



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

November 14, 2016

MEMORANDUM FOR THE EXECUTIVE DIRECTOR

FROM: SEAN MCCAFFREY
ACTING CHIEF INVESTMENT OFFICER

SUBJECT: October 2016 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, investment manager performance and tracking error, trading costs, TSP fund performance, and L Fund participation.

TRACKING ERROR - TSP Separate Accounts at BlackRock (BTC)

Monthly Tracking Error

<u>Fund</u>	<u>% BTC Returns</u>	<u>% TSP Returns</u>	<u>% Index Returns</u>	<u>BTC T.E.</u>	<u>TSP vs. BTC</u>
Fixed Income	-0.74	-0.74	-0.76	0.02	0.00
Large Cap	-1.82	-1.82	-1.82	0.00	0.00
Small Mid Cap	-3.85	-3.86	-3.86	0.01	-0.01
International	-2.03	-2.03	-2.05	0.02	0.00

2016 Year-to-Date (YTD) Tracking Error

<u>Fund</u>	<u>% BTC Returns</u>	<u>% TSP Returns</u>	<u>% Index Returns</u>	<u>BTC T.E.</u>	<u>TSP vs. BTC</u>
Fixed Income	5.26	5.22	4.99	0.27	-0.04
Large Cap	5.94	5.91	5.87	0.07	-0.03
Small Mid Cap	5.89	5.86	5.44	0.45	-0.03
International	0.77	0.71	-0.35	1.12	-0.06

BlackRock's performance for the F, C, S and I Funds was in-line with indices for the month of October. BlackRock outperformed the Fixed Income Index by 27 basis points for the year primarily due to securities lending. BlackRock outperformed the Large Cap Index and the Small Mid Cap Index for the year by 7 basis points and 45 basis points respectively, primarily due to securities lending. BlackRock outperformed the International Index by 112 basis points for the year primarily due to the reversal of a fair value pricing adjustment on December 31, 2015 and also due to tax effect.

The TSP Funds closely tracked the BTC Accounts for the month. The TSP Funds also closely tracked the BTC Accounts for the year, except for the International Fund due to higher trading costs.

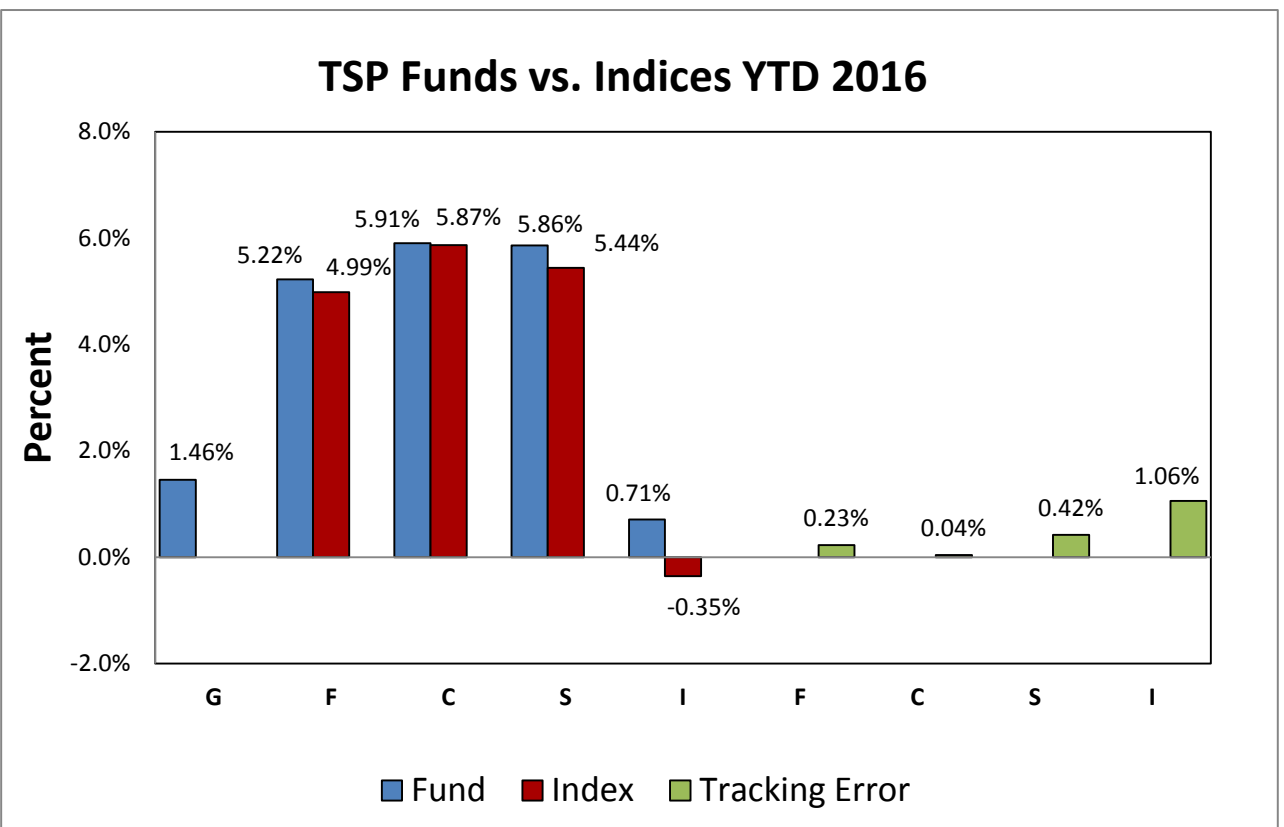
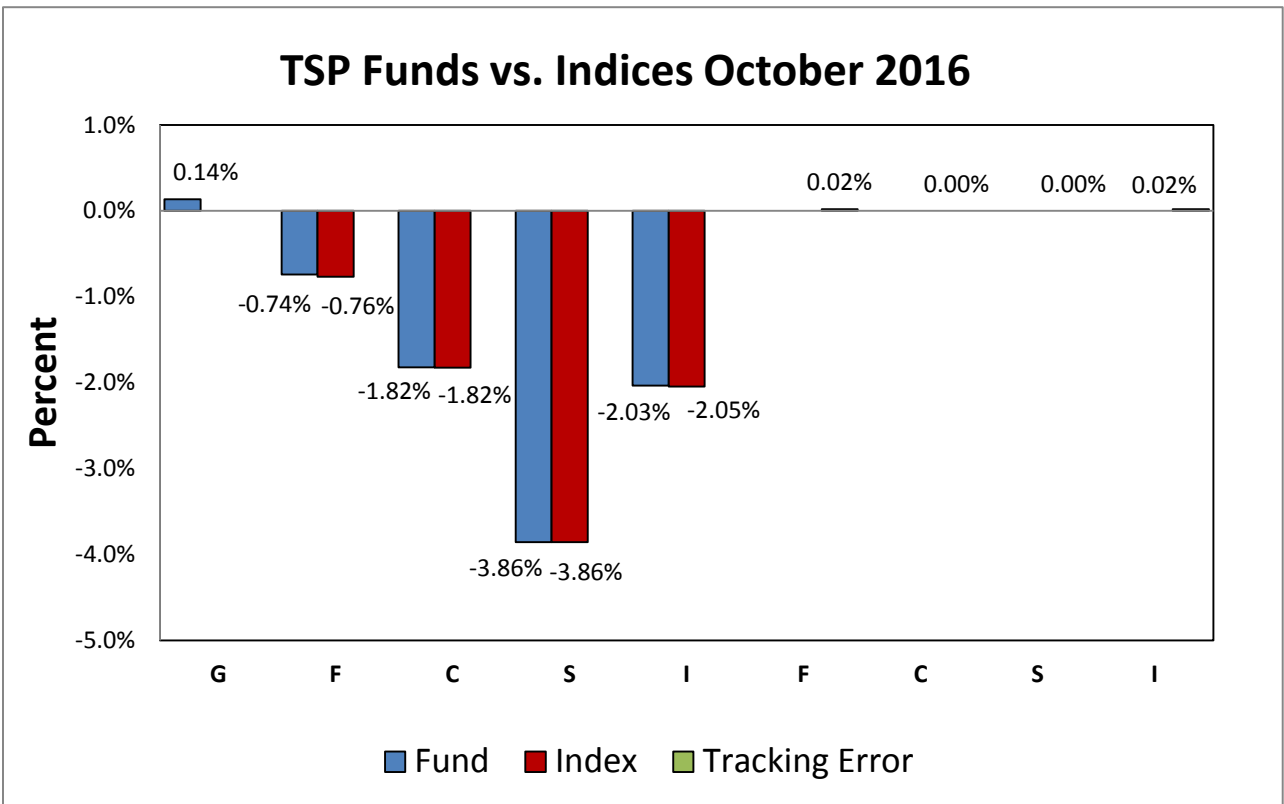
Trading Costs

<u>Trading Costs</u>			
<u>F Fund</u>	<u>Dollar Amount</u> <u>Traded</u>	<u>Dollars</u>	<u>Basis</u> <u>Points</u>
October	525,862,780	20,499	0.4
Year-to-Date	7,458,729,962	663,222	0.9
<u>C Fund</u>			
October	1,460,414,126	65,273	0.4
Year-to-Date	18,898,055,358	(2,306,769)	-1.2
<u>S Fund</u>			
October	1,199,258,359	96,725	0.8
Year-to-Date	15,613,010,684	(3,269,485)	-2.1
<u>I Fund</u>			
October	995,063,751	1,011,415	10.2
Year-to-Date	14,955,844,684	9,530,261	6.4

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

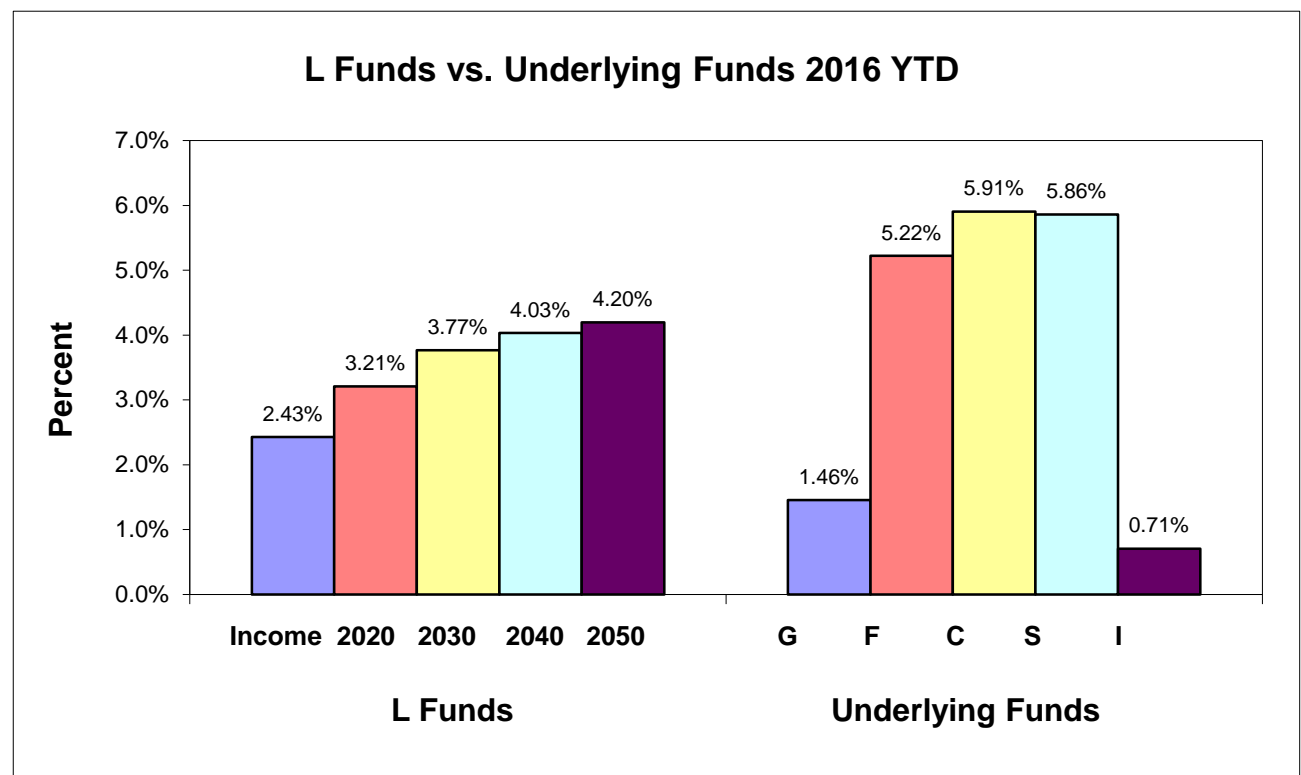
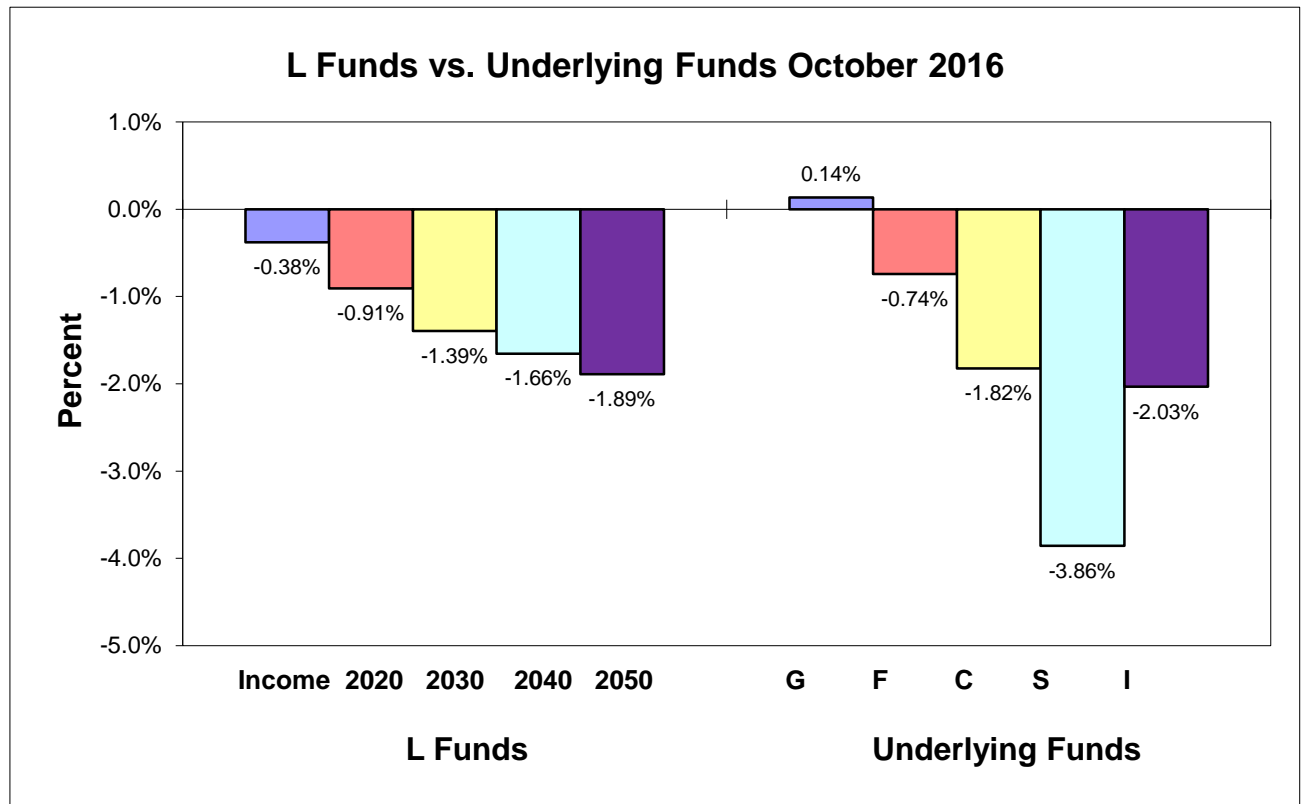
Performance of TSP Funds Total Returns

The charts below show the G, F, C, S, and I Fund net rates of return vs. respective benchmark indices.



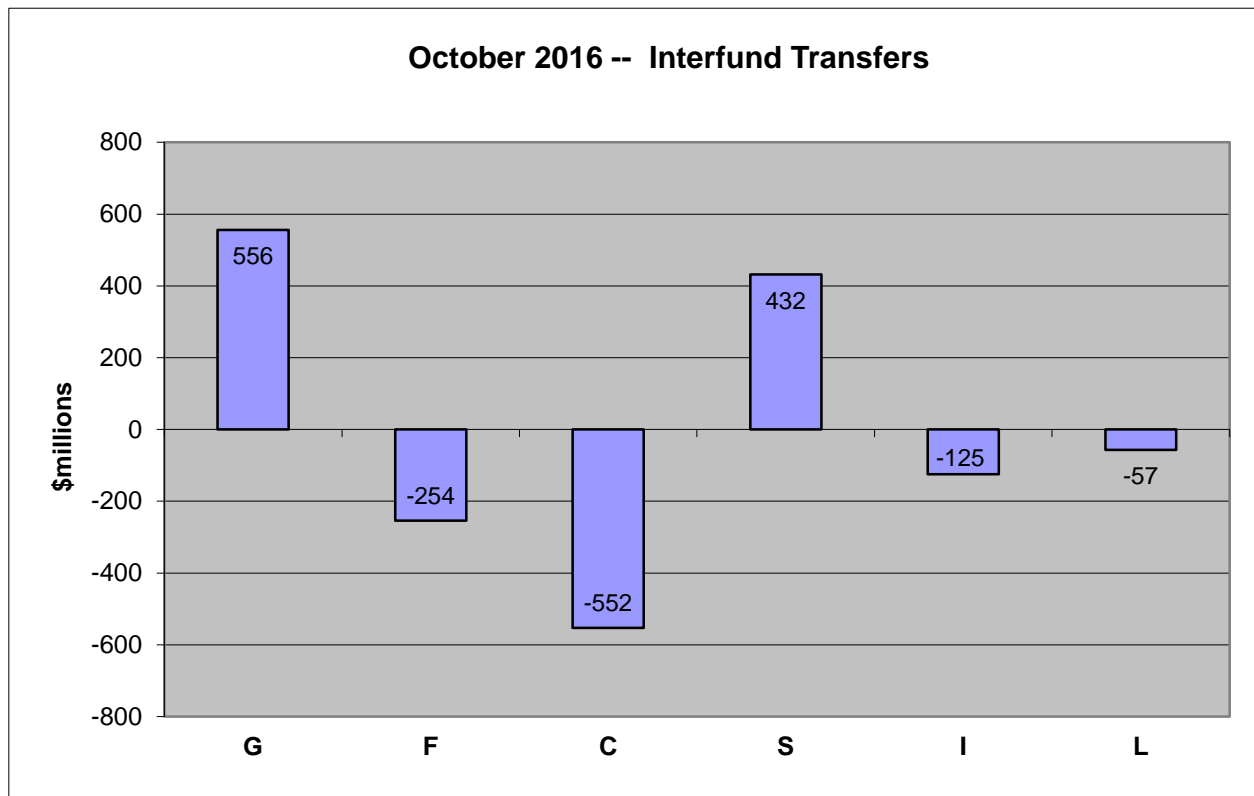
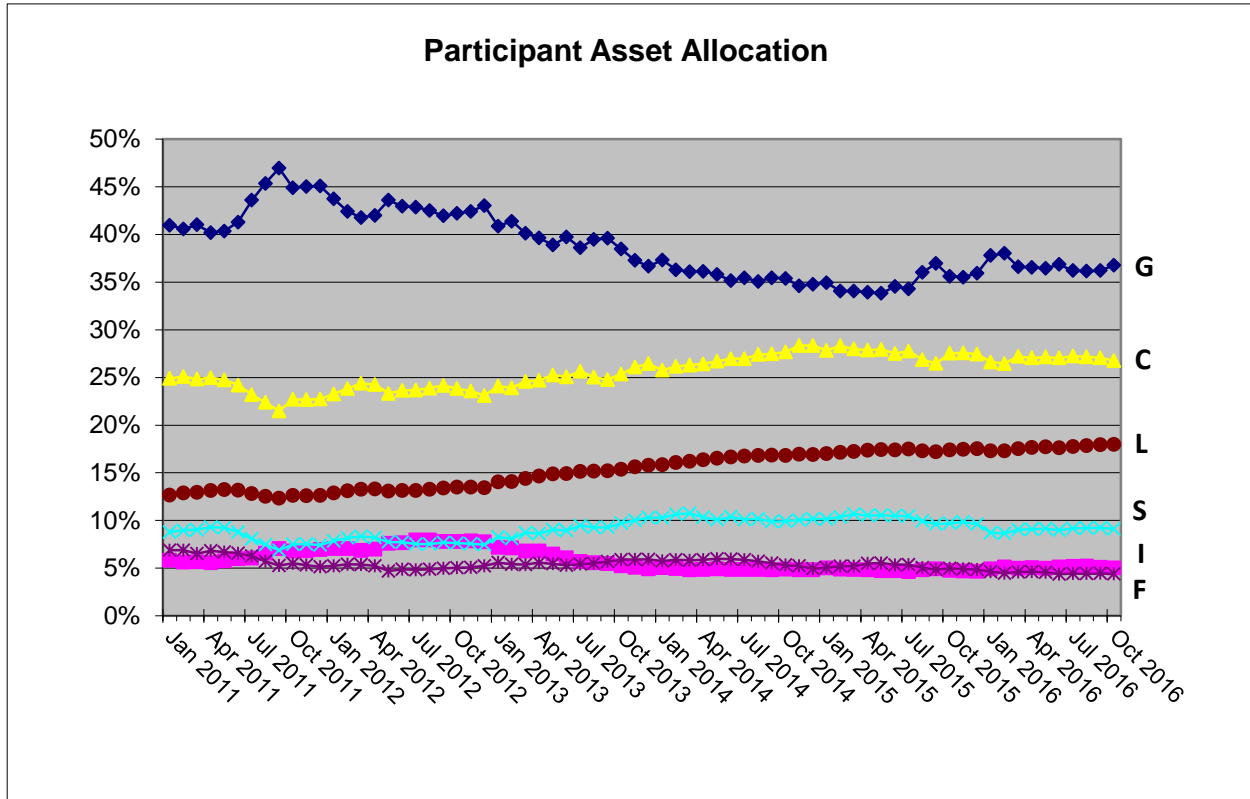
L Funds

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 2016

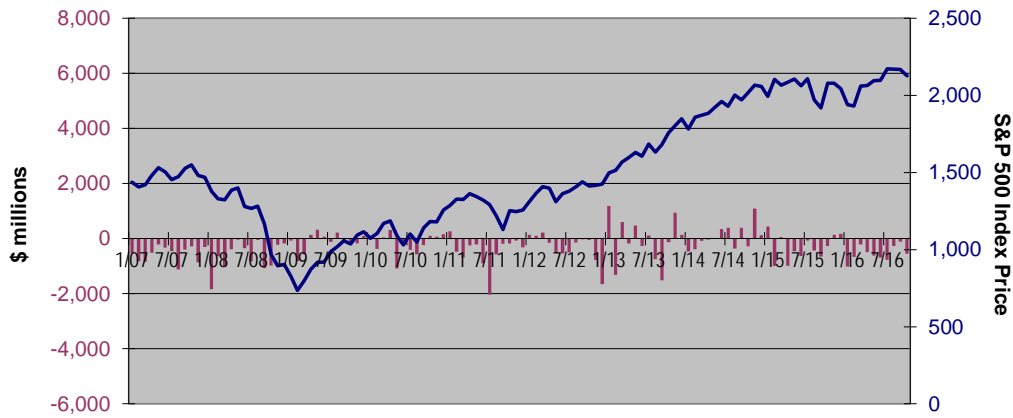
Attachment 1



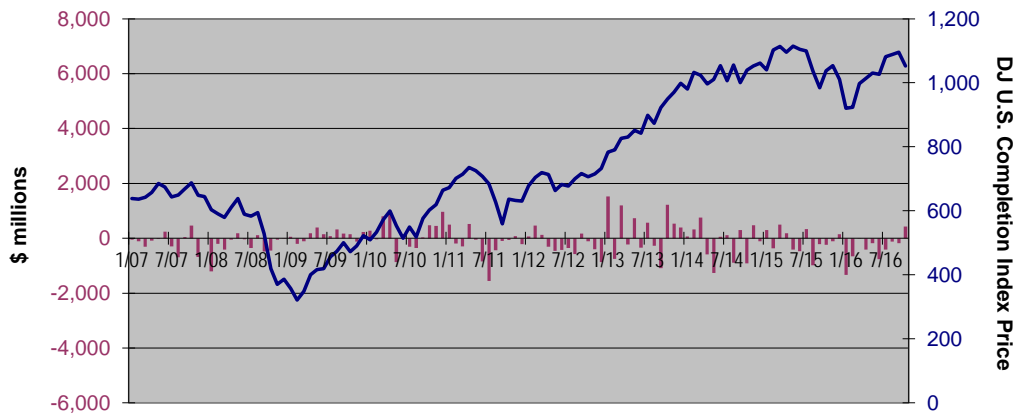
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October 2016

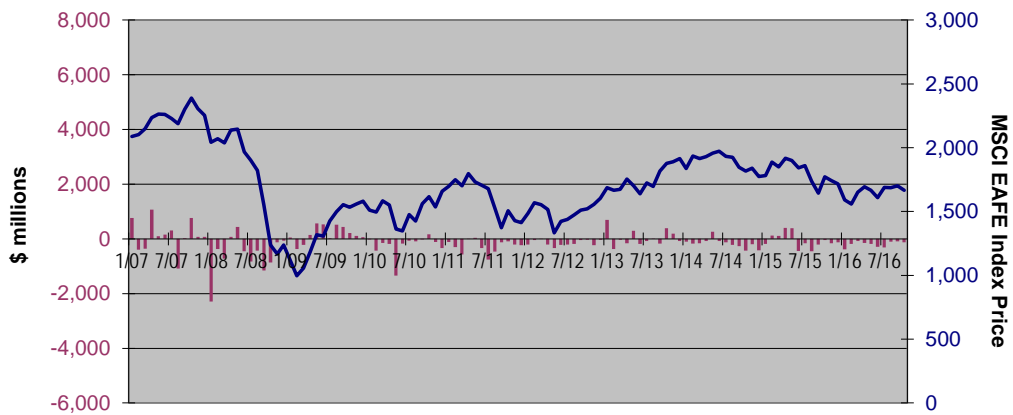
Monthly Interfund Transfers
C Fund



Monthly Interfund Transfers
S Fund



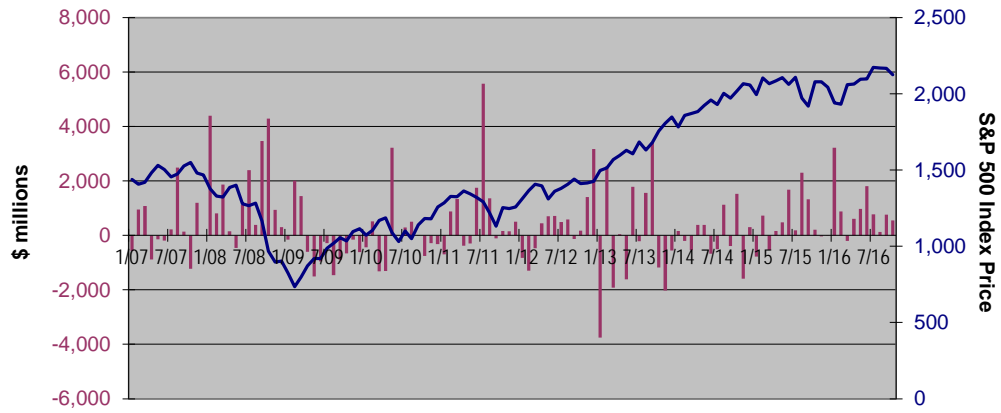
Monthly Interfund Transfers
I Fund



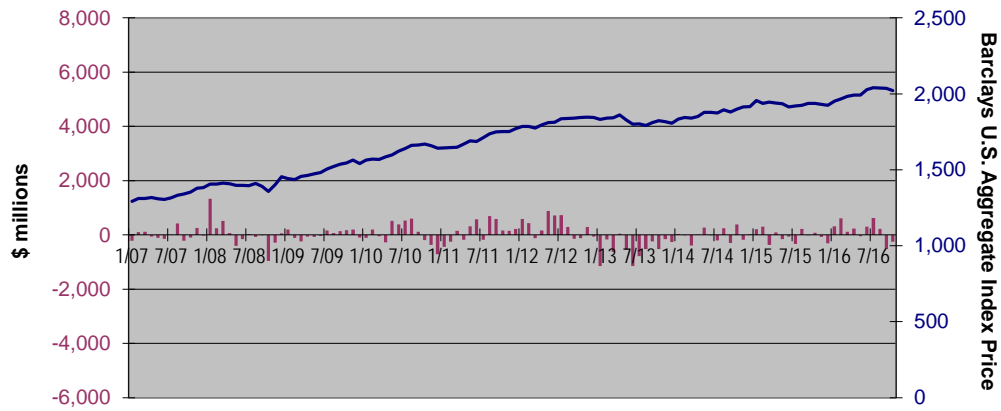
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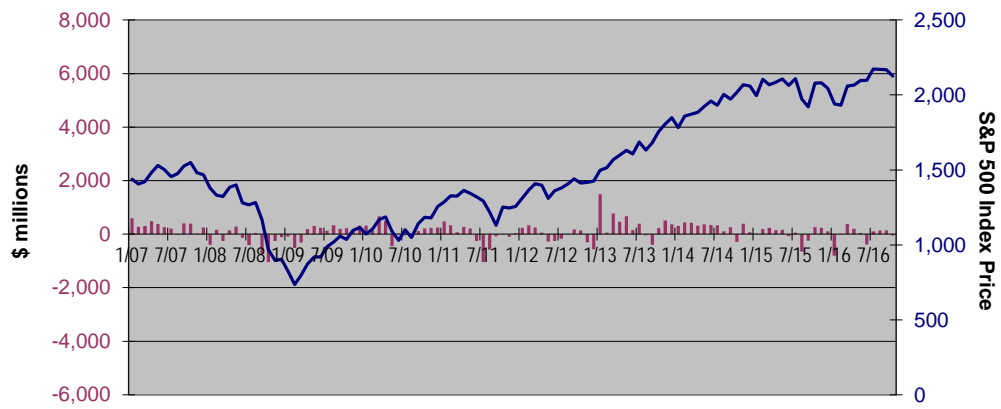
Monthly Interfund Transfers
G Fund



Monthly Interfund Transfers
F Fund



Monthly Interfund Transfers
L Funds



THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY

October 2016

