



MEMORANDUM FOR BOARD MEMBERS

GERBER, BILYEU, BRIDGES,  
AND OLIVARES

FROM: Sean McCaffrey, Chief Investment Officer

DATE: January 27, 2026

SUBJECT: December 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.

***December 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>	-0.15%	0.06%	-0.53%	3.28%
	<b>BlackRock</b>	-0.26%	0.06%	-0.53%	2.99%
	<b>State Street</b>	-0.27%	0.06%	-0.53%	3.27%
	<b>TSP Fund (Net)</b>	-0.26%	0.06%	-0.53%	3.04%
<b>Benchmark Difference</b>	<b>BlackRock</b>	-0.11%	0.00%	0.00%	-0.29%
	<b>State Street</b>	-0.12%	0.00%	0.00%	-0.01%
	<b>TSP Fund</b>	-0.11%	0.00%	0.00%	-0.23%

BlackRock’s performance for the F Fund lagged the index by 11 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 2025. Its performance for the C and S Funds was in line with the Funds’ respective indices for the month. For the I Fund, BlackRock’s performance lagged the International Index by 29 basis points, primarily due to fair value pricing.

State Street’s performance for the F Fund lagged the index by 12 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 2025. Its performance for the C, S, and I Funds was in line with the Funds’ respective indices for the month.

## 2025 Annual 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>	7.30%	17.88%	11.32%	32.01%
	<b>BlackRock</b>	7.24%	17.88%	11.40%	32.49%
	<b>State Street</b>	7.25%	17.88%	11.44%	32.55%
	<b>TSP Fund (Net)</b>	7.21%	17.85%	11.38%	32.45%
<b>Benchmark Difference</b>	<b>BlackRock</b>	-0.06%	0.00%	0.08%	0.48%
	<b>State Street</b>	-0.05%	0.00%	0.12%	0.53%
	<b>TSP Fund</b>	-0.09%	-0.03%	0.05%	0.44%

For 2025, BlackRock's performance for the F Fund lagged the Fixed Income Index by 6 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 2025. Its performance for the C Fund was in line with the Large Cap Index. For the S Fund, BlackRock's performance was ahead of the Small Mid Cap Index by 8 basis points, primarily due to securities lending. BlackRock's performance for the I Fund was ahead of the International Index by 48 basis points, primarily due to tax advantage and fair value pricing.

For 2025, State Street's performance for the F Fund lagged the Fixed Income Index's return by 5 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 2025. 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 12 basis points, primarily due to securities lending and securities sampling. For the I Fund, State Street was ahead of the International Index by 53 basis points, primarily due to tax advantage and fair value pricing.

**Annualized Net Returns as of December 31, 2025**

	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>
<b>G Fund</b>	4.44%	4.36%	3.48%	2.76%

	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>
<b>F Fund</b>	7.21%	4.67%	-0.30%	2.11%
<b>Bloomberg US Agg Bond Index</b>	7.30%	4.66%	-0.36%	2.01%
<b>Benchmark Difference</b>	-0.09%	0.01%	0.07%	0.10%

	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>
<b>C Fund</b>	17.85%	22.96%	14.39%	14.79%
<b>S&amp;P 500 Index</b>	17.88%	23.01%	14.42%	14.82%
<b>Benchmark Difference</b>	-0.03%	-0.04%	-0.03%	-0.03%

	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>
<b>S Fund</b>	11.38%	17.73%	6.24%	11.04%
<b>Dow Jones US Completion TSM Index</b>	11.32%	17.59%	6.06%	10.87%
<b>Benchmark Difference</b>	0.05%	0.14%	0.17%	0.17%

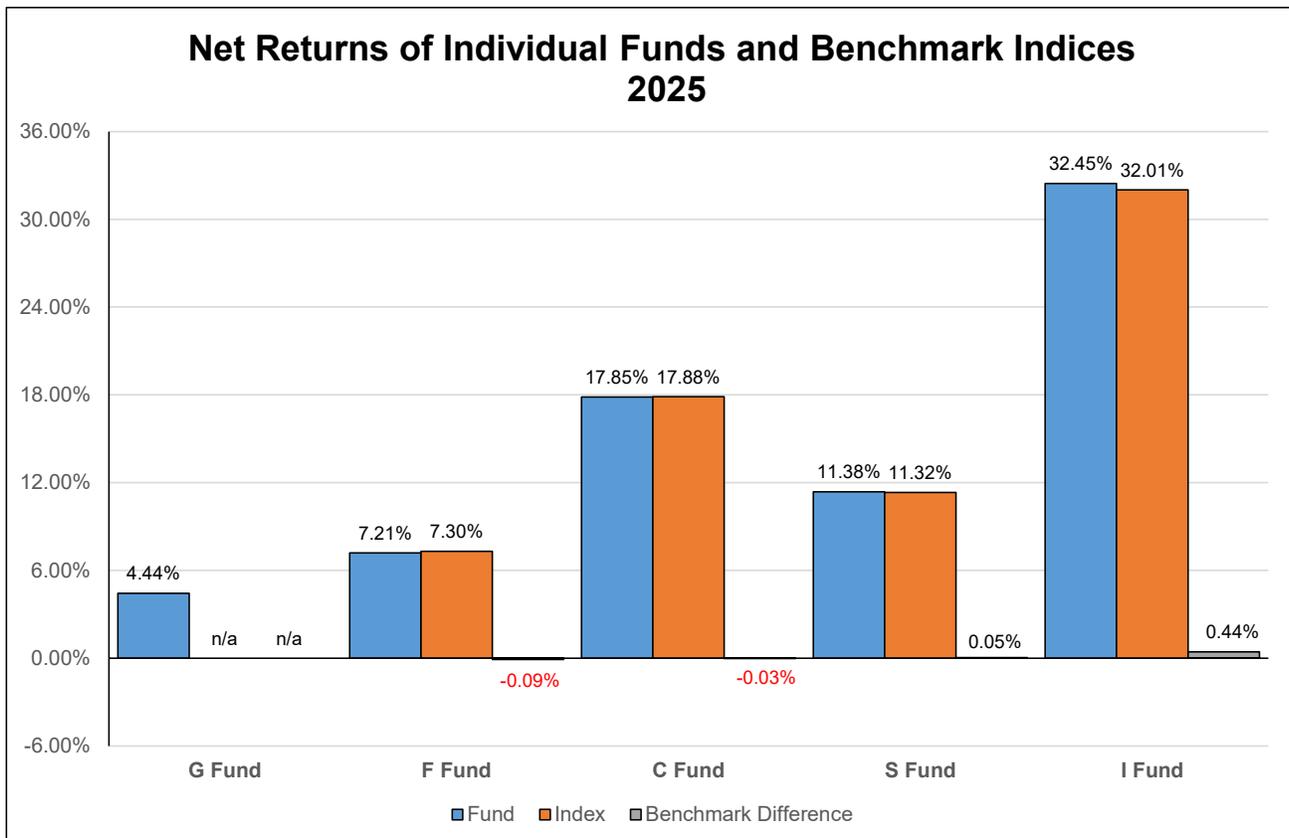
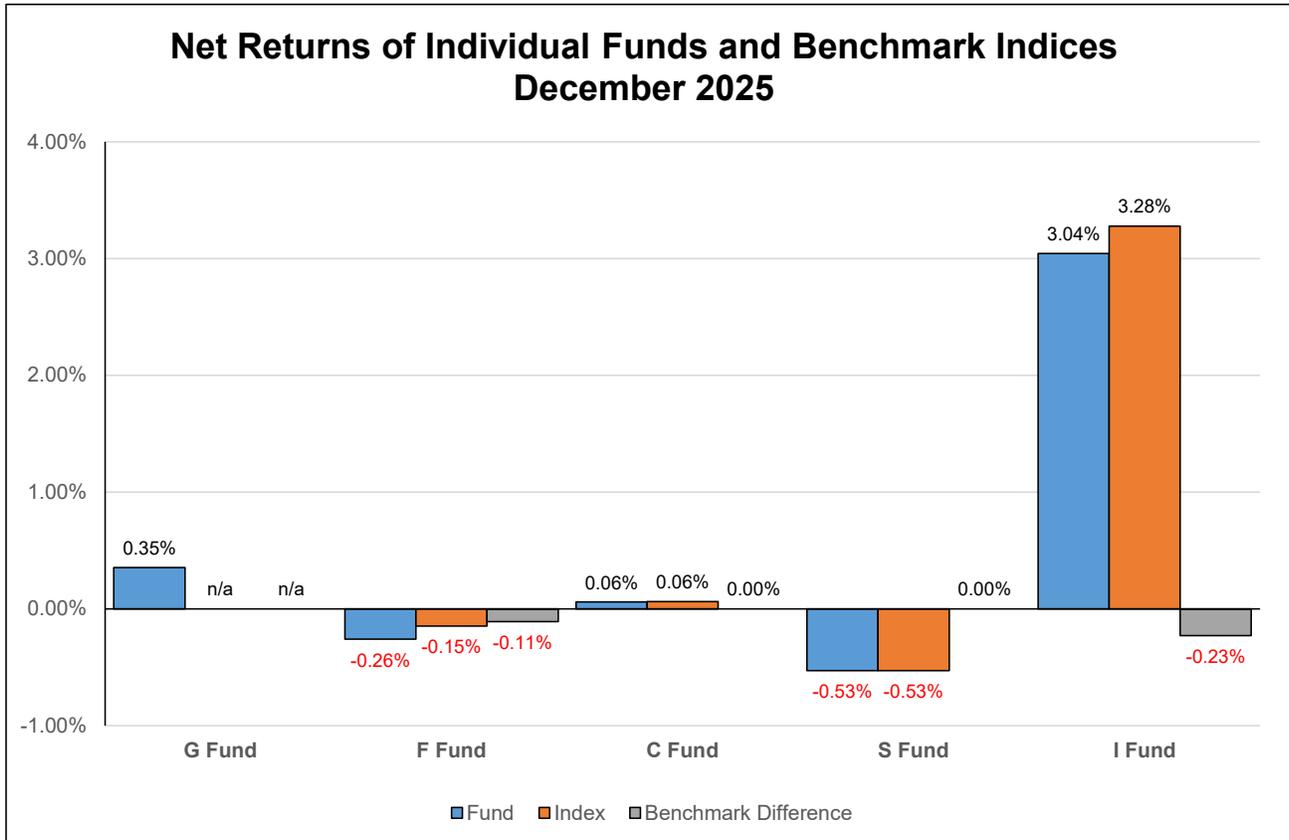
	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>
<b>I Fund</b>	32.45%	17.81%	9.41%	8.70%
<b>International Index*</b>	32.01%	17.60%	9.13%	8.29%
<b>Benchmark Difference</b>	0.44%	0.20%	0.28%	0.41%

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

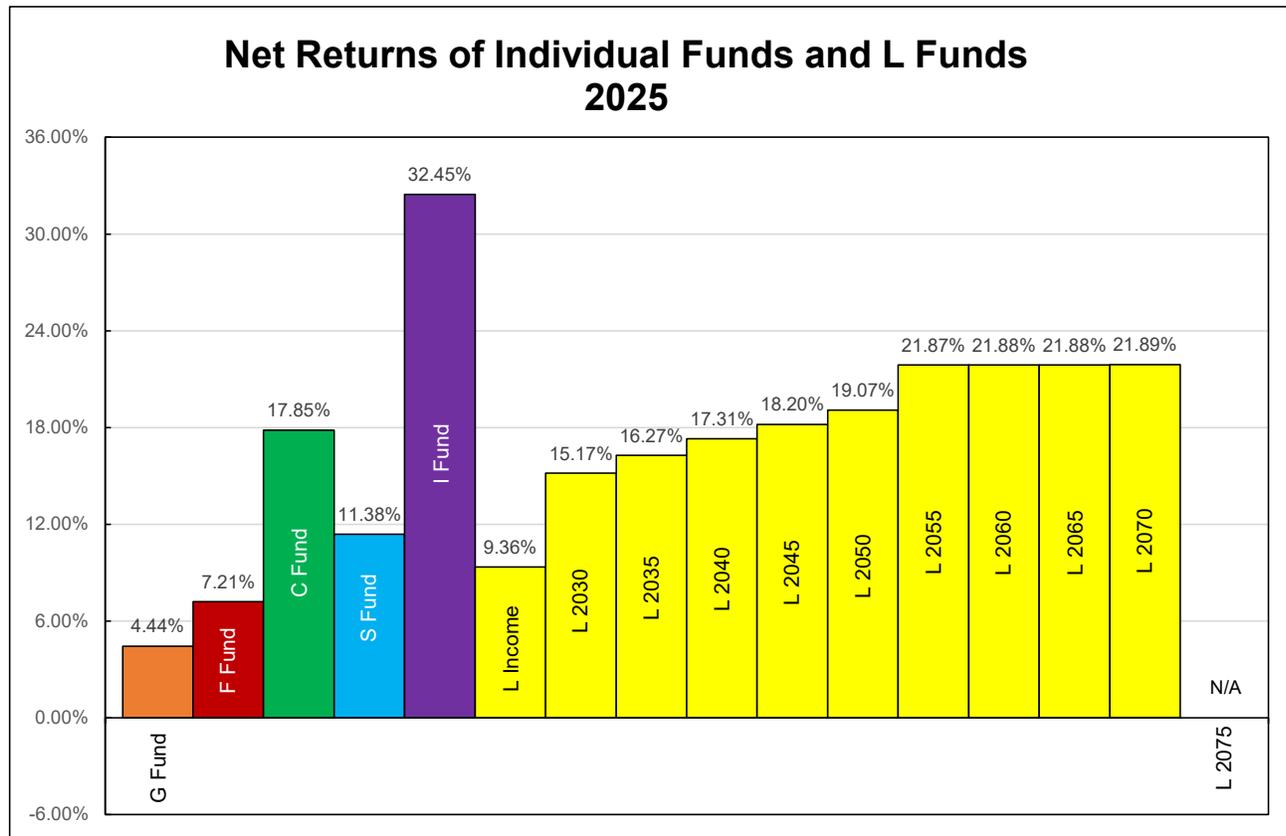
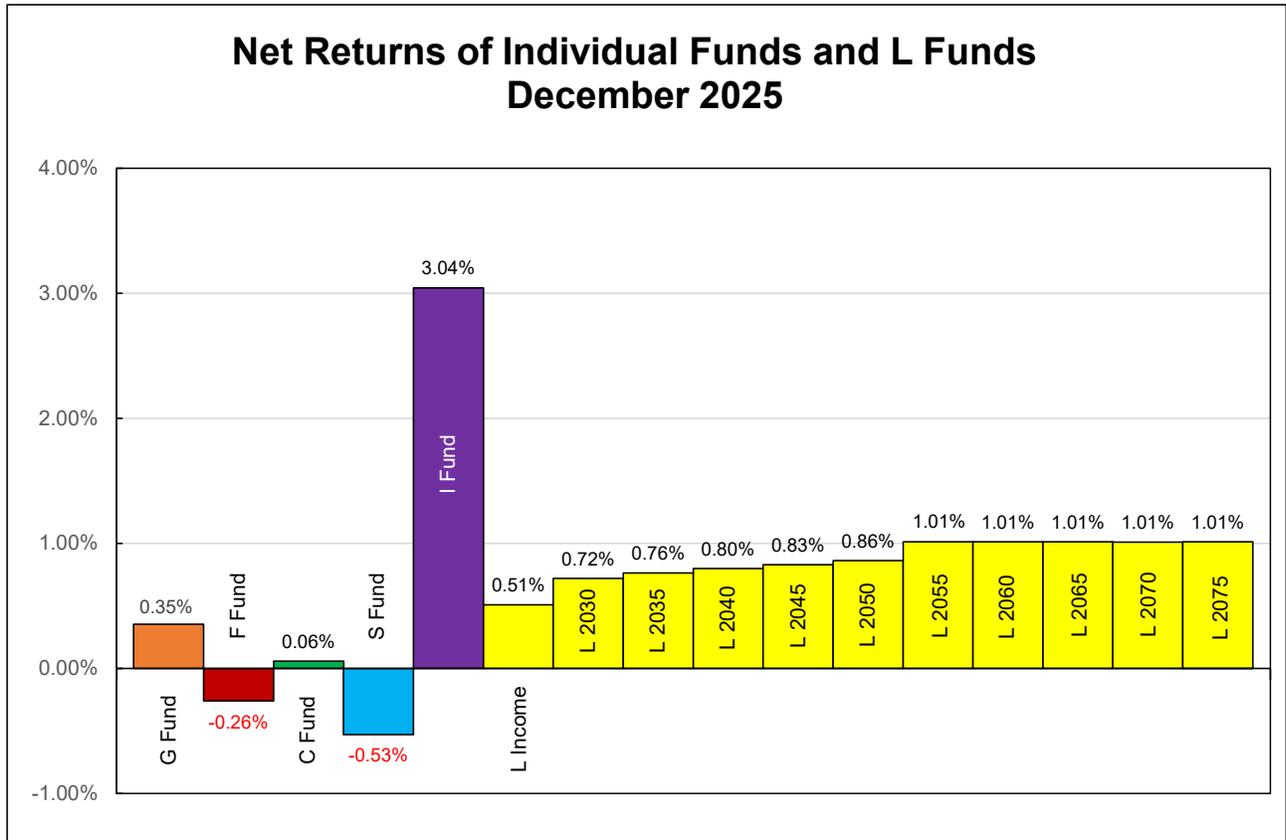
	<b>Inception Date</b>	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>
<b>L Income Fund</b>	August 1, 2005	9.36%	8.57%	5.59%	5.11%
<b>L 2030 Fund</b>	August 1, 2005	15.17%	14.14%	8.42%	8.77%
<b>L 2035 Fund</b>	July 1, 2020	16.27%	15.10%	8.85%	N/A
<b>L 2040 Fund</b>	August 1, 2005	17.31%	16.05%	9.28%	9.82%
<b>L 2045 Fund</b>	July 1, 2020	18.20%	16.86%	9.62%	N/A
<b>L 2050 Fund</b>	January 31, 2011	19.07%	17.67%	9.99%	10.71%
<b>L 2055 Fund</b>	July 1, 2020	21.87%	20.45%	11.54%	N/A
<b>L 2060 Fund</b>	July 1, 2020	21.88%	20.45%	11.54%	N/A
<b>L 2065 Fund</b>	July 1, 2020	21.88%	20.45%	11.53%	N/A
<b>L 2070 Fund</b>	July 26, 2024	21.89%	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**

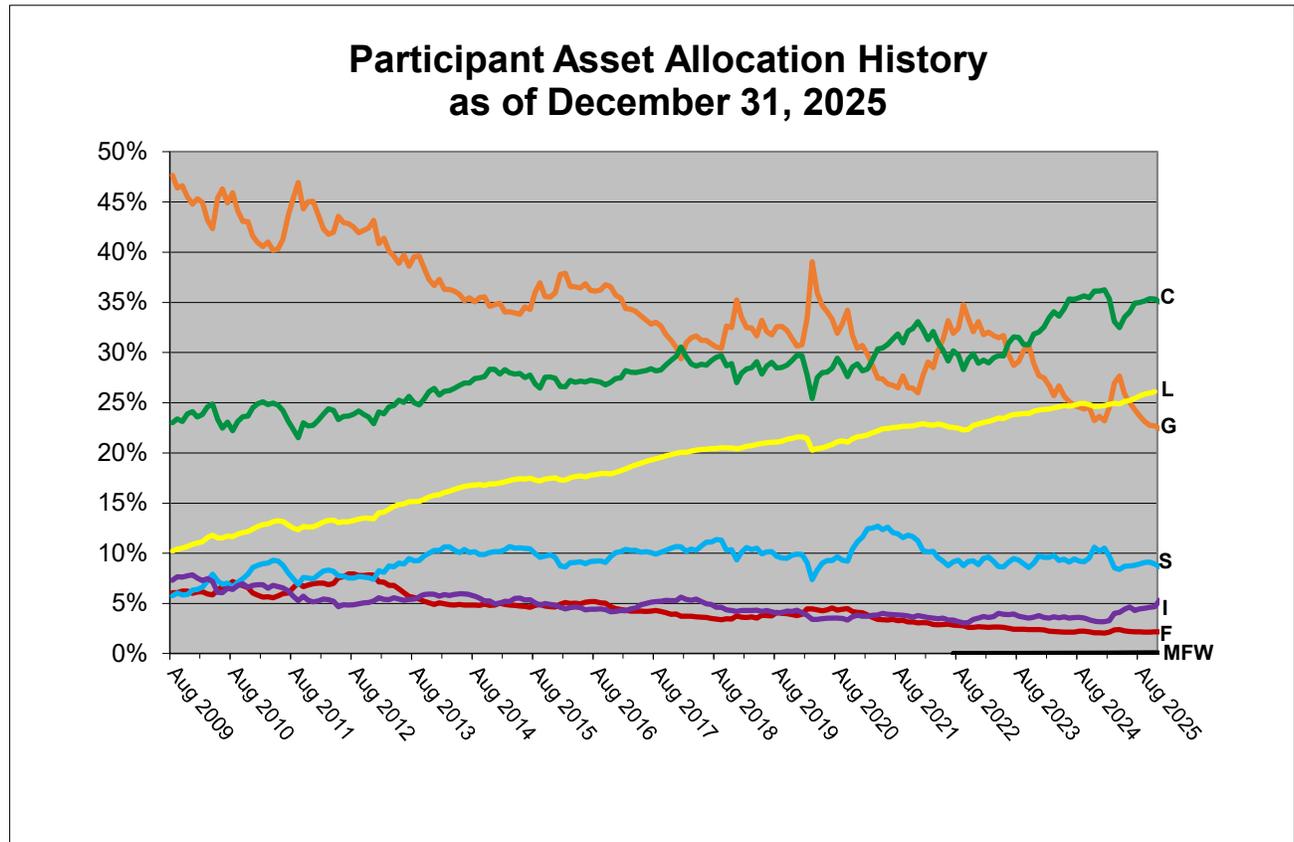
The charts below show the G, F, C, S, and I Fund net rates of return vs. their respective benchmark indices.



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**

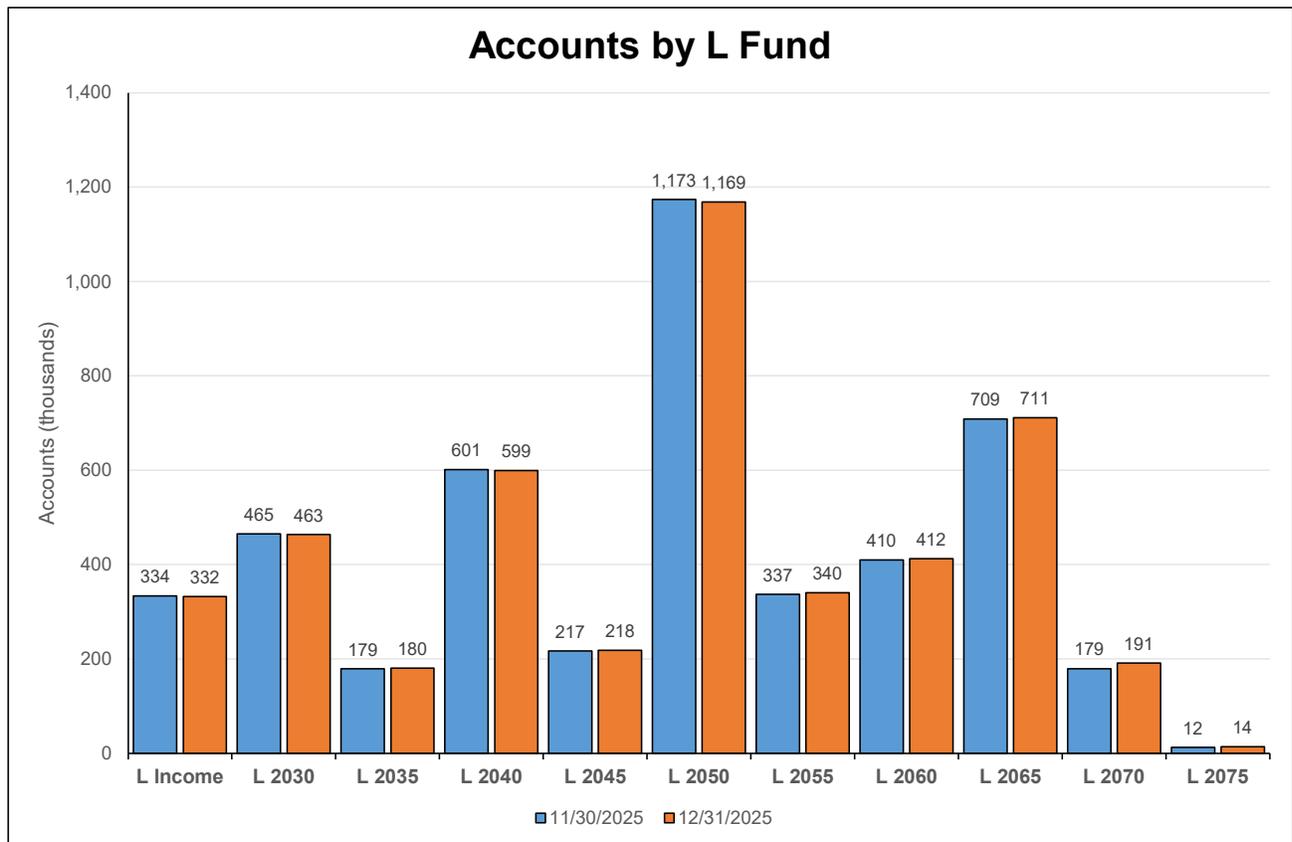
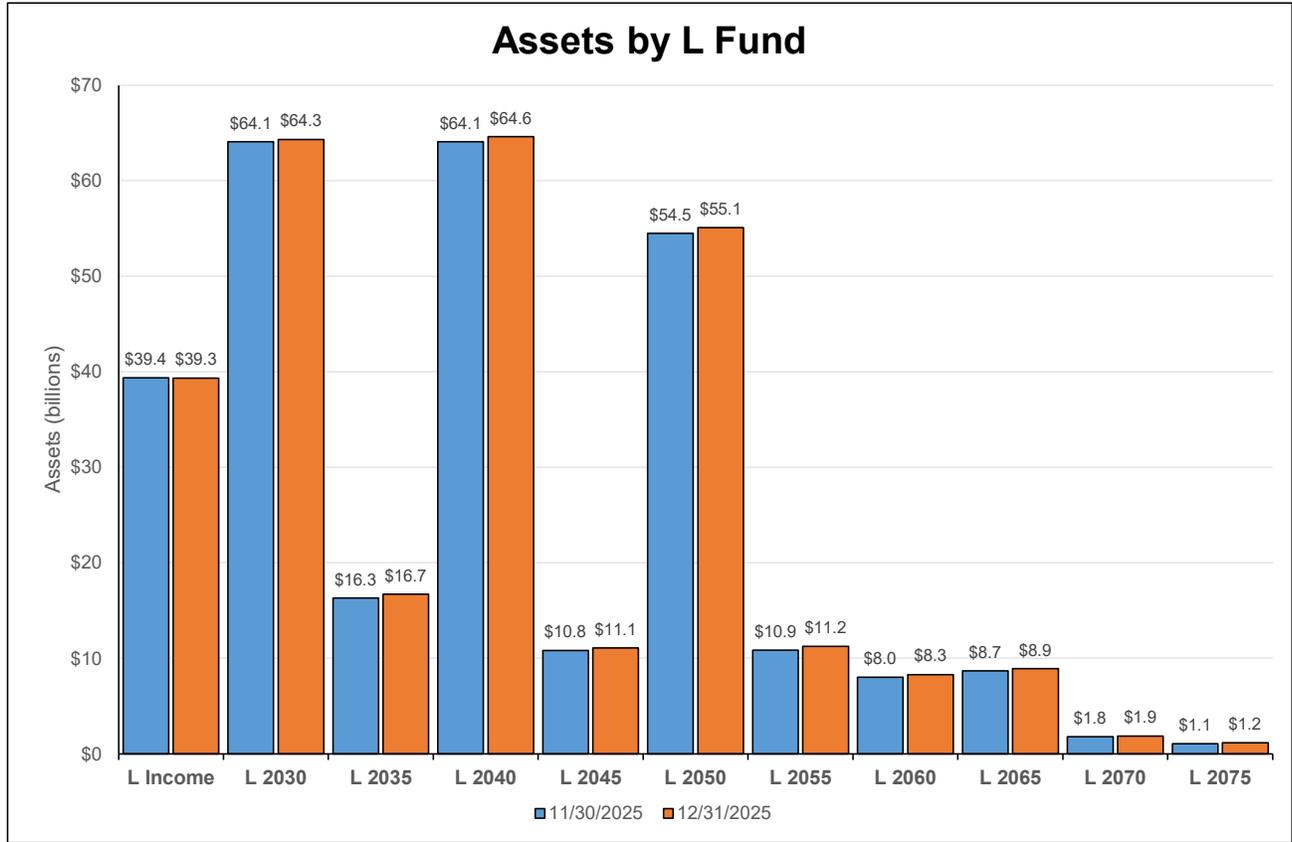


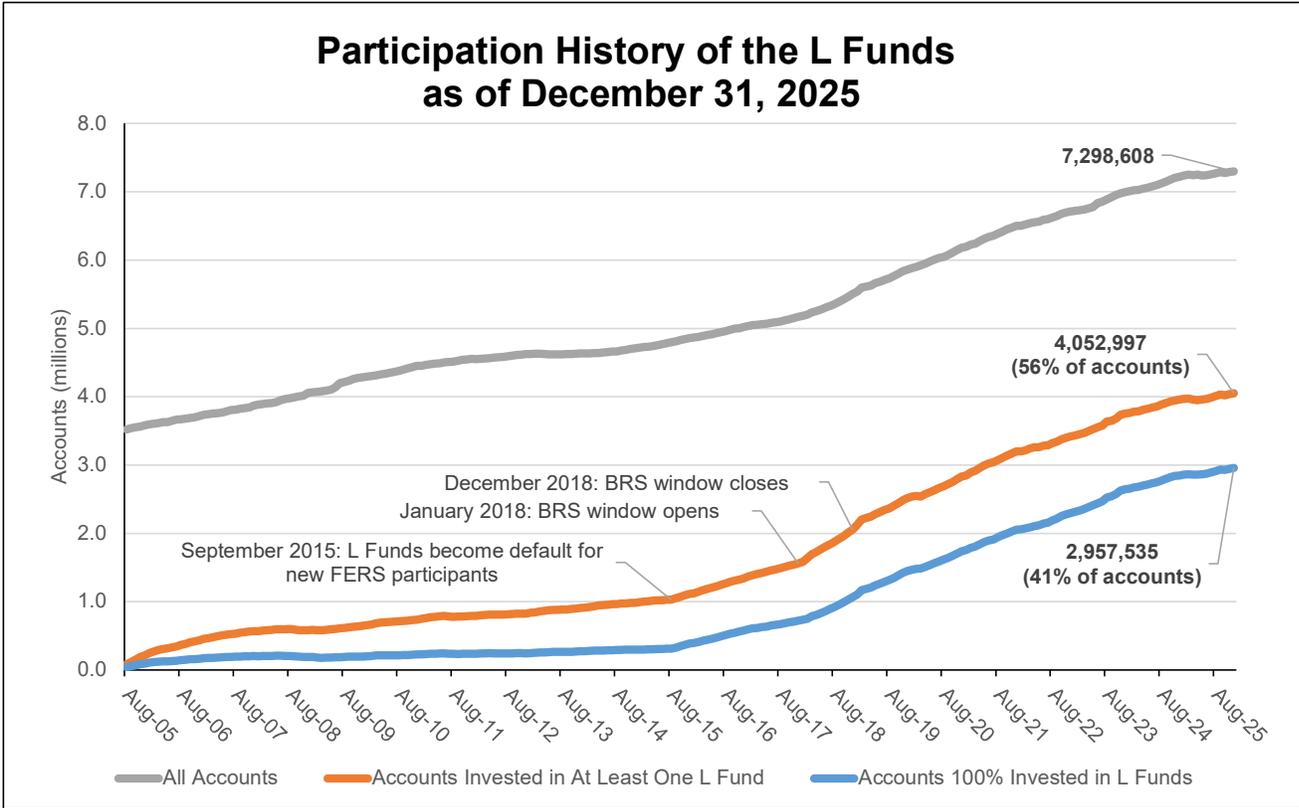
### Asset Allocation as of December 31, 2025

	<u>Participant Allocation</u>		<u>Individual TSP Funds</u>	
	Assets (Billions)	Share of Total	Assets (Billions)	Share of Total
<b>G Fund</b>	\$240.5	22.4%	\$317.7	29.6%
<b>F Fund</b>	\$23.3	2.2%	\$39.3	3.7%
<b>C Fund</b>	\$375.9	35.0%	\$474.3	44.2%
<b>S Fund</b>	\$92.8	8.6%	\$117.4	10.9%
<b>I Fund</b>	\$57.3	5.3%	\$123.6	11.5%
<b>L Funds</b>	\$282.6	26.3%	n/a	n/a
<b><u>MFW</u></b>	<u>\$0.8</u>	<u>0.1%</u>	<u>\$0.8</u>	<u>0.1%</u>
<b>Total</b>	\$1,073.2	100.0%	\$1,073.2	100.0%

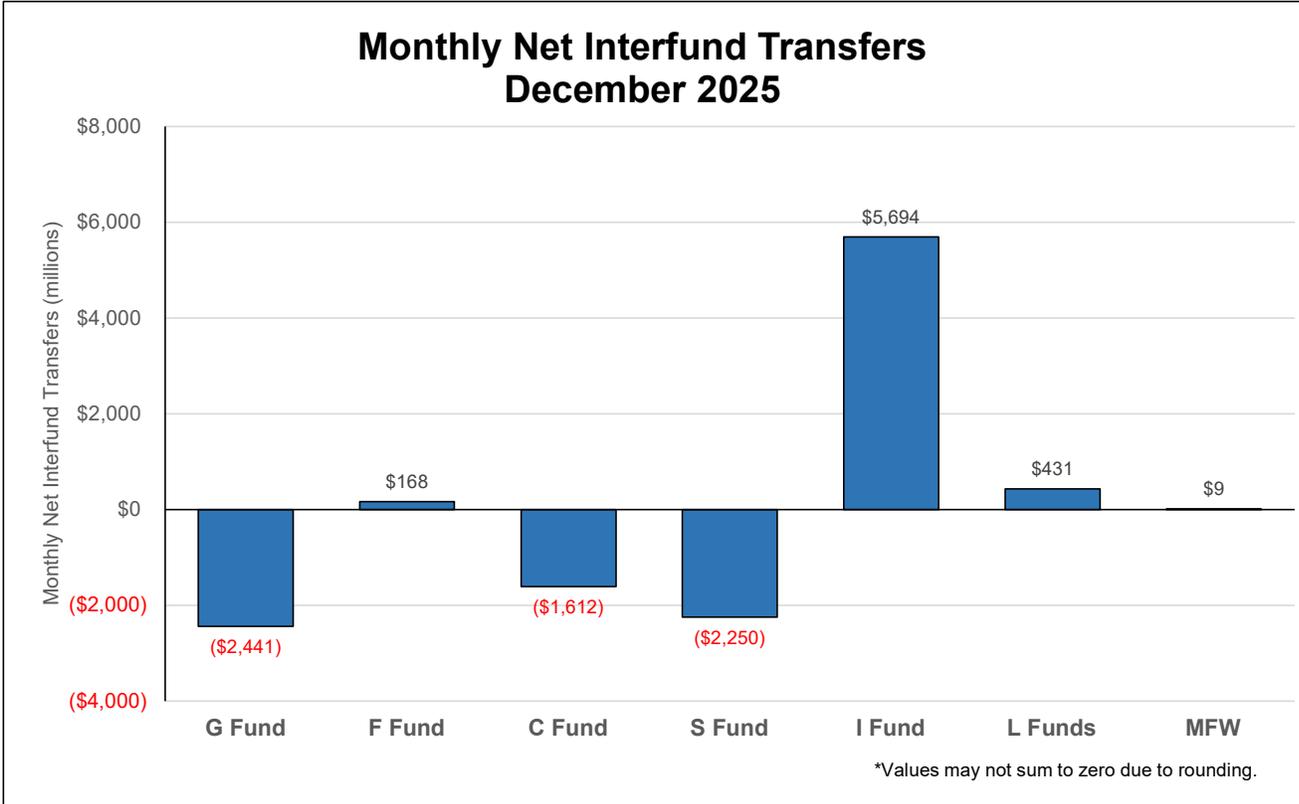
\*Components may not sum to totals due to rounding.

**Lifecycle (L) Funds**





**Interfund Transfer Activity**



### **PROXY VOTING – THIRD QUARTER 2025**

An audit of BlackRock's proxy voting conducted by ISS found no exceptions to BlackRock's established guidelines during the third quarter of 2025. An audit of State Street's proxy voting conducted by ISS found no exceptions to State Street's established guidelines during the third quarter of 2025.

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

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

BlackRock began the third quarter with 93 open claims. During the quarter, 17 claims were opened: three claims in the C Fund, 13 claims in the S Fund, and one claim in the I Fund. Eighteen claims were closed during the quarter. Five claims in the C Fund and 11 claims in the S Fund were settled for \$594,183 and \$2,528,309, respectively. Two S Fund claims were closed due to administrator action. Residual payments from 28 previously closed claims were \$444,211. Ninety-two 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	3	-	-	3	\$17,717
C Fund	23	3	5	21	\$2,121,246
S Fund	64	13	13	64	\$5,367,619
I Fund	3	1	-	4	\$288,804
Total	93	17	18	92	\$7,795,386

State Street began the third quarter with 41 open claims. During the period, sixteen claims were opened. Two claims were opened in the C Fund, 13 claims were opened in the S Fund, and one claim was opened in the I Fund. One claim in the C Fund and six claims in the S Fund were settled for \$12,713 and \$155,552, respectively. One claim in the C Fund and one claim in the S Fund were closed due to administrator action. Forty-eight 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	4	2	2	4	\$44,913
S Fund	35	13	7	41	\$992,940
I Fund	2	1	-	3	\$0
Total	41	16	9	48	\$1,037,853

### **ATTACHMENTS**

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

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

**ANNUAL REVIEW OF INVESTMENT POLICY**

The G Fund investments produce long-term yields while incurring no market risk. I recommend reaffirmation of the current G Fund policy of investing solely in short-term maturities.

The F, C, S, and I Funds have tracked their respective indices and have incurred low trading costs. I recommend reaffirmation of the current F, C, S, and I Fund investment policies.

Therefore, I recommend the Board consider the following resolution:

WHEREAS the Federal Employees' Retirement System Act of 1986, as amended (5 U.S.C. § 8401 – et seq.) provides the Board members shall establish policies for the investment and management of the Thrift Savings Fund (5 U.S.C. § 8472(f) (1) and (2)); and

WHEREAS the Board members at this meeting have reviewed the investment performance and investment policies of the Government Securities Investment Fund, the Fixed Income Index Investment Fund, the Common Stock Index Investment Fund, the Small Capitalization Stock Index Investment Fund and the International Stock Index Investment Fund; and

WHEREAS the Board members are satisfied with the investment performance and investment policies of these Funds;

NOW THEREFORE BE IT RESOLVED that the current investment policies for the Government Securities Investment Fund, the Common Stock Index Investment Fund, the Fixed Income Index Investment Fund, the Small Capitalization Stock Index Investment Fund, and the International Stock Index Investment Fund are affirmed without change.