

Annual Review of the Office of Investments

Presented by

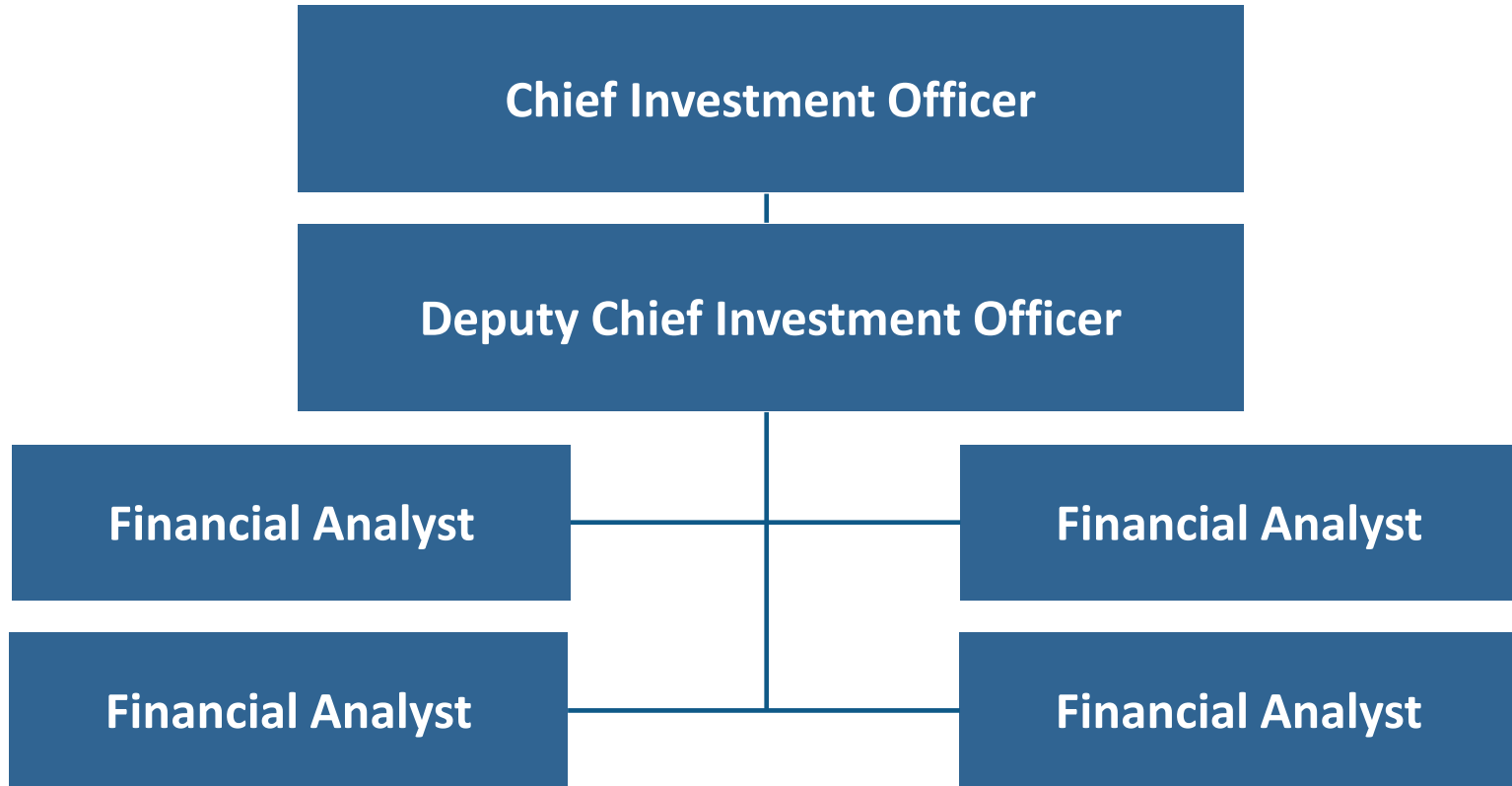
Sean McCaffrey, Chief Investment Officer

July 23, 2024

Functional Statement

- Develop and implement investment policy and provide subject matter expertise for Thrift Savings Plan (TSP) investment programs

Organizational Structure



Key Activities

Oversee investment management services, including securities lending

L Funds asset allocation strategies

Investment policies and procedures

Ensure funds are invested in accordance with the law and applicable policies

Provide subject matter expertise

Provide assistance to other offices

Investment Consultants

- Pool of five investment consultants available for recurring and ad hoc analysis
- Examples of recurring analysis
 - L Funds asset allocation reviews
 - Investment option reviews
 - Benchmark reviews
- Examples of ad hoc analysis
 - Frequency of investment policy review
 - Evaluation of investment manager proposals
 - Advice and coordination related to special topics, e.g. transfers of assets

AON

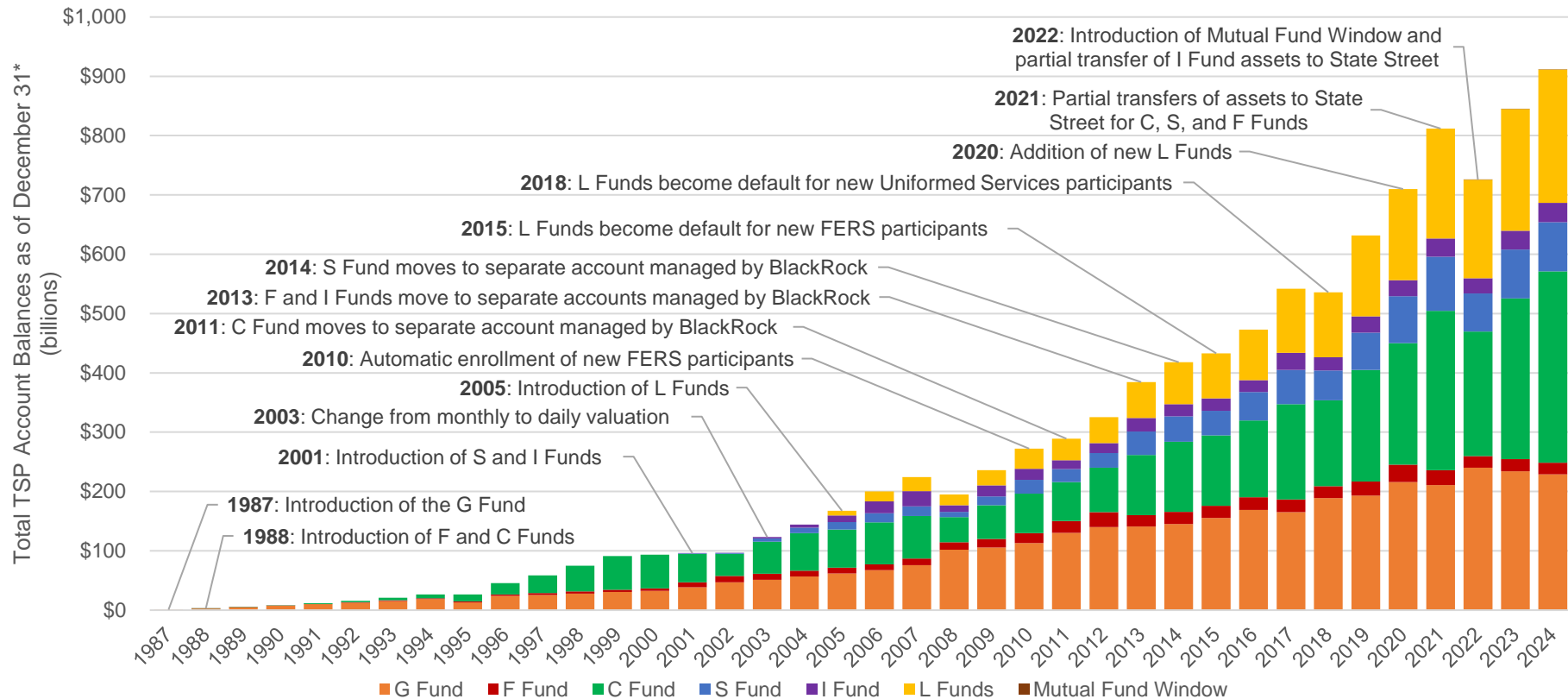
Callan

MEKETA

 **Mercer**

 **RVK**

TSP Investment History



* 2024 value is as of June 30

Recent Highlights

- Operational Excellence
 - Continued smooth operation of two-manager structure
 - Information sharing with OCFO to understand partners' systems and procedures and enhance contingency planning
- I Fund
 - Periodic review led to Board decision to expand benchmark
 - Implementation in progress
- L Funds
 - Implemented new policy and procedures for appropriate frequency of asset allocation reviews
 - L 2070 on track for July 26 launch; expanded lineup will accommodate youngest participants

Summary of I Fund Change

Current Benchmark: MSCI EAFE Index



- Covers 55% of non-U.S. market value
- 21 developed markets
- Large- and mid-cap stocks
- Approximately 800 companies

Future Benchmark: MSCI ACWI IMI

ex USA ex China ex Hong Kong Index

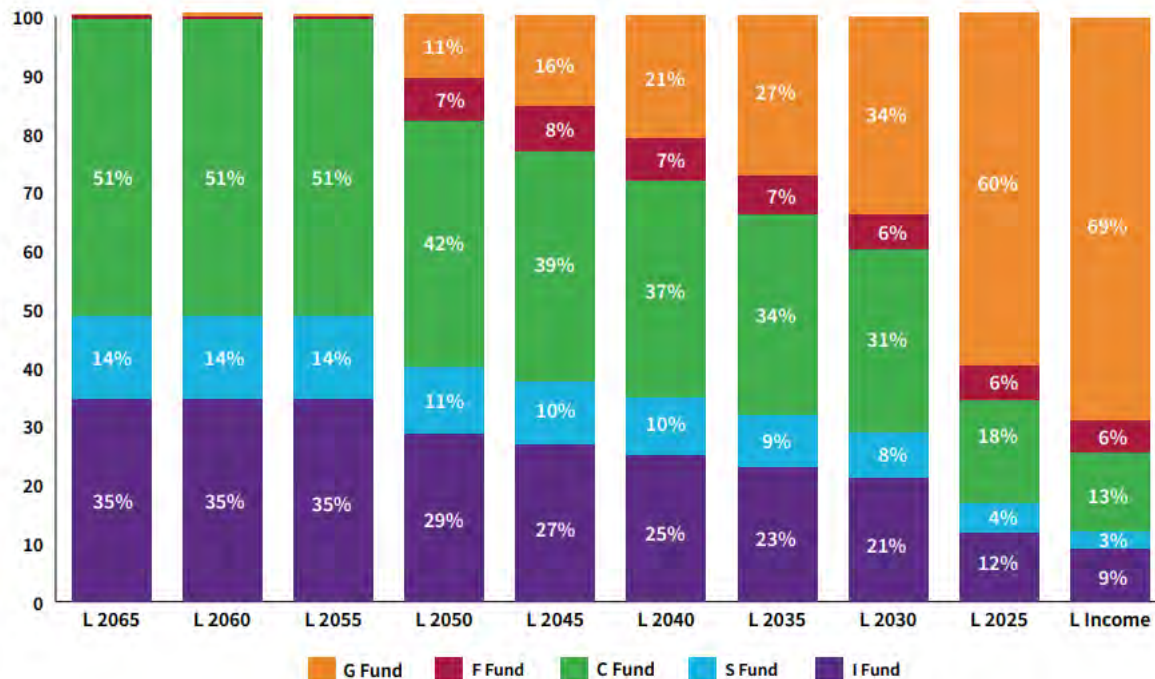


- Covers 92% of non-U.S. market value
- 21 developed and 23 emerging markets
- Large-, mid-, and small-cap stocks
- Approximately 5,600 companies

Lifecycle Funds – Asset Allocation

- Target date funds composed of individual TSP Funds (G, F, C, S, I)
- Periodic asset allocation reviews to ensure appropriate risk/return profiles

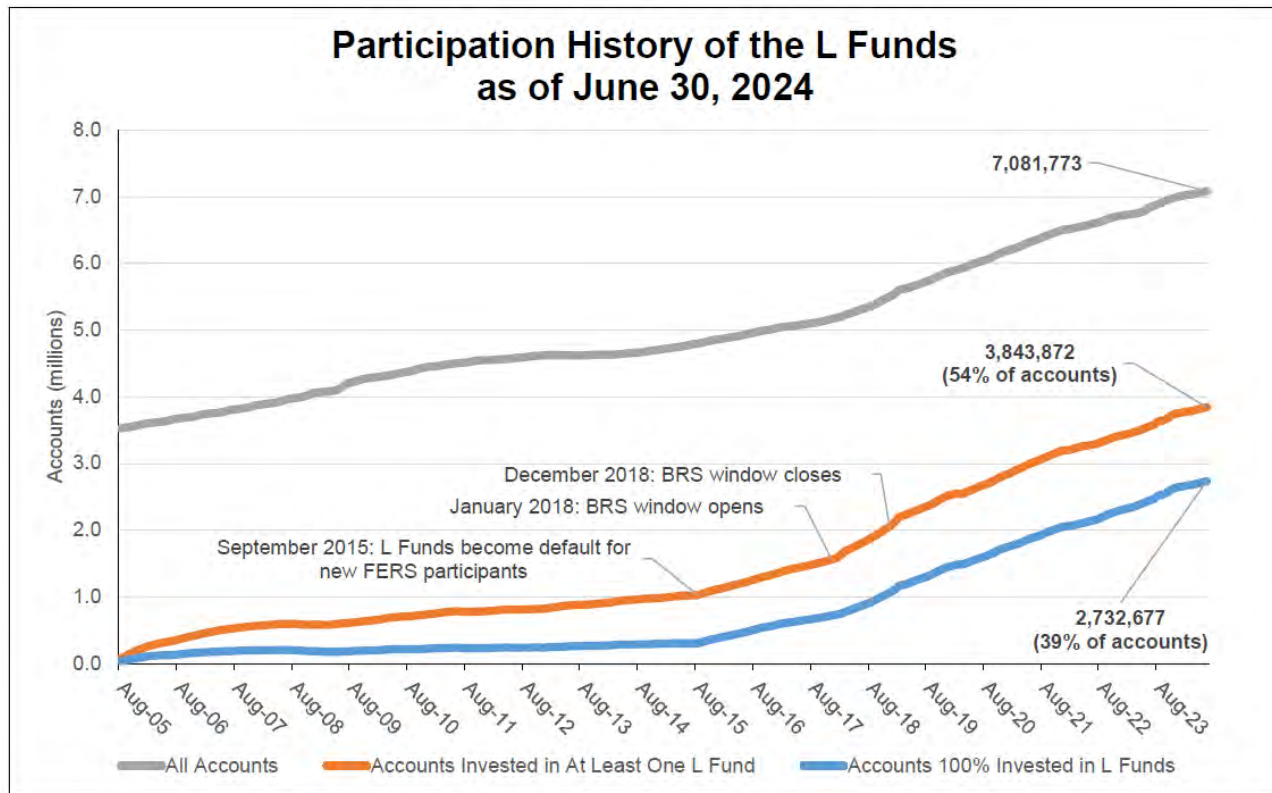
Here's how each L Fund is invested
as of January 1, 2024



Less than 1% of the L 2065, L 2060, and L 2055 Funds is invested in the G and F Funds.
Due to rounding, numbers may not add up to exactly 100%.

Lifecycle Funds – Participation

- Over half of all accounts have some assets in the L Funds
- Almost 2/5 have 100% of their assets in the L Funds



Looking Forward

- Quality and continuous improvement
 - Manager supervision and automation
 - Contingency planning
 - Audits and internal controls
- Agency's trusted source for investment knowledge
 - Organizational outreach and support
 - Key source for investment market intelligence
- Retirement of L 2025 Fund and introduction of L 2075 Fund next year
- I Fund benchmark transition completion
- Employee retention and growth

Questions?