



FEDERAL RETIREMENT THRIFT INVESTMENT BOARD  
1250 H Street, NW Washington, DC 20005

February 8, 2008

Memorandum for the Executive Director

From: Tracey Ray   
Chief Investment Officer

Subject: January 2008 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 January 2008: investment manager performance and tracking error, trading costs, TSP fund performance, and L Fund participation.

**TRACKING ERROR - BGI Funds**

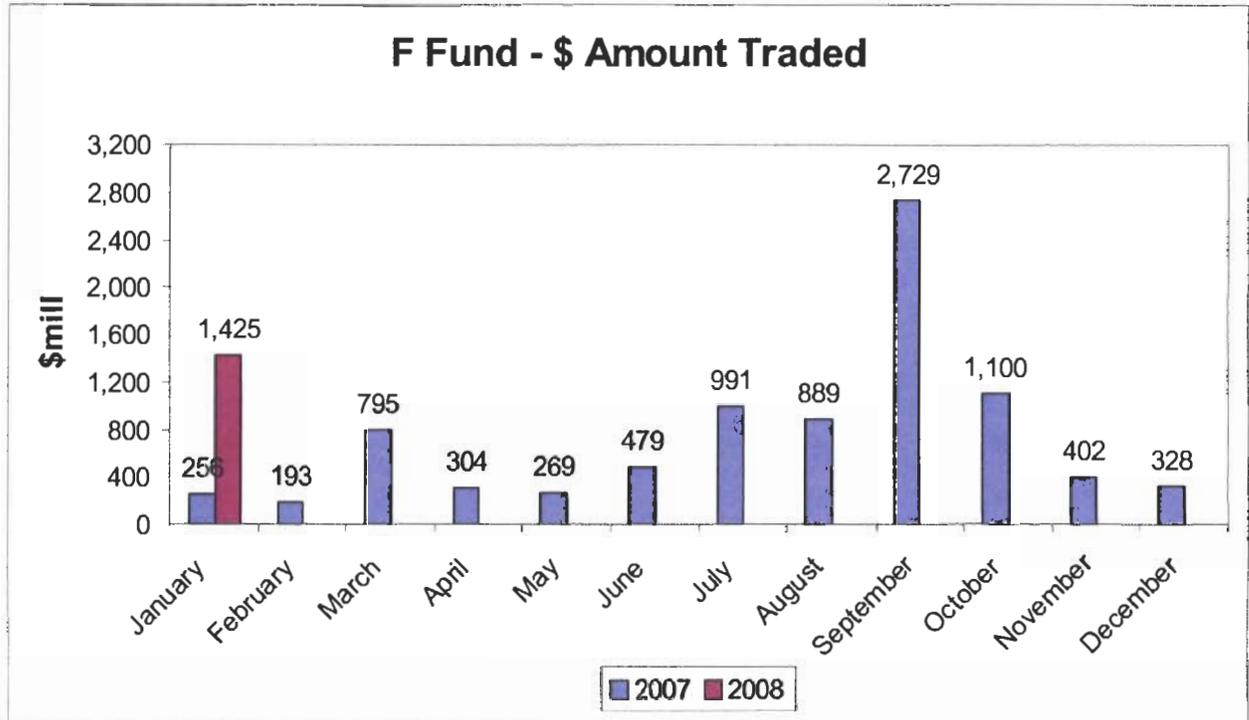
<b><u>Fund</u></b>	<b><u>% BGI FUND Performance</u></b>	<b><u>% Index Performance</u></b>	<b><u>Tracking Error</u></b>
Fixed Income	1.78	1.68	0.10
Large Cap	-6.00	-6.00	0.00
<b>Small Cap</b>	<b>-6.26</b>	<b>-6.17</b>	<b>-0.09</b>
<b>International</b>	<b>-8.43</b>	<b>-9.24</b>	<b>0.81</b>

The **Barclays Extended Equity Market Fund E** underperformed by 9 basis points in January. The underperformance is primarily related to the sampling technique used by the Fund. The **Barclay's EAFE Equity Index Fund E** outperformed by 81 basis points in January, primarily because of a fair valuation adjustment on January 31.

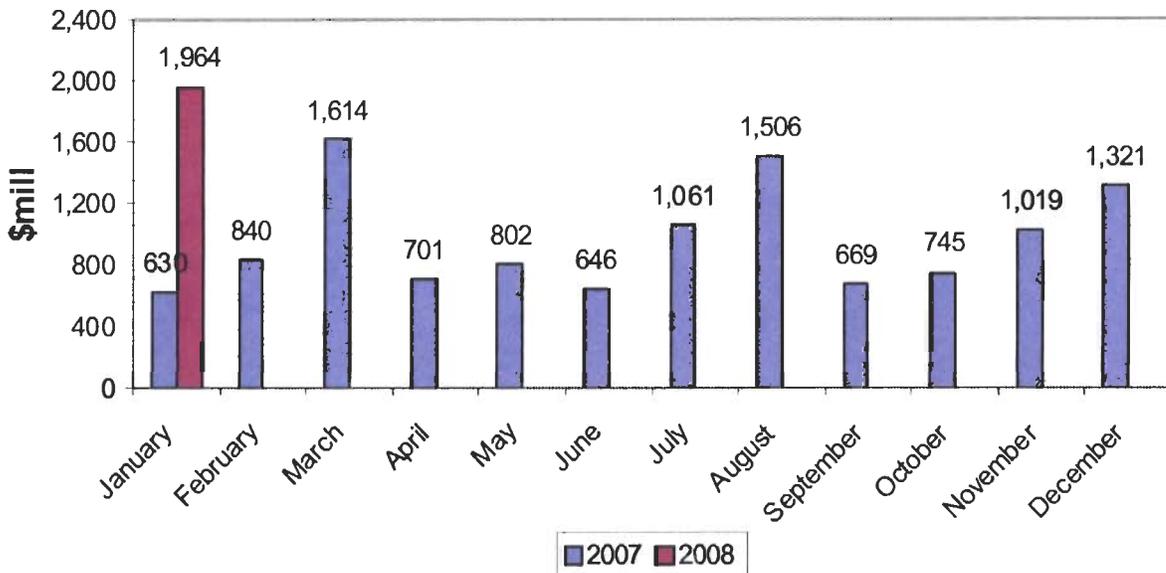
**TRADING COSTS**

Over \$1.4 billion was traded in the F Fund in January, the second highest amount on record. Trading costs for the month were a record \$779,247 vs. \$1,085,881 for all of 2007.

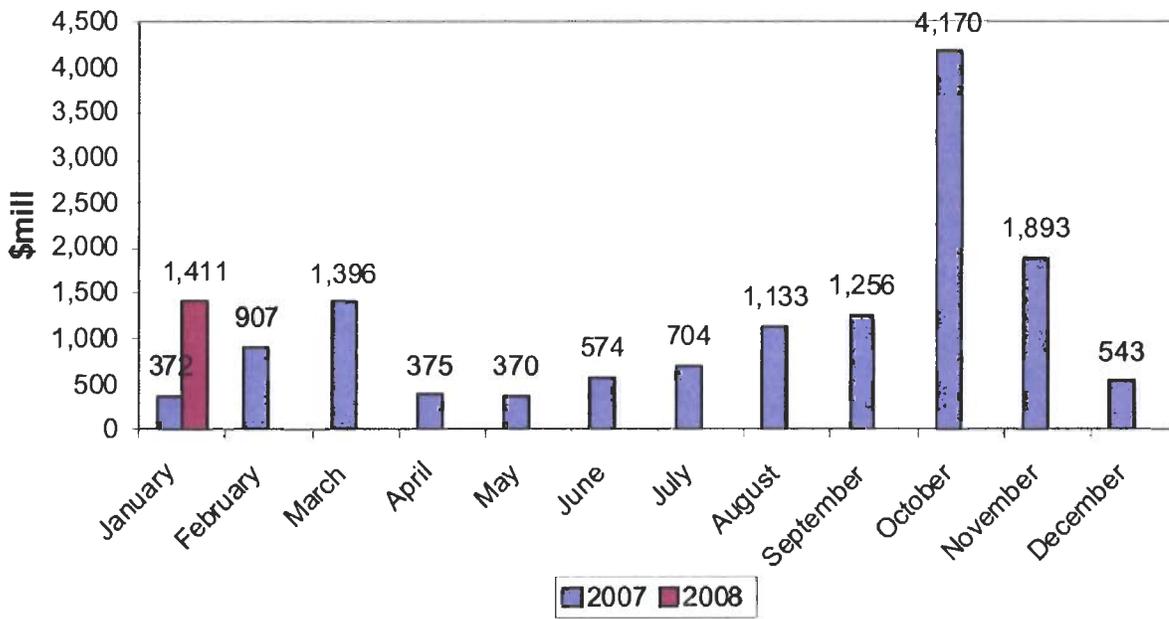
<u>Fund</u>	<u>DOLLAR AMOUNT TRADED</u>	<u>TRADING COSTS</u>	
		<u>\$</u>	<u>Basis Points</u>
<u>F Fund</u>			
January 2008	\$1,424,729,339	\$779,247	5.5
<u>C Fund</u>			
January 2008	\$1,963,837,213	-\$21,245	-0.1
<u>S Fund</u>			
January 2008	\$1,410,618,179	\$633,176	4.5
<u>I Fund</u>			
January 2008	\$2,824,891,583	-\$1,287,830	-4.6

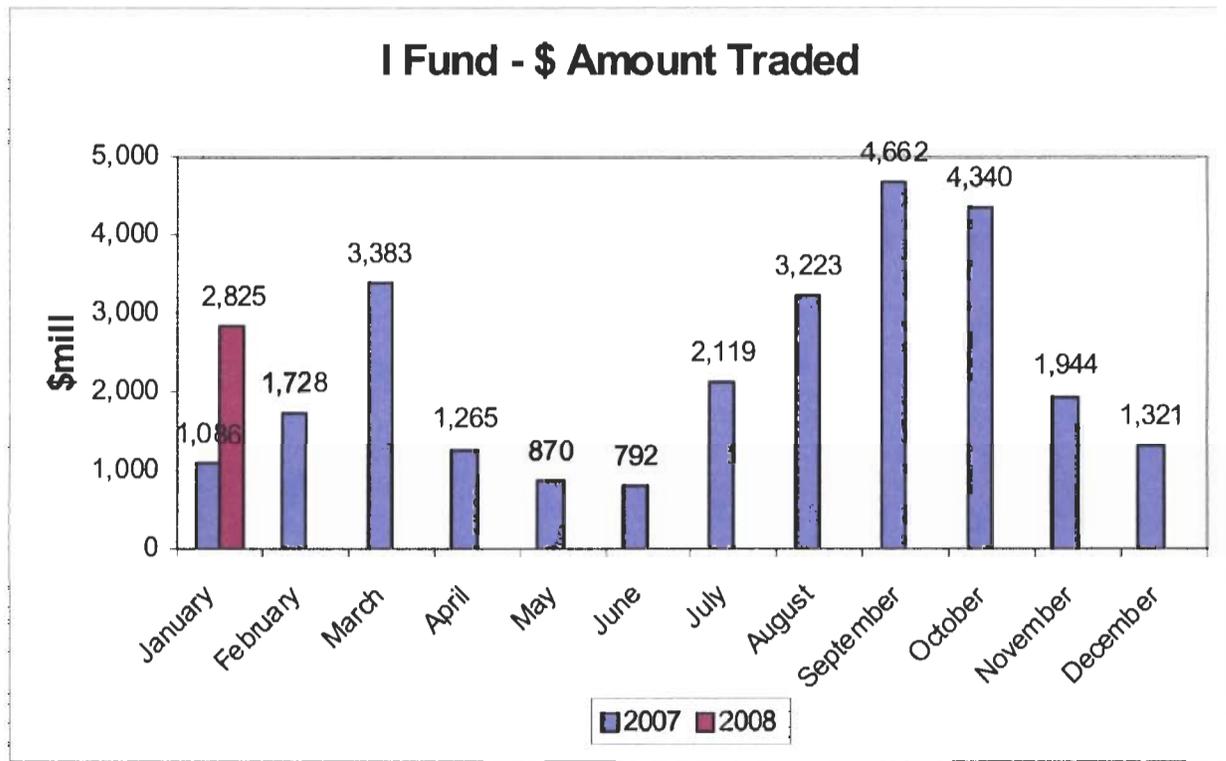


### C Fund - \$ Amount Traded



### S Fund - \$ Amount Traded





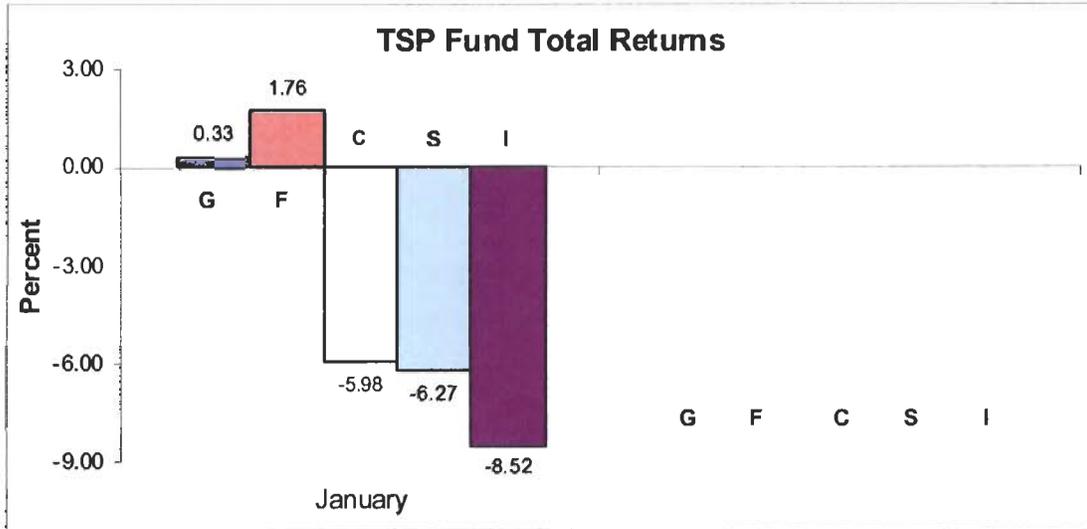
**G FUND**

The following table compares the G Fund rate to the 3 month Treasury bill, the 10 year Treasury note and the 30 year Treasury bond.

	<u>G Fund</u>	<u>3-month T-bill</u>	<u>10 year T-note</u>	<u>30 year T-bond</u>
Jan	4.00%	3.31%	4.03%	4.45%
Feb	3.50	1.98	3.60	4.32

**PERFORMANCE OF TSP FUNDS**

The chart below shows the G, F, C, S, and I Fund net rates of return for January 2008.



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

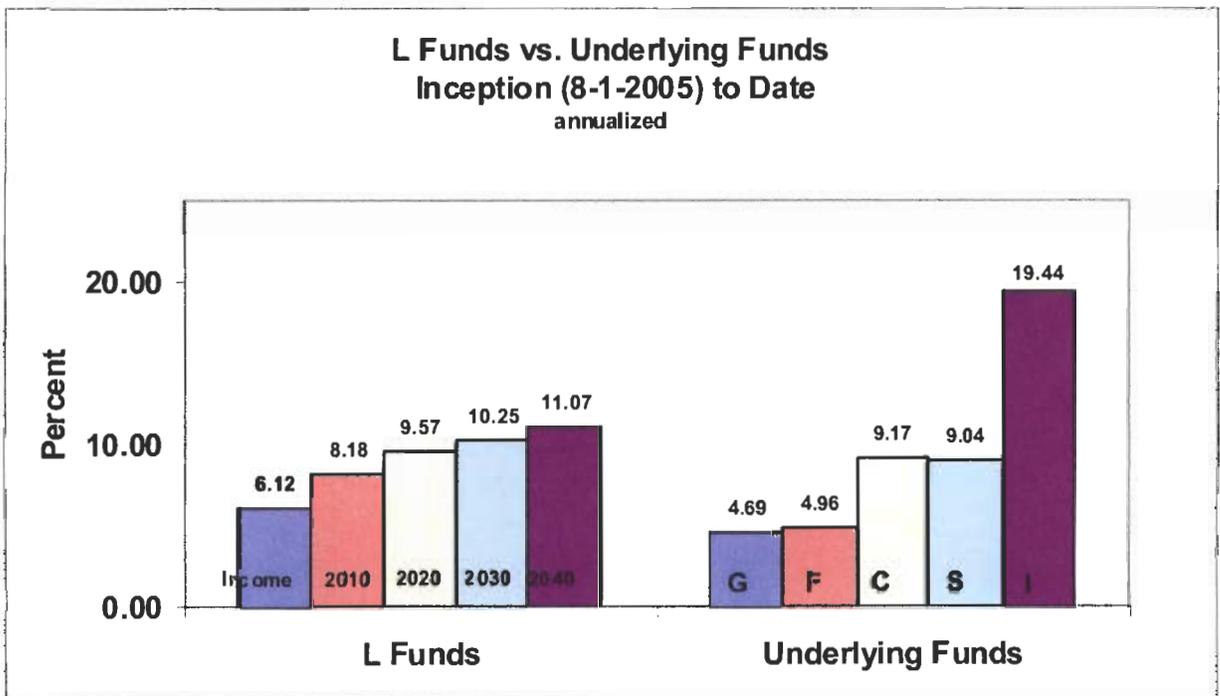
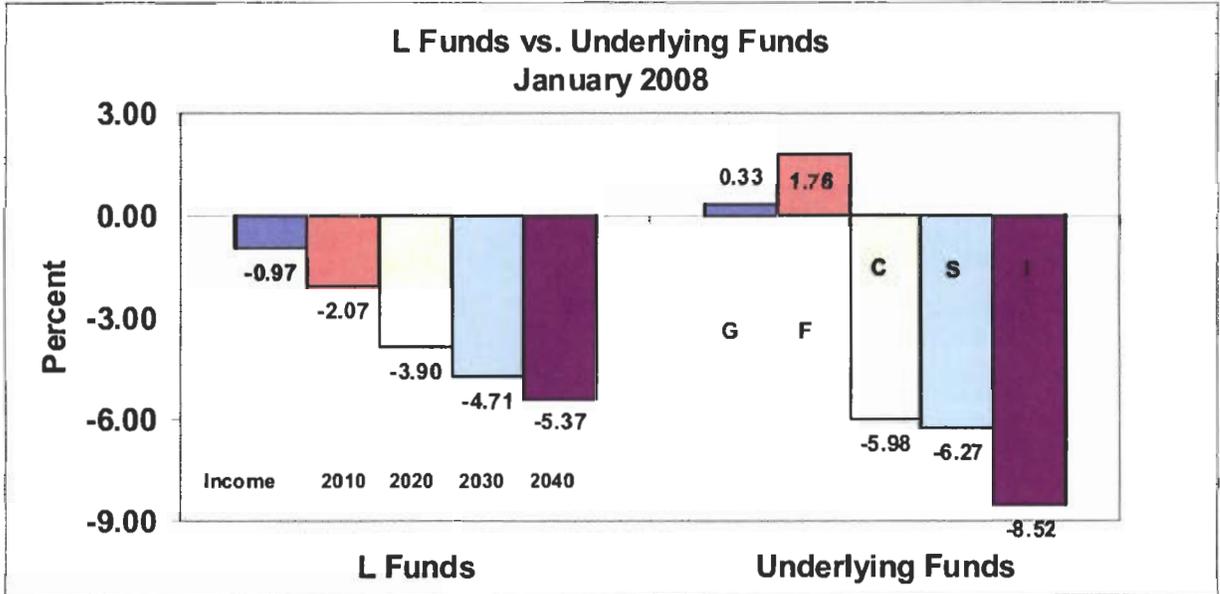
**January 2008  
Total Return  
%**

<u>Fund</u>	<u>TSP</u>	<u>Barclays</u>	<u>Difference</u>	<u>Index</u>
Fixed Income	1.76	1.78	-.02	1.68
Large Cap	-5.98	-6.00	.02	-6.00
Small Cap	-6.27	-6.26	-.01	-6.17
International	-8.52	-8.43	-.09	-9.24

The TSP Funds closely tracked the Barclays Funds for the month.

**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. The bulk of our participants' funds are held in the G and C Funds. In January, all of the L Funds outperformed the C, S, and I Funds. **Annualized, since inception, all of the L Funds have outperformed the G Fund. The Income Fund has outperformed the G Fund by 143 basis points on an annual basis.**



**THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY**

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

- Net interfund transfer activity soared in January. Participants liquidated \$1.8 billion from the C Fund, \$1.2 billion from the S Fund, \$2.3 billion from the I Fund and \$399 million from the L Funds. The money went to the G Fund (\$4.4 billion) and the F Fund (\$1.3 billion). (pg. 7)
- The number of participants with balances in the 2010, 2020, and 2040 Funds declined for the first time since the Funds were launched. (pg. 8)

Attachment

**THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY**  
**Contributions and Interfund Transfers**

Month end	Monthly TSP Contributions (S Millions)							Interfund Transfer Activity (S Millions)							# of ITs
	G Fund	F Fund	C Fund	S Fund	I Fund	L Funds	Total	G Fund (SMil)	F Fund (SMil)	C Fund (SMil)	S Fund (SMil)	I Fund (SMil)	L Funds (SMil)		
12/31/2004	618	107	616	130	90	N/A	1,560	(397)	(156)	(326)	357	522	N/A	141,159	
12/31/2005	562	88	541	147	125	97	1,560	(366)	(109)	(703)	27	359	792	140,242	
12/31/2006	524	71	473	148	173	180	1,569	(448)	29	(593)	(143)	715	440	148,123	
1/31/2007	611	85	580	183	223	227	1,909	(566)	(219)	(525)	(50)	771	589	175,918	
2/28/2007	518	71	479	156	194	201	1,619	947	98	(818)	(107)	(391)	271	194,549	
3/31/2007	536	72	475	154	193	206	1,636	1,079	113	(843)	(302)	(354)	307	268,213	
4/30/2007	518	70	465	150	195	204	1,602	(887)	(63)	(516)	(91)	1,075	482	188,180	
5/31/2007	621	84	558	179	239	250	1,931	(144)	(106)	(207)	(29)	104	382	177,196	
6/30/2007	537	71	476	158	211	221	1,674	(194)	(146)	(327)	245	162	260	169,638	
7/31/2007	603	82	568	188	252	264	1,957	217	8	(454)	(290)	304	215	209,575	
8/31/2007	523	68	451	150	204	221	1,617	2,497	421	(1,115)	(697)	(1,081)	(25)	271,447	
9/30/2007	517	68	448	147	200	221	1,601	142	(213)	(391)	39	23	400	201,192	
10/31/2007	572	74	485	159	221	240	1,751	(1,229)	(94)	(286)	458	764	387	201,126	
11/30/2007	601	80	517	169	238	265	1,870	1,194	258	(861)	(681)	71	19	188,623	
12/31/2007	529	67	440	145	210	228	1,619	17	(24)	(309)	0	72	244	133,550	
1/31/2008	621	83	512	165	240	268	1,889	4,405	1,332	(1,839)	(1,204)	(2,295)	(399)	260,044	

**THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY**  
**L Fund Investment Balances and Number of Participants**

Month end	L Fund Investment Balances						Number of Participant Accounts with L Fund Balances					
	Income (\$Mil)	2010 (\$Mil)	2020 (\$Mil)	2030 (\$Mil)	2040 (\$Mil)	Total (\$Mil)	Income	2010	2020	2030	2040	Any L Fund
12/31/2005	542	2,235	3,092	1,362	664	7,895	16,915	46,517	67,777	55,164	50,848	214,779
12/31/2006	917	4,081	6,418	3,335	2,126	16,877	34,698	87,845	137,155	124,086	132,325	433,025
1/31/2007	945	4,253	6,770	3,569	2,325	17,862	35,884	90,846	142,944	130,446	141,504	452,990
2/28/2007	969	4,288	6,876	3,661	2,431	18,225	36,805	92,347	146,563	134,733	147,822	466,011
3/31/2007	1,024	4,425	7,107	3,815	2,532	18,903	38,162	94,330	150,187	138,790	153,296	479,199
4/30/2007	1,056	4,613	7,500	4,068	2,766	20,003	39,040	96,641	154,557	143,464	160,361	492,781
5/31/2007	1,106	4,781	7,852	4,298	2,981	21,018	40,005	98,731	158,403	147,738	167,023	505,790
6/30/2007	1,100	4,826	7,962	4,385	3,066	21,339	40,711	100,161	161,585	151,245	172,169	515,928
7/31/2007	1,105	4,839	7,977	4,399	3,072	21,392	41,428	101,406	164,251	154,401	176,988	525,602
8/31/2007	1,126	4,890	8,080	4,494	3,107	21,697	42,143	102,132	165,732	156,845	180,103	532,836
9/30/2007	1,183	5,097	8,485	4,751	3,324	22,840	43,015	104,039	168,956	160,405	185,224	543,213
10/31/2007	1,216	5,270	8,835	4,976	3,540	23,837	43,842	105,893	172,179	163,699	190,501	553,212
11/30/2007	1,225	5,258	8,690	4,892	3,477	23,542	44,564	106,853	173,626	165,725	193,441	559,051
12/31/2007	1,237	5,326	8,801	4,970	3,547	23,881	45,093	108,073	175,838	168,215	196,888	566,232
1/31/2008	1,248	5,137	8,379	4,730	3,303	22,797	45,776	107,113	174,501	168,348	196,366	567,020

**THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY**  
**Allocation of Account Balances**

Month end	Number of TSP Participants with Entire Account Balance Invested in One Lifecycle Fund						Allocation of Account Balances (G/F/C/S/I/L Fund)		
	FERS		CSRS		Uniformed Services		FERS (%)	CSRS (%)	Uniformed Services (%)
	(000s)	%	(000s)	%	(000s)	%	(G/F/C/S/I/L)	(G/F/C/S/I/L)	(G/F/C/S/I/L)
12/31/2004	-	-	-	-	-	-	37/7/44/7/5/-	43/6/42/5/4/-	49/6/23/14/8/-
12/31/2005	55,386	2%	17,220	2%	14,404	2%	35/6/39/8/7/5	40/6/38/6/6/4	44/5/21/15/10/5
12/31/2006	94,323	4%	25,860	4%	30,921	4%	32/5/36/8/10/9	38/5/35/6/8/8	38/4/20/14/13/11
1/31/2007	97,967	4%	26,489	4%	32,517	4%	31/5/36/8/11/9	37/5/35/6/9/8	36/4/20/15/14/11
2/28/2007	100,232	4%	26,835	4%	33,344	4%	32/5/35/8/11/9	38/5/34/6/9/8	37/4/19/14/14/12
3/31/2007	102,312	4%	27,023	4%	34,289	4%	33/5/35/8/10/9	38/5/34/6/9/8	37/4/19/14/14/12
4/30/2007	104,911	4%	27,522	4%	35,285	5%	31/5/35/8/11/10	37/5/35/6/9/8	36/4/20/14/14/12
5/31/2007	106,136	5%	27,642	4%	35,954	5%	31/5/35/8/11/10	37/4/35/6/9/9	35/4/19/15/14/13
6/30/2007	107,580	5%	27,842	4%	36,560	5%	31/5/35/8/11/10	36/4/34/7/10/9	36/3/19/14/15/13
7/31/2007	109,163	5%	28,093	4%	37,316	5%	32/5/34/8/12/10	38/4/33/6/10/9	35/4/19/14/15/13
8/31/2007	110,279	5%	27,942	4%	37,874	5%	33/5/34/7/11/10	38/5/33/6/9/9	36/4/19/14/14/13
9/30/2007	112,277	5%	28,444	5%	38,763	5%	32/5/35/7/11/10	38/5/33/6/9/9	35/4/19/14/15/14
10/31/2007	113,906	5%	28,773	5%	39,277	5%	31/5/33/8/12/11	37/4/34/6/10/9	34/3/19/14/15/14
11/30/2007	114,782	5%	28,578	5%	39,547	5%	32/5/33/7/12/11	38/5/32/6/10/9	36/4/18/13/15/14
12/31/2007	116,157	5%	28,753	5%	40,046	5%	32/5/33/7/12/11	39/5/32/6/9/9	36/4/18/13/15/14
1/31/2008	115,790	5%	28,066	5%	40,607	5%	35/6/31/7/10/11	42/6/30/5/8/9	37/4/18/13/14/14

**THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY**  
**L Fund Participation Rates and Balance Distribution**

Month end	Participants with Balances in the L Funds						Allocation of L Fund Balances		
	FERS		CSRS		Uniformed Services		FERS (%)	CSRS (%)	Uniformed Services (%)
	(000s)	%	(000s)	%	(000s)	%	Inc/2010/2020/2030/2040	Inc/2010/2020/2030/2040	Inc/2010/2020/2030/2040
12/31/2005	138	6%	33	5%	44	7%	6 / 24 / 41 / 20 / 9	13 / 50 / 30 / 4 / 3	2 / 8 / 23 / 36 / 31
12/31/2006	273	12%	57	9%	103	14%	4 / 21 / 40 / 22 / 13	11 / 45 / 32 / 6 / 6	2 / 7 / 22 / 35 / 34
1/31/2007	286	12%	59	9%	107	14%	4 / 20 / 41 / 22 / 13	10 / 45 / 33 / 6 / 6	2 / 7 / 22 / 35 / 34
2/28/2007	294	13%	60	9%	112	15%	4 / 20 / 40 / 22 / 14	10 / 45 / 33 / 6 / 6	2 / 7 / 22 / 35 / 34
3/31/2007	303	13%	61	9%	116	15%	5 / 20 / 39 / 22 / 14	10 / 45 / 33 / 6 / 6	2 / 7 / 22 / 35 / 34
4/30/2007	311	13%	62	10%	119	15%	5 / 20 / 39 / 22 / 14	10 / 44 / 33 / 6 / 7	2 / 7 / 22 / 34 / 35
5/31/2007	319	14%	64	10%	123	16%	4 / 19 / 39 / 23 / 15	10 / 43 / 33 / 7 / 7	2 / 6 / 21 / 35 / 36
6/30/2007	326	14%	65	10%	126	16%	4 / 19 / 39 / 23 / 15	10 / 43 / 33 / 7 / 7	2 / 6 / 21 / 35 / 36
7/31/2007	332	14%	65	10%	128	16%	4 / 19 / 39 / 23 / 15	10 / 43 / 33 / 7 / 7	2 / 6 / 21 / 35 / 36
8/31/2007	337	14%	65	10%	131	16%	4 / 19 / 39 / 23 / 15	10 / 43 / 33 / 7 / 7	2 / 6 / 21 / 35 / 36
9/30/2007	344	14%	66	10%	133	17%	4 / 19 / 39 / 23 / 15	10 / 42 / 34 / 7 / 7	2 / 6 / 21 / 35 / 36
10/31/2007	350	15%	67	11%	136	17%	4 / 19 / 39 / 23 / 15	10 / 42 / 34 / 7 / 7	2 / 6 / 21 / 34 / 37
11/30/2007	354	15%	67	11%	137	17%	4 / 19 / 39 / 23 / 15	10 / 42 / 34 / 7 / 7	2 / 6 / 21 / 34 / 37
12/31/2007	359	15%	68	11%	139	17%	4 / 19 / 39 / 23 / 15	10 / 42 / 34 / 7 / 7	2 / 6 / 21 / 34 / 37
1/31/2008	360	15%	66	11%	140	17%	5 / 19 / 38 / 23 / 15	11 / 43 / 33 / 7 / 6	2 / 6 / 21 / 34 / 37