



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

September 7, 2018

MEMORANDUM FOR THE EXECUTIVE DIRECTOR

FROM: SEAN MCCAFFREY  
CHIEF INVESTMENT OFFICER

SUBJECT: August 2018 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***

<b><u>Fund</u></b>	<b><u>% BTC Returns</u></b>	<b><u>% TSP Returns</u></b>	<b><u>% Index Returns</u></b>	<b><u>BTC T.E.</u></b>	<b><u>TSP vs. BTC</u></b>
<b>Fixed Income</b>	<b>0.67</b>	<b>0.67</b>	<b>0.64</b>	<b>0.03</b>	<b>0.00</b>
Large Cap	3.26	3.26	3.26	0.00	0.00
<b>Small Mid Cap</b>	<b>4.57</b>	<b>4.57</b>	<b>4.50</b>	<b>0.07</b>	<b>0.00</b>
International	-1.91	-1.91	-1.93	0.02	0.00

***2018 Year-to-Date (YTD) Tracking Error***

<b><u>Fund</u></b>	<b><u>% BTC Returns</u></b>	<b><u>% TSP Returns</u></b>	<b><u>% Index Returns</u></b>	<b><u>BTC T.E.</u></b>	<b><u>TSP vs. BTC</u></b>
<b>Fixed Income</b>	<b>-0.84</b>	<b>-0.86</b>	<b>-0.96</b>	<b>0.12</b>	<b>-0.02</b>
Large Cap	9.94	9.91	9.94	0.00	-0.03
<b>Small Mid Cap</b>	<b>12.86</b>	<b>12.84</b>	<b>12.63</b>	<b>0.23</b>	<b>-0.02</b>
<b>International</b>	<b>-1.92</b>	<b>-1.95</b>	<b>-2.28</b>	<b>0.36</b>	<b>-0.03</b>

BlackRock's performance for the C and I Funds was in-line with indices for the month. The F Fund was ahead of the Fixed Income Index by 3 basis points primarily due to securities lending. BlackRock outperformed the Small Mid Cap Index by 7 basis points during the month primarily due to sampling and securities lending. Year-to-date, the F Fund was ahead of the Fixed Income Index by 12 basis points primarily due to securities lending. BlackRock's performance for the C Fund year-to-date was in-line with the Large Cap Index. It's performance was ahead of the Small Cap Index by 23 basis points year-to-date, primarily due to securities lending and sampling. BlackRock outperformed the International Index by 36 basis points year-to-date, primarily 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-to-date, except for the Large Cap Fund and International Fund, which were lower due to higher trading costs.

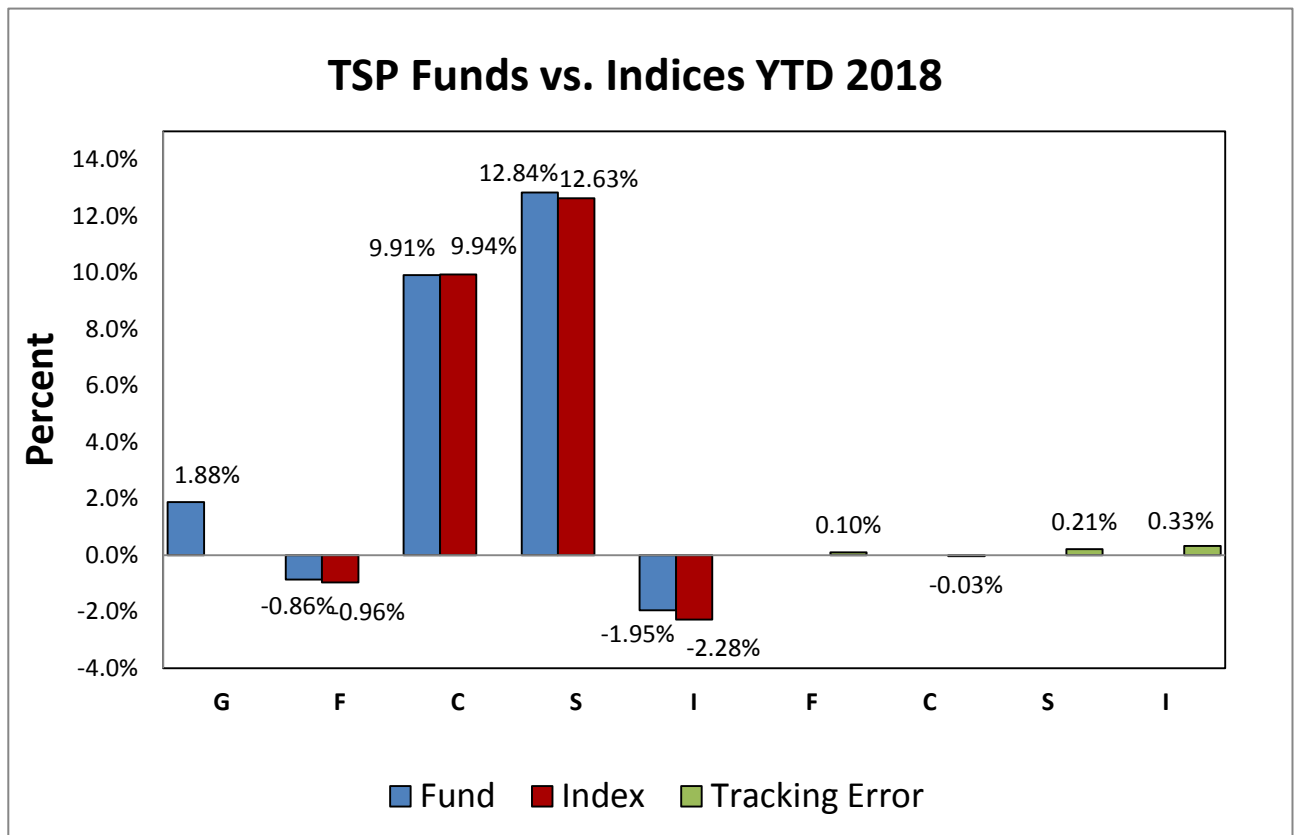
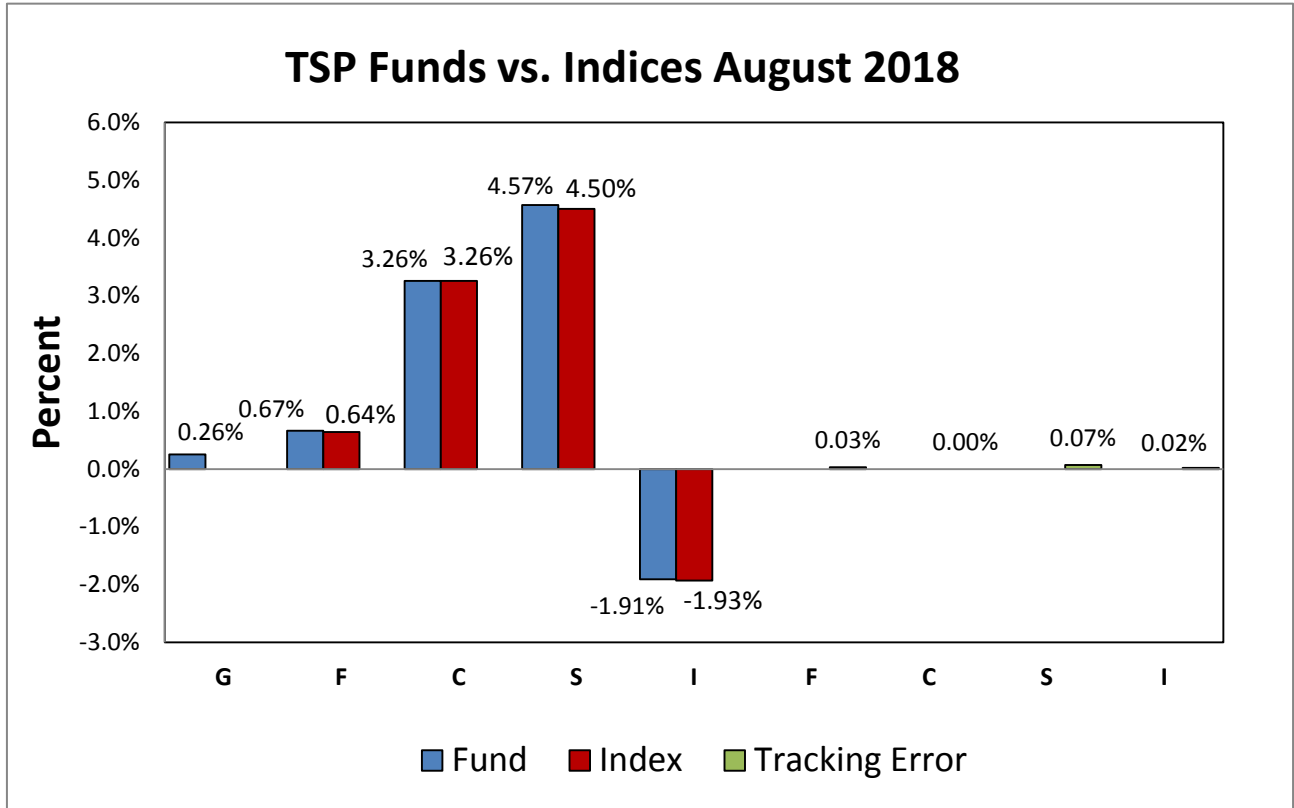
## Trading Costs

<u>Trading Costs</u>			
<u>F Fund</u>	<u>Dollar Amount</u> <u>Traded</u>	<u>Dollars</u>	<u>Basis</u> <u>Points</u>
August	525,018,295	423	0.0
Year-to-Date	7,207,059,315	158,109	0.2
 <u>C Fund</u>			
August	1,780,316,754	(198,207)	-1.1
Year-to-Date	22,644,657,820	(9,048,311)	-4.0
 <u>S Fund</u>			
August	1,674,955,074	(82,342)	-0.5
Year-to-Date	13,504,756,161	(5,965,319)	-4.4
 <u>I Fund</u>			
August	1,942,094,416	16,357	0.1
Year-to-Date	13,482,286,757	5,565,726	4.1

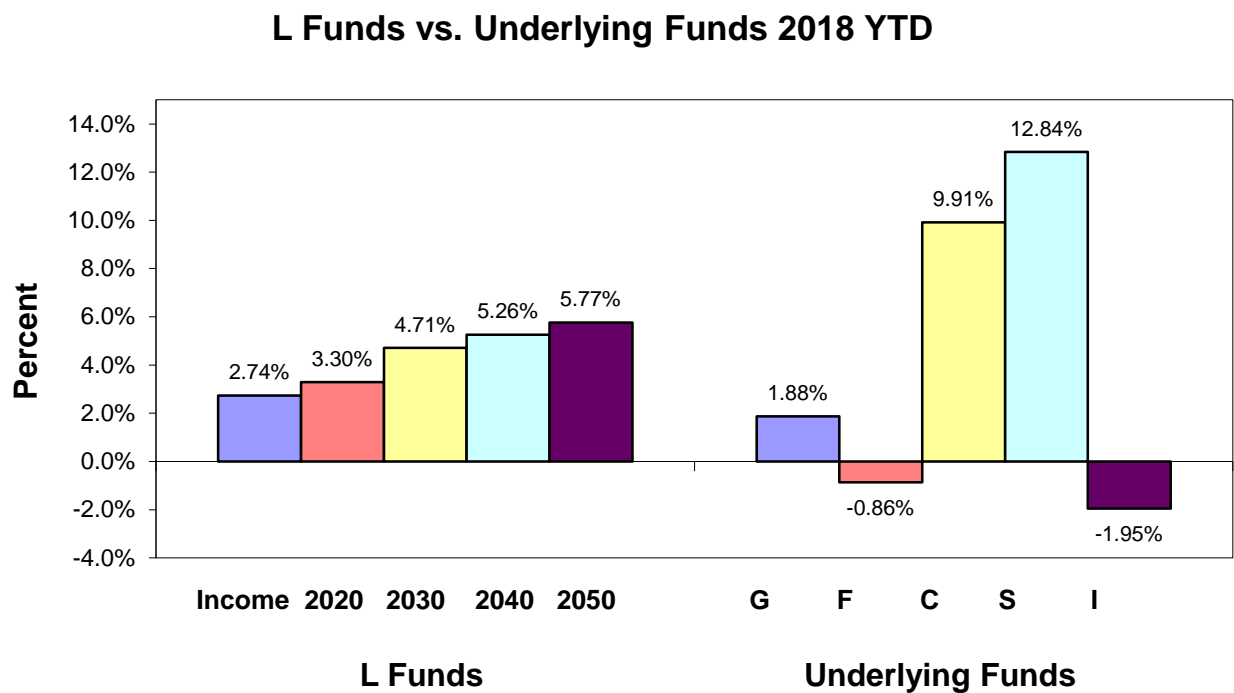
\* -- Trading Costs are comprised of commissions, fees, and the difference between where a security is traded and the closing index price.

## 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.

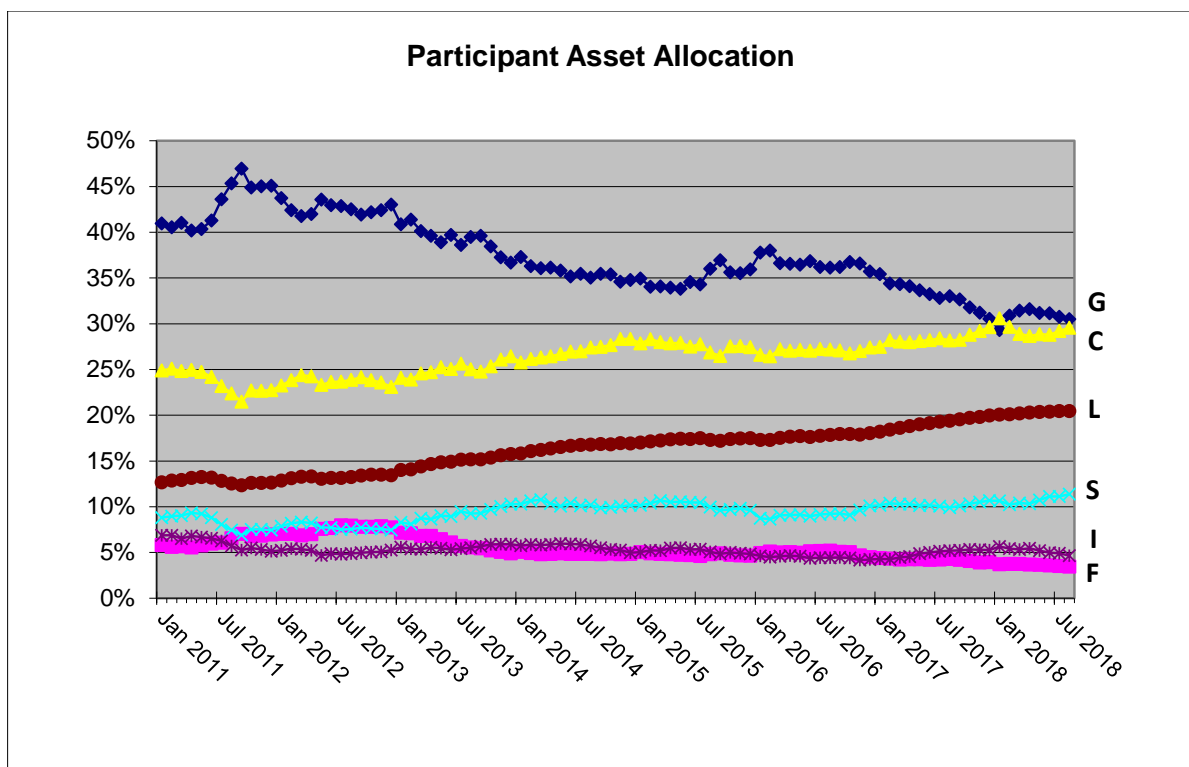


The net rates of return for the L Funds are shown below along with comparable returns for the G, F, C, S, and I Funds.



**THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY  
AUGUST 2018**

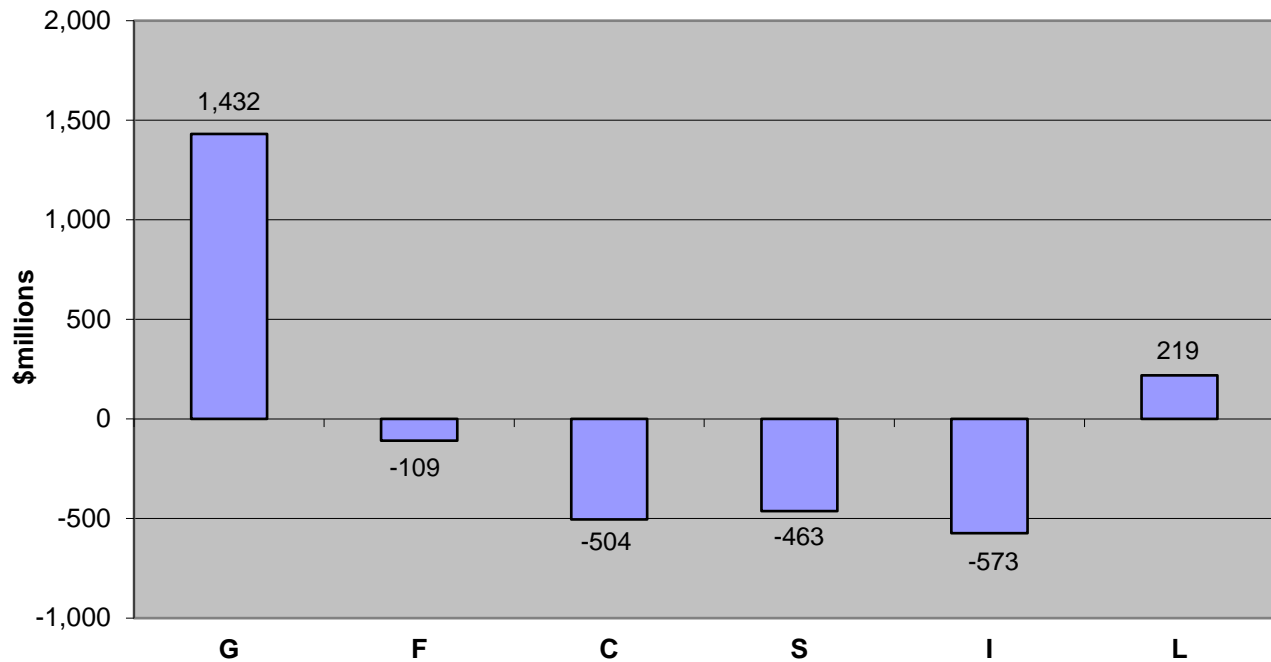
Attachment 1



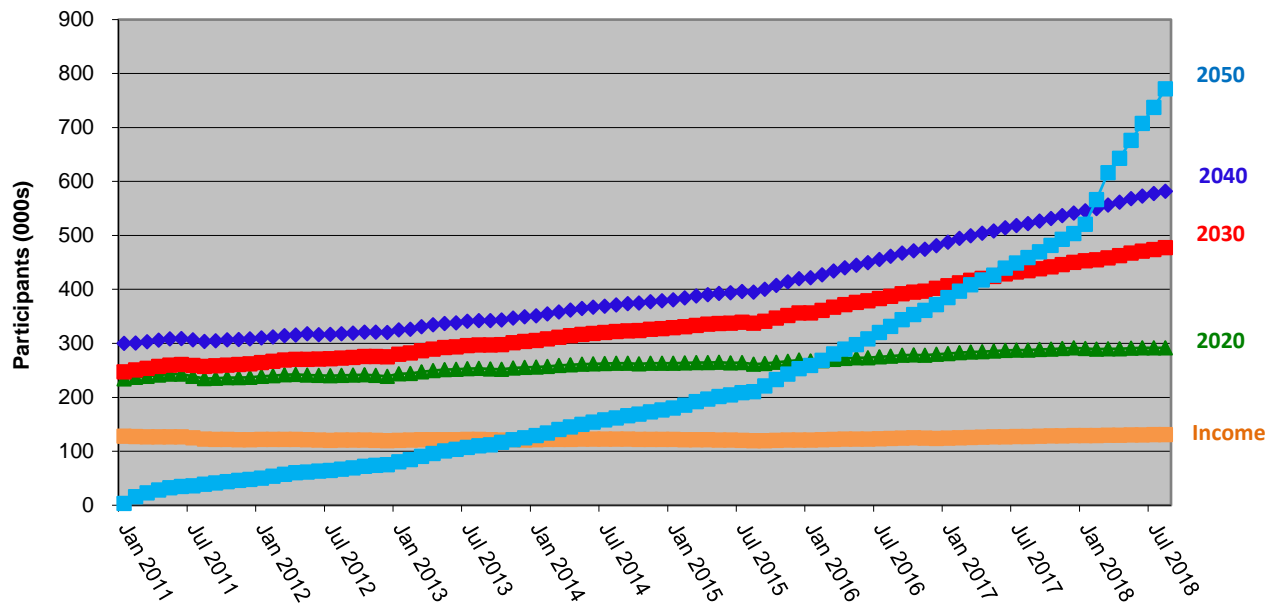
TSP Assets -- Participant Allocation (August 31, 2018)			TSP Assets -- By Core Funds (August 31, 2018)		
<u>Fund</u>	<u>Dollars (Billion USD)</u>	<u>Percent</u>	<u>Fund</u>	<u>Dollars (Billion USD)</u>	<u>Percent</u>
G Fund	\$176.5	30.6%	G Fund	\$220.5	38.2%
F Fund	\$19.9	3.5%	F Fund	\$27.9	4.8%
C Fund	\$170.6	29.5%	C Fund	\$206.4	35.7%
S Fund	\$65.6	11.4%	S Fund	\$76.2	13.2%
I Fund	\$26.8	4.6%	I Fund	\$46.5	8.0%
L Fund	\$118.1	20.4%			
Total	\$577.5	100%	Total	\$577.5	100%

**THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY  
AUGUST 2018**

**August 2018 -- Interfund Transfers**

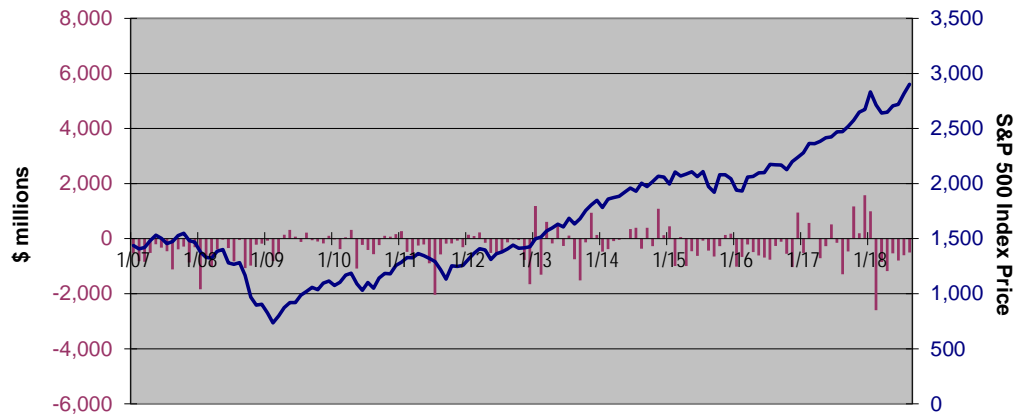


**Number of L Fund Participants  
Total = 1,879,345**

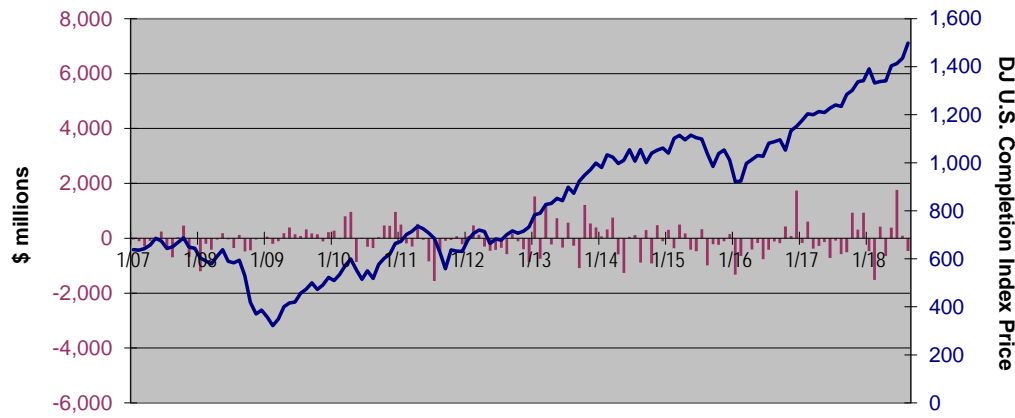


# THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY AUGUST 2018

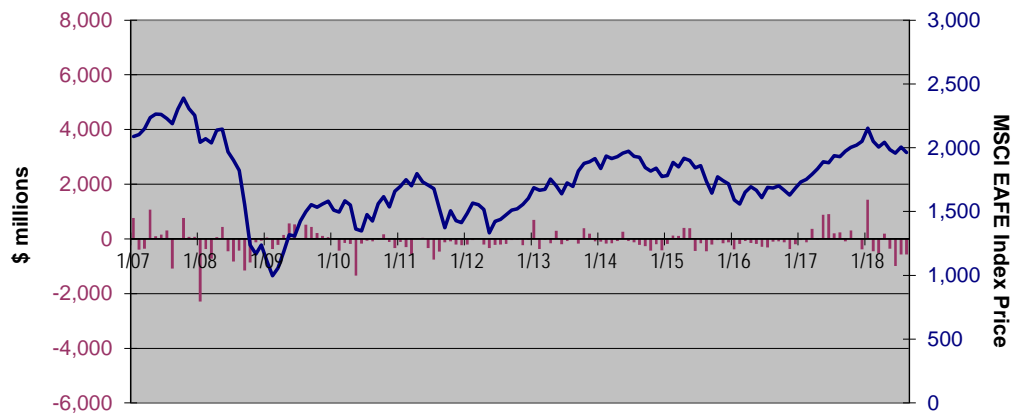
## Monthly Interfund Transfers C Fund



## Monthly Interfund Transfers S Fund

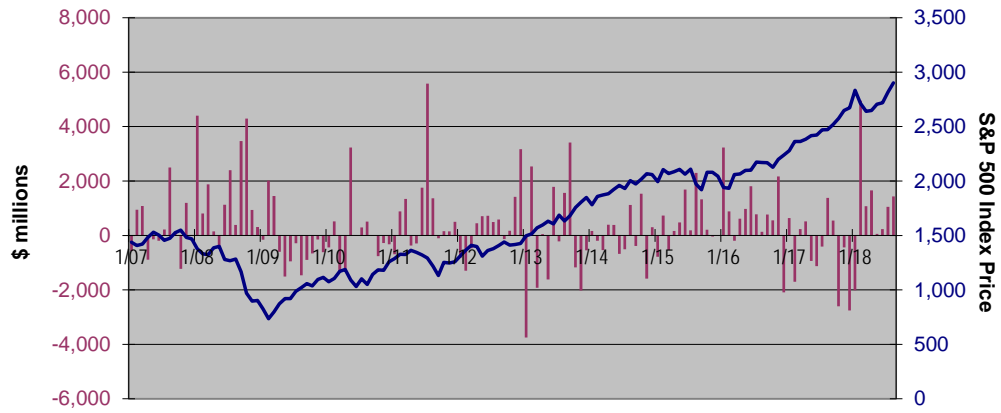


## Monthly Interfund Transfers I Fund

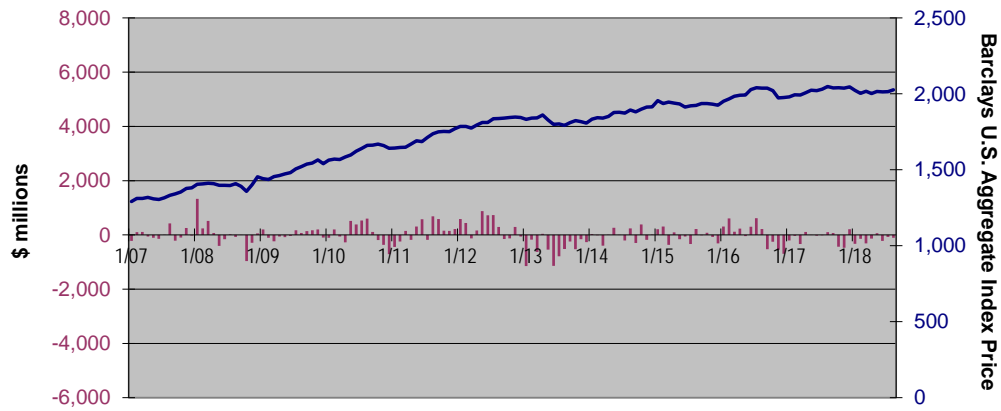


# THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY AUGUST 2018

Monthly Interfund Transfers  
G Fund



Monthly Interfund Transfers  
F Fund



Monthly Interfund Transfers  
L Funds

