	n/a
<u>MFW</u>	<u>\$0.1</u>	<u>0.0%</u>	<u>\$0.1</u>	<u>0.0%</u>
Total	\$719.9	100.0%	\$719.9	100.0%

*Components may not sum to totals due to rounding.

Lifecycle (L) Funds





Interfund Transfer Activity

