



## FEDERAL RETIREMENT THRIFT INVESTMENT BOARD

77 K Street, NE Washington, DC 20002

November 5, 2015

### MEMORANDUM FOR THE EXECUTIVE DIRECTOR

FROM: RAVINDRA DEO  
CHIEF INVESTMENT OFFICER

A handwritten signature in blue ink, appearing to be "RD", is written over the name "RAVINDRA DEO".

SUBJECT: October 2015 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 2015, investment manager performance and tracking error, trading costs, TSP fund performance, and L Fund participation.

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

##### *October Tracking Error*

<u>Fund</u>	<u>% BTC Fund Performance</u>	<u>% Index Performance</u>	<u>Tracking Error</u>
Fixed Income	0.02	0.02	0.00
Large Cap	8.45	8.44	0.01
<b>Small Mid Cap</b>	<b>5.61</b>	<b>5.50</b>	<b>0.11</b>
<b>International</b>	<b>7.07</b>	<b>7.82</b>	<b>-0.75</b>

##### *2015 Tracking Error*

<u>Fund</u>	<u>% BTC Fund Performance</u>	<u>% Index Performance</u>	<u>Tracking Error</u>
<b>Fixed Income</b>	<b>1.49</b>	<b>1.14</b>	<b>0.35</b>
Large Cap	2.78	2.70	0.08
<b>Small Mid Cap</b>	<b>-0.70</b>	<b>-1.13</b>	<b>0.43</b>
<b>International</b>	<b>2.48</b>	<b>2.13</b>	<b>0.35</b>

BlackRock underperformed the index by 75 basis points for the month due to a fair value pricing adjustment at month-end and outperformed by 35 basis points in the International Fund for the year as a result of the tax effect and a fair value pricing adjustment on December 31, 2014. BlackRock outperformed the Small Mid-Cap Index by 11 basis points for the month and 43 basis points for the year due to securities sampling and securities lending. BlackRock outperformed the index by 35 basis points in the Fixed Income Fund for the year due to pricing differences and securities lending.

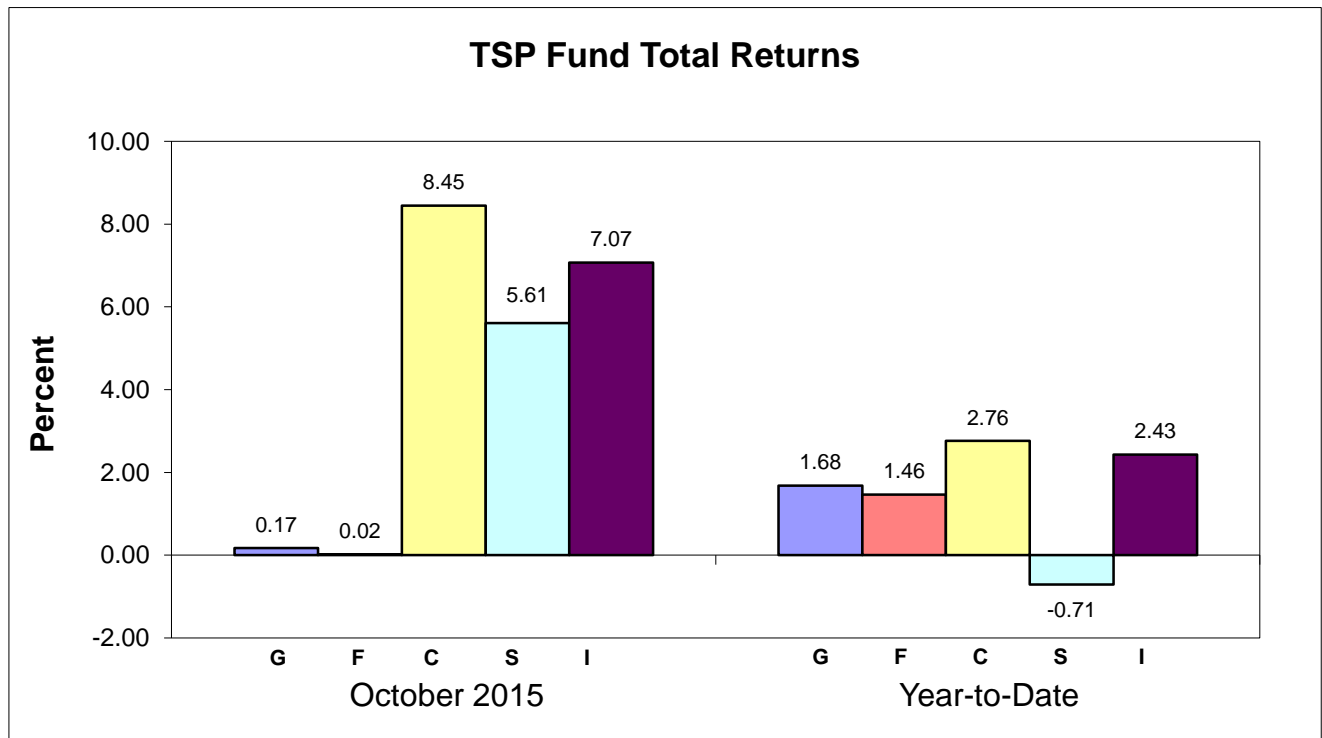
**Trading Costs**

	<u>Dollar Amount Traded</u>	<u>Trading Costs*</u>	
		<u>\$</u>	<u>Basis Points</u>
<u>F Fund</u>			
October 2015	1,068,716,365	(15,560)	-0.1
Year-to-Date	7,614,667,237	351,501	0.5
<u>C Fund</u>			
October 2015	1,855,280,837	44,355	0.2
Year-to-Date	21,195,611,542	(8,395,189)	-4.0
<u>S Fund</u>			
October 2015	1,334,983,618	(295,537)	-2.2
Year-to-Date	14,676,051,445	(6,590,900)	-4.5
<u>I Fund</u>			
October 2015	1,343,098,156	2,238,039	16.7
Year-to-Date	12,307,915,494	8,929,187	7.3

\* -- Trading Costs are comprised of commissions, fees, and the difference between where a security is traded and the closing index price.

## **Performance of TSP Funds**

The chart below shows the G, F, C, S, and I Fund net rates of return for October 2015 and 2015.



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 2015**

#### **Total Return %**

<u>Fund</u>	<u>TSP</u>	<u>BTC</u>	<u>Difference</u>	<u>Index</u>
Fixed Income	0.02	0.02	0.00	0.02
Large Cap	8.45	8.45	0.00	8.44
Small Cap	5.61	5.61	0.00	5.50
International	7.07	7.07	0.00	7.82

### **2015**

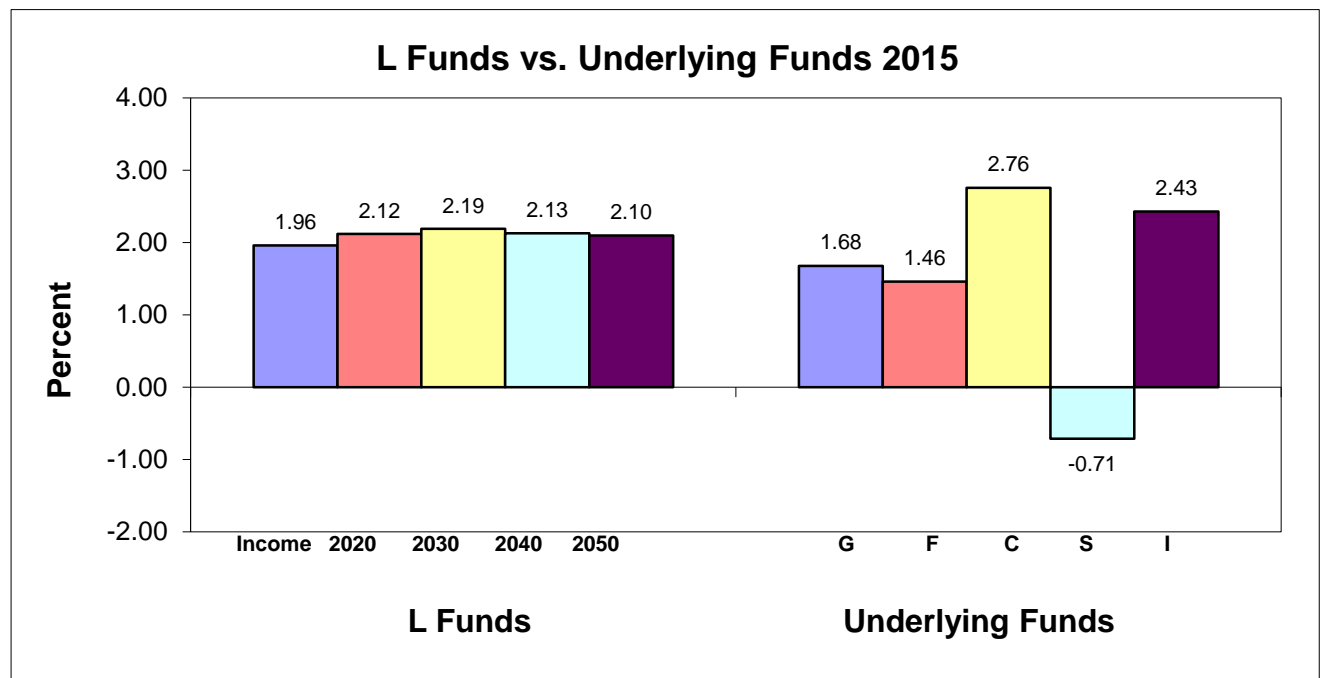
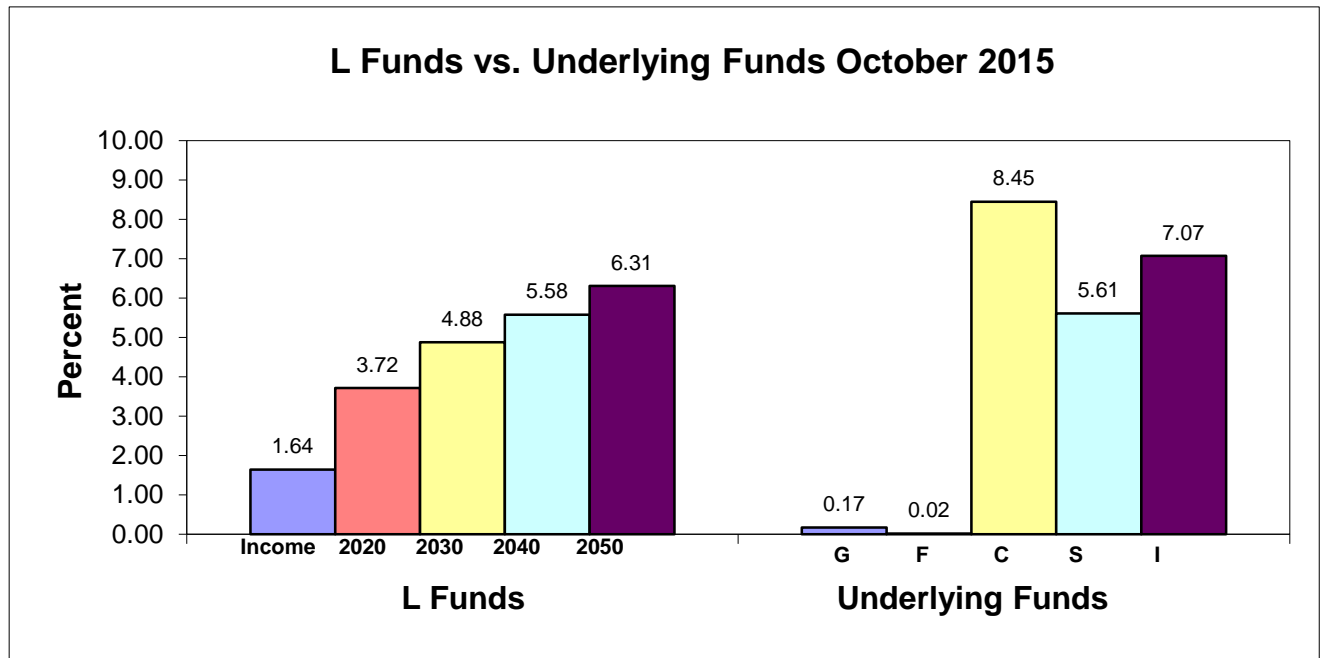
#### **Total Return %**

<u>Fund</u>	<u>TSP</u>	<u>BTC</u>	<u>Difference</u>	<u>Index</u>
Fixed Income	1.46	1.49	-0.03	1.14
Large Cap	2.76	2.78	-0.02	2.70
Small Cap	-0.71	-0.70	-0.01	-1.13
International	2.43	2.48	-0.05	2.13

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

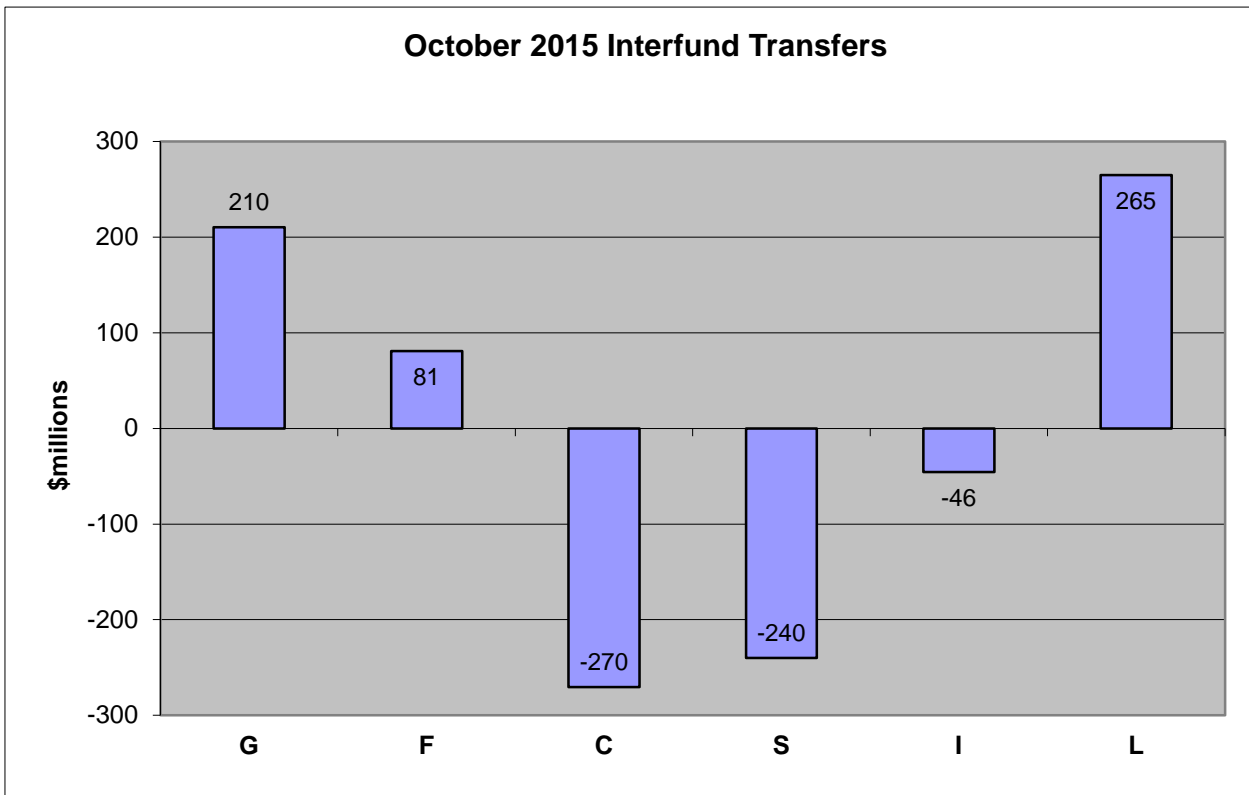
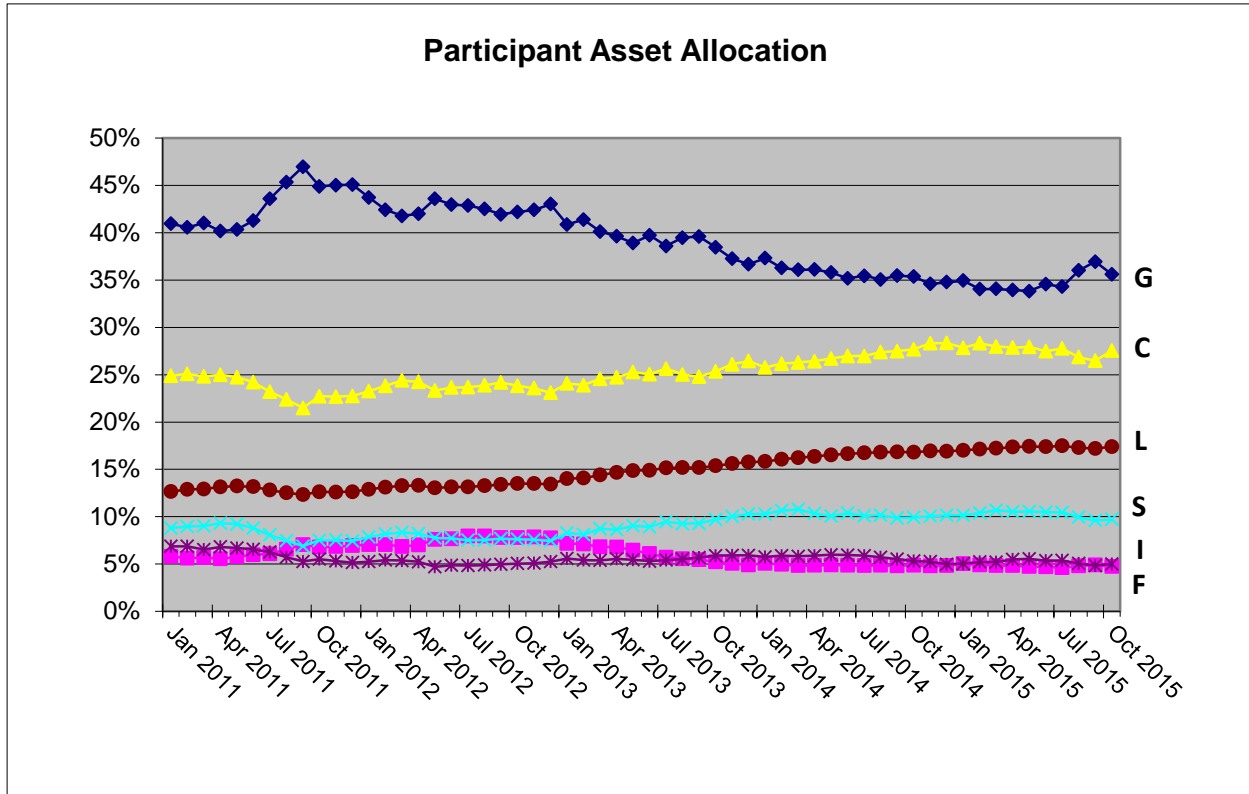
## L Funds

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 2015**

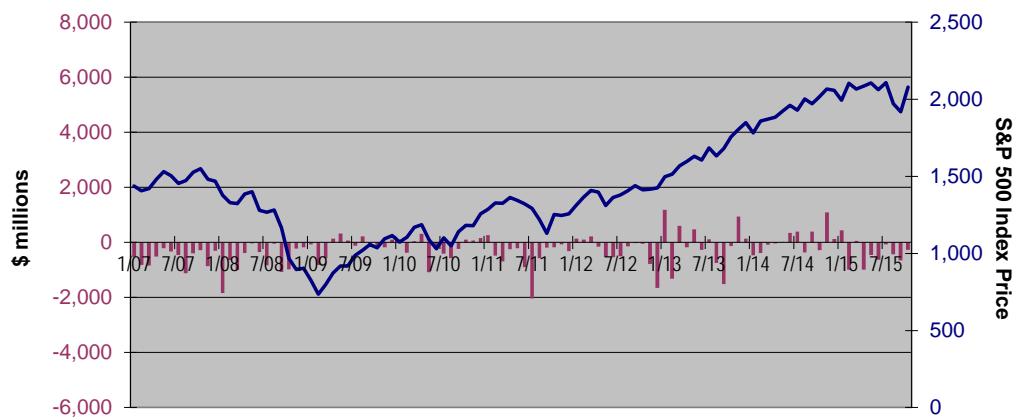
Attachment 1



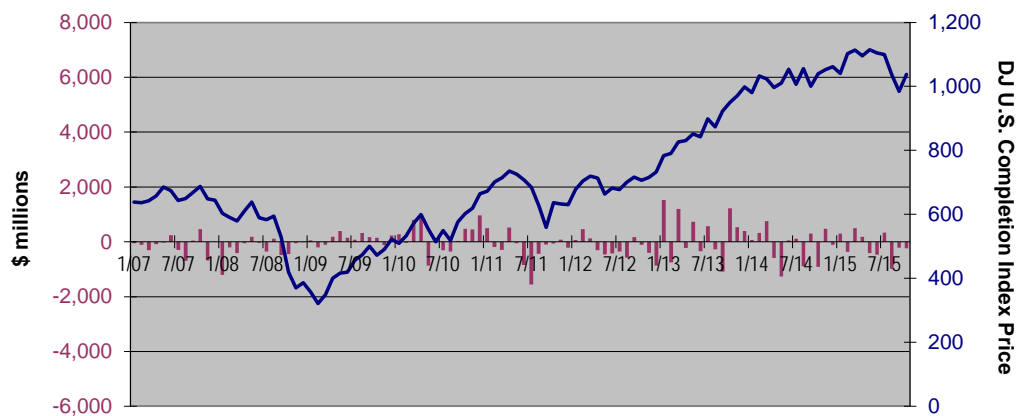
# THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY

## October 2015

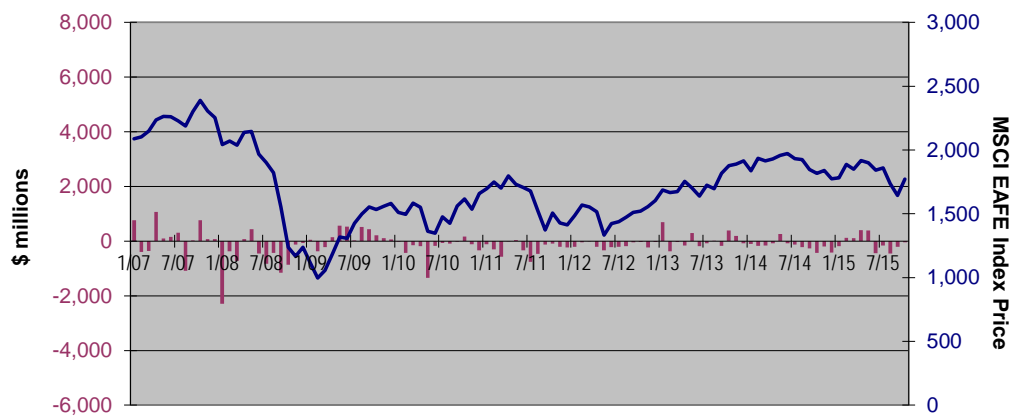
Monthly Interfund Transfers  
C Fund



Monthly Interfund Transfers  
S Fund



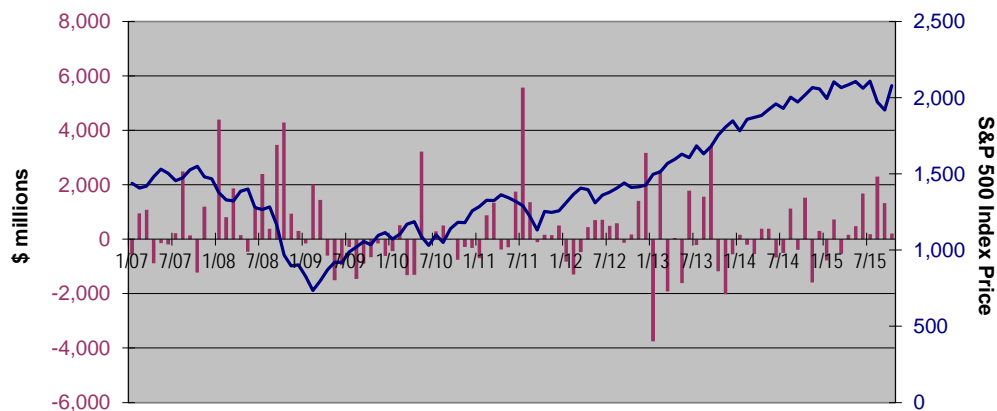
Monthly Interfund Transfers  
I Fund



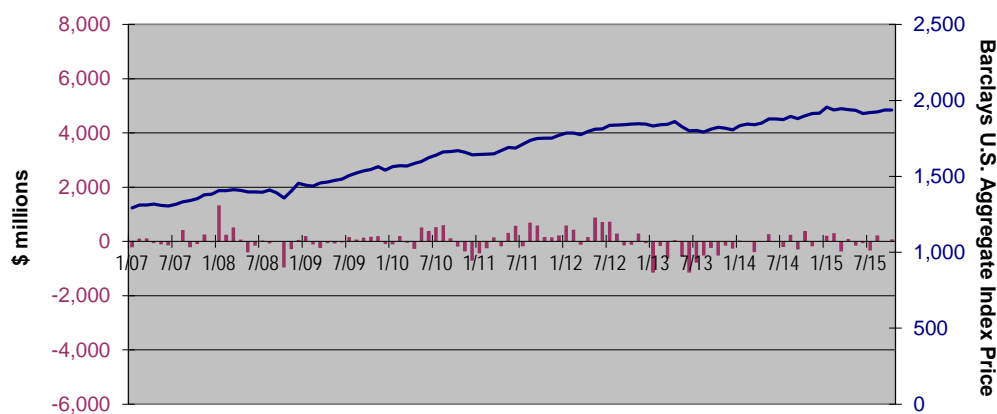
# THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY

## October 2015

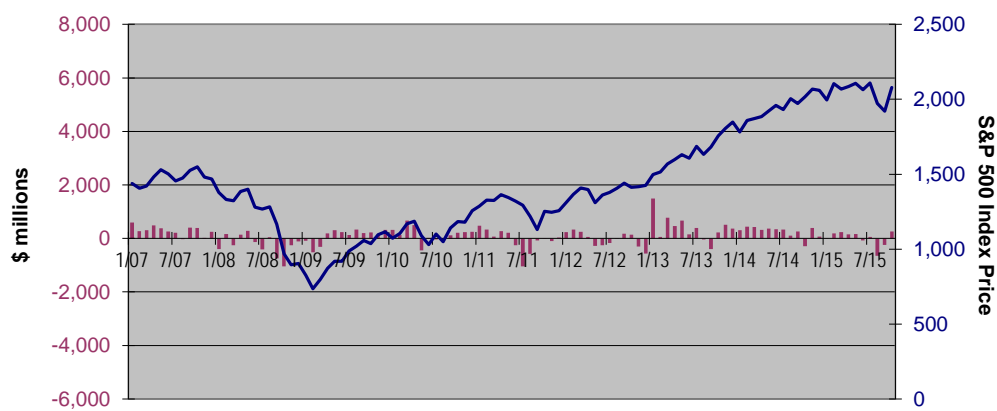
Monthly Interfund Transfers  
G Fund



Monthly Interfund Transfers  
F Fund



Monthly Interfund Transfers  
L Funds



# THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY

## October 2015

