



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 19, 2024

SUBJECT: November 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.

November 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	1.06%	5.87%	11.96%	-0.53%
	BlackRock	1.14%	5.87%	11.98%	0.00%
	State Street	1.15%	5.87%	11.96%	-0.04%
	TSP Fund (Net)	1.14%	5.87%	11.97%	-0.01%
Benchmark Difference	BlackRock	0.08%	0.00%	0.02%	0.53%
	State Street	0.10%	0.00%	0.00%	0.48%
	TSP Fund	0.08%	0.00%	0.02%	0.51%

BlackRock's performance for the F Fund was ahead of the Fixed Income Index's return by 8 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 November 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's performance exceeded the International Index by 53 basis points, primarily due to fair value pricing.

State Street'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 State Street on the last trading day of November 2024. 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's performance exceeded the International Index by 48 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	2.93%	28.07%	25.73%
	BlackRock	3.12%	28.06%	25.84%
	State Street	3.14%	28.07%	25.80%
	TSP Fund (Net)	3.09%	28.02%	25.80%
Benchmark Difference	BlackRock	0.18%	-0.01%	0.11%
	State Street	0.21%	-0.01%	0.07%
	TSP Fund	0.16%	-0.05%	0.07%

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 days of December 2023 and November 2024. 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 11 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 21 basis points, primarily due to a difference in the timing of pricing by the index provider and by State Street on the last trading days of December 2023 and November 2024. 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 7 basis points, primarily due to securities lending.

During October 2024, the I Fund completed the process of changing its benchmark from the MSCI EAFE Index to the MSCI ACWI IMI ex USA ex China ex Hong Kong Index. To implement this change, BlackRock and State Street independently coordinated with MSCI to develop transitional benchmarks. The following table shows the 2024 YTD 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	7.02%	6.54%
Manager's Return	7.43%	6.93%
Benchmark Difference	0.41%	0.38%
I Fund Return (net)		7.30%
MSCI EAFE Index		6.24%
MSCI ACWI IMI ex USA ex China ex Hong Kong Index		6.86%

BlackRock's performance for the I Fund exceeded its applicable International Index's return by 41 basis points, primarily due to tax advantage.

State Street's performance for the I Fund exceeded its applicable International Index's return by 38 basis points, primarily due to tax advantage.

TSP Net Returns as of November 30, 2024

	1-Year	3-Year	5-Year	10-Year
G Fund	4.43%	3.78%	2.74%	2.51%

	1-Year	3-Year	5-Year	10-Year
F Fund	6.93%	-1.84%	0.09%	1.68%
Bloomberg US Agg Bond Index	6.88%	-1.95%	-0.01%	1.52%
Benchmark Difference	0.05%	0.11%	0.10%	0.16%

	1-Year	3-Year	5-Year	10-Year
C Fund	33.84%	11.40%	15.72%	13.33%
S&P 500 Index	33.89%	11.44%	15.77%	13.35%
Benchmark Difference	-0.05%	-0.03%	-0.04%	-0.01%

	1-Year	3-Year	5-Year	10-Year
S Fund	38.94%	5.35%	11.98%	10.44%
Dow Jones US Completion TSM Index	38.84%	5.09%	11.86%	10.21%
Benchmark Difference	0.10%	0.26%	0.12%	0.23%

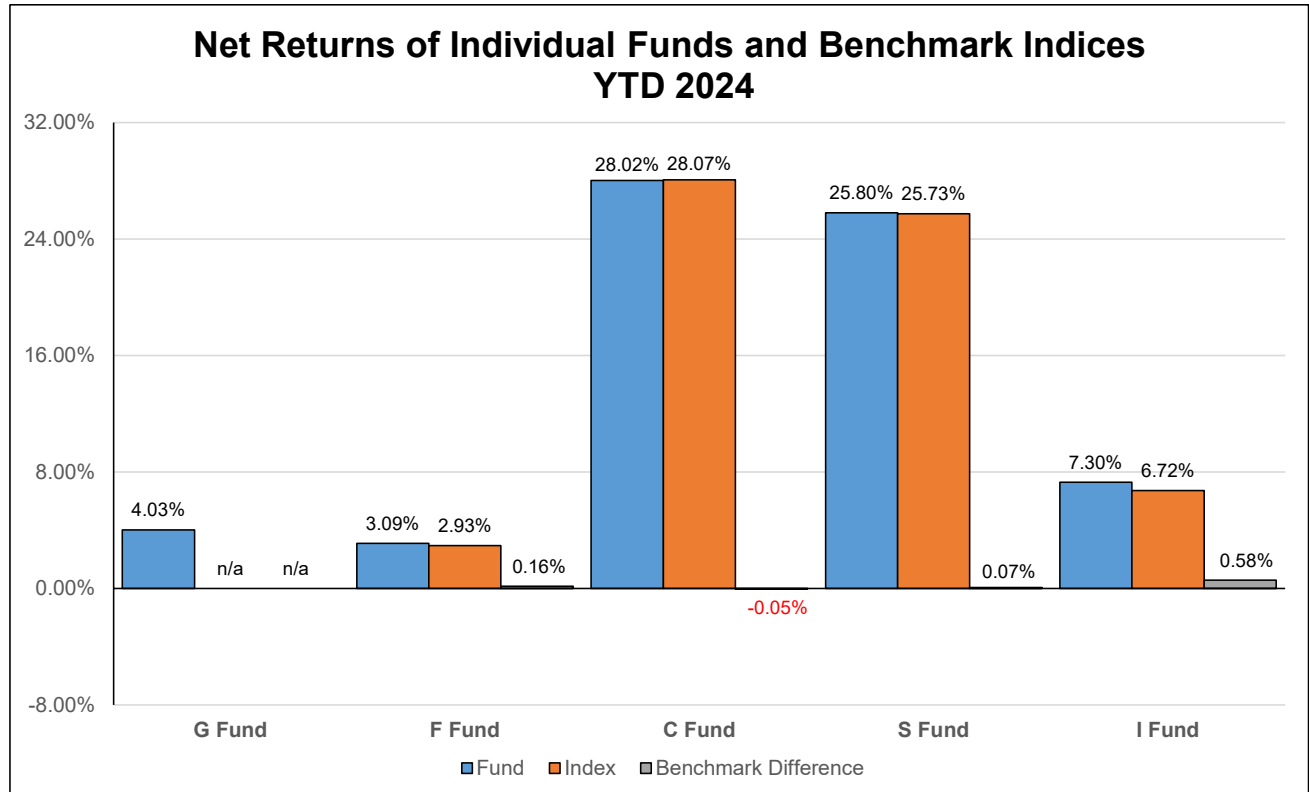
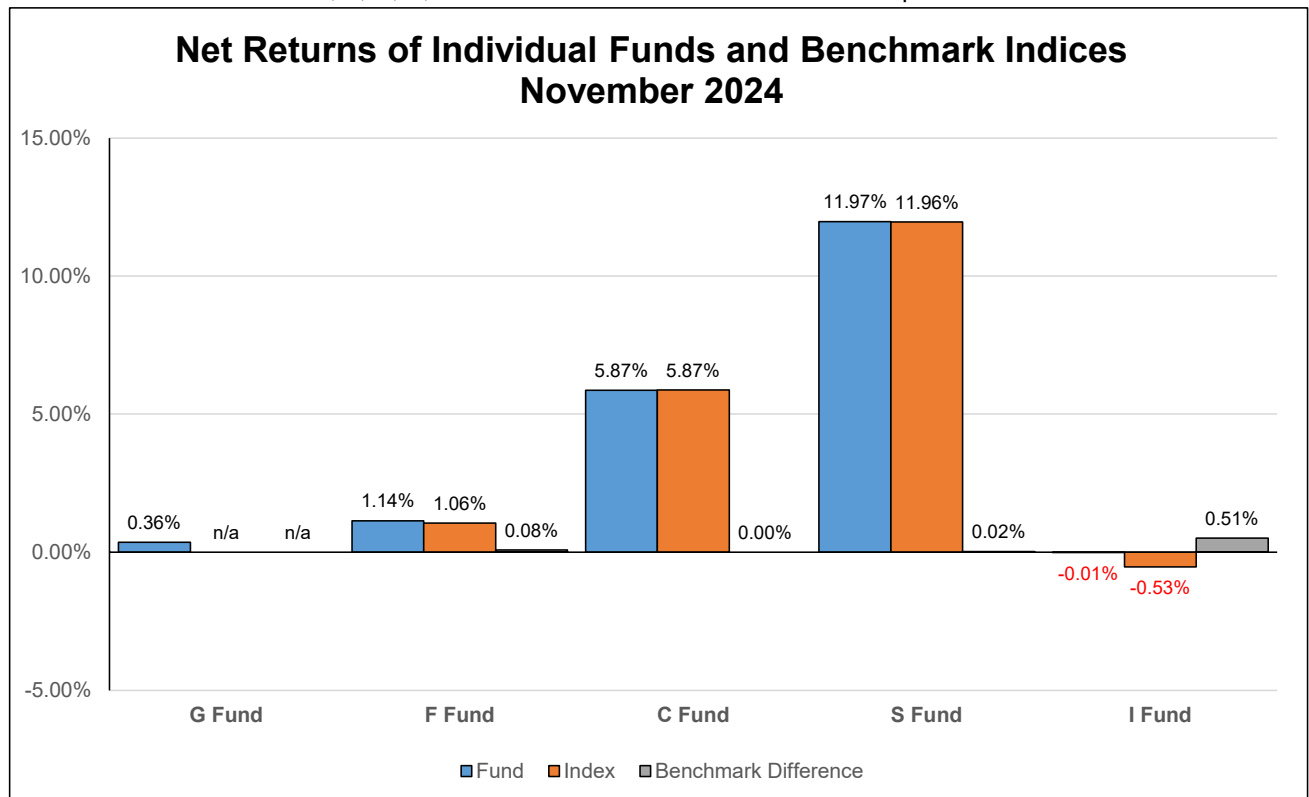
	1-Year	3-Year	5-Year	10-Year
I Fund	13.08%	4.73%	6.35%	5.49%
International Index*	12.39%	4.30%	5.98%	5.12%
Benchmark Difference	0.69%	0.43%	0.37%	0.38%

* MSCI EAFE through July 31, 2024; MSCI ACWI IMI ex USA ex China ex Hong Kong thereafter.

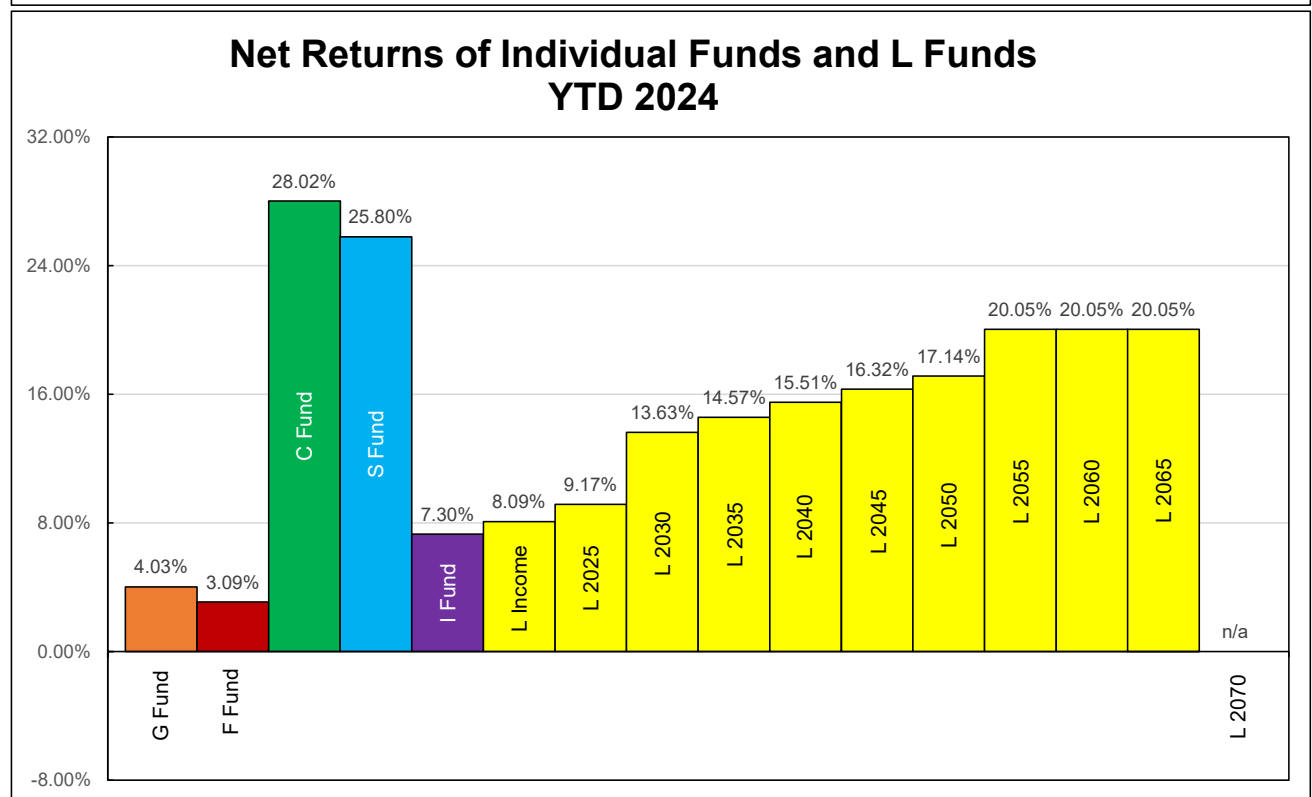
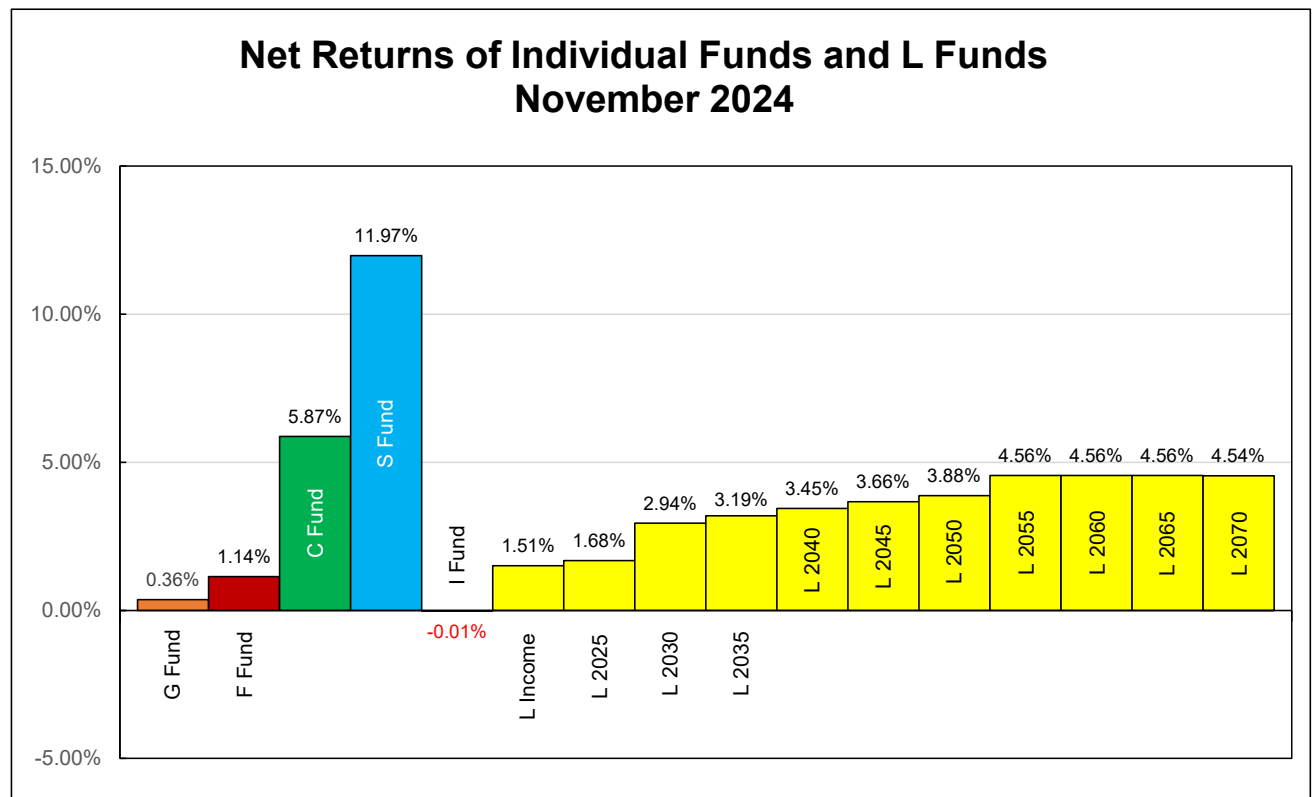
	Inception Date	1-Year	3-Year	5-Year	10-Year
L Income Fund	August 1, 2005	10.11%	5.02%	5.06%	4.43%
L 2025 Fund	July 1, 2020	11.78%	4.90%	N/A	N/A
L 2030 Fund	August 1, 2005	17.85%	6.55%	8.47%	7.49%
L 2035 Fund	July 1, 2020	19.21%	6.74%	N/A	N/A
L 2040 Fund	August 1, 2005	20.56%	6.95%	9.47%	8.33%
L 2045 Fund	July 1, 2020	21.74%	7.09%	N/A	N/A
L 2050 Fund	January 31, 2011	22.91%	7.27%	10.31%	9.03%
L 2055 Fund	July 1, 2020	26.79%	8.28%	N/A	N/A
L 2060 Fund	July 1, 2020	26.79%	8.27%	N/A	N/A
L 2065 Fund	July 1, 2020	26.79%	8.27%	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.

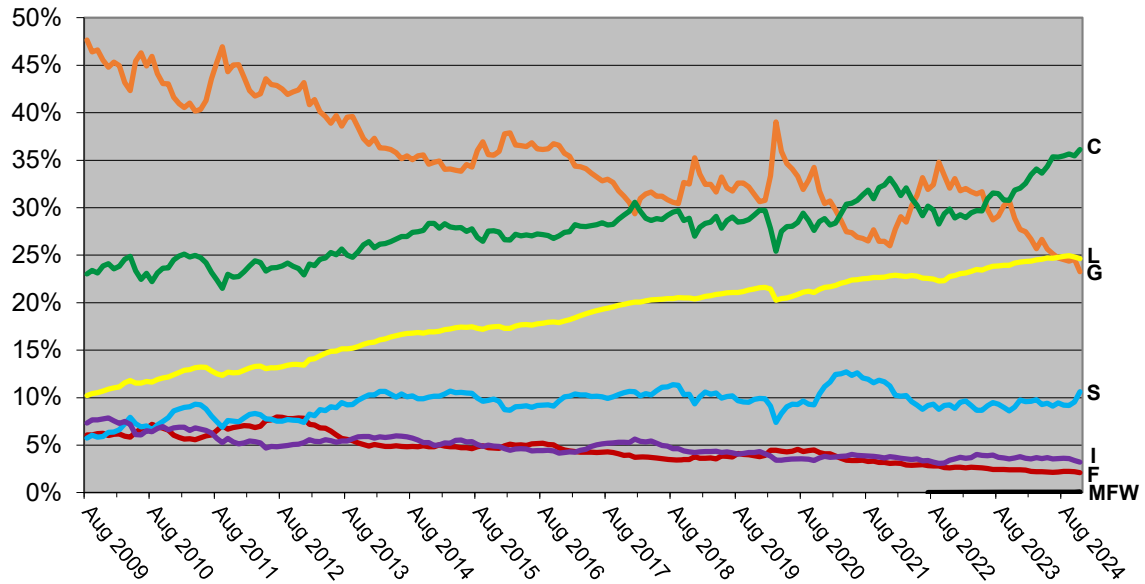


Net rates of return for the L Funds are shown below, along with comparable returns for the G, F, C, S, and I Funds.



Asset Allocation

Participant Asset Allocation History as of November 30, 2024

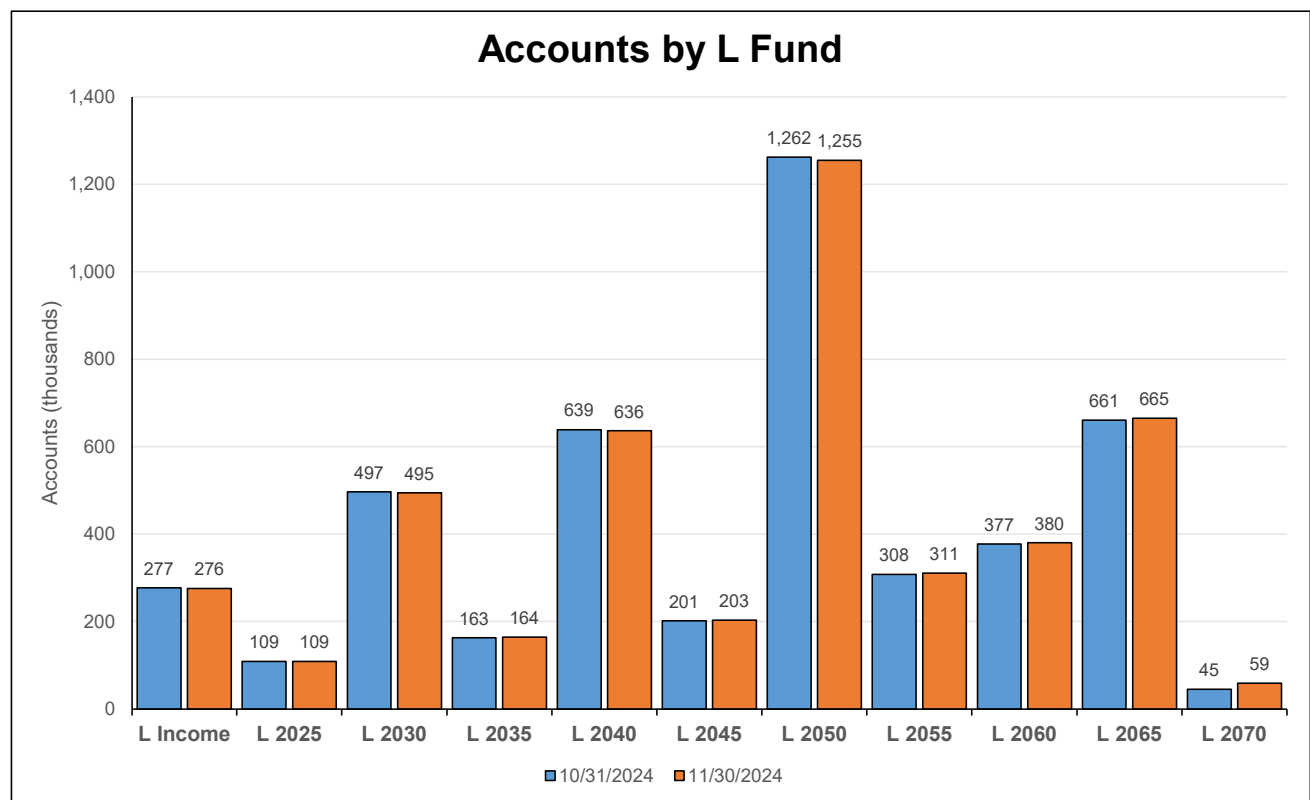
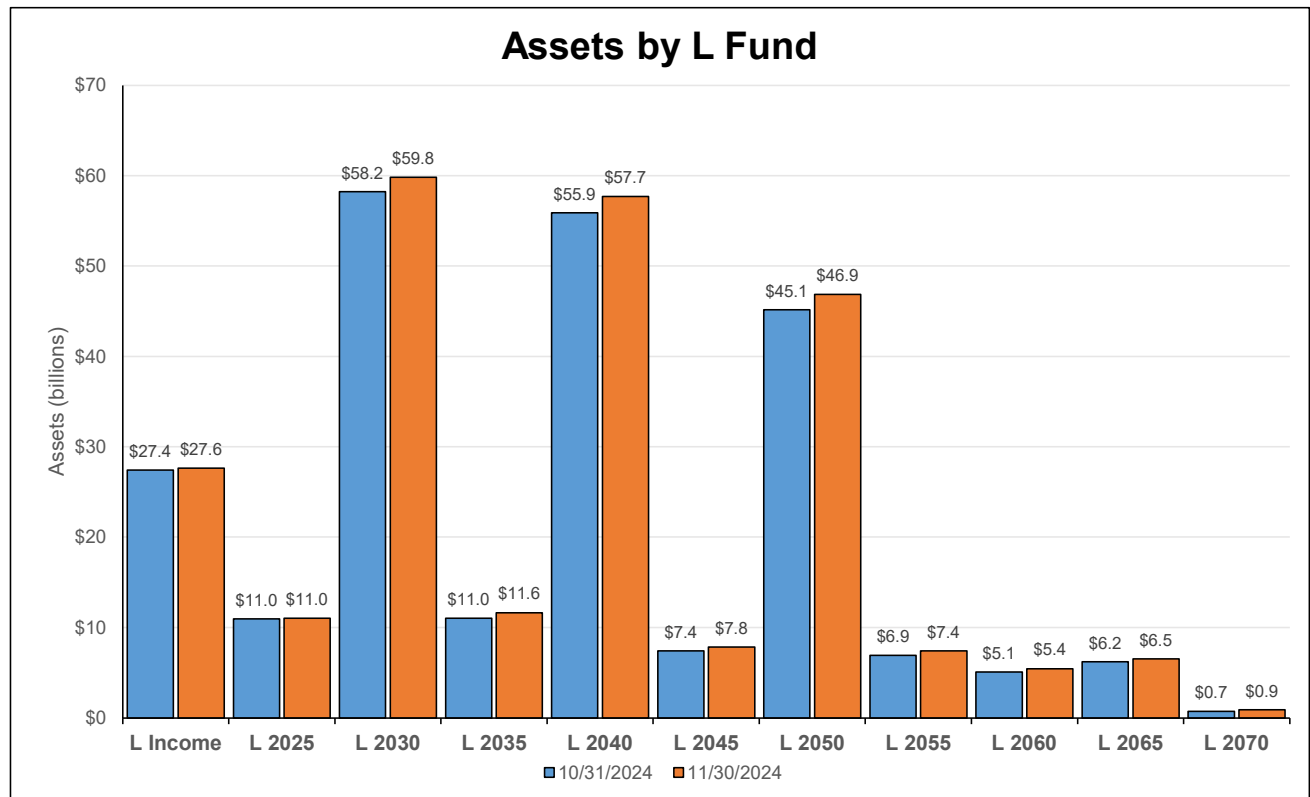


Asset Allocation as of November 30, 2024

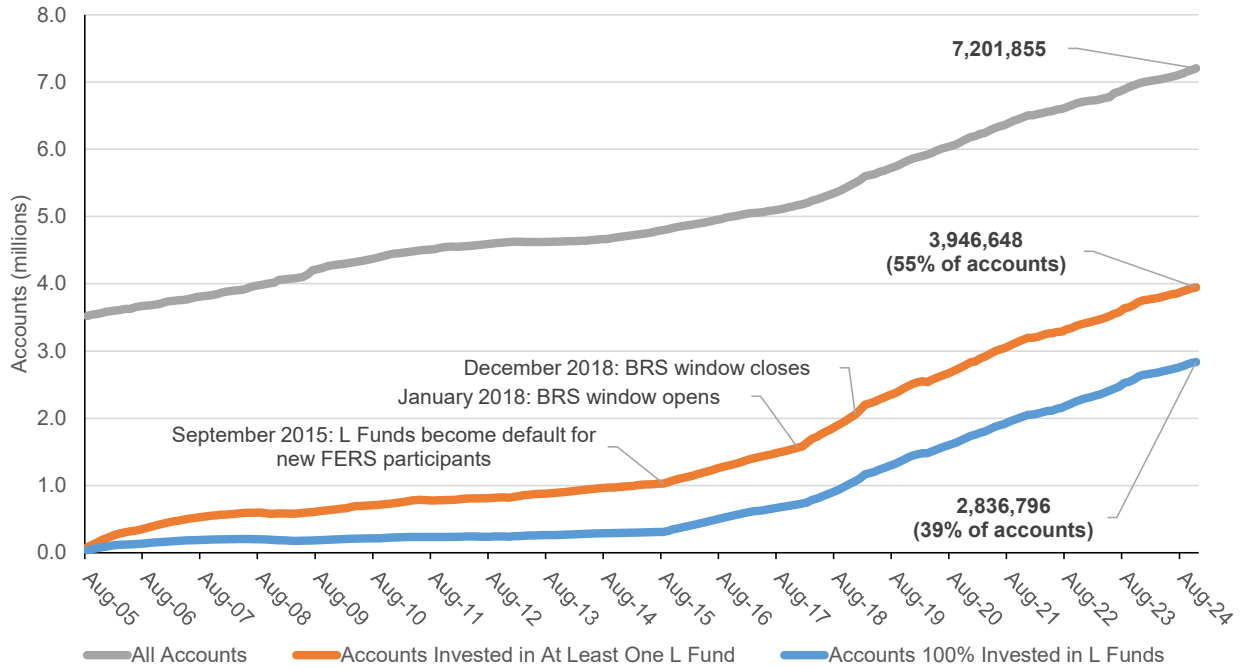
	<u>Participant Allocation</u>		<u>Individual TSP Funds</u>	
	<u>Assets</u> (Billions)	<u>Share of</u> Total	<u>Assets</u> (Billions)	<u>Share of</u> Total
G Fund	\$229.1	23.2%	\$296.9	30.1%
F Fund	\$20.6	2.1%	\$35.1	3.6%
C Fund	\$356.1	36.1%	\$439.2	44.6%
S Fund	\$104.7	10.6%	\$125.9	12.8%
I Fund	\$31.8	3.2%	\$88.0	8.9%
L Funds	\$242.8	24.6%	n/a	n/a
<u>MFW</u>	<u>\$0.5</u>	<u>0.1%</u>	<u>\$0.5</u>	<u>0.1%</u>
Total	\$985.6	100.0%	\$985.6	100.0%

*Components may not sum to totals due to rounding.

Lifecycle (L) Funds

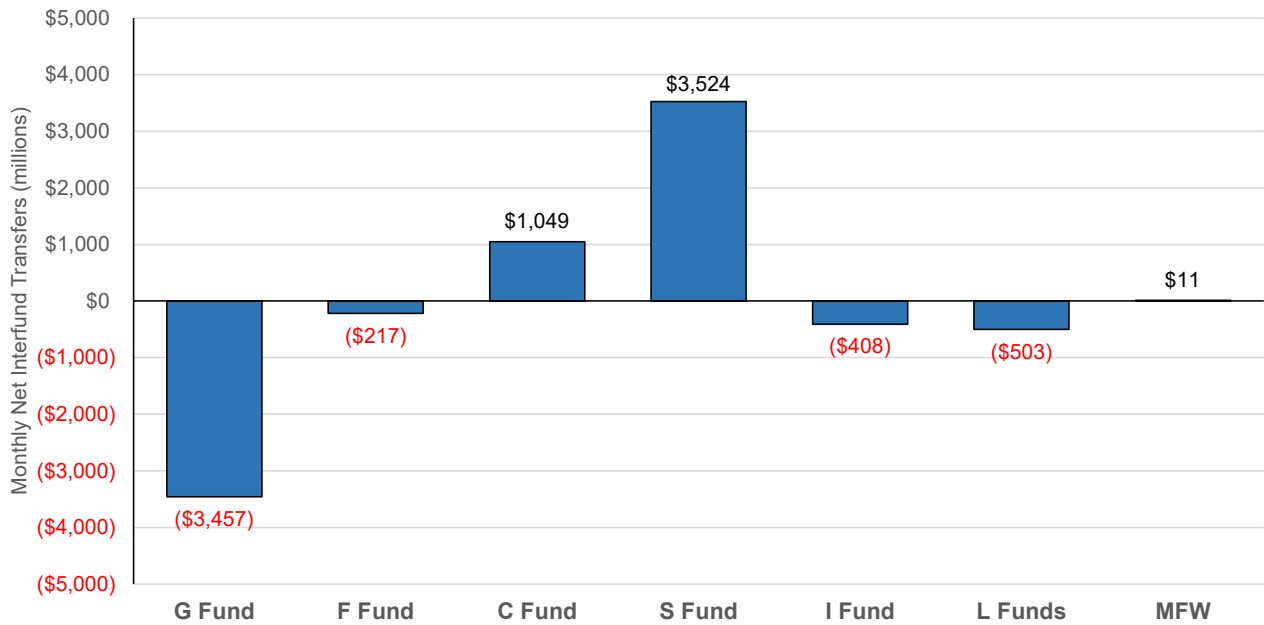


Participation History of the L Funds as of November 30, 2024



Interfund Transfer Activity

Monthly Net Interfund Transfers November 2024



*Values may not sum to zero due to rounding.