



FEDERAL RETIREMENT THRIFT INVESTMENT BOARD

77 K Street, NE Washington, DC 20002

November 4, 2014

MEMORANDUM FOR THE EXECUTIVE DIRECTOR

FROM: TRACEY RAY  
CHIEF INVESTMENT OFFICER

SUBJECT: October 2014 Performance Review - G, F, C, S, I, and L Funds

**INTRODUCTION**

This report reviews key aspects of the investment performance of the G, F, C, S, I, and L Funds through October 2014, investment manager performance and tracking error, trading costs, TSP fund performance, and L Fund participation.

**TRACKING ERROR - BlackRock Funds (BTC)**

***October Tracking Error***

<b><u>Fund</u></b>	<b><u>% BTC Fund Performance</u></b>	<b><u>% Index Performance</u></b>	<b><u>Tracking Error</u></b>
Fixed Income	0.97	0.98	-0.01
Large Cap	2.45	2.44	0.01
Small Mid Cap	4.10	4.04	0.06
<b>International</b>	<b>-0.61</b>	<b>-1.49</b>	<b>0.88</b>

***2014 Tracking Error***

<b><u>Fund</u></b>	<b><u>% BTC Fund Performance</u></b>	<b><u>% Index Performance</u></b>	<b><u>Tracking Error</u></b>
<b>Fixed Income</b>	<b>5.76</b>	<b>5.12</b>	<b>0.64</b>
Large Cap	11.09	10.99	0.10
Small Mid Cap	5.30	5.19	0.11
<b>International</b>	<b>-1.65</b>	<b>-2.81</b>	<b>1.16</b>

The International Fund outperformed the index by 88 basis points for the month due to fair value pricing adjustments and by 116 basis points for the year to date as a result of the fair value pricing and tax effect. The Fixed Income Fund outperformed the index by 64 basis points for the year to date, primarily because of securities lending and pricing differences.

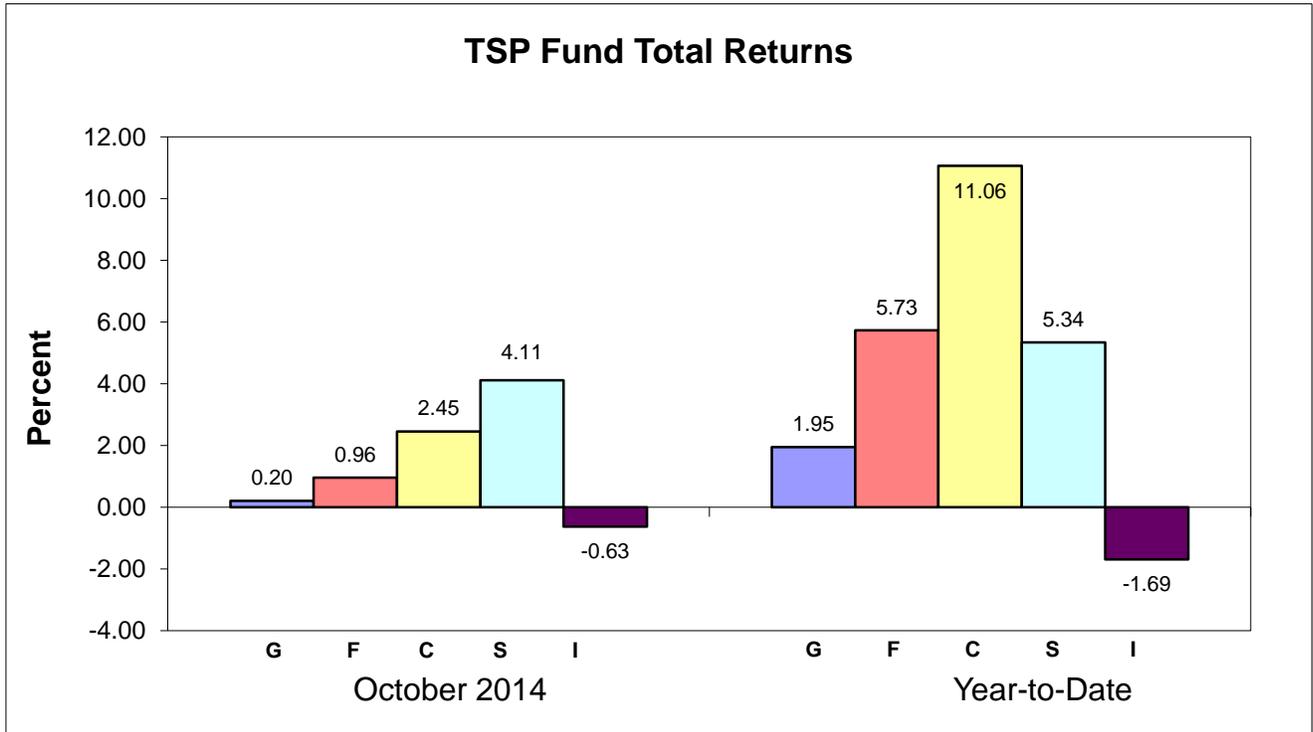
**Trading Costs**

	<u>Dollar Amount Traded</u>	<u>Trading Costs*</u>	
		<u>\$</u>	<u>Basis Points</u>
<u>F Fund</u>			
October 2014	691,444,785	31,447	0.5
Year-to-Date	7,347,422,584	167,971	0.2
<u>C Fund</u>			
October 2014	2,166,048,818	(885,525)	-4.1
Year-to-Date	12,388,443,356	(1,075,819)	-0.9
<u>S Fund</u>			
October 2014	1,534,022,311	(1,290,837)	-8.4
Year-to-Date	14,622,449,337	(1,366,031)	-0.9
<u>I Fund</u>			
October 2014	1,031,462,510	4,325,265	41.9
Year-to-Date	7,969,517,497	5,353,591	6.7

\* -- Trading Costs are comprised of commissions, fees, and the difference between where a security is traded and the closing index price.

**Performance of TSP Funds**

The chart below shows the G, F, C, S, and I Fund net rates of return for October 2014 and 2014.



The table below compares the net rates of return for the F, C, S, and I Funds to the returns of the corresponding BlackRock funds.

**October 2014**

**Total Return %**

<u>Fund</u>	<u>TSP</u>	<u>BTC</u>	<u>Difference</u>	<u>Index</u>
Fixed Income	0.96	0.97	-0.01	0.98
Large Cap	2.45	2.45	0.00	2.44
Small Cap	4.11	4.10	0.01	4.04
International	-0.63	-0.61	-0.02	-1.49

**2014**

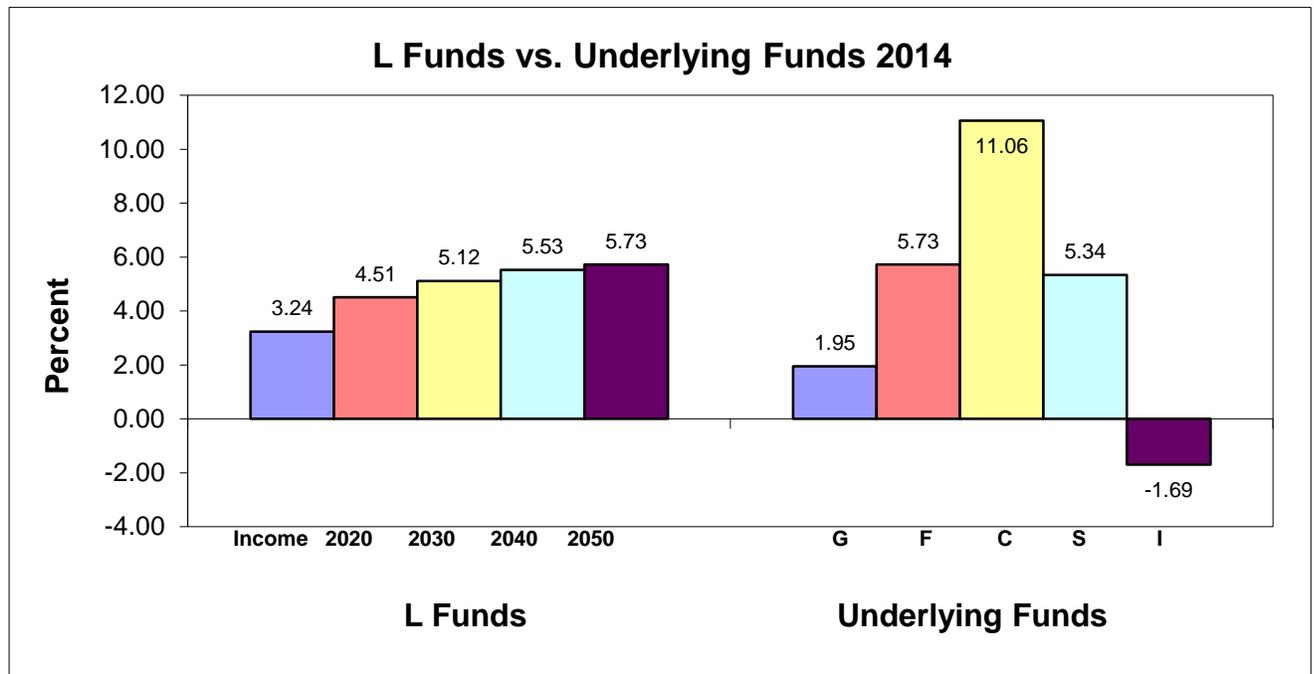
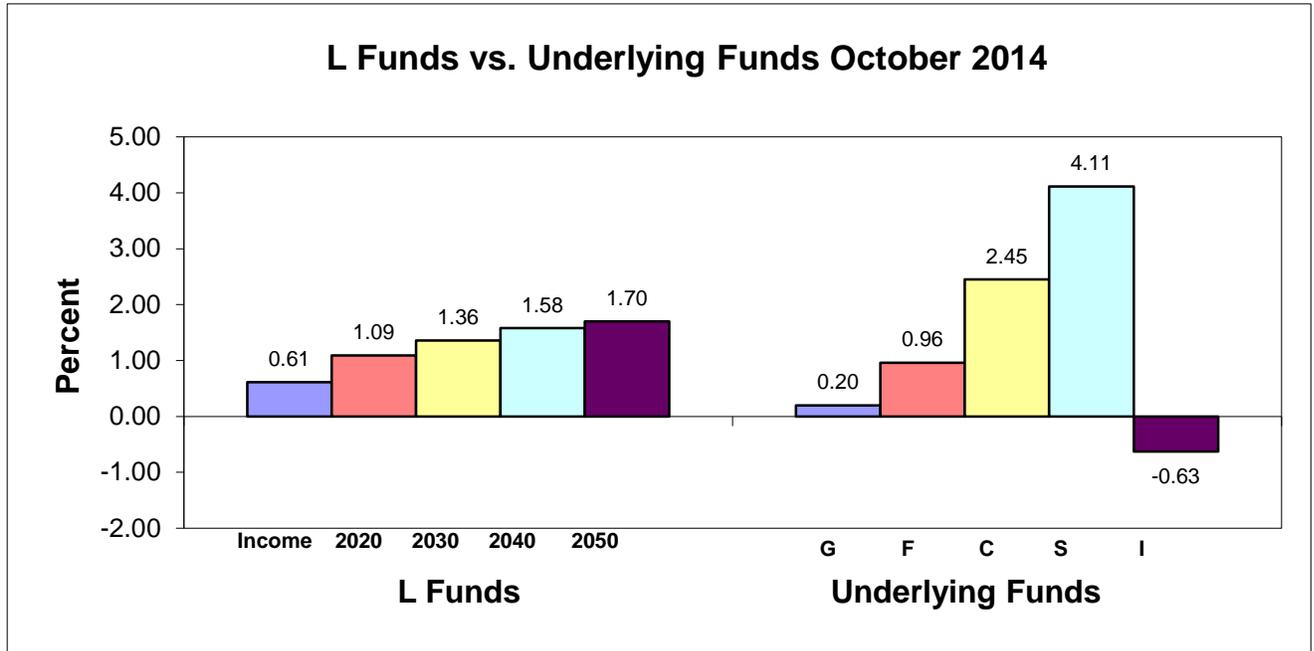
**Total Return %**

<u>Fund</u>	<u>TSP</u>	<u>BTC</u>	<u>Difference</u>	<u>Index</u>
Fixed Income	5.73	5.76	-0.03	5.12
Large Cap	11.06	11.09	-0.03	10.99
Small Cap	5.34	5.30	0.04	5.19
International	-1.69	-1.65	-0.04	-2.81

The TSP Funds closely tracked the BTC Funds for the month and year-to-date.

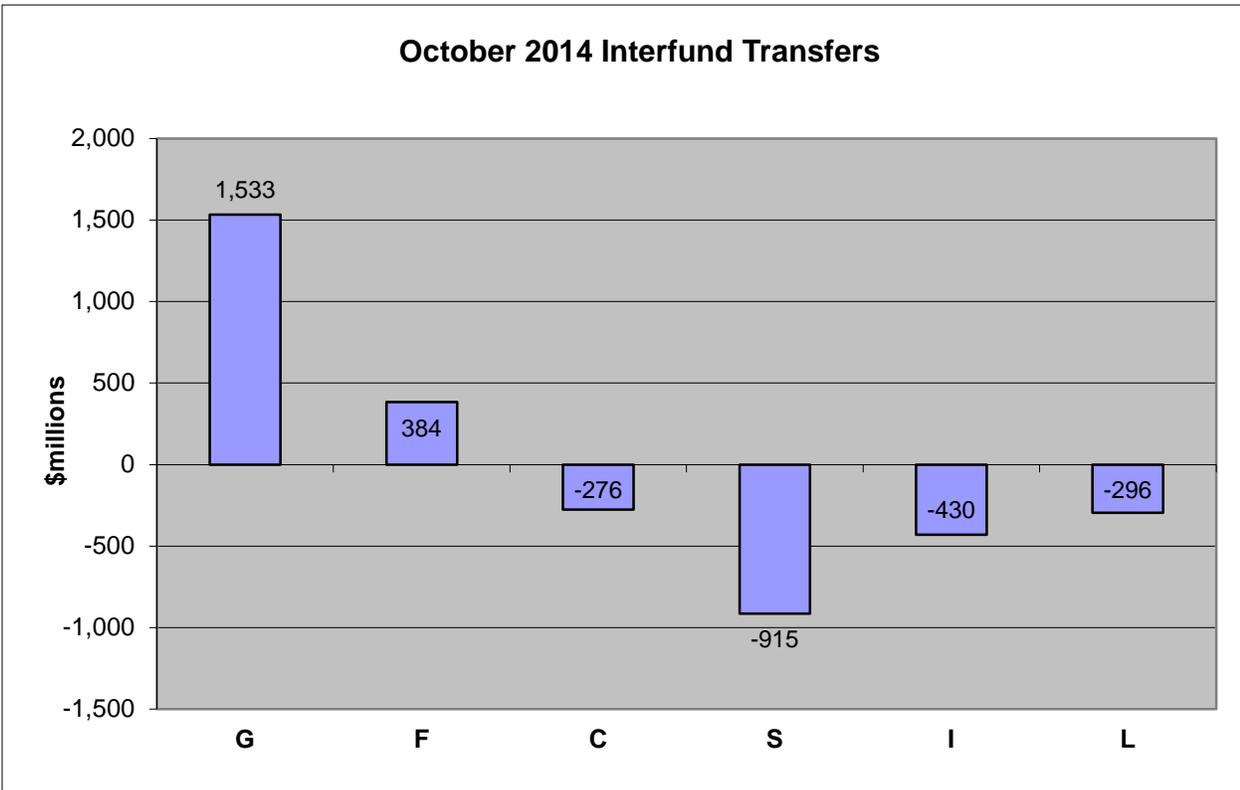
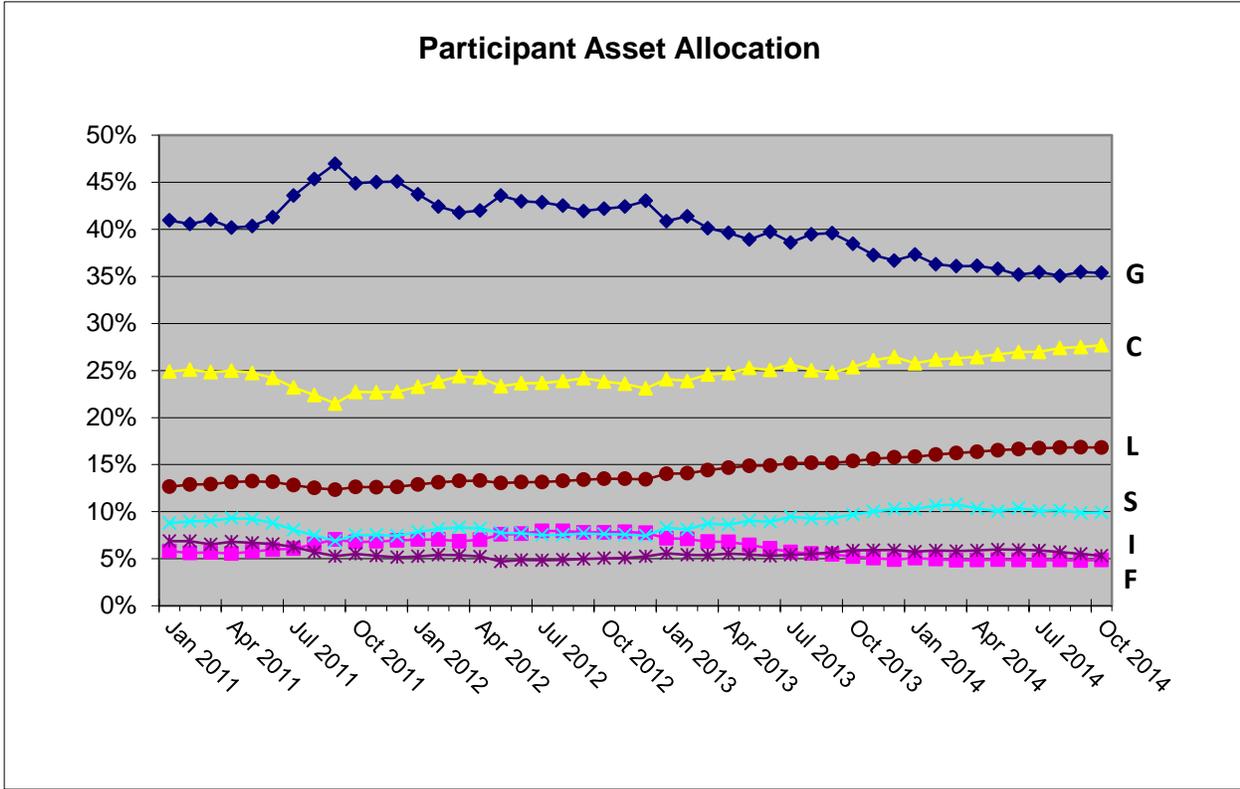
## L Funds

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



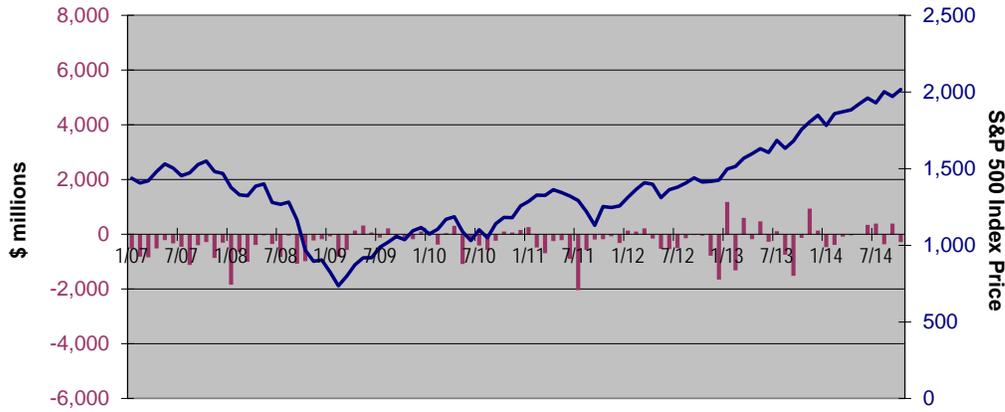
THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY  
October 2014

Attachment 1

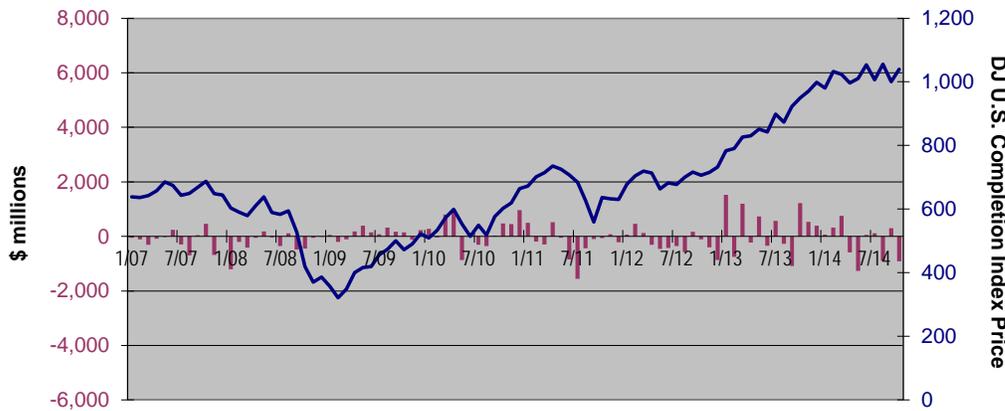


**THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY**  
**October 2014**

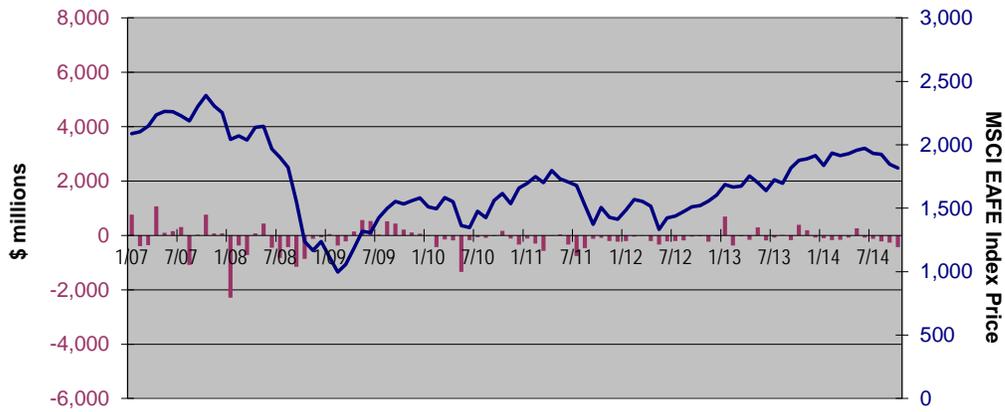
**Monthly Interfund Transfers**  
**C Fund**



**Monthly Interfund Transfers**  
**S Fund**

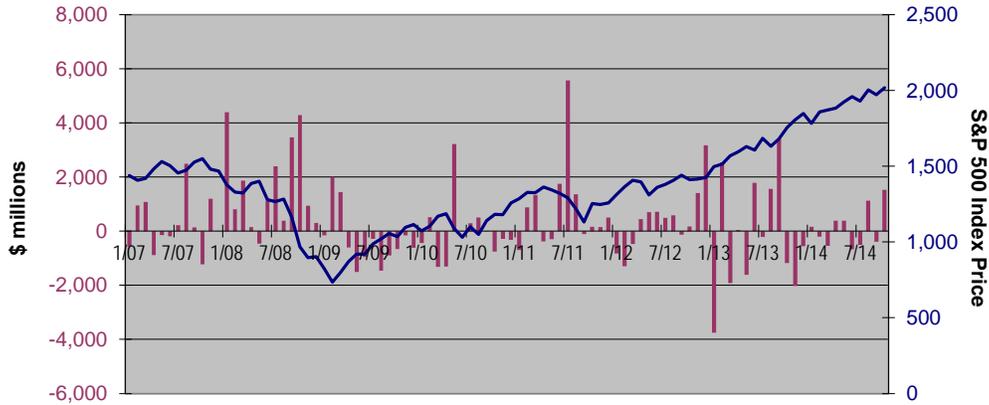


**Monthly Interfund Transfers**  
**I Fund**

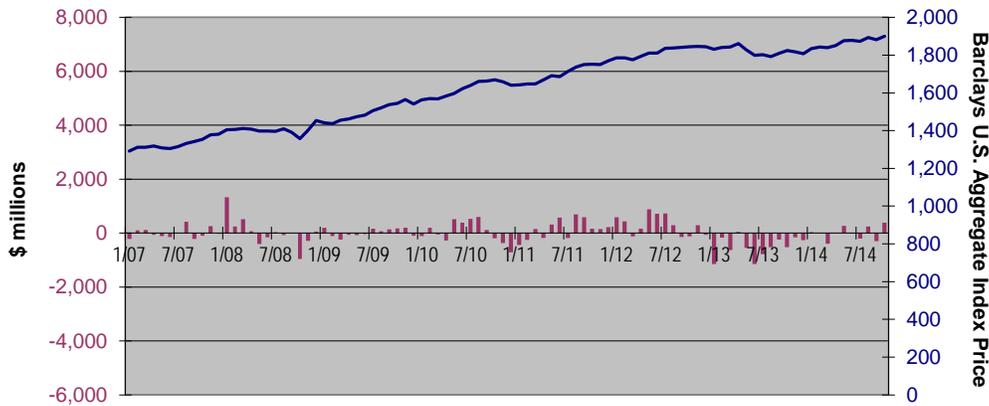


**THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY**  
**October 2014**

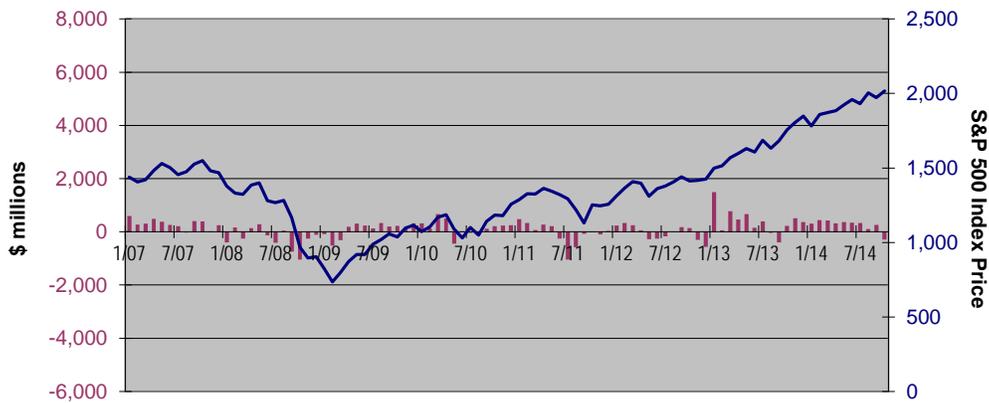
**Monthly Interfund Transfers**  
**G Fund**



**Monthly Interfund Transfers**  
**F Fund**



**Monthly Interfund Transfers**  
**L Funds**



# THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY

## October 2014

