

# Annual Review of the Office of Investments

Presented by

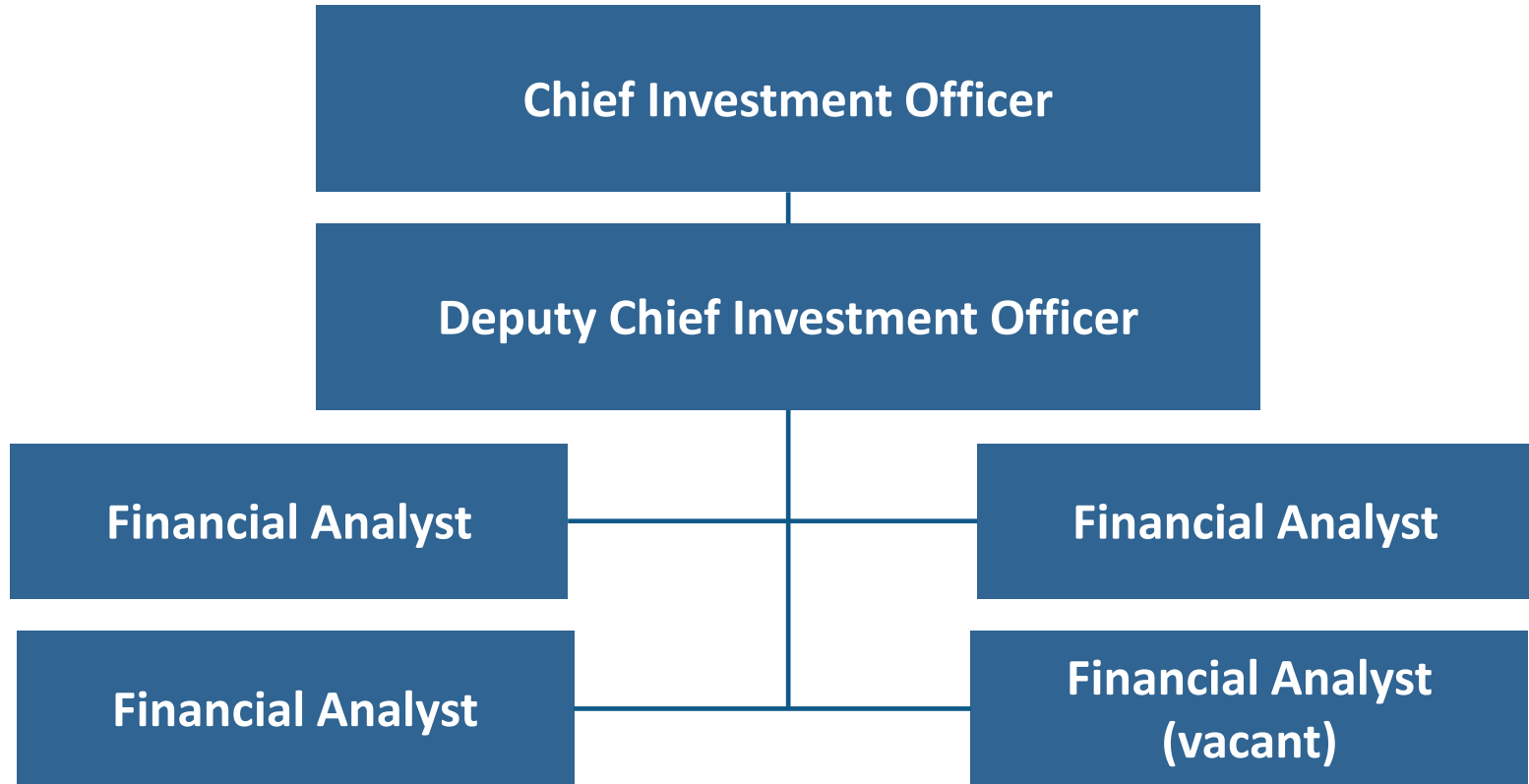
Sean McCaffrey, Chief Investment Officer

April 25, 2023

# Functional Statement

- Develop and implement investment policy and provide subject matter expertise for Thrift Savings Plan (TSP) investment programs

# Organizational Structure



# Key Activities

Oversee investment management services, including securities lending

L Funds asset allocation strategies

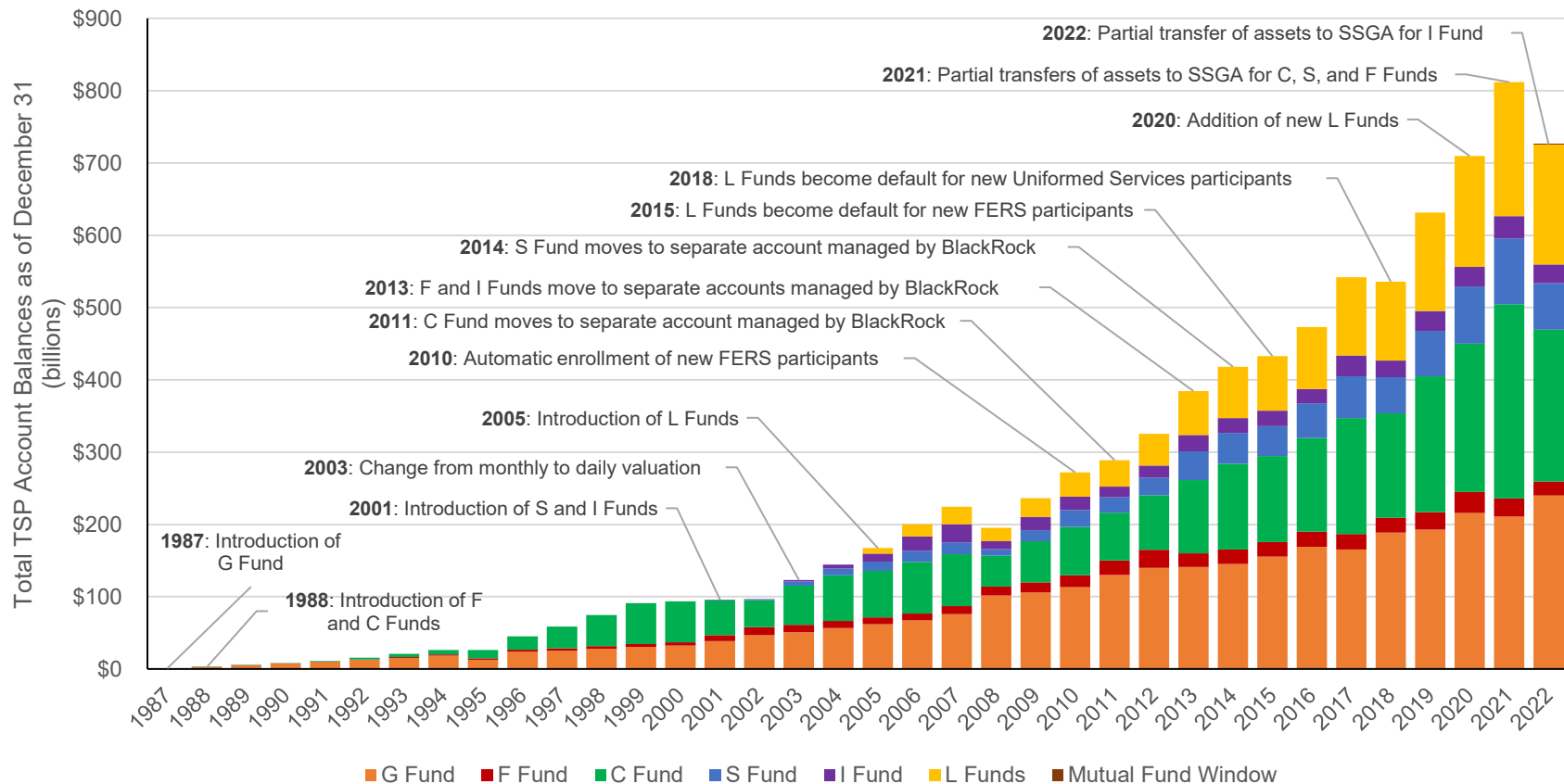
Investment policies and procedures

Ensure funds are invested in accordance with the law and applicable policies

Provide subject matter expertise

Provide assistance to other offices

# TSP Investment History



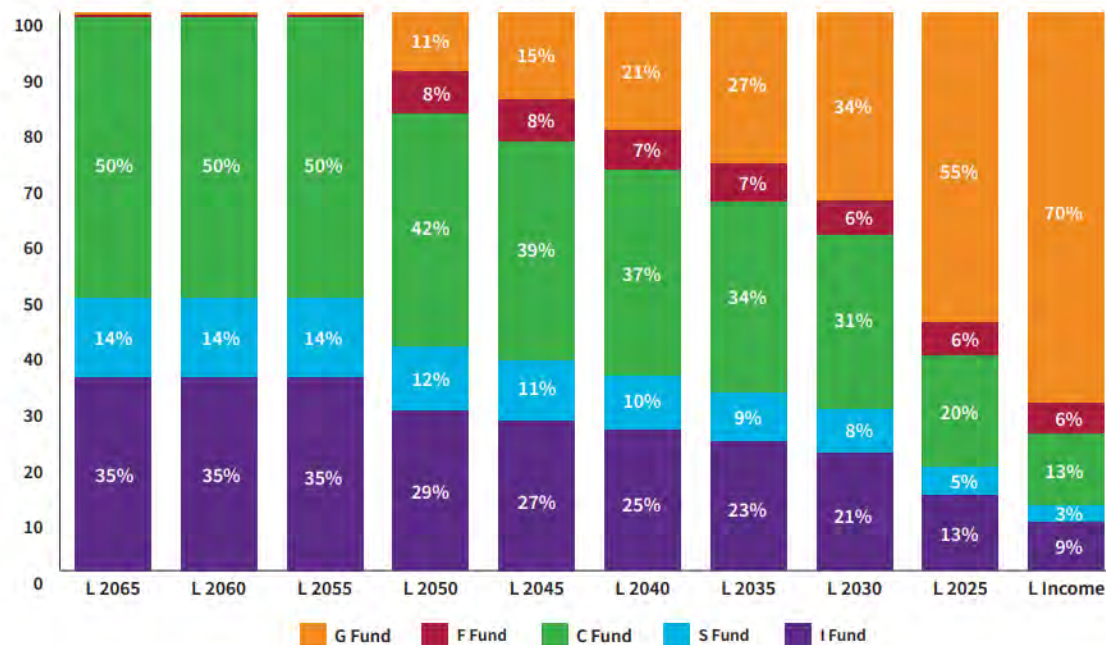
# 2020 – 2022 Key Highlights

- L Funds: glide path modifications, 5-year Funds
- Multi-Asset Manager implementation
- Securities lending program enhancements
- New investment consultant agreements
- Investment option study
- Investment policy review
- Automation for manager supervision and report generation
- Investment manager audit

# Lifecycle Funds – Asset Allocation

- Target date funds composed of individual TSP Funds (G, F, C, S, I)

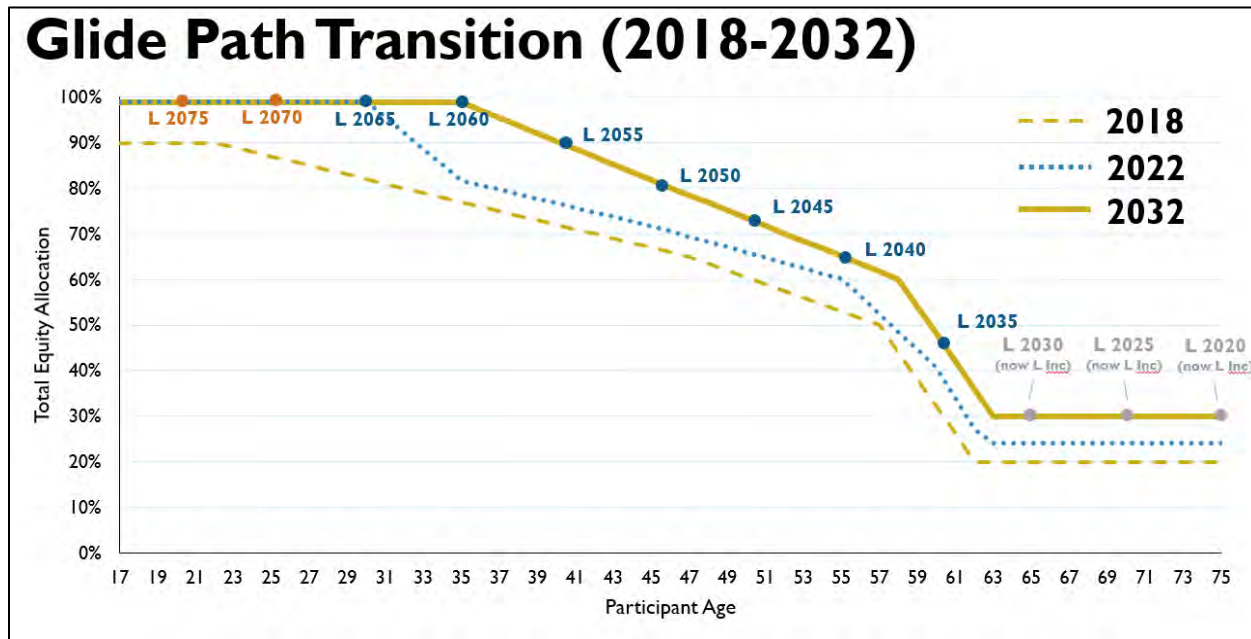
Here's how each L Fund is invested  
as of January 1, 2023



Less than 1% of the L 2065, L 2060, and L 2055 Funds is invested in the G and F Funds.  
Due to rounding, numbers may not add up to exactly 100%.

# Lifecycle Funds – Asset Allocation Reviews

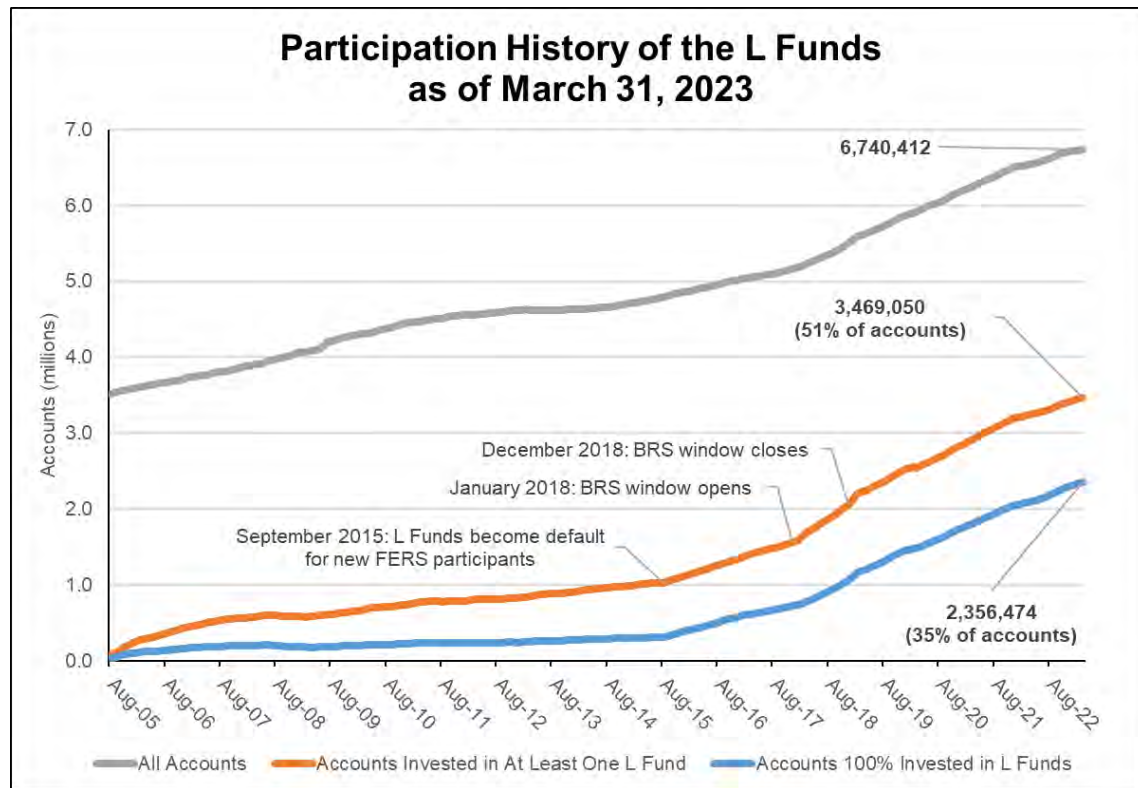
- Periodic asset allocation reviews to ensure appropriate risk/return profiles
- 2018 review resulted in long-term transition to higher equity allocation that will be complete in 2032



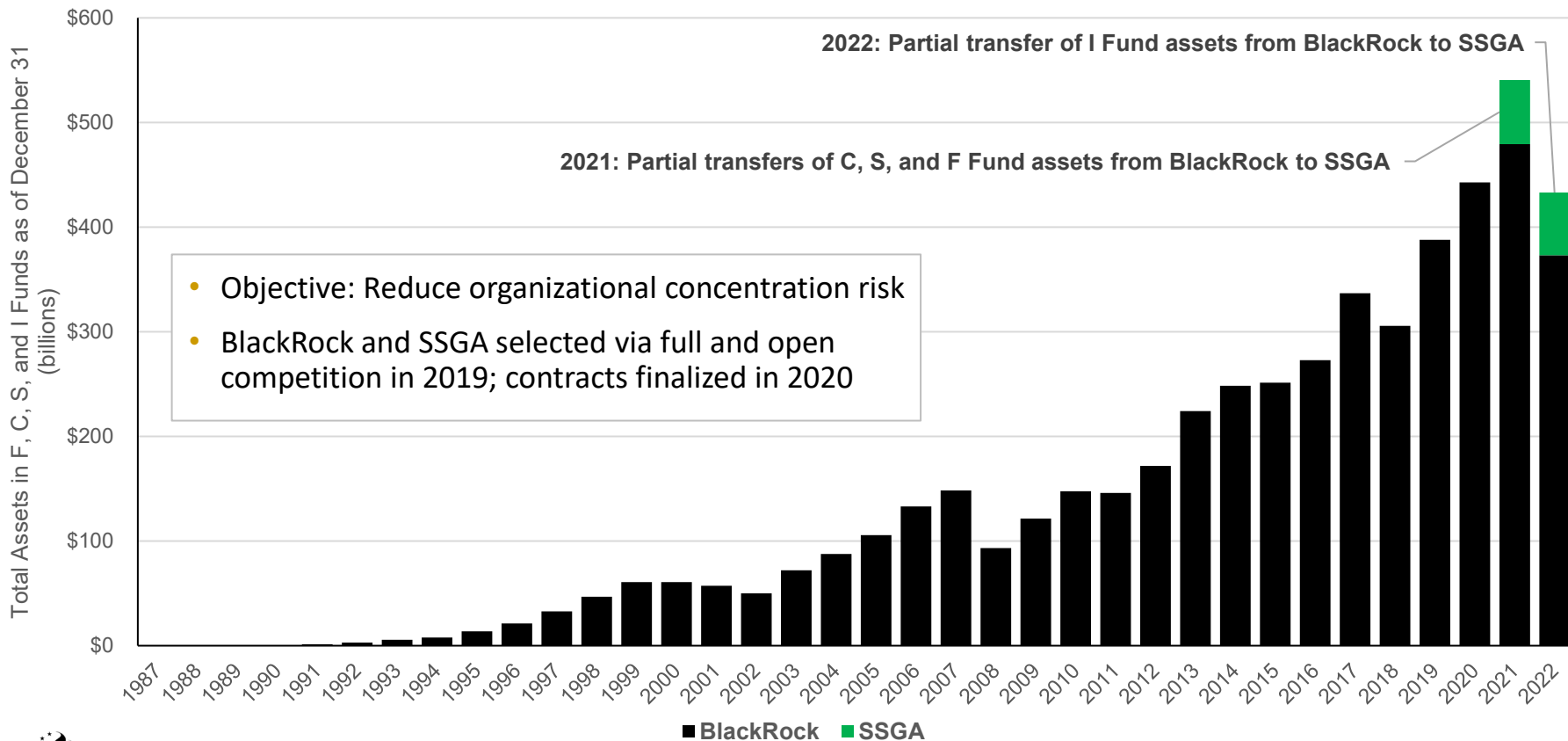


# Lifecycle Funds – Participation

- Over half of all accounts have some assets in the L Funds
- Over one third have 100% of their assets in the L Funds



# Multi-Asset Manager



# Investment Consultants

- Pool of five investment consultants available for recurring and ad hoc analysis
- Examples of recurring analysis
  - L Funds asset allocation reviews
  - Investment option reviews
  - Benchmark reviews
- Examples of ad hoc analysis
  - Frequency of investment policy review
  - Evaluation of investment manager proposals
  - Advice and coordination related to transfers of assets



# Looking Forward

- Quality and continuous improvement
  - Manager supervision and automation
  - Contingency planning
  - Audits and internal controls
- Agency's trusted source for investment knowledge
  - Organizational outreach and support
  - Key source for investment market intelligence
- L Funds
  - Retirement of L 2025 Fund and introduction of L 2070 Fund
- Benchmark evaluation
- Employee retention and growth

# Questions?