



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: April 23, 2024

SUBJECT: March 2024 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.

March 2024 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	0.92	3.22	3.34	3.29
	BlackRock	0.87	3.22	3.32	3.38
	State Street	0.87	3.22	3.36	3.27
	TSP Fund (Net)	0.87	3.22	3.33	3.36
Benchmark Difference (%)	BlackRock	-0.05	0.00	-0.02	0.09
	State Street	-0.05	0.00	0.02	-0.02
	TSP Fund	-0.05	0.00	-0.01	0.07

BlackRock's performance for the F Fund lagged the Fixed Income Index's return by 5 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 March 2024. Its performance for the C and S Funds was in line with the Funds' respective indices for the month. For the I Fund, BlackRock was ahead of the International Index by 9 basis points, primarily due to fair value pricing.

State Street's performance for the F Fund lagged the Fixed Income Index's return by 5 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 March 2024. Its performance for the C, S, and I Funds was in line with the Funds' respective indices for the month.

2024 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	-0.78	10.56	6.96	5.78
	BlackRock	-0.73	10.56	6.92	6.02
	State Street	-0.74	10.55	6.97	5.74
	TSP Fund (Net)	-0.74	10.55	6.92	5.95
Benchmark Difference (%)	BlackRock	0.04	0.00	-0.04	0.23
	State Street	0.04	0.00	0.01	-0.05
	TSP Fund	0.03	-0.01	-0.04	0.17

Year-to-date, BlackRock's performance for the F Fund was ahead of the Fixed Income Index's return by 4 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 2023. Its performance for the C Fund was in line with the Large Cap Index. For the S Fund, BlackRock lagged the Small Mid Cap Index's return by 4 basis points, primarily due to securities sampling. Its performance for the I Fund exceeded the International Index by 23 basis points, primarily due to fair value pricing.

Year-to-date, State Street's performance for the F Fund was ahead of the Fixed Income Index's return by 4 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 2023. Its performance for the 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 5 basis points, primarily due to fair value pricing.

TSP Net Returns as of March 31, 2024

	1-Year	3-Year	5-Year	10-Year
G Fund	4.31%	3.12%	2.43%	2.36%

	1-Year	3-Year	5-Year	10-Year
F Fund	1.60%	-2.34%	0.43%	1.73%
Bloomberg US Agg Bond Index	1.70%	-2.46%	0.36%	1.54%
Benchmark Difference	-0.10%	0.11%	0.07%	0.19%

	1-Year	3-Year	5-Year	10-Year
C Fund	29.84%	11.46%	15.01%	12.96%
S&P 500 Index	29.88%	11.49%	15.05%	12.96%
Benchmark Difference	-0.04%	-0.03%	-0.04%	0.00%

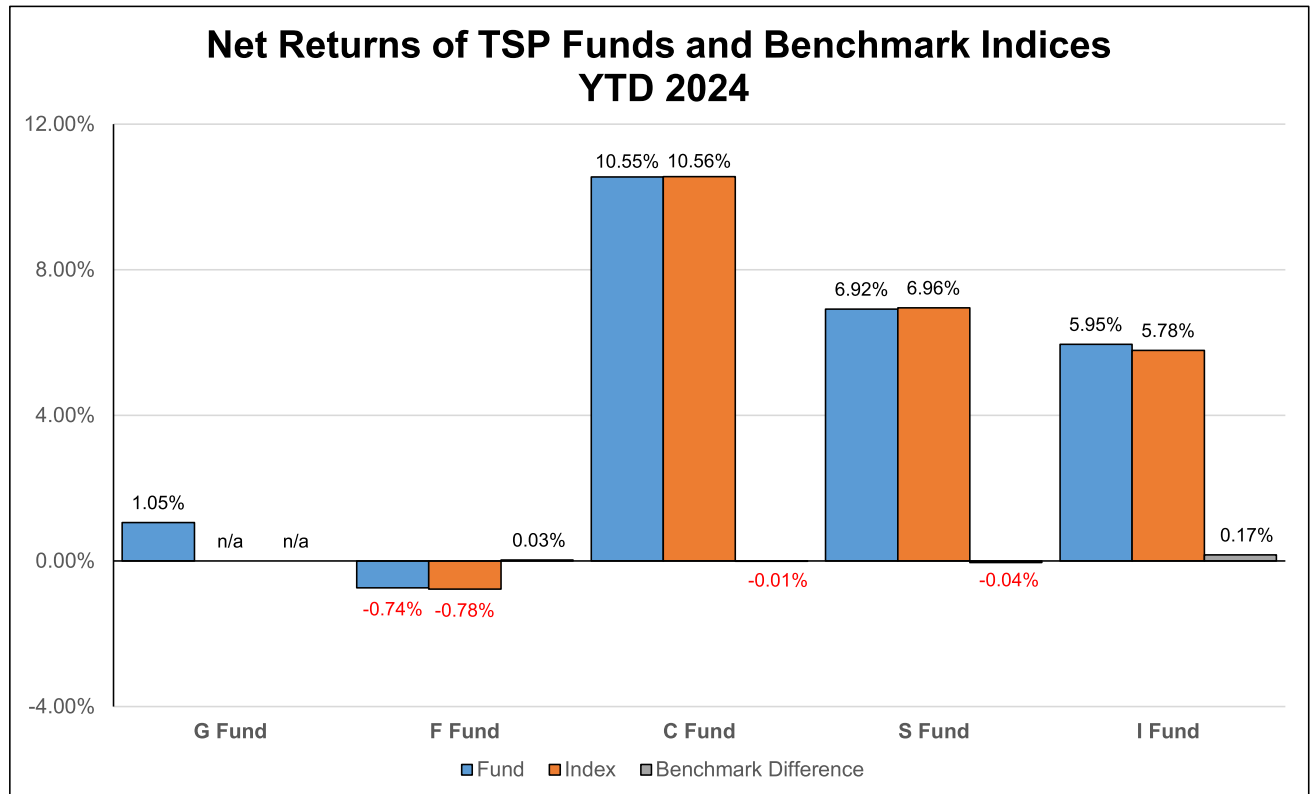
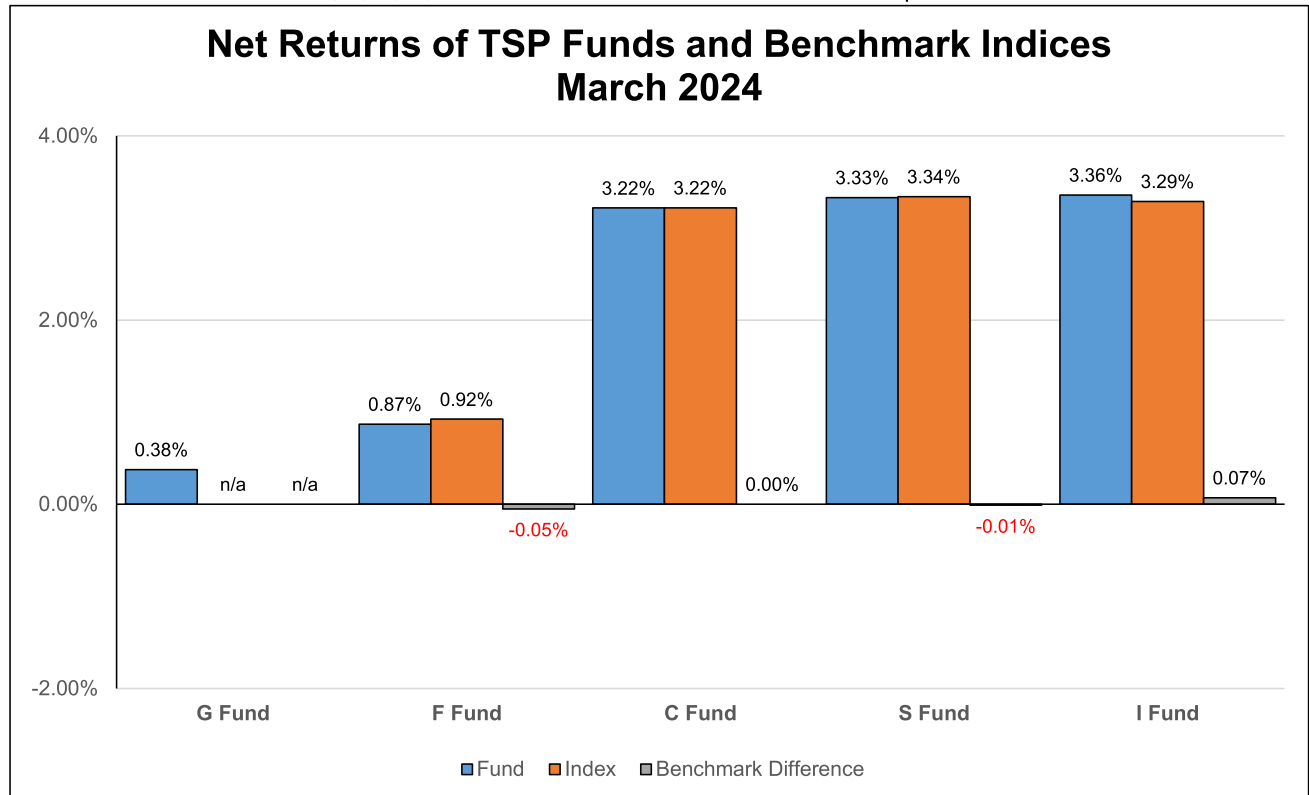
	1-Year	3-Year	5-Year	10-Year
S Fund	26.56%	1.01%	10.08%	9.07%
Dow Jones US Completion TSM Index	26.34%	0.79%	9.97%	8.83%
Benchmark Difference	0.22%	0.22%	0.11%	0.24%

	1-Year	3-Year	5-Year	10-Year
I Fund	15.47%	5.13%	7.68%	5.15%
MSCI EAFE Index	15.32%	4.78%	7.33%	4.80%
Benchmark Difference	0.15%	0.35%	0.35%	0.36%

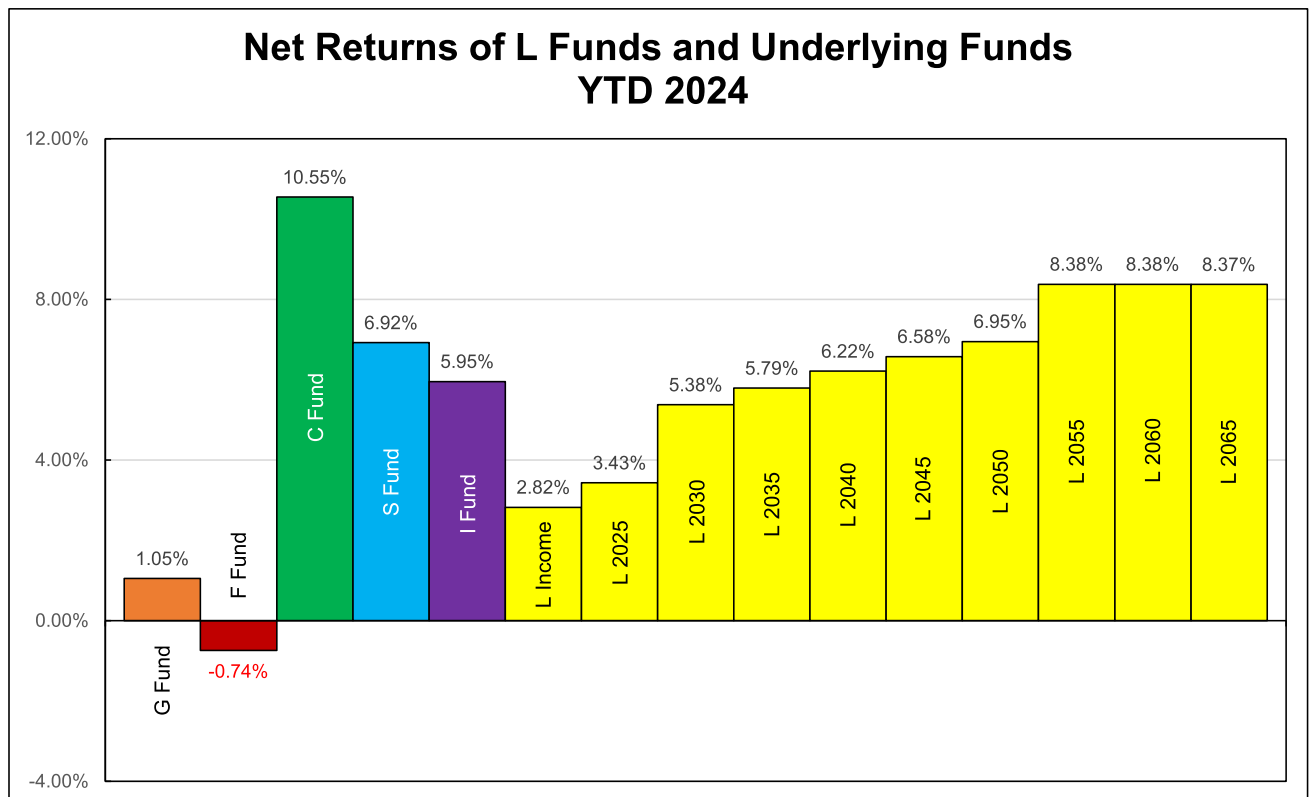
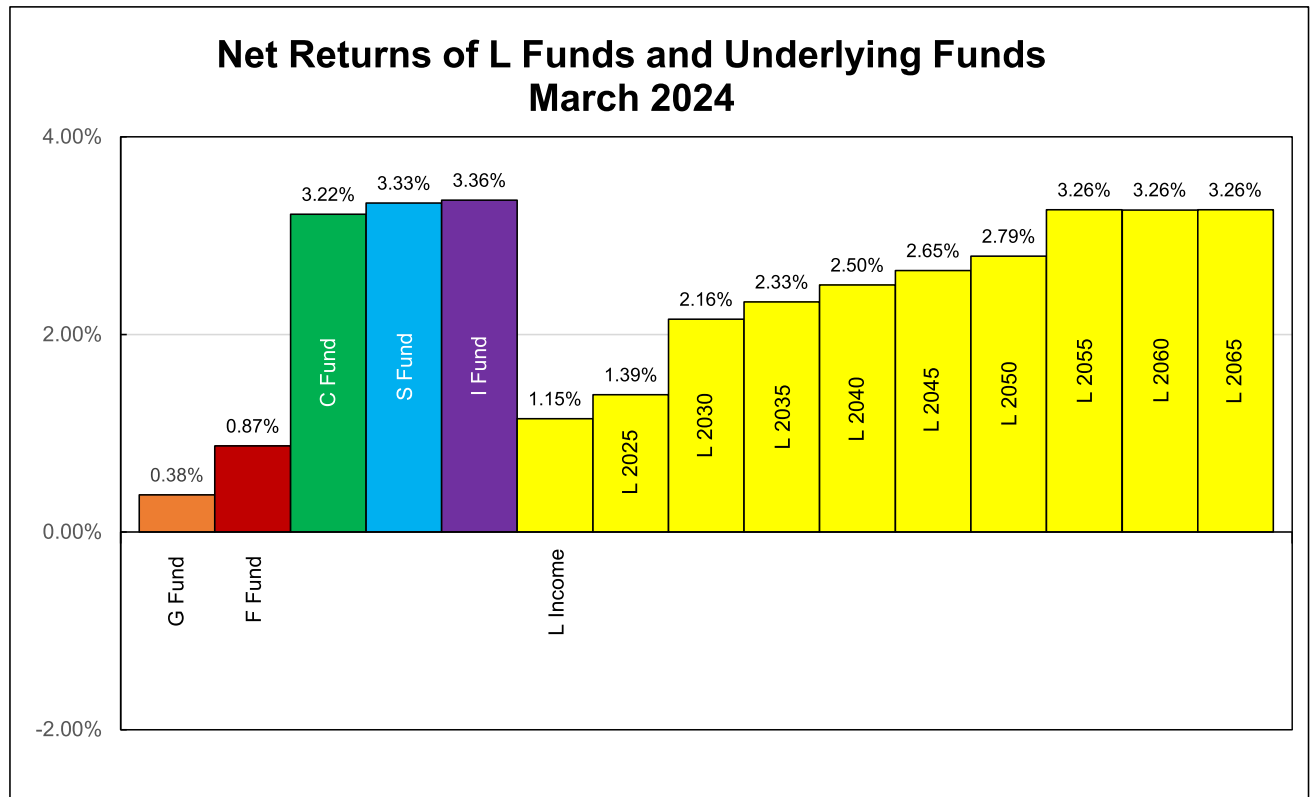
	1-Year	3-Year	5-Year	10-Year
L Income Fund	9.06%	4.32%	4.74%	4.20%
L 2025 Fund	10.94%	4.73%	N/A	N/A
L 2030 Fund	15.97%	6.01%	8.30%	7.19%
L 2035 Fund	17.12%	6.21%	N/A	N/A
L 2040 Fund	18.29%	6.42%	9.32%	7.98%
L 2045 Fund	19.29%	6.56%	N/A	N/A
L 2050 Fund	20.31%	6.74%	10.17%	8.63%
L 2055 Fund	24.11%	7.78%	N/A	N/A
L 2060 Fund	24.11%	7.77%	N/A	N/A
L 2065 Fund	24.11%	7.77%	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.

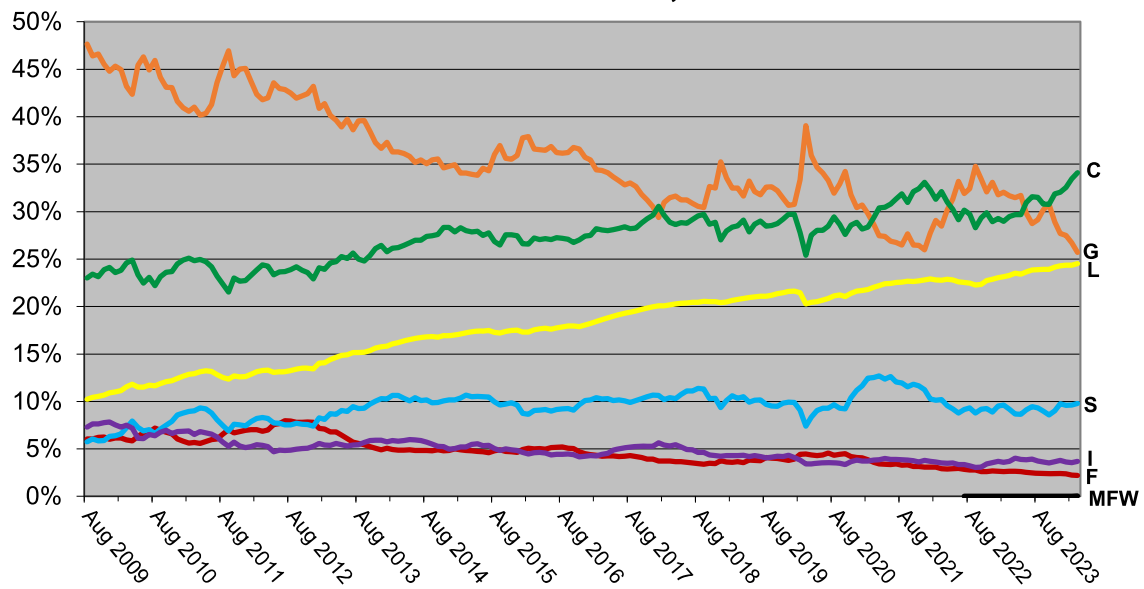


Net rates of return for the L Funds are shown below, along with comparable returns for the G, F, C, S, and I Funds.



Asset Allocation

Participant Asset Allocation History as of March 31, 2024

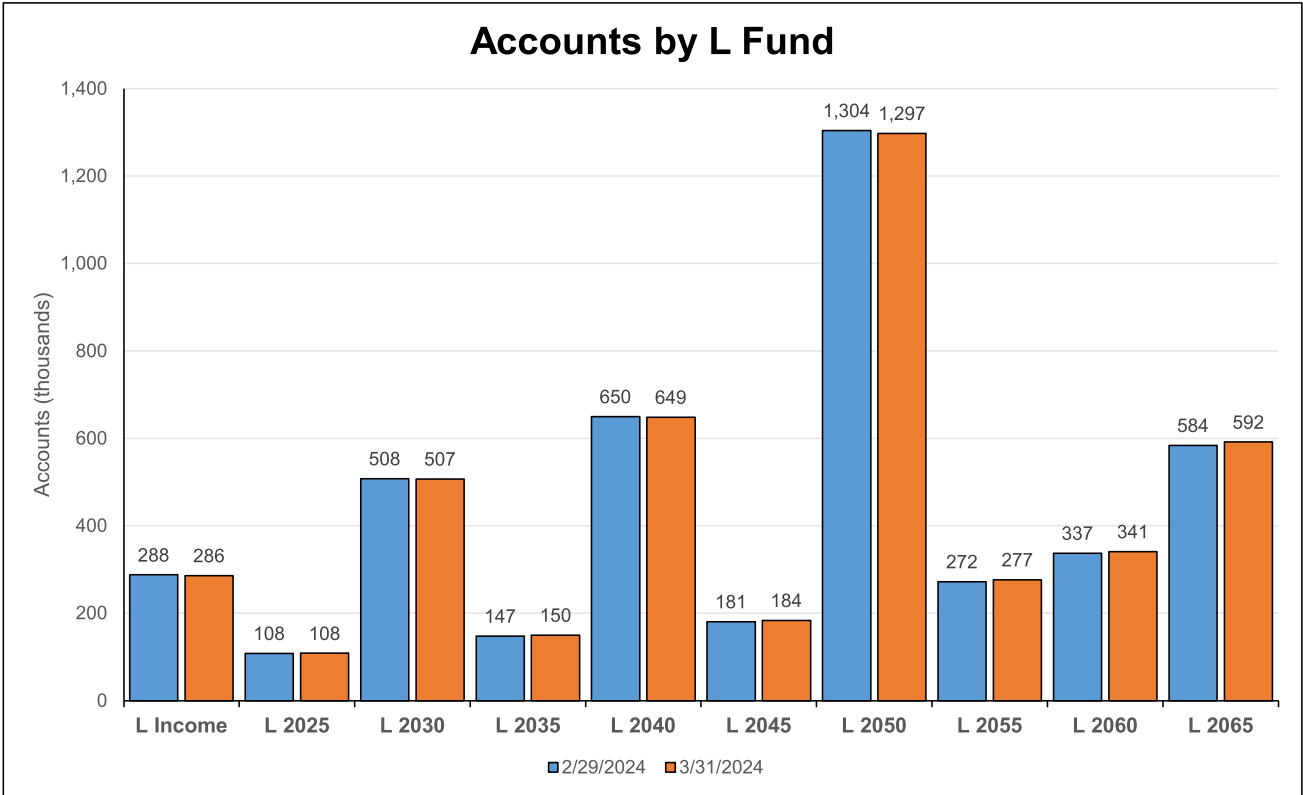
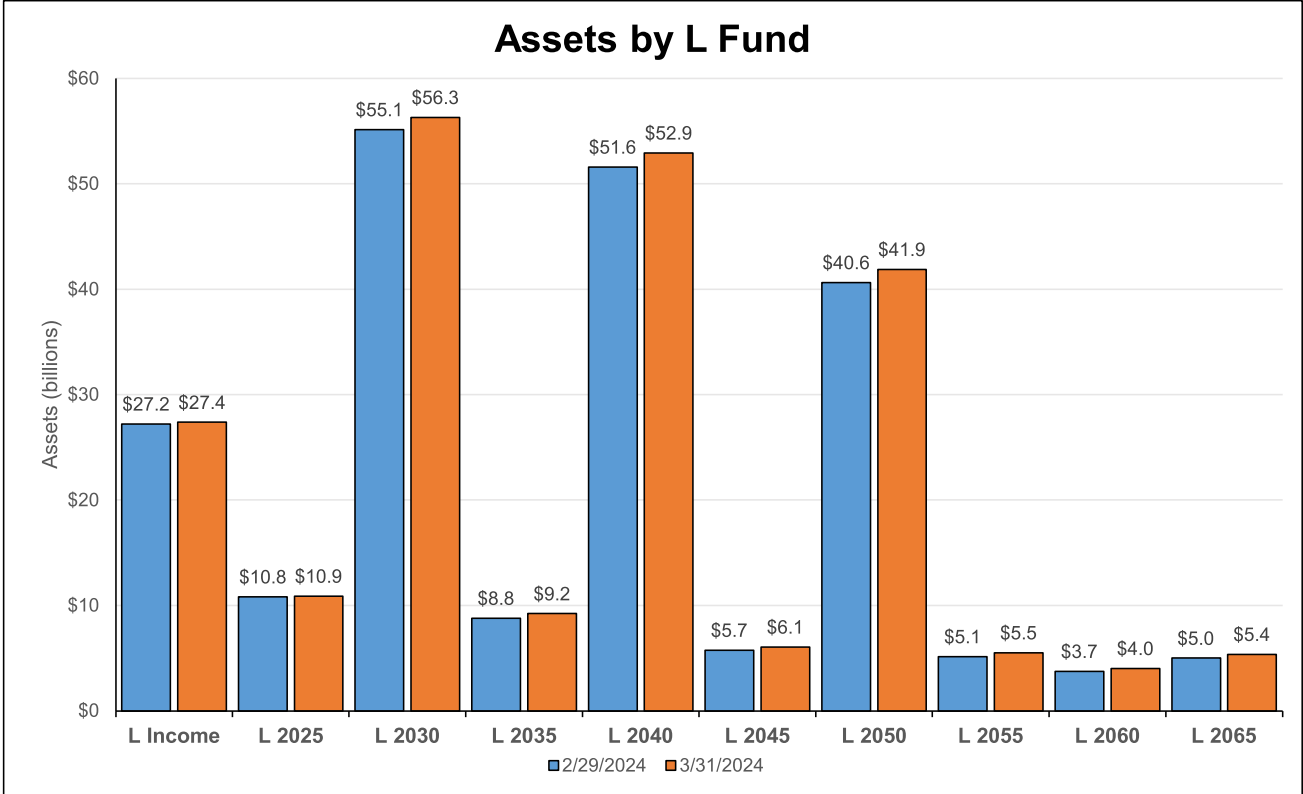


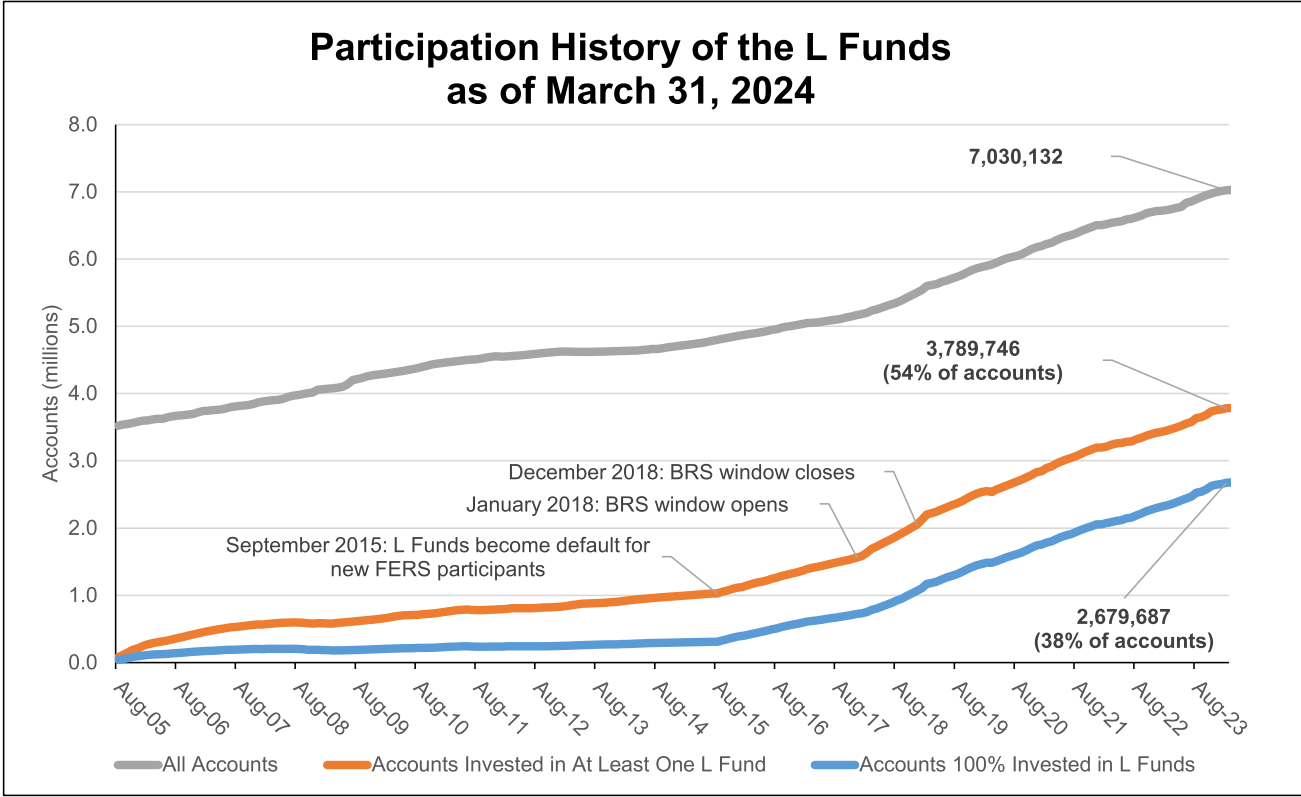
Asset Allocation as of March 31, 2024

	<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>
G Fund	\$230.0	25.7%	\$293.6	32.8%
F Fund	\$19.7	2.2%	\$33.3	3.7%
C Fund	\$305.2	34.1%	\$378.7	42.3%
S Fund	\$87.7	9.8%	\$106.9	11.9%
I Fund	\$32.9	3.7%	\$82.6	9.2%
L Funds	\$219.5	24.5%	n/a	n/a
<u>MFW</u>	<u>\$0.4</u>	<u>0.0%</u>	<u>\$0.4</u>	<u>0.0%</u>
Total	\$895.5	100.0%	\$895.5	100.0%

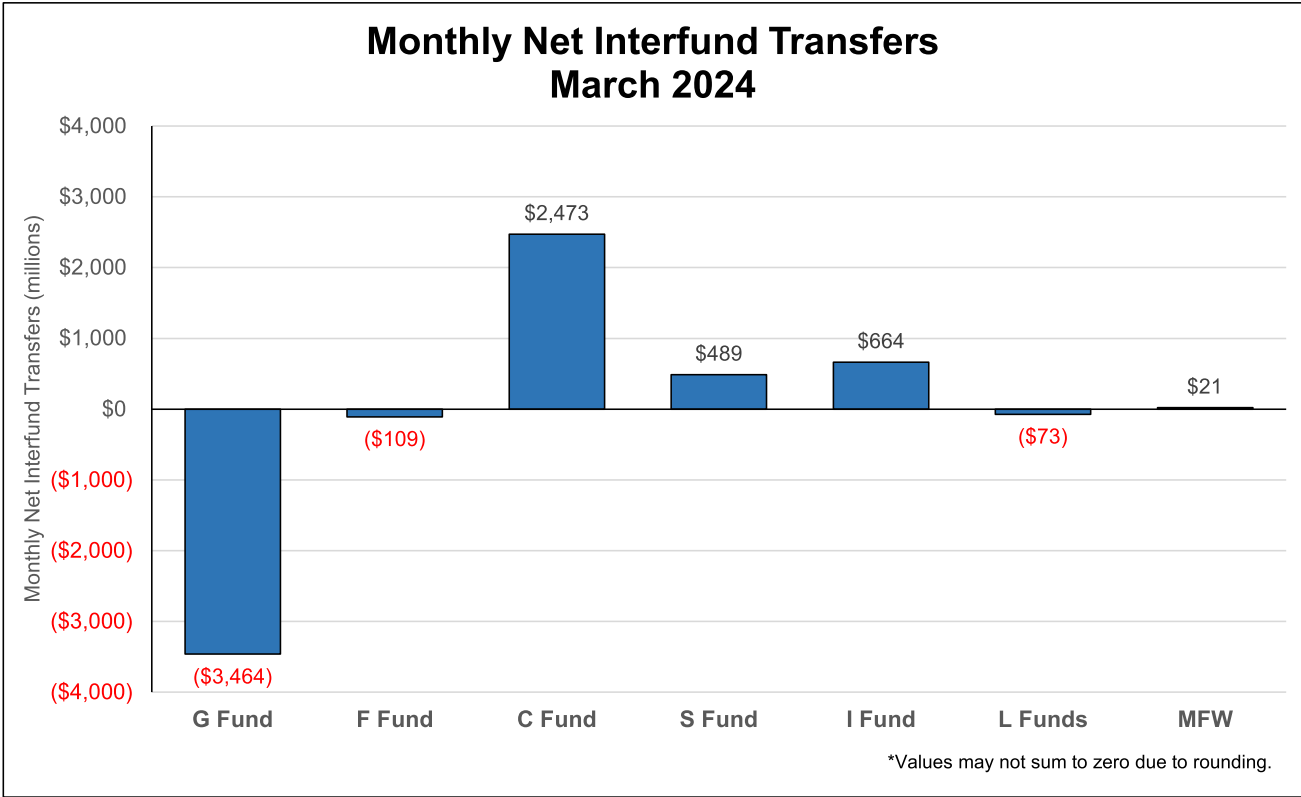
*Components may not sum to totals due to rounding.

Lifecycle (L) Funds





Interfund Transfer Activity



PROXY VOTING – FOURTH QUARTER 2023

An audit of BlackRock's proxy voting conducted by ISS found no exceptions to BlackRock's established guidelines during the fourth quarter of 2023. Likewise, an audit of State Street's proxy voting conducted by ISS found no exceptions to State Street's established guidelines during the fourth quarter of 2023. Copies of the audit reports are provided in this report as Attachments 1 and 2. The ISS audit reports for the first quarter of 2024 are not yet available.

CLASS ACTION SETTLEMENTS – FOURTH QUARTER 2023

BlackRock began the fourth quarter with 92 open claims. During the quarter, 17 claims were opened: three claims in the C Fund, 13 claims in the S Fund, and one claim in the I Fund. Twenty claims were closed during the quarter. One claim in the F Fund and three claims in the S Fund were closed due to administrator action. Two claims in the C Fund and fourteen claims in the S Fund were settled for \$225,516 and \$2,374,497, respectively. Two previously closed claims in the C Fund and eleven previously closed claims in the S Fund yielded residual payments of \$2,267 and \$58,458, respectively, bringing total proceeds for the quarter to \$2,660,739. Eighty-nine claims remained open at the end of the quarter.

	<u>Open at Start of Quarter</u>	<u>Opened During Quarter</u>	<u>Closed During Quarter</u>	<u>Open Claims Outstanding</u>	<u>Total of Settled Claims in 2023</u>
F Fund	2	-	1	1	\$49,267
C Fund	25	3	2	26	\$1,767,948
S Fund	64	13	17	60	\$8,720,855
I Fund	1	1	-	2	\$42,267
Total	92	17	20	89	\$10,580,337

State Street began the fourth quarter with 12 open claims. Three claims were opened in the S Fund. Two claims in the S Fund were closed due to administrator action. A residual payment from a previously closed S Fund claim yielded \$6,484. Thirteen claims remained open at the end of the quarter.

	<u>Open at Start of Quarter</u>	<u>Opened During Quarter</u>	<u>Closed During Quarter</u>	<u>Open Claims Outstanding</u>	<u>Total of Settled Claims in 2023</u>
F Fund	-	-	-	-	\$0
C Fund	2	-	-	2	\$0
S Fund	10	3	2	11	\$10,716
I Fund	-	-	-	-	\$0
Total	12	3	2	13	\$10,716

ATTACHMENTS

Attachment 1: Audit Report on BlackRock's Proxy Voting in the Fourth Quarter of 2023

Attachment 2: Audit Report on State Street's Proxy Voting in the Fourth Quarter of 2023

January 18, 2024

Ms. Michelle Edkins
Managing Director
Corporate Governance & Responsible Investment
BlackRock
55 East 52nd St
New York, NY 10055

Dear Michelle,

Enclosed are the results of our review of US proxy votes by BlackRock for the 4th quarter of 2023. Our review found that there were no exceptions to policy over this period.

Best regards,



Recoverable Signature

X Andrew E. Linberg

Signed by: 1aaf751b-7442-4f70-b17f-f5ac0cd97cac

Andrew E. Linberg
Head of Custom Research – Americas

INSTITUTIONAL SHAREHOLDER SERVICES INC.

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[ISSGOVERNANCE.COM](https://www.issgovernance.com)

MEMORANDUM

The results of our review of BlackRock's 4th quarter proxy voting for US meetings are as follows:

- Votes at 47 meetings were examined.
- Votes at 10 of the 47 meetings were for directors, auditors, and/or management say-on-pay (MSOP) only.
- At the 37 remaining meetings, there were 70 non-director/auditor/MSOP proposals.

The following table illustrates the votes involved by proposal type:

Proposal	Votes
Executive stock plan	12
Non-executive stock plan	1
Employee stock purchase plan	1
Approve outside director stock awards in lieu of cash	1
Advisory vote on golden parachute compensation	1
Frequency vote on MSOP	15
Approve stock split	1
Reverse stock split	6
Increase authorized common stock	3
Approve issuance of common stock	1
Approve private placement	1
Approve price adjustment provisions	2
Approve merger agreement	1
Approve issuance of shares in connection with acquisition	1
Approve plan of liquidation	1
Amend tax benefits preservation plan	1
Approve reorganization of funds	1
Adjourn meeting	13
Amend certificate of incorporation	1
Amend certificate of incorporation to limit liability of certain officers	1
Amend certificate of incorporation to reflect new Delaware law provisions regarding officer exculpation	1
Amend bylaws	1
Other business	1
Shareholder proposal	2
Total:	70

INSTITUTIONAL SHAREHOLDER SERVICES INC.

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- There were 12 votes cast on executive stock plans:
 - a) 8 votes were cast in favor of the plans (66.7 percent);
 - b) 4 votes were cast against the plans (33.3 percent);
 - i.) 2 votes were cast against the plans because the terms of the plans are not consistent with market standards.
 - ii.) 1 vote was cast against the plans due to the presence of an evergreen provision.
 - iii.) 1 vote was cast against the plans due to the presence of an evergreen provision and the ability to reprice options without shareholder approval.
- There was 1 vote cast on a non-executive stock plan; the vote was cast in favor of the plan.
- There was 1 vote cast on an employee stock purchase plan; the vote was cast in favor of the plan.
- There were 2 votes cast on mergers, acquisitions and/or major corporate transactions including an issuance of shares pursuant to an acquisition; the votes were cast in favor of the transactions.
- There were 3 votes cast on increases in authorized common stock; the votes were cast in favor of the increases.
- There were 2 votes cast on shareholder proposals which included:
 - a) 1 shareholder proposal to report on the effectiveness of diversity, equity, and inclusion efforts; the vote was cast against the proposal;
 - b) 1 shareholder proposal to adopt near and long-term science based GHG emissions reduction targets aligned with Paris Agreement goal; the vote was cast against the proposal.
- There were 27 votes cast on management advisory votes on executive compensation:
 - a) 25 votes were cast in favor of the advisory votes (92.6 percent);
 - b) 2 votes were cast against the advisory votes (7.4 percent).
- There was 1 vote cast on a management advisory vote on golden parachute compensation; the vote was cast in favor of the advisory vote.

There were no exceptions to policy this period.



March 20, 2024

Mr. Benjamin Colton
Global Co-Head of Asset Stewardship
State Street Global Advisors
State Street Financial Center
One Iron Street
Boston, MA 02210

Dear Benjamin,

The Custom Research team has completed its Q4 2023 audit of SSgA vote recommendations. We examined 25 US and International meetings, containing a total of 183 agenda items. In reviewing these items against the SSgA policy document, we identified zero (0) errors in the application of SSgA's policy (for an overall error rate of 0.0%).

Please feel free to contact us should you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Adam Lee". The script is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Adam Lee
Associate Director, Custom Research