



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: June 25, 2024

SUBJECT: May 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.

May 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	1.70%	4.96%	3.35%
	BlackRock	1.69%	4.96%	3.36%
	State Street	1.70%	4.96%	3.37%
	TSP Fund (Net)	1.69%	4.96%	3.36%
Benchmark Difference	BlackRock	0.00%	0.00%	0.01%
	State Street	0.00%	0.00%	0.02%
	TSP Fund	-0.01%	0.00%	0.01%

BlackRock's performance for the F, C, and S Funds was in line with the Funds' respective indices for the month.

State Street's performance for the F, C, and S Funds was in line with the Funds' respective indices for the month.

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 May 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	3.64%	3.87%
Manager's Return	4.82%	5.05%
Benchmark Difference	1.18%	1.18%
I Fund Return (net)		4.86%
MSCI EAFE Index		3.87%
MSCI ACWI IMI ex USA ex China ex Hong Kong Index		2.99%

BlackRock's performance for the I Fund exceeded its applicable International Index's return by 118 basis points, primarily due to fair value pricing.

State Street's performance for the I Fund exceeded its applicable International Index's return by 118 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	-1.64%	11.30%	3.39%
	BlackRock	-1.54%	11.30%	3.38%
	State Street	-1.56%	11.30%	3.43%
	TSP Fund (Net)	-1.56%	11.29%	3.38%
Benchmark Difference	BlackRock	0.10%	0.00%	-0.01%
	State Street	0.08%	0.00%	0.04%
	TSP Fund	0.08%	-0.01%	-0.01%

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 and S Funds was in line with the Funds' respective indices.

Year-to-date, State Street'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 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 4 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.

	BlackRock	State Street
Applicable Benchmark	6.76%	7.07%
Manager's Return	7.54%	7.84%
Benchmark Difference	0.78%	0.77%
I Fund Return (net)		7.59%
MSCI EAFE Index		7.07%
MSCI ACWI IMI ex USA ex China ex Hong Kong Index		5.60%

BlackRock's performance for the I Fund exceeded its applicable International Index's return by 78 basis points, primarily due to fair value pricing.

State Street's performance for the I Fund exceeded its applicable International Index's return by 77 basis points, primarily due to fair value pricing.

TSP Net Returns as of May 31, 2024

	1-Year	3-Year	5-Year	10-Year
G Fund	4.46%	3.29%	2.50%	2.40%

	1-Year	3-Year	5-Year	10-Year
F Fund	1.27%	-2.99%	-0.10%	1.44%
Bloomberg US Agg Bond Index	1.31%	-3.10%	-0.17%	1.26%
Benchmark Difference	-0.03%	0.11%	0.08%	0.18%

	1-Year	3-Year	5-Year	10-Year
C Fund	28.15%	9.54%	15.76%	12.69%
S&P 500 Index	28.19%	9.57%	15.80%	12.69%
Benchmark Difference	-0.04%	-0.03%	-0.04%	-0.01%

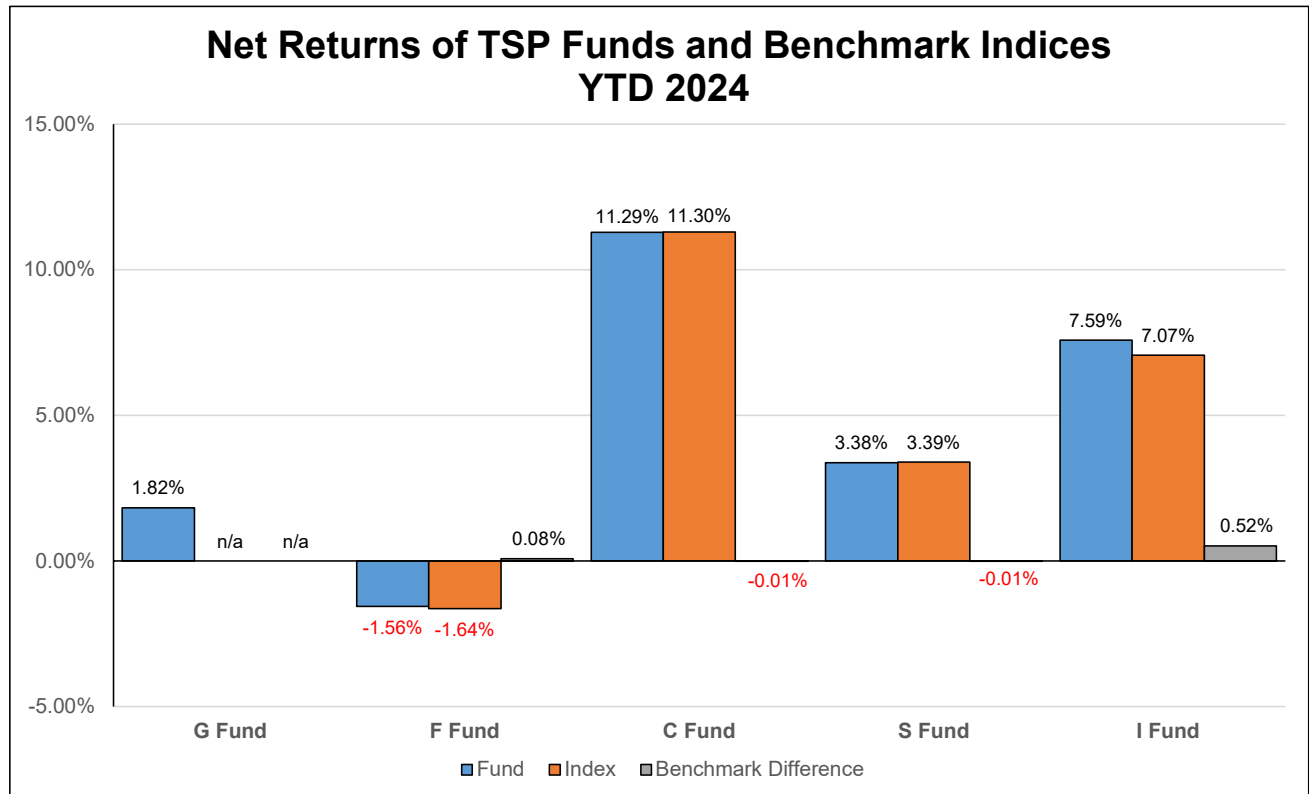
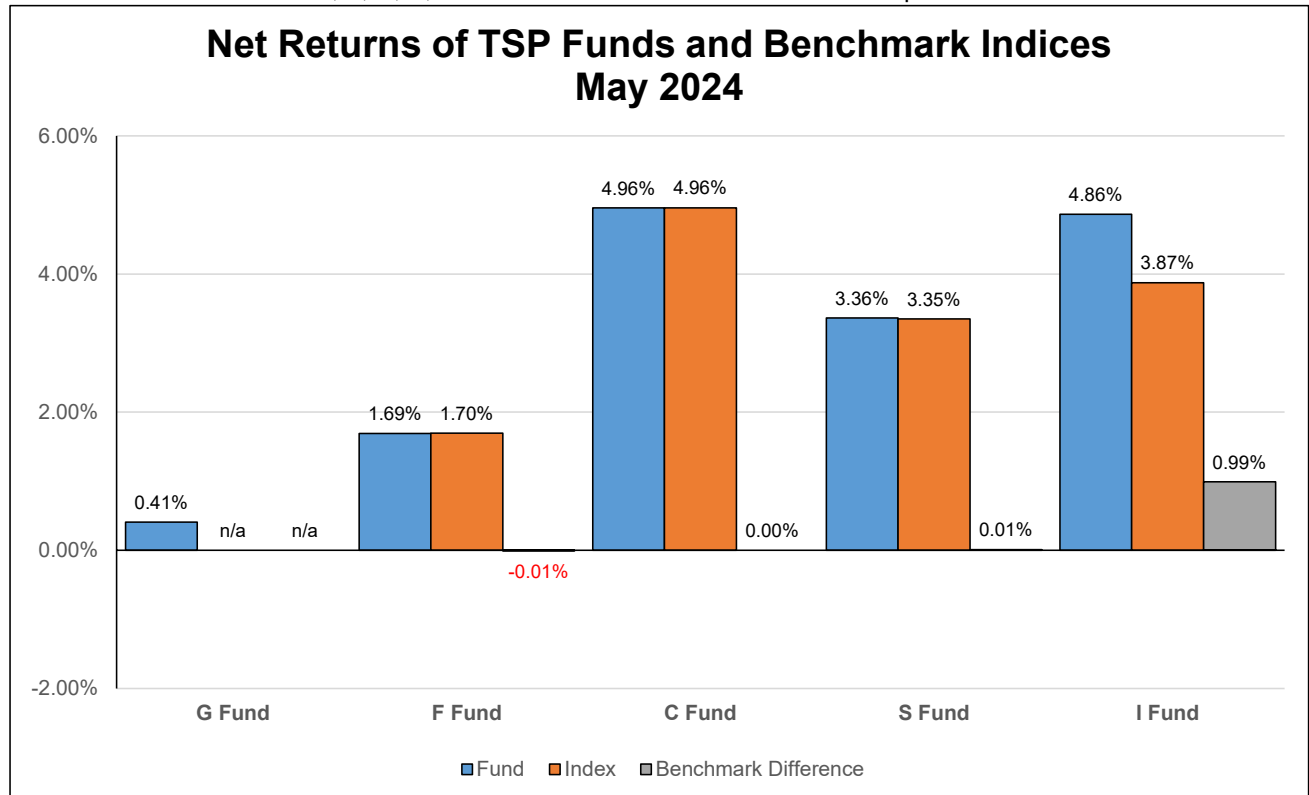
	1-Year	3-Year	5-Year	10-Year
S Fund	24.55%	-1.27%	10.13%	8.82%
Dow Jones US Completion TSM Index	24.31%	-1.49%	10.02%	8.59%
Benchmark Difference	0.24%	0.22%	0.11%	0.23%

	1-Year	3-Year	5-Year	10-Year
I Fund	18.74%	3.37%	8.42%	4.98%
MSCI EAFE Index	18.53%	3.06%	8.05%	4.60%
Benchmark Difference	0.22%	0.31%	0.37%	0.37%

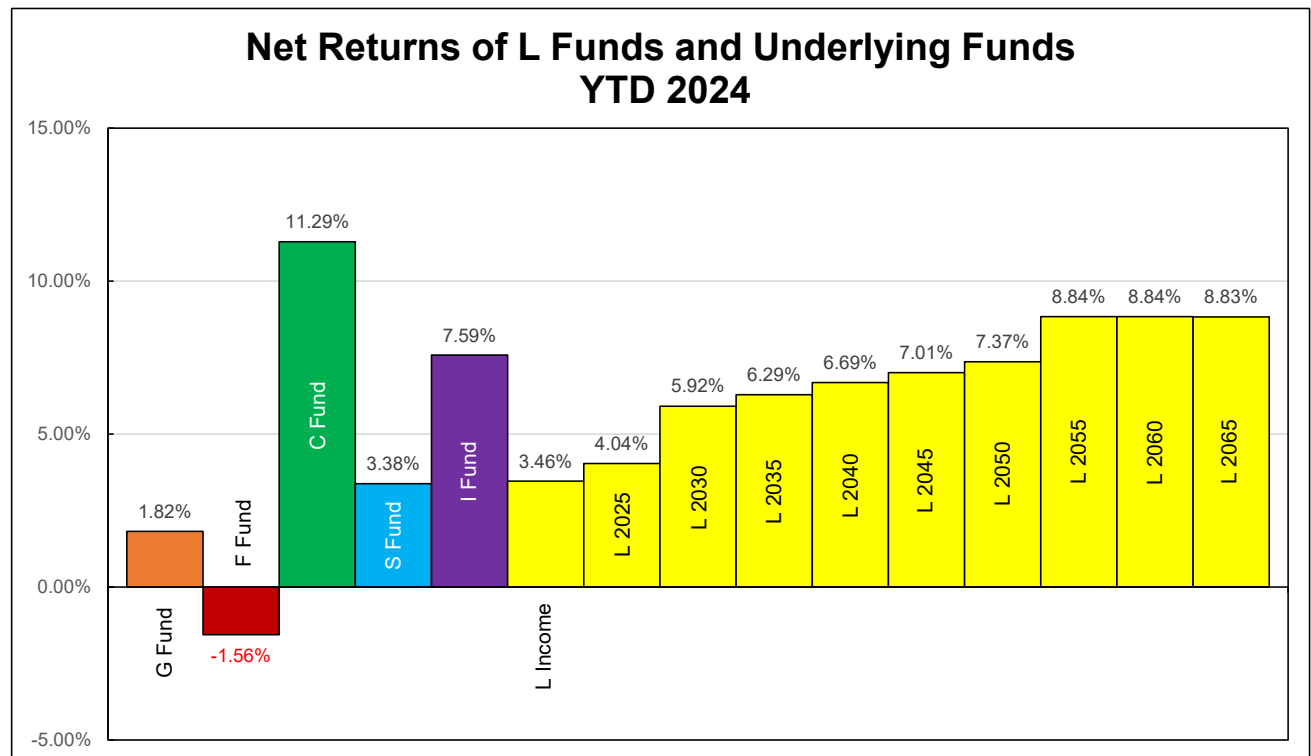
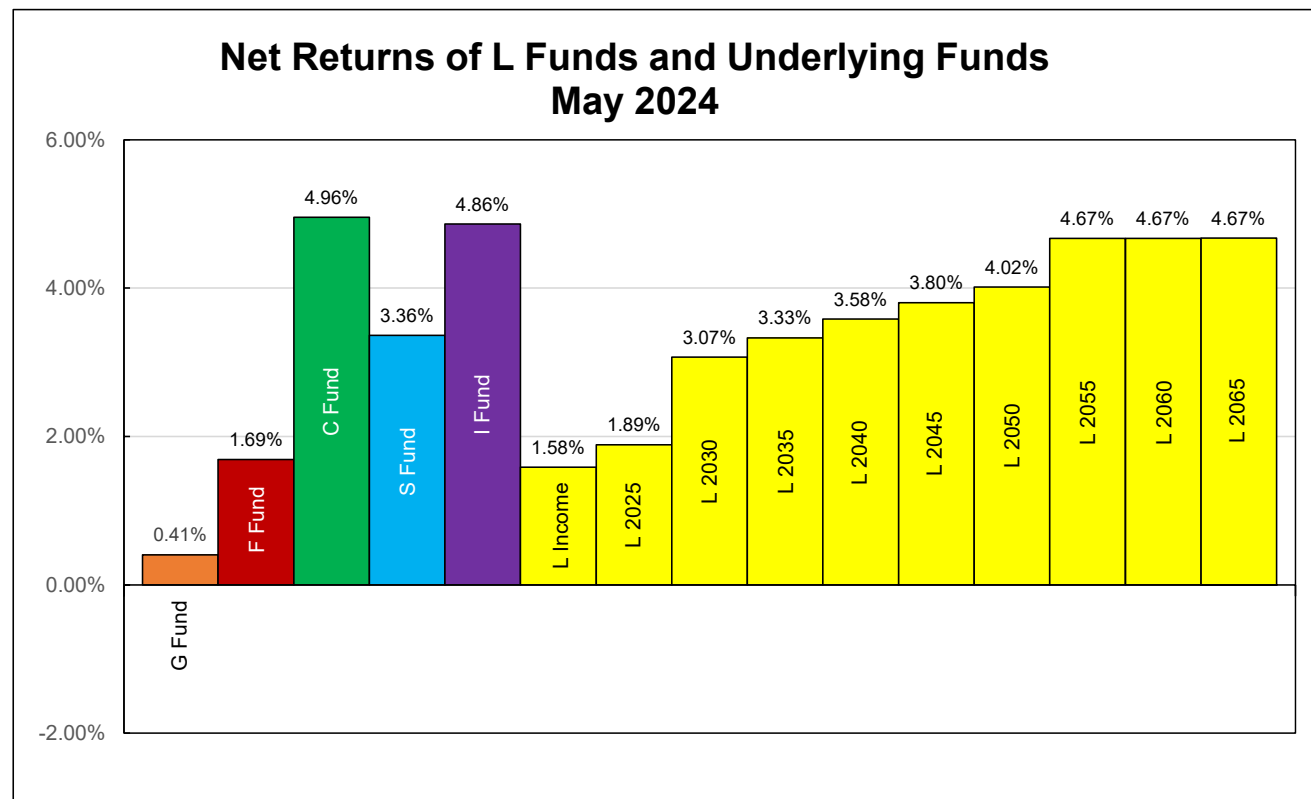
	1-Year	3-Year	5-Year	10-Year
L Income Fund	9.17%	3.98%	4.89%	4.17%
L 2025 Fund	11.06%	3.91%	N/A	N/A
L 2030 Fund	16.06%	4.89%	8.67%	7.05%
L 2035 Fund	17.20%	4.96%	N/A	N/A
L 2040 Fund	18.36%	5.05%	9.75%	7.82%
L 2045 Fund	19.36%	5.08%	N/A	N/A
L 2050 Fund	20.38%	5.16%	10.66%	8.45%
L 2055 Fund	24.21%	5.88%	N/A	N/A
L 2060 Fund	24.21%	5.88%	N/A	N/A
L 2065 Fund	24.21%	5.87%	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.

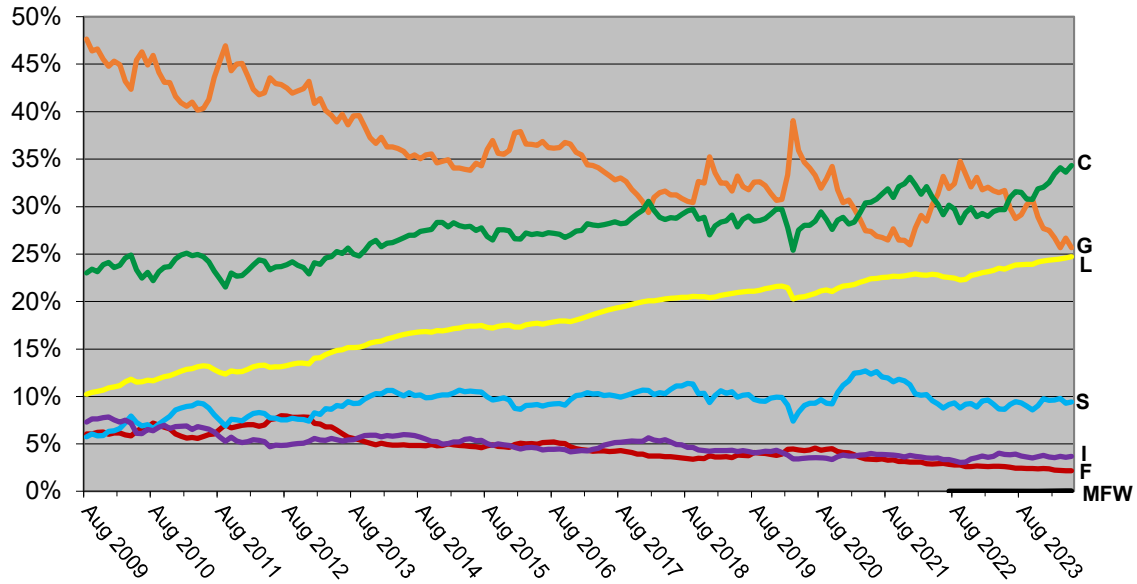


Net rates of return for the L Funds are shown below, along with comparable returns for the G, F, C, S, and I Funds.



Asset Allocation

Participant Asset Allocation History as of May 31, 2024

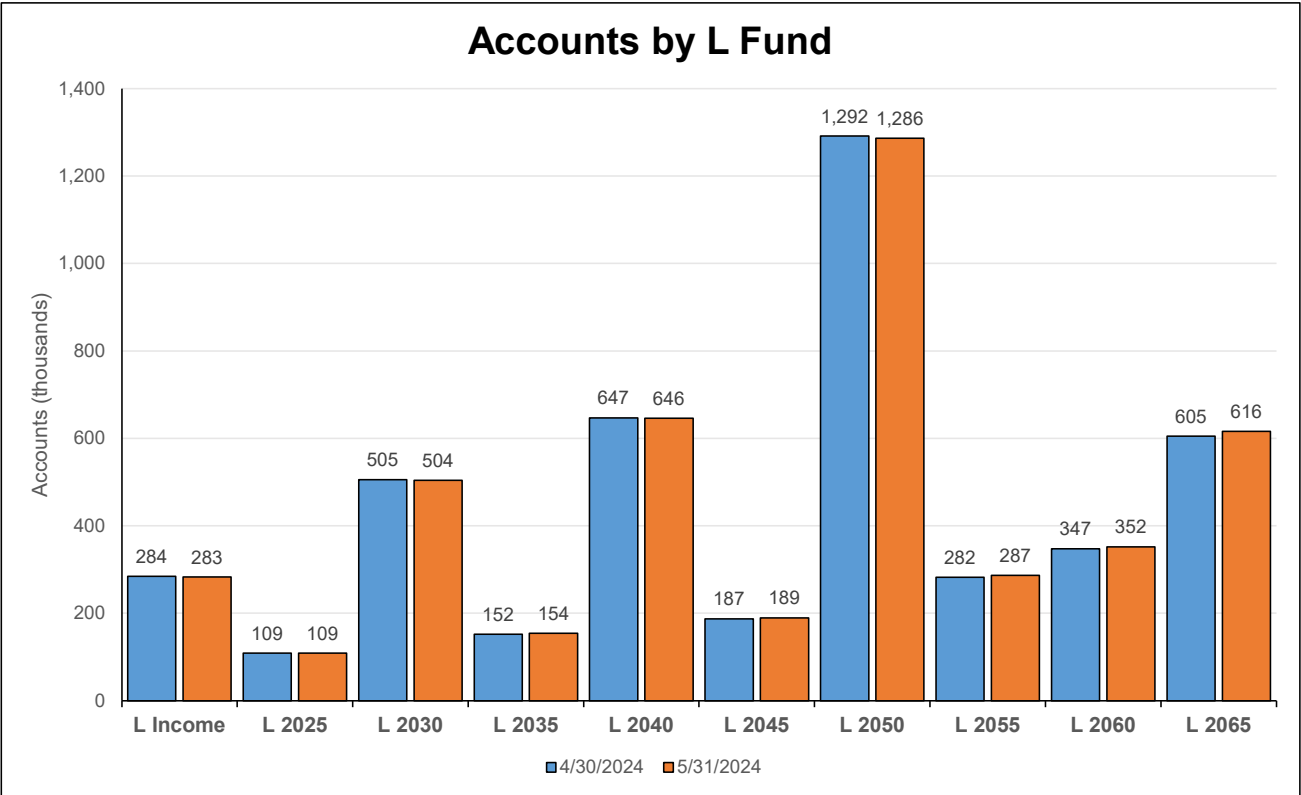
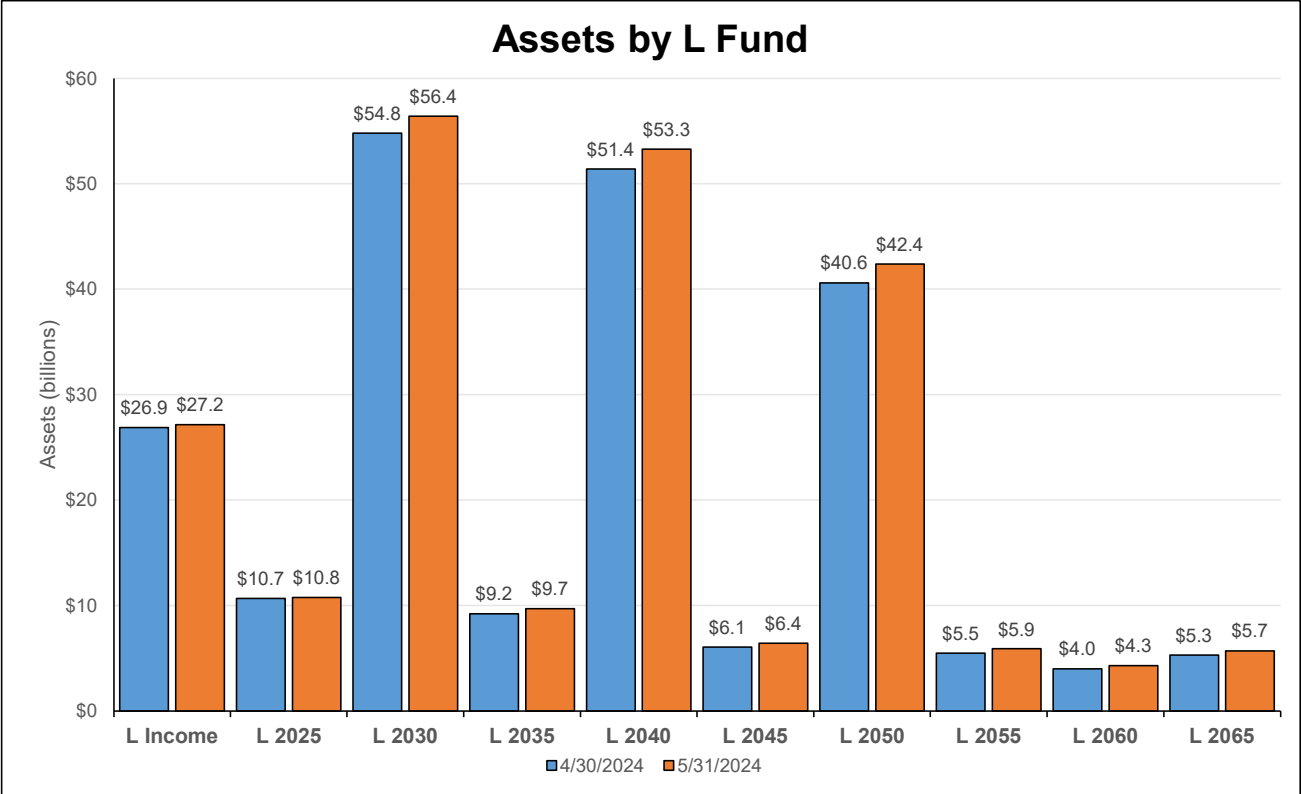


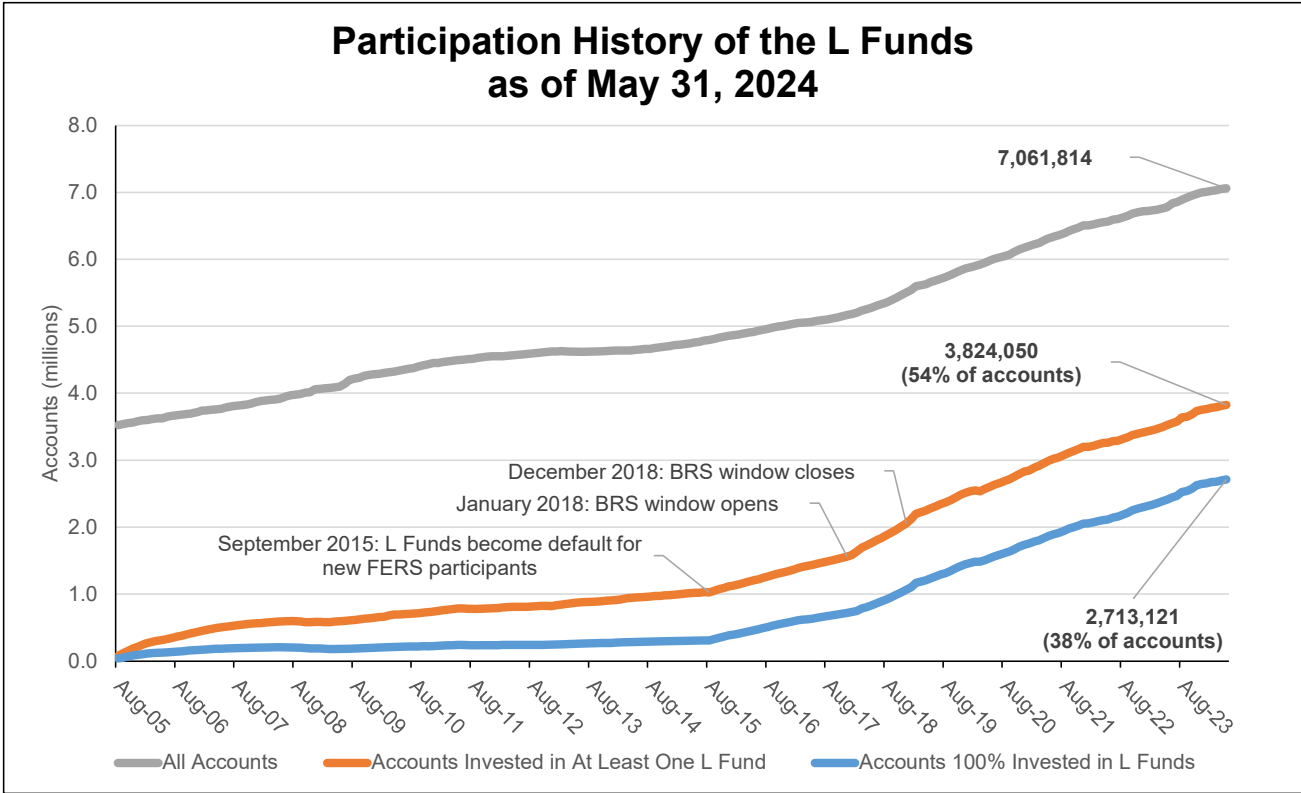
Asset Allocation as of May 31, 2024

	<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	\$230.4	25.7%	\$294.1	32.8%
F Fund	\$19.3	2.2%	\$32.9	3.7%
C Fund	\$308.4	34.3%	\$383.1	42.7%
S Fund	\$84.5	9.4%	\$103.7	11.5%
I Fund	\$33.1	3.7%	\$83.8	9.3%
L Funds	\$222.0	24.7%	n/a	n/a
<u>MFW</u>	<u>\$0.4</u>	<u>0.0%</u>	<u>\$0.4</u>	<u>0.0%</u>
Total	\$898.0	100.0%	\$898.0	100.0%

*Components may not sum to totals due to rounding.

Lifecycle (L) Funds





Interfund Transfer Activity

