



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: August 27, 2024

SUBJECT: July 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.

July 2024 Returns and Benchmark Differences

		<u>Fixed Income</u>	<u>Large Cap</u>	<u>Small Mid Cap</u>
		<u>(F Fund)</u>	<u>(C Fund)</u>	<u>(S Fund)</u>
Return	Index	2.34%	1.22%	6.17%
	BlackRock	2.33%	1.21%	6.23%
	State Street	2.35%	1.22%	6.21%
	TSP Fund (Net)	2.33%	1.21%	6.23%
Benchmark Difference	BlackRock	0.00%	0.00%	0.06%
	State Street	0.02%	0.00%	0.04%
	TSP Fund	0.00%	-0.01%	0.05%

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 was ahead of the Small Mid Cap Index by 6 basis points, primarily due to securities sampling.

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 was ahead of the Small Mid Cap Index by 4 basis points, primarily due to securities sampling.

The I Fund is in the process of changing its benchmark from the MSCI EAFE Index to the MSCI ACWI IMI ex USA ex China ex Hong Kong Index. BlackRock and State Street have independently coordinated with MSCI to develop transitional benchmarks. The following table shows the July 2024 performance of both managers relative to their applicable benchmarks, as well as the overall net return of the I Fund.

	<u>BlackRock</u>	<u>State Street</u>
Applicable Benchmark	2.85%	2.93%
Manager's Return	2.89%	2.73%
Benchmark Difference	0.04%	-0.20%
I Fund Return (net)		2.86%
MSCI EAFE Index		2.93%
MSCI ACWI IMI ex USA ex China ex Hong Kong Index		2.84%

BlackRock's performance for the I Fund exceeded its applicable International Index's return by 4 basis points, primarily due to fair value pricing.

State Street's performance for the I Fund lagged its applicable International Index's return by 20 basis points, primarily due to fair value pricing.

2024 YTD Returns and Benchmark Differences

		<u>Fixed Income</u>	<u>Large Cap</u>	<u>Small Mid Cap</u>
		<u>(F Fund)</u>	<u>(C Fund)</u>	<u>(S Fund)</u>
Return	Index	1.61%	16.70%	9.66%
	BlackRock	1.70%	16.69%	9.72%
	State Street	1.72%	16.69%	9.74%
	TSP Fund (Net)	1.69%	16.67%	9.71%
Benchmark Difference	BlackRock	0.10%	0.00%	0.07%
	State Street	0.11%	0.00%	0.08%
	TSP Fund	0.08%	-0.02%	0.05%

Year-to-date, BlackRock's performance for the F Fund was ahead of the Fixed Income Index's return by 10 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 was ahead of the Small Mid Cap Index by 7 basis points, primarily due to securities lending.

Year-to-date, State Street's performance for the F Fund was ahead of the Fixed Income Index's return by 11 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 Fund was in line with the Large Cap Index. For the S Fund, State Street was ahead of the Small Mid Cap Index by 8 basis points, primarily due to securities lending.

The I Fund is in the process of changing its benchmark from the MSCI EAFE Index to the MSCI ACWI IMI ex USA ex China ex Hong Kong Index. BlackRock and State Street have independently coordinated with MSCI to develop transitional benchmarks. The following table shows the 2024 YTD performance of both managers relative to their appropriate benchmarks, as well as the overall net return of the I Fund.

	<u>BlackRock</u>	<u>State Street</u>
Applicable Benchmark	8.73%	8.43%
Manager's Return	9.00%	8.48%
Benchmark Difference	0.26%	0.05%
I Fund Return (net)		8.87%
MSCI EAFE Index		8.43%
MSCI ACWI IMI ex USA ex China ex Hong Kong Index		8.58%

BlackRock's performance for the I Fund exceeded its applicable International Index's return by 26 basis points, primarily due to tax advantage.

State Street's performance for the I Fund exceeded its applicable International Index's return by 5 basis points, primarily due to tax advantage.

TSP Net Returns as of July 31, 2024

	1-Year	3-Year	5-Year	10-Year
G Fund	4.57%	3.47%	2.58%	2.44%

	1-Year	3-Year	5-Year	10-Year
F Fund	5.07%	-2.54%	0.26%	1.77%
Bloomberg US Agg Bond Index	5.10%	-2.63%	0.19%	1.61%
Benchmark Difference	-0.03%	0.09%	0.08%	0.17%

	1-Year	3-Year	5-Year	10-Year
C Fund	22.11%	9.57%	14.95%	13.14%
S&P 500 Index	22.15%	9.60%	15.00%	13.15%
Benchmark Difference	-0.04%	-0.03%	-0.04%	-0.01%

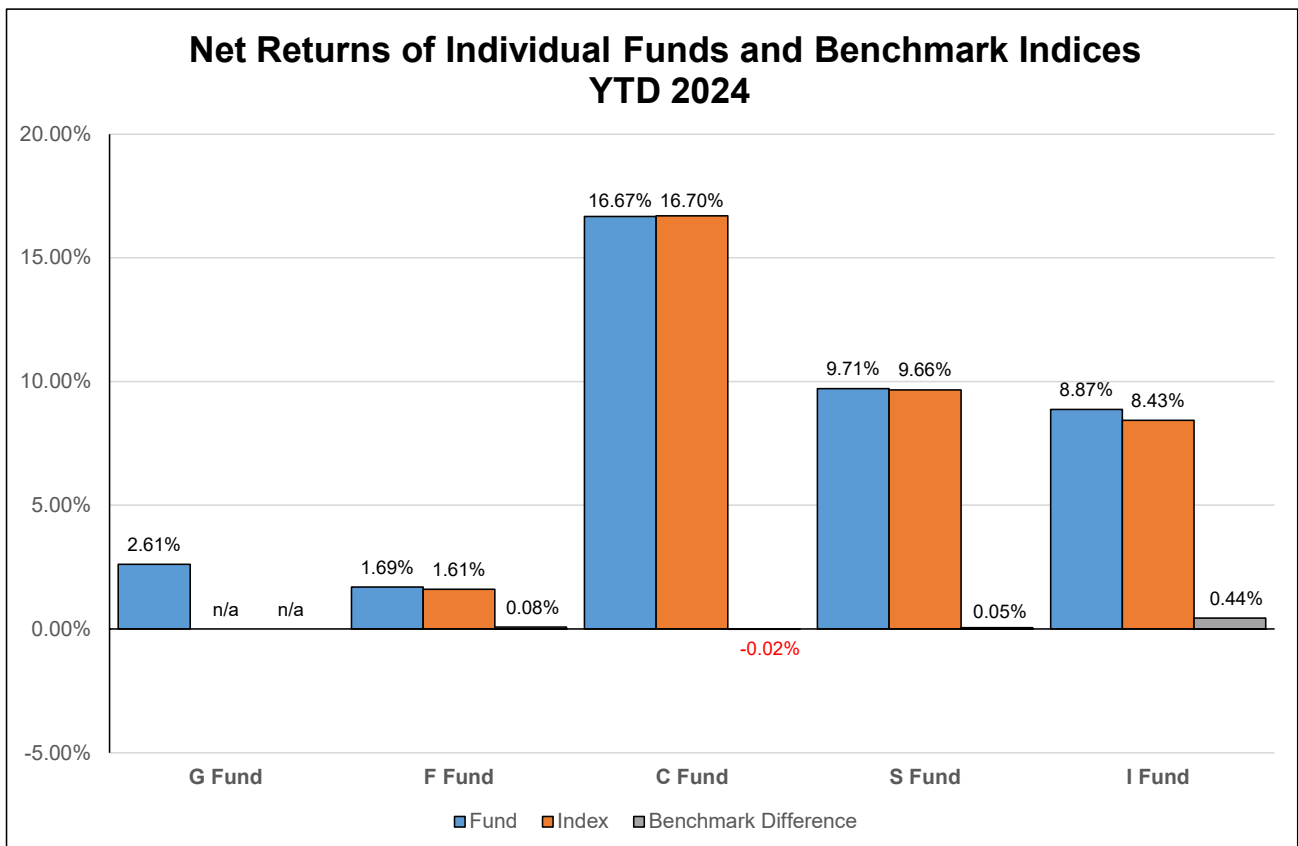
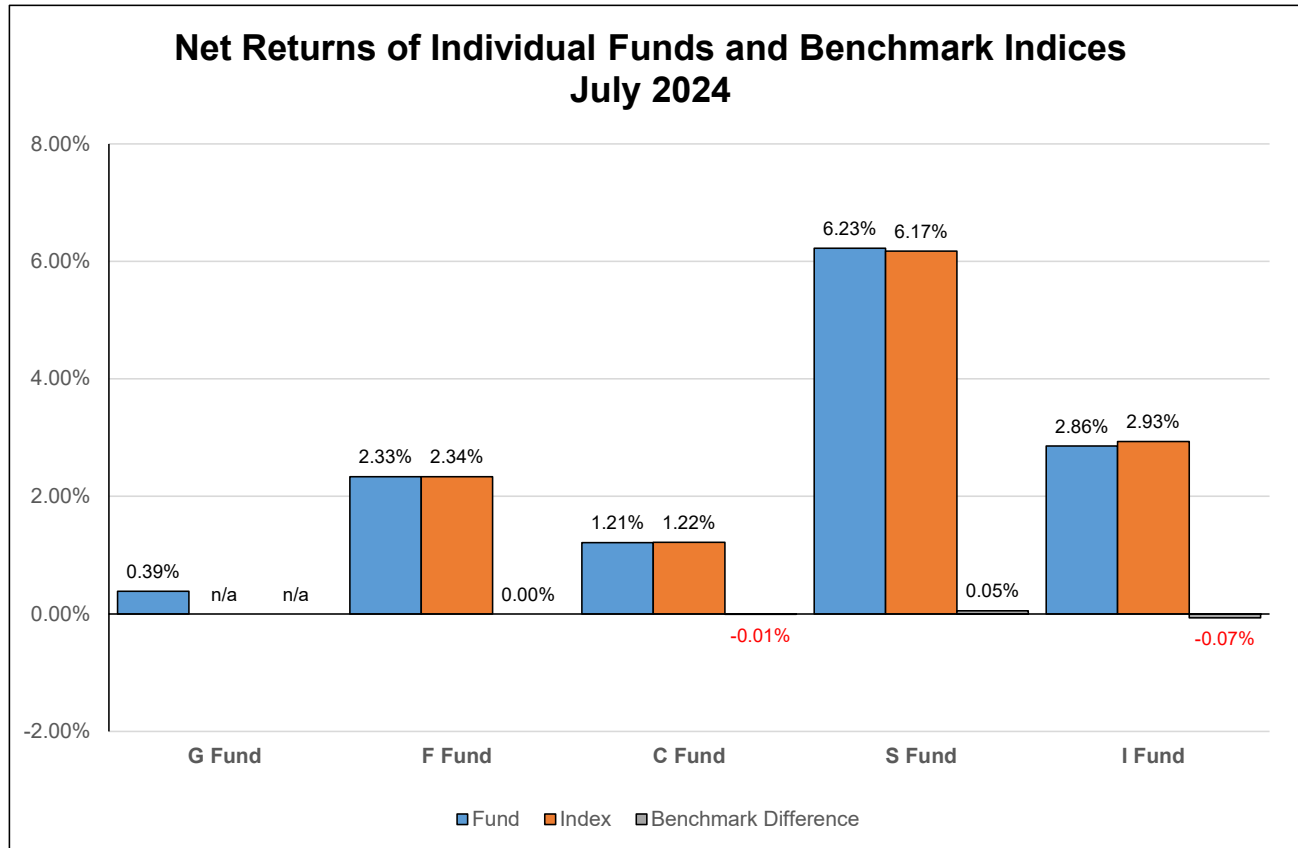
	1-Year	3-Year	5-Year	10-Year
S Fund	15.22%	-0.01%	9.63%	9.48%
Dow Jones US Completion TSM Index	14.96%	-0.26%	9.51%	9.25%
Benchmark Difference	0.26%	0.24%	0.12%	0.23%

	1-Year	3-Year	5-Year	10-Year
I Fund	11.77%	4.04%	7.89%	5.21%
MSCI EAFE Index	11.21%	3.63%	7.36%	4.84%
Benchmark Difference	0.56%	0.41%	0.53%	0.36%

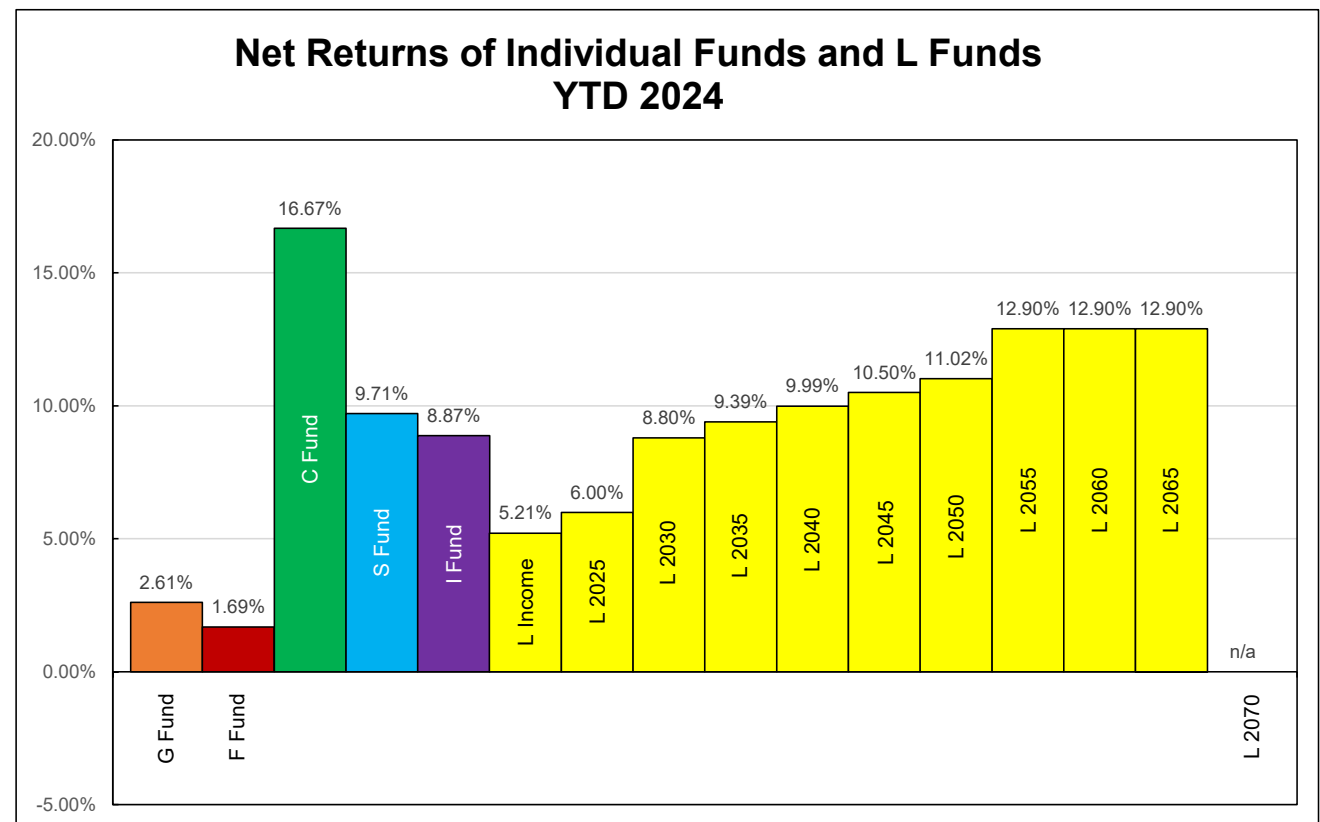
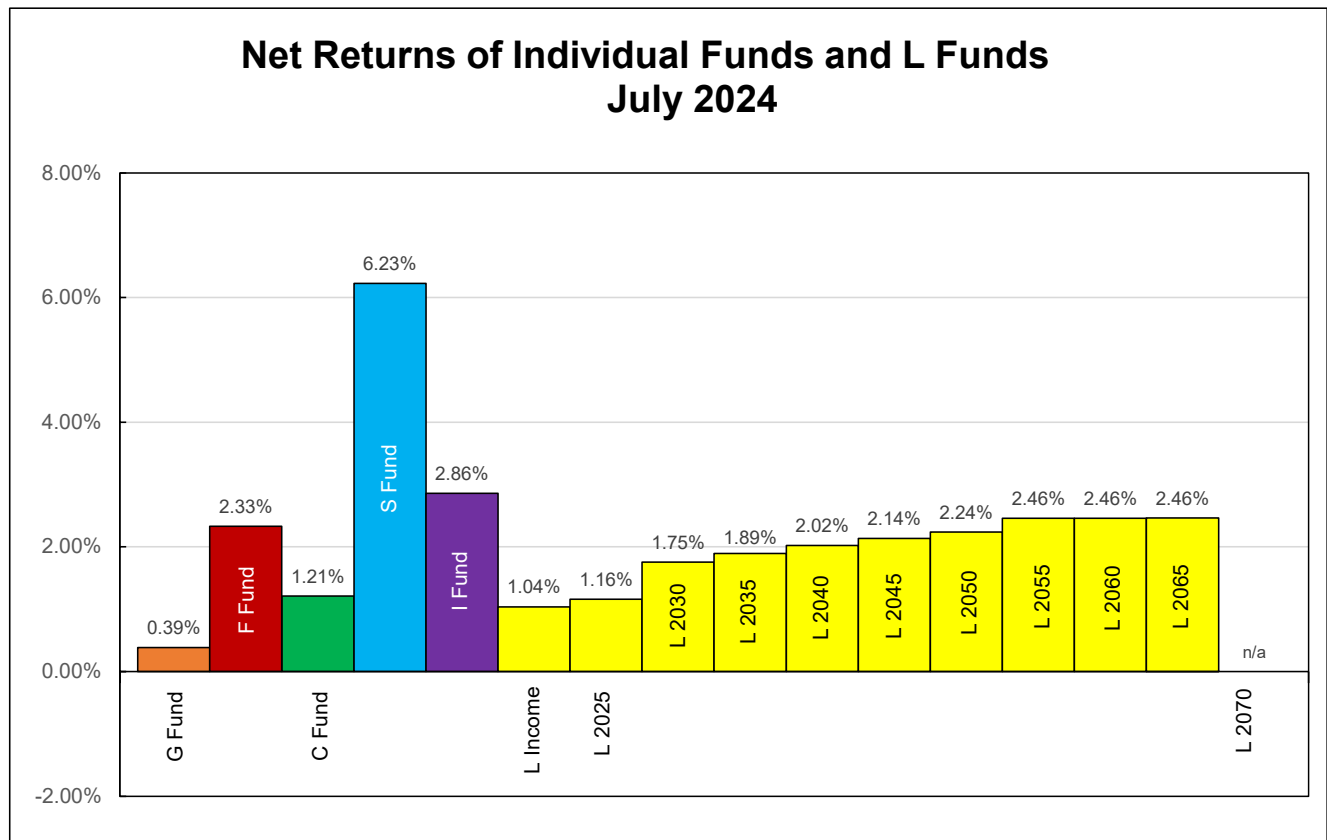
	Inception Date	1-Year	3-Year	5-Year	10-Year
L Income Fund	August 1, 2005	7.99%	4.27%	4.87%	4.31%
L 2025 Fund	July 1, 2020	8.91%	4.07%	N/A	N/A
L 2030 Fund	August 1, 2005	12.47%	5.23%	8.34%	7.32%
L 2035 Fund	July 1, 2020	13.23%	5.32%	N/A	N/A
L 2040 Fund	August 1, 2005	13.98%	5.43%	9.33%	8.14%
L 2045 Fund	July 1, 2020	14.61%	5.48%	N/A	N/A
L 2050 Fund	January 31, 2011	15.25%	5.57%	10.17%	8.80%
L 2055 Fund	July 1, 2020	17.46%	6.33%	N/A	N/A
L 2060 Fund	July 1, 2020	17.46%	6.32%	N/A	N/A
L 2065 Fund	July 1, 2020	17.46%	6.32%	N/A	N/A
L 2070 Fund	July 26, 2024	N/A	N/A	N/A	N/A

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.

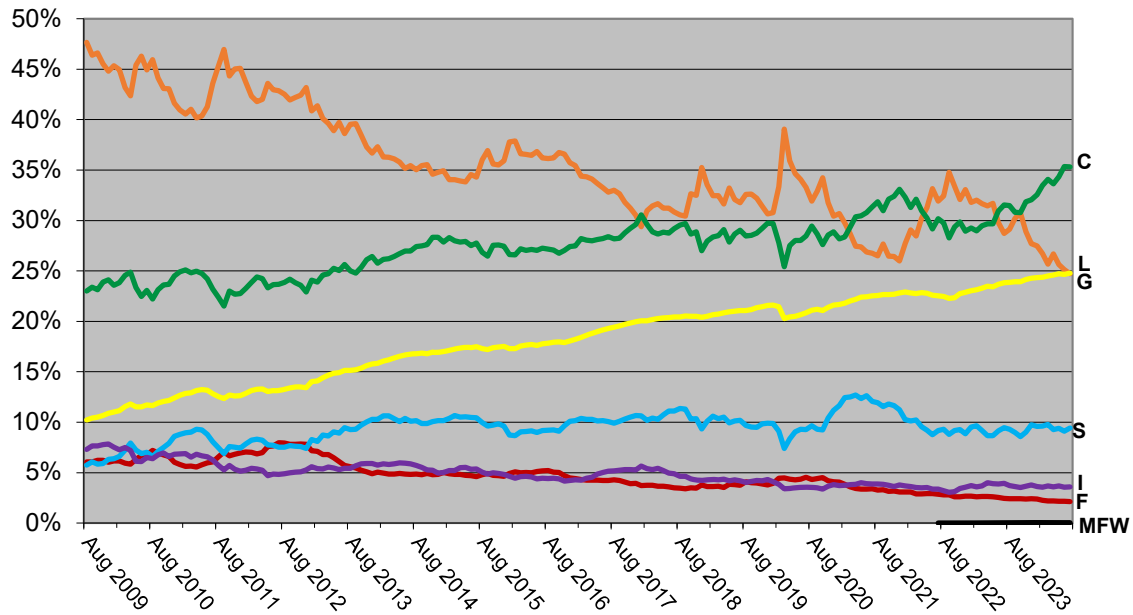


Net rates of return for the L Funds are shown below, along with comparable returns for the G, F, C, S, and I Funds.



Asset Allocation

Participant Asset Allocation History as of July 31, 2024

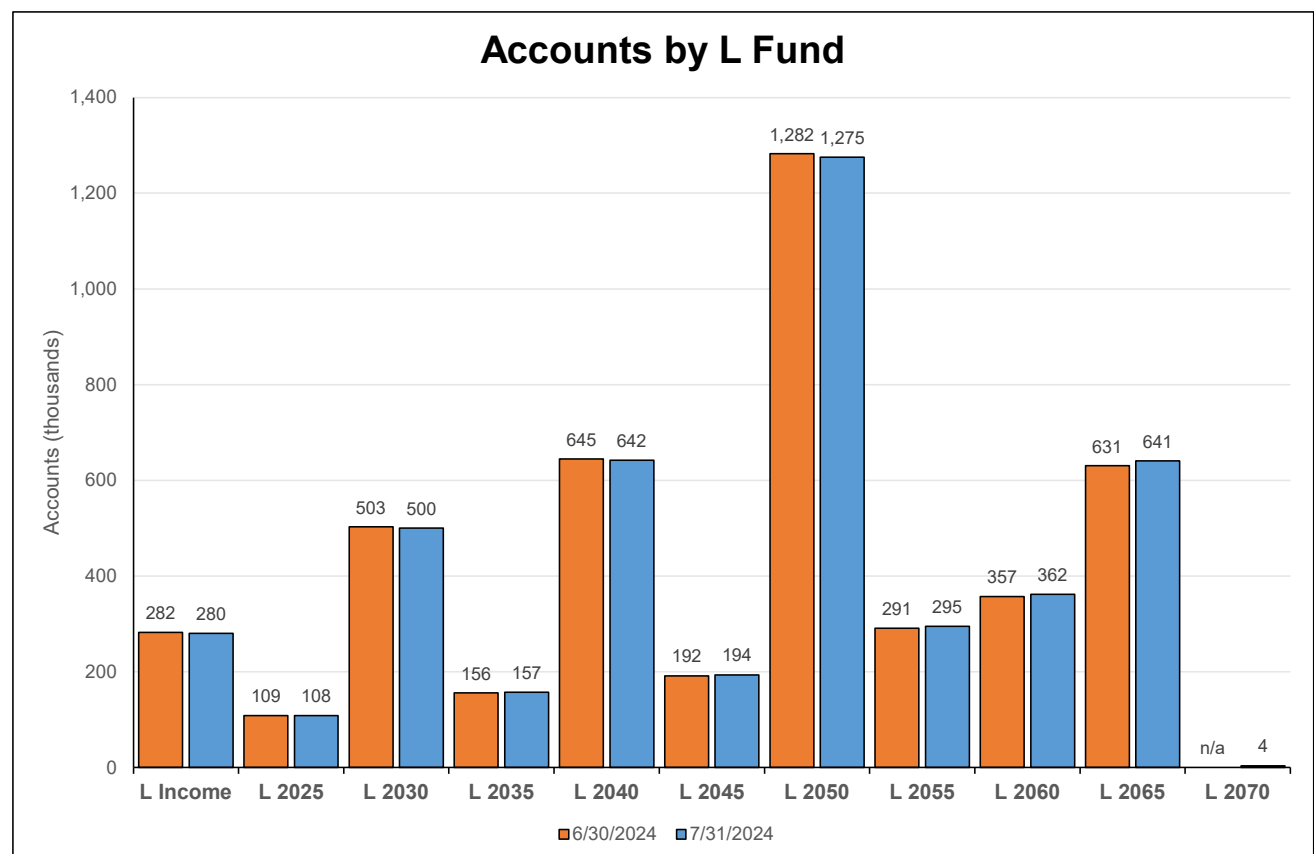
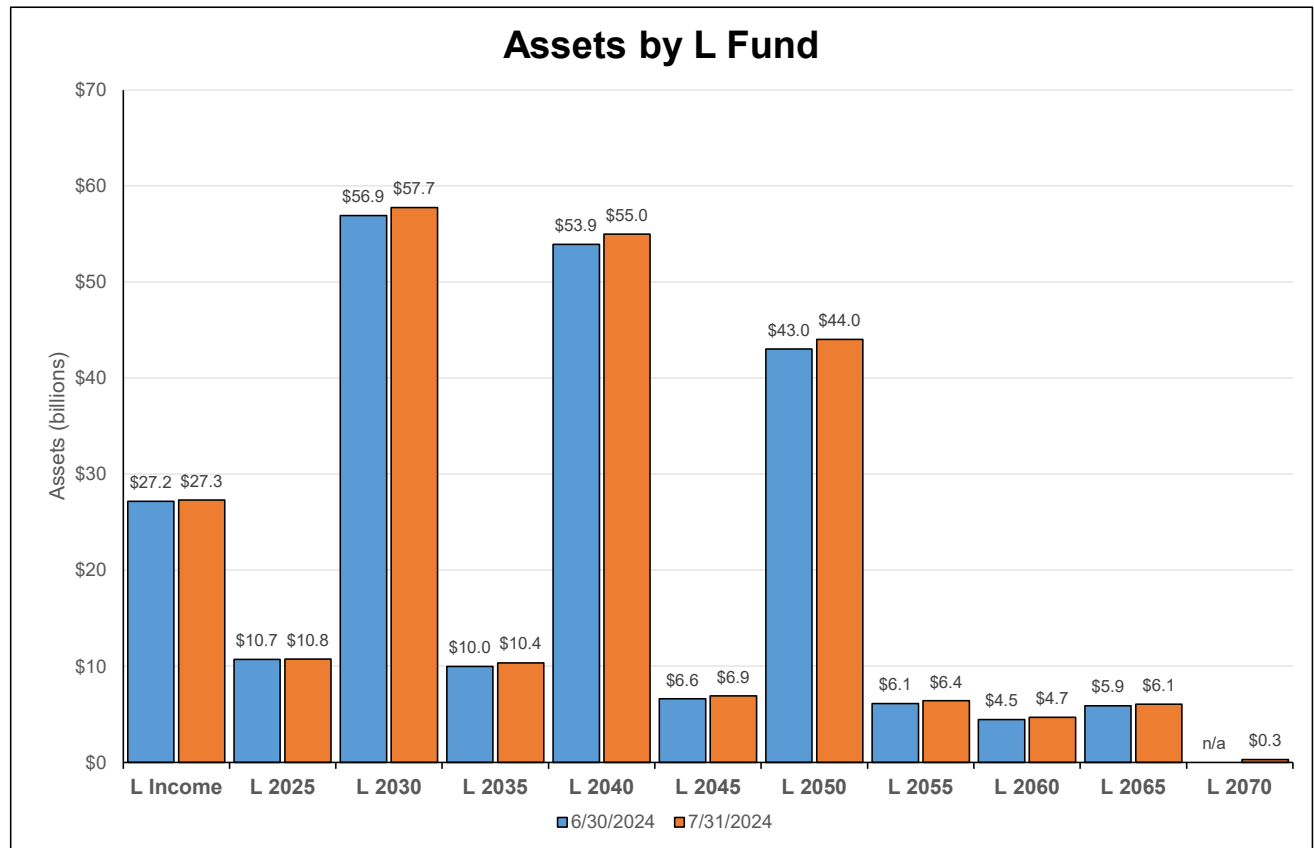


Asset Allocation as of July 31, 2024

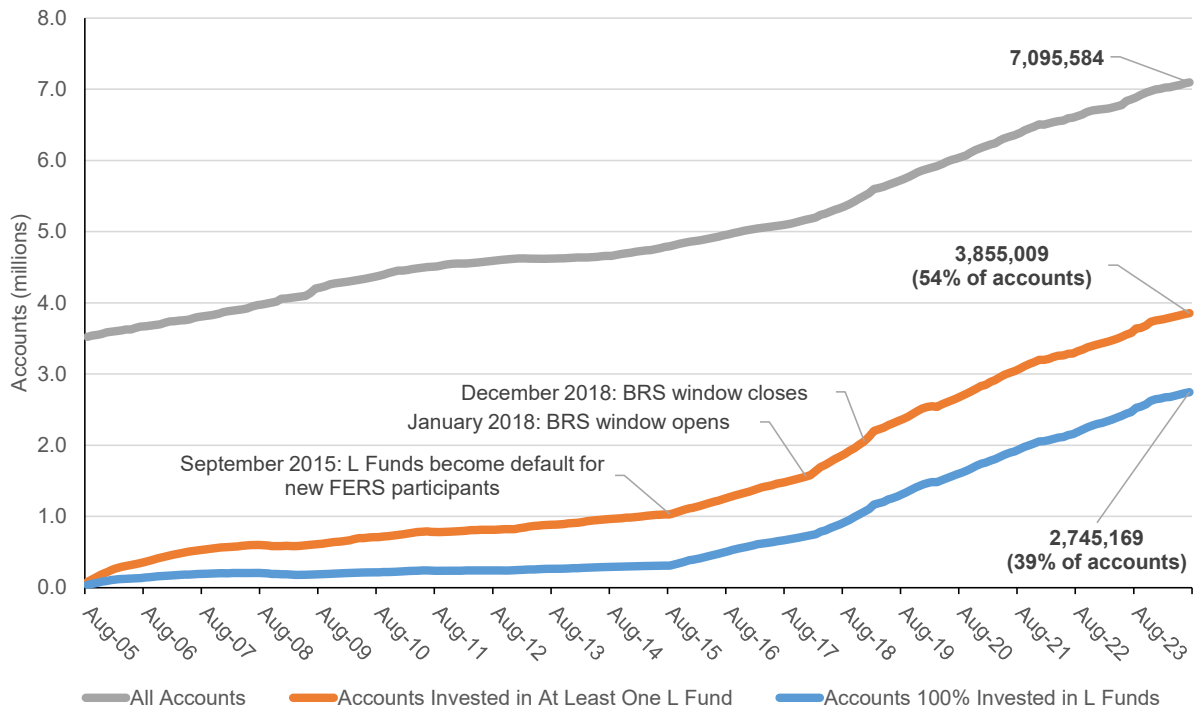
	<u>Participant Allocation</u>		<u>Individual TSP Funds</u>	
	<u>Assets (Billions)</u>	<u>Share of Total</u>	<u>Assets (Billions)</u>	<u>Share of Total</u>
G Fund	\$229.0	24.7%	\$294.1	31.7%
F Fund	\$19.9	2.1%	\$33.7	3.6%
C Fund	\$327.3	35.3%	\$405.3	43.7%
S Fund	\$87.5	9.4%	\$107.4	11.6%
I Fund	\$33.2	3.6%	\$86.0	9.3%
L Funds	\$229.5	24.8%	n/a	n/a
<u>MFW</u>	<u>\$0.4</u>	<u>0.0%</u>	<u>\$0.4</u>	<u>0.0%</u>
Total	\$926.9	100.0%	\$926.9	100.0%

*Components may not sum to totals due to rounding.

Lifecycle (L) Funds

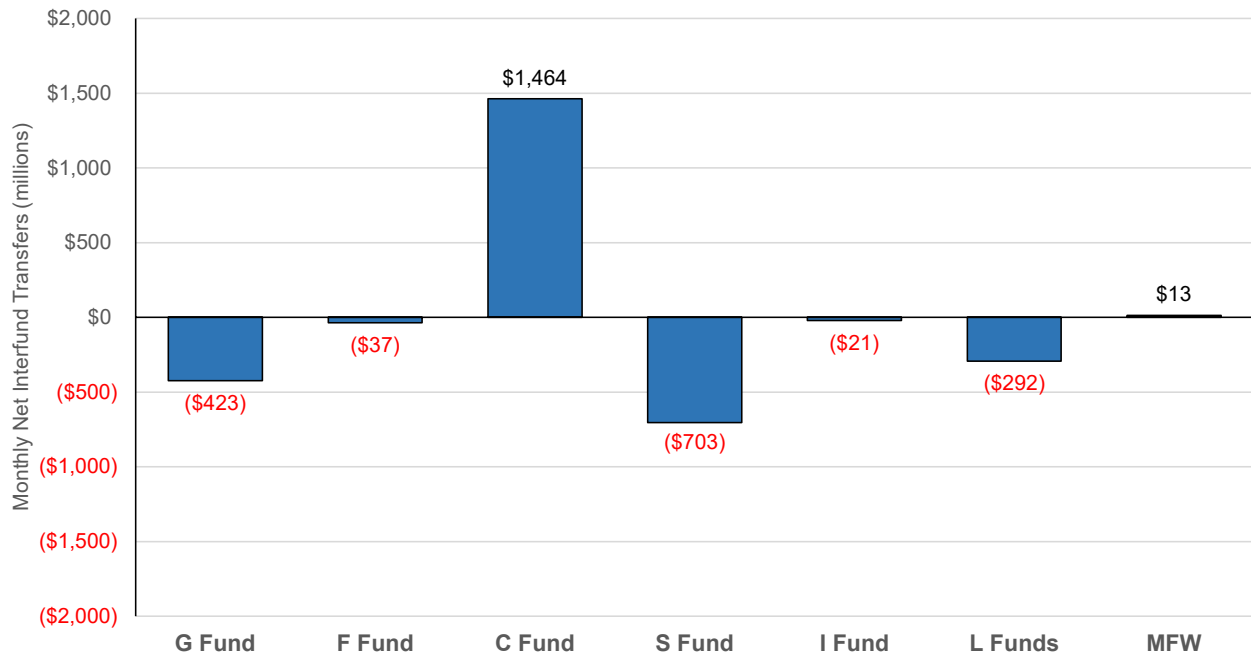


Participation History of the L Funds as of July 31, 2024



Interfund Transfer Activity

Monthly Net Interfund Transfers July 2024



*Values may not sum to zero due to rounding.