



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

November 5, 2013

MEMORANDUM FOR THE EXECUTIVE DIRECTOR

FROM: TRACEY RAY  
CHIEF INVESTMENT OFFICER

SUBJECT: October 2013 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 2013, 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	0.89	0.81	0.08
Large Cap	4.61	4.60	0.01
Small Mid Cap	2.93	2.90	0.03
International	3.38	3.36	0.02

***2013 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	-0.78	-1.10	0.32
Large Cap	25.37	25.30	0.07
Small Mid Cap	31.07	30.88	0.19
International	19.40	20.05	-0.65

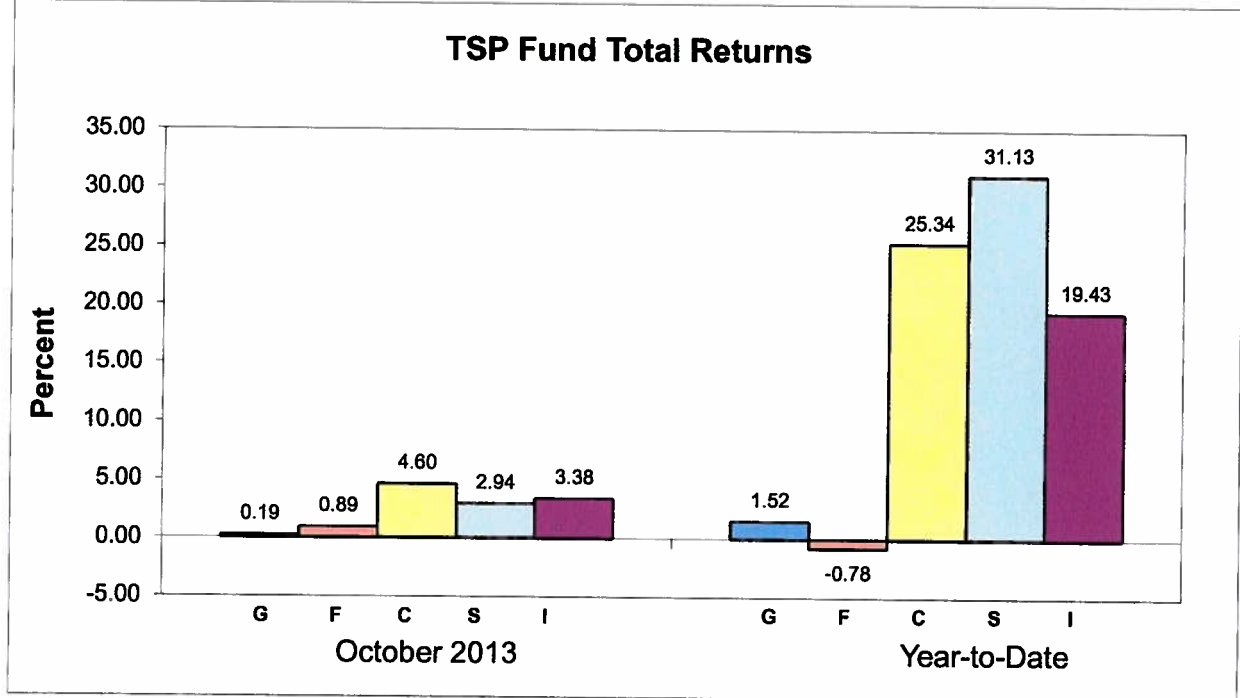
The Fixed Income Index Fund has outperformed by 32 basis points year to date, primarily due to a change in the pricing source for mortgage-backed securities that was implemented by BlackRock in January and securities lending income. The BlackRock Extended Equity Market Fund has outperformed by 19 basis points this year, primarily due to the optimization process. The BlackRock EAFE Equity Index Fund E has underperformed by 65 basis points year to date, primarily as a result of the tax effect and fair valuation on December 28, 2012.

**Trading Costs**

	<u>Dollar Amount Traded</u>	<u>Trading Costs</u>	
		<u>\$</u>	<u>Basis Points</u>
<u>F Fund</u>			
October 2013	556,828,316	(18,323)	-0.3
Year-to-Date	8,627,821,235	1,490,887	1.7
<u>C Fund</u>			
October 2013	5,140,028,283	(259,311)	-0.5
Year-to-Date	16,798,978,734	905,948	0.5
<u>S Fund</u>			
October 2013	4,889,052,047	(189,886)	-0.4
Year-to-Date	16,250,489,799	(889,538)	-0.5
<u>I Fund</u>			
October 2013	2,013,470,862	924,729	4.6
Year-to-Date	9,910,948,431	(800,643)	-0.8

### Performance of TSP Funds

The chart below shows the G, F, C, S, and I Fund net rates of return for October 2013 and 2013.



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 2013 Total Return %**

<u>Fund</u>	<u>TSP</u>	<u>BTC</u>	<u>Difference</u>	<u>Index</u>
Fixed Income	0.89	0.89	0.00	0.81
Large Cap	4.60	4.61	-0.01	4.60
Small Cap	2.94	2.93	0.01	2.90
International	3.38	3.38	0.00	3.36

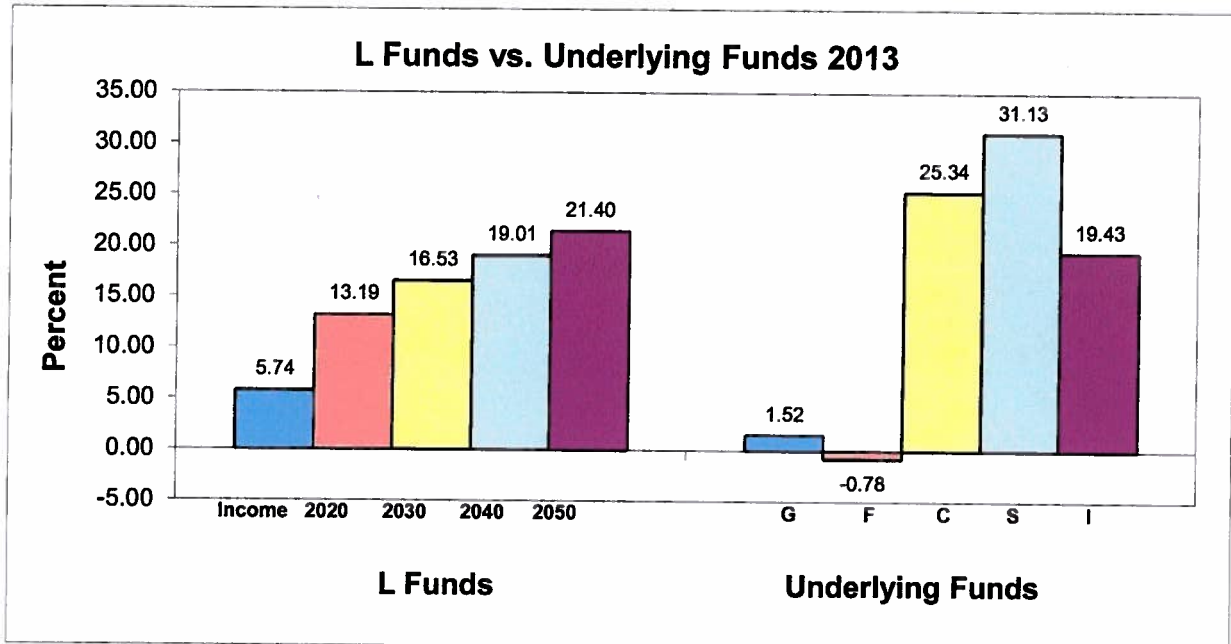
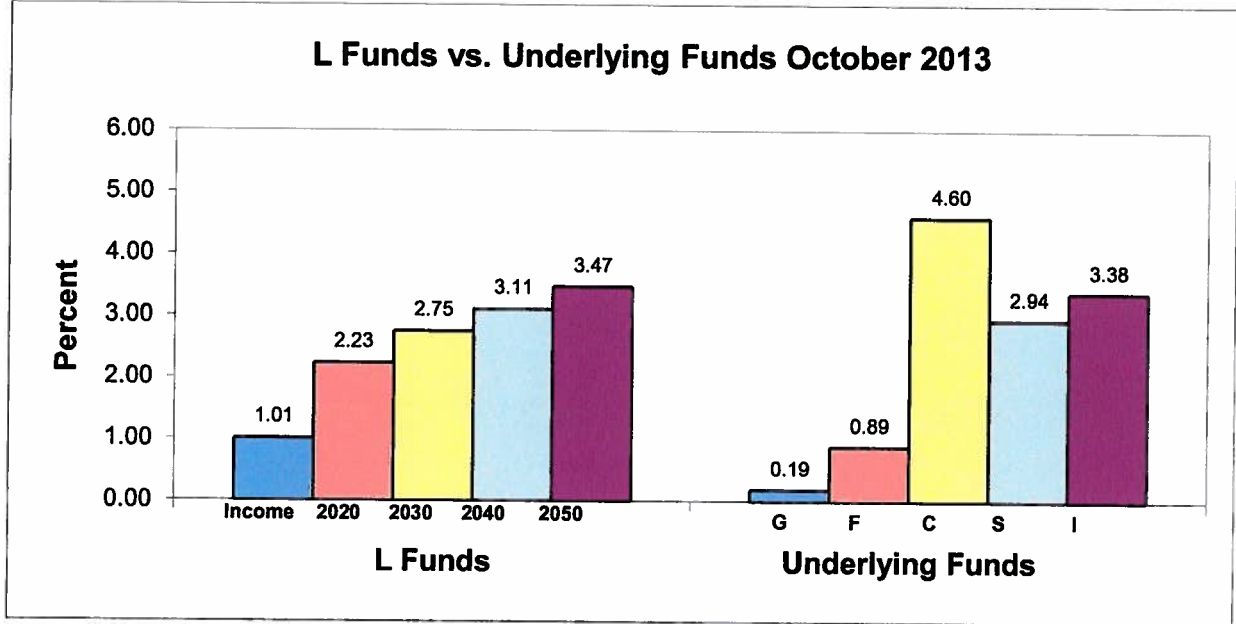
#### **2013 Total Return %**

<u>Fund</u>	<u>TSP</u>	<u>BTC</u>	<u>Difference</u>	<u>Index</u>
Fixed Income	-0.78	-0.78	0.00	-1.10
Large Cap	25.34	25.37	-0.03	25.30
Small Cap	31.13	31.07	0.06	30.88
International	19.43	19.40	0.03	20.05

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

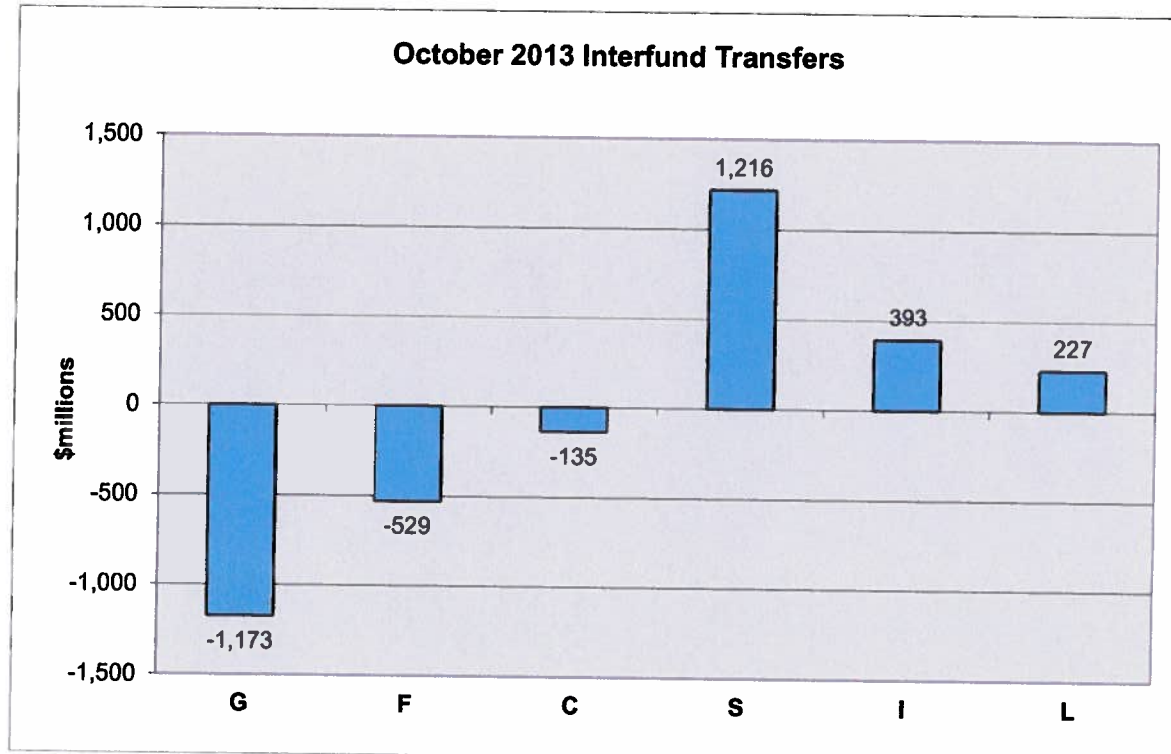
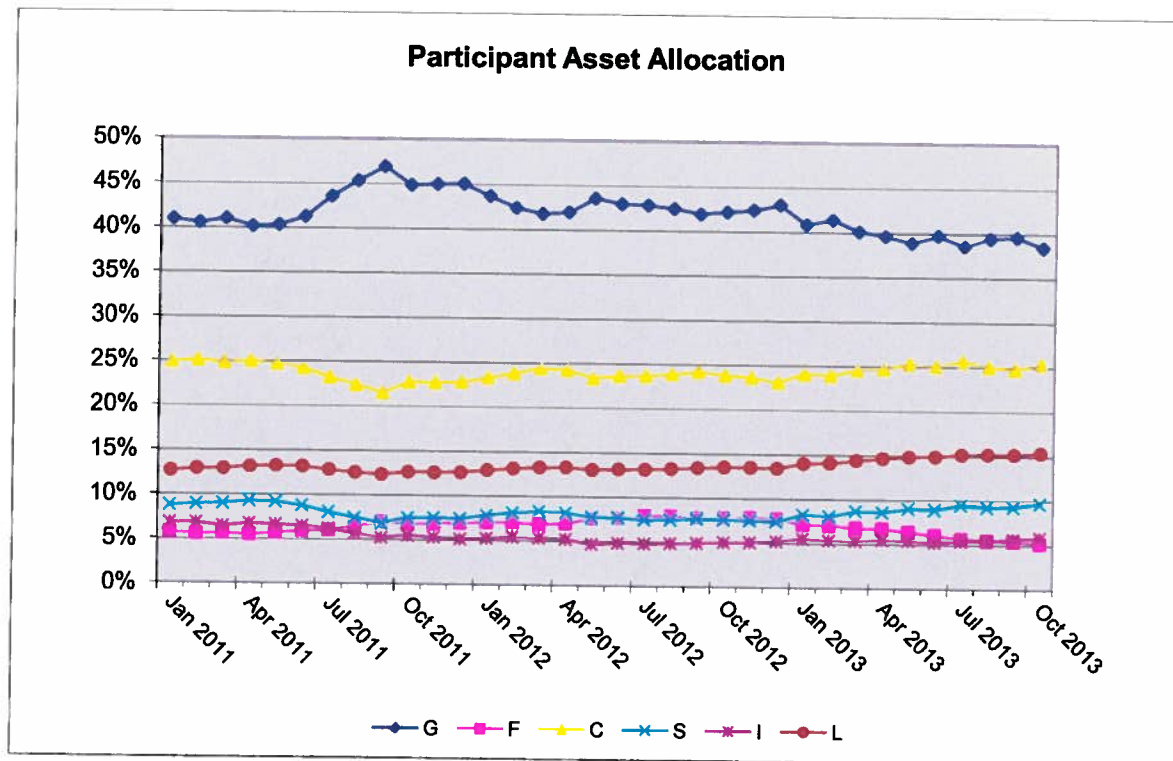
### L Funds

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.



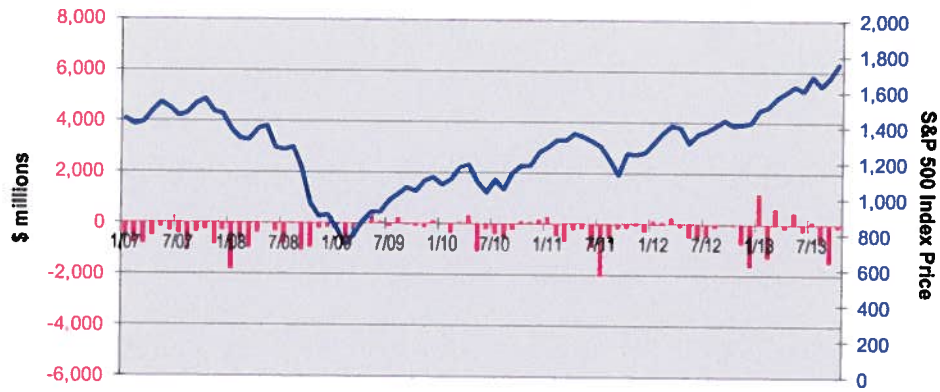
# THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY October 2013

Attachment 1

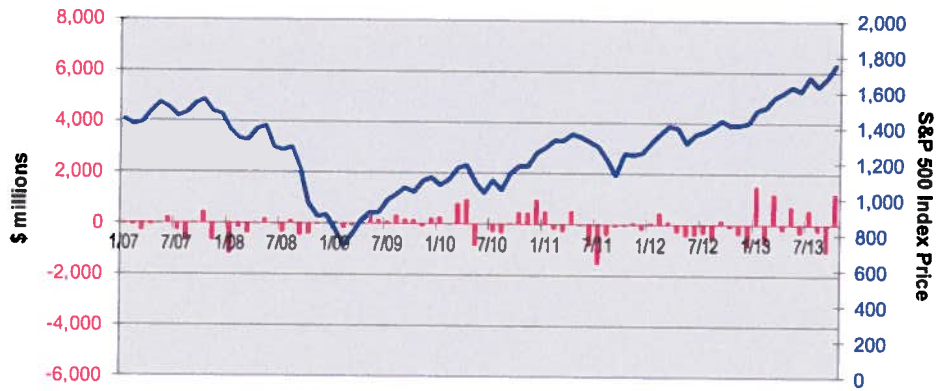


# **THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY** **October 2013**

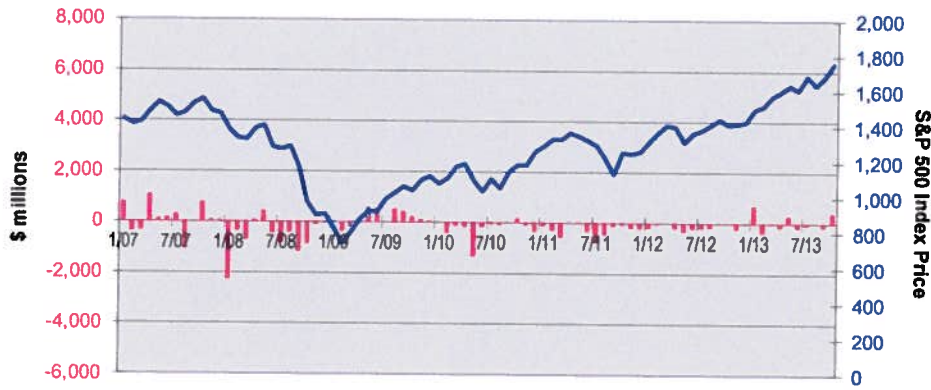
**Monthly Interfund Transfers  
C Fund**



**Monthly Interfund Transfers  
S Fund**

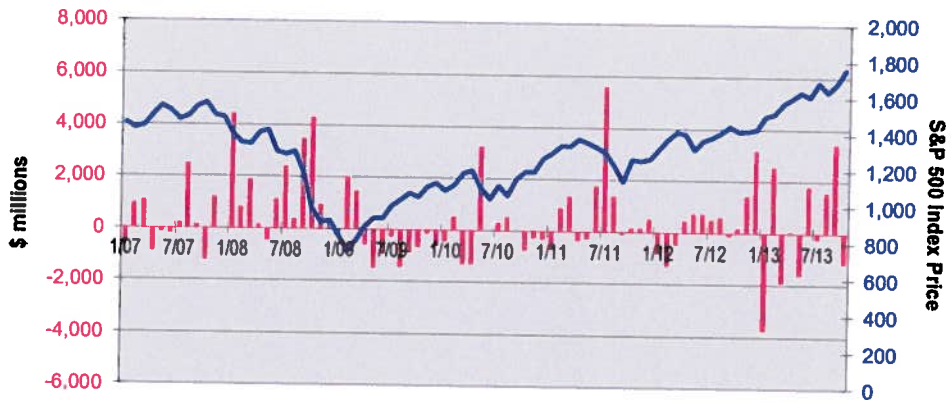


**Monthly Interfund Transfers  
I Fund**

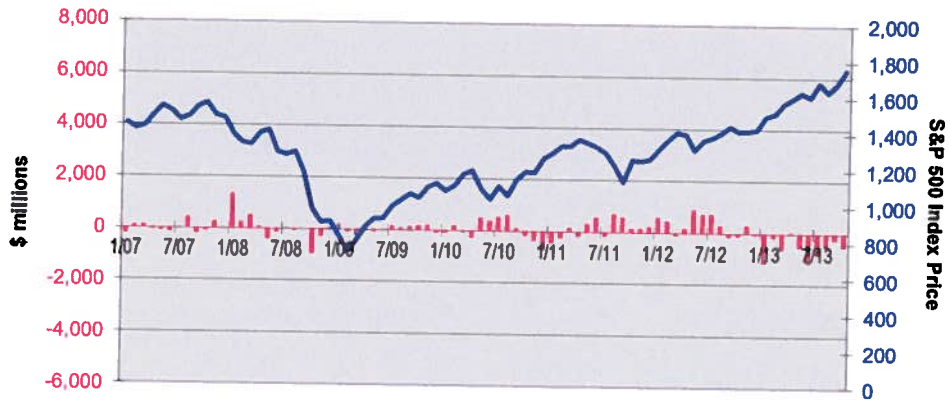


# **THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY** **October 2013**

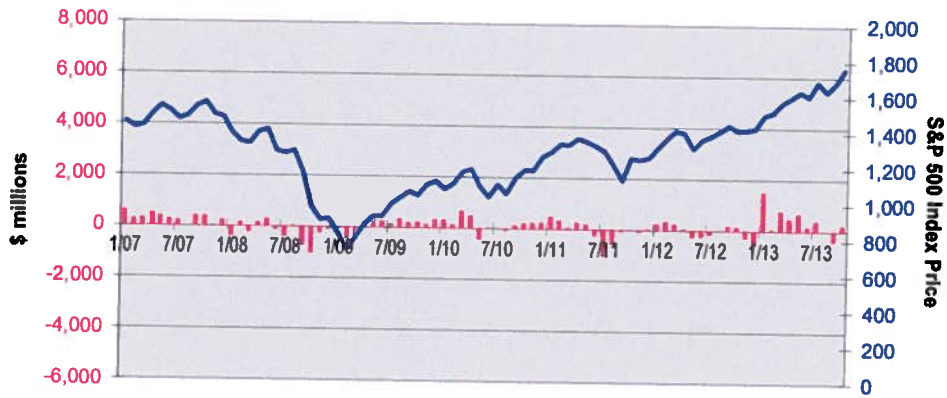
**Monthly Interfund Transfers  
G Fund**



**Monthly Interfund Transfers  
F Fund**



**Monthly Interfund Transfers  
L Funds**





## THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY October 2013

