

L Funds

Asset Allocation Review

Office of Investments



Thrift Savings Plan

FEDERAL RETIREMENT THRIFT INVESTMENT BOARD
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L Funds Asset Allocation Review Objectives

- Try to improve outcomes without unreasonably increasing risk
- Establish glide paths for the new five-year increment L Funds that will launch in July 2020



Presentation by Mercer Investment Consulting

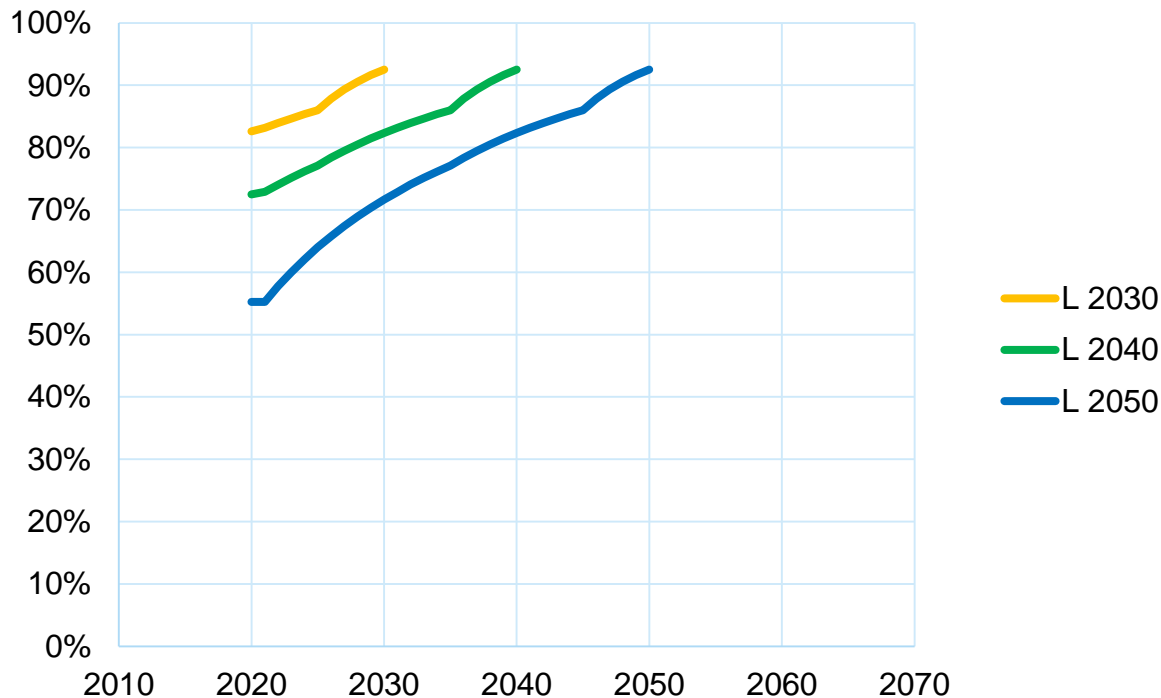


Recommendations to Executive Director

- Maintain 92.50% as the ultimate weight of the G Fund in each L Fund's fixed income allocation but make the increases linear
- Move the S Fund's share of each L Fund's U.S. equities allocation from their current 22-24% to 16% over five years
- Create the L 2055, L 2060, and L 2065 Funds with the same glide path proposed in the 2018 review
- Continue the temporary freezes in the equities allocations of the L 2030, L 2040, and L 2050 Funds until they intercept the new glide path
- Create the L 2025, L 2035, and L 2045 Funds as interpolations between the existing L Funds

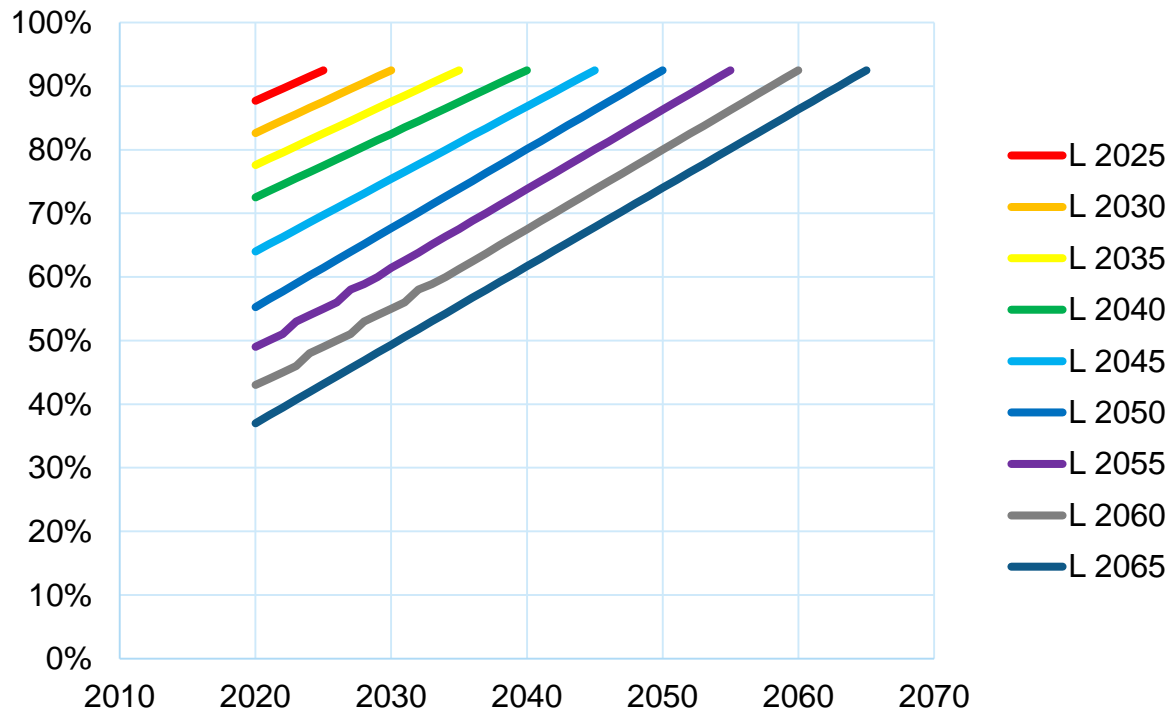
Change to Fixed Income Allocation

G Fund as a Percentage of the Fixed Income Allocation
(Current)



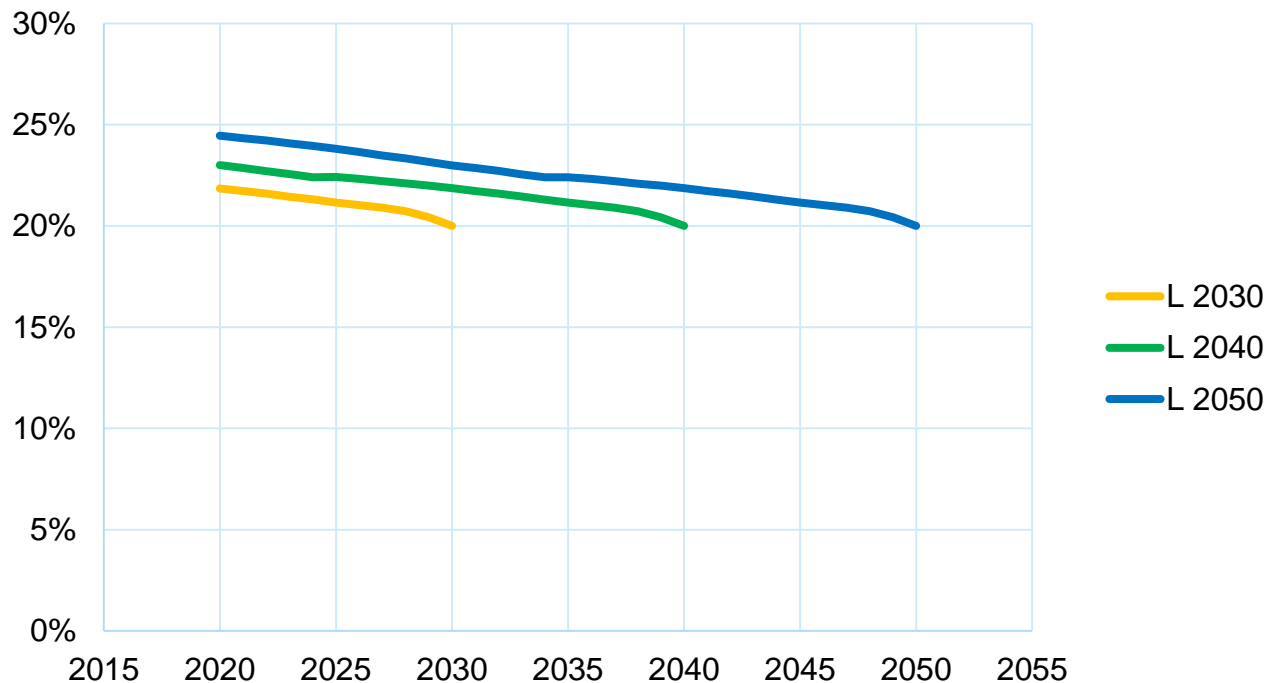
Change to Fixed Income Allocation

G Fund as a Percentage of the Fixed Income Allocation
(Proposed)



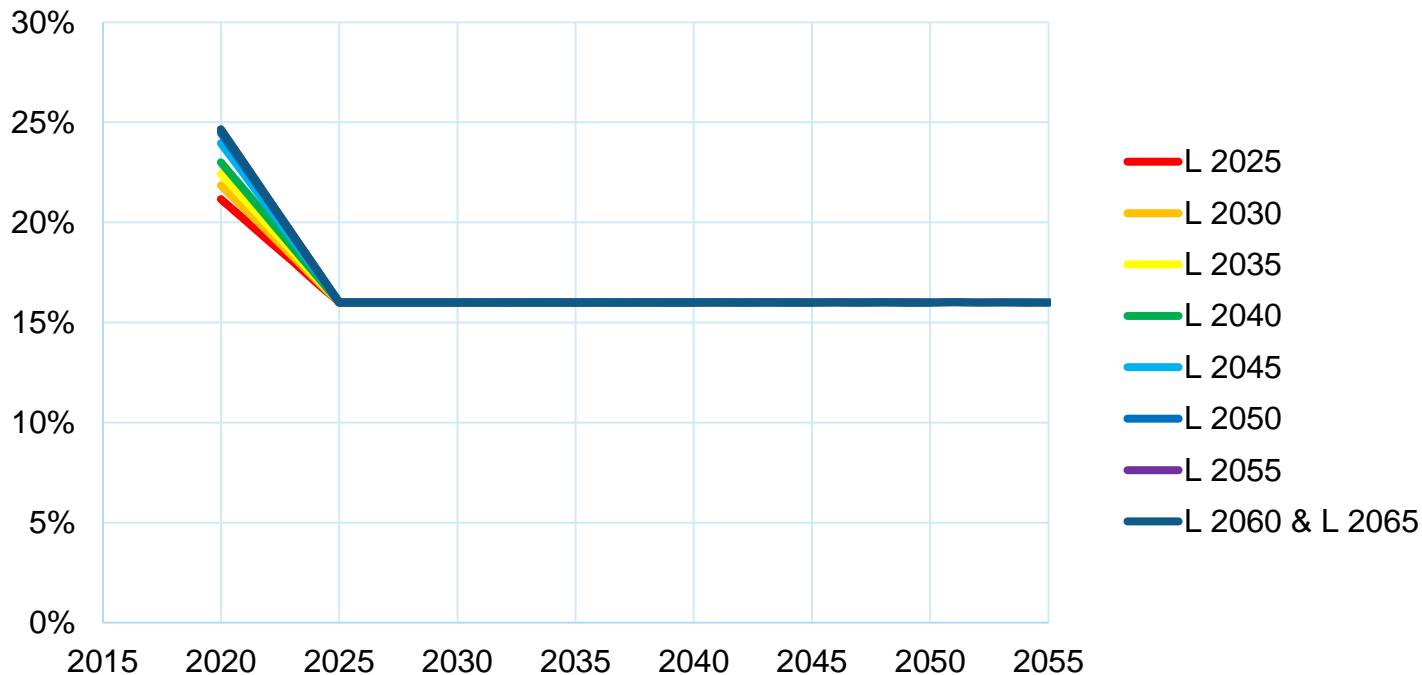
Change to U.S. Equity Allocation

S Fund as a Percentage of the U.S. Equity Allocation
(Current)

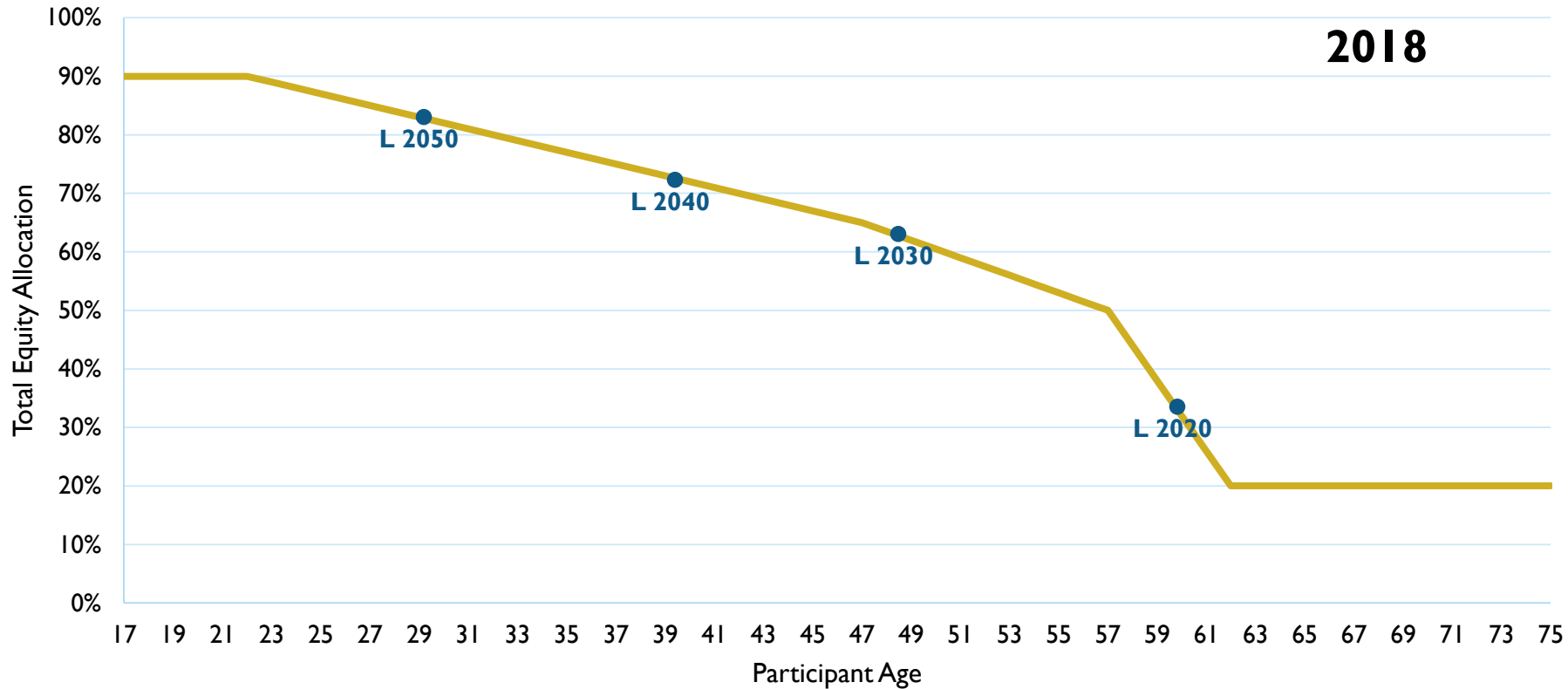


Change to U.S. Equity Allocation

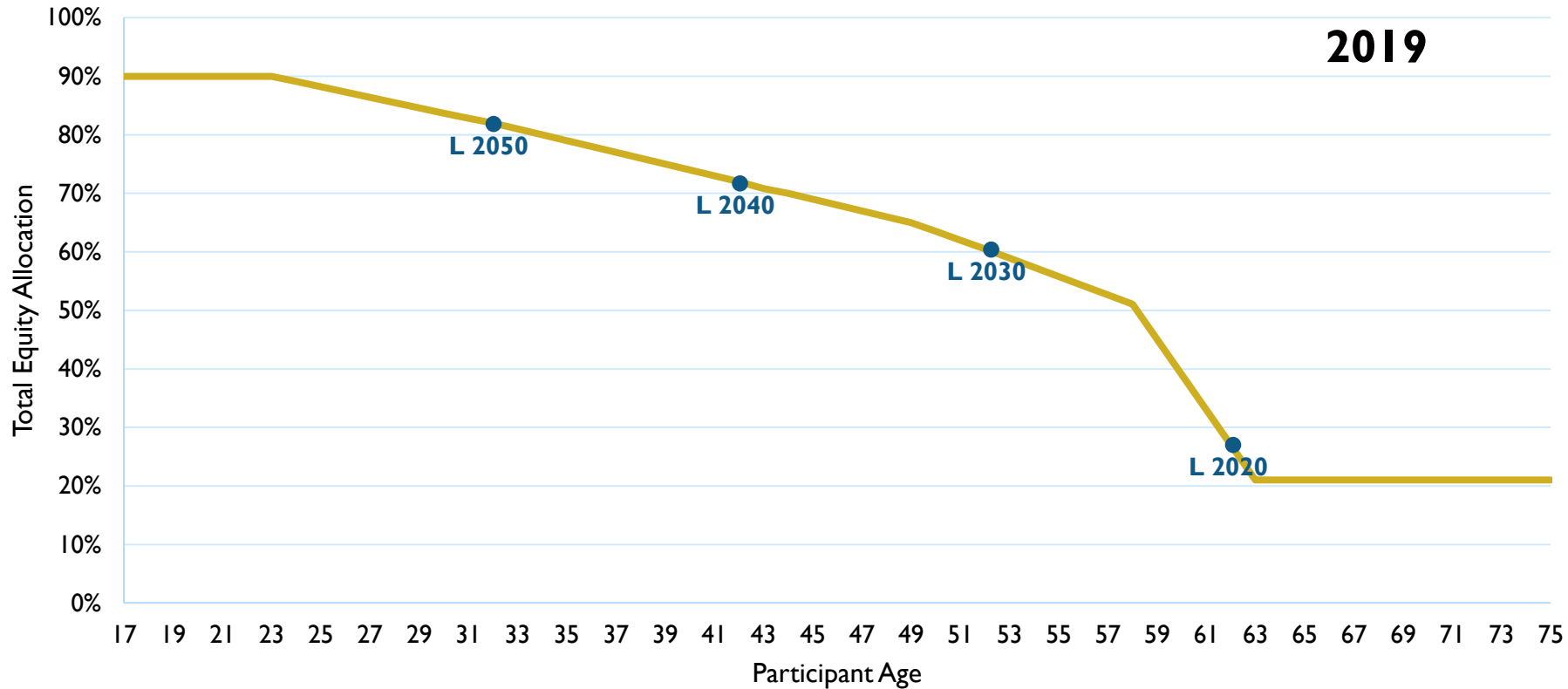
S Fund as a Percentage of the U.S. Equity Allocation
(Proposed)



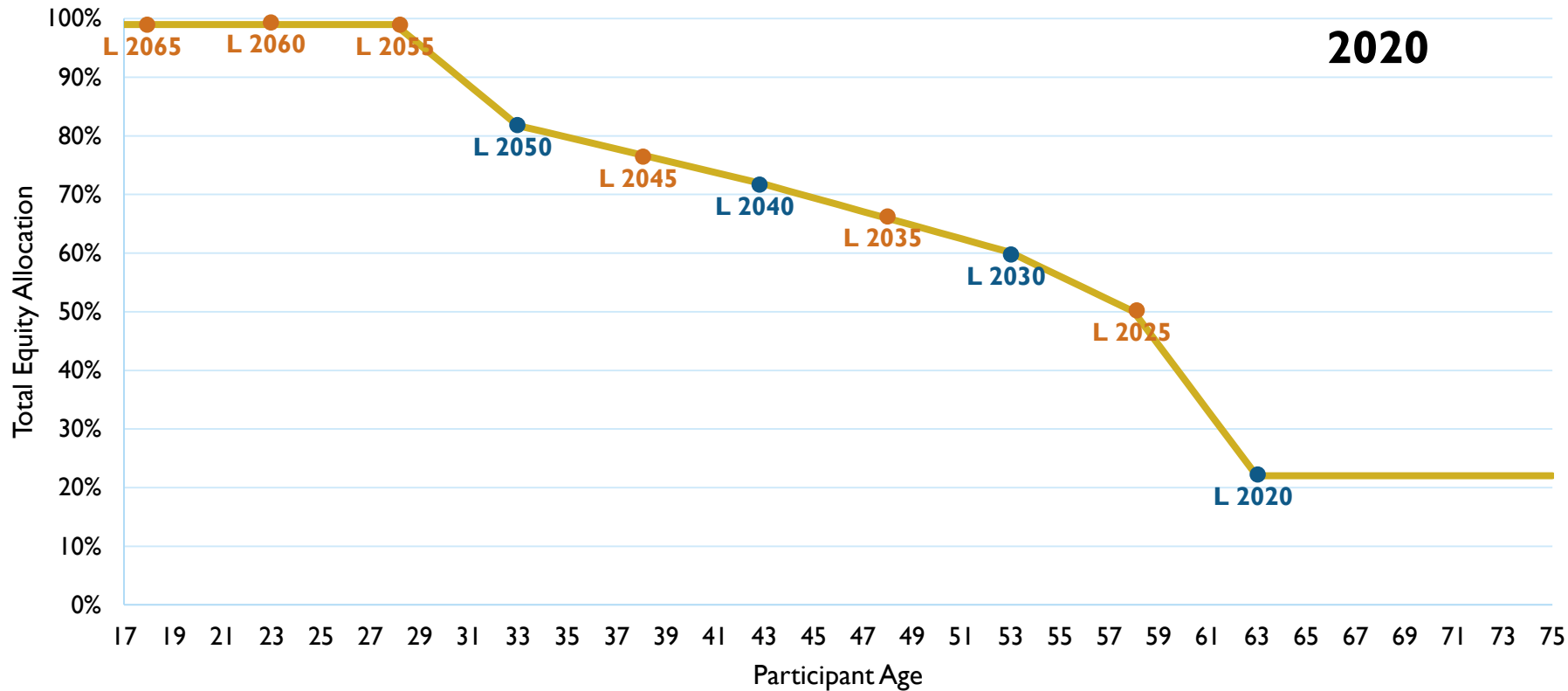
Glide Path Transition (2018-2032)



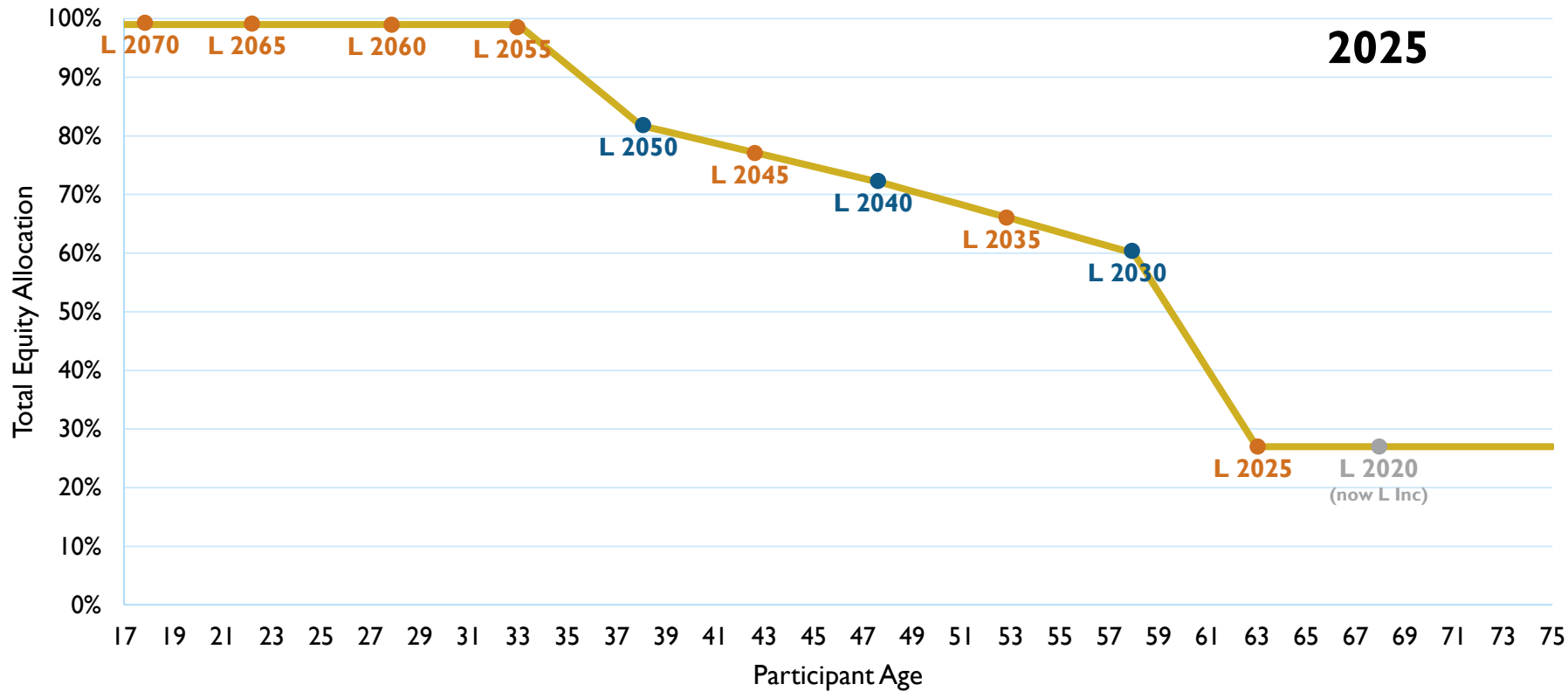
Glide Path Transition (2018-2032)



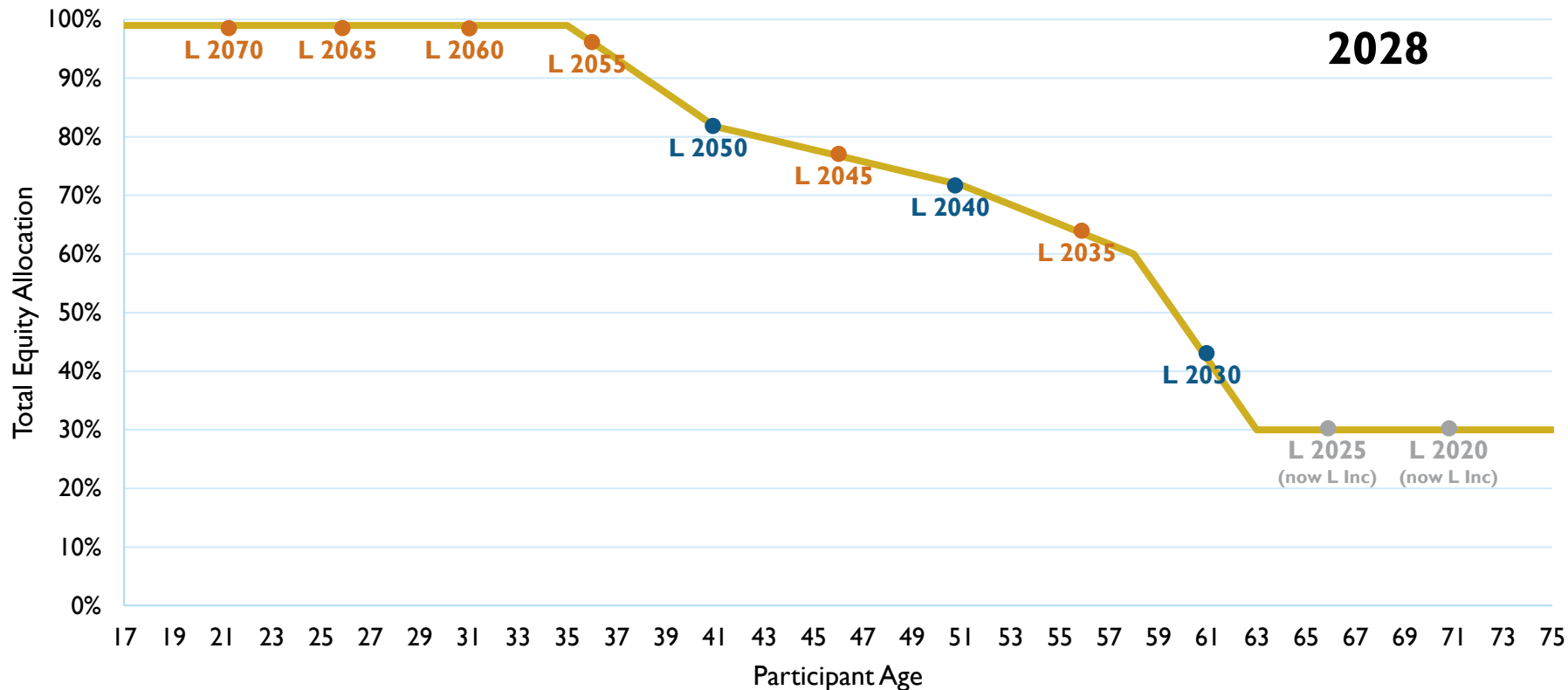
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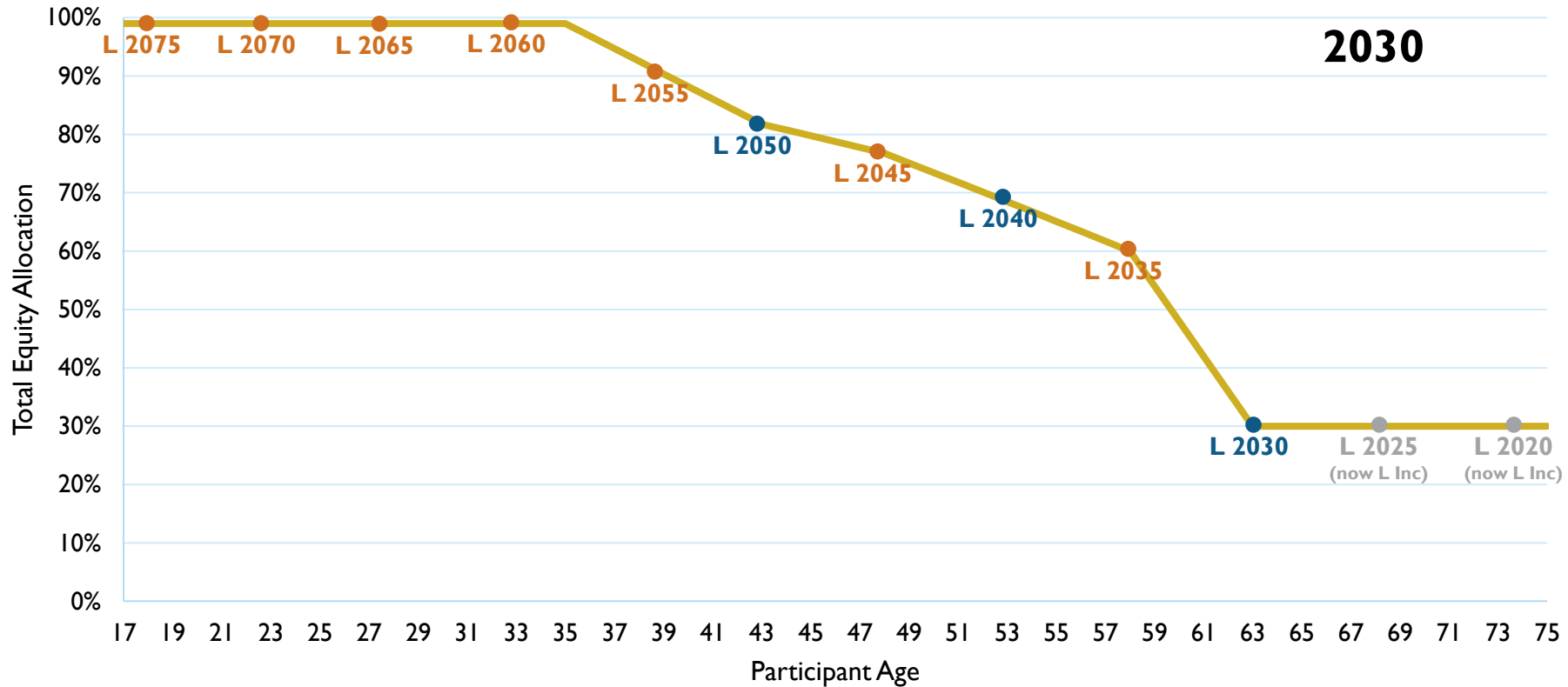
Glide Path Transition (2018-2032)



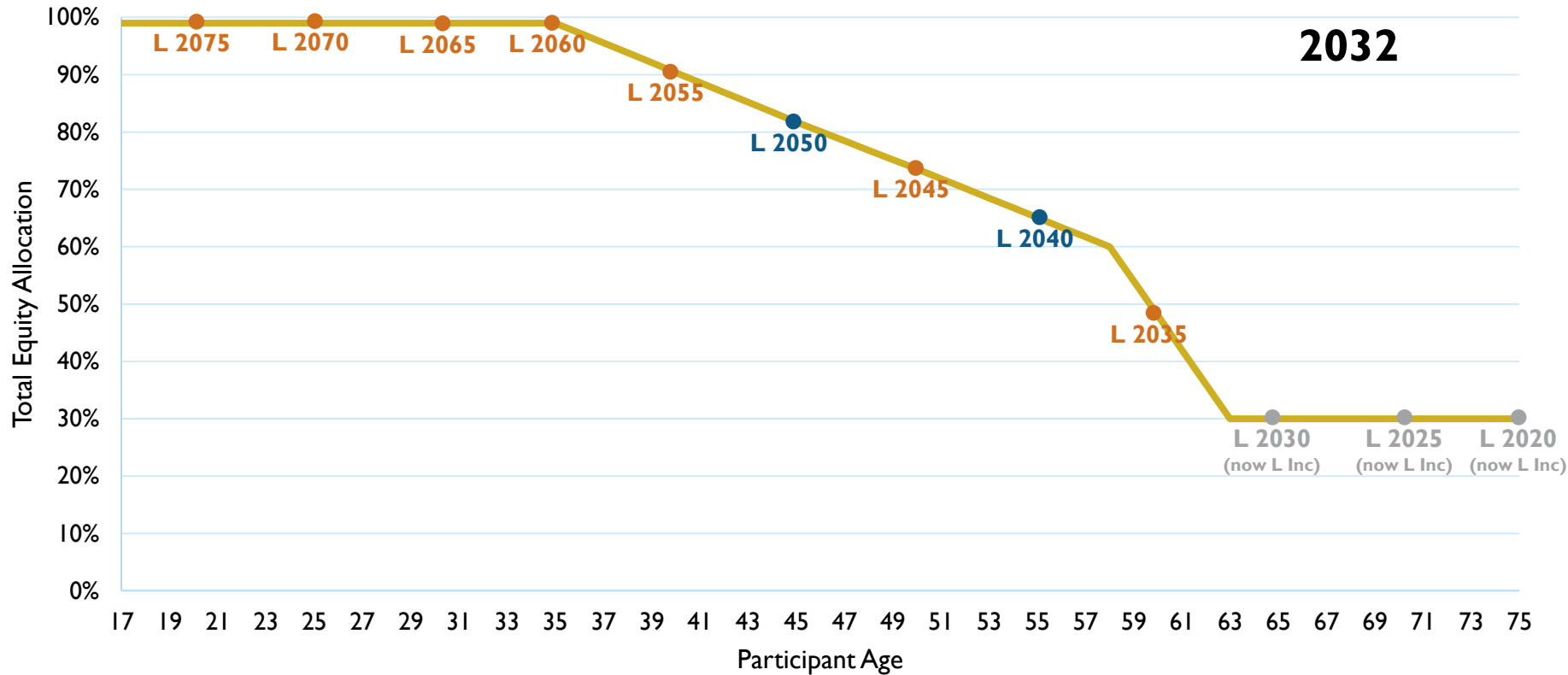
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