



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

MEMORANDUM FOR BOARD MEMBERS

GERBER, BILYEU, BRIDGES,  
AND OLIVARES

FROM: Sean McCaffrey, Chief Investment Officer

DATE: December 7, 2023

SUBJECT: November 2023 Investment Program Review

### **INTRODUCTION**

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

### **RETURNS AND BENCHMARK DIFFERENCES**

The tables below contain the monthly and year-to-date (YTD) returns and benchmark differences for the F, C, S, and I Funds and for the separate accounts managed by BlackRock and State Street. Due to rounding, the benchmark differences may not match the differences in displayed returns.

#### ***November 2023 Returns and Benchmark Differences***

		<b><u>Fixed Income</u></b> <b><u>(F Fund)</u></b>	<b><u>Large Cap</u></b> <b><u>(C Fund)</u></b>	<b><u>Small Mid Cap</u></b> <b><u>(S Fund)</u></b>	<b><u>International</u></b> <b><u>(I Fund)</u></b>
<b>Return</b> <b>(%)</b>	<b>Index</b>	4.53	9.13	10.99	9.28
	<b>BlackRock</b>	4.51	9.13	11.19	8.50
	<b>State Street</b>	4.54	9.13	11.19	8.74
	<b>TSP Fund (Net)</b>	4.51	9.12	11.19	8.54
<b>Benchmark</b> <b>Difference</b> <b>(%)</b>	<b>BlackRock</b>	-0.02	-0.01	0.19	-0.78
	<b>State Street</b>	0.02	0.00	0.20	-0.54
	<b>TSP Fund</b>	-0.01	-0.01	0.19	-0.74

BlackRock's performance for the F and C Funds was in line with the Funds' respective indices for the month. For the S Fund, BlackRock outperformed the Small Mid Cap Index by 19 basis points, primarily due to the beneficial effect of a cash-and-stock acquisition of VMware, one of the Fund's top holdings. Its performance for the I Fund lagged the International Index by 78 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 for the month. For the S Fund, State Street exceeded the Small Mid Cap Index by 20 basis points, primarily due to the beneficial effect of a cash-and-stock acquisition of VMware, one of the Fund's

top holdings. Its performance for the I Fund lagged the International Index by 54 basis points, primarily due to fair value pricing.

### **2023 YTD Returns and Benchmark Differences**

		<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>	1.64	20.80	13.17	12.27
	<b>BlackRock</b>	1.84	20.81	13.49	12.30
	<b>State Street</b>	1.84	20.82	13.46	12.69
	<b>TSP Fund (Net)</b>	1.79	20.76	13.44	12.33
<b>Benchmark Difference (%)</b>	<b>BlackRock</b>	0.20	0.01	0.33	0.03
	<b>State Street</b>	0.20	0.02	0.29	0.42
	<b>TSP Fund</b>	0.15	-0.04	0.28	0.06

Year-to-date, BlackRock's performance for the F Fund was ahead of the Fixed Income Index's return by 20 basis points, primarily due to a difference in the timing of pricing by the index provider and by BlackRock on the last trading day of December 2022. 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's return by 33 basis points, primarily due to securities lending and the beneficial effect of a cash-and-stock acquisition of VMware, one of the Fund's top holdings. Its performance for the I Fund was ahead of the International Index by 3 basis points, primarily due to tax advantage.

Year-to-date, State Street's performance for the F Fund was ahead of the Fixed Income Index's return by 20 basis points, primarily due to a difference in the timing of pricing by the index provider and by State Street on the last trading day of December 2022. Its performance for the C Fund was in line with the Large Cap Index. For the S Fund, State Street's performance exceeded the Small Mid Cap Index's return by 29 basis points, primarily due to securities lending and the beneficial effect of a cash-and-stock acquisition of VMware, one of the Fund's top holdings. Its performance for the I Fund was ahead of the International Index by 42 basis points, primarily due to tax advantage.

***TSP Net Returns as of November 30, 2023***

	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>
<b>G Fund</b>	4.16%	2.75%	2.32%	2.30%

	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>
<b>F Fund</b>	1.13%	-4.33%	0.79%	1.59%
<b>Bloomberg US Agg Bond Index</b>	1.18%	-4.47%	0.71%	1.37%
<b>Benchmark Difference</b>	-0.05%	0.14%	0.08%	0.22%

	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>
<b>C Fund</b>	13.79%	9.73%	12.47%	11.82%
<b>S&amp;P 500 Index</b>	13.84%	9.76%	12.51%	11.82%
<b>Benchmark Difference</b>	-0.05%	-0.03%	-0.04%	0.00%

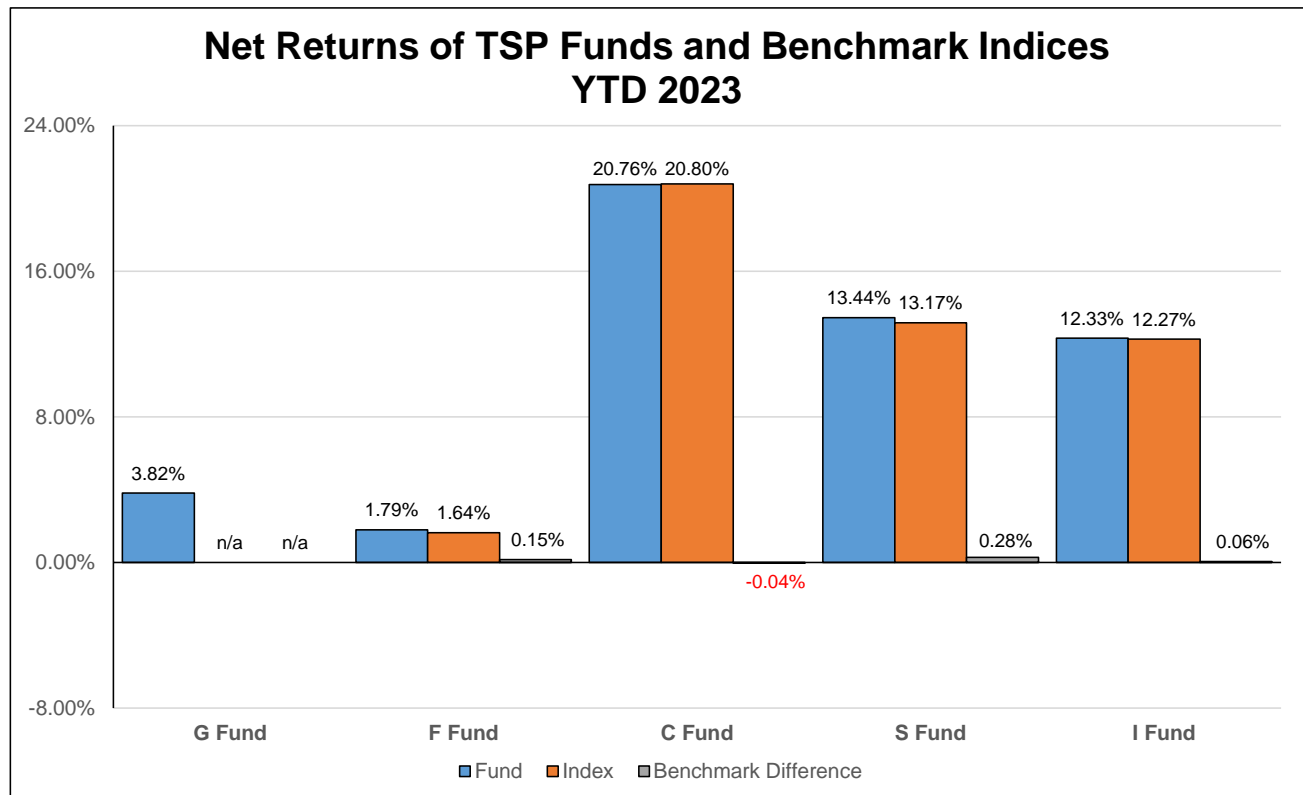
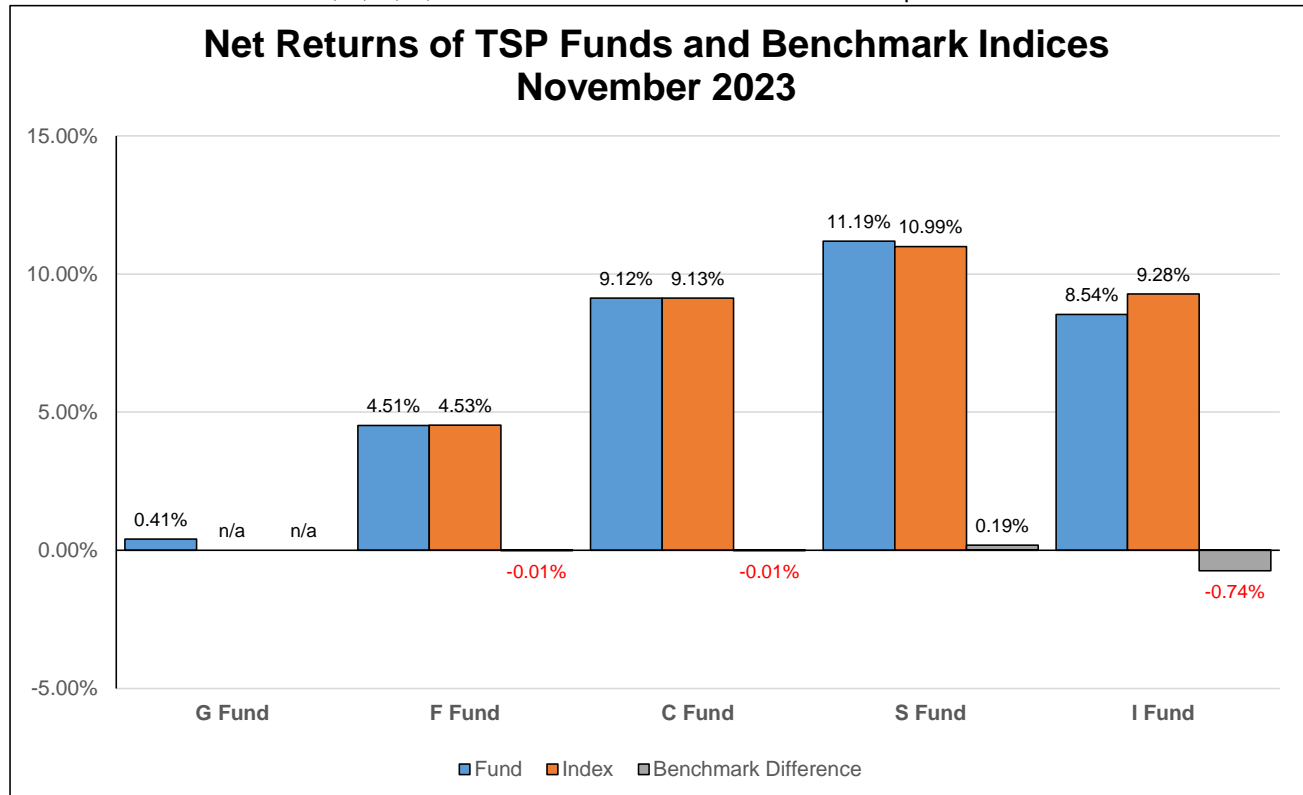
	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>
<b>S Fund</b>	6.01%	0.29%	7.23%	7.87%
<b>Dow Jones US Completion TSM Index</b>	5.77%	0.05%	7.10%	7.65%
<b>Benchmark Difference</b>	0.23%	0.24%	0.13%	0.22%

	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>
<b>I Fund</b>	10.25%	4.08%	6.32%	4.23%
<b>MSCI EAFE Index</b>	12.36%	3.80%	5.99%	3.89%
<b>Benchmark Difference</b>	-2.11%	0.28%	0.33%	0.34%

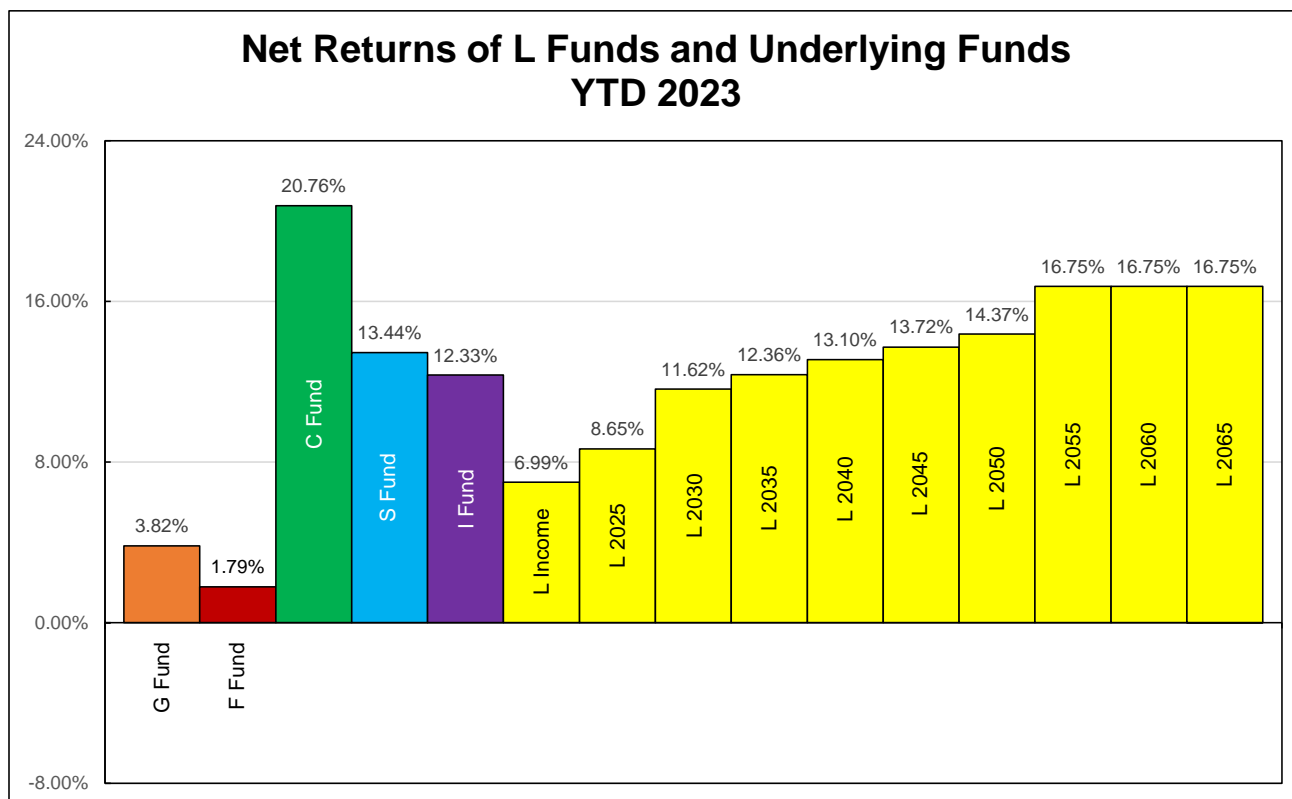
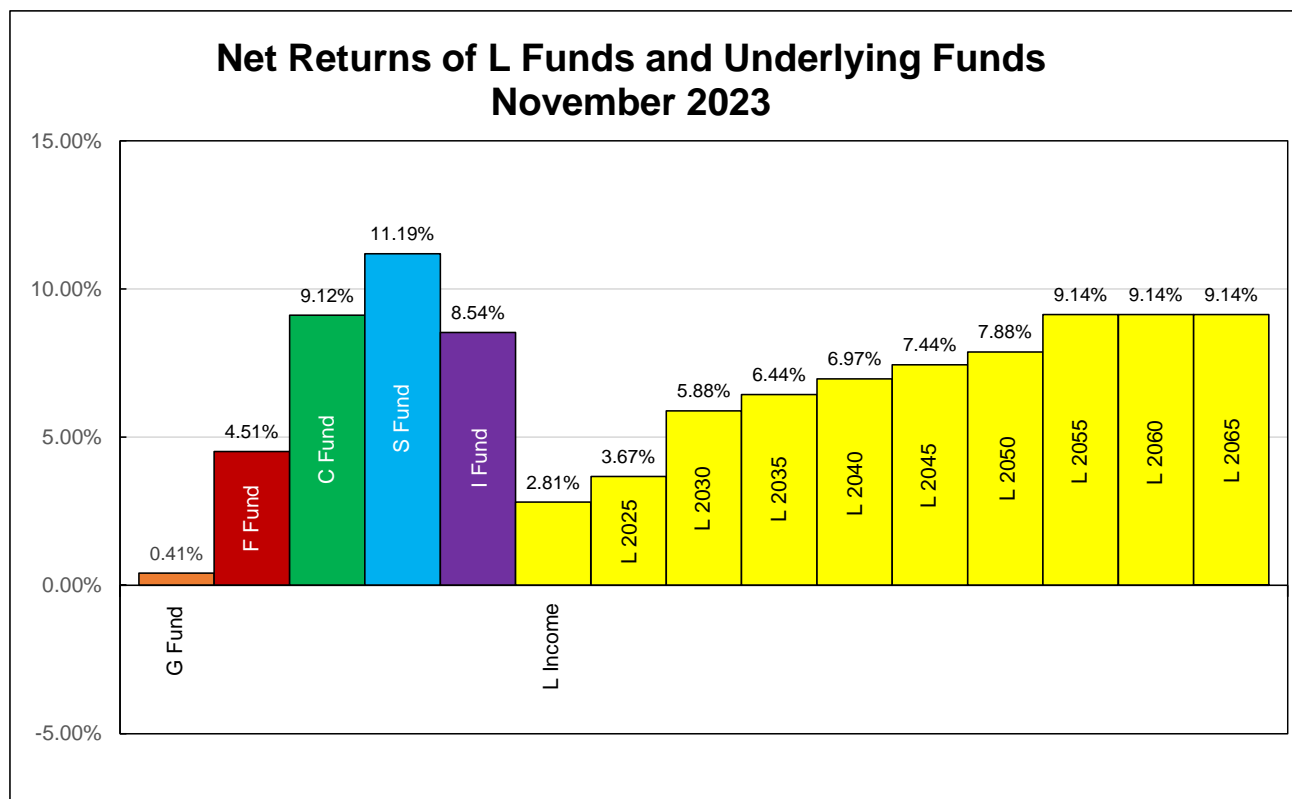
	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>
<b>L Income Fund</b>	6.03%	3.51%	4.15%	3.87%
<b>L 2025 Fund</b>	6.87%	4.39%	N/A	N/A
<b>L 2030 Fund</b>	8.67%	4.96%	7.01%	6.56%
<b>L 2035 Fund</b>	9.06%	5.09%	N/A	N/A
<b>L 2040 Fund</b>	9.46%	5.24%	7.78%	7.23%
<b>L 2045 Fund</b>	9.78%	5.33%	N/A	N/A
<b>L 2050 Fund</b>	10.12%	5.48%	8.40%	7.78%
<b>L 2055 Fund</b>	11.52%	6.47%	N/A	N/A
<b>L 2060 Fund</b>	11.51%	6.46%	N/A	N/A
<b>L 2065 Fund</b>	11.51%	6.46%	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.

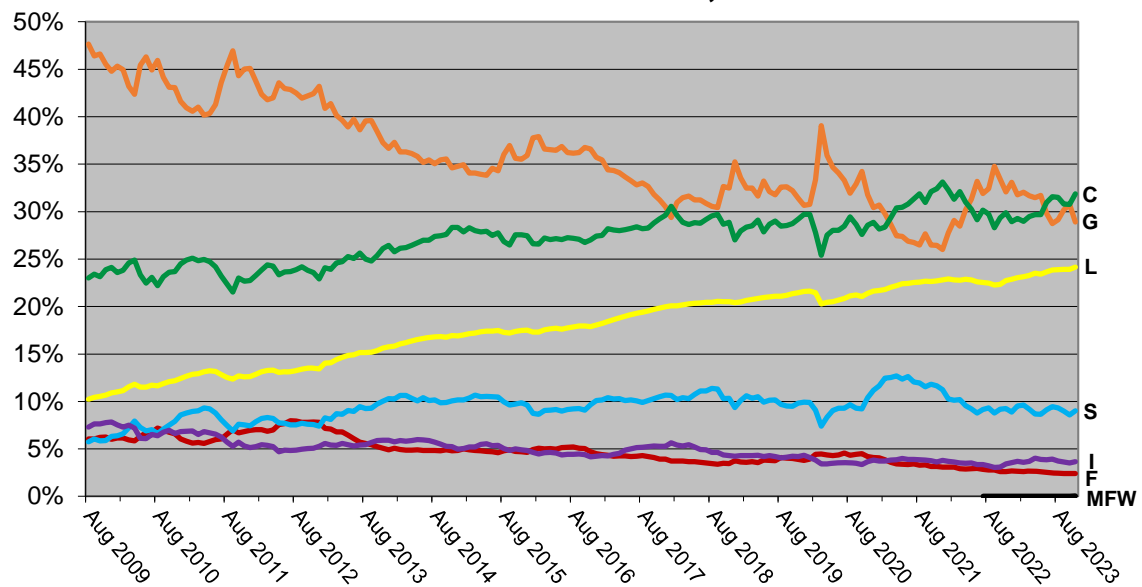


Net rates of return for the L Funds are shown below, along with comparable returns for the G, F, C, S, and I Funds.



## Asset Allocation

### Participant Asset Allocation History as of November 30, 2023

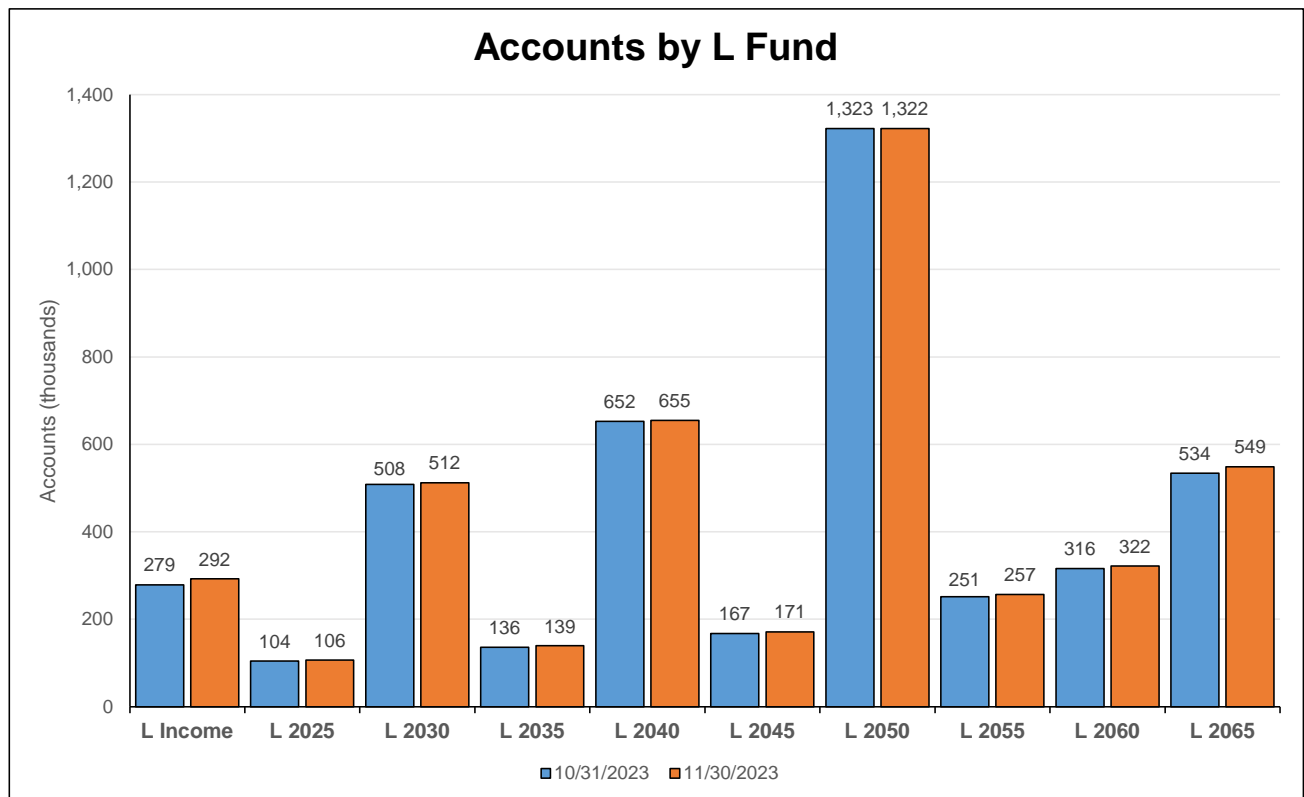
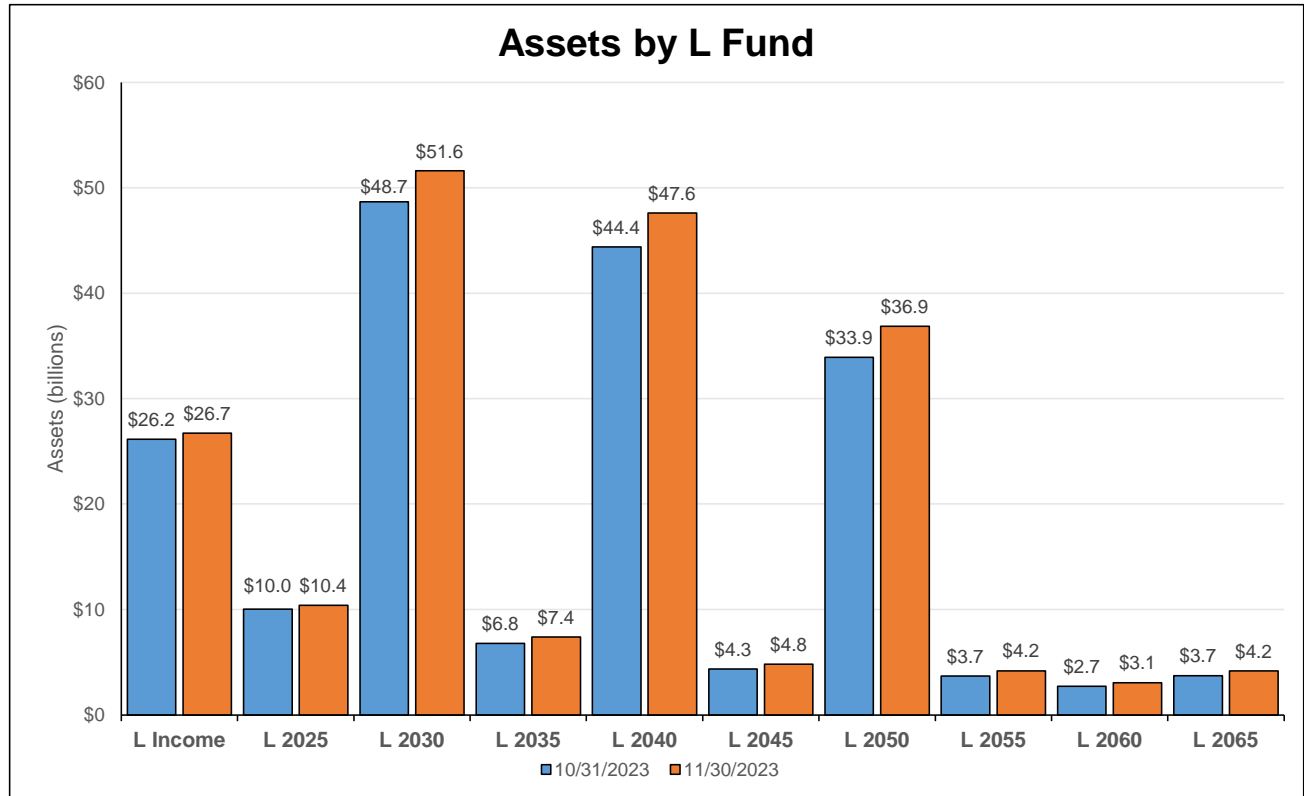


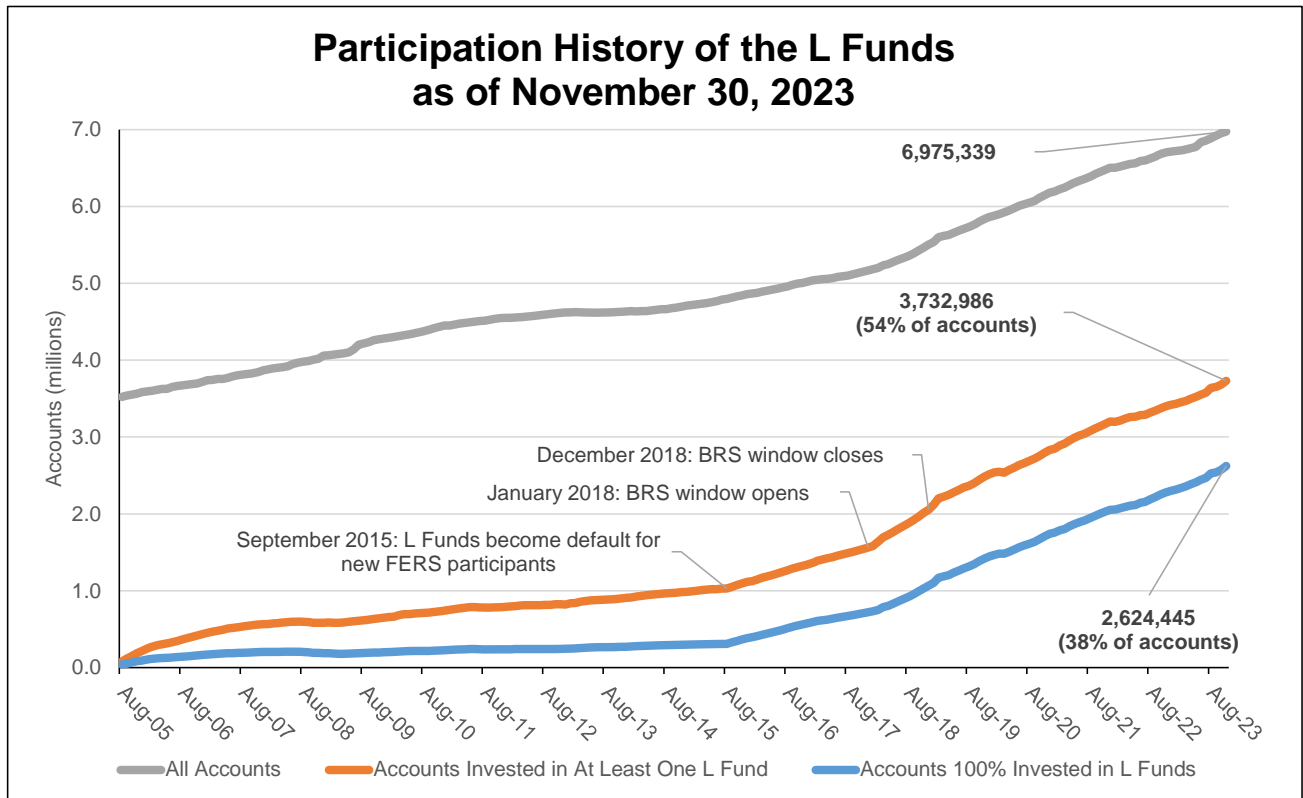
### Asset Allocation as of November 30, 2023

	<u>Participant Allocation</u>		<u>Individual TSP Funds</u>	
	<u>Assets (Billions)</u>	<u>Share of Total</u>	<u>Assets (Billions)</u>	<u>Share of Total</u>
<b>G Fund</b>	\$235.3	28.9%	\$294.1	36.1%
<b>F Fund</b>	\$19.5	2.4%	\$31.7	3.9%
<b>C Fund</b>	\$259.5	31.9%	\$324.4	39.8%
<b>S Fund</b>	\$73.4	9.0%	\$90.4	11.1%
<b>I Fund</b>	\$29.7	3.6%	\$73.5	9.0%
<b>L Funds</b>	\$196.7	24.2%	n/a	n/a
<b><u>MFW</u></b>	<u>\$0.3</u>	<u>0.0%</u>	<u>\$0.3</u>	<u>0.0%</u>
<b>Total</b>	\$814.5	100.0%	\$814.5	100.0%

\*Components may not sum to totals due to rounding.

## Lifecycle (L) Funds





#### Interfund Transfer Activity

