



# **Federal Retirement Thrift Investment Board Thrift Savings Plan**

**March 25, 2025**

# BlackRock Overview

# Who & how we serve

BlackRock's purpose is to help more and more people experience financial well-being. This starts by working alongside plan sponsors, advisors, consultants, insurers and recordkeepers to make it easier for individuals to invest in resilient retirement plans.

## BlackRock's Purpose

We help more and more people experience financial well-being

**57%**

of the Fortune 100 companies trust our products and services to help their participants' save<sup>1</sup>

**\$1.6T**

defined contribution (DC) assets under management, making BlackRock the largest U.S. DC investment only provider.<sup>2</sup>

**70,000+**

defined contribution plans in the U.S. entrust us with their participants' retirement futures, reaching over 40M participants<sup>3</sup>

**~100**

dedicated retirement professionals across U.S. and Canada to help participants achieve their retirement goals

## A global perspective:

- 53% of our global client assets are related to retirement<sup>4</sup>
- 9 countries with our flagship LifePath® target date strategies available

1. Represents the number of organizations in [Fortune's list of largest 100 companies](#) (2022) that have a BlackRock investment product (9/30/24) in their DC plan.
2. BlackRock assets represent US & Canada DC as of 6/30/2024; [2023 PLANADVISER DCIO Survey](#). Represents US DCIO managers, by assets (as of 9/30/24).
3. Represents the estimated number of participants (active and retired) with access to BlackRock investment products through their US DC plan. The 401(k) and 403(b) active plan participant count is sourced from ISS Market Intelligence – BrightScope (as of 12/31/21 or plan's latest filed Form 5500). State Government DC Plan participant counts are based on total current state employees (Census Annual Survey) where the state plan is known to hold a BLK product in their DC plan. Local Government DC Plan participants counts are estimated based on total current local government employees (Census Annual Survey), adjusted to align with BlackRock's current AUM market share of the US DC industry. The Federal Government's TSP participant count is sourced from their public December 2024 meeting notes. Retiree participant count is estimated based on the population 65+ (Census quick facts), with access to a DC plan (CRS 2021 Report) that stays in plan (Cerulli "US Retirement End Investor Report 2022), adjusted to align with BlackRock's current AUM market share of the US DC industry.
4. As of 12/31/24

# A platform for the whole portfolio

Our investment platform provides clients with access to solutions across the entire risk and return spectrum, all informed by global expertise and powered by our Aladdin® technology.

## Investment solutions designed to address every client need

**Active  
Equities**  
\$467bn

**Active Fixed  
Income**  
\$1,134bn

**Cash  
Management**  
\$921bn

**Multi-Asset**  
\$993bn

**Alternatives**  
\$422bn

**iShares® &  
Index**  
\$7,615bn

## Investment teams directly benefit from firm-wide resources

**BlackRock  
Capital Markets**

**BlackRock  
Investment Institute**

**BlackRock Investment  
Stewardship**

**Risk &  
Quantitative Analysis**

**Aladdin®, Data &  
Technology**

**Global Capital  
Markets**

**Public Policy**

**Transition Management**

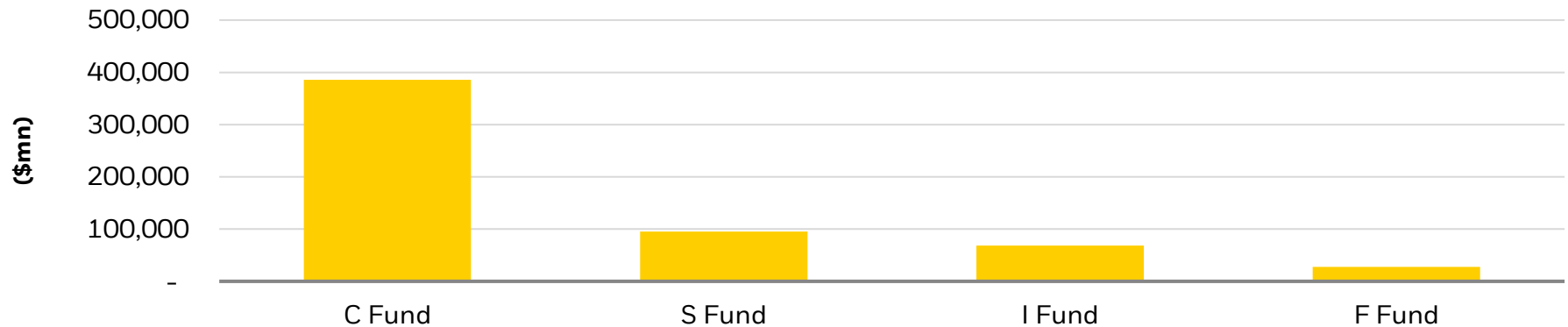
**Securities  
Lending**

Source: BlackRock. Assets under management as of December 31, 2024. All figures are represented in USD. Alternatives AUM may include committed capital, in addition to invested capital, which remains subject to drawdown.

# **C, S, I, and F Funds Summary**

# Thrift Savings Plan – assets under management

Participants' AUM (\$) as of December 31, 2024



Funds	Benchmark	AUM (\$) as of December 31, 2024
C Fund	S&P 500® Index	385,990,729,709.41
S Fund	Dow Jones U.S. Completion Total Stock Market Index	95,309,040,417.74
I Fund	MSCI ACWI IMI ex USA ex China ex Hong Kong Index	68,688,049,466.84
F Fund	Bloomberg U.S. Aggregate Bond Index	27,562,595,929.81
<b>Total</b>		577,550,415,523.80

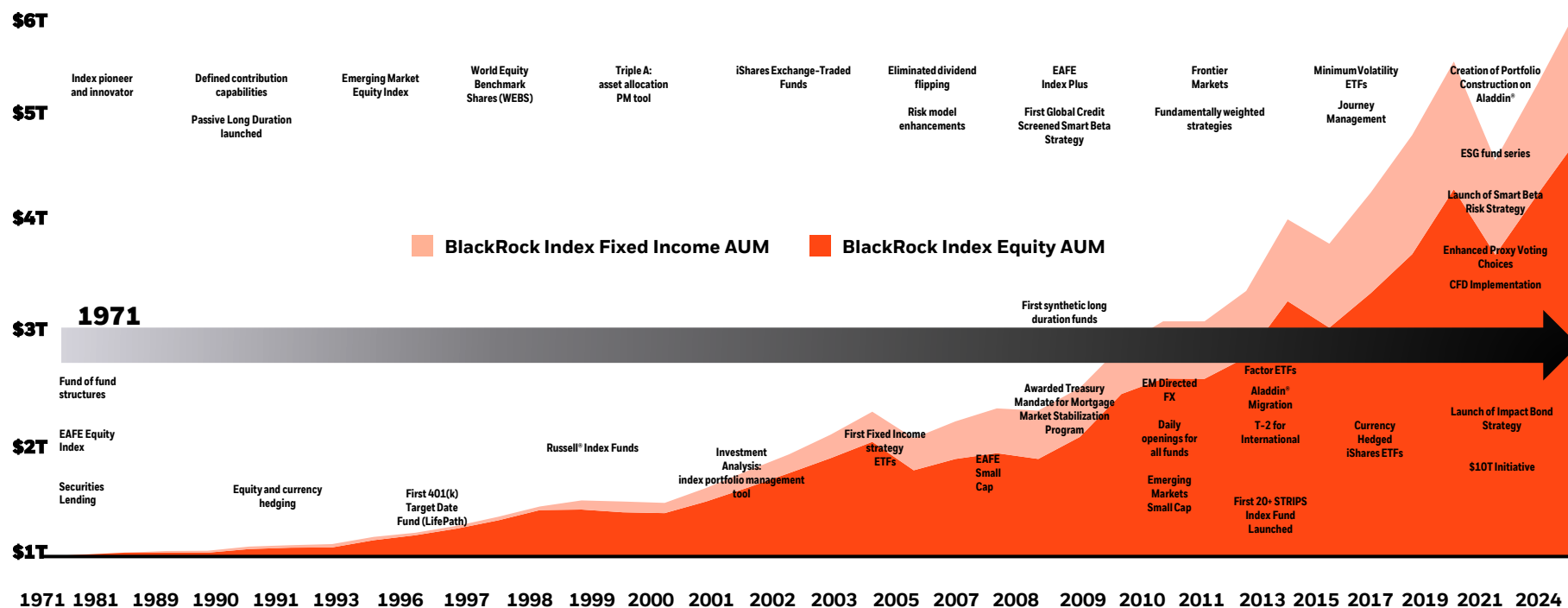
# **Index Equity (C, S, and I Funds)**

# Over 50 years of experience driving index forward

## Creating solutions so our clients have access to high quality index exposures

- Drive the industry forward through our ability to create specialized, innovative investments afforded by our scale & depth of expertise
- Forge new ground for clients
- Evolve capabilities to continuously deliver on emerging trends – smart beta, global benchmarking, overlay strategies
- Serve as an index advocate on behalf of asset owners and act a key partner to index providers seeking our practitioner knowledge

## Over 50 years of Index Equity – Continual evolution of products, technology and capabilities



AUM as of December 31, 2024



# Focus on efficient performance outcomes

## Supported by proprietary Aladdin® technology

- BlackRock's disciplined index portfolio management is focused on optimally balancing return, risk and cost in seeking to deliver effective outcomes to clients
- Our portfolio managers specialize in financial markets, supported by BlackRock's extensive global trading platform and market leading analytics, to provide a high-quality index experience



### What is Aladdin® ?

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- A sophisticated operating system that connects information, people and technology to support the entire investment lifecycle

### Aladdin® helps solve investing challenges:

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- Technology does the 'heavy-lifting', enabling portfolio managers to focus on key drivers affecting portfolio return
- Offers process scalability and efficiency
- Includes consistency across product types and functions

Source: BlackRock. Investment process is shown for illustrative purposes only and is subject to change

# Index Investment Management Cycle – dedicated expertise and resources

## Performance & Oversight

- Review cumulative effect of investment decisions to help identify factors contributing to/detracting from portfolio performance
- Risk & Quantitative Analysis Team (RQA) monitors dozens of risk factors globally on a continuous basis
- **Aladdin® Platform Advantage:** Portfolio Management tools are integrated on the same platform as risk monitoring tools, making it easy for RQA to provide a third-party risk assessment on portfolios

## Efficient Trading

- Global trading infrastructure allows for real time oversight of all index equity trades in all regions
- Smart trading strategies are designed to access optimal liquidity
- One of the industry's largest internal marketplace for potential netting of client flows
- Focused trading research and systems
- **Aladdin® Platform Advantage:** Extensive global trading platform helps ensure low costs and optimal access to liquidity

## Benchmark Knowledge

- Detailed knowledge of index methodologies
- Experience with predicting and projecting index changes
- Focused on optimal treatment of corporate actions
- Continual research into index events
- **Aladdin® Platform Advantage:** Proprietary Aladdin® 'Index Pro' application makes analyzing benchmark changes a clean and efficient process

## Portfolio Construction

- Significant investment in technology
- Market leading portfolio and risk tools provided by our Aladdin® platform
- Integrated cost, risk, and liquidity analysis
- Access to sophisticated optimization tools
- **Aladdin® Platform Advantage:** Custom 'Portfolio Construction' application built by our Portfolio Management Team designed specially for index management



Source: BlackRock. Investment process is shown for illustrative purposes only and is subject to change

# Thrift Savings Plan – performance

Performance relative to benchmarks – as of December 31, 2024

Gross of fee returns\* (%)

■ 1 Year Fund Return

■ 1 Year Benchmark Return

■ Since Inception Fund Return

■ Since Inception Benchmark Return



\*Fund returns are unaudited, annualized, assume reinvestment of dividends, and are gross of investment management fees. Deduction of fees will reduce return.

A DC Fund's performance may differ from that of its benchmark for various reasons, including, but not limited to, investment strategy and/or, in the case of an index fund, equitization of cash (e.g., by investing in futures or other instruments that serve as a proxy for index exposure). A DC Fund's performance may differ from the performance of its benchmark more dramatically than a fund offered only to defined benefit plan investors due to several factors that are specific to funds sold to DC plan investors, including but not limited to Fair Value Pricing. In the event that current market valuations are not readily available or such valuations do not reflect current market values, the affected investments will be valued using fair values determined in good faith. The frequency with which the fund's investments are valued using fair values is primarily a function of the types of securities and other assets in which the fund invests pursuant to its investment objective, strategies and limitations. Fair values may differ from closing prices, which are the prices on which index performance is based. Consequently, valuing the fund's investments using fair values ("fair values") may result in a difference between the fund's performance (based on the value of the fund's investments) and the performance of the underlying index (based on closing prices). Note, some items may not sum due to rounding.

Since Inception dates: C Fund – 4/30/1988; S Fund – 5/2/2001; I Fund – 5/2/2001; F Fund – 4/30/1988

Benchmarks: C Fund (S&P 500 Index), S Fund (Dow Jones U.S. Completion Total Stock Market Index), I Fund (MSCI ACWI IMI ex USA ex China ex Hong Kong Index), F Fund (Bloomberg U.S. Aggregate Bond Index)

**Past performance is no guarantee of future results**

As of December 31, 2024; Source: BlackRock

# Thrift Savings Plan – 1 year performance attribution

	C Fund	S Fund	I Fund	F Fund
1 Year Fund Return	25.00	16.98	4.33	1.36
1 Year Benchmark Return	25.02	16.88	4.50	1.25
<b>Tracking Difference</b>	<b>-0.02</b>	<b>0.10</b>	<b>-0.17</b>	<b>0.11</b>
Attribution Summary	Security Sampling Futures / Cash	Securities Lending Litigation Income Security Sampling Futures / Cash	Fair Value Pricing Security Sampling Tax Advantage Futures / Cash	Difference in Timing of Pricing Before Market Holiday Securities Lending

Gross of fee returns (%) as of December 31, 2024

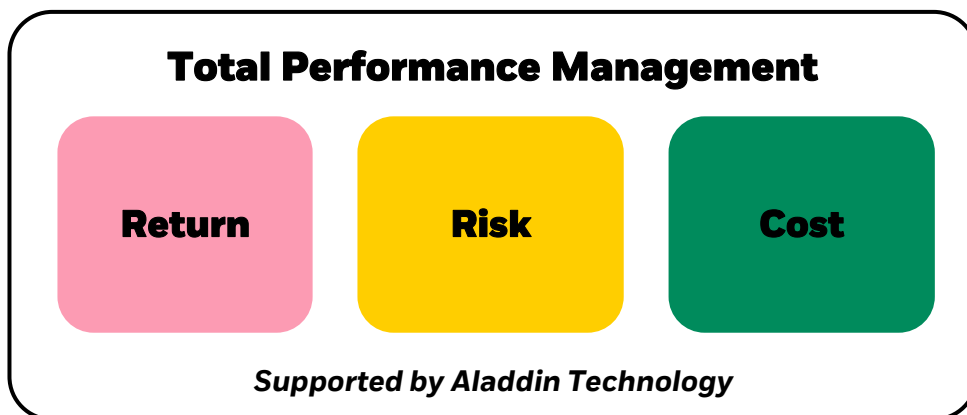
**Fixed Income Index (F Fund)**

# Philosophy

## Total performance management supported by proprietary Aladdin® technology

Superior investment outcomes may be best achieved through a disciplined, objective process for managing return, risk and cost

- **Return** — Performance as planned with value-added portfolio management
- **Risk** — Proprietary portfolio & risk management system helps manage investment and operational risk
- **Cost** — Trading cost integrated into portfolio construction using proprietary transaction cost models



### What is Aladdin® ?

- A sophisticated financial technology platform that connects information, people and technology to support the entire investment lifecycle

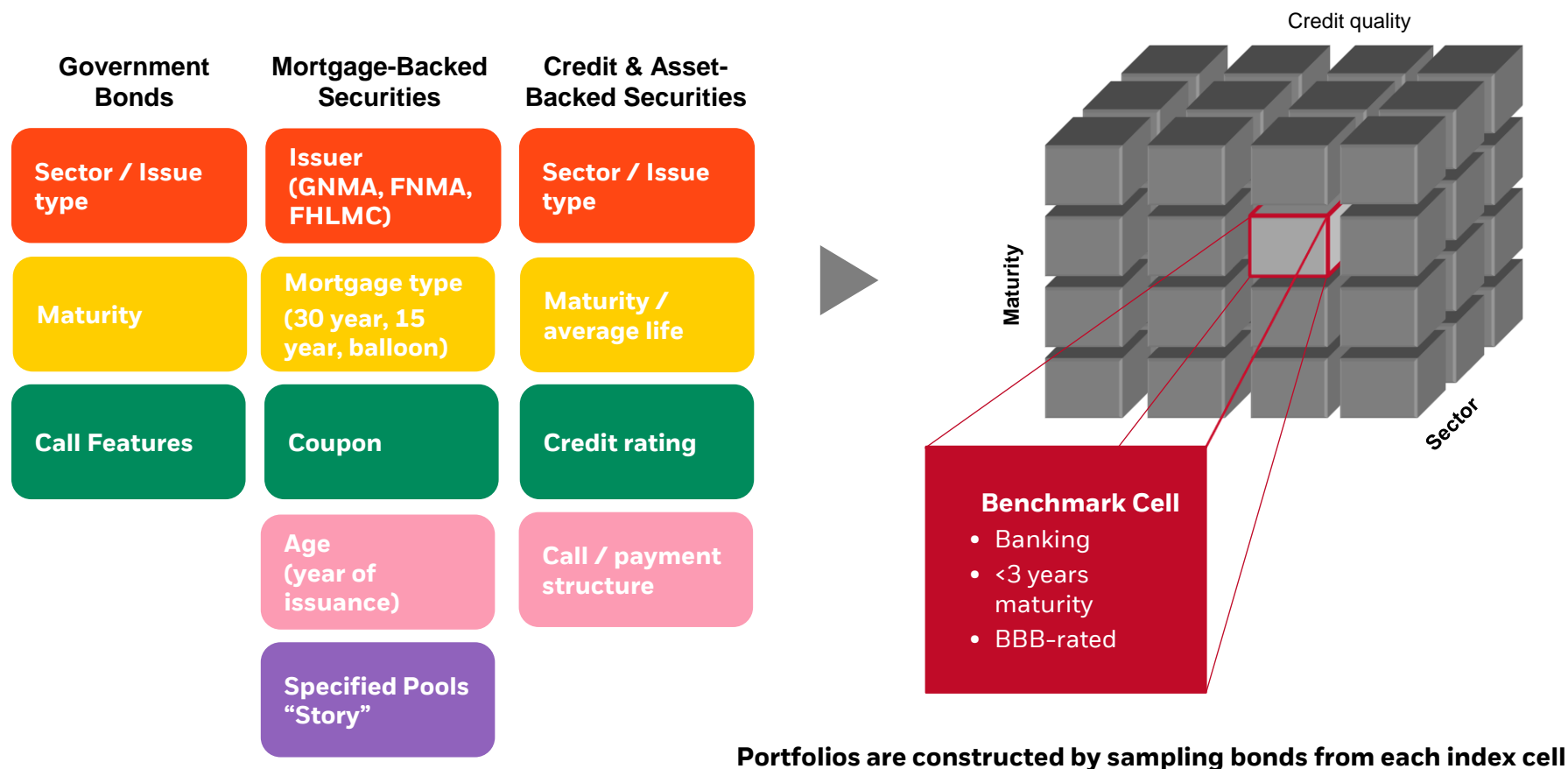
### Aladdin® can help solve investing challenges:

- Technology does the 'heavy-lifting', enabling portfolio managers to focus on key drivers affecting portfolio return
- Offers process scalability and efficiency
- Includes consistency across product types and functions

Source: BlackRock as of 31 December 2024. Investment process is shown for illustrative purposes only and is subject to change.

# Portfolio Construction

**Stratified sampling: Dividing the various indexes into subsets (cells) based upon relative parameters**



Source: BlackRock as of 31 December 2024. Investment process is shown for illustrative purposes only and is subject to change.

# Thrift Savings Plan – performance

Performance relative to benchmarks – as of December 31, 2024

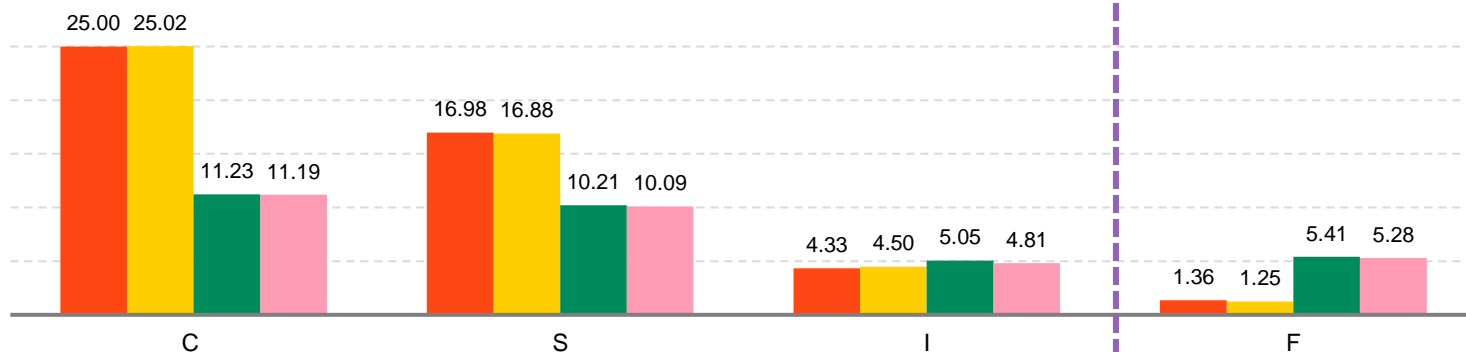
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■ Since Inception Fund Return

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Since Inception Fund Return	11.23	10.21	5.05	5.41
Since Inception Benchmark Return	11.19	10.09	4.81	5.28
<b>Tracking Difference</b>	<b>0.04</b>	<b>0.12</b>	<b>0.24</b>	<b>0.13</b>

\*Fund returns are unaudited, annualized, assume reinvestment of dividends, and are gross of investment management fees. Deduction of fees will reduce return.

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Gross of fee returns (%) as of December 31, 2024

# Securities Lending

# What is Securities Lending?

Securities Lending is a well-established practice whereby an asset owner makes short-term loans of stocks or bonds to unlock additional value from a portfolio



## Lending Market

Long established, heavily regulated OTC market

More than \$2.5 trillion of assets on loan on an average day\*



## Potential Benefits

Incremental portfolio returns

Can provide significant offset to investment management fees

Lower custodial fees and transaction costs



## Risk

Counterparty credit risk due to a borrower default

Potential for loss in the value of reinvested cash collateral

\*Source: S&P Global Securities Finance as of 31 December 2024  
Past performance is no guarantee of future results.

# BlackRock's Securities Lending Program Initiatives

## Trading Research



### Partner with Data Science, AI and Alpha Generation research and technology teams

- ✓ Continue to evolve proprietary research models; develop systematic signal delivery for real time trading insights
- ✓ Use AI and advanced analytics in electronic and high-touch trading decisions (pricing, allocation, predictive models)
- ✓ Further expansion of multivariable model research

## Platform & Technology



### New Trading Functionality

- ✓ IT development to increase e-trading volumes

### Re-architecture of Core Lending Technology

- ✓ Support growing asset base and flexibility in trade structures
- ✓ Enhanced data analytics and client reporting tools

### Operational Efficiency

- ✓ Scale in pre and post-trade functionality
- ✓ Enhancements in data visualization and benchmarking tools

### In Business Engineering

## Market & Regulatory



### Engagement with industry bodies and regulators

- ✓ SEC rule 10c-1
- ✓ SEC rule 2a-7 reform
- ✓ T+1 settlement in US, MX, and CA
- ✓ BASEL III

### Expansion to new markets

- ✓ Early-stage exploration with Saudi Arabia

### Counterparty Balance Sheet Optimization

\*Source: S&P Global Securities Finance as of 31 December 2024  
Past performance is no guarantee of future results.

# 2024 Securities Lending Fund Performance for Federal Retirement Thrift Investment Board

## C Fund

- Demand in the U.S. large cap equity market was primarily focused on the Industrials, Materials, and Information Technology sectors. There were attractive lending opportunities in construction and specialty chemical securities.
- Overall lending yield remained low due to a narrow set of hard-to-borrow securities and an unattractive cash reinvestment environment.

## S Fund

- Demand was driven by a mix of securities in the Communications Services, Healthcare, and Industrial sectors, with notable opportunities in Cable & Satellite, biotechnology, and electric vehicle stocks.
- In contrast to previous years, there were limited corporate action events over the period, resulting in fewer opportunities to generate securities lending income.
- Consistent with previous years, the S Fund was the largest source of securities lending income given higher demand to borrow small cap equity securities.

## I Fund

- Consistent with previous years, France was the most attractive developed equity market outside the U.S., although with the additional of emerging markets, was no longer responsible for the majority of lending income in the fund.
- The I Fund's benchmark change added Canadian and emerging market securities throughout 2024. These added significant lending opportunity, particularly from various Asian markets.
- Borrower demand was primarily focused on securities from the Energy, Industrials, and Information Technology sectors, with high tech manufacturing and semiconductor related securities being noteworthy.

Source: BlackRock as of 12/31/2024

The above is a summary of the Securities Lending Fund performance for Federal Retirement Thrift Investment Board from January to December 2024. Past performance does not guarantee future results.

# 2024 Securities Lending Fund Performance for Federal Retirement Thrift Investment Board (cont.)

## F Fund

- The vast majority of lending revenue over the period came from the investment grade credit space. The Industrial, Financial, and Consumer Discretionary sectors saw the most borrowing demand.
- There were minimal opportunities in the U.S. Treasury space in 2024 due to an unattractive cash reinvestment environment and limited cases of hard-to-borrow activity throughout the year.

Source: BlackRock as of 12/31/2024

The above is a summary of the Securities Lending Fund performance for Federal Retirement Thrift Investment Board from January to December 2024. **Past performance does not guarantee future results.**

# Appendix

# Important notes

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### Securities Lending Returns

BlackRock retains a portion of securities lending returns in exchange for managing the program. This fee reflects risk management, as well as the technology and personnel costs of maintaining the lending platform. In addition, BlackRock receives a fee for the management of cash collateral. Actual lending yields and fees for strategies represented may vary. Please note, other administrative costs, including but not limited to, accounting, custody and audit fees, may vary. Investors may receive 50% of securities lending returns and BlackRock retains 50%, except in cases where a client may negotiate a different compensation arrangement. BlackRock may negotiate different securities lending compensation arrangements with our clients depending on a variety of factors, including, but not limited to, the nature and size of the investment and the overall relationship with, and services delivered to, a particular client. Asset spread income is defined as the interest income earned in cash reinvestment funds on collateral balances less the Federal Funds Open Rate until September 14, 2016 and the Overnight Bank Funding Rate beginning September 15, 2016. Liability spread income is defined as the difference between the Federal Funds Open Rate until September 14, 2016 and the Overnight Bank Funding Rate beginning September 15, 2016, versus the rebate rate negotiated with the borrower.

### Forward Looking Information

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# Important notes (cont.)

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## Risk

Securities lending involves exposure to certain risks, including cash collateral investment risk (i.e., risk that cash collateral investments, whether in Cash Collateral Funds or otherwise, may not achieve their investment objective, including suffering realized or unrealized loss due to investment performance), “gap” risk (i.e., risk that the return on cash collateral investments is insufficient to pay the rebate fees the Lending Fund or Lending Account has committed to pay to borrowers), liquidity risk (i.e., risk that the cash collateral is invested, directly or through the Cash Collateral Funds, in securities and other instruments that are less liquid than the Lending Fund or Lending Account, which could limit the liquidity available to the Lending Fund or Lending Account for ordinary course transactions), operational risk (i.e., risk of losses resulting from problems in the settlement and accounting process), foreign exchange risk (i.e., risk of a shortfall at default when a cash collateral investment is denominated in a currency other than the currency of the assets being loaned due to movements in foreign exchange rates), and credit, legal, counterparty and market risks. At any particular point in time, investments in the Cash Collateral Funds could comprise a material portion of a Lending Fund’s assets.

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