



MEMORANDUM FOR BOARD MEMBERS

GERBER, BILYEU, BRIDGES,  
AND OLIVARES

FROM: Sean McCaffrey, Chief Investment Officer

DATE: November 21, 2024

SUBJECT: October 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.

***October 2024 Returns and Benchmark Differences***

		<b><u>Fixed Income</u></b>	<b><u>Large Cap</u></b>	<b><u>Small Mid Cap</u></b>
		<b><u>(F Fund)</u></b>	<b><u>(C Fund)</u></b>	<b><u>(S Fund)</u></b>
<b>Return</b>	<b>Index</b>	-2.48%	-0.91%	0.61%
	<b>BlackRock</b>	-2.48%	-0.91%	0.59%
	<b>State Street</b>	-2.47%	-0.90%	0.60%
	<b>TSP Fund (Net)</b>	-2.48%	-0.91%	0.59%
<b>Benchmark Difference</b>	<b>BlackRock</b>	0.00%	0.00%	-0.02%
	<b>State Street</b>	0.01%	0.00%	-0.01%
	<b>TSP Fund</b>	0.00%	-0.01%	-0.02%

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.

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 October 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>
<b>Applicable Benchmark</b>	-4.89%	-5.06%
<b>Manager's Return</b>	-5.12%	-5.37%
<b>Benchmark Difference</b>	-0.23%	-0.32%
<b>I Fund Return (net)</b>		-5.17%
<b>MSCI EAFE Index</b>		-5.44%
<b>MSCI ACWI IMI ex USA ex China ex Hong Kong Index</b>		-4.86%

BlackRock's performance for the I Fund lagged its applicable International Index's return by 23 basis points, primarily due to fair value pricing.

State Street's performance for the I Fund lagged its applicable International Index's return by 32 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>
<b>Return</b>	<b>Index</b>	1.86%	20.97%	12.30%
	<b>BlackRock</b>	1.95%	20.96%	12.38%
	<b>State Street</b>	1.97%	20.97%	12.36%
	<b>TSP Fund (Net)</b>	1.93%	20.93%	12.35%
<b>Benchmark Difference</b>	<b>BlackRock</b>	0.10%	-0.01%	0.08%
	<b>State Street</b>	0.11%	-0.01%	0.07%
	<b>TSP Fund</b>	0.07%	-0.04%	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 8 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 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>
<b>Applicable Benchmark</b>	7.59%	7.11%
<b>Manager's Return</b>	7.44%	6.97%
<b>Benchmark Difference</b>	-0.15%	-0.14%
<b>I Fund Return (net)</b>		7.31%
<b>MSCI EAFE Index</b>		6.85%
<b>MSCI ACWI IMI ex USA ex China ex Hong Kong Index</b>		7.43%

BlackRock's performance for the I Fund lagged its applicable International Index's return by 15 basis points, primarily due to securities sampling and fair value pricing.

State Street's performance for the I Fund lagged its applicable International Index's return by 14 basis points, primarily due to fair value pricing.

**TSP Net Returns as of October 31, 2024**

	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>
<b>G Fund</b>	4.48%	3.71%	2.69%	2.49%

	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>
<b>F Fund</b>	10.49%	-2.11%	-0.15%	1.64%
<b>Bloomberg US Agg Bond Index</b>	10.55%	-2.20%	-0.23%	1.49%
<b>Benchmark Difference</b>	-0.05%	0.09%	0.08%	0.16%

	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>
<b>C Fund</b>	37.95%	9.05%	15.23%	12.99%
<b>S&amp;P 500 Index</b>	38.02%	9.08%	15.27%	13.00%
<b>Benchmark Difference</b>	-0.07%	-0.03%	-0.05%	-0.01%

	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>
<b>S Fund</b>	37.96%	-0.28%	10.45%	9.34%
<b>Dow Jones US Completion TSM Index</b>	37.65%	-0.52%	10.34%	9.12%
<b>Benchmark Difference</b>	0.32%	0.24%	0.11%	0.22%

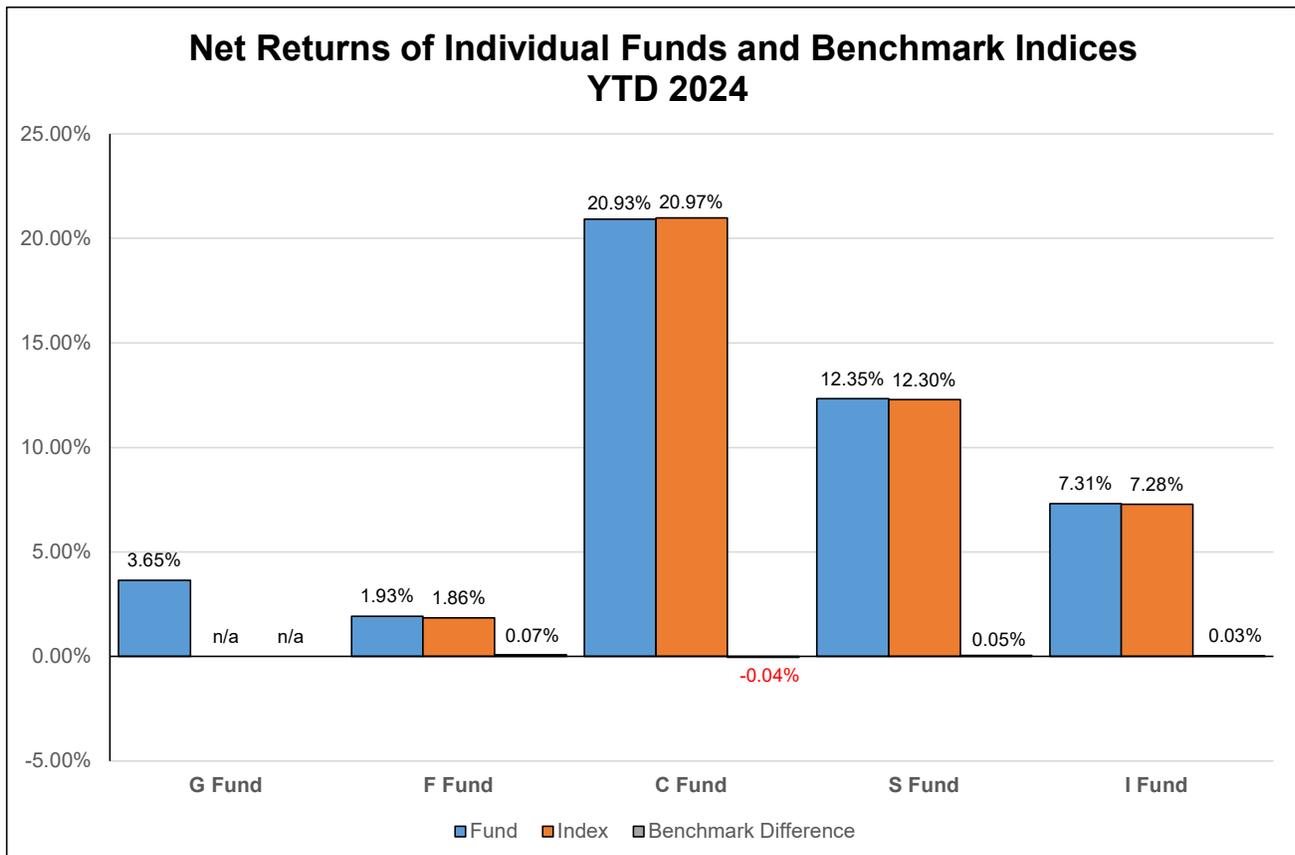
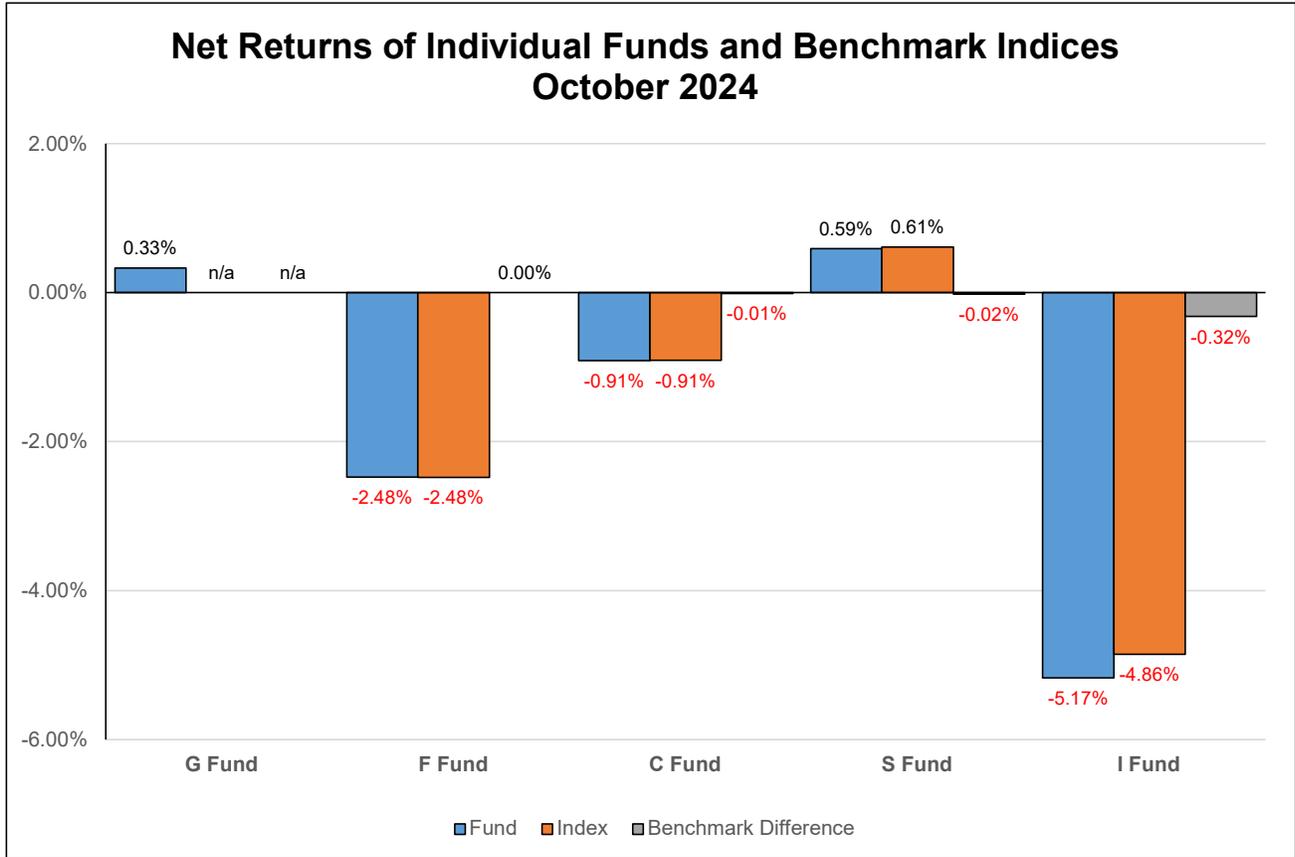
	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>
<b>I Fund</b>	22.75%	3.09%	6.60%	5.55%
<b>International Index*</b>	23.47%	2.84%	6.33%	5.31%
<b>Benchmark Difference</b>	-0.72%	0.25%	0.27%	0.23%

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

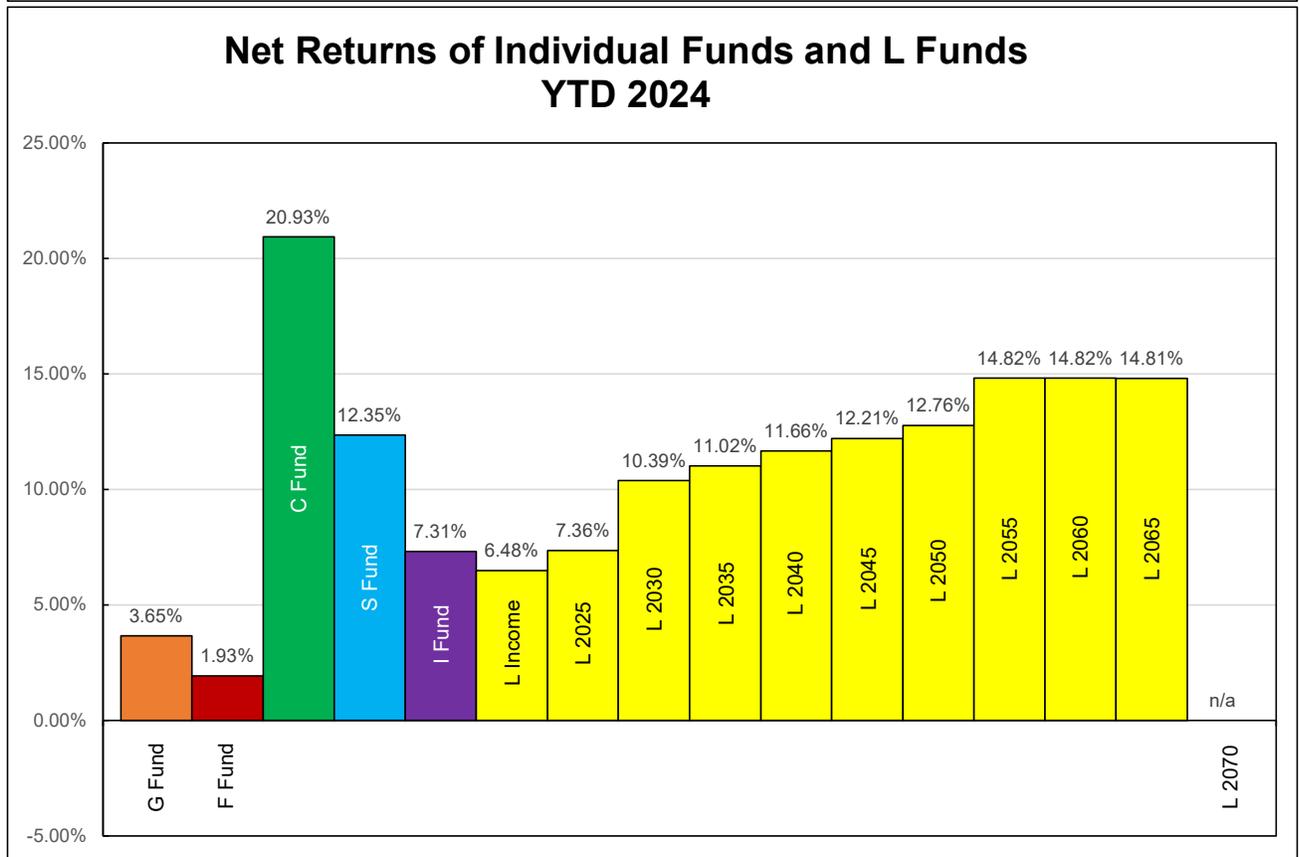
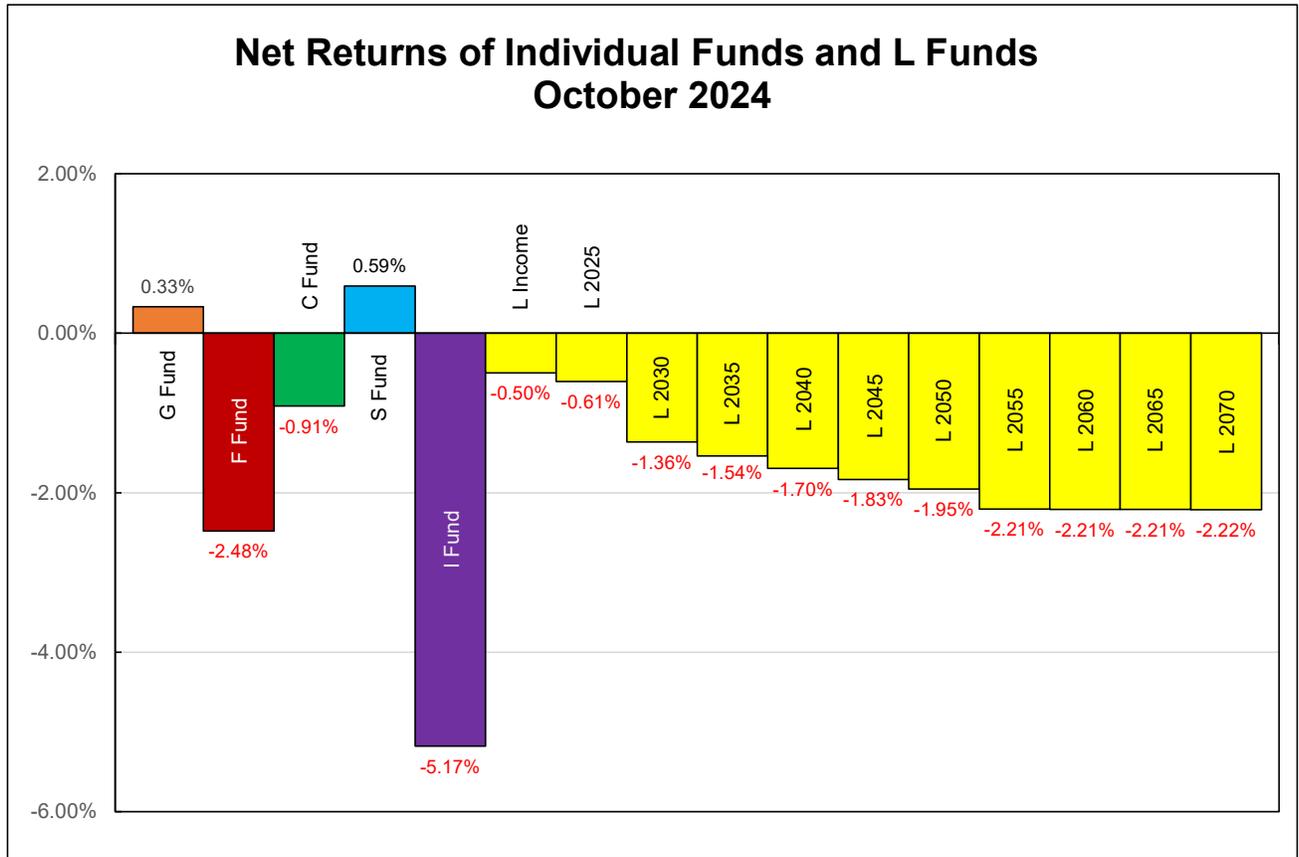
	<b>Inception Date</b>	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>
<b>L Income Fund</b>	August 1, 2005	11.52%	4.32%	4.90%	4.33%
<b>L 2025 Fund</b>	July 1, 2020	13.97%	3.94%	N/A	N/A
<b>L 2030 Fund</b>	August 1, 2005	21.22%	4.98%	8.23%	7.31%
<b>L 2035 Fund</b>	July 1, 2020	22.96%	5.02%	N/A	N/A
<b>L 2040 Fund</b>	August 1, 2005	24.67%	5.07%	9.18%	8.11%
<b>L 2045 Fund</b>	July 1, 2020	26.17%	5.08%	N/A	N/A
<b>L 2050 Fund</b>	January 31, 2011	27.64%	5.14%	9.99%	8.78%
<b>L 2055 Fund</b>	July 1, 2020	32.34%	5.71%	N/A	N/A
<b>L 2060 Fund</b>	July 1, 2020	32.35%	5.71%	N/A	N/A
<b>L 2065 Fund</b>	July 1, 2020	32.35%	5.70%	N/A	N/A
<b>L 2070 Fund</b>	July 26, 2024	N/A	N/A	N/A	N/A

**Performance of TSP Funds**

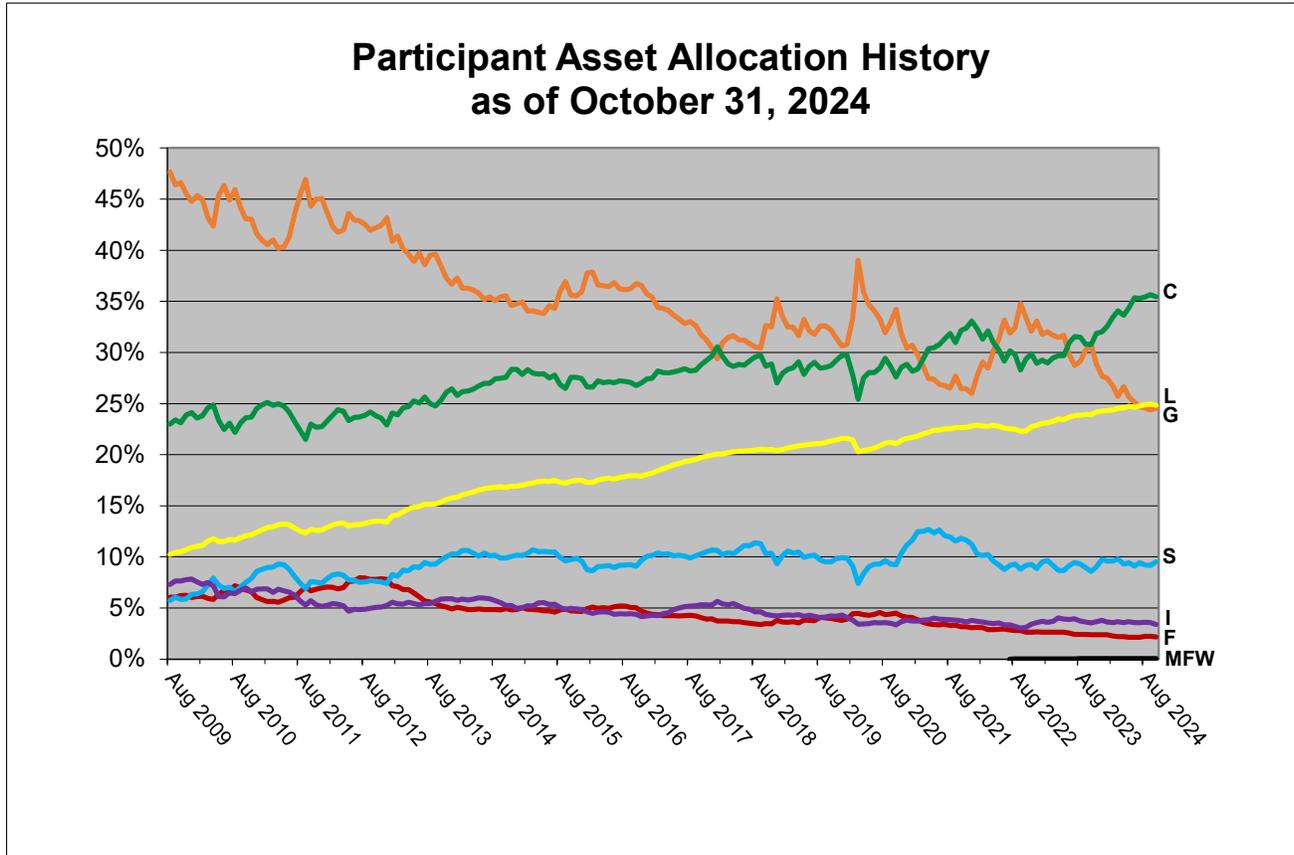
The charts below show the G, F, C, S, and I Fund net rates of return vs. their respective benchmark indices.



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**

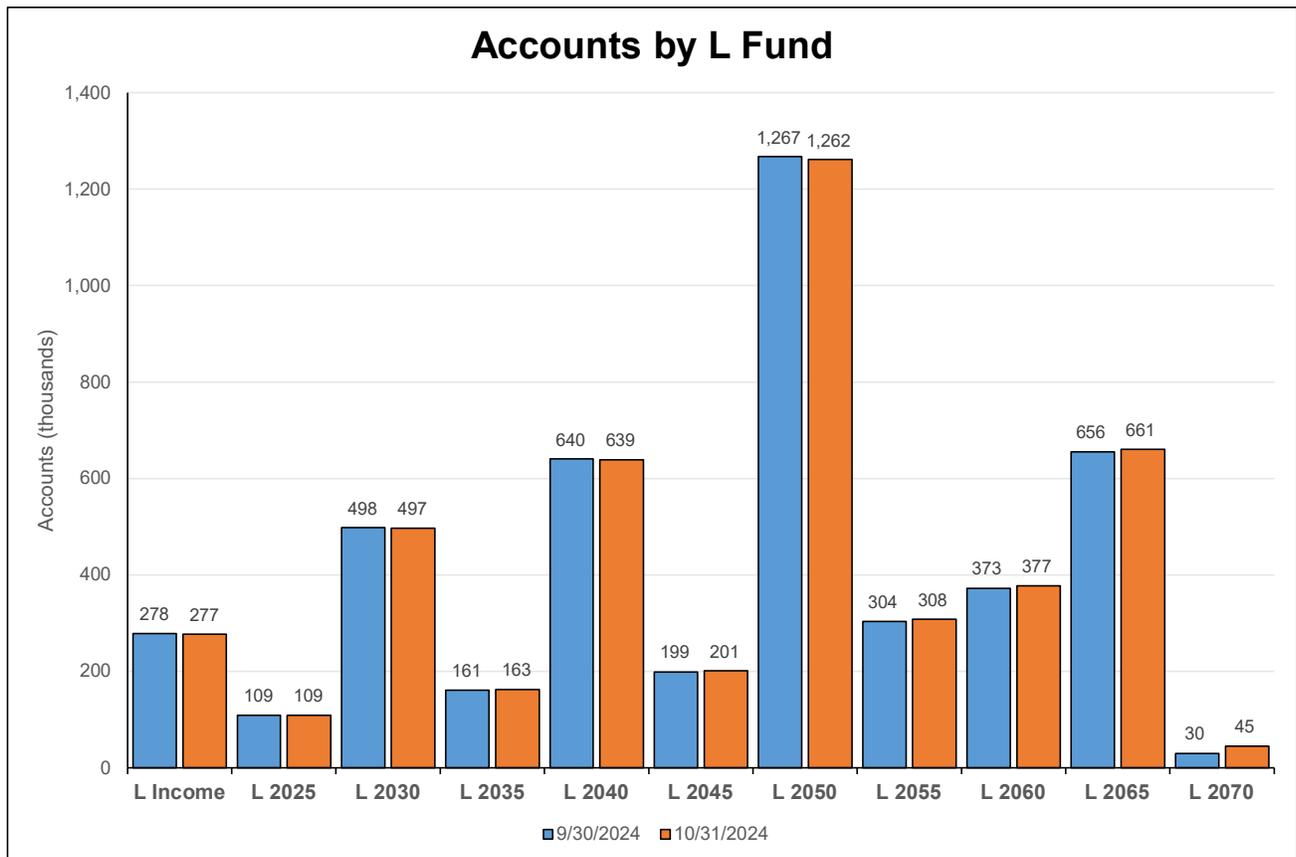
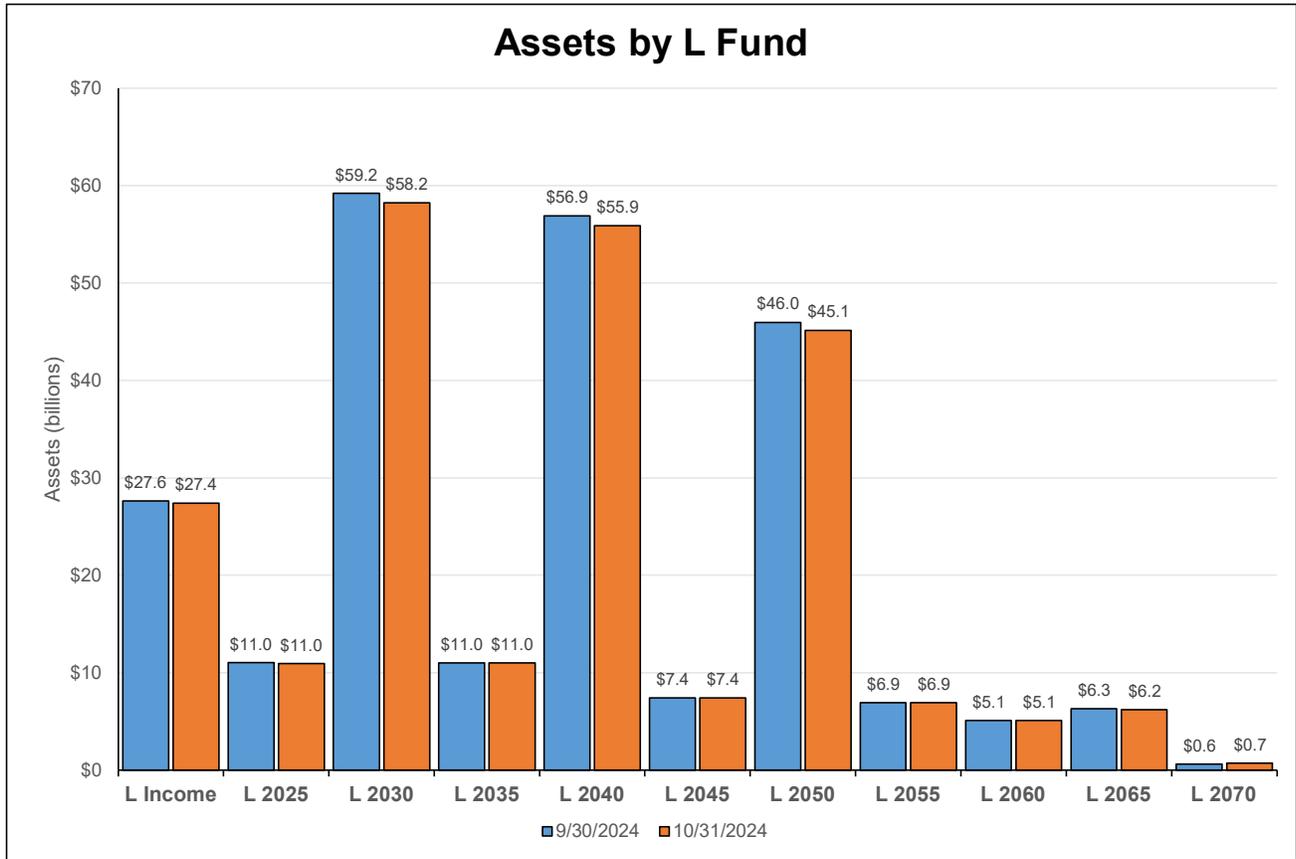


### Asset Allocation as of October 31, 2024

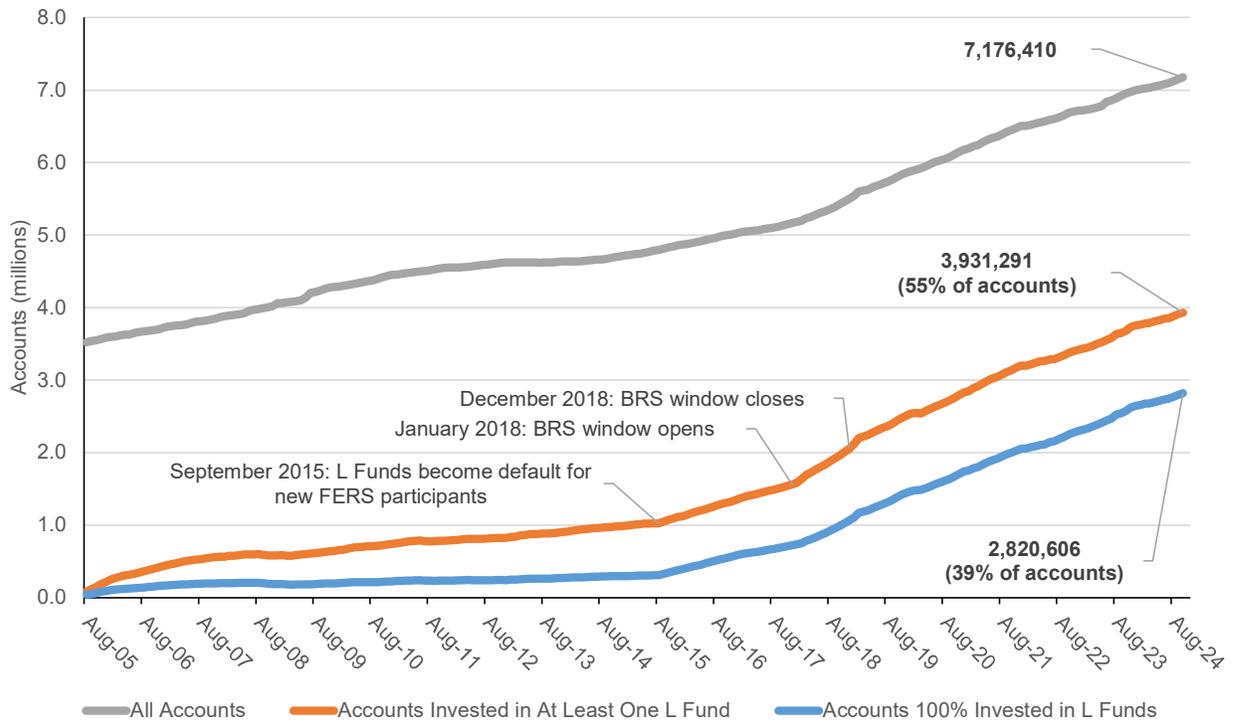
	<u>Participant Allocation</u>		<u>Individual TSP Funds</u>	
	<u>Assets (Billions)</u>	<u>Share of Total</u>	<u>Assets (Billions)</u>	<u>Share of Total</u>
<b>G Fund</b>	\$232.6	24.6%	\$299.8	31.7%
<b>F Fund</b>	\$20.7	2.2%	\$34.8	3.7%
<b>C Fund</b>	\$335.7	35.5%	\$415.0	43.8%
<b>S Fund</b>	\$90.3	9.5%	\$110.6	11.7%
<b>I Fund</b>	\$32.2	3.4%	\$86.2	9.1%
<b>L Funds</b>	\$235.0	24.8%	n/a	n/a
<b><u>MFW</u></b>	<u>\$0.5</u>	<u>0.1%</u>	<u>\$0.5</u>	<u>0.1%</u>
<b>Total</b>	\$946.9	100.0%	\$946.9	100.0%

\*Components may not sum to totals due to rounding.

**Lifecycle (L) Funds**

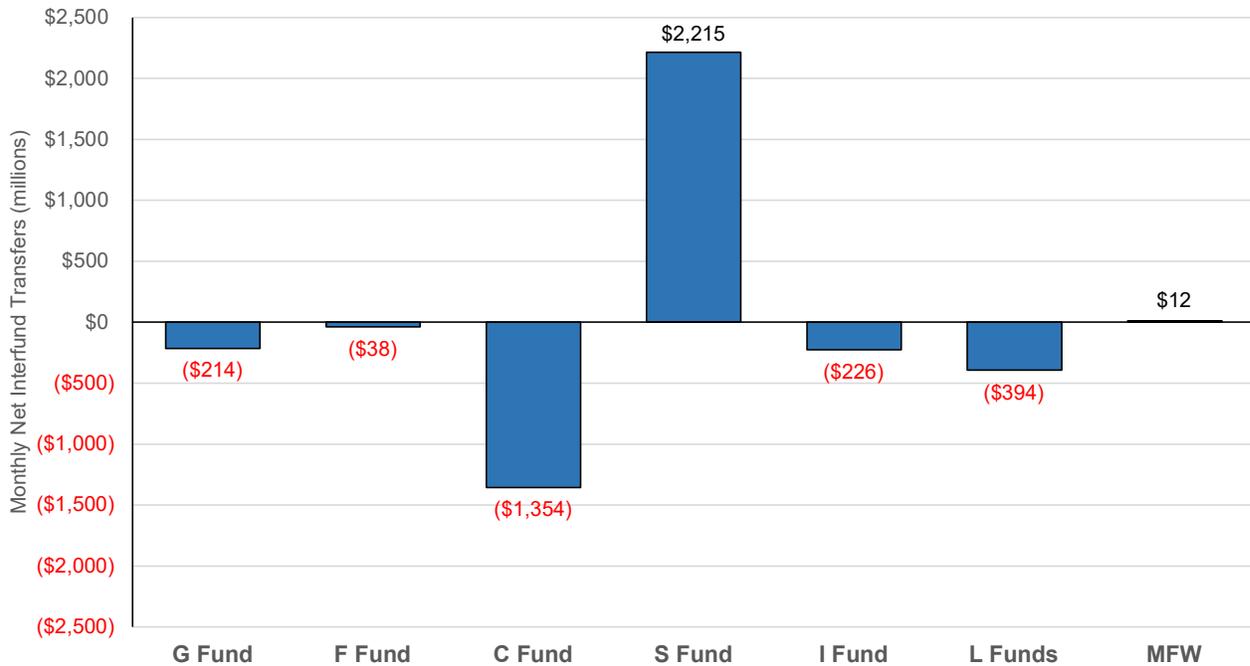


## Participation History of the L Funds as of October 31, 2024



### Interfund Transfer Activity

## Monthly Net Interfund Transfers October 2024



\*Values may not sum to zero due to rounding.