



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

March 11, 2011

MEMORANDUM FOR THE EXECUTIVE DIRECTOR

FROM: TRACEY RAY  
CHIEF INVESTMENT OFFICER

A handwritten signature in black ink, appearing to be "TR" or "Tracey Ray", written over the printed name.

SUBJECT: February 2011 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 February 2011, investment manager performance and tracking error, trading costs, TSP fund performance, and L Fund participation.

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

***February 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	0.26	0.25	0.01
Large Cap	3.43	3.43	0.00
<b>Small Mid Cap</b>	<b>4.52</b>	<b>4.44</b>	<b>0.08</b>
International	3.33	3.30	0.03

***2011 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	0.38	0.37	0.01
Large Cap	5.88	5.88	0.00
Small Mid Cap	5.81	5.78	0.03
<b>International</b>	<b>5.83</b>	<b>5.73</b>	<b>0.10</b>

The **BlackRock Extended Equity Market Fund E** outperformed by 8 basis points in February primarily as a result of the optimization process. The **BlackRock EAFE Equity Index Fund E** outperformed by 10 basis points year to date primarily as a result of the tax effect.

**Trading Costs**

	<u>Dollar Amount Traded</u>	<u>Trading Costs</u>	
		<u>\$</u>	<u>Basis Points</u>
<u>F Fund</u>			
February 2011	374,607,186	(36,640)	-1.0
Year-to-Date	768,986,471	(21,805)	-0.3
<u>C Fund</u>			
February 2011	1,268,333,642	296,416	2.3
Year-to-Date	2,274,630,014	567,359	2.5
<u>S Fund</u>			
February 2011	1,198,643,316	30,351	0.3
Year-to-Date	2,400,494,586	(47,273)	-0.2
<u>I Fund</u>			
February 2011	834,356,136	1,862,165	22.3
Year-to-Date	1,622,863,575	2,355,416	14.5

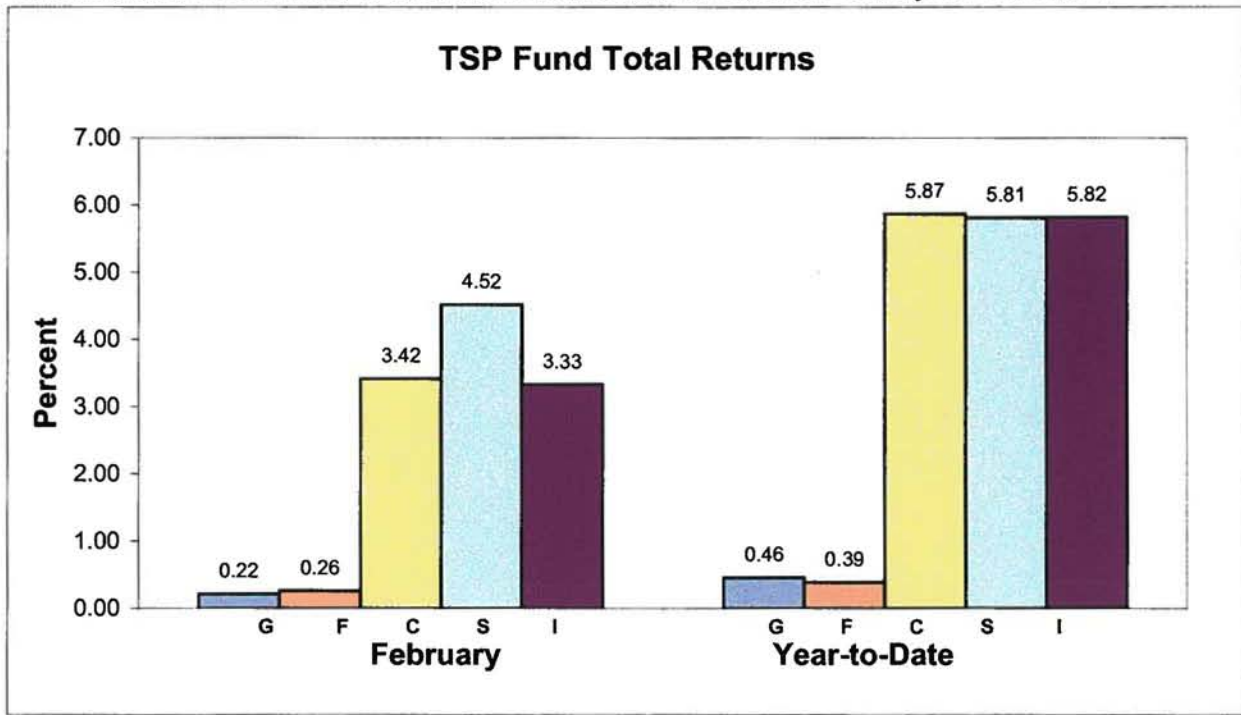
## **G Fund**

The following table compares the G Fund rate to be paid in the month noted to the 3 month Treasury bill, the 10 year Treasury note and the 30 year Treasury bond at the time the rate was set.

	<b><u>G Fund</u></b>	<b><u>3-month T-bill</u></b>	<b><u>10 year T-note</u></b>	<b><u>30 year T-bond</u></b>
<b><u>2011</u></b>				
March	3.00%	0.14%	3.43%	4.50%
February	2.88	0.15	3.37	4.57
January	2.88	0.13	3.30	4.34
<b><u>2010</u></b>				
December	2.38%	0.17%	2.80%	4.11%
November	2.13	0.12	2.60	3.98
October	2.13	0.16	2.51	3.69
September	2.13	0.14	2.47	3.52
August	2.50	0.15	2.91	3.99
July	2.63	0.17	2.93	3.89
June	2.88	0.16	3.29	4.21
May	3.25	0.16	3.66	4.52
April	3.38	0.14	3.83	4.71
March	3.13	0.13	3.61	4.56
February	3.13	0.08	3.59	4.49
January	3.50	0.08	3.84	4.64
<b><u>2009</u></b>				
December	2.88	0.05	3.20	4.19
November	3.13	0.06	3.39	4.23
October	3.00	0.08	3.31	4.05
September	3.25	0.13	3.40	4.18
August	3.25	0.18	3.48	4.30
July	3.25	0.19	3.54	4.33
June	3.25	0.14	3.46	4.34
May	2.88	0.15	3.12	4.03
April	2.50	0.20	2.67	3.54
March	2.88	0.27	3.02	3.71
February	2.75	0.13	2.84	3.60
January	2.13	0.02	2.21	2.68

### **Performance of TSP Funds**

The chart below shows the G, F, C, S, and I Fund net rates of return for February 2011 and 2011.



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.

#### **February 2011**

##### **Total Return %**

<u>Fund</u>	<u>TSP</u>	<u>BTC</u>	<u>Difference</u>	<u>Index</u>
Fixed Income	0.26	0.26	0.00	0.25
Large Cap	3.42	3.43	-0.01	3.43
Small Cap	4.52	4.52	0.00	4.44
International	3.33	3.33	0.00	3.30

#### **2011**

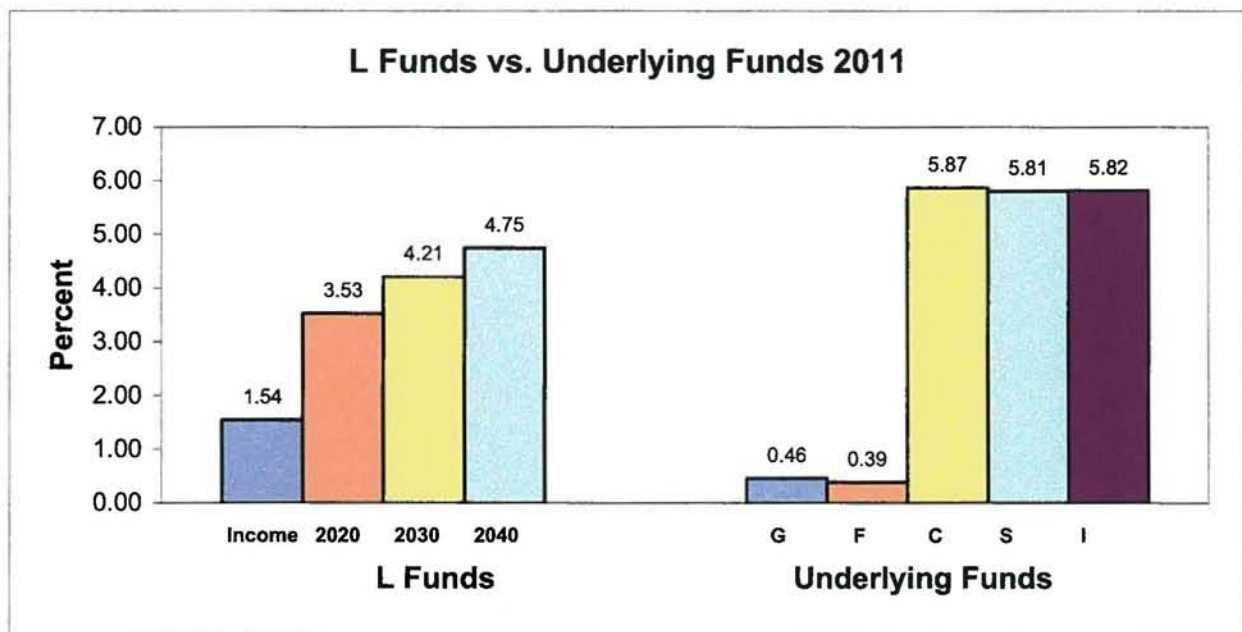
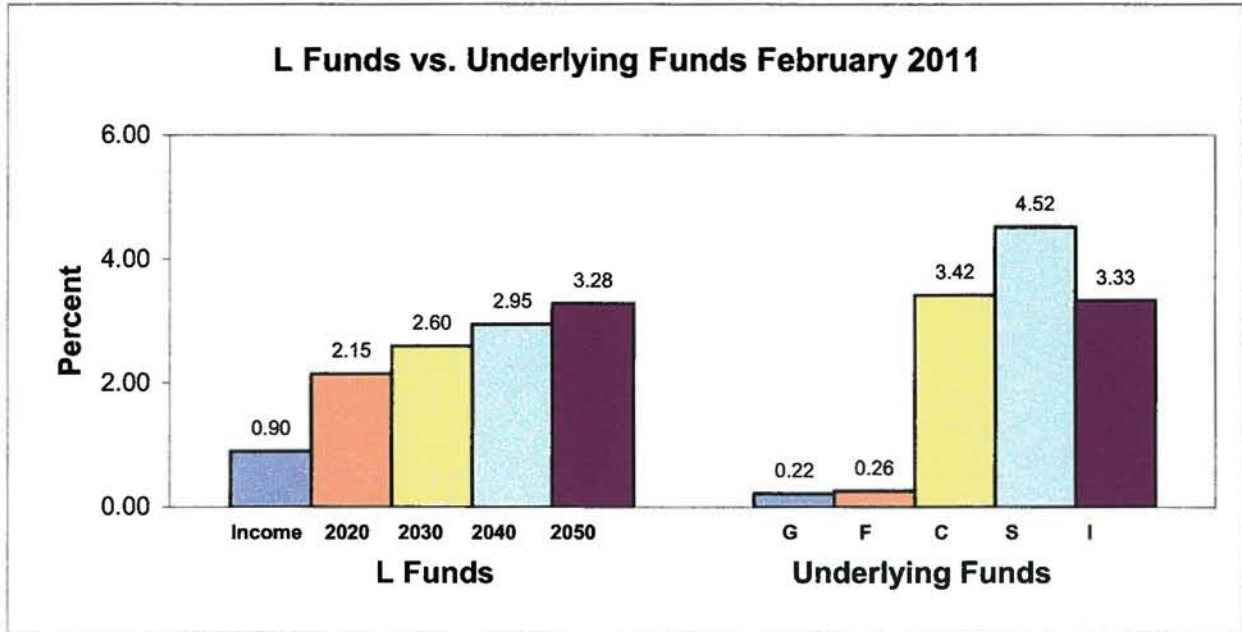
##### **Total Return %**

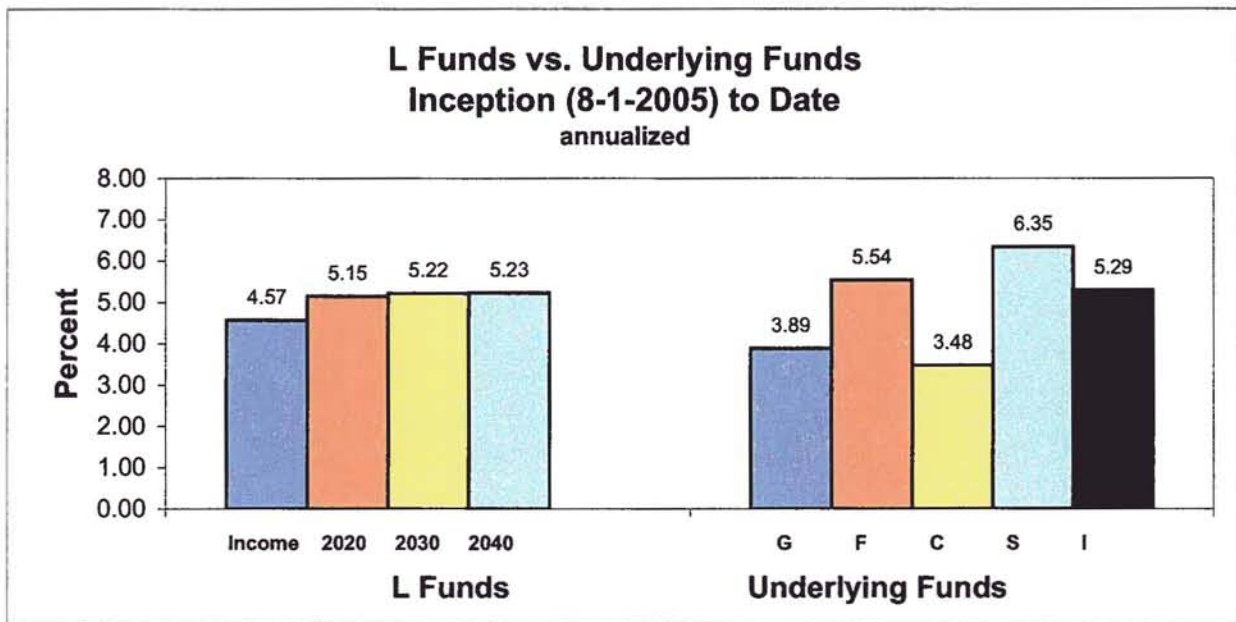
<u>Fund</u>	<u>TSP</u>	<u>BTC</u>	<u>Difference</u>	<u>Index</u>
Fixed Income	0.39	0.38	0.01	0.37
Large Cap	5.87	5.88	-0.01	5.88
Small Cap	5.81	5.81	0.00	5.78
International	5.82	5.83	-0.01	5.73

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.

- Over 15,000 participants have invested almost \$500 million in the new L 2050 Fund.

Attachment



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

	Contributions							Interfund Transfer Activity						
	G Fund (%)	F Fund (%)	C Fund (%)	S Fund (%)	I Fund (%)	L Funds (%)	Total (\$Mil)	G Fund (\$Mil)	F Fund (\$Mil)	C Fund (\$Mil)	S Fund (\$Mil)	I Fund (\$Mil)	L Funds (\$Mil)	# of IFTs
<b>2005</b>	37%	6%	38%	9%	7%	2%	17,772	(1,169)	(1,159)	(7,602)	516	1,975	7,439	1,739,695
<b>2006</b>	34%	5%	32%	10%	10%	9%	19,531	(700)	(936)	(7,149)	(774)	3,704	5,855	2,112,668
<b>2007</b>	32%	4%	29%	9%	12%	13%	20,786	3,073	33	(6,652)	(1,505)	1,520	3,531	2,379,207
<b>2008</b>	37%	5%	25%	8%	11%	14%	21,772	19,691	349	(7,573)	(2,952)	(6,791)	(2,724)	1,637,711
<b>2009</b>	45%	5%	21%	7%	8%	14%	22,668	(3,818)	330	(1,051)	1,294	2,088	1,157	1,237,637
<b>1/31/2010</b>	43%	5%	21%	7%	9%	15%	1,818	(439)	(104)	(31)	276	(19)	317	106,109
<b>2/28/2010</b>	42%	5%	21%	7%	9%	15%	1,862	518	200	(379)	(34)	(431)	126	93,229
<b>3/31/2010</b>	42%	5%	21%	8%	9%	15%	1,900	(1,317)	(56)	51	799	(146)	669	120,856
<b>4/30/2010</b>	42%	5%	21%	8%	9%	16%	2,366	(1,310)	(277)	316	958	(186)	499	125,817
<b>5/31/2010</b>	41%	5%	21%	8%	9%	16%	1,977	3,228	512	(1,085)	(865)	(1,345)	(445)	165,061
<b>6/30/2010</b>	41%	5%	21%	8%	9%	16%	2,175	(15)	382	(224)	12	(175)	20	90,660
<b>7/31/2010</b>	42%	5%	20%	8%	8%	16%	1,897	291	532	(408)	(312)	(65)	(38)	97,944
<b>8/31/2010</b>	42%	5%	20%	8%	8%	16%	1,895	506	601	(566)	(354)	(92)	(95)	96,986
<b>9/30/2010</b>	42%	5%	20%	8%	8%	16%	2,159	(5)	112	(234)	34	(20)	113	87,245
<b>10/31/2010</b>	42%	5%	20%	8%	8%	16%	2,119	(757)	(187)	102	470	163	209	105,172
<b>11/30/2010</b>	41%	5%	20%	8%	9%	16%	2,249	(281)	(370)	73	452	(108)	234	113,425
<b>12/31/2010</b>	42%	5%	19%	8%	8%	17%	2,010	(322)	(710)	162	961	(338)	247	224,749
	Contributions							Interfund Transfer Activity						
	G Fund (%)	F Fund (%)	C Fund (%)	S Fund (%)	I Fund (%)	L Funds (%)	Total (\$Mil)	G Fund (\$Mil)	F Fund (\$Mil)	C Fund (\$Mil)	S Fund (\$Mil)	I Fund (\$Mil)	L Funds (\$Mil)	# of IFTs
<b>1/31/2011</b>	41%	5%	21%	9%	8%	16%	1,813	(694)	(443)	271	501	(115)	480	142,594
<b>2/28/2011</b>	41%	5%	20%	9%	8%	17%	1,982	883	(247)	(479)	(189)	(302)	334	153,601

**THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY**  
**L Fund Investment Balances and Investment Allocations**

	L Fund Investment Balances						Allocation of L Fund Balances (%)		
	Income	2010	2020	2030	2040	Total	FERS	CSRS	Uniformed Services
	(\$Mil)	(\$Mil)	(\$Mil)	(\$Mil)	(\$Mil)	(\$Mil)	Inc/2010/2020/2030/2040	Inc/2010/2020/2030/2040	Inc/2010/2020/2030/2040

2005	542	2,235	3,092	1,362	664	7,895	6 / 24 / 41 / 20 / 9	13 / 50 / 30 / 4 / 3	2 / 8 / 23 / 36 / 31
2006	917	4,081	6,418	3,335	2,126	16,877	4 / 21 / 40 / 22 / 13	11 / 45 / 32 / 6 / 6	2 / 7 / 22 / 35 / 34
2007	1,237	5,326	8,801	4,970	3,547	23,881	4 / 19 / 39 / 23 / 15	10 / 42 / 34 / 7 / 7	2 / 6 / 21 / 34 / 37
2008	968	4,001	6,593	4,031	2,725	18,318	5 / 19 / 37 / 24 / 15	11 / 44 / 33 / 7 / 5	2 / 7 / 20 / 34 / 37
2009	1,205	4,479	9,290	6,219	4,558	25,751	4 / 15 / 37 / 26 / 18	11 / 39 / 36 / 8 / 6	2 / 5 / 19 / 34 / 40

1/31/2010	1,250	4,467	9,310	6,197	4,534	25,758	4 / 15 / 38 / 26 / 17	11 / 38 / 37 / 8 / 6	2 / 5 / 19 / 34 / 40
2/28/2010	1,275	4,511	9,585	6,449	4,705	26,525	4 / 15 / 37 / 26 / 18	11 / 38 / 37 / 8 / 6	2 / 5 / 18 / 34 / 41
3/31/2010	1,374	4,646	10,317	6,964	5,113	28,414	4 / 14 / 38 / 26 / 18	11 / 37 / 38 / 8 / 6	2 / 5 / 18 / 34 / 41
4/30/2010	1,439	4,673	10,727	7,247	5,344	29,430	4 / 14 / 38 / 26 / 18	11 / 36 / 39 / 8 / 6	2 / 5 / 18 / 34 / 41
5/31/2010	1,381	4,533	10,093	6,819	4,950	27,776	4 / 14 / 38 / 26 / 18	11 / 37 / 38 / 8 / 6	2 / 5 / 18 / 34 / 41
6/30/2010	1,374	4,521	9,938	6,724	4,867	27,424	4 / 14 / 38 / 26 / 18	12 / 37 / 37 / 8 / 6	2 / 5 / 18 / 34 / 41
7/31/2010	1,392	4,610	10,468	7,205	5,256	28,931	4 / 14 / 37 / 27 / 18	11 / 36 / 39 / 8 / 6	2 / 5 / 18 / 34 / 41
8/31/2010	1,378	4,577	10,258	7,046	5,142	28,401	4 / 14 / 37 / 27 / 18	11 / 37 / 38 / 8 / 6	2 / 5 / 18 / 34 / 41
9/30/2010	1,426	4,645	10,988	7,664	5,651	30,374	4 / 13 / 37 / 27 / 19	11 / 36 / 39 / 8 / 6	2 / 4 / 18 / 34 / 42
10/31/2010	1,572	4,145	11,773	8,077	5,998	31,565	4 / 11 / 39 / 27 / 19	12 / 32 / 42 / 8 / 6	2 / 4 / 18 / 34 / 42
11/30/2010	1,648	3,843	12,105	8,229	6,132	31,957	4 / 10 / 39 / 28 / 19	12 / 29 / 44 / 9 / 6	2 / 4 / 18 / 34 / 42
12/31/2010	5,404	0	12,914	8,840	6,645	33,803	14 / 0 / 38 / 28 / 20	39 / 0 / 45 / 9 / 7	5 / 0 / 18 / 34 / 43

	L Fund Investment Balances						Allocation of L Fund Balances (%)		
	Income	2020	2030	2040	2050	Total	FERS	CSRS	Uniformed Services
	(\$Mil)	(\$Mil)	(\$Mil)	(\$Mil)	(\$Mil)	(\$Mil)	Inc/2020/2030/2040/2050	Inc/2020/2030/2040/2050	Inc/2020/2030/2040/2050

1/31/2011	5,234	13,493	9,212	6,888	142	34,969	13 / 39 / 28 / 20 / 0	37 / 47 / 9 / 7 / 0	5 / 18 / 34 / 43 / 0
2/28/2011	5,270	13,971	9,591	7,046	473	36,351	12 / 40 / 28 / 19 / 1	36 / 47 / 9 / 7 / 1	6 / 18 / 34 / 41 / 2



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

	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
	#	%	#	%	#	%	(G/F/C/S/I/L)	(G/F/C/S/I/L)	(G/F/C/S/I/L)

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
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
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
2008	108,130	4%	21,470	4%	42,267	5%	50/7/22/5/6/10	58/6/21/3/4/8	48/5/14/9/10/14
2009	116,137	4%	20,090	4%	43,720	4%	44/6/25/6/8/11	53/6/23/4/6/8	42/4/15/11/12/16

1/31/2010	118,281	4%	20,351	4%	44,205	4%	45/6/24/6/8/11	52/6/23/5/6/8	43/4/15/11/11/16
2/28/2010	119,943	4%	20,445	4%	44,599	4%	44/6/25/7/7/11	52/6/23/5/5/9	43/4/15/11/11/16
3/31/2010	123,912	5%	21,145	4%	45,460	4%	42/6/25/7/8/12	49/6/24/6/6/9	41/4/15/12/11/17
4/30/2010	126,152	5%	21,536	4%	45,889	4%	41/6/26/8/7/12	50/6/24/6/5/9	41/4/15/12/11/17
5/31/2010	125,730	5%	21,106	4%	46,075	4%	45/6/24/7/6/12	52/6/23/6/4/9	42/5/14/12/10/17
6/30/2010	126,459	5%	21,035	4%	46,356	4%	45/7/23/7/6/12	53/7/22/5/4/9	43/5/14/11/10/17
7/31/2010	127,315	5%	20,945	4%	46,633	4%	43/7/24/7/7/12	51/7/23/5/5/9	41/5/14/12/11/17
8/31/2010	127,879	5%	20,808	4%	46,882	4%	44/7/23/7/7/12	52/7/22/5/5/9	42/5/14/11/11/17
9/30/2010	128,918	5%	20,780	4%	47,045	4%	43/7/24/7/7/12	51/7/23/5/5/9	41/5/14/12/11/17
10/31/2010	130,951	5%	20,806	4%	47,432	4%	42/7/24/8/7/12	50/7/23/6/5/9	40/5/14/12/11/18
11/30/2010	132,562	5%	20,764	4%	47,864	4%	42/7/24/8/7/12	50/7/23/6/5/9	40/5/15/12/11/17
12/31/2010	134,674	5%	21,025	4%	47,928	4%	40/6/25/9/7/13	49/6/24/7/5/9	39/4/15/13/11/18

	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
	#	%	#	%	#	%	(G/F/C/S/I/L)	(G/F/C/S/I/L)	(G/F/C/S/I/L)

1/31/2011	137,604	5%	21,090	4%	49,088	5%	39/6/26/9/7/13	48/6/25/7/5/9	39/4/15/13/11/18
2/28/2011	139,504	5%	21,218	4%	49,706	5%	39/6/26/9/7/13	48/6/25/7/5/9	38/4/15/13/11/19

**THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY**  
**L Fund Participation**

	Participants with Balances in the L Funds						Number of Participant Accounts with L Fund Balances					
	FERS (000s) %		CSRS (000s) %		Uniformed Services (000s) %		Income	2010	2020	2030	2040	Any L Fund

<b>2005</b>	138	6%	33	5%	44	7%	16,915	46,517	67,777	55,164	50,848	214,779
<b>2006</b>	273	12%	57	9%	103	14%	34,698	87,845	137,155	124,086	132,325	433,025
<b>2007</b>	359	15%	68	11%	139	17%	45,093	108,073	175,838	168,215	196,888	566,232
<b>2008</b>	373	15%	57	10%	154	17%	48,139	103,507	174,922	179,855	211,196	584,468
<b>2009</b>	424	16%	57	10%	165	17%	53,770	110,879	195,500	204,995	244,145	647,040

<b>1/31/2010</b>	431	16%	58	10%	167	17%	54,564	111,110	198,178	207,844	247,913	657,364
<b>2/28/2010</b>	437	16%	58	10%	168	17%	55,141	111,453	200,516	211,250	251,769	663,525
<b>3/31/2010</b>	450	16%	60	11%	171	17%	56,528	112,319	206,175	217,167	259,339	680,887
<b>4/30/2010</b>	461	17%	61	11%	173	17%	57,508	112,719	210,898	222,205	266,152	694,763
<b>5/31/2010</b>	462	17%	60	11%	174	17%	57,553	112,025	210,310	223,248	267,491	696,912
<b>6/30/2010</b>	467	17%	60	11%	176	17%	58,038	112,576	212,081	225,655	270,697	702,440
<b>7/31/2010</b>	470	17%	59	11%	177	17%	58,209	112,455	213,419	227,855	273,785	706,538
<b>8/31/2010</b>	473	17%	59	11%	178	17%	58,331	112,294	214,020	229,224	276,075	710,207
<b>9/30/2010</b>	479	17%	59	11%	179	17%	58,689	111,773	216,367	232,162	280,138	716,566
<b>10/31/2010</b>	485	17%	59	11%	180	17%	59,773	101,527	221,804	235,902	285,064	723,018
<b>11/30/2010</b>	491	17%	59	11%	181	17%	60,658	96,206	226,122	239,663	290,522	731,390
<b>12/31/2010</b>	497	18%	59	11%	183	17%	130,930	0	230,231	243,512	295,619	738,720

	Participants with Balances in the L Funds						Number of Participant Accounts with L Fund Balances					
	FERS (000s) %		CSRS (000s) %		Uniformed Services (000s) %		Income	2020	2030	2040	2050	Any L Fund

<b>1/31/2011</b>	505	18%	59	11%	184	17%	127,892	234,372	247,483	299,794	3,176	748,186
<b>2/28/2011</b>	513	18%	60	11%	187	17%	127,328	236,984	250,725	300,507	<b>15,645</b>	759,595