



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: April 22, 2025

SUBJECT: March 2025 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.

***March 2025 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>      |
| <b>Return (%)</b>               | <b>Index</b>          | 0.04                | -5.63            | -7.94                | -0.33                |
|                                 | <b>BlackRock</b>      | 0.05                | -5.64            | -7.92                | 0.02                 |
|                                 | <b>State Street</b>   | 0.04                | -5.63            | -7.92                | 0.04                 |
|                                 | <b>TSP Fund (Net)</b> | 0.04                | -5.64            | -7.92                | 0.02                 |
| <b>Benchmark Difference (%)</b> | <b>BlackRock</b>      | 0.01                | 0.00             | 0.03                 | 0.34                 |
|                                 | <b>State Street</b>   | 0.00                | 0.00             | 0.02                 | 0.36                 |
|                                 | <b>TSP Fund</b>       | 0.01                | -0.01            | 0.02                 | 0.35                 |

BlackRock's performance for the F and C Funds was in line with their respective indices for the month. Its performance for the S Fund was ahead of the Small Mid Cap Index by three basis points, primarily due to futures mistracking. For the I Fund, BlackRock was ahead of the International Index by 34 basis points, primarily due to fair value pricing.

State Street's performance for the F, C, and S Funds was in line with the respective indices for the month. Its performance for the I Fund was 36 basis points ahead of the International Index, primarily due to fair value pricing.

## 2025 YTD Returns and Benchmark Differences

|                                 |                       | <u>Fixed Income</u> | <u>Large Cap</u> | <u>Small Mid</u>    | <u>International</u> |
|---------------------------------|-----------------------|---------------------|------------------|---------------------|----------------------|
|                                 |                       | <u>(F Fund)</u>     | <u>(C Fund)</u>  | <u>Cap (S Fund)</u> | <u>(I Fund)</u>      |
| <b>Return (%)</b>               | <b>Index</b>          | 2.78                | -4.27            | -8.95               | 3.78                 |
|                                 | <b>BlackRock</b>      | 2.78                | -4.27            | -8.93               | 4.66                 |
|                                 | <b>State Street</b>   | 2.79                | -4.27            | -8.91               | 4.65                 |
|                                 | <b>TSP Fund (Net)</b> | 2.77                | -4.28            | -8.94               | 4.65                 |
| <b>Benchmark Difference (%)</b> | <b>BlackRock</b>      | 0.00                | 0.00             | 0.02                | 0.88                 |
|                                 | <b>State Street</b>   | 0.01                | 0.00             | 0.04                | 0.87                 |
|                                 | <b>TSP Fund</b>       | -0.01               | -0.01            | 0.01                | 0.87                 |
|                                 |                       |                     |                  |                     |                      |

Year-to-date, BlackRock's performance for the F, C, and S Funds was in line with their respective indices. Its performance for the I Fund exceeded the International Index by 88 basis points, primarily due to fair value pricing.

Year-to-date, State Street's performance for the F and C Funds was in line with their respective indices. Its performance for the S Fund was ahead of the Small Mid Cap Index by four basis points, primarily due to securities sampling. For the I Fund, State Street was ahead of the International Index by 87 basis points, primarily due to fair value pricing.

**TSP Net Returns as of March 31, 2025**

|               | <b>1-Year</b> | <b>3-Year</b> | <b>5-Year</b> | <b>10-Year</b> |
|---------------|---------------|---------------|---------------|----------------|
| <b>G Fund</b> | 4.47%         | 4.10%         | 2.93%         | 2.59%          |

|                                    | <b>1-Year</b> | <b>3-Year</b> | <b>5-Year</b> | <b>10-Year</b> |
|------------------------------------|---------------|---------------|---------------|----------------|
| <b>F Fund</b>                      | 4.92%         | 0.57%         | -0.31%        | 1.60%          |
| <b>Bloomberg US Agg Bond Index</b> | 4.88%         | 0.52%         | -0.40%        | 1.46%          |
| <b>Benchmark Difference</b>        | 0.04%         | 0.06%         | 0.09%         | 0.13%          |

|                             | <b>1-Year</b> | <b>3-Year</b> | <b>5-Year</b> | <b>10-Year</b> |
|-----------------------------|---------------|---------------|---------------|----------------|
| <b>C Fund</b>               | 8.20%         | 9.02%         | 18.56%        | 12.48%         |
| <b>S&amp;P 500 Index</b>    | 8.25%         | 9.06%         | 18.59%        | 12.50%         |
| <b>Benchmark Difference</b> | -0.05%        | -0.04%        | -0.03%        | -0.02%         |

|  | <b>1-Year</b> | <b>3-Year</b> | <b>5-Year</b> | <b>10-Year</b> |
|--|---------------|---------------|---------------|----------------|
| <b>S Fund</b>                            | -0.41%        | 2.72%         | 15.21%        | 7.94%          |
| <b>Dow Jones US Completion TSM Index</b> | -0.50%        | 2.53%         | 15.05%        | 7.73%          |
| <b>Benchmark Difference</b>              | 0.09%         | 0.20%         | 0.17%         | 0.21%          |

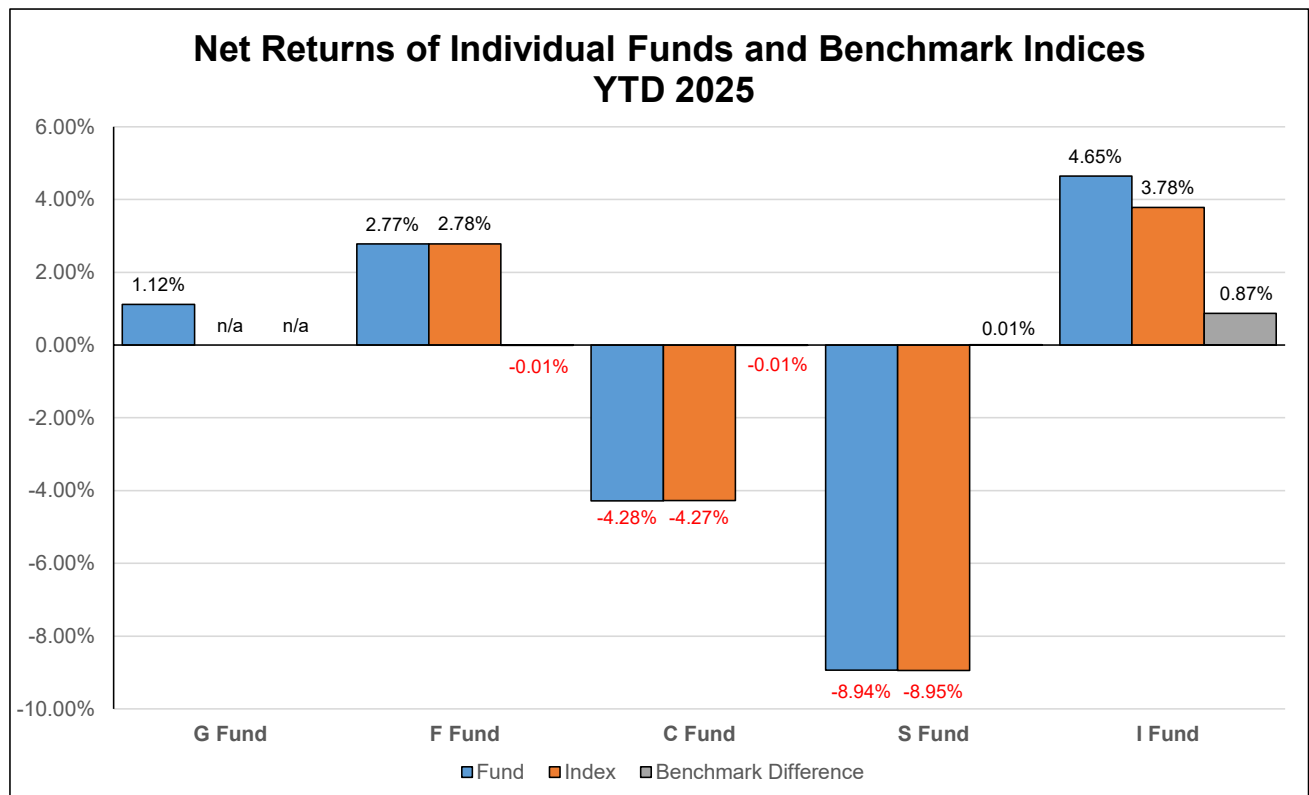
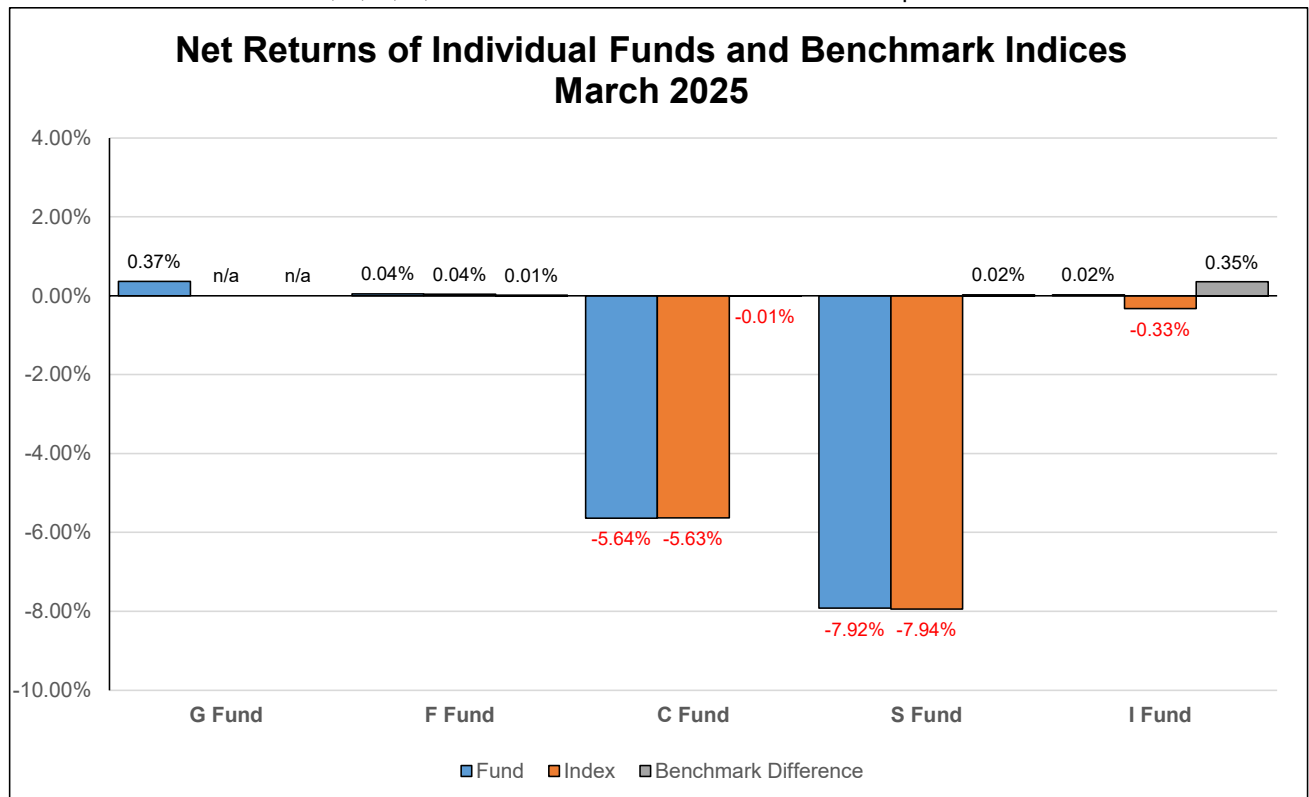
|                             | <b>1-Year</b> | <b>3-Year</b> | <b>5-Year</b> | <b>10-Year</b> |
|-----------------------------|---------------|---------------|---------------|----------------|
| <b>I Fund</b>               | 2.98%         | 6.04%         | 11.63%        | 5.53%          |
| <b>International Index*</b> | 2.22%         | 5.15%         | 11.20%        | 5.12%          |
| <b>Benchmark Difference</b> | 0.76%         | 0.89%         | 0.43%         | 0.40%          |

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

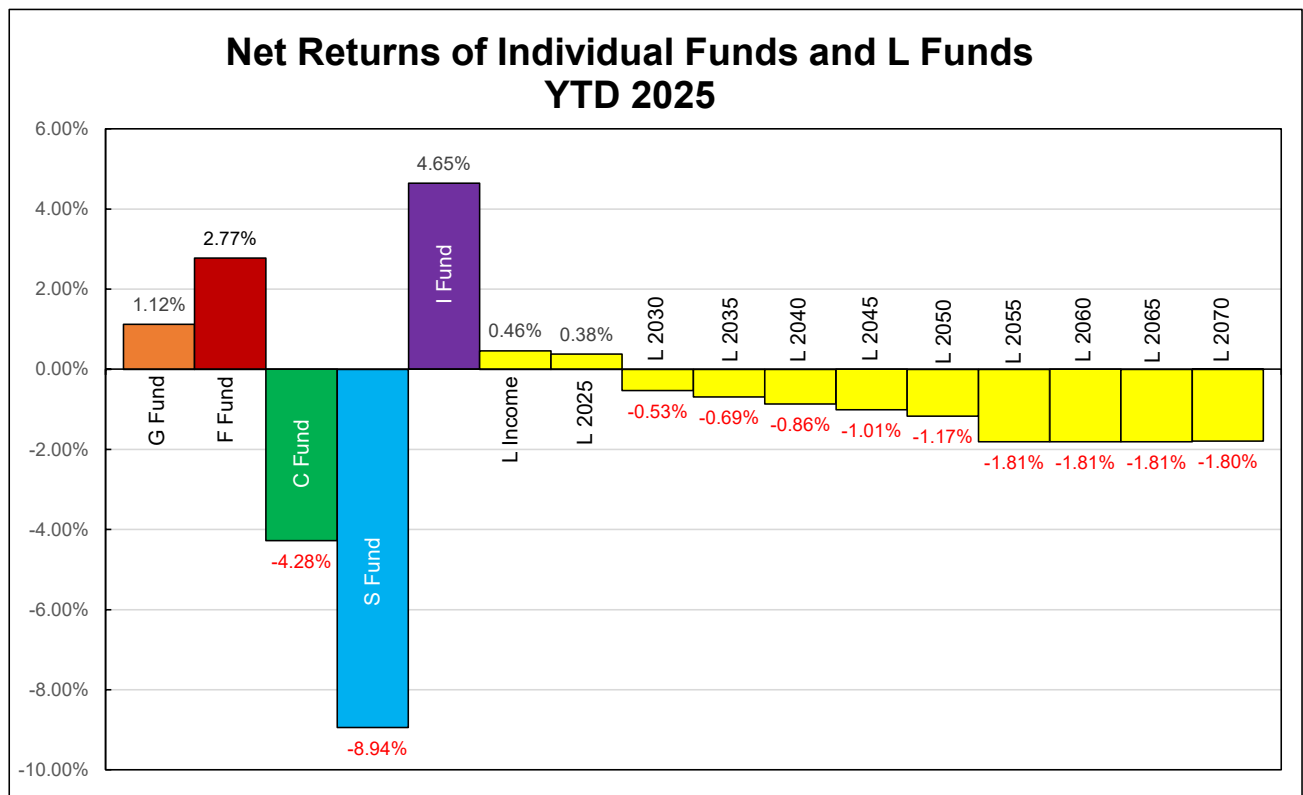
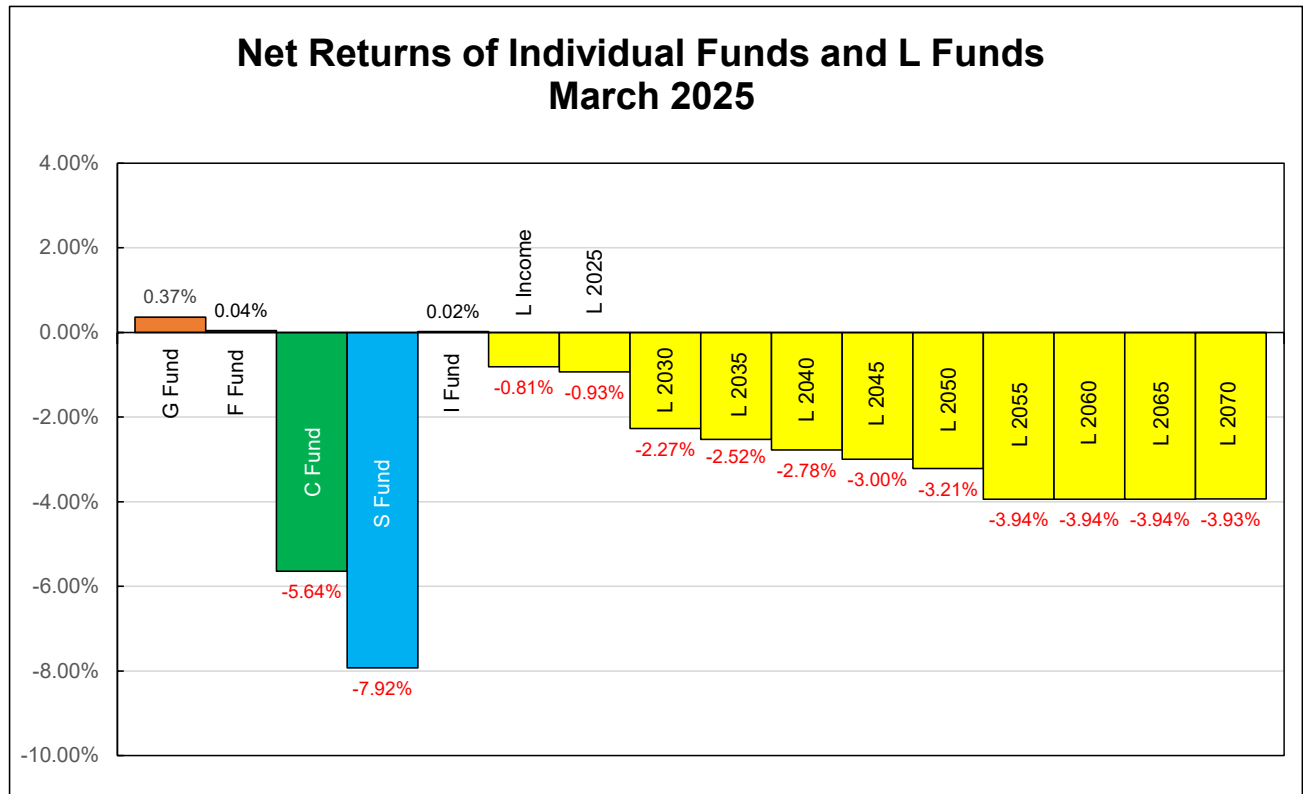
|                      | <b>Inception Date</b> | <b>1-Year</b> | <b>3-Year</b> | <b>5-Year</b> | <b>10-Year</b> |
|----------------------|-----------------------|---------------|---------------|---------------|----------------|
| <b>L Income Fund</b> | August 1, 2005        | 4.90%         | 5.04%         | 5.85%         | 4.30%          |
| <b>L 2025 Fund</b>   | July 1, 2020          | 5.08%         | 4.99%         | N/A           | N/A            |
| <b>L 2030 Fund</b>   | August 1, 2005        | 5.27%         | 6.12%         | 10.69%        | 7.05%          |
| <b>L 2035 Fund</b>   | July 1, 2020          | 5.30%         | 6.25%         | N/A           | N/A            |
| <b>L 2040 Fund</b>   | August 1, 2005        | 5.33%         | 6.39%         | 12.13%        | 7.78%          |
| <b>L 2045 Fund</b>   | July 1, 2020          | 5.35%         | 6.49%         | N/A           | N/A            |
| <b>L 2050 Fund</b>   | January 31, 2011      | 5.36%         | 6.61%         | 13.38%        | 8.40%          |
| <b>L 2055 Fund</b>   | July 1, 2020          | 5.35%         | 7.24%         | N/A           | N/A            |
| <b>L 2060 Fund</b>   | July 1, 2020          | 5.35%         | 7.23%         | N/A           | N/A            |
| <b>L 2065 Fund</b>   | July 1, 2020          | 5.35%         | 7.23%         | 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.

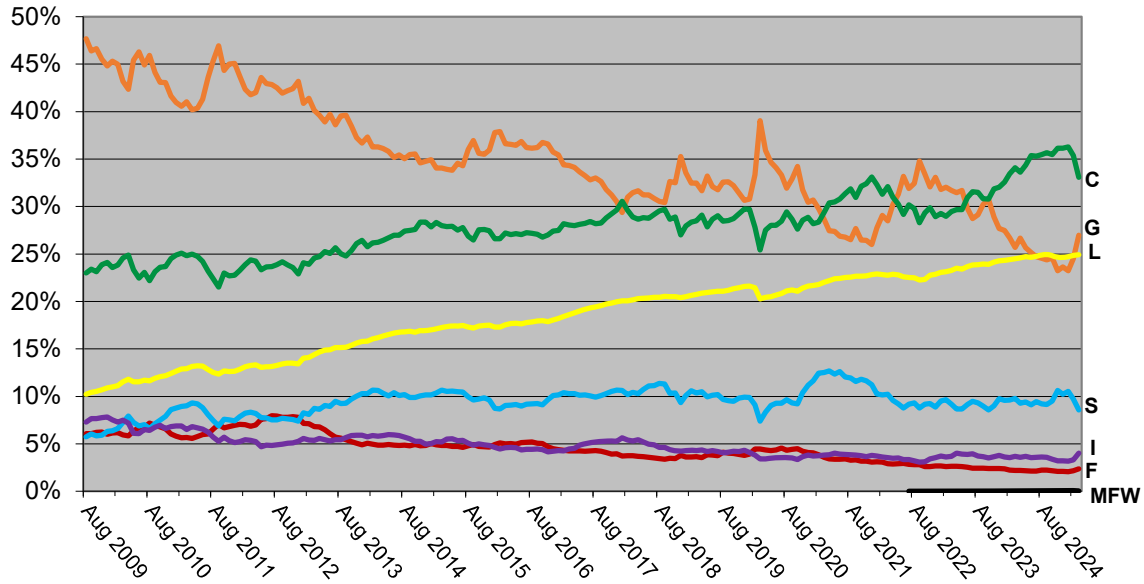


Net rates of return for the L Funds are shown below, along with comparable returns for the G, F, C, S, and I Funds.



## Asset Allocation

### Participant Asset Allocation History as of March 31, 2025

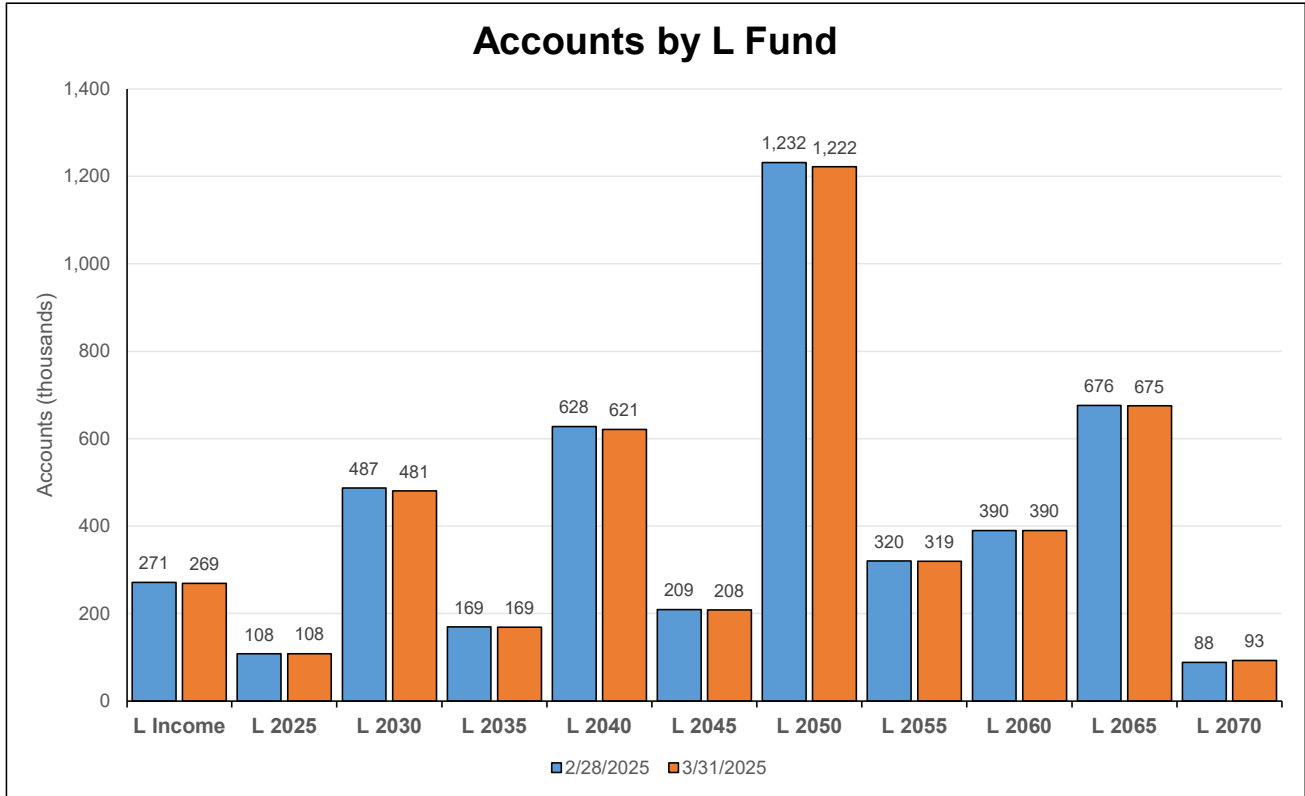
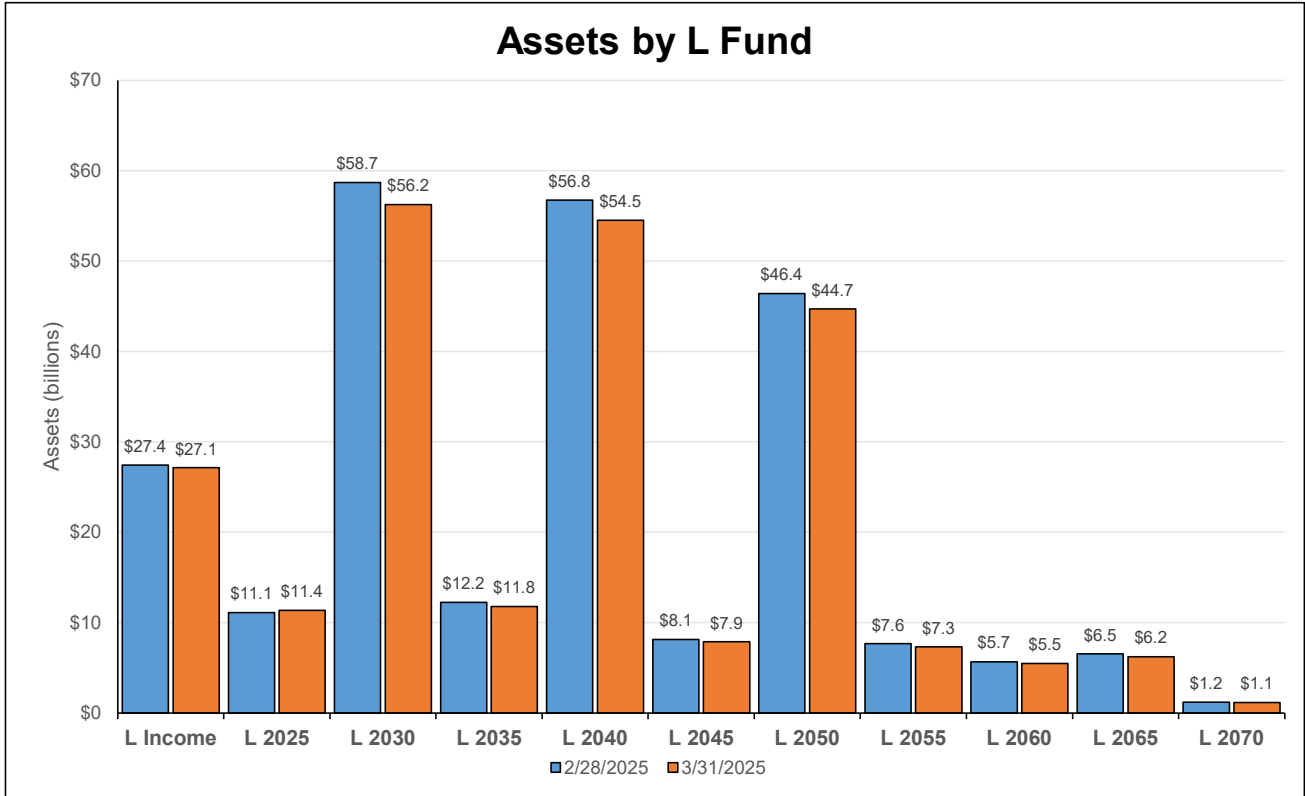


### Asset Allocation as of March 31, 2025

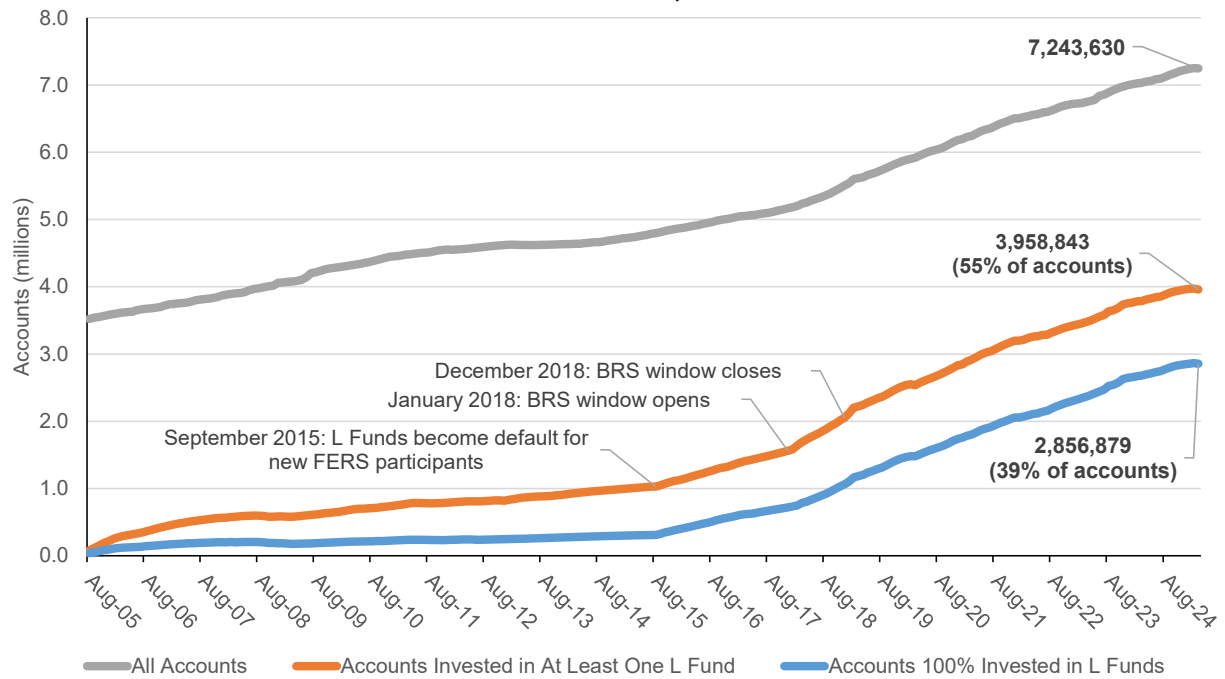
|                   | <u>Participant Allocation</u> |                           | <u>Individual TSP Funds</u>  |                           |
|-------------------|-------------------------------|---------------------------|------------------------------|---------------------------|
|                   | <u>Assets<br/>(Billions)</u>  | <u>Share of<br/>Total</u> | <u>Assets<br/>(Billions)</u> | <u>Share of<br/>Total</u> |
| <b>G Fund</b>     | \$252.9                       | 27.0%                     | \$319.3                      | 34.1%                     |
| <b>F Fund</b>     | \$22.2                        | 2.4%                      | \$35.9                       | 3.8%                      |
| <b>C Fund</b>     | \$310.0                       | 33.1%                     | \$390.3                      | 41.6%                     |
| <b>S Fund</b>     | \$80.2                        | 8.6%                      | \$100.3                      | 10.7%                     |
| <b>I Fund</b>     | \$37.7                        | 4.0%                      | \$91.0                       | 9.7%                      |
| <b>L Funds</b>    | \$233.7                       | 24.9%                     | 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>      | \$937.2                       | 100.0%                    | \$937.2                      | 100.0%                    |

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

Lifecycle (L) Funds

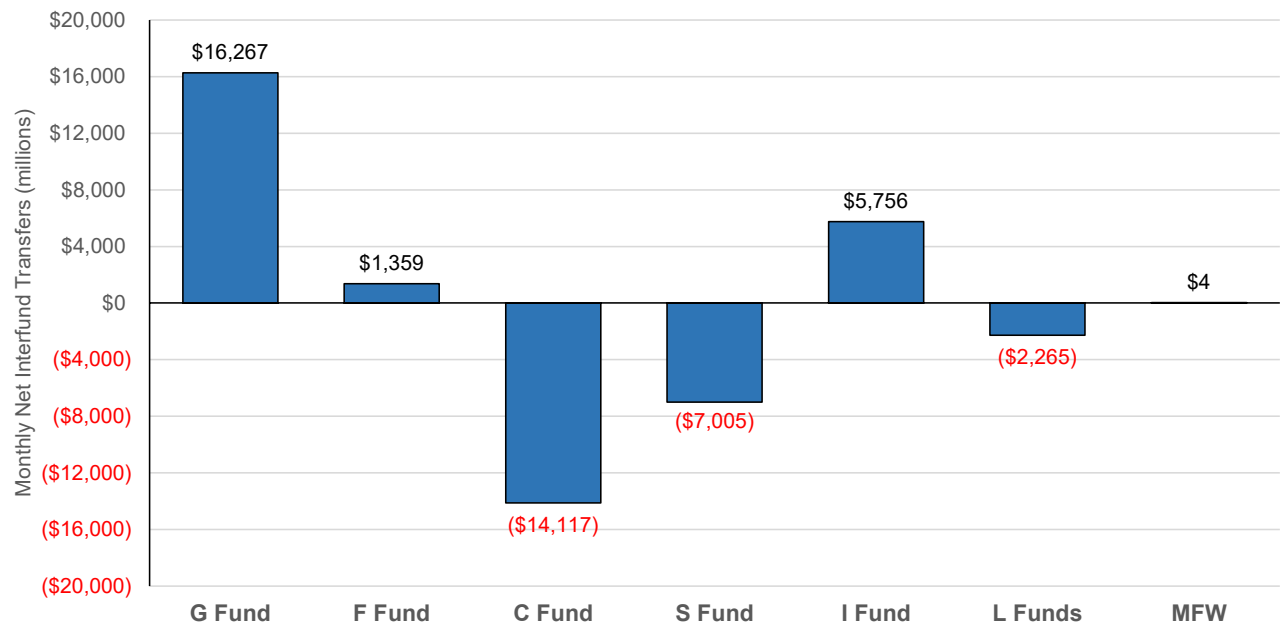


## Participation History of the L Funds as of March 31, 2025



## Interfund Transfer Activity

### Monthly Net Interfund Transfers March 2025



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

**PROXY VOTING – FOURTH QUARTER 2024**

An audit of BlackRock's proxy voting conducted by ISS found no exceptions to BlackRock's established guidelines during the fourth quarter of 2024. Likewise, an audit of State Street's proxy voting conducted by ISS found no exceptions to State Street's established guidelines during the fourth quarter of 2024. Copies of the audit reports are provided in this report as Attachments 1 and 2. The ISS audit reports for the first quarter of 2025 are not yet available.

**CLASS ACTION SETTLEMENTS – FOURTH QUARTER 2024**

BlackRock began the fourth quarter with 91 open claims. During the quarter, 33 claims were opened: 10 claims in the C Fund and 23 claims in the S Fund. Fifteen claims were closed during the quarter. One claim in the F Fund was closed due to administrator action. Three claims in the C Fund and nine claims in the S Fund were settled for \$483,337 and \$455,738, respectively. Two claims in the S Fund were closed due to administrator action. Seven previously closed claims in the C Fund and thirteen previously closed claims in the S Fund yielded residual payments of \$78,683 and \$166,499, respectively, bringing total proceeds for the quarter to \$1,184,258. One hundred nine claims remained open at the end of the quarter.

|        | <b><u>Open at<br/>Start of<br/>Quarter</u></b> | <b><u>Opened<br/>During<br/>Quarter</u></b> | <b><u>Closed<br/>During<br/>Quarter</u></b> | <b><u>Open<br/>Claims<br/>Outstanding</u></b> | <b><u>Total of Settled<br/>Claims in<br/>2024</u></b> |
|--------|--|---|---|---|---|
| F Fund | 5  | -   | 1   | 4   | \$16,338  |
| C Fund | 23   | 10  | 3   | 30  | \$2,932,384   |
| S Fund | 60   | 23  | 11  | 72  | \$7,718,765   |
| I Fund | 3  | -   | -   | 3   | \$11,866  |
| Total  | 91   | 33  | 15  | 109   | \$10,679,353  |

State Street began the fourth quarter with 32 open claims. Two claims were opened in the C Fund and nineteen claims were opened in the S Fund. One claim in the C Fund and one claim in the S Fund were closed due to administrator action. Two claims in the S Fund were settled for \$55,405. Forty-nine claims remained opened at the end of the quarter.

|        | <b><u>Open at<br/>Start of<br/>Quarter</u></b> | <b><u>Opened<br/>During<br/>Quarter</u></b> | <b><u>Closed<br/>During<br/>Quarter</u></b> | <b><u>Open<br/>Claims<br/>Outstanding</u></b> | <b><u>Total of Settled<br/>Claims in<br/>2024</u></b> |
|--------|--|---|---|---|---|
| F Fund | -  | -   | -   | -   | \$0   |
| C Fund | 4  | 2   | 1   | 5   | \$0   |
| S Fund | 28   | 19  | 3   | 44  | \$96,182  |
| I Fund | -  | -   | -   | -   | \$0   |
| Total  | 32   | 21  | 4   | 49  | \$96,182  |

**ATTACHMENTS**

Attachment 1: Audit Report on BlackRock's Proxy Voting in the Fourth Quarter of 2024

Attachment 2: Audit Report on State Street's Proxy Voting in the Fourth Quarter of 2024