



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: October 28, 2025

SUBJECT: September 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.

***September 2025 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>International</u></b>
		<b><u>(F Fund)</u></b>	<b><u>(C Fund)</u></b>	<b><u>(S Fund)</u></b>	<b><u>(I Fund)</u></b>
<b>Return</b>	<b>Index</b>	1.09%	3.65%	2.04%	2.87%
	<b>BlackRock</b>	1.09%	3.65%	2.05%	3.23%
	<b>State Street</b>	1.09%	3.65%	2.04%	2.89%
	<b>TSP Fund (Net)</b>	1.09%	3.65%	2.04%	3.16%
<b>Benchmark Difference</b>	<b>BlackRock</b>	0.00%	0.00%	0.01%	0.36%
	<b>State Street</b>	0.00%	0.00%	0.00%	0.01%
	<b>TSP Fund</b>	0.00%	0.00%	0.00%	0.29%

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 36 basis points, primarily due to fair value pricing.

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

## 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>	6.13%	14.83%	11.18%	24.52%
	<b>BlackRock</b>	6.16%	14.83%	11.19%	25.44%
	<b>State Street</b>	6.18%	14.83%	11.27%	25.13%
	<b>TSP Fund (Net)</b>	6.14%	14.80%	11.18%	25.34%
<b>Benchmark Difference</b>	<b>BlackRock</b>	0.03%	-0.01%	0.01%	0.92%
	<b>State Street</b>	0.04%	0.00%	0.09%	0.62%
	<b>TSP Fund</b>	0.00%	-0.03%	0.00%	0.82%

Year-to-date, BlackRock's performance for the F Fund was ahead of the Fixed Income Index by 3 basis points, primarily due to securities sampling. Its performance for the 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 92 basis points, primarily due to tax advantage and fair value pricing.

Year-to-date, State Street's performance for the F Fund was ahead of the Fixed Income Index's return by 4 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 9 basis points, primarily due to securities sampling and securities lending. For the I Fund, State Street was ahead of the International Index by 62 basis points, primarily due to tax advantage and fair value pricing.

**Annualized Net Returns as of September 30, 2025**

	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>
<b>G Fund</b>	4.44%	4.34%	3.30%	2.71%

	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>
<b>F Fund</b>	2.90%	4.92%	-0.36%	1.95%
<b>Bloomberg US Agg Bond Index</b>	2.88%	4.93%	-0.45%	1.84%
<b>Benchmark Difference</b>	0.01%	-0.01%	0.09%	0.11%

	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>
<b>C Fund</b>	17.55%	24.88%	16.43%	15.28%
<b>S&amp;P 500 Index</b>	17.60%	24.94%	16.47%	15.30%
<b>Benchmark Difference</b>	-0.05%	-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>	16.41%	19.64%	11.48%	11.38%
<b>Dow Jones US Completion TSM Index</b>	16.43%	19.50%	11.30%	11.19%
<b>Benchmark Difference</b>	-0.02%	0.14%	0.18%	0.19%

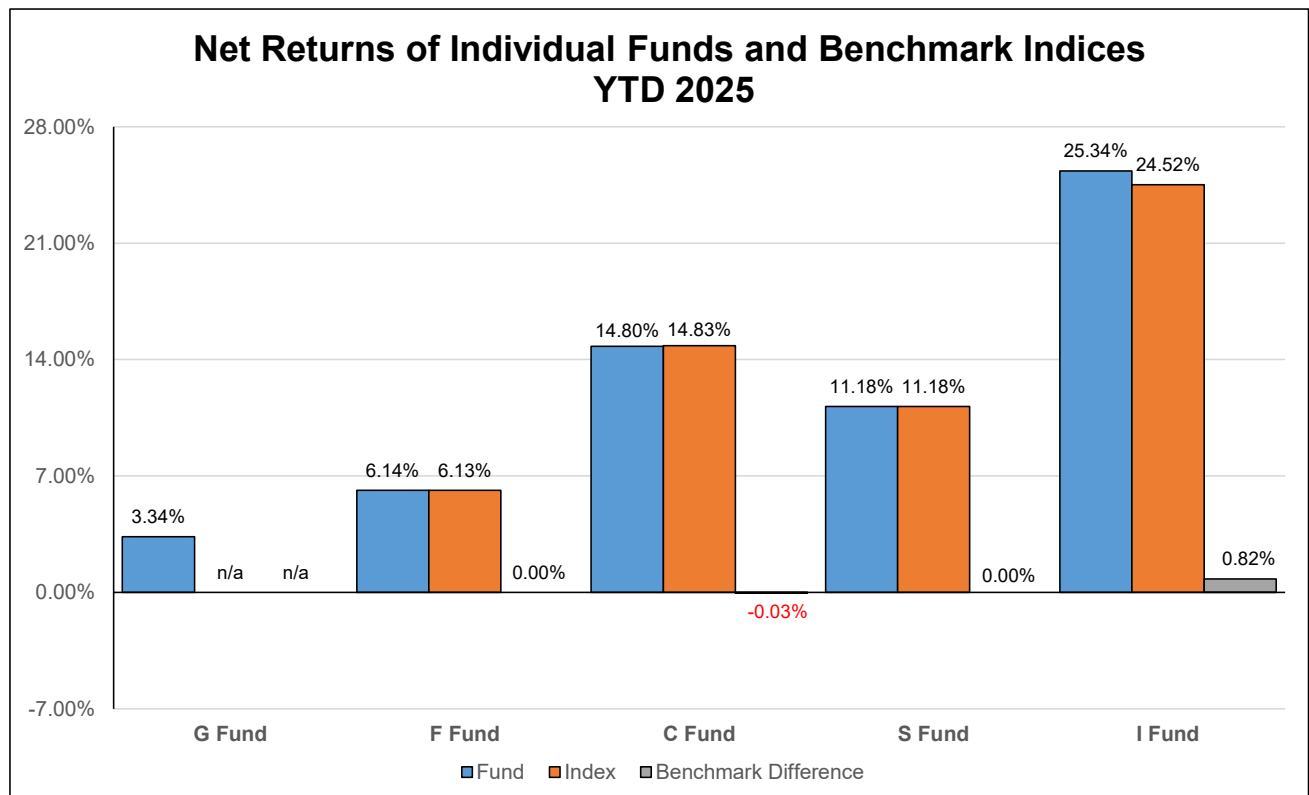
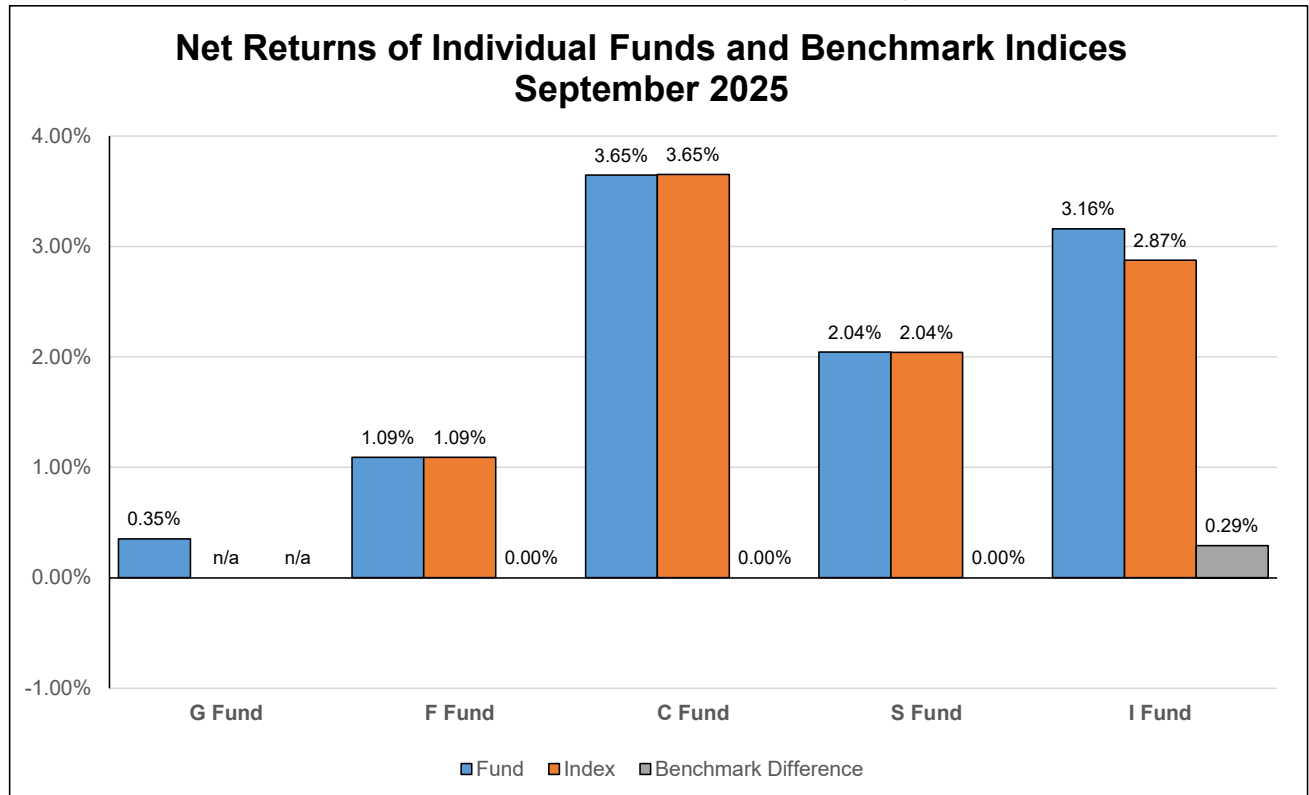
	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>
<b>I Fund</b>	15.48%	22.32%	11.49%	8.53%
<b>International Index*</b>	15.07%	21.65%	11.12%	8.15%
<b>Benchmark Difference</b>	0.41%	0.67%	0.37%	0.37%

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

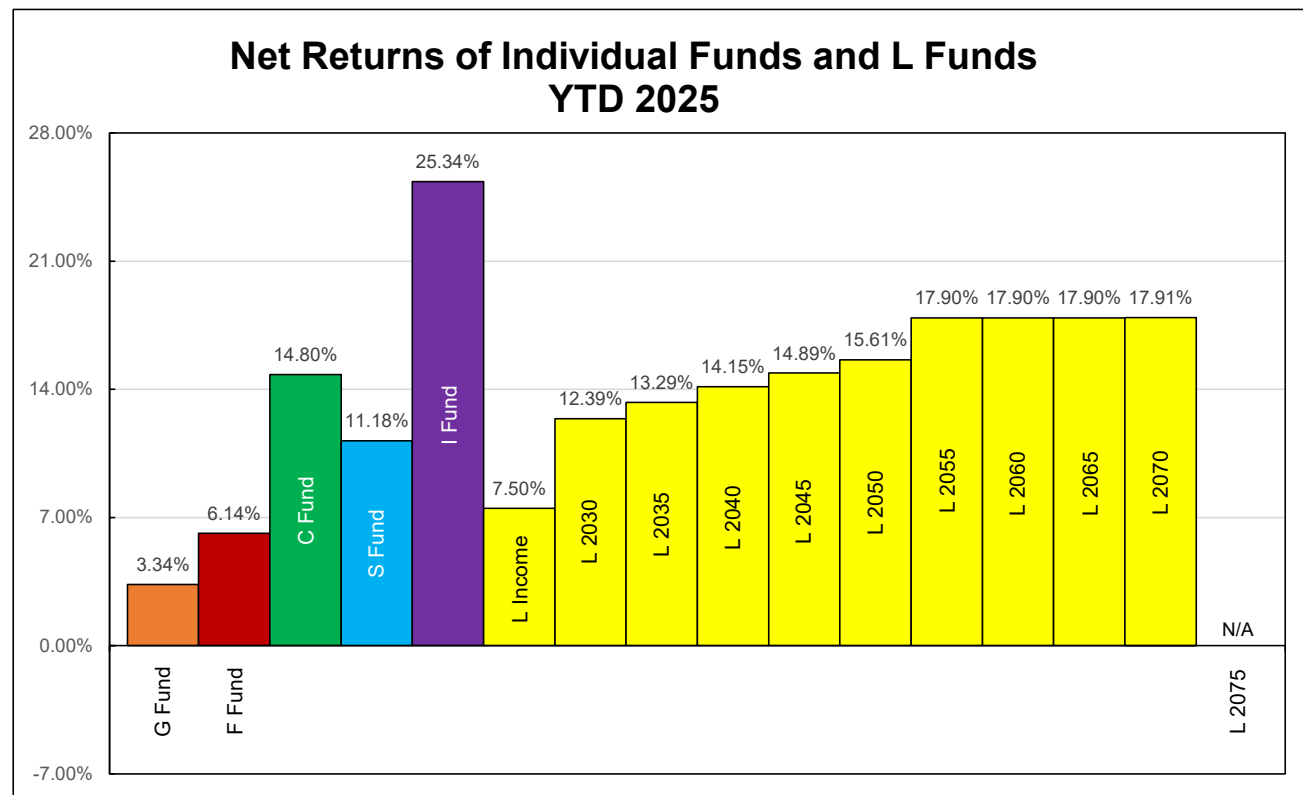
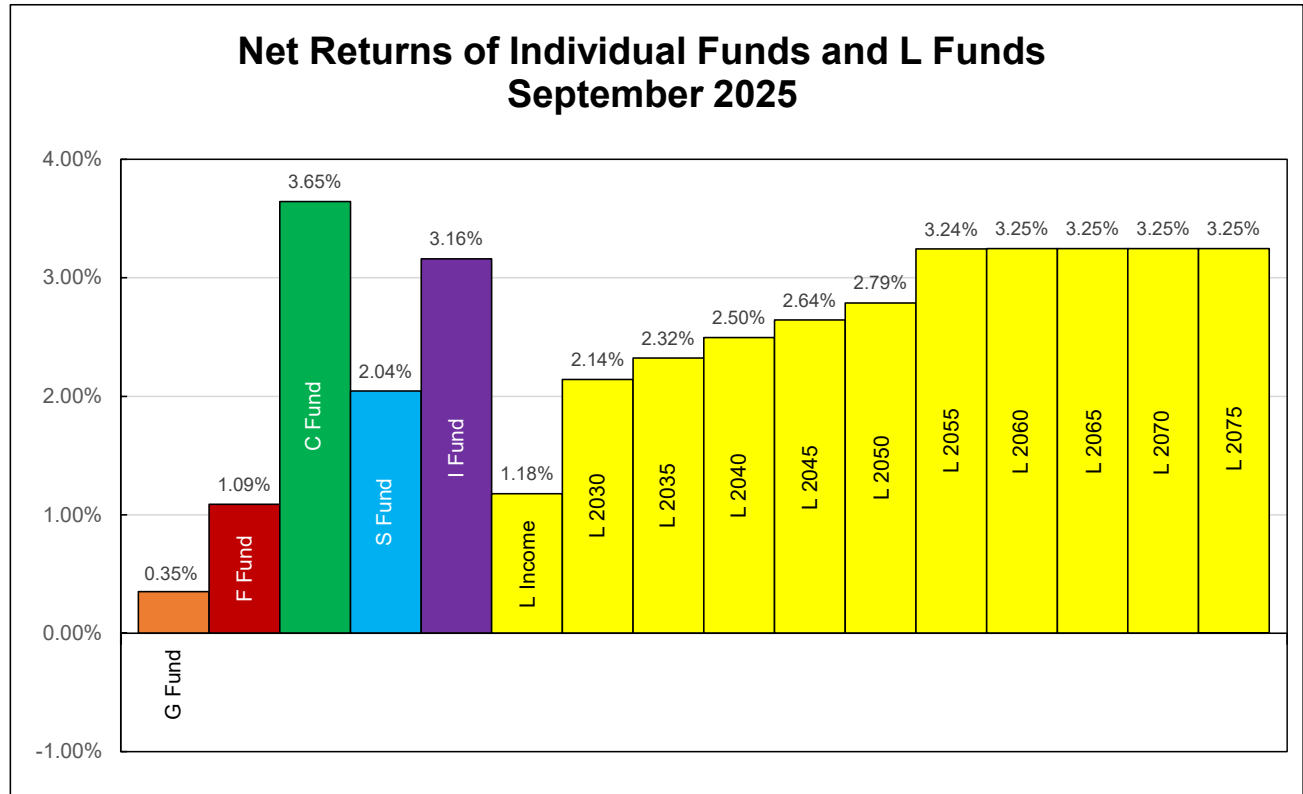
	<b>Inception Date</b>	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>
<b>L Income Fund</b>	August 1, 2005	7.85%	9.20%	5.96%	5.08%
<b>L 2030 Fund</b>	August 1, 2005	12.00%	15.82%	9.84%	8.90%
<b>L 2035 Fund</b>	July 1, 2020	12.71%	16.94%	10.43%	N/A
<b>L 2040 Fund</b>	August 1, 2005	13.41%	18.06%	11.03%	9.96%
<b>L 2045 Fund</b>	July 1, 2020	14.01%	19.01%	11.52%	N/A
<b>L 2050 Fund</b>	January 31, 2011	14.61%	19.97%	12.04%	10.88%
<b>L 2055 Fund</b>	July 1, 2020	16.77%	23.26%	14.09%	N/A
<b>L 2060 Fund</b>	July 1, 2020	16.76%	23.26%	14.08%	N/A
<b>L 2065 Fund</b>	July 1, 2020	16.76%	23.26%	14.08%	N/A
<b>L 2070 Fund</b>	July 26, 2024	16.77%	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.

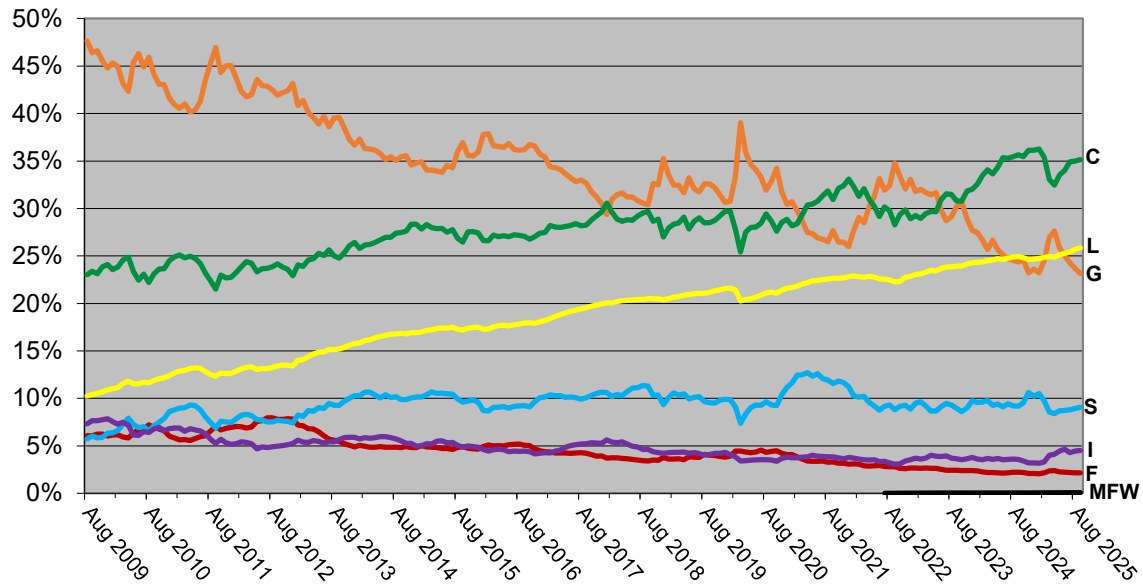


Net rates of return for the L Funds are shown below, along with comparable returns for the G, F, C, S, and I Funds.



## Asset Allocation

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

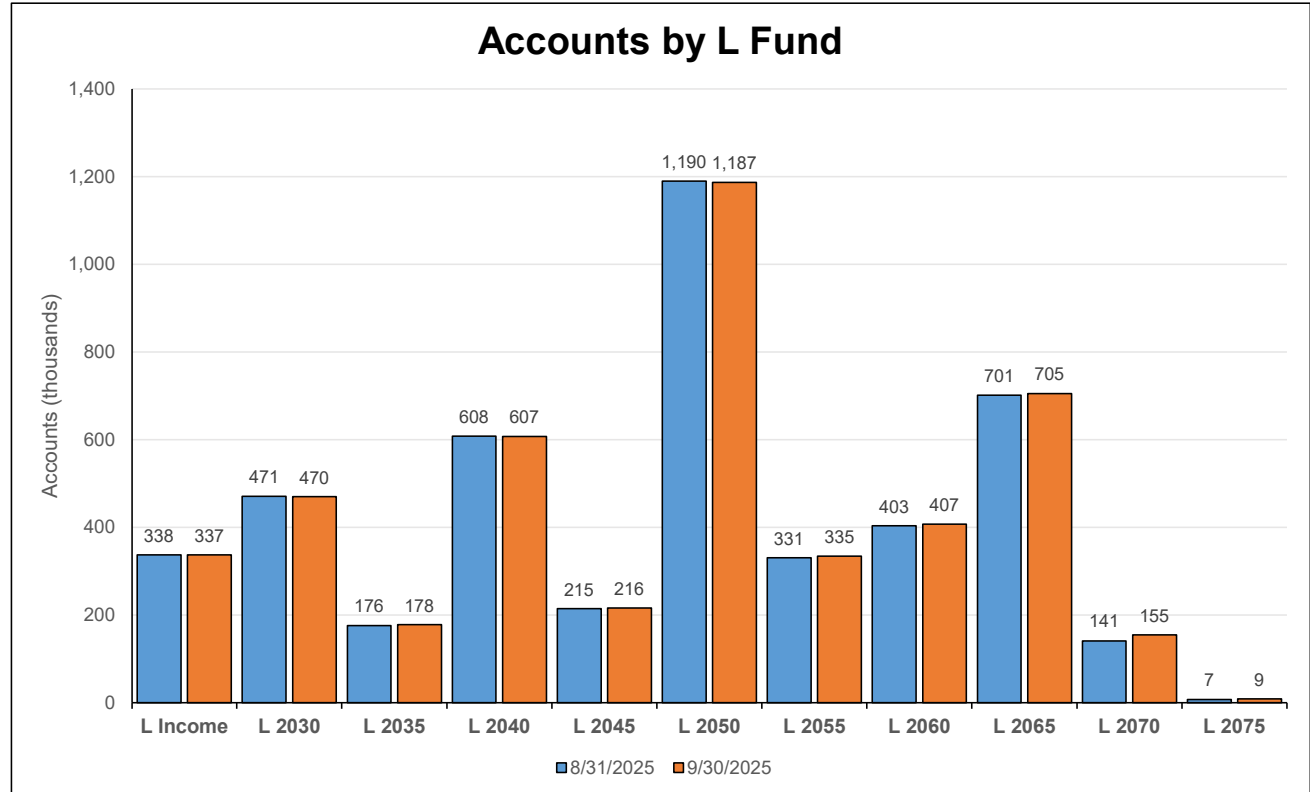
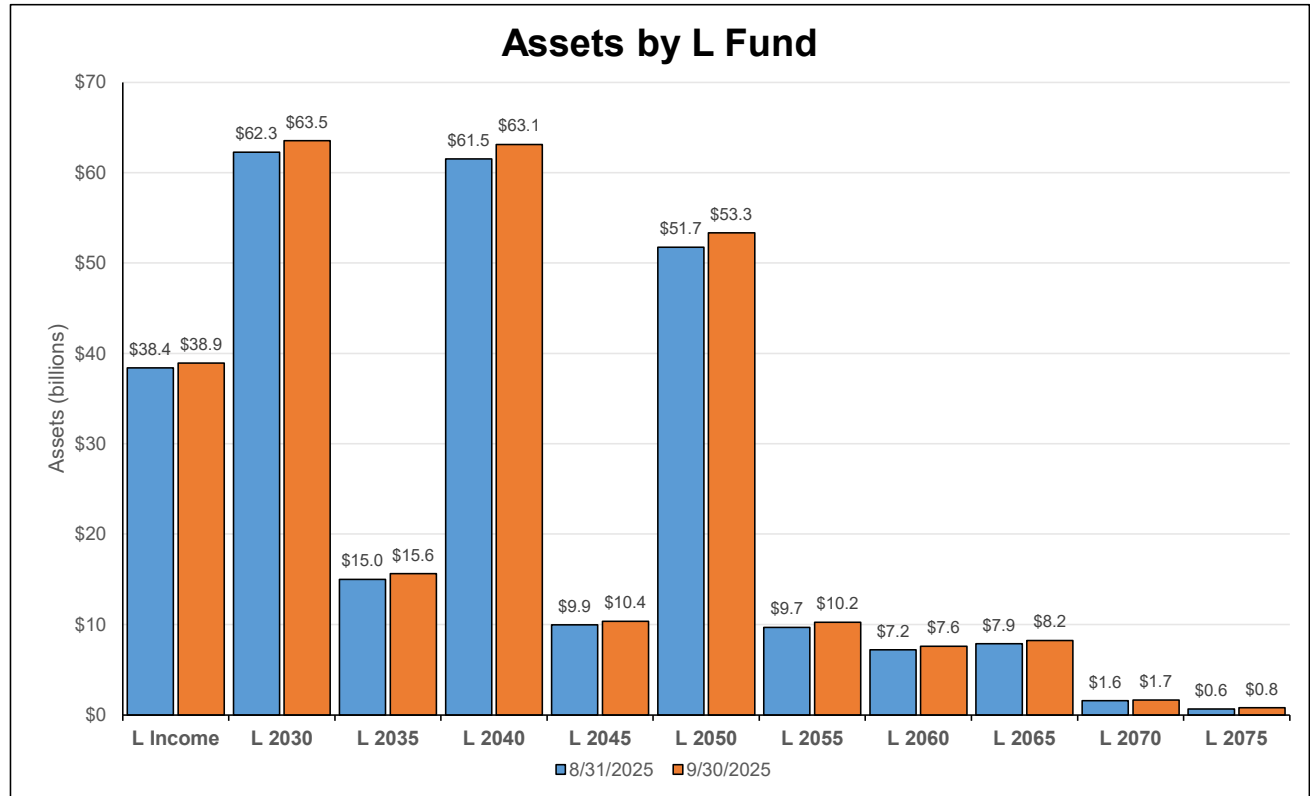


### Asset Allocation as of September 30, 2025

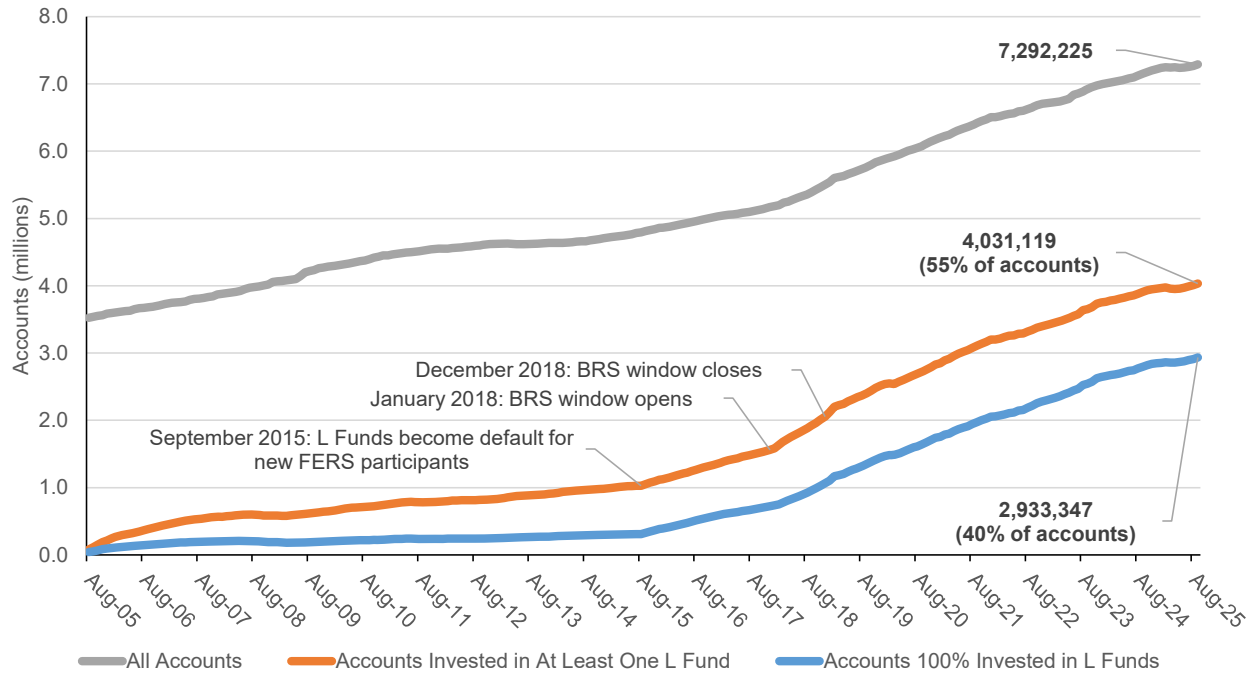
	<u>Participant Allocation</u>		<u>Individual TSP Funds</u>	
	<u>Assets</u> (Billions)	<u>Share of</u> <u>Total</u>	<u>Assets</u> (Billions)	<u>Share of</u> <u>Total</u>
<b>G Fund</b>	\$244.7	23.1%	\$319.1	30.2%
<b>F Fund</b>	\$22.9	2.2%	\$38.4	3.6%
<b>C Fund</b>	\$371.8	35.2%	\$467.2	44.2%
<b>S Fund</b>	\$96.1	9.1%	\$119.8	11.3%
<b>I Fund</b>	\$47.8	4.5%	\$112.1	10.6%
<b>L Funds</b>	\$273.4	25.9%	n/a	n/a
<b><u>MFW</u></b>	<u>\$0.7</u>	<u>0.1%</u>	<u>\$0.7</u>	<u>0.1%</u>
<b>Total</b>	\$1,057.3	100.0%	\$1,057.3	100.0%

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

## Lifecycle (L) Funds

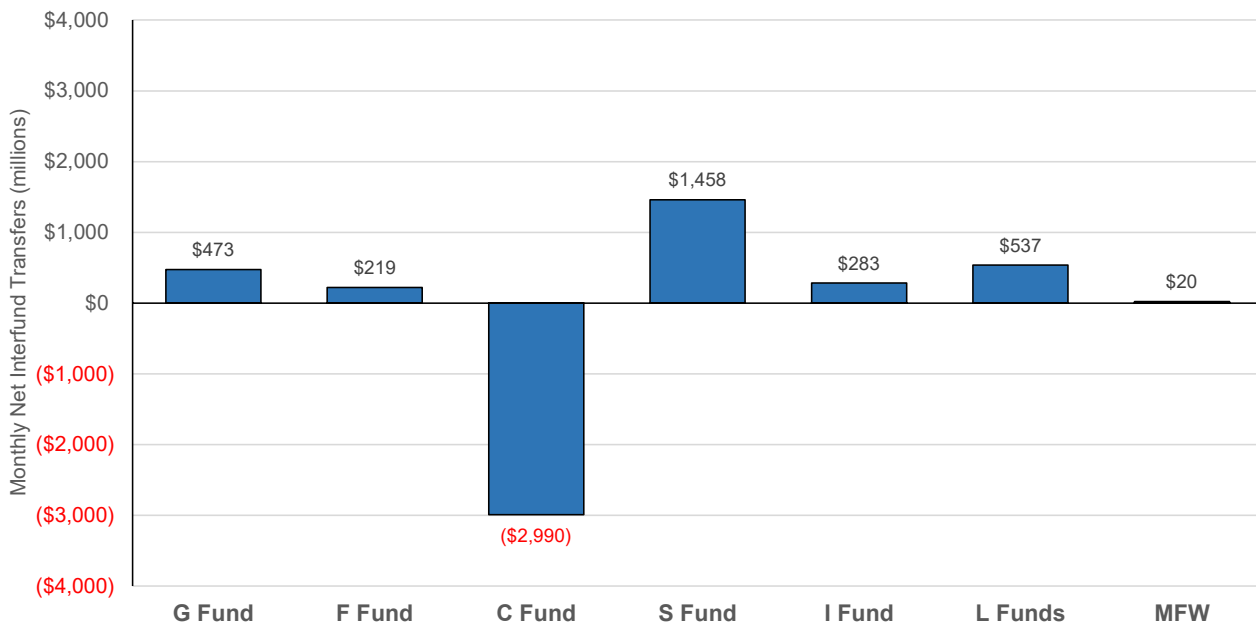


## Participation History of the L Funds as of September 30, 2025



## Interfund Transfer Activity

### Monthly Net Interfund Transfers September 2025



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



### **PROXY VOTING – SECOND QUARTER 2025**

An audit of BlackRock's proxy voting conducted by ISS found no exception to BlackRock's established guidelines during the second quarter of 2025. An audit of State Street's proxy voting conducted by ISS found one exception to State Street's established guidelines during the second quarter of 2025. This exception represented 0.1% of the sample reviewed. The issue stemmed from an instruction update that was erroneously omitted for one country during a global configuration change to the voting tool. Upon discovery, a comprehensive analysis confirmed that the deviation had no material impact on voting outcomes during the second quarter or any prior period. State Street further verified that the tool is now operating correctly with the updated instruction applied universally.

Copies of the audit reports are provided in this report as Attachments 1 and 2. The ISS audit reports for the third quarter of 2025 are not yet available.

### **CLASS ACTION SETTLEMENTS – SECOND QUARTER 2025**

BlackRock began the second quarter with 97 open claims. During the quarter, 17 claims were opened: three claims in the C Fund, 12 claims in the S Fund, and two claims in the I Fund. Twenty-one claims were closed during the quarter. Three claims in the C Fund and four claims in the S Fund were closed due to administrator action. One claim in the F Fund, three claims in the C Fund, eight claims in the S Fund, and two claims in the I Fund were settled, totaling \$1,678,592. Residual payments from 17 previously closed claims were \$34,788. Total proceeds for the quarter were \$1,713,380. Ninety-three 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	-	1	3	\$17,671
C Fund	26	3	6	23	\$1,345,603
S Fund	64	12	12	64	\$2,576,644
I Fund	3	2	2	3	\$288,765
Total	97	17	21	93	\$4,228,684

State Street began the second quarter with 50 open claims. During the period, five claims were opened in the S Fund and two claims were opened in the I Fund. One claim in the C Fund and seven claims in the S Fund were closed due to administrator action. Additionally, one claim in the C Fund and seven claims in the S Fund were settled, totaling \$452,075. Forty-one 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	6	-	2	4	\$32,200
S Fund	44	5	14	35	\$837,387
I Fund	-	2	-	2	\$0
Total	50	7	16	41	\$869,587

### **ATTACHMENTS**

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

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