



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 21, 2023

SUBJECT: February 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.

February 2023 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>
Return (%)	Index	-2.59	-2.44	-1.66	-2.09
	BlackRock	-2.58	-2.44	-1.62	-2.91
	State Street	-2.60	-2.44	-1.65	-2.52
	TSP Fund (Net)	-2.58	-2.44	-1.63	-2.84
Benchmark Difference (%)	BlackRock	0.01	0.00	0.04	-0.82
	State Street	-0.01	0.00	0.01	-0.43
	TSP Fund	0.00	0.00	0.03	-0.75

BlackRock's performance for the F and C Funds was in line with the Funds' respective indices for the month. Its performance for the S Fund was ahead of the Small Mid Cap Index by 4 basis points, primarily due to securities sampling. For the I Fund, BlackRock lagged the International Index by 82 basis points, primarily due to fair value pricing.

State Street's performance for the F, C, and S Funds was in line with the Funds' respective indices for the month. For the I Fund, State Street lagged the International Index by 43 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</u>	<u>International</u>
		<u>(F Fund)</u>	<u>(C Fund)</u>	<u>Cap (S Fund)</u>	<u>(I Fund)</u>
Return (%)	Index	0.41	3.69	8.96	5.84
	BlackRock	0.59	3.69	9.03	5.24
	State Street	0.59	3.69	8.98	5.86
	TSP Fund (Net)	0.58	3.68	9.01	5.36
Benchmark Difference (%)	BlackRock	0.18	0.00	0.07	-0.60
	State Street	0.18	0.00	0.02	0.02
	TSP Fund	0.17	-0.01	0.05	-0.49

Year-to-date, BlackRock's performance for the F Fund was ahead of the Fixed Income Index's return by 18 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 exceeded the Small Mid Cap Index's return by 7 basis points, primarily due to securities lending. Its performance for the I Fund lagged the International Index by 60 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 18 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, S, and I Funds was in line with the Funds' respective indices.

TSP Net Returns as of February 28, 2023

	1-Year	3-Year	5-Year	10-Year
G Fund	3.33%	1.88%	2.13%	2.12%

	1-Year	3-Year	5-Year	10-Year
F Fund	-9.47%	-3.63%	0.64%	1.36%
Bloomberg US Agg Bond Index	-9.72%	-3.77%	0.53%	1.12%
Benchmark Difference	0.25%	0.14%	0.11%	0.24%

	1-Year	3-Year	5-Year	10-Year
C Fund	-7.72%	12.11%	9.79%	12.26%
S&P 500 Index	-7.69%	12.15%	9.82%	12.25%
Benchmark Difference	-0.03%	-0.04%	-0.04%	0.01%

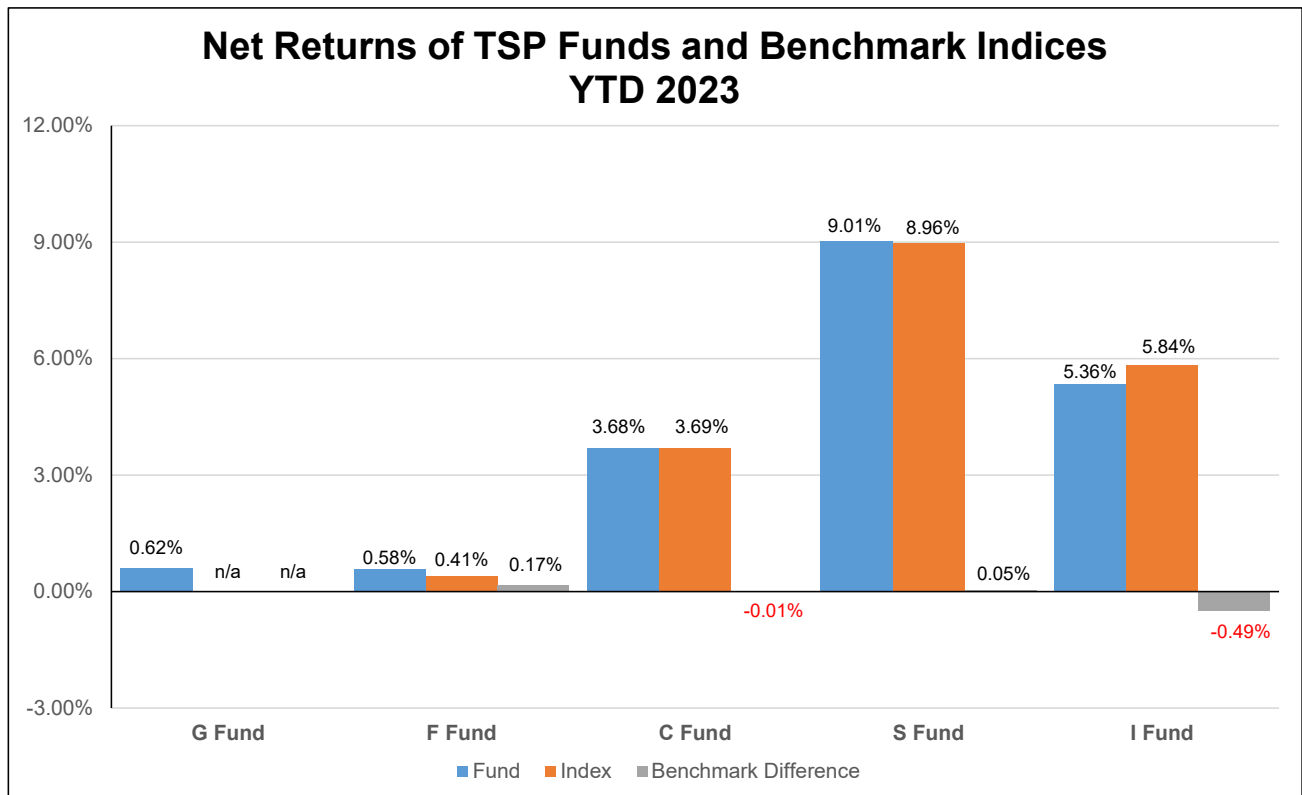
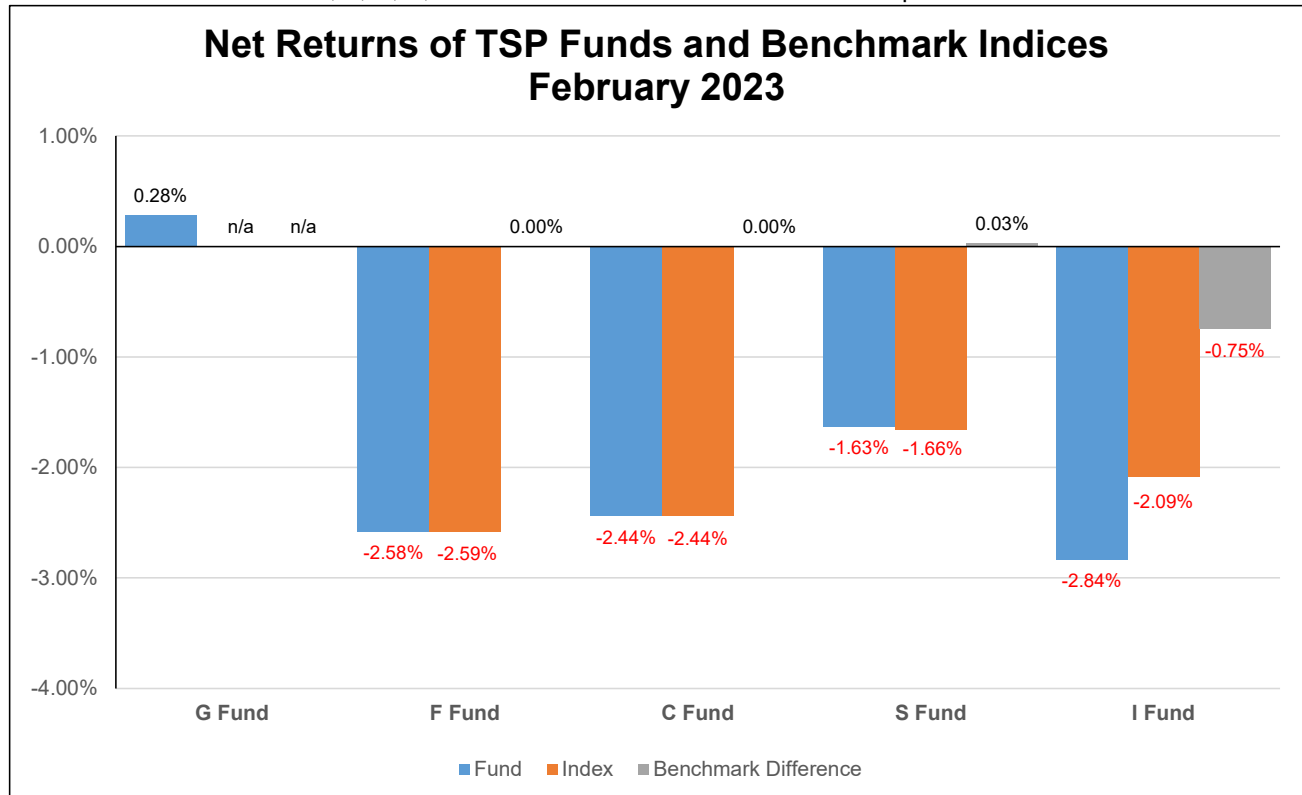
	1-Year	3-Year	5-Year	10-Year
S Fund	-10.63%	9.24%	6.84%	9.82%
Dow Jones US Completion TSM Index	-10.96%	9.10%	6.70%	9.59%
Benchmark Difference	0.32%	0.14%	0.14%	0.23%

	1-Year	3-Year	5-Year	10-Year
I Fund	-3.06%	6.79%	3.06%	5.15%
MSCI EAFE Index	-3.14%	6.84%	2.64%	4.83%
Benchmark Difference	0.08%	-0.05%	0.42%	0.32%

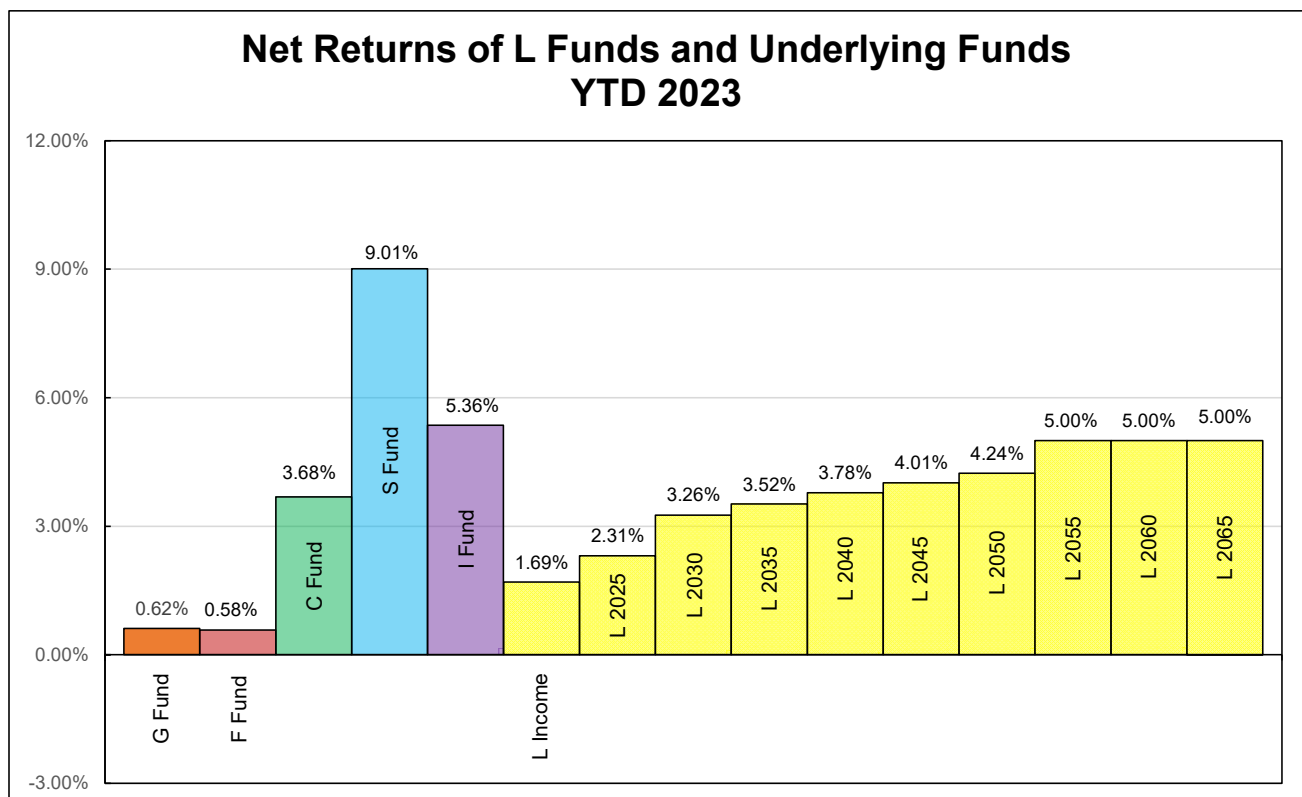
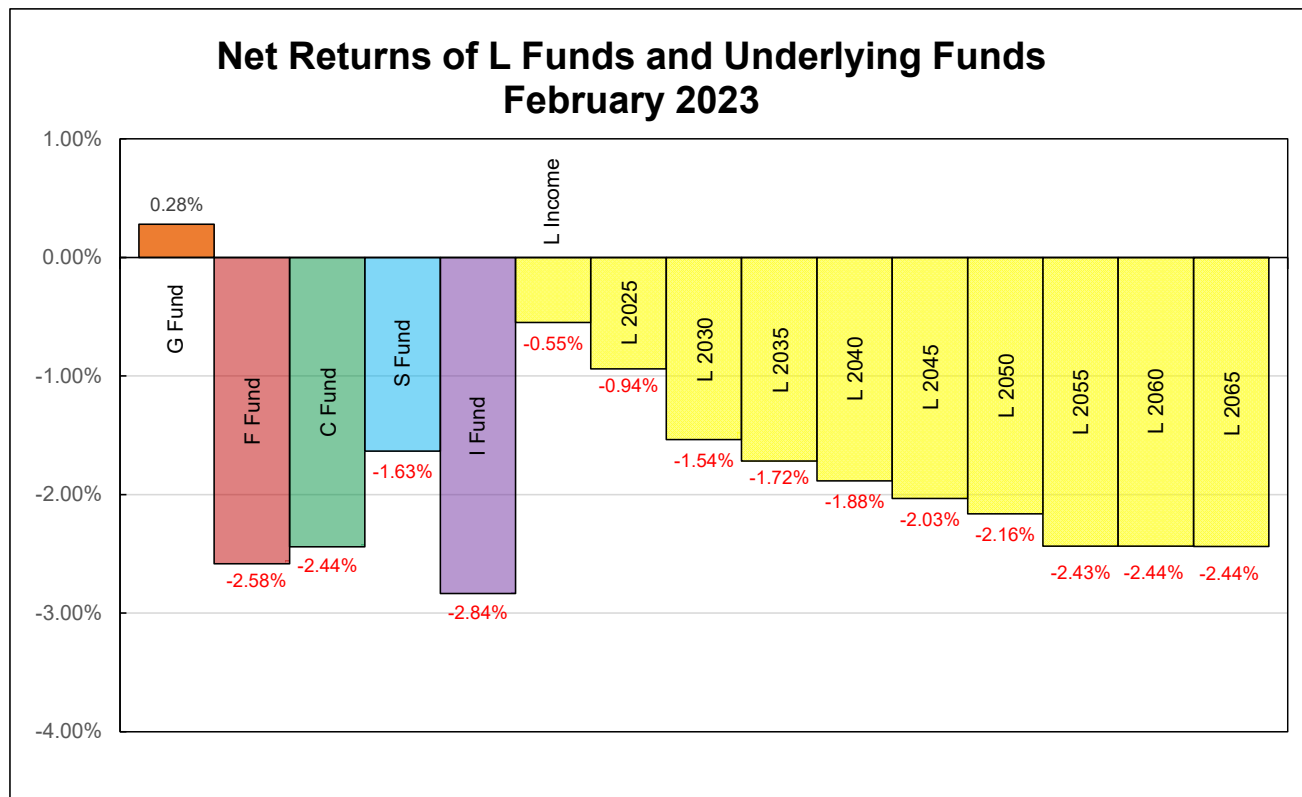
	1-Year	3-Year	5-Year	10-Year
L Income Fund	0.74%	3.65%	3.43%	3.84%
L 2025 Fund	-1.25%	N/A	N/A	N/A
L 2030 Fund	-2.80%	6.84%	5.48%	7.10%
L 2035 Fund	-3.50%	N/A	N/A	N/A
L 2040 Fund	-4.14%	7.66%	5.98%	7.87%
L 2045 Fund	-4.75%	N/A	N/A	N/A
L 2050 Fund	-5.27%	8.36%	6.38%	8.53%
L 2055 Fund	-6.30%	N/A	N/A	N/A
L 2060 Fund	-6.30%	N/A	N/A	N/A
L 2065 Fund	-6.31%	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.

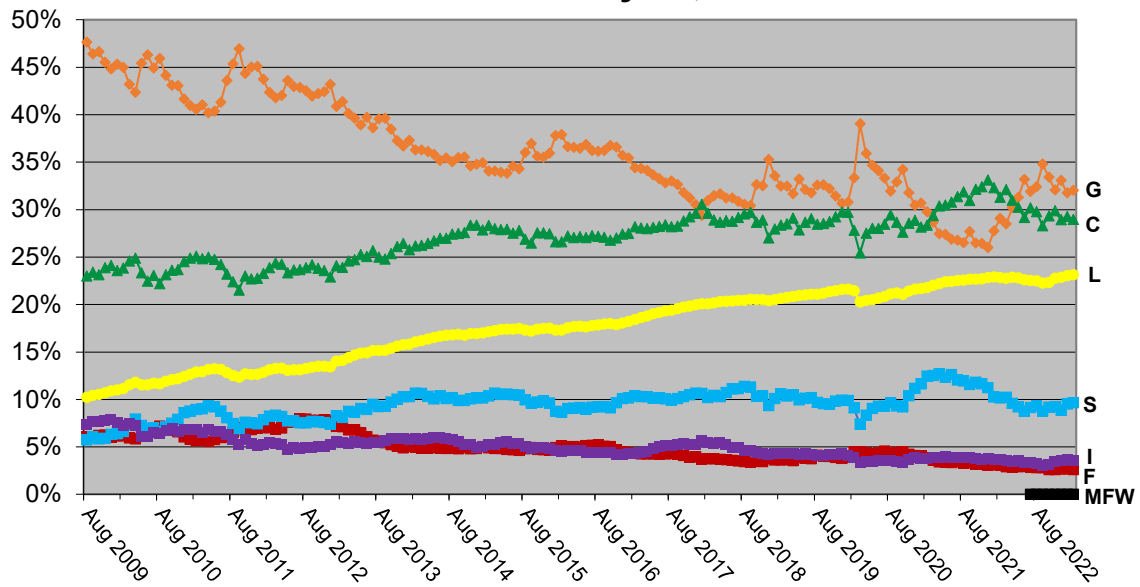


Net rates of return for the L Funds are shown below, along with comparable returns for the G, F, C, S, and I Funds.



Asset Allocation

Participant Asset Allocation History as of February 28, 2023

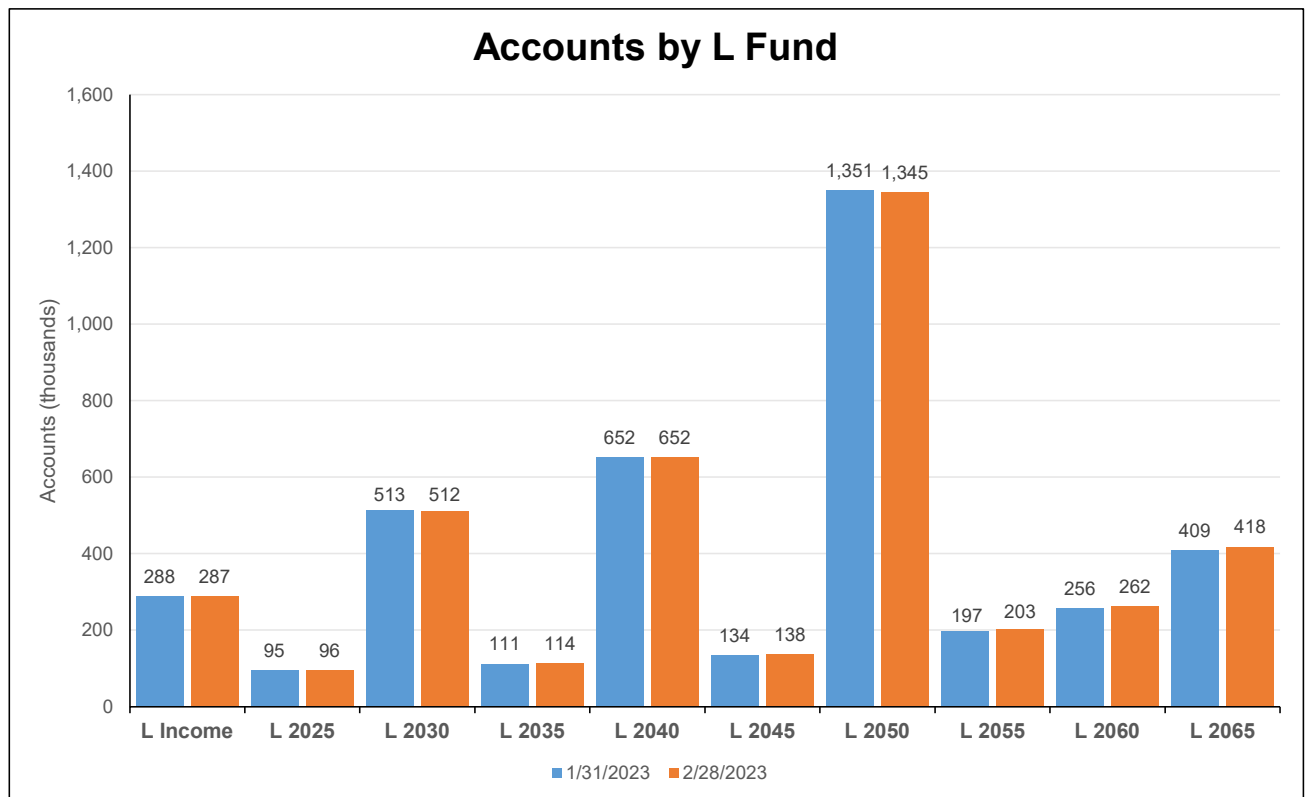
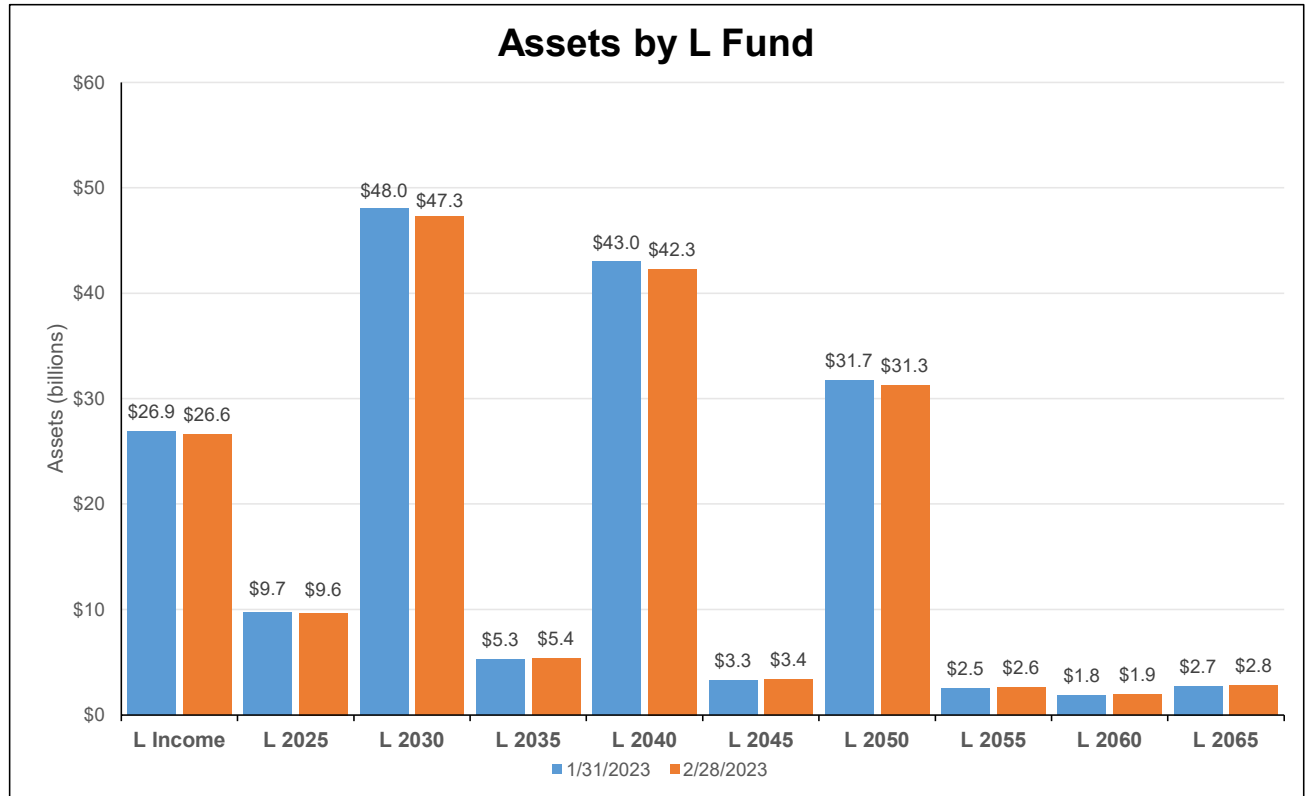


Asset Allocation as of February 28, 2023

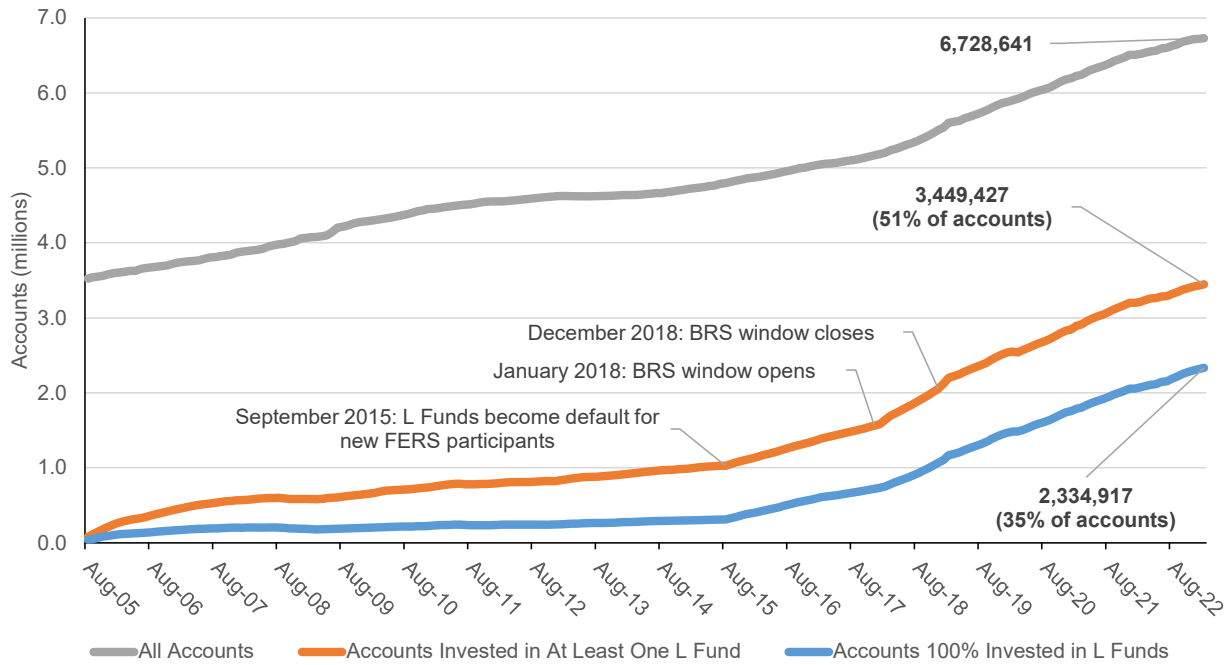
	<u>Participant Allocation</u>		<u>Individual TSP Funds</u>	
	<u>Assets</u> (Billions)	<u>Share of</u> <u>Total</u>	<u>Assets</u> (Billions)	<u>Share of</u> <u>Total</u>
G Fund	\$239.8	32.0%	\$293.8	39.3%
F Fund	\$19.6	2.6%	\$30.8	4.1%
C Fund	\$216.7	29.0%	\$272.2	36.4%
S Fund	\$72.1	9.6%	\$86.9	11.6%
I Fund	\$27.0	3.6%	\$64.6	8.6%
L Funds	\$173.1	23.1%	n/a	n/a
<u>MFW</u>	<u>\$0.2</u>	<u>0.0%</u>	<u>\$0.2</u>	<u>0.0%</u>
Total	\$748.5	100.0%	\$748.5	100.0%

*Components may not sum to totals due to rounding.

Lifecycle (L) Funds

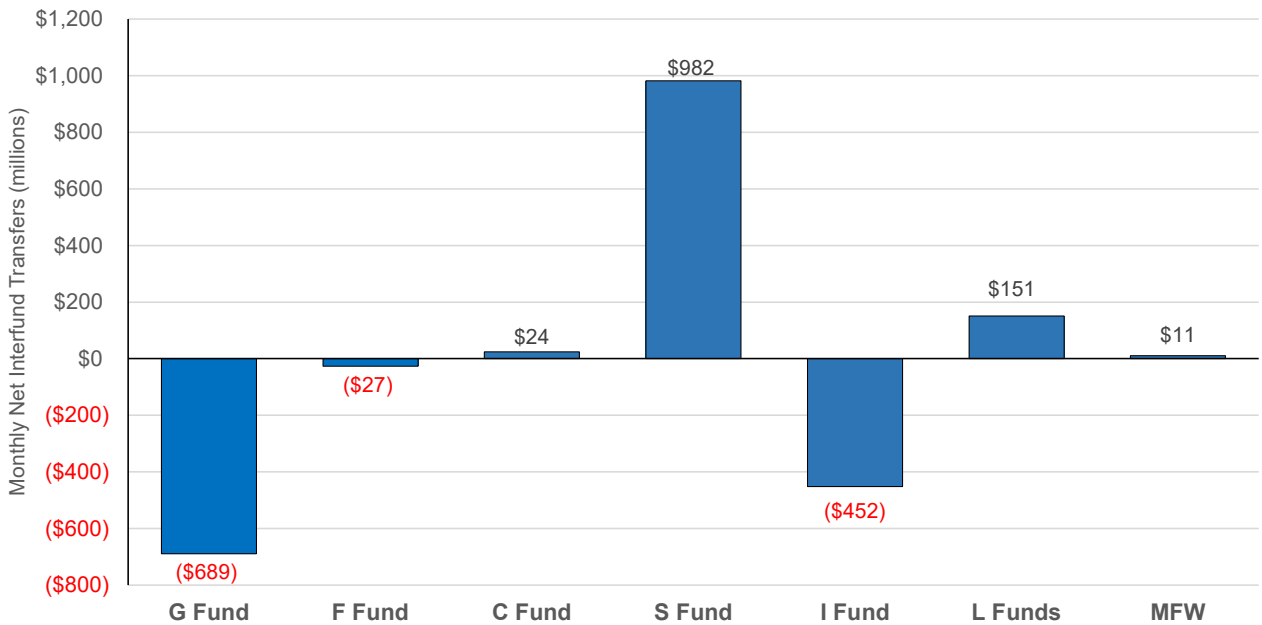


Participation History of the L Funds as of February 28, 2023



Interfund Transfer Activity

Monthly Net Interfund Transfers February 2023



*Values may not sum to zero due to rounding.