



FEDERAL RETIREMENT THRIFT INVESTMENT BOARD

77 K Street, NE Washington, DC 20002

February 6, 2014

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 a light blue grid background.

SUBJECT: February 2014 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 2014, investment manager performance and tracking error, trading costs, TSP fund performance, and L Fund participation.

TRACKING ERROR - BlackRock Funds (BTC)

February Tracking Error

<u>Fund</u>	<u>% BTC Fund Performance</u>	<u>% Index Performance</u>	<u>Tracking Error</u>
Fixed Income	0.62	0.53	0.09
Large Cap	4.58	4.57	0.01
Small Mid Cap	5.42	5.47	-0.05
International	5.58	5.56	0.02

2014 Tracking Error

<u>Fund</u>	<u>% BTC Fund Performance</u>	<u>% Index Performance</u>	<u>Tracking Error</u>
Fixed Income	2.21	2.02	0.19
Large Cap	0.98	0.96	0.02
Small Mid Cap	3.41	3.57	-0.16
International	1.33	1.31	0.02

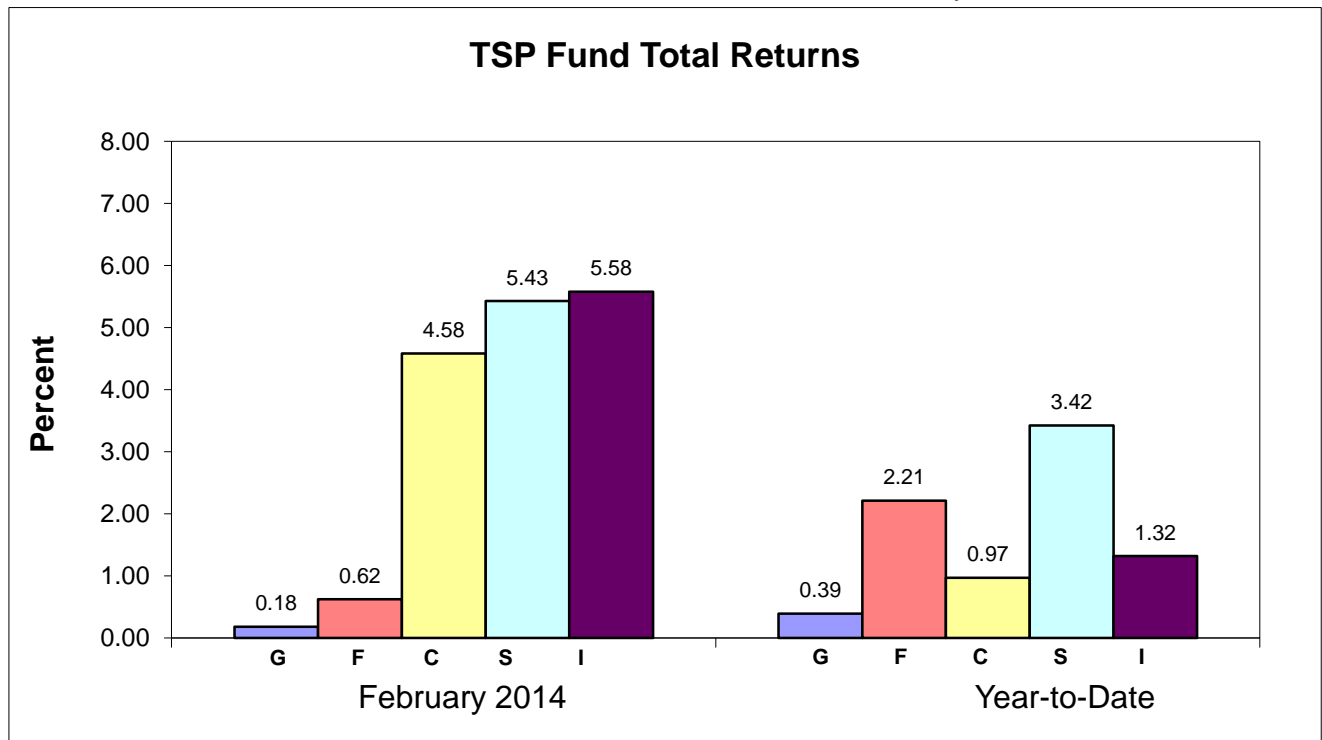
The Fixed Income Fund outperformed the index by 9 basis points for the month and 19 basis points for the year to date respectively, primarily due to pricing differences and securities lending. The Black Rock Extended Market Index Fund underperformed by 9 basis points primarily during the month and 16 basis points for the year to date due to the optimization process.

Trading Costs

	<u>Dollar Amount Traded</u>	<u>Trading Costs</u>	
		<u>\$</u>	<u>Basis Points</u>
<u>F Fund</u>			
February 2014	710,677,140	(14,778)	-0.2
Year-to-Date	1,172,483,314	(115,914)	-1.0
<u>C Fund</u>			
February 2014	1,065,086,859	(374,682)	-3.5
Year-to-Date	2,483,372,564	(368,089)	-1.5
<u>S Fund</u>			
February 2014	1,811,774,076	(367,147)	-2.0
Year-to-Date	3,195,679,956	(1,286,712)	-4.0
<u>I Fund</u>			
February 2014	658,366,608	71,062	1.1
Year-to-Date	1,394,201,181	(196,940)	-1.4

Performance of TSP Funds

The chart below shows the G, F, C, S, and I Fund net rates of return for February 2014 and 2014.



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 2014

Total Return %

<u>Fund</u>	<u>TSP</u>	<u>BTC</u>	<u>Difference</u>	<u>Index</u>
Fixed Income	0.62	0.62	0.00	0.53
Large Cap	4.58	4.58	0.00	4.57
Small Cap	5.43	5.42	0.01	5.47
International	5.58	5.58	0.00	5.56

2014

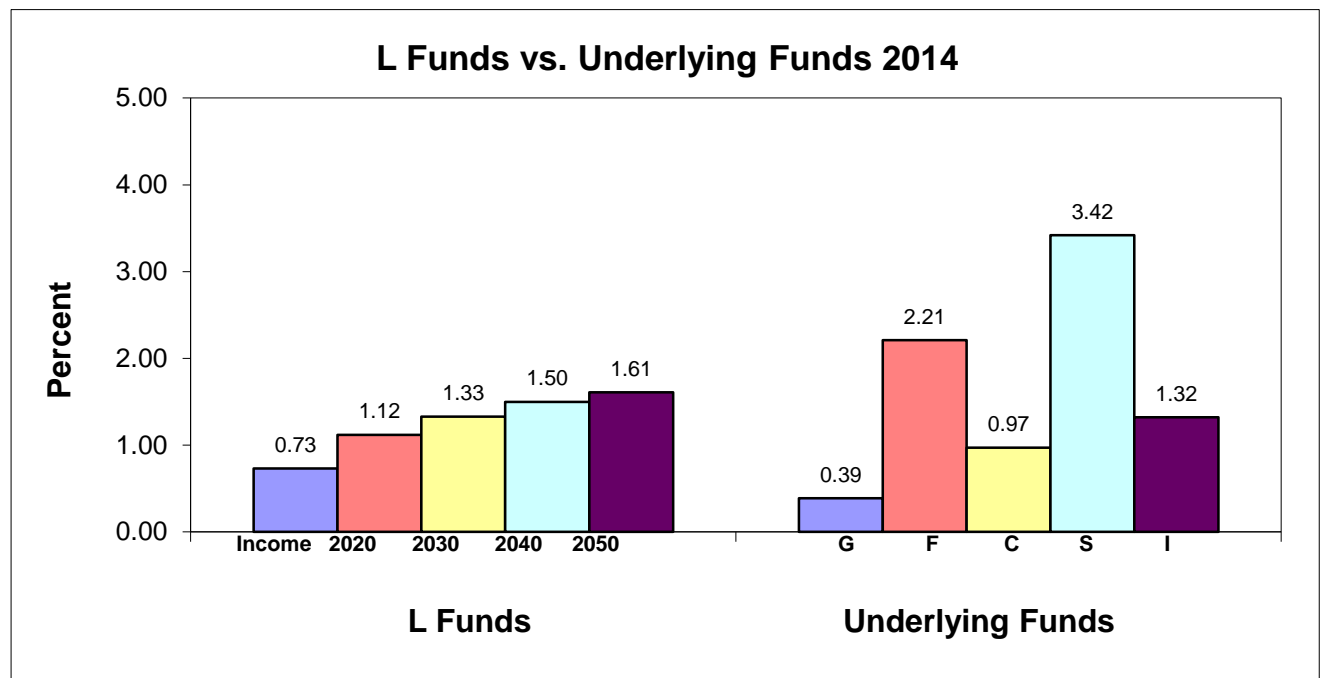
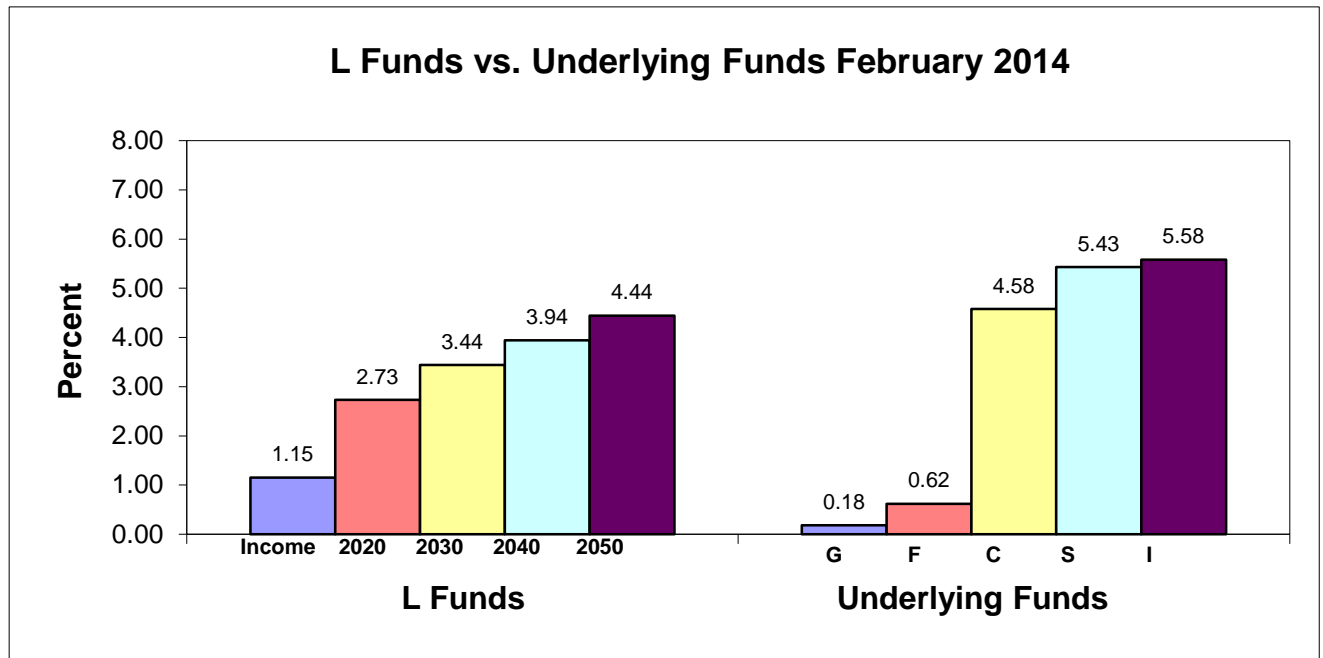
Total Return %

<u>Fund</u>	<u>TSP</u>	<u>BTC</u>	<u>Difference</u>	<u>Index</u>
Fixed Income	2.21	2.21	0.00	2.02
Large Cap	0.97	0.98	-0.01	0.96
Small Cap	3.42	3.41	0.01	3.57
International	1.32	1.33	-0.01	1.31

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

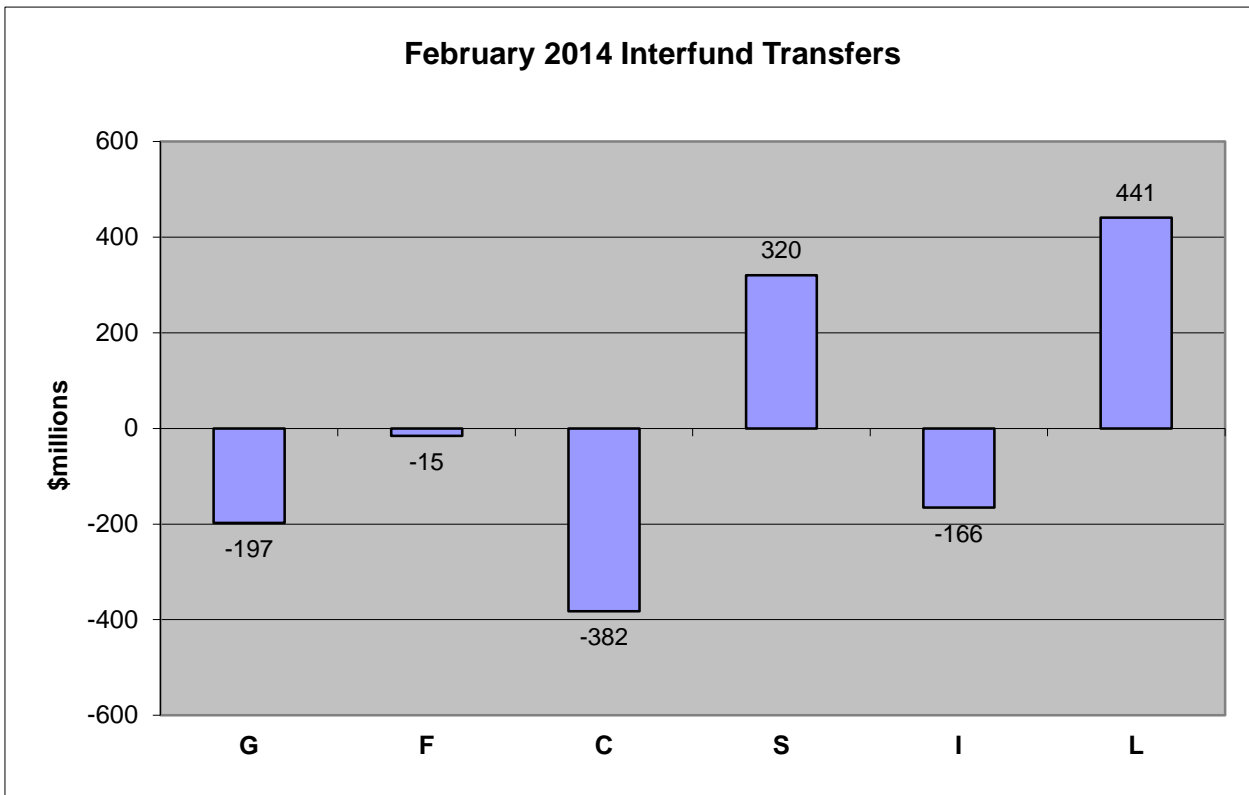
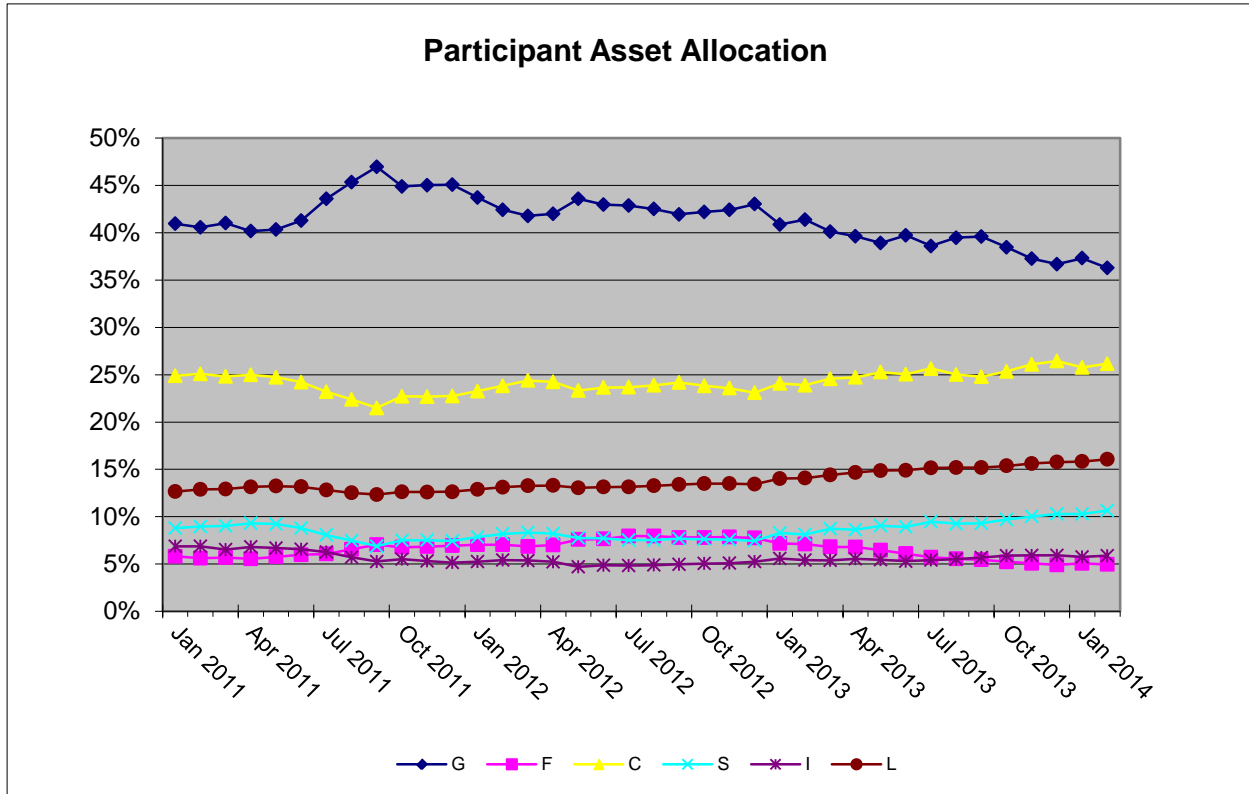
L Funds

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 February 2014

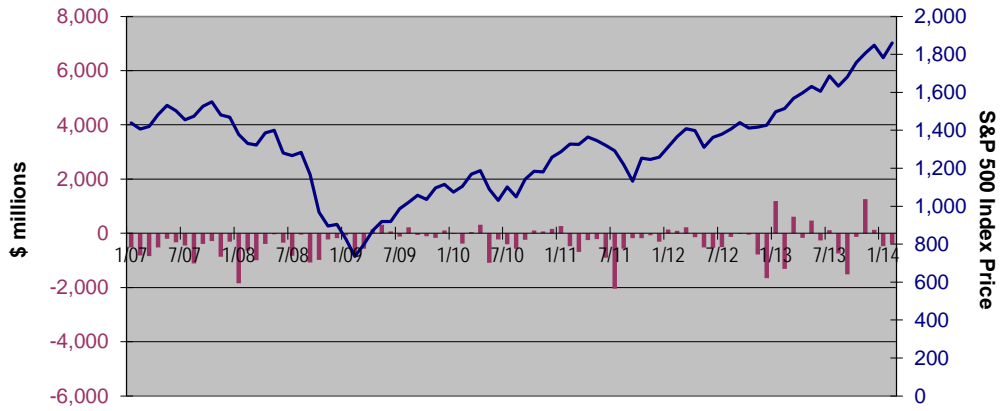
Attachment 1



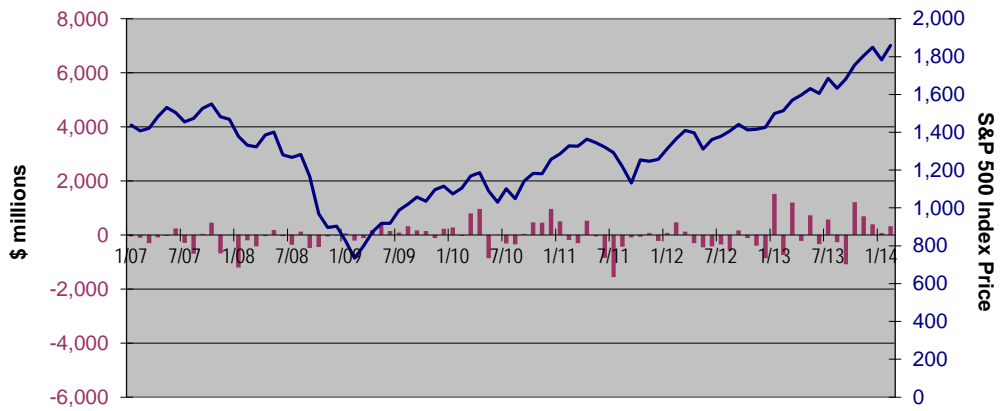
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February 2014

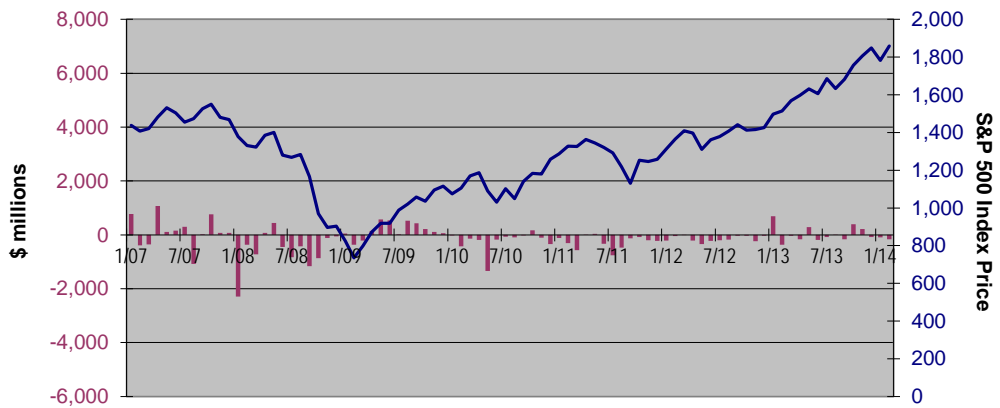
Monthly Interfund Transfers
C Fund



Monthly Interfund Transfers
S Fund



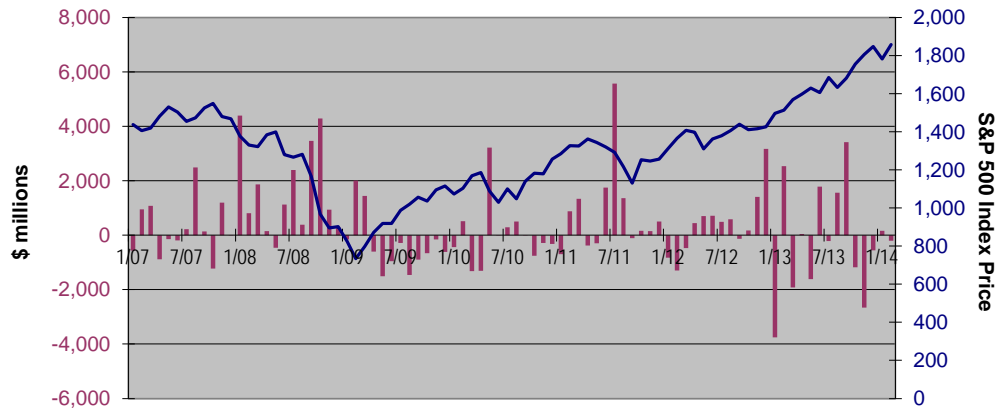
Monthly Interfund Transfers
I Fund



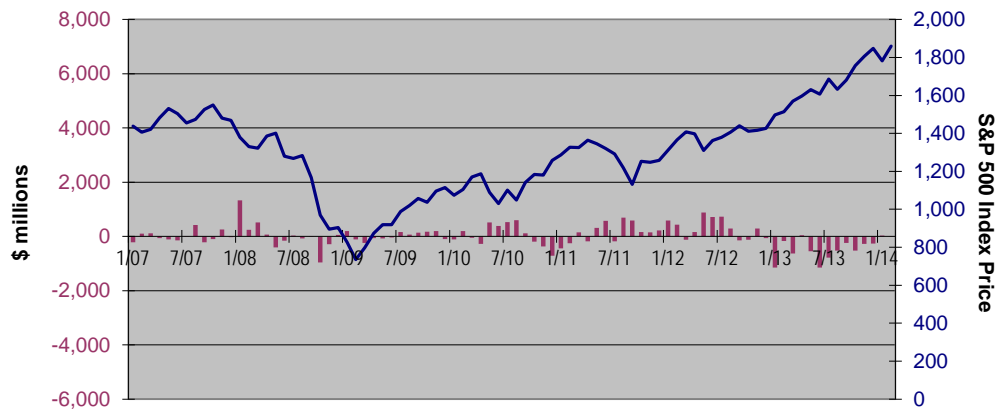
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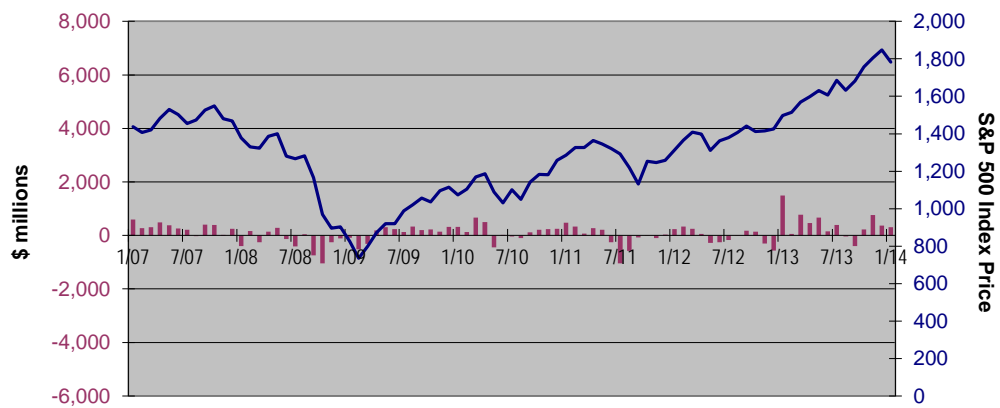
Monthly Interfund Transfers
G Fund



Monthly Interfund Transfers
F Fund



Monthly Interfund Transfers
L Funds



THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY

February 2014

