



FEDERAL RETIREMENT THRIFT INVESTMENT BOARD
77 K Street, NE Washington, DC 20002

April 3, 2015

MEMORANDUM FOR BOARD MEMBERS KENNEDY, BILYEU, McCRAY,
JONES AND JASIEN

FROM: GREGORY T. LONG
EXECUTIVE DIRECTOR

SUBJECT: March 2015 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 March 2015, investment manager performance and tracking error, trading costs, TSP fund performance, and L Fund participation.

TRACKING ERROR - BlackRock Funds (BTC)

March Tracking Error

<u>Fund</u>	<u>% BTC Fund Performance</u>	<u>% Index Performance</u>	<u>Tracking Error</u>
Fixed Income	0.48	0.46	0.02
Large Cap	-1.57	-1.58	0.01
Small Mid Cap	1.25	1.23	0.02
International	-1.43	-1.52	0.09

2015 Tracking Error

<u>Fund</u>	<u>% BTC Fund Performance</u>	<u>% Index Performance</u>	<u>Tracking Error</u>
Fixed Income	1.69	1.61	0.08
Large Cap	0.98	0.95	0.03
Small Mid Cap	5.40	5.30	0.10
International	5.72	4.88	0.84

The International Fund outperformed the index by 9 basis points for the month primarily as a result of a tax effect and 84 basis points for the year primarily due to a fair value pricing adjustment on December 31, 2014. The Small Mid Cap Fund outperformed the index by 10 basis points for the year due to securities sampling and securities lending. The Fixed Income Fund outperformed the index by 8 basis points for the year primarily due to securities lending.

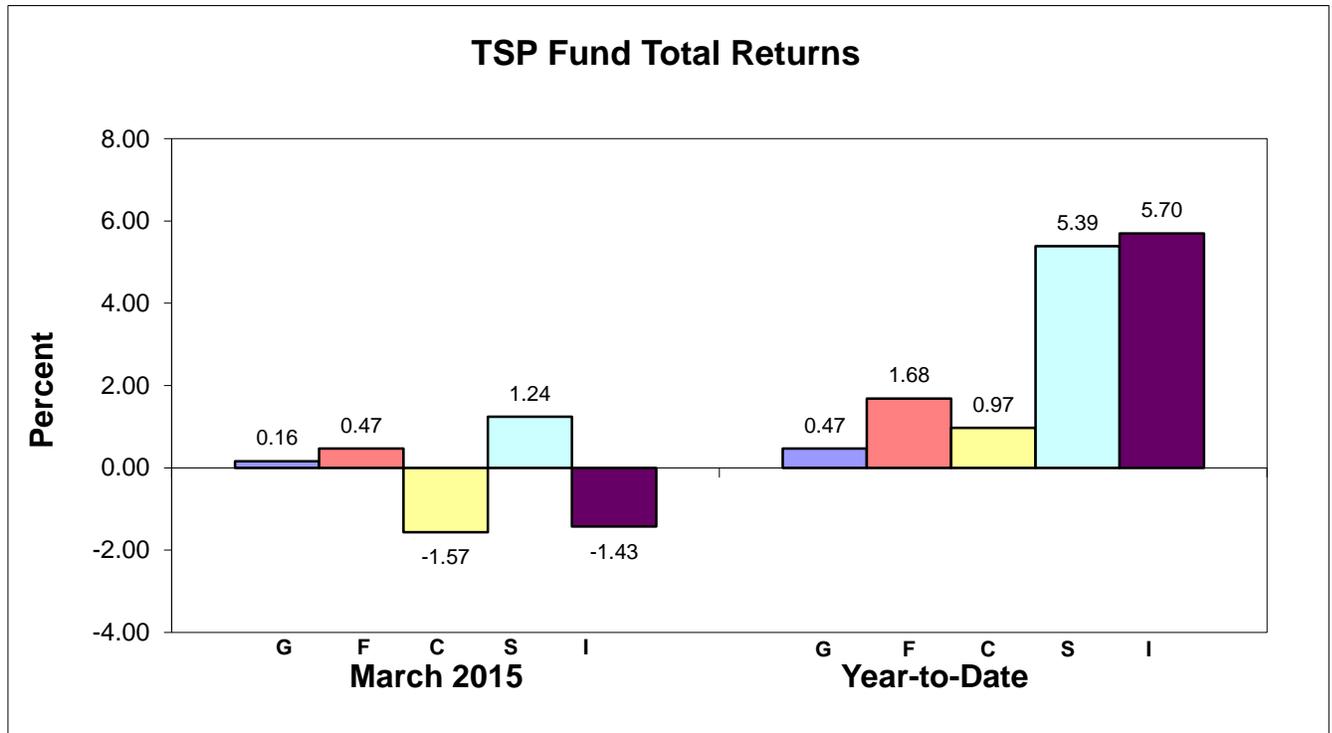
Trading Costs

	<u>Dollar Amount Traded</u>	<u>Trading Costs</u>	
		<u>\$</u>	<u>Basis Points</u>
<u>F Fund</u>			
March	533,650,968	7,271	0.1
Year-to-Date	2,206,762,904	216,919	1.0
<u>C Fund</u>			
March	2,117,211,607	148,258	0.7
Year-to-Date	6,334,541,427	(354,896)	-0.6
<u>S Fund</u>			
March	1,769,748,172	637,043	3.6
Year-to-Date	4,134,844,729	753,145	1.8
<u>I Fund</u>			
March	1,229,359,923	997,679	8.1
Year-to-Date	3,223,112,753	2,651,463	8.2

* -- 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.



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.

March

Total Return %

<u>Fund</u>	<u>TSP</u>	<u>BTC</u>	<u>Difference</u>	<u>Index</u>
Fixed Income	0.47	0.48	-0.01	0.46
Large Cap	-1.57	-1.57	0.00	-1.58
Small Cap	1.24	1.25	-0.01	1.23
International	-1.43	-1.43	0.00	-1.52

2015

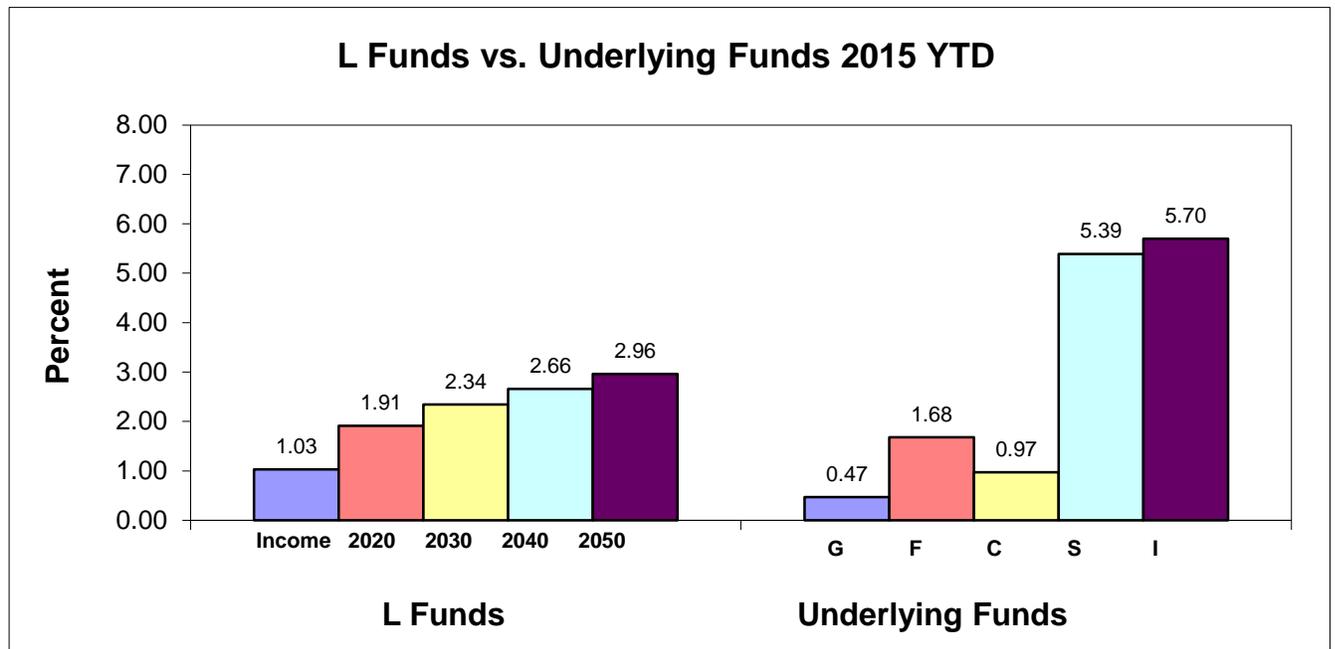
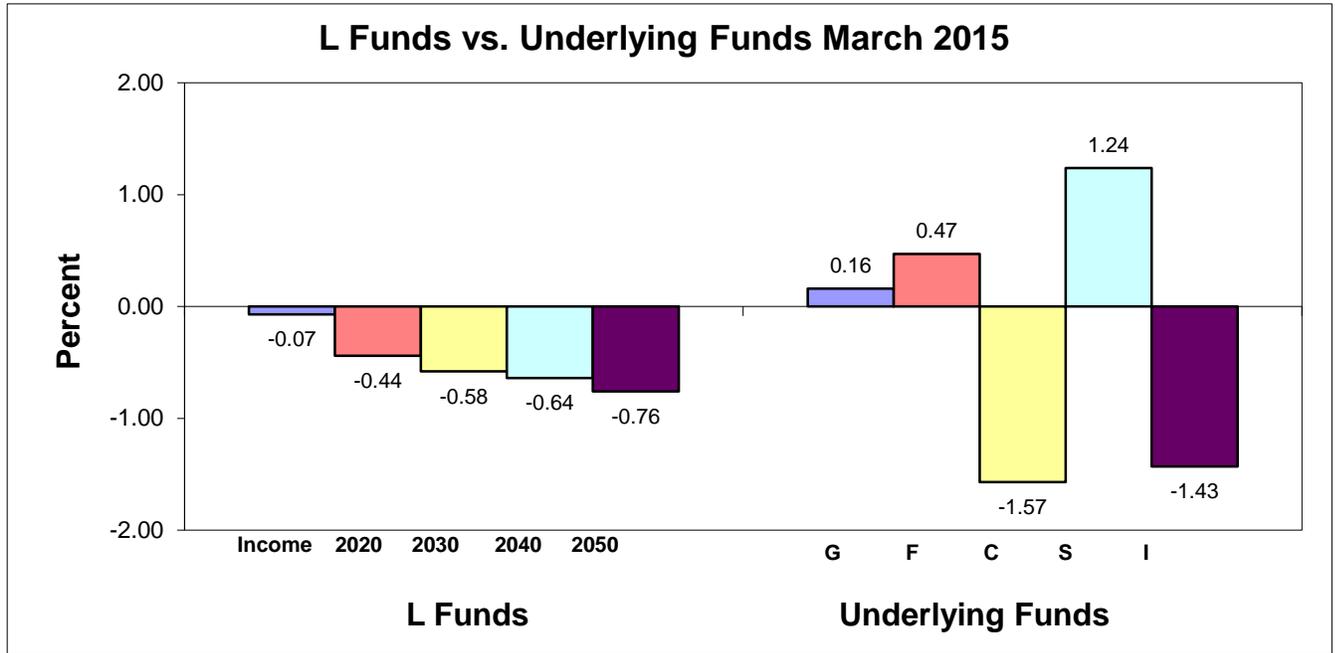
Total Return %

<u>Fund</u>	<u>TSP</u>	<u>BTC</u>	<u>Difference</u>	<u>Index</u>
Fixed Income	1.68	1.69	-0.01	1.61
Large Cap	0.97	0.98	-0.01	0.95
Small Cap	5.39	5.40	-0.01	5.30
International	5.70	5.72	-0.02	4.88

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

Attachment 1 provides a summary of TSP investment activity and participation rates.

PROXY VOTING -- FOURTH QUARTER 2014

An audit of BTC’s proxy voting conducted by ISS found no exceptions to BTC’s established guidelines during the fourth quarter of 2014. A copy of the audit report is provided as Attachment 2. The ISS audit report for the first quarter of 2015 is not yet available.

CLASS ACTION SETTLEMENTS -- FOURTH QUARTER 2014

No claims were opened for all of the funds during the fourth quarter. Two claims remain open in the C Fund. Through the fourth quarter, one claim was settled in the C Fund. The TSP has received approximately \$1.18 million year to date.

	<u>Claims Opened during Quarter</u>	<u>Open Claims Outstanding</u>	<u>No. of Claims Settled (YTD)</u>	<u>Estimate of Settled Claims in 2014 (USD)</u>
F Fund	-	-	-	-
C Fund	-	2	1	\$719
S Fund	-	-	19	\$1,179,399
I Fund	-	-	-	-
Total	<u>0</u>	<u>2</u>	<u>20</u>	<u>\$1,180,118</u>

RECOMMENDATION

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.**

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, Common Stock Index Investment Fund, the Small Capitalization Stock Index Investment Fund and the International Stock Index Investment Fund; and

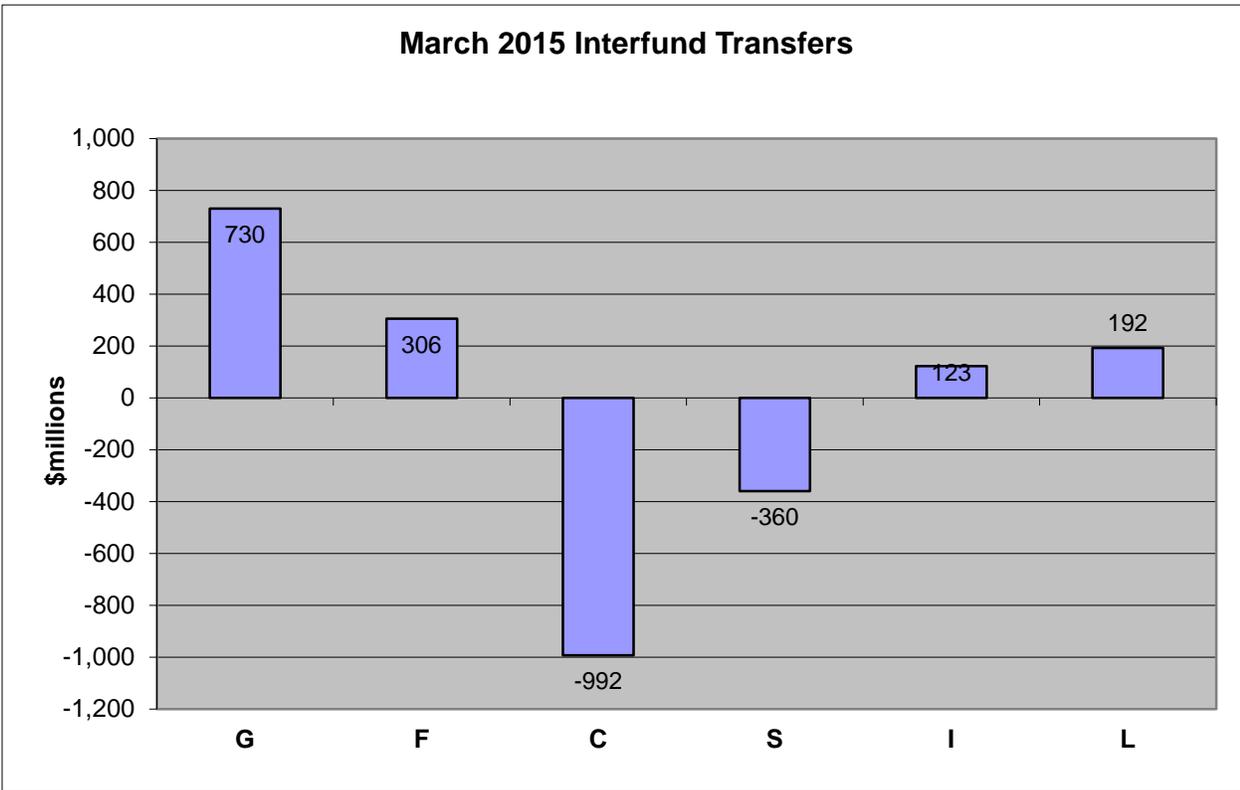
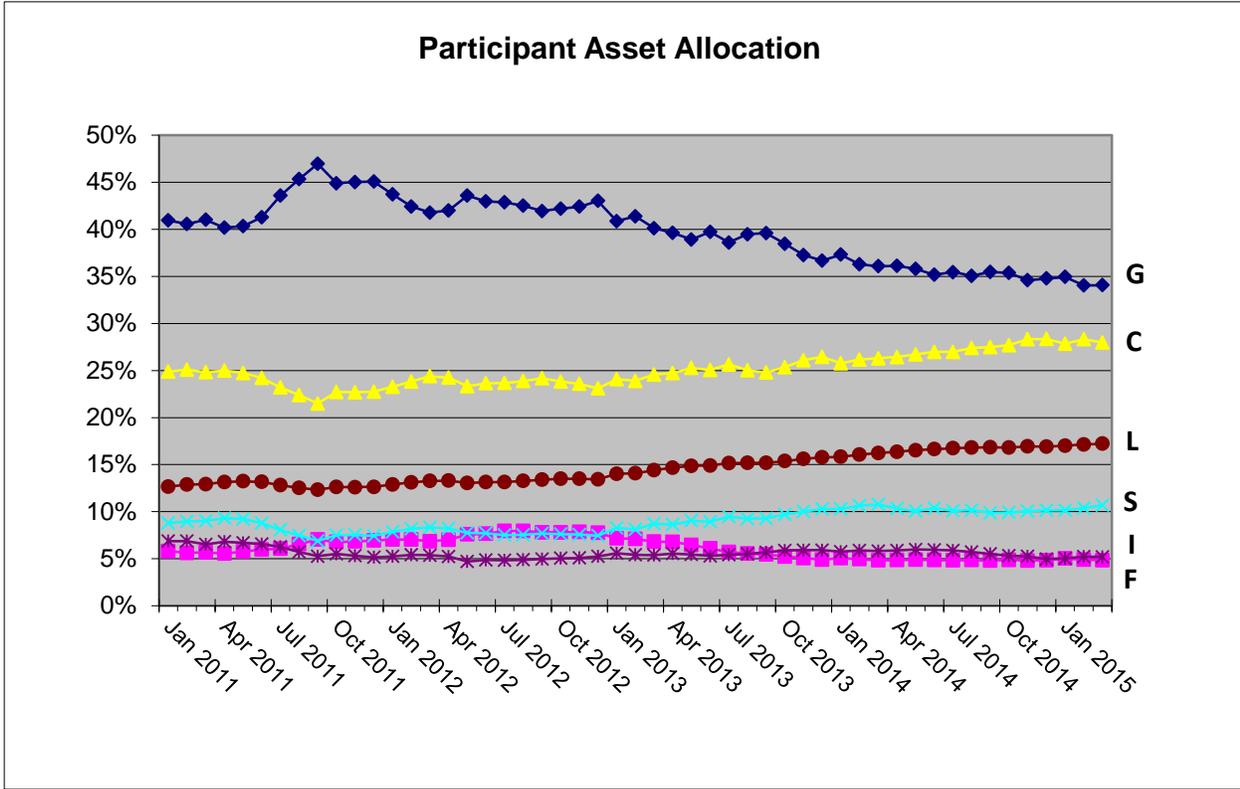
WHEREAS the Board members are satisfied with the investment performance and investment policies of these Funds;

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.

Attachments

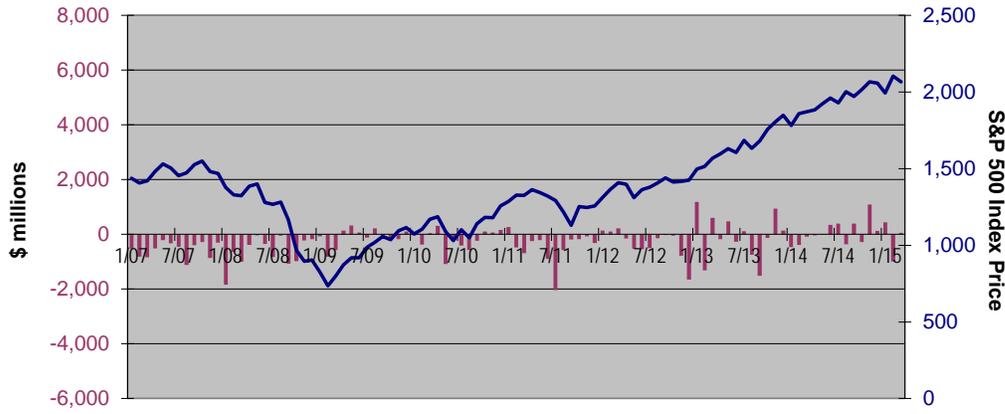
THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY
March 2015

Attachment 1

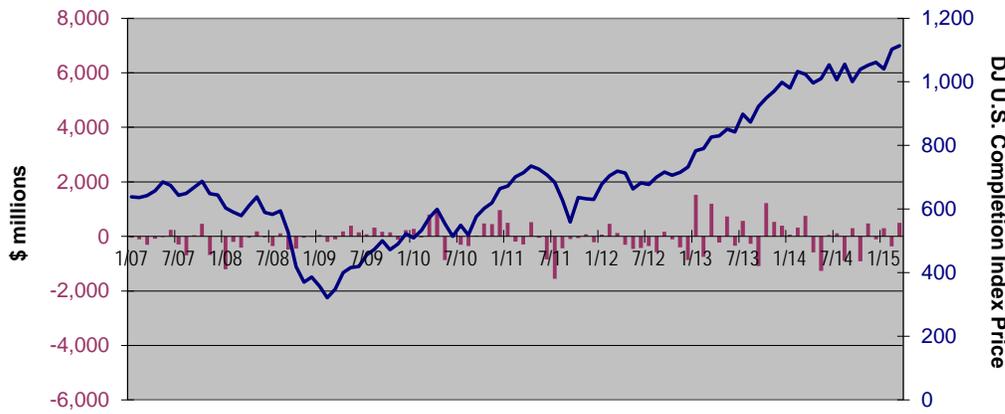


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March 2015

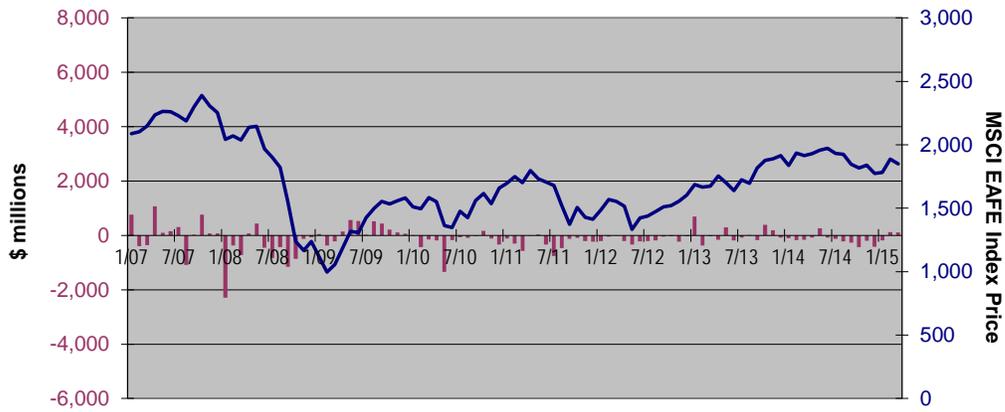
Monthly Interfund Transfers
C Fund



Monthly Interfund Transfers
S Fund

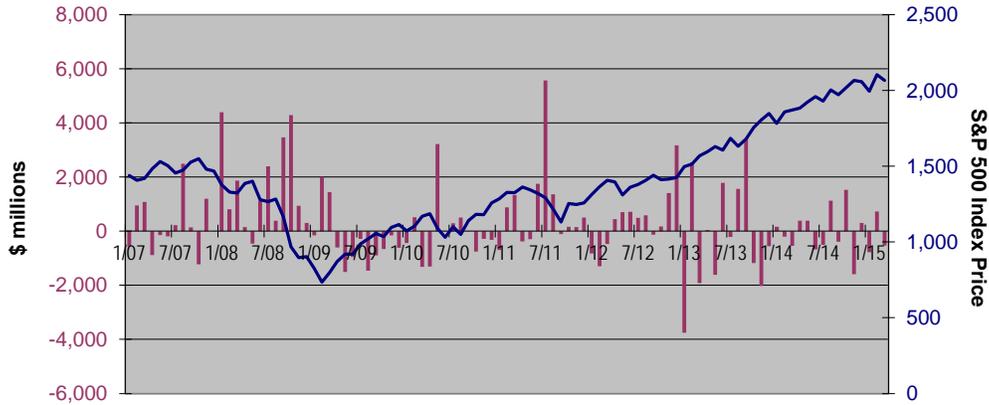


Monthly Interfund Transfers
I Fund

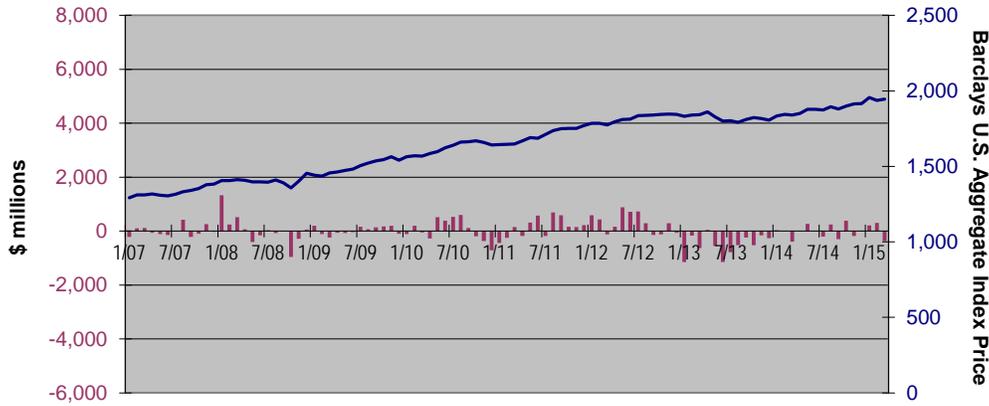


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March 2015

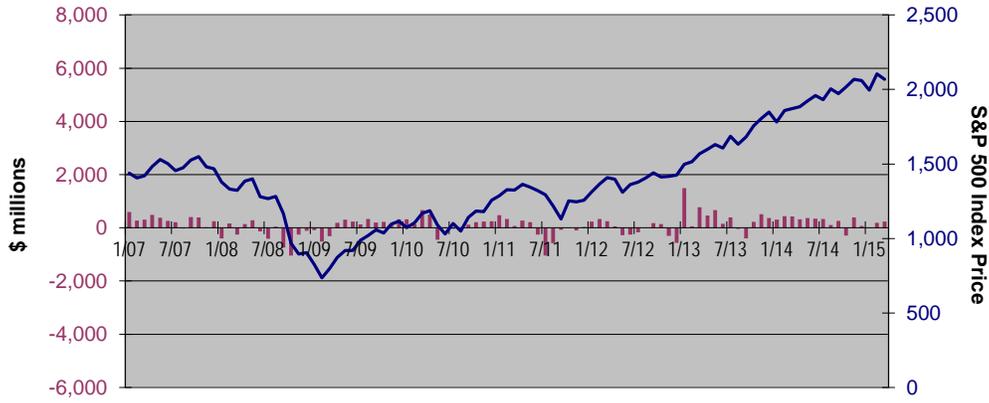
Monthly Interfund Transfers
G Fund



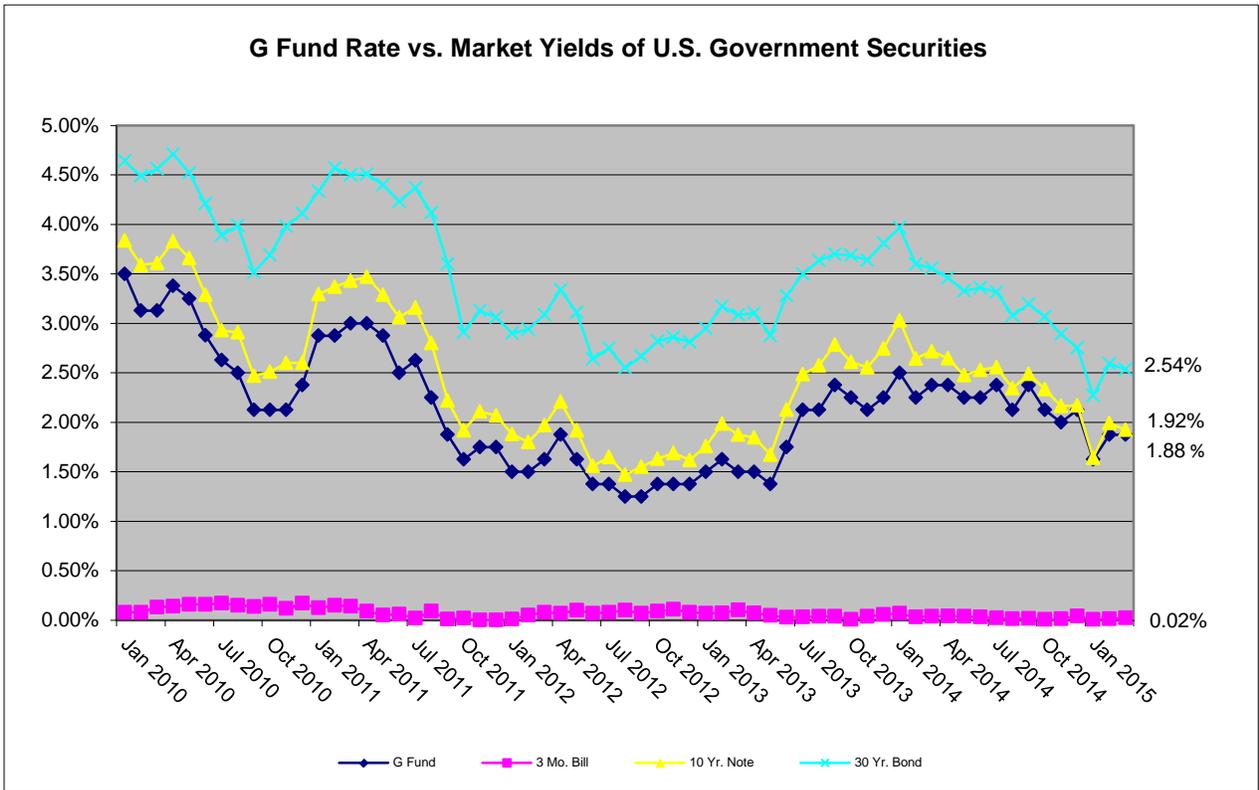
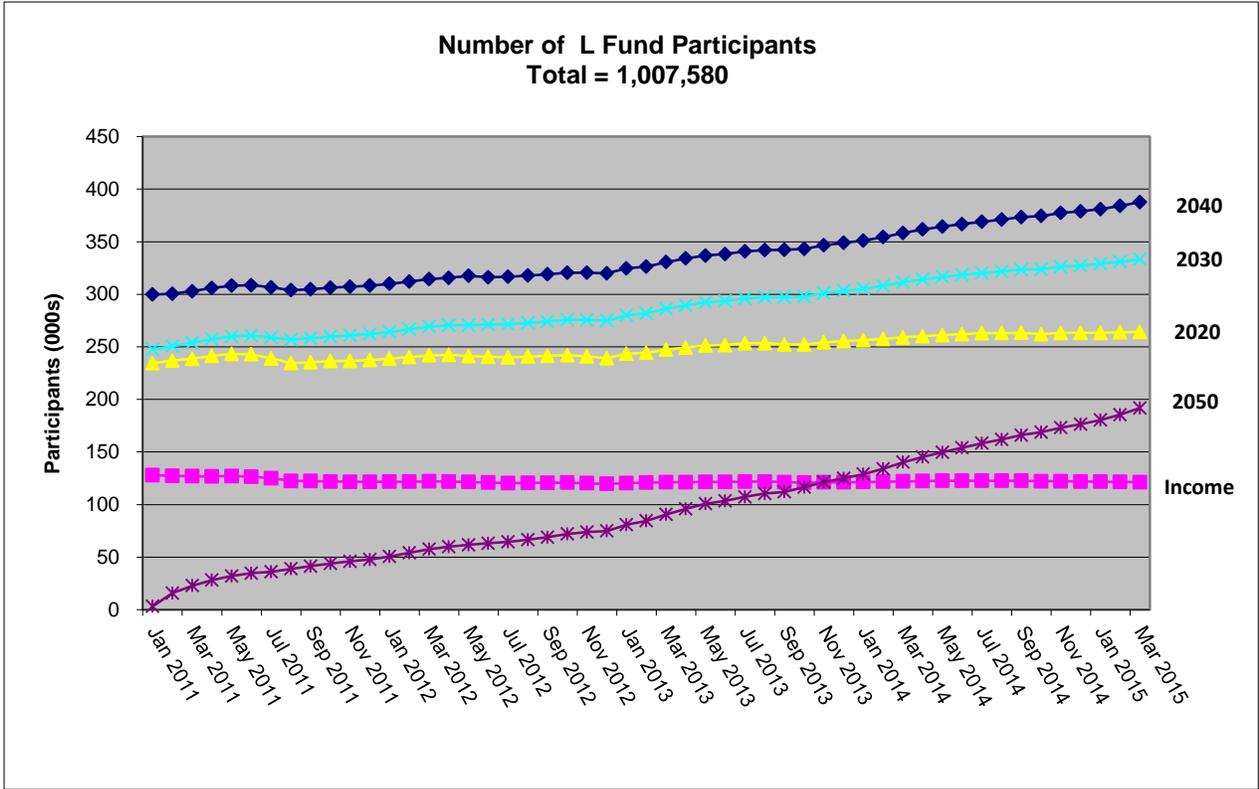
Monthly Interfund Transfers
F Fund



Monthly Interfund Transfers
L Funds



THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY March 2015





January 13, 2015

Mr. Zach Oleksiuk
Vice President, Americas Head
Corporate Governance & Responsible Investment
BlackRock
55 East 52nd St
New York, NY 10055

Dear Zach,

Enclosed are the results of our review of US proxy votes by BlackRock for the 4th quarter of 2014. Our review found that there were no exceptions to policy over this period.

Best regards,

A handwritten signature in blue ink that reads "Fasil G. Michael". The signature is fluid and cursive, with the first name being the most prominent.

Fasil G. Michael
Executive Director, Head of Custom Research

MEMORANDUM

The results of our review of BlackRock’s 4th quarter proxy voting for US meetings are as follows:

- Votes at 41 meetings were examined.
- Votes at 18 of the 41 meetings were for directors, auditors, and/or management say-on-pay (MSOP) only.
- At the 23 remaining meetings, there were 39 non-director/auditor/MSOP proposals.

The following table illustrates the votes involved by proposal type:

Proposal	Votes
Executive stock option plan	12
Employee share purchase plan	1
Section 162(m)	2
Increase in common stock	1
Private placement	1
Reverse stock split	1
Merger and/or reorganization	1
Issue shares in connection with acquisition	4
Adjourn meeting	6
Fix number of directors	1
Change company name	4
Eliminate supermajority vote requirement	1
Provide right to call special meeting	1
Other business	1
Shareholder proposal	2
Total:	39

- There were 12 votes cast on executive stock option plans; the votes were cast in favor of the plans.

- There was 1 vote cast on an increase in authorized common stock; the vote was cast in favor of the authorization.

- There were 5 votes cast on mergers and/or major corporate transactions, including the issuance of shares pursuant to an acquisition; the votes were cast in favor of the transactions.

- There were 27 votes cast on management advisory votes on executive compensation; the votes were cast in favor of the advisory votes.

- There were 2 votes cast on shareholder proposals which included:
 - a) 1 shareholder proposal to limit accelerated vesting of equity awards upon a change in control; the vote was cast against the proposal.
 - b) 1 shareholder proposal to report on pay disparity; the vote was cast against the proposal.

There were no exceptions to policy this period.