



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: July 22, 2025

SUBJECT: June 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.

***June 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>	1.54%	5.09%	5.40%	3.53%
	<b>BlackRock</b>	1.54%	5.08%	5.40%	3.77%
	<b>State Street</b>	1.55%	5.08%	5.42%	3.59%
	<b>TSP Fund (Net)</b>	1.54%	5.08%	5.40%	3.73%
<b>Benchmark Difference</b>	<b>BlackRock</b>	0.00%	0.00%	0.00%	0.24%
	<b>State Street</b>	0.01%	0.00%	0.02%	0.06%
	<b>TSP Fund</b>	0.00%	0.00%	0.01%	0.20%

BlackRock's performance for the F, C, and S Funds was in line with the Funds' respective indices for the month. Its performance for the I Fund was ahead of the International Index by 24 basis points, primarily due to fair value pricing.

State Street's performance for the F, C, and S Funds was in line with the Funds' respective indices for the month. Its performance for the I Fund was ahead of the International Index by 6 basis points, primarily due to fair value pricing.

## 2025 YTD 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>	4.02%	6.20%	2.12%	17.88%
	<b>BlackRock</b>	4.03%	6.20%	2.11%	18.78%
	<b>State Street</b>	4.05%	6.20%	2.18%	18.39%
	<b>TSP Fund (Net)</b>	4.02%	6.18%	2.11%	18.69%
<b>Benchmark Difference</b>	<b>BlackRock</b>	0.01%	0.00%	-0.01%	0.90%
	<b>State Street</b>	0.03%	0.00%	0.05%	0.51%
	<b>TSP Fund</b>	-0.01%	-0.02%	-0.01%	0.80%

Year-to-date, BlackRock's performance for the F, C, and S Funds was in line with the Funds' respective indices. Its performance for the I Fund was ahead of the International Index by 90 basis points, primarily due to fair value pricing.

Year-to-date, State Street's performance for the F Fund was ahead of the Fixed Income Index's return by 3 basis points, primarily due to interest earned on cash in the Fund. 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 5 basis points, primarily due to securities sampling and securities lending. For the I Fund, State Street was ahead of the International Index by 51 basis points, primarily due to tax advantage and fair value pricing.

**TSP Net Returns as of June 30, 2025**

	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>
<b>G Fund</b>	4.42%	4.23%	3.11%	2.65%

	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>
<b>F Fund</b>	6.07%	2.56%	-0.64%	1.88%
<b>Bloomberg US Agg Bond Index</b>	6.08%	2.55%	-0.73%	1.76%
<b>Benchmark Difference</b>	-0.01%	0.01%	0.09%	0.13%

	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>
<b>C Fund</b>	15.11%	19.66%	16.61%	13.62%
<b>S&amp;P 500 Index</b>	15.16%	19.71%	16.64%	13.65%
<b>Benchmark Difference</b>	-0.06%	-0.05%	-0.03%	-0.02%

	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>
<b>S Fund</b>	15.61%	15.24%	11.68%	9.22%
<b>Dow Jones US Completion TSM Index</b>	15.57%	15.08%	11.51%	9.02%
<b>Benchmark Difference</b>	0.04%	0.17%	0.17%	0.20%

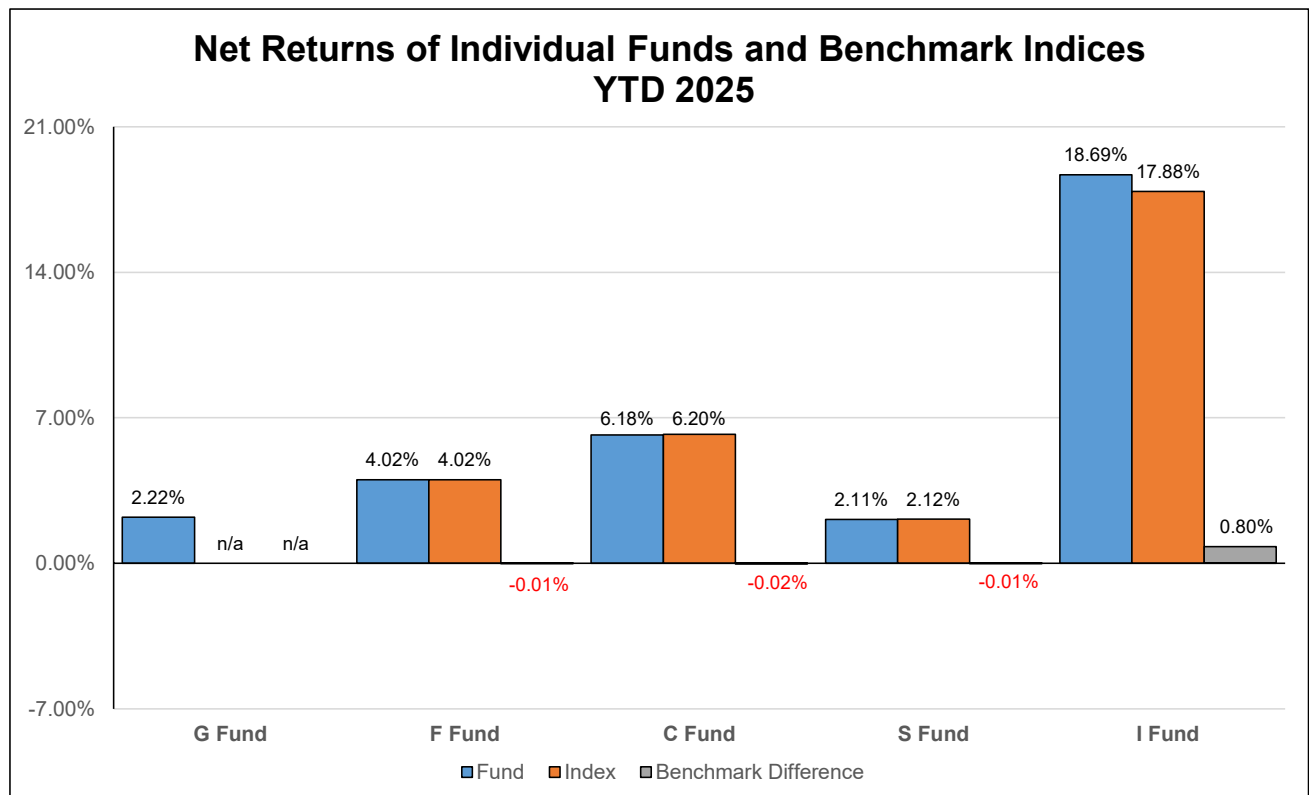
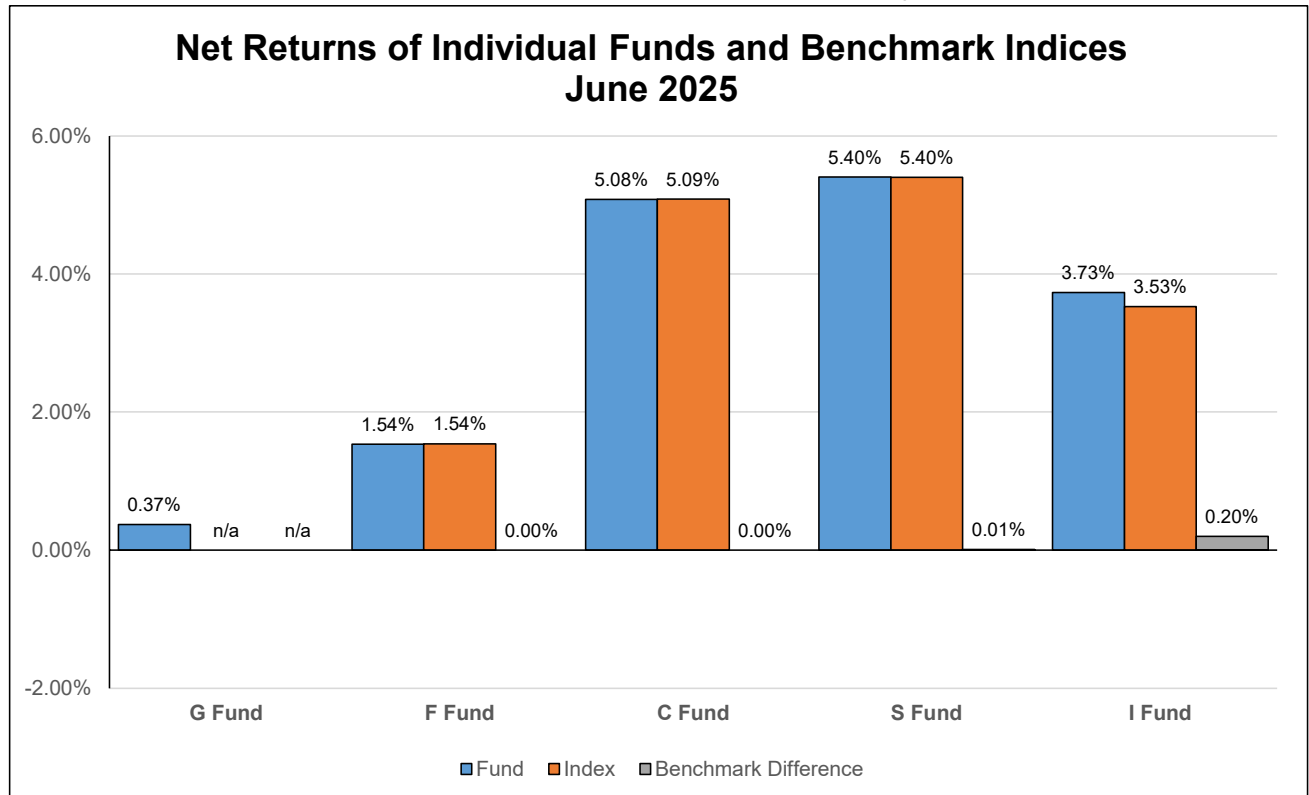
	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>
<b>I Fund</b>	16.91%	15.86%	11.32%	6.78%
<b>International Index*</b>	16.60%	15.60%	10.95%	6.41%
<b>Benchmark Difference</b>	0.31%	0.27%	0.37%	0.37%

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

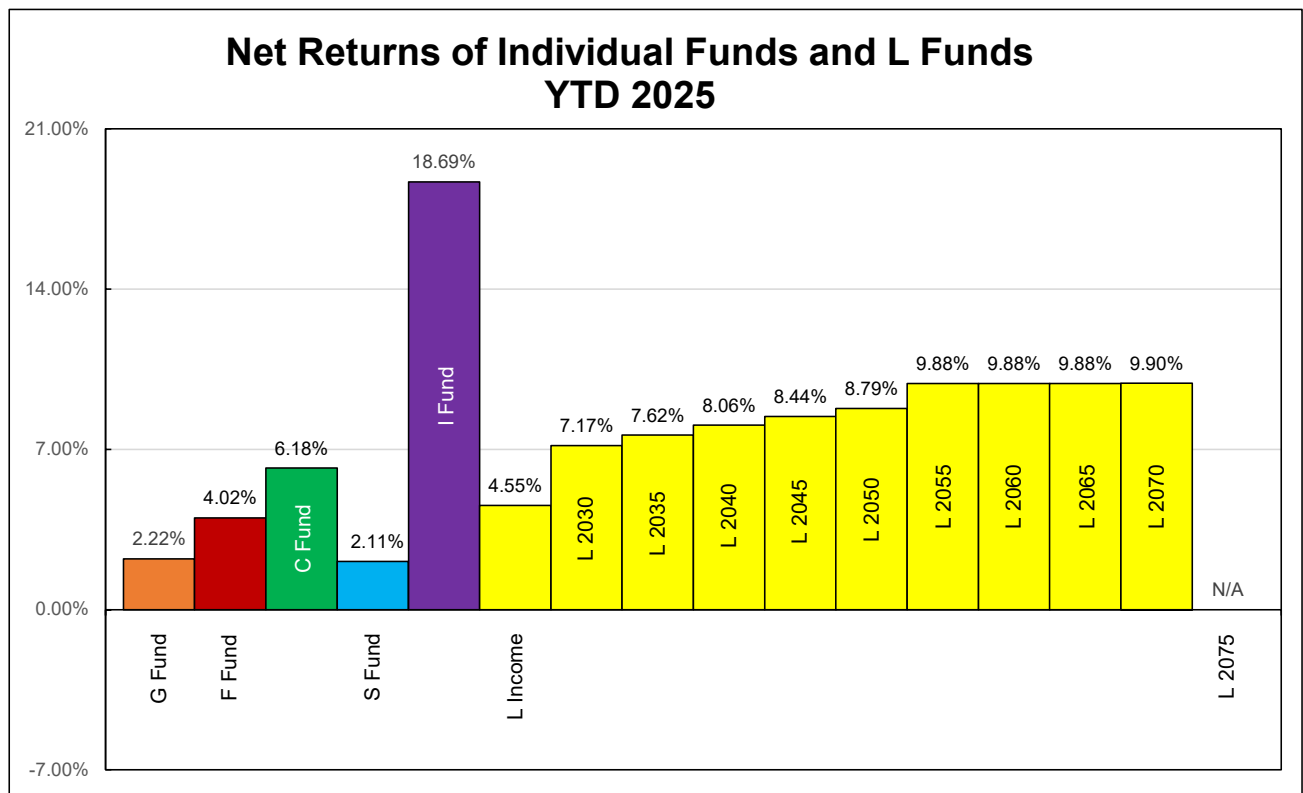
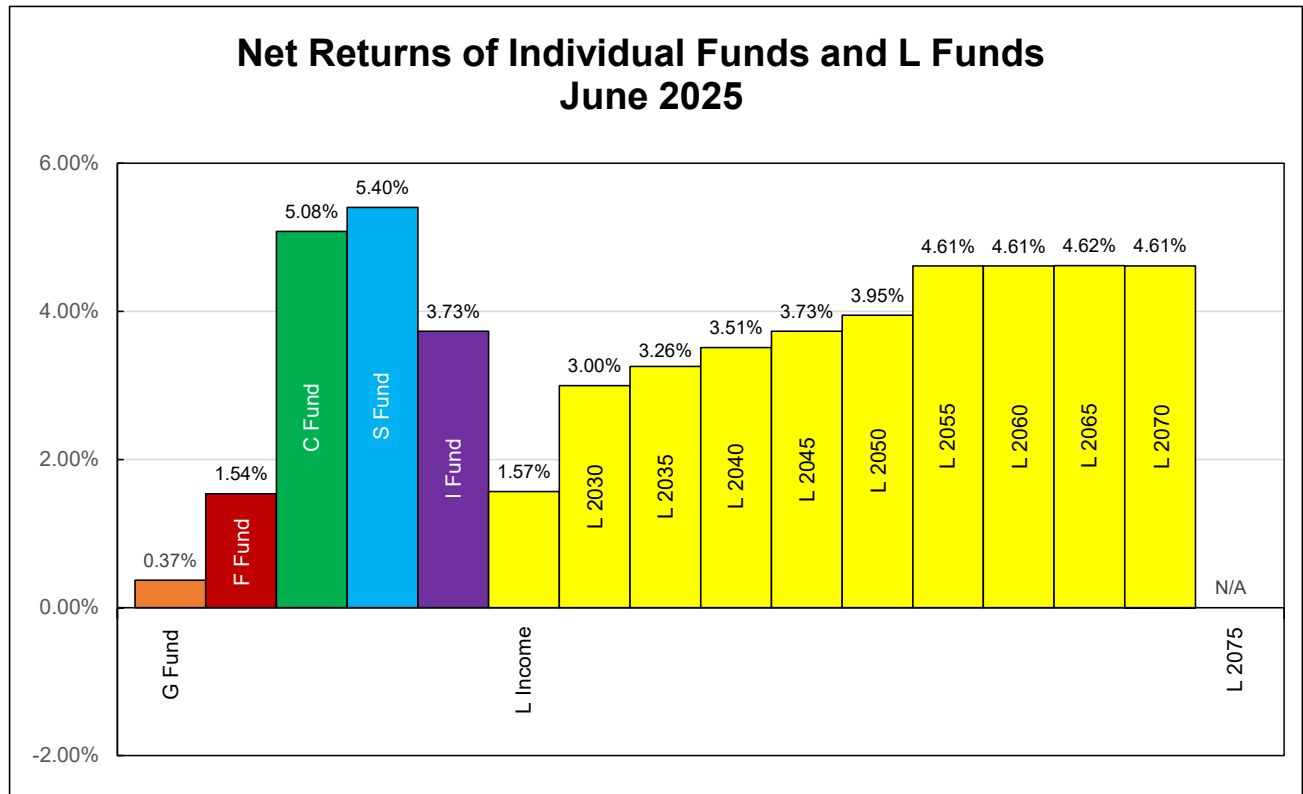
	<b>Inception Date</b>	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>
<b>L Income Fund</b>	August 1, 2005	7.80%	7.75%	5.75%	4.68%
<b>L 2030 Fund</b>	August 1, 2005	11.77%	12.51%	9.80%	7.82%
<b>L 2035 Fund</b>	July 1, 2020	12.46%	13.28%	N/A	N/A
<b>L 2040 Fund</b>	August 1, 2005	13.12%	14.05%	11.01%	8.69%
<b>L 2045 Fund</b>	July 1, 2020	13.68%	14.71%	N/A	N/A
<b>L 2050 Fund</b>	January 31, 2011	14.23%	15.37%	12.05%	9.41%
<b>L 2055 Fund</b>	July 1, 2020	15.95%	17.78%	N/A	N/A
<b>L 2060 Fund</b>	July 1, 2020	15.95%	17.78%	N/A	N/A
<b>L 2065 Fund</b>	July 1, 2020	15.95%	17.78%	N/A	N/A
<b>L 2070 Fund</b>	July 26, 2024	N/A	N/A	N/A	N/A
<b>L 2075 Fund</b>	June 30, 2025	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.

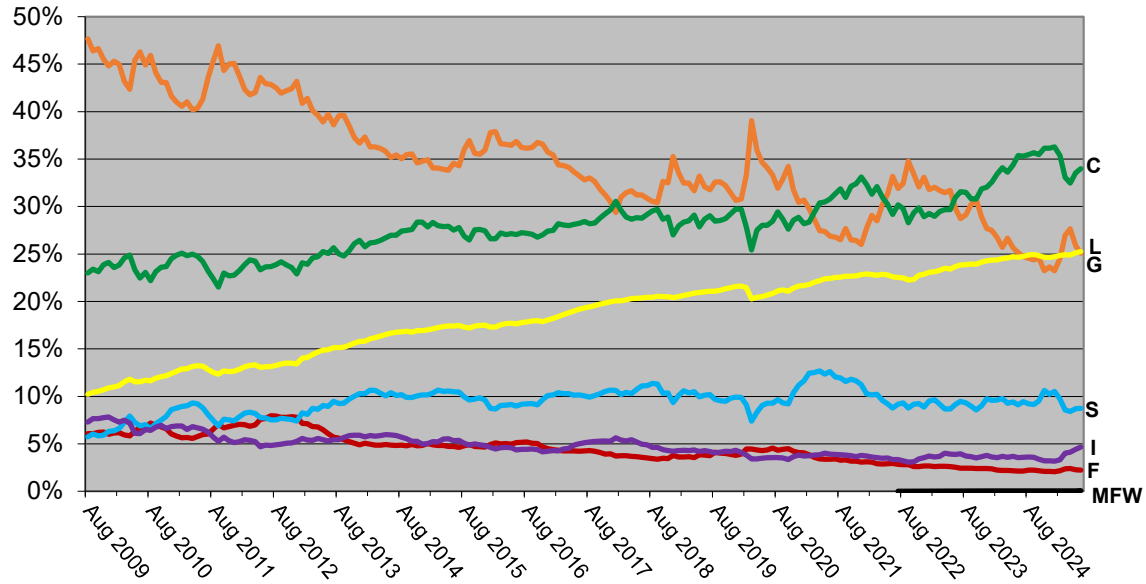


Net rates of return for the L Funds are shown below, along with comparable returns for the G, F, C, S, and I Funds.



## Asset Allocation

### Participant Asset Allocation History as of June 30, 2025

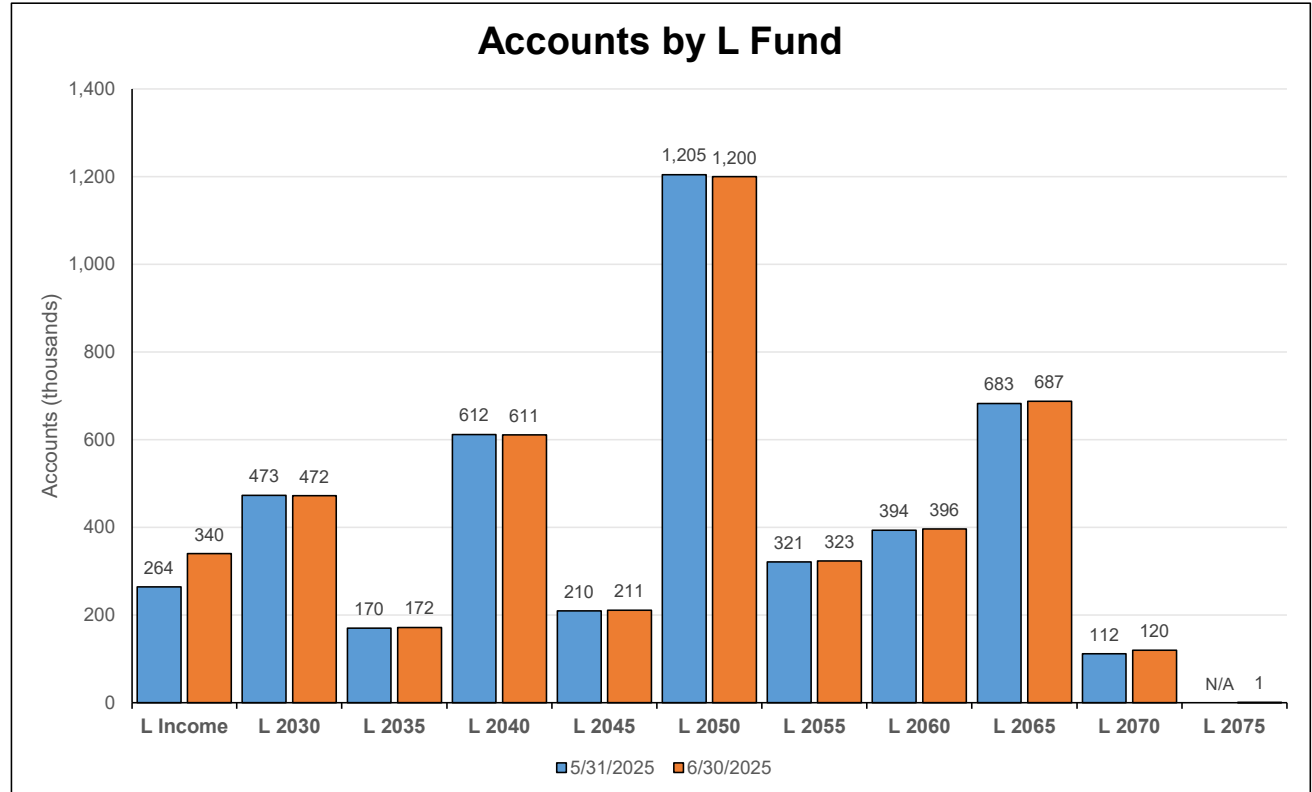
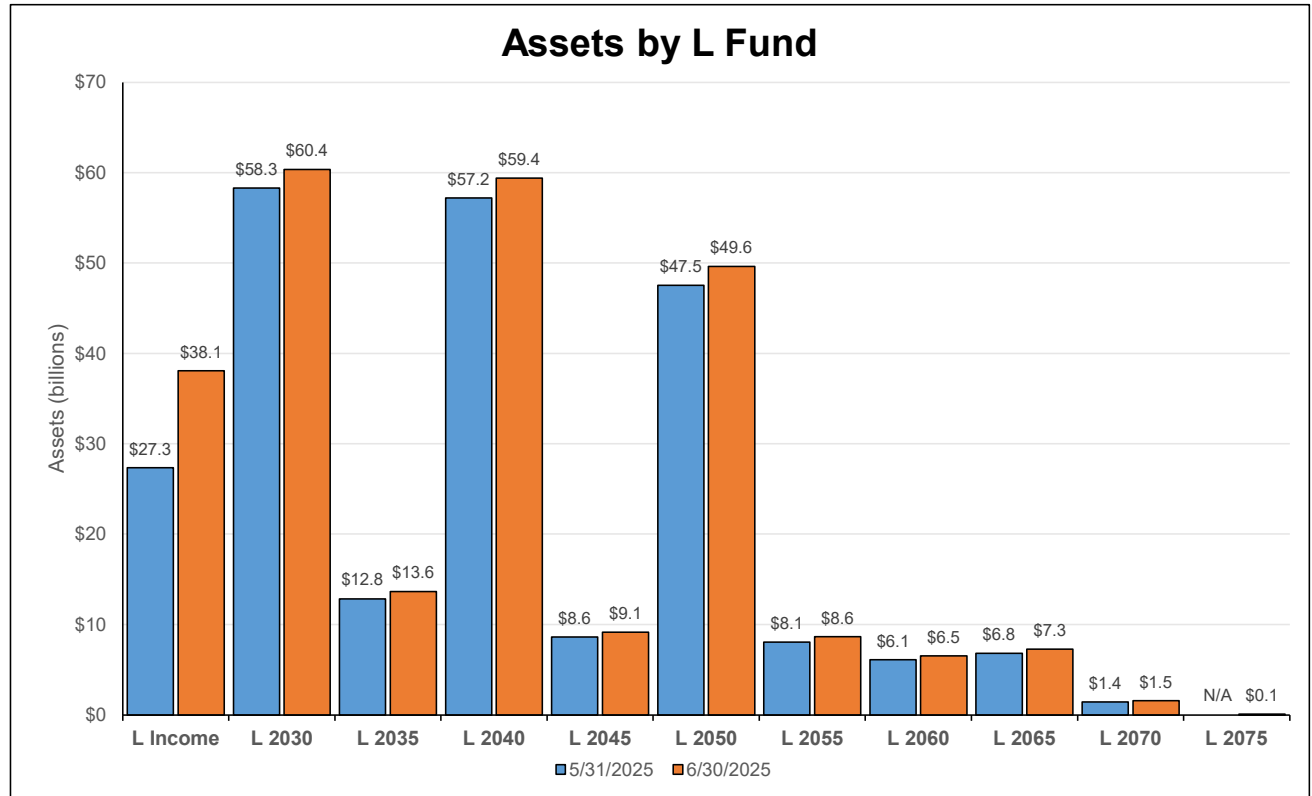


### Asset Allocation as of June 30, 2025

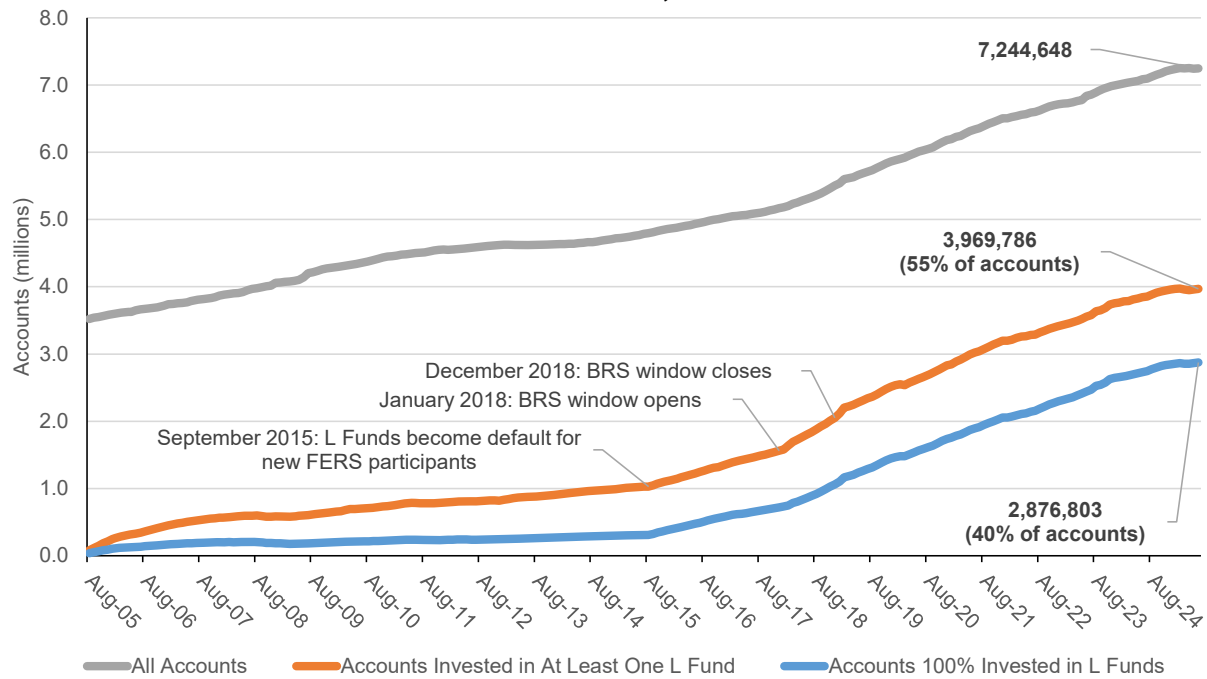
	<u>Participant Allocation</u>		<u>Individual TSP Funds</u>	
	<u>Assets (Billions)</u>	<u>Share of Total</u>	<u>Assets (Billions)</u>	<u>Share of Total</u>
<b>G Fund</b>	\$251.8	25.0%	\$321.7	32.0%
<b>F Fund</b>	\$22.4	2.2%	\$37.0	3.7%
<b>C Fund</b>	\$342.4	34.0%	\$430.8	42.8%
<b>S Fund</b>	\$88.0	8.7%	\$110.1	10.9%
<b>I Fund</b>	\$46.9	4.7%	\$106.2	10.5%
<b>L Funds</b>	\$254.3	25.2%	n/a	n/a
<b><u>MFW</u></b>	<u>\$0.6</u>	<u>0.1%</u>	<u>\$0.6</u>	<u>0.1%</u>
<b>Total</b>	\$1,006.5	100.0%	\$1,006.5	100.0%

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

## Lifecycle (L) Funds

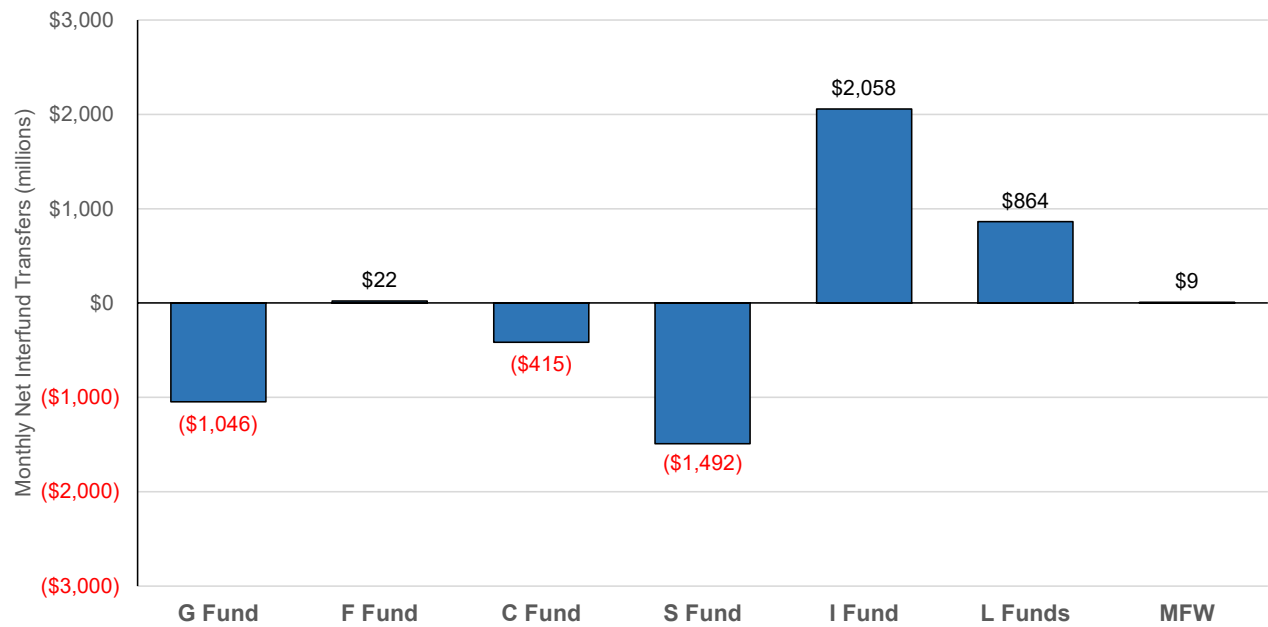


## Participation History of the L Funds as of June 30, 2025



## Interfund Transfer Activity

### Monthly Net Interfund Transfers June 2025



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



**PROXY VOTING – FIRST QUARTER 2025**

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

**CLASS ACTION SETTLEMENTS – FIRST QUARTER 2025**

BlackRock began the first quarter with 109 open claims. During the quarter, 18 claims were opened: 2 claims in the C Fund and 16 claims in the S Fund. Thirty claims were closed during the quarter. Two claims in the C Fund and 13 claims in the S Fund were closed due to administrator action. Four claims in the C Fund and 11 claims in the S Fund were settled for \$595,061 and \$1,889,219, respectively. One previously closed claim in the F Fund settled for \$981. One previously closed claim in the C Fund and eight previously closed claims in the S Fund yielded residual payments of \$18,114 and \$11,930, respectively, bringing total proceeds for the quarter to \$2,515,304. Ninety-seven claims remained open at the end of the quarter.

	<b><u>Open at Start of Quarter</u></b>	<b><u>Opened During Quarter</u></b>	<b><u>Closed During Quarter</u></b>	<b><u>Open Claims Outstanding</u></b>	<b><u>Total of Settled Claims in 2025</u></b>
F Fund	4	-	-	4	\$981
C Fund	30	2	6	26	\$613,174
S Fund	72	16	24	64	\$1,901,148
I Fund	3	-	-	3	\$0
Total	109	18	30	97	\$2,515,304

State Street began the first quarter with 49 open claims. One claim was opened in the C Fund and 11 claims were opened in the S Fund. Ten claims in the S Fund were closed due to administrator action. One claim in the S Fund was settled for \$417,513. Fifty claims remained open at the end of the quarter.

	<b><u>Open at Start of Quarter</u></b>	<b><u>Opened During Quarter</u></b>	<b><u>Closed During Quarter</u></b>	<b><u>Open Claims Outstanding</u></b>	<b><u>Total of Settled Claims in 2025</u></b>
F Fund	-	-	-	-	\$0
C Fund	5	1	-	6	\$0
S Fund	44	11	11	44	\$417,513
I Fund	-	-	-	-	\$0
Total	49	12	11	50	\$417,513

**ATTACHMENTS**

Attachment 1: Audit Report on BlackRock's Proxy Voting in the First Quarter of 2025

Attachment 2: Audit Report on State Street's Proxy Voting in the First Quarter of 2025