



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: November 7, 2023

SUBJECT: October 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.

***October 2023 Returns and Benchmark Differences***

		<b><u>Fixed Income</u></b>	<b><u>Large Cap</u></b>	<b><u>Small Mid Cap</u></b>	<b><u>International</u></b>
		<b><u>(F Fund)</u></b>	<b><u>(C Fund)</u></b>	<b><u>(S Fund)</u></b>	<b><u>(I Fund)</u></b>
<b>Return (%)</b>	<b>Index</b>	-1.58	-2.10	-6.26	-4.05
	<b>BlackRock</b>	-1.58	-2.10	-6.25	-3.13
	<b>State Street</b>	-1.56	-2.10	-6.24	-3.55
	<b>TSP Fund (Net)</b>	-1.58	-2.10	-6.26	-3.22
<b>Benchmark Difference (%)</b>	<b>BlackRock</b>	0.00	0.00	0.00	0.92
	<b>State Street</b>	0.02	0.00	0.01	0.51
	<b>TSP Fund</b>	0.00	0.00	0.00	0.83

BlackRock's performance for the F, C, and S Funds was in line with the Funds' respective indices for the month. Its performance for the I Fund exceeded the International Index by 92 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. Its performance for the I Fund was ahead of the International Index by 51 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>	-2.77	10.69	1.96	2.74
	<b>BlackRock</b>	-2.56	10.71	2.07	3.50
	<b>State Street</b>	-2.59	10.71	2.04	3.64
	<b>TSP Fund (Net)</b>	-2.61	10.67	2.03	3.49
<b>Benchmark Difference (%)</b>	<b>BlackRock</b>	0.21	0.02	0.11	0.77
	<b>State Street</b>	0.18	0.02	0.09	0.90
	<b>TSP Fund</b>	0.16	-0.02	0.07	0.76

Year-to-date, BlackRock's performance for the F Fund was ahead of the Fixed Income Index's return by 21 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 11 basis points, primarily due to securities lending. Its performance for the I Fund exceeded the International Index by 77 basis points, primarily due to tax advantage and fair value pricing.

Year-to-date, State Street'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 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 9 basis points, primarily due to securities lending. Its performance for the I Fund was ahead of the International Index by 90 basis points, primarily due to tax advantage and fair value pricing.

**TSP Net Returns as of October 31, 2023**

	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>
<b>G Fund</b>	4.10%	2.63%	2.29%	2.27%

	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>
<b>F Fund</b>	0.34%	-5.42%	0.03%	1.11%
<b>Bloomberg US Agg Bond Index</b>	0.36%	-5.57%	-0.06%	0.88%
<b>Benchmark Difference</b>	-0.02%	0.15%	0.09%	0.22%

	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>
<b>C Fund</b>	10.10%	10.34%	10.97%	11.18%
<b>S&amp;P 500 Index</b>	10.14%	10.36%	11.01%	11.18%
<b>Benchmark Difference</b>	-0.04%	-0.02%	-0.04%	0.00%

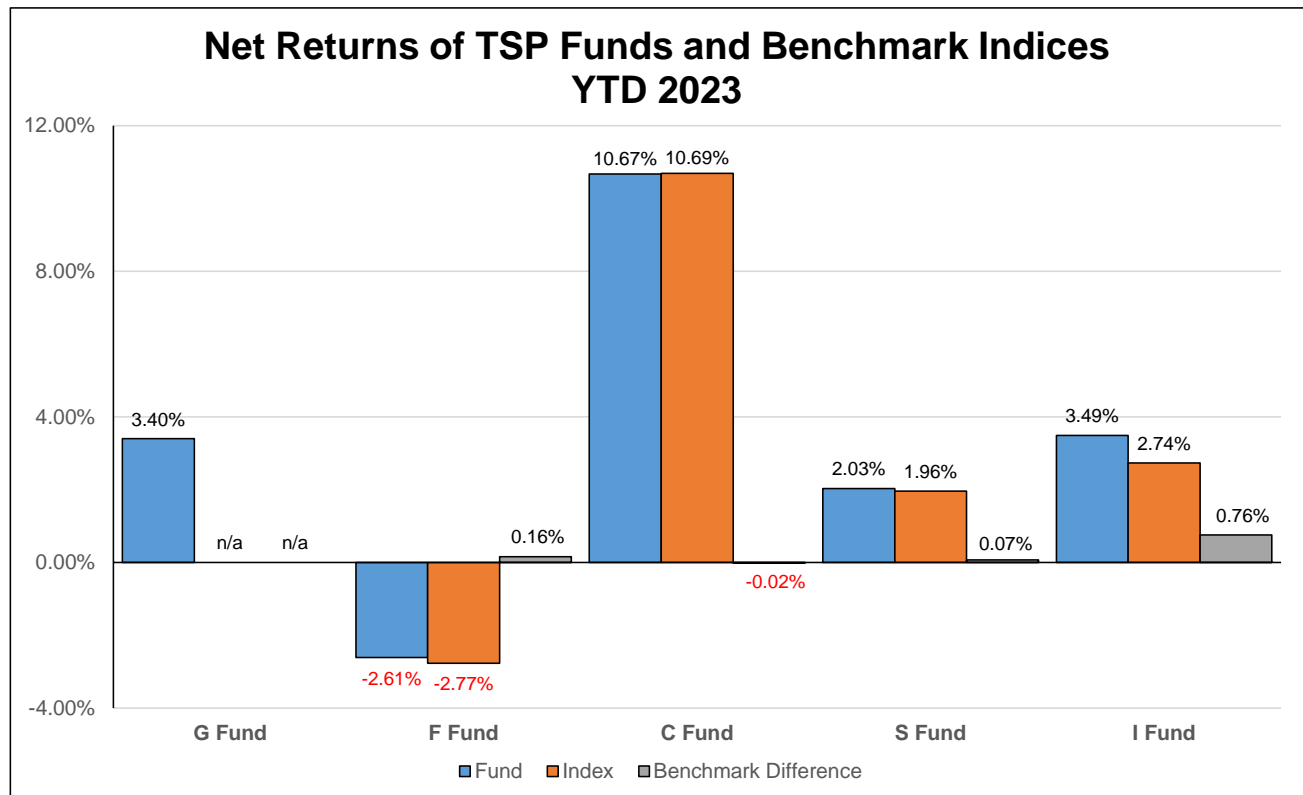
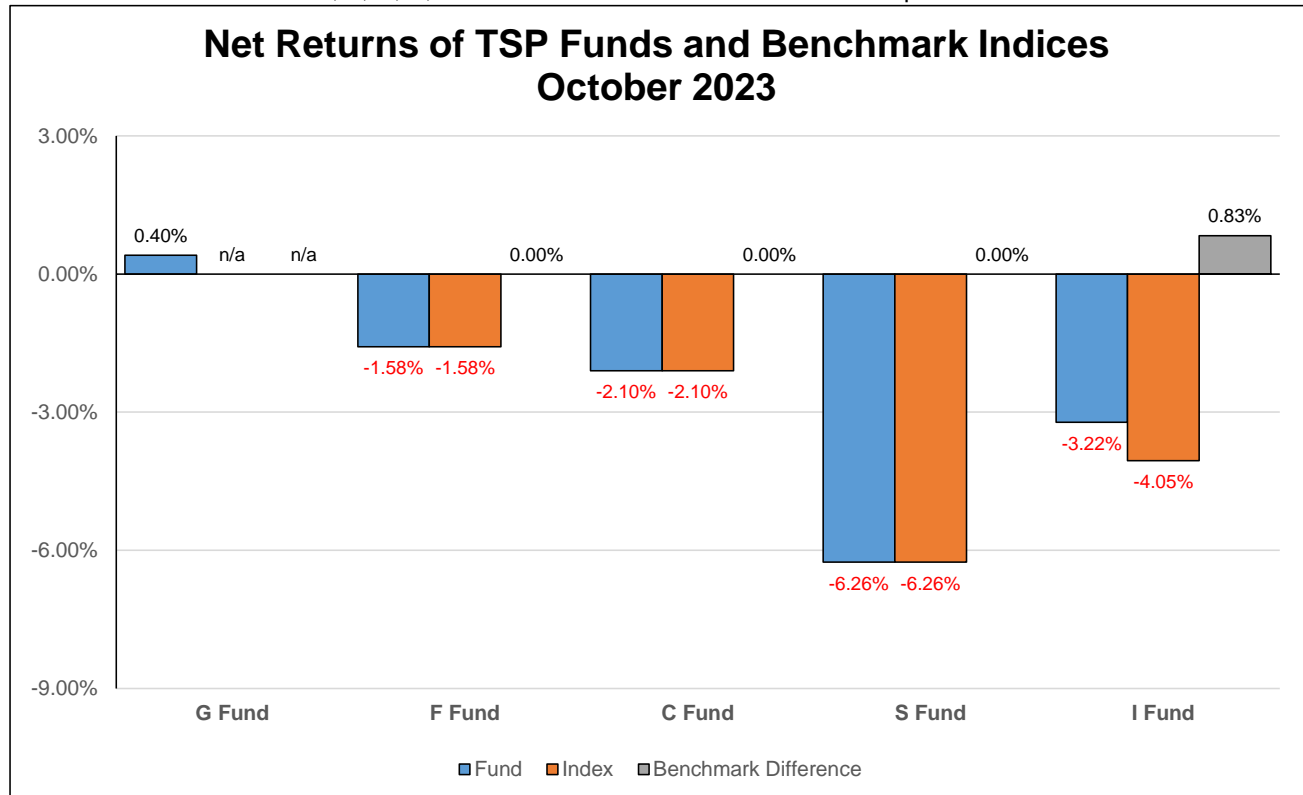
	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>
<b>S Fund</b>	-1.23%	2.38%	5.38%	7.00%
<b>Dow Jones US Completion TSM Index</b>	-1.29%	2.19%	5.27%	6.79%
<b>Benchmark Difference</b>	0.06%	0.18%	0.10%	0.21%

	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>
<b>I Fund</b>	15.51%	6.27%	4.56%	3.46%
<b>MSCI EAFE Index</b>	14.40%	5.73%	4.10%	3.05%
<b>Benchmark Difference</b>	1.11%	0.54%	0.46%	0.41%

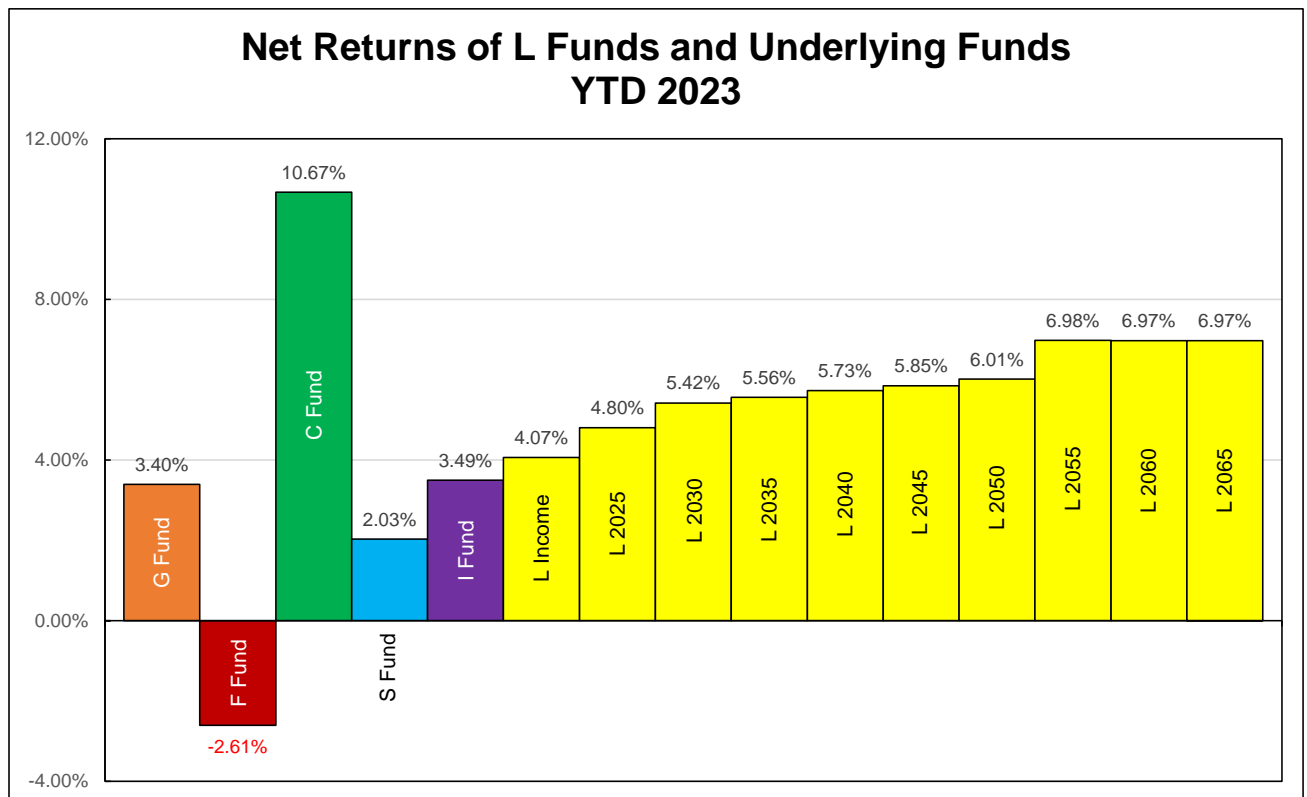
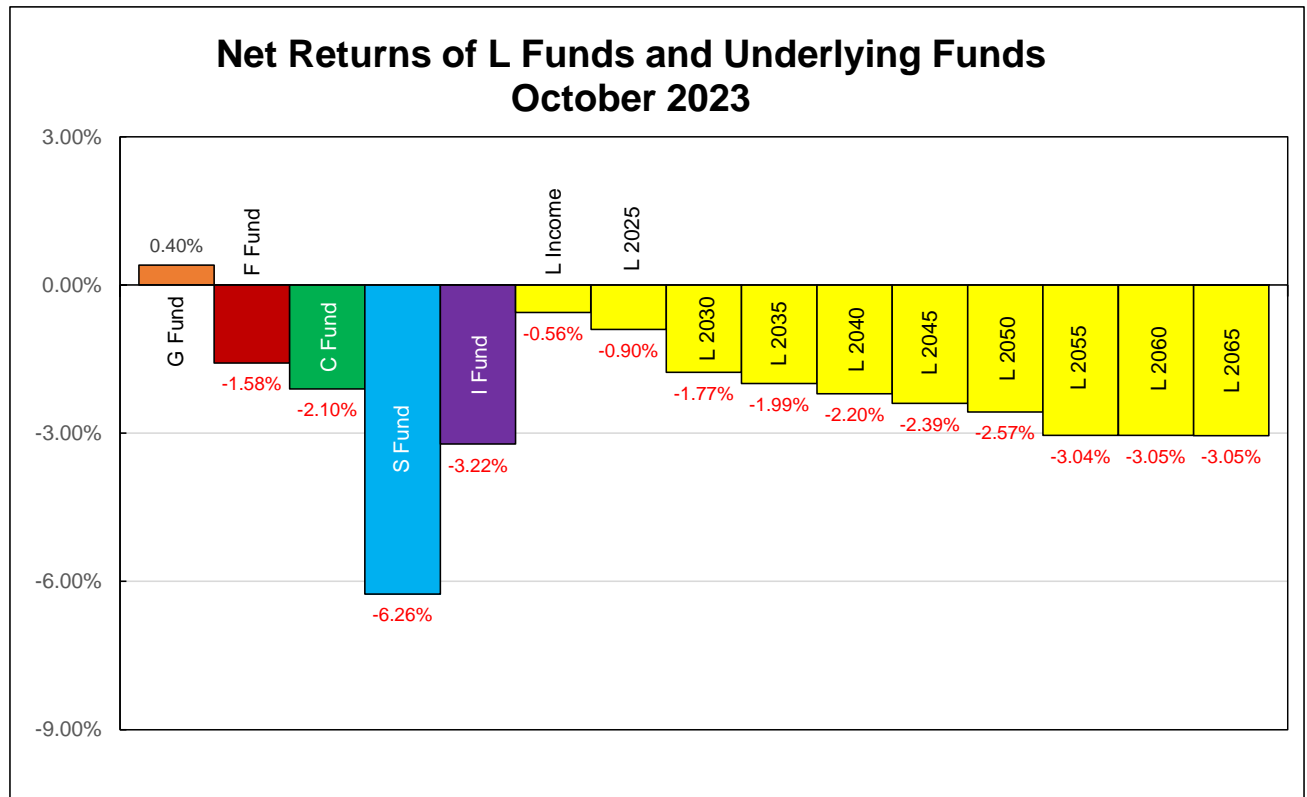
	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>
<b>L Income Fund</b>	5.62%	3.58%	3.68%	3.65%
<b>L 2025 Fund</b>	6.81%	5.35%	N/A	N/A
<b>L 2030 Fund</b>	7.99%	5.69%	6.01%	6.12%
<b>L 2035 Fund</b>	8.30%	5.90%	N/A	N/A
<b>L 2040 Fund</b>	8.62%	6.14%	6.57%	6.70%
<b>L 2045 Fund</b>	8.87%	6.31%	N/A	N/A
<b>L 2050 Fund</b>	9.15%	6.54%	7.03%	7.17%
<b>L 2055 Fund</b>	10.38%	7.89%	N/A	N/A
<b>L 2060 Fund</b>	10.38%	7.88%	N/A	N/A
<b>L 2065 Fund</b>	10.38%	7.87%	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.

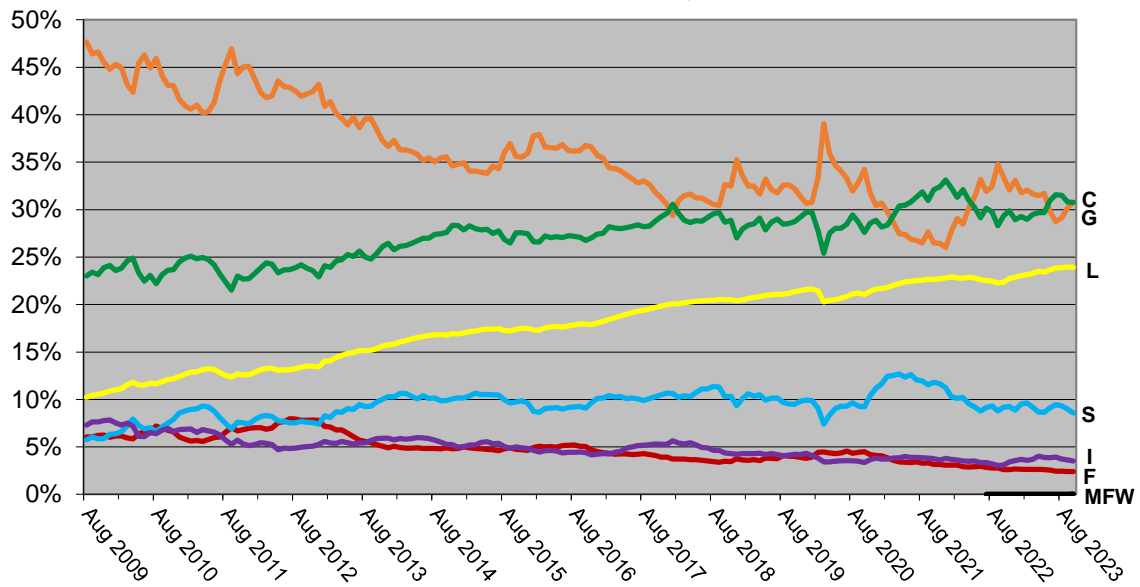


Net rates of return for the L Funds are shown below, along with comparable returns for the G, F, C, S, and I Funds.



## Asset Allocation

### Participant Asset Allocation History as of October 31, 2023

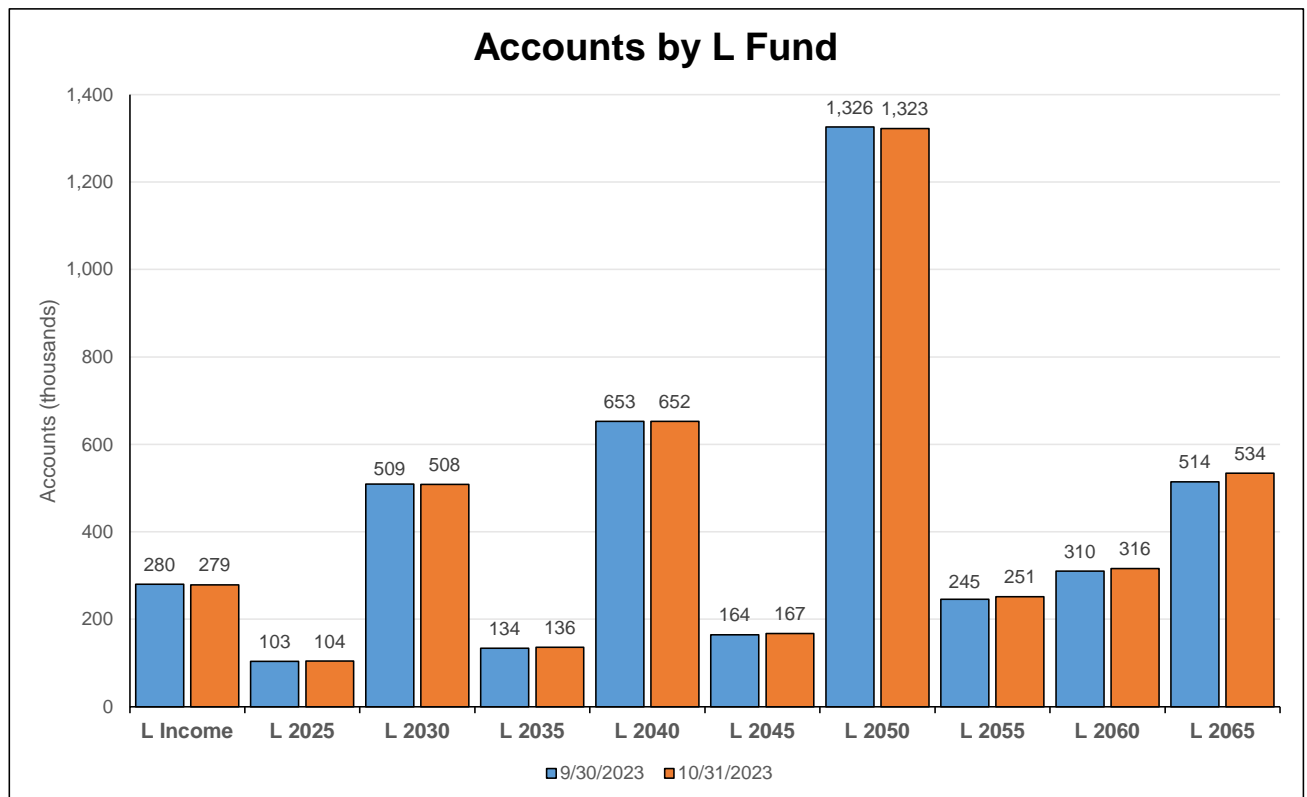
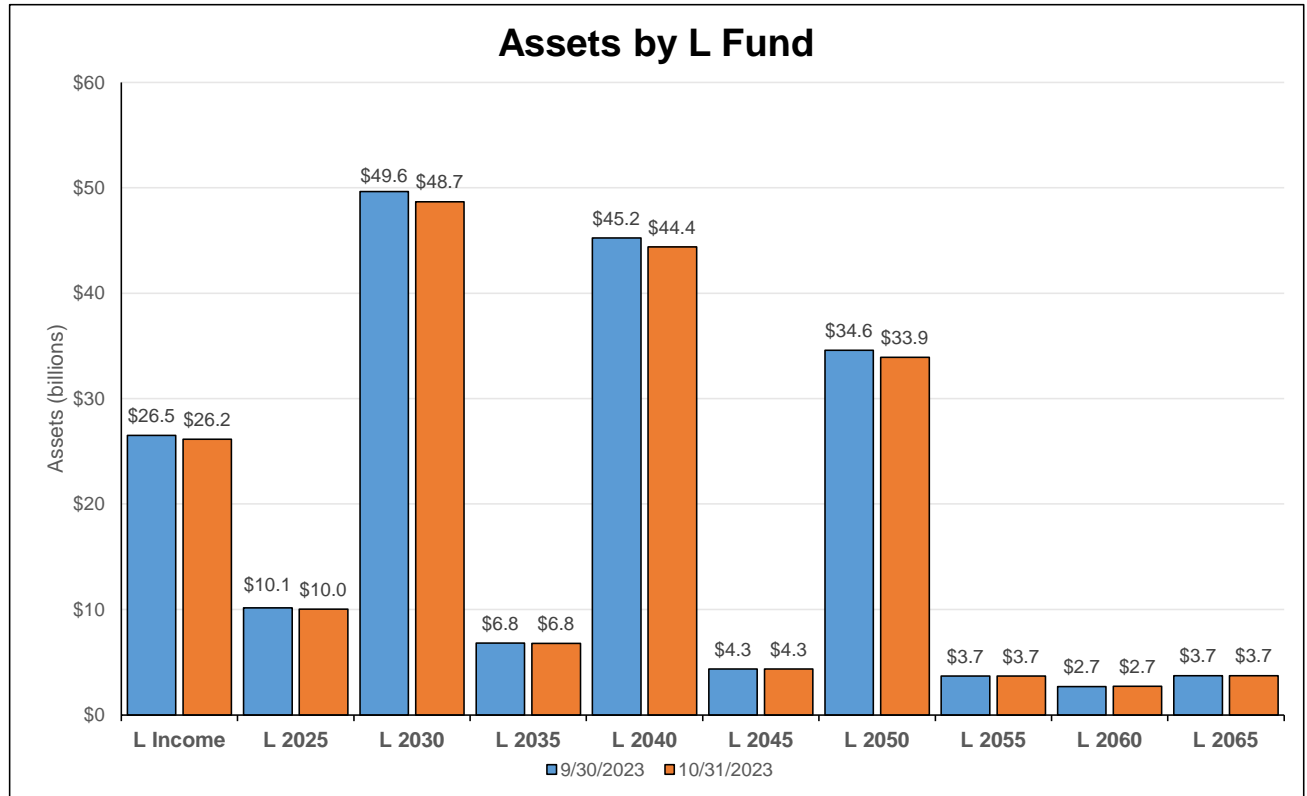


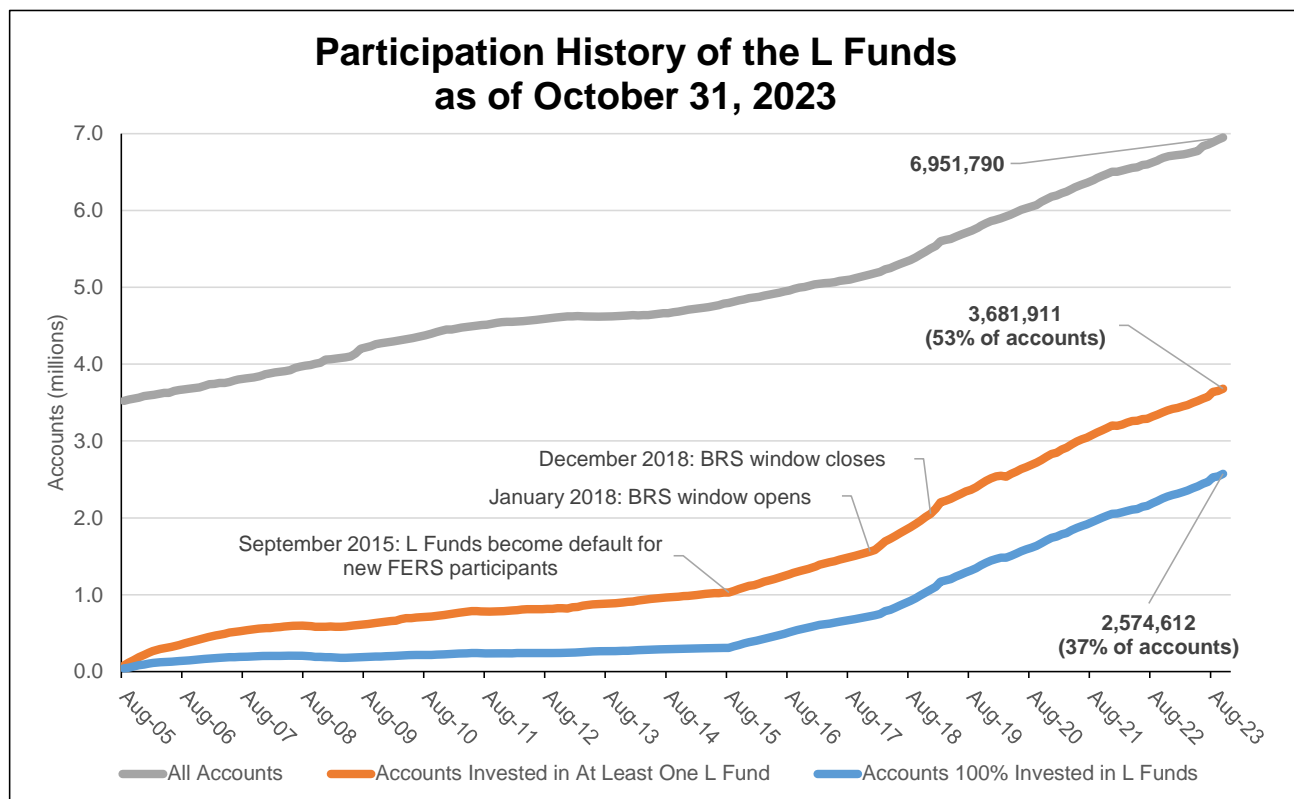
### Asset Allocation as of October 31, 2023

	<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>	\$236.9	30.7%	\$292.8	38.0%
<b>F Fund</b>	\$18.5	2.4%	\$30.0	3.9%
<b>C Fund</b>	\$237.1	30.8%	\$297.5	38.6%
<b>S Fund</b>	\$66.2	8.6%	\$82.0	10.6%
<b>I Fund</b>	\$27.2	3.5%	\$68.0	8.8%
<b>L Funds</b>	\$184.4	23.9%	n/a	n/a
<b><u>MFW</u></b>	<u>\$0.2</u>	<u>0.0%</u>	<u>\$0.2</u>	<u>0.0%</u>
<b>Total</b>	\$770.6	100.0%	\$770.6	100.0%

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

## Lifecycle (L) Funds





#### Interfund Transfer Activity

