



FEDERAL RETIREMENT THRIFT INVESTMENT BOARD

77 K Street, NE Washington, DC 20002

September 7, 2012

MEMORANDUM FOR THE EXECUTIVE DIRECTOR

FROM: TRACEY RAY  
CHIEF INVESTMENT OFFICER

A handwritten signature in black ink, appearing to be "TRAY", located to the right of the "FROM:" line.

SUBJECT: August 2012 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 August 2012, investment manager performance and tracking error, trading costs, TSP fund performance, and L Fund participation.

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

***August 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	0.08	0.07	0.01
Large Cap	2.26	2.25	0.01
<b>Small Mid Cap</b>	<b>3.56</b>	<b>3.45</b>	<b>0.11</b>
<b>International</b>	<b>3.29</b>	<b>2.69</b>	<b>0.60</b>

***2012 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	3.92	3.85	0.07
Large Cap	13.58	13.51	0.07
<b>Small Mid Cap</b>	<b>12.35</b>	<b>11.98</b>	<b>0.37</b>
<b>International</b>	<b>7.23</b>	<b>6.92</b>	<b>0.31</b>

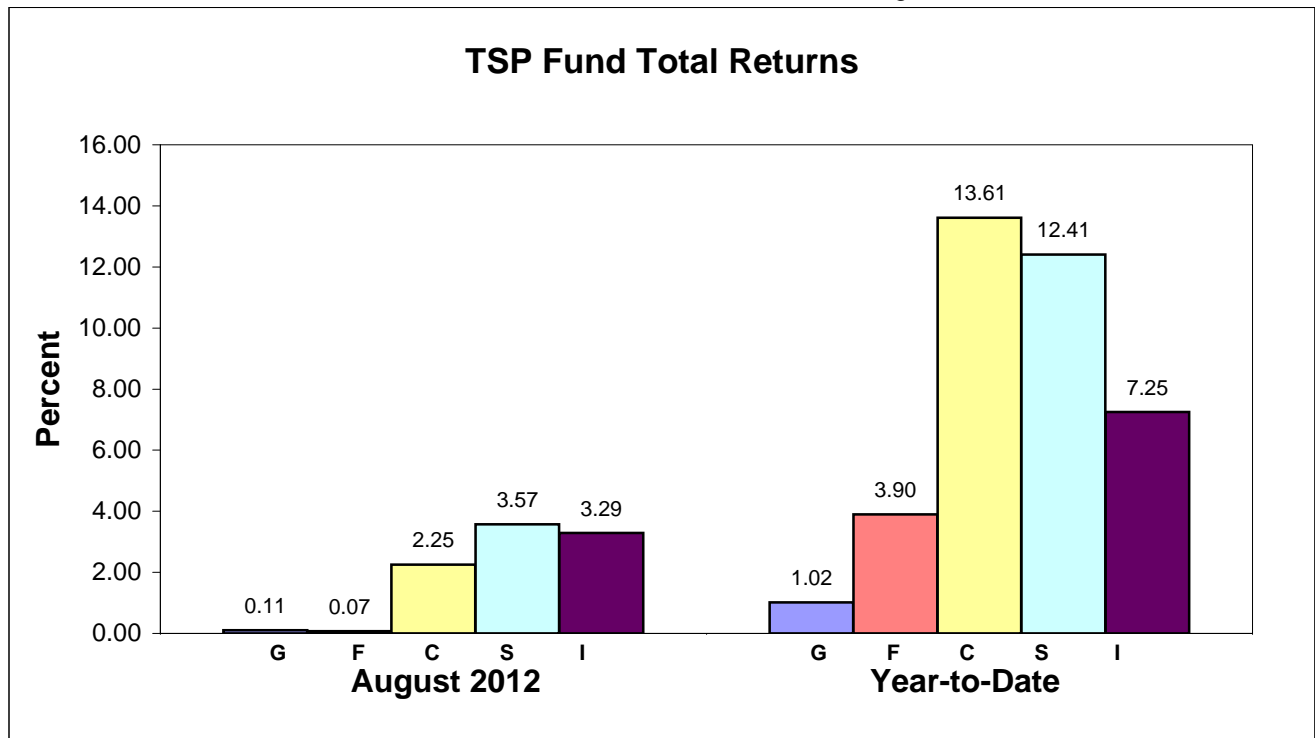
The BlackRock Extended Equity Market Fund E outperformed by 11 basis points in August and by 37 basis points year to date, primarily due to the optimization process. The BlackRock EAFE Equity Index Fund E outperformed by 60 basis points in August and by 31 basis points year to date, primarily as a result reversing the fair valuation on July 31 and by the benefit 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>			
August 2012	762,933,702	1,561,823	20.5
Year-to-Date	5,933,526,234	6,256,080	10.5
<u>C Fund</u>			
August 2012	886,905,187	(145,260)	-1.6
Year-to-Date	7,553,184,786	(130,559)	-0.2
<u>S Fund</u>			
August 2012	1,012,241,901	(34,956)	-0.3
Year-to-Date	6,880,468,923	(33,527)	0.0
<u>I Fund</u>			
August 2012	619,249,045	442,020	7.1
Year-to-Date	6,255,179,433	200,197	0.3

## Performance of TSP Funds

The chart below shows the G, F, C, S, and I Fund net rates of return for August 2012 and 2012.



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.

### August 2012

#### Total Return %

<u>Fund</u>	<u>TSP</u>	<u>BTC</u>	<u>Difference</u>	<u>Index</u>
Fixed Income	0.07	0.08	-0.01	0.07
Large Cap	2.25	2.26	-0.01	2.25
Small Cap	3.57	3.56	0.01	3.45
International	3.29	3.29	0.00	2.69

### 2012

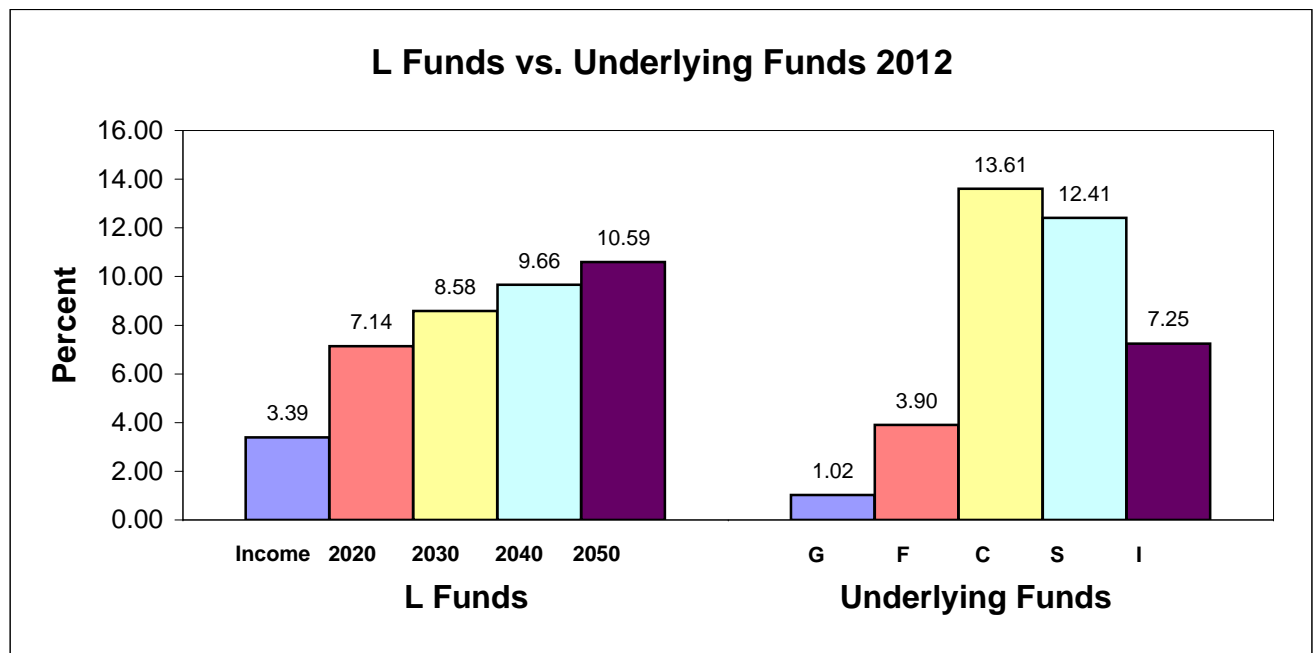
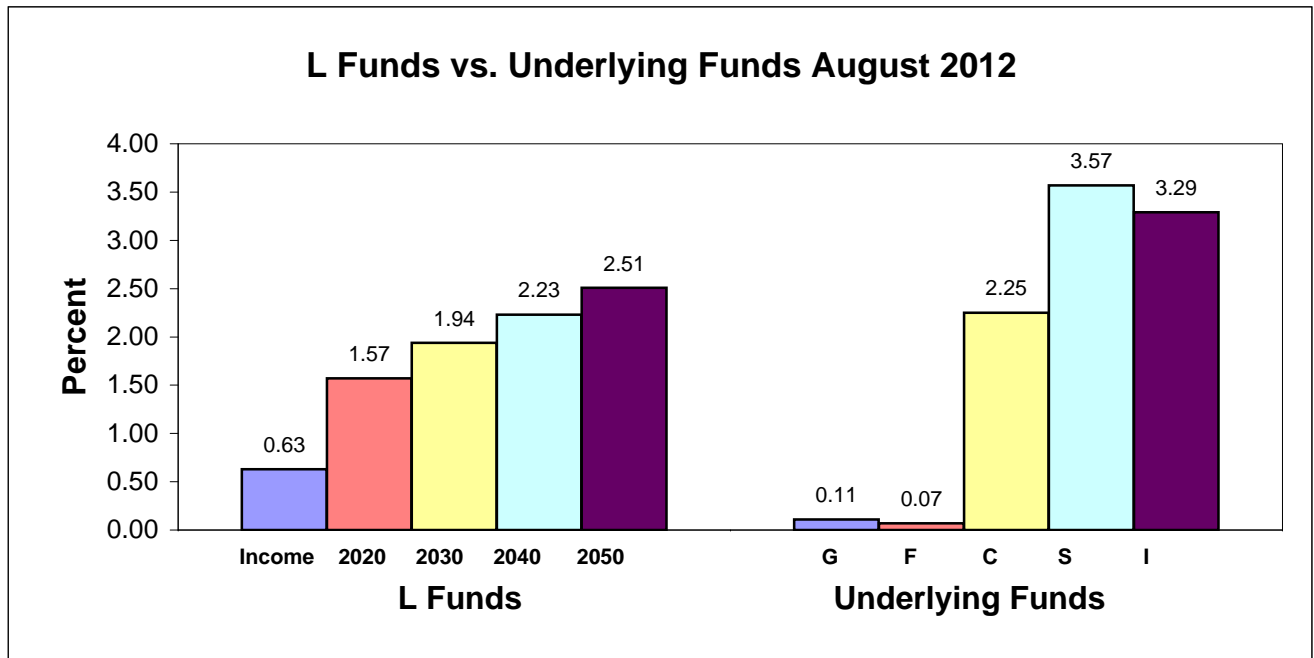
#### Total Return %

<u>Fund</u>	<u>TSP</u>	<u>BTC</u>	<u>Difference</u>	<u>Index</u>
Fixed Income	3.90	3.92	-0.02	3.85
Large Cap	13.61	13.58	0.03	13.51
Small Cap	12.41	12.35	0.06	11.98
International	7.25	7.23	0.02	6.92

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

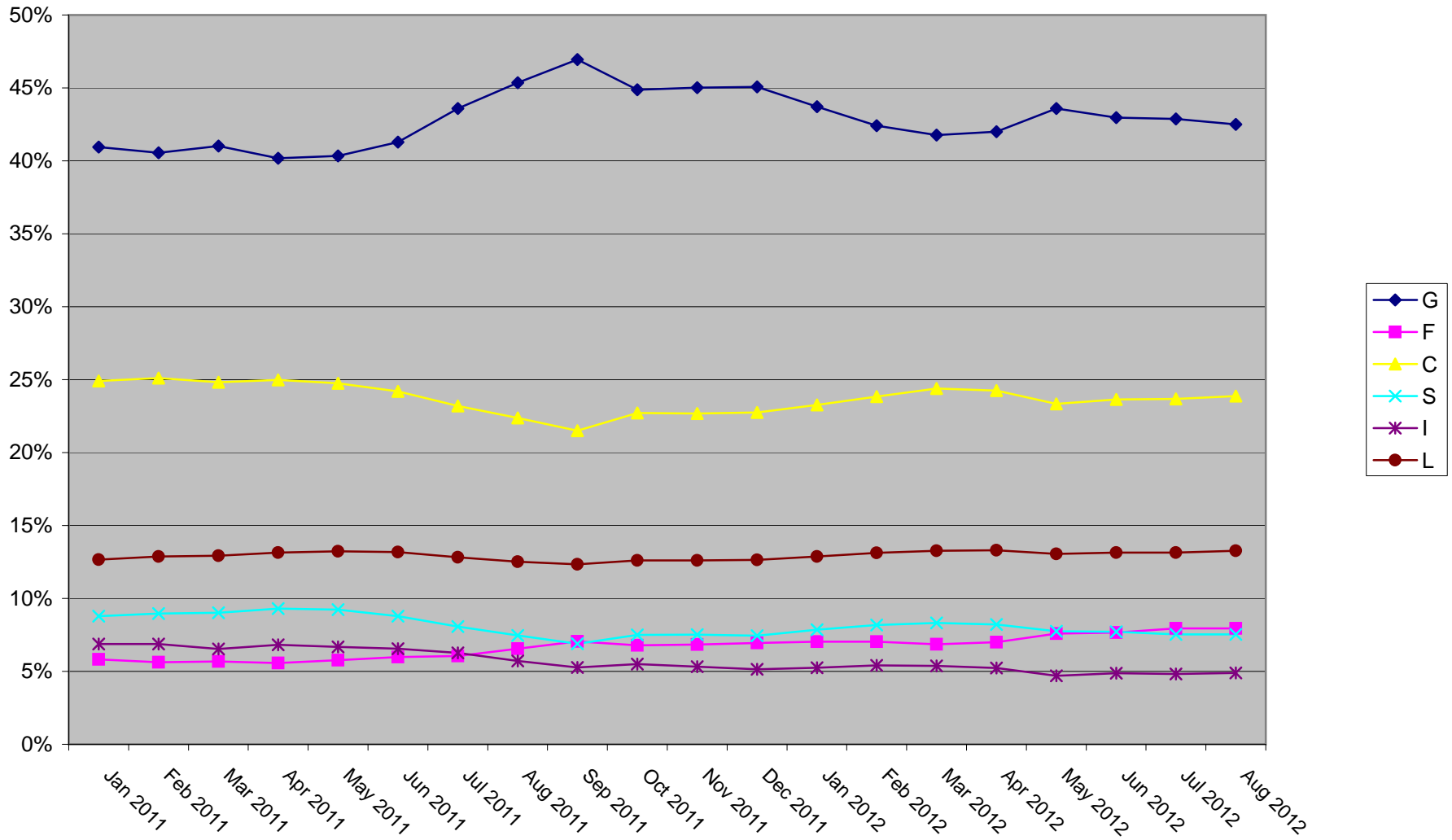
## L Funds

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.

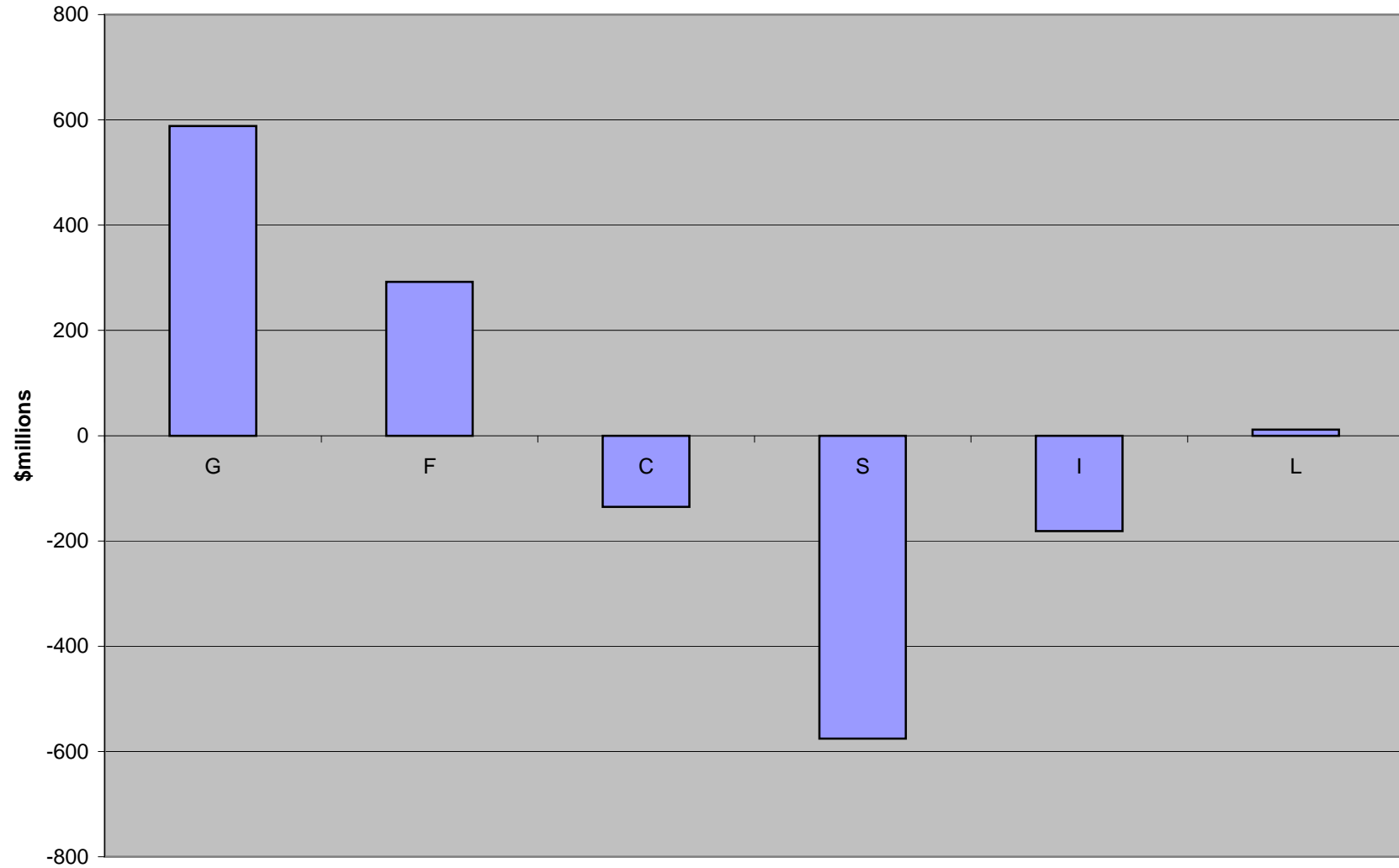


# THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY

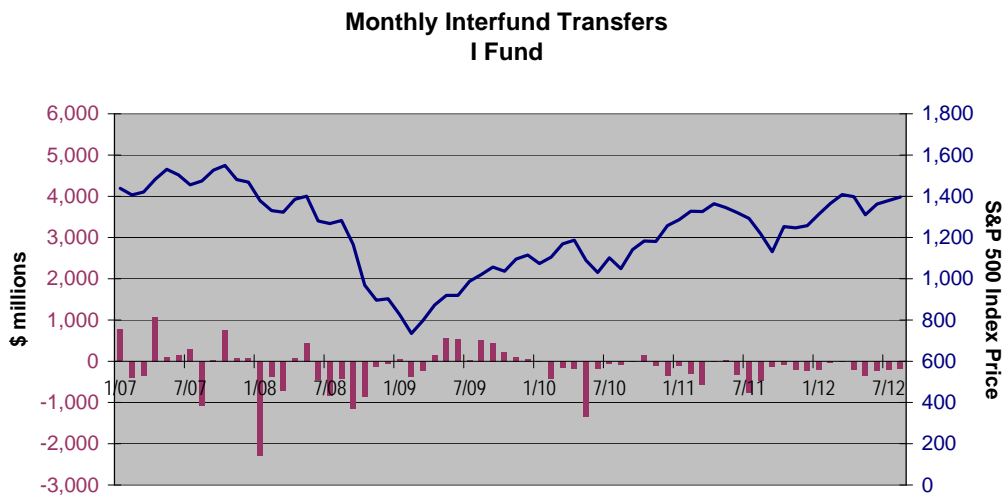
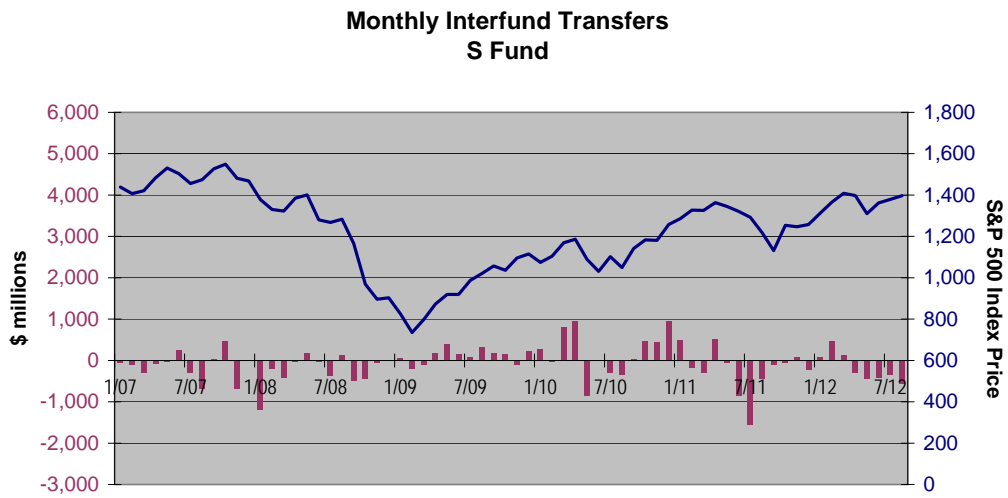
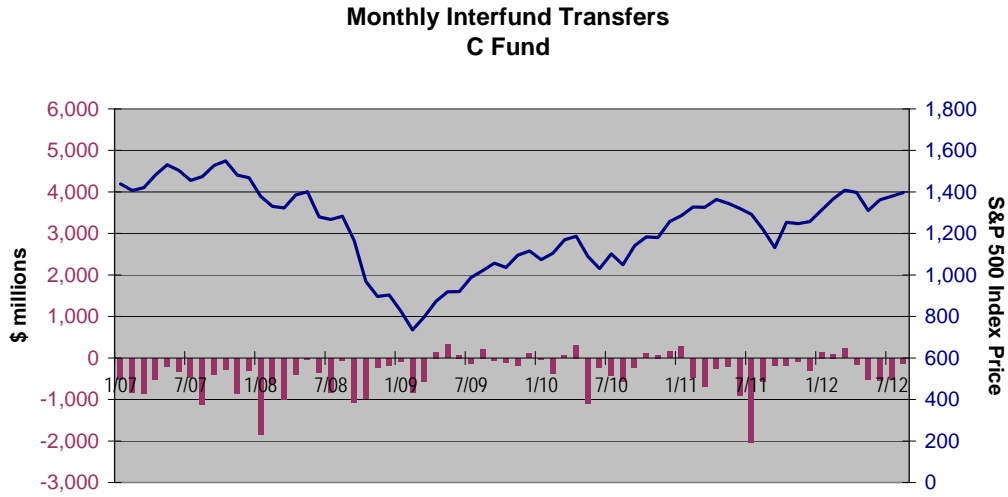
## Participant Asset Allocation



**THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY**  
**August 2012 Interfund Transfers**

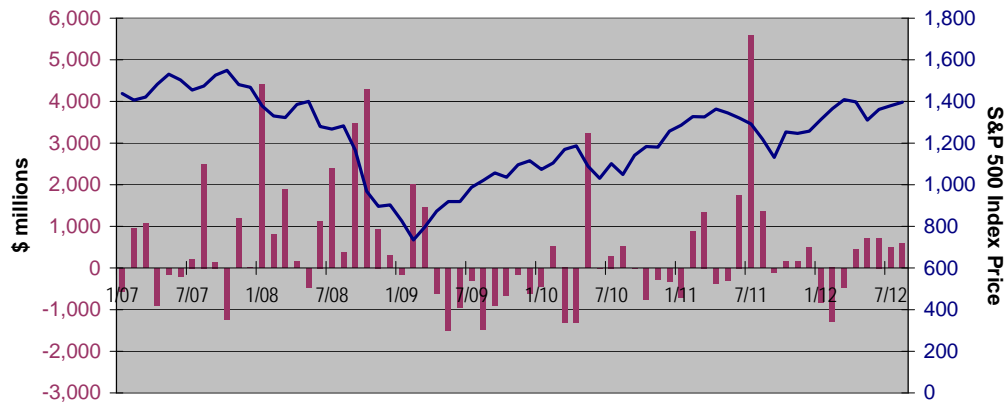


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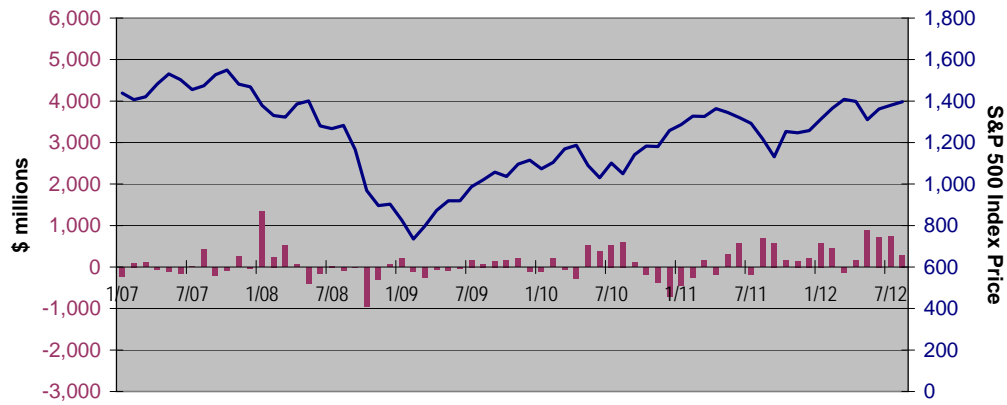


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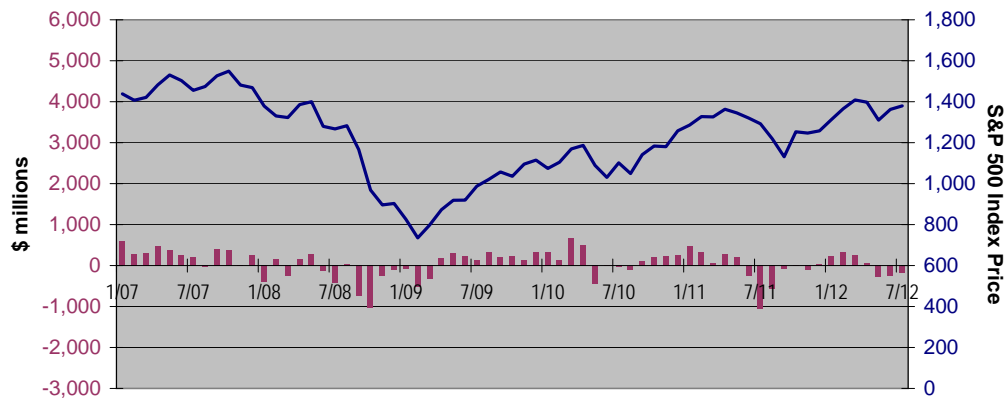
**Monthly Interfund Transfers  
G Fund**



**Monthly Interfund Transfers  
F Fund**

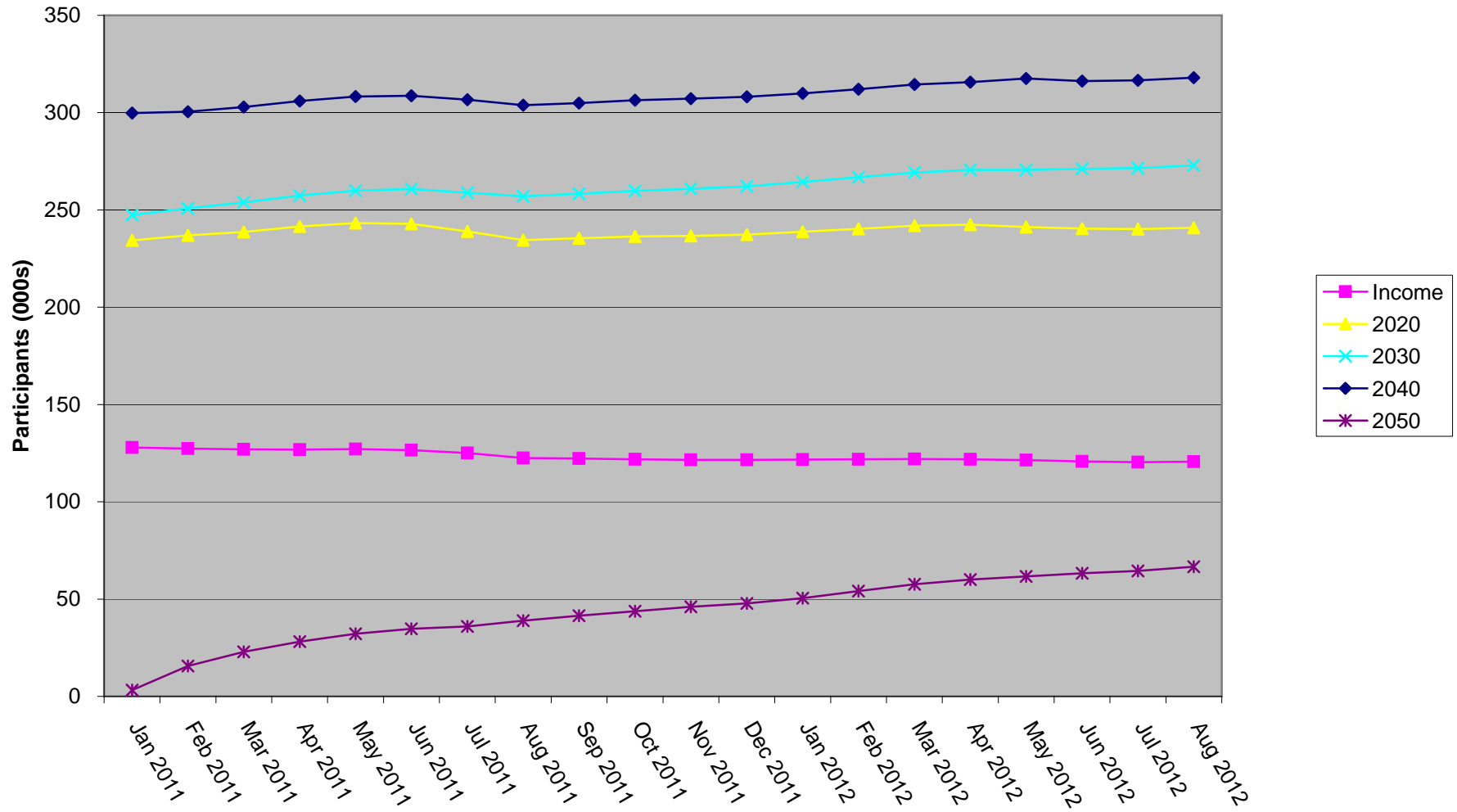


**Monthly Interfund Transfers  
L Funds**





**THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY**  
**Number of L Fund Participants**  
**Total = 813,888**



# **THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY** **G Fund Rate vs. Market Yields of U.S. Government Securities**

