



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

MEMORANDUM FOR BOARD MEMBERS

JONES, BILYEU,  
McCRAV, AND JASIEN

FROM: RAVINDRA DEO, EXECUTIVE DIRECTOR

DATE: April 15, 2021

SUBJECT: March 2021 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, interfund transfer activity, and L Fund participation.

**RETURNS AND TRACKING ERROR**

The tables below contain the monthly and year-to-date (YTD) returns and tracking errors for the F, C, S, and I Funds and for the separate accounts managed by BlackRock. Due to rounding, the tracking errors may not match the differences in returns.

***March 2021 Returns and Tracking Error***

		<u>Fixed Income</u>	<u>Large Cap</u>	<u>Small Mid Cap</u>	<u>International</u>
		<u>(F Fund)</u>	<u>(C Fund)</u>	<u>(S Fund)</u>	<u>(I Fund)</u>
<b>Return (%)</b>	<b>Index</b>	-1.25	4.38	-0.40	2.30
	<b>BlackRock</b>	-1.22	4.38	-0.39	2.35
	<b>TSP Fund (Net)</b>	-1.23	4.38	-0.39	2.35
<b>Tracking Error vs Index (%)</b>	<b>BlackRock</b>	0.03	0.00	0.01	0.05
	<b>TSP Fund</b>	0.02	0.00	0.01	0.05

BlackRock's performance for the C and S Funds was in line with the Funds' respective indices for the month. Its performance for the F Fund exceeded that of the Fixed Income Index by 3 basis points, primarily due to securities lending. BlackRock's performance for the I Fund was ahead of the International Index by 5 basis points, primarily due to tax advantage.

The TSP Funds closely tracked the BlackRock accounts for the month.

## 2021 YTD Returns and Tracking Error

		<u>Fixed Income</u>	<u>Large Cap</u>	<u>Small Mid Cap</u>	<u>International</u>
		<u>(F Fund)</u>	<u>(C Fund)</u>	<u>(S Fund)</u>	<u>(I Fund)</u>
<b>Return (%)</b>	<b>Index</b>	-3.37	6.17	7.75	3.48
	<b>BlackRock</b>	-3.34	6.18	7.80	3.53
	<b>TSP Fund (Net)</b>	-3.35	6.17	7.79	3.52
<b>Tracking Error vs Index (%)</b>	<b>BlackRock</b>	0.03	0.01	0.05	0.06
	<b>TSP Fund</b>	0.02	-0.01	0.04	0.04

Year-to-date, BlackRock's performance for the F Fund exceeded the Fixed Income Index by 3 basis points, primarily due to securities lending. Its performance for the C Fund was in line with the Large Cap Index. For the S Fund year-to-date, BlackRock outperformed the Small Mid Cap Index by 5 basis points, primarily resulting from securities lending. Its performance for the I Fund was ahead of the International Index by 6 basis points, primarily due to tax advantage.

Year-to-date, the F, C, S, and I Funds closely tracked the BlackRock accounts.

**TSP Net Returns as of March 31, 2021**

	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>
<b>G Fund</b>	0.83%	1.90%	2.01%	2.00%

	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>
<b>F Fund</b>	0.77%	4.70%	3.22%	3.67%
<b>Bloomberg Barclays US Agg Bond Index</b>	0.71%	4.65%	3.10%	3.44%
<b>Tracking Error</b>	0.06%	0.05%	0.12%	0.23%

	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>
<b>C Fund</b>	56.32%	16.73%	16.27%	13.93%
<b>S&amp;P 500 Index</b>	56.35%	16.78%	16.29%	13.91%
<b>Tracking Error</b>	-0.03%	-0.05%	-0.02%	0.02%

	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>
<b>S Fund</b>	97.79%	18.13%	17.98%	13.30%
<b>Dow Jones US Completion TSM Index</b>	97.84%	18.06%	17.86%	13.01%
<b>Tracking Error</b>	-0.05%	0.07%	0.12%	0.29%

	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>
<b>I Fund</b>	44.87%	6.28%	9.23%	5.88%
<b>MSCI EAFE Index</b>	44.57%	6.02%	8.85%	5.52%
<b>Tracking Error</b>	0.30%	0.26%	0.38%	0.36%

	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>
<b>L Income Fund</b>	11.54%	4.77%	4.75%	4.21%
<b>L 2025 Fund</b>	N/A	N/A	N/A	N/A
<b>L 2030 Fund</b>	32.49%	9.27%	9.72%	8.25%
<b>L 2035 Fund</b>	N/A	N/A	N/A	N/A
<b>L 2040 Fund</b>	39.66%	10.61%	11.11%	9.25%
<b>L 2045 Fund</b>	N/A	N/A	N/A	N/A
<b>L 2050 Fund</b>	46.20%	11.73%	12.33%	10.07%
<b>L 2055 Fund</b>	N/A	N/A	N/A	N/A
<b>L 2060 Fund</b>	N/A	N/A	N/A	N/A
<b>L 2065 Fund</b>	N/A	N/A	N/A	N/A
<b>Inception date for L 2025, L 2035, L 2045, L 2055, L 2060, L 2065: July 1, 2020</b>				

**PROXY VOTING -- FOURTH QUARTER 2020**

An audit of BlackRock's proxy voting conducted by ISS found no exceptions to BlackRock's established guidelines during the fourth quarter of 2020. A copy of the audit report is provided in this report as Attachment 1. The ISS audit report for the first quarter of 2021 is not yet available.

**CLASS ACTION SETTLEMENTS -- FOURTH QUARTER 2020**

BlackRock began the fourth quarter with 69 open claims. One claim was opened in the C Fund and 13 claims were opened in the S Fund during the quarter. For the F Fund, one claim closed due to administrator action. For the C Fund, one claim was settled for \$1,303,639. For the S Fund, six claims were closed due to administrator action and seven claims were settled for a total of \$382,239. Sixty-eight claims remained open across the four funds at the end of the quarter. For the year, 26 claims were settled for a total of \$2,550,841.

	<b><u>Open at Start of Quarter</u></b>	<b><u>Opened During Quarter</u></b>	<b><u>Closed During Quarter</u></b>	<b><u>Open Claims Outstanding</u></b>	<b><u>Total of Settled Claims in 2020</u></b>
F Fund	1	-	1	-	\$0
C Fund	12	1	1	12	\$1,351,935
S Fund	55	13	13	55	\$1,198,906
I Fund	1	-	-	1	\$0
Total	69	14	15	68	\$2,550,841

**RECOMMENDATION**

The G Fund investments produce long-term yields while incurring no market risk. I recommend reaffirmation of the current G Fund policy of investing solely in short-term maturities.

The F, C, S, and I Funds have tracked their respective indices and have incurred low trading costs. I recommend reaffirmation of the current F, C, S, and I Fund investment policies.

WHEREAS the Federal Employees' Retirement System Act of 1986, as amended (5 U.S.C. § 8401 – et seq.) provides the Board members shall establish policies for the investment and management of the Thrift Savings Fund (5 U.S.C. § 8472(f) (1) and (2)); and

WHEREAS the Board members at this meeting have reviewed the investment performance and investment policies of the Government Securities Investment Fund, the Fixed Income Index Investment Fund, the Common Stock Index Investment Fund, the Small Capitalization Stock Index Investment Fund and the International Stock Index Investment Fund; and

WHEREAS the Board members are satisfied with the investment performance and investment policies of these Funds;

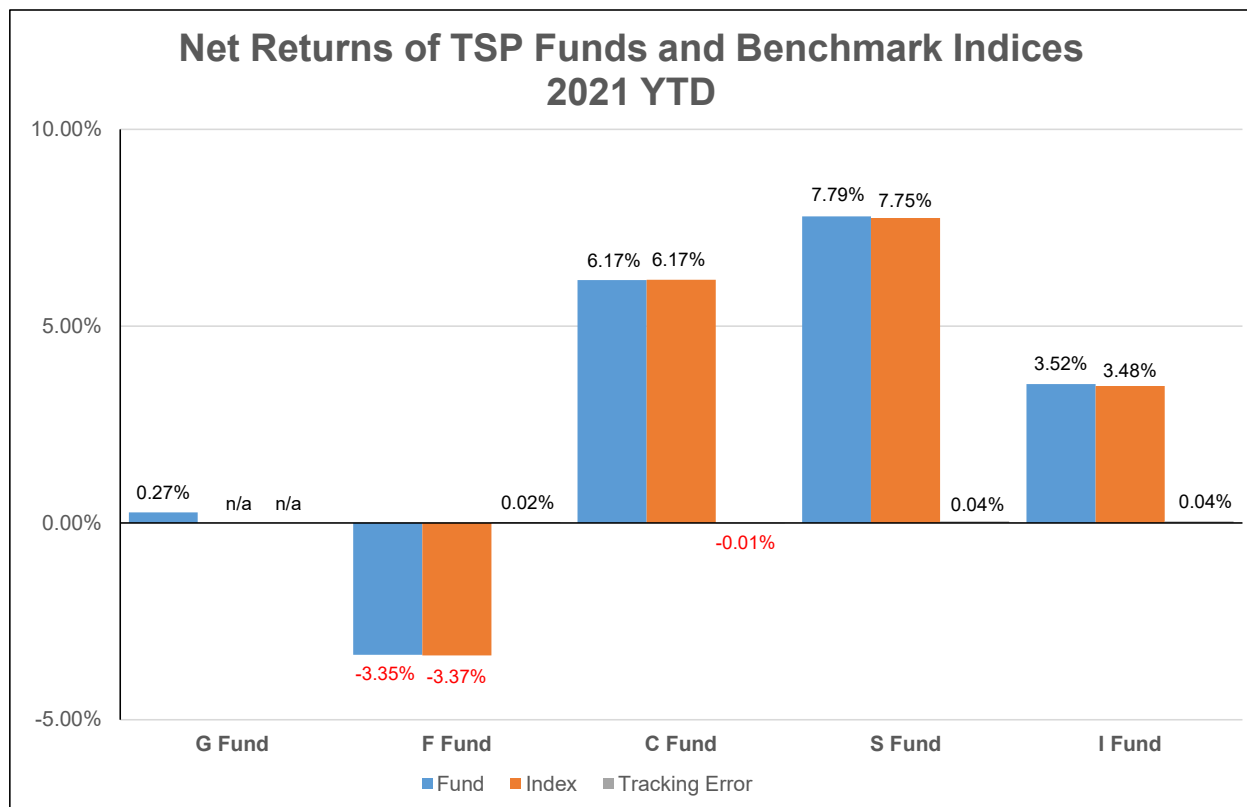
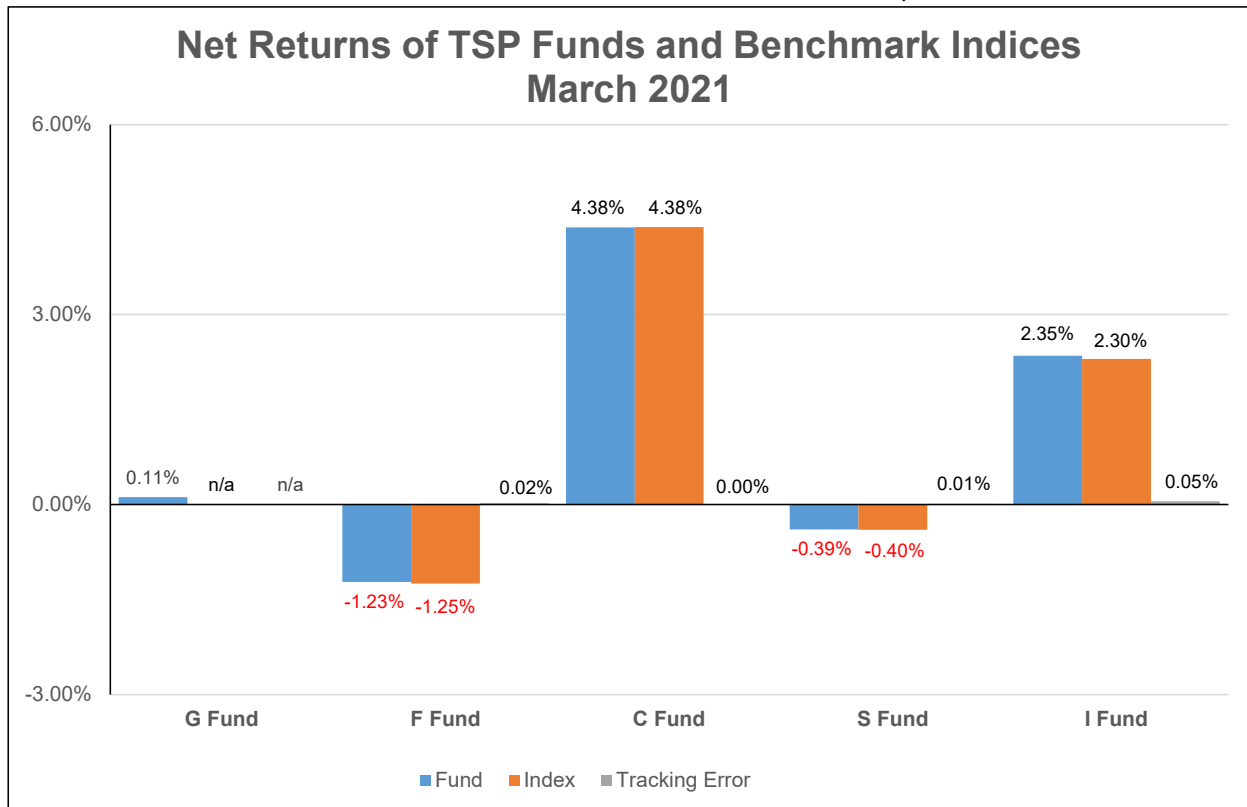
NOW THEREFORE BE IT RESOLVED that the current investment policies for the Government Securities Investment Fund, the Common Stock Index Investment Fund, the Fixed Income Index Investment Fund, the Small Capitalization Stock Index Investment Fund, and the International Stock Index Investment Fund are affirmed without change.

**Attachments**

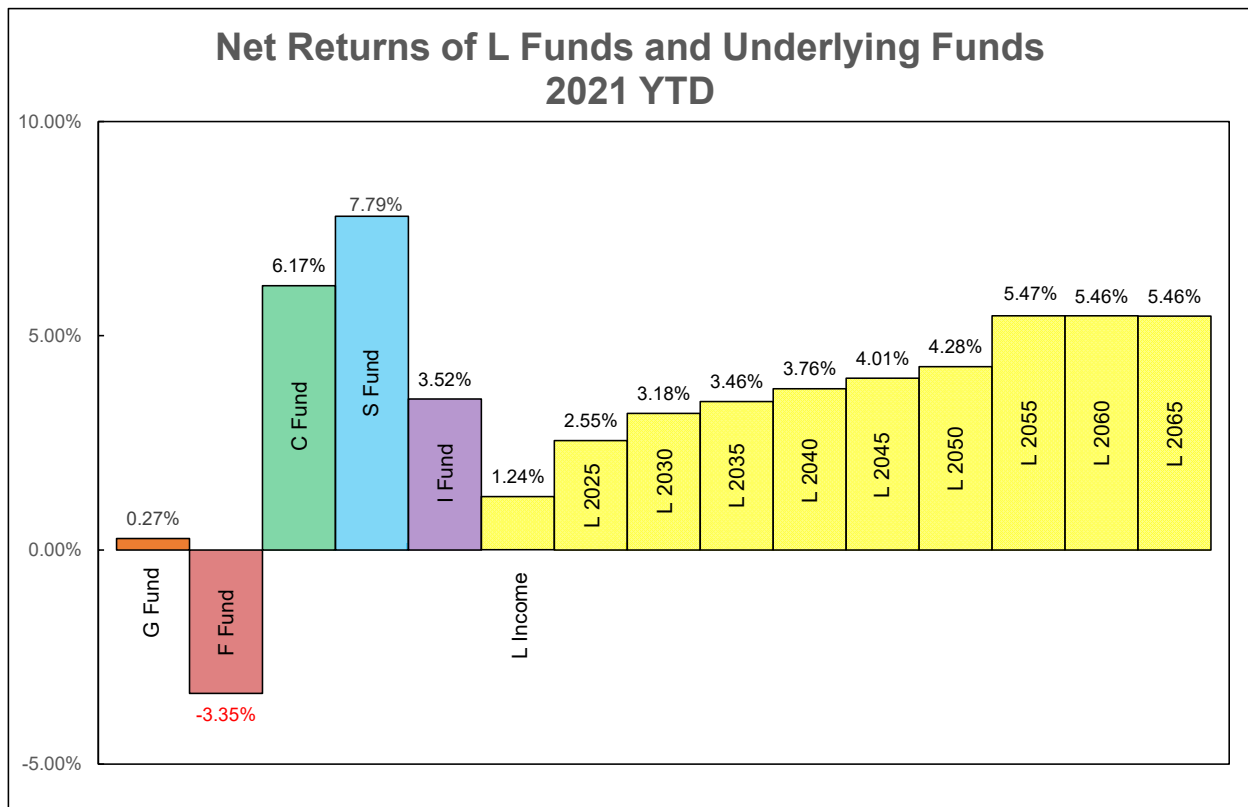
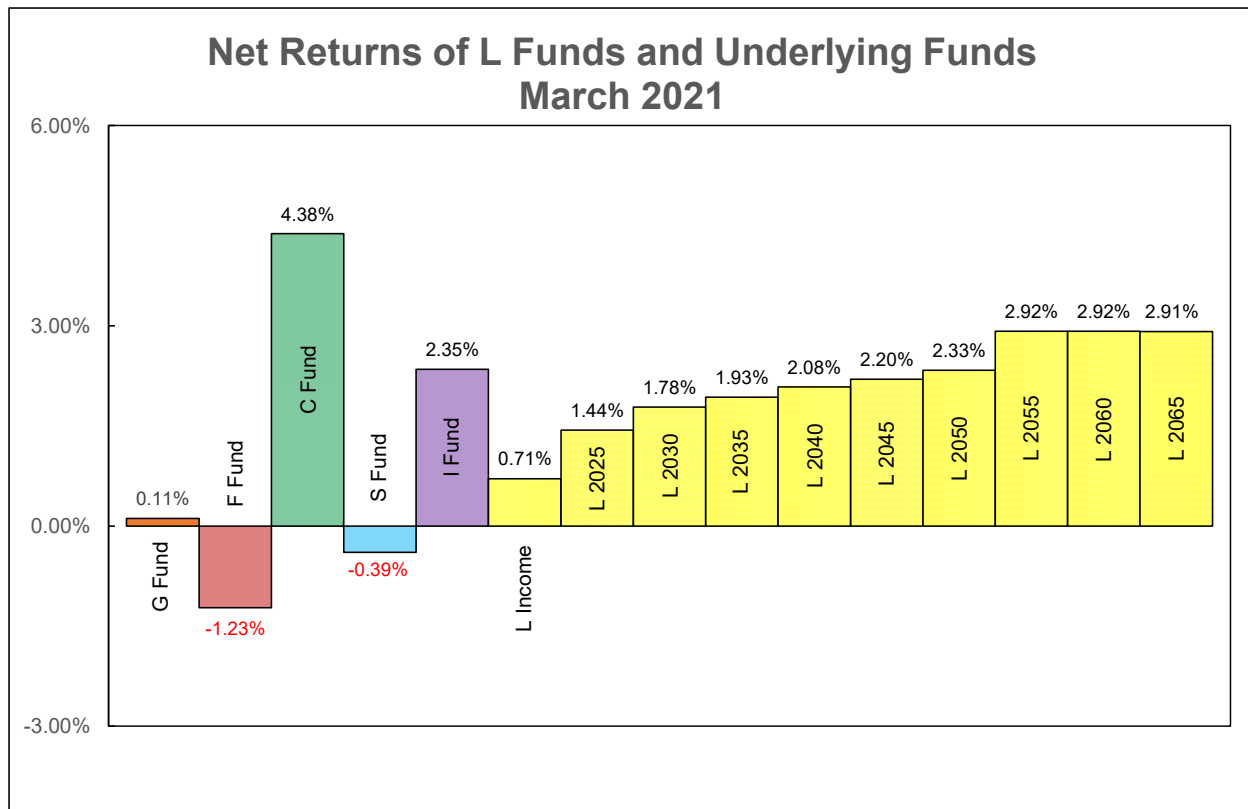
Attachment 1: Audit Report on BlackRock Proxy Voting in the Fourth Quarter of 2020

### Performance of TSP Funds

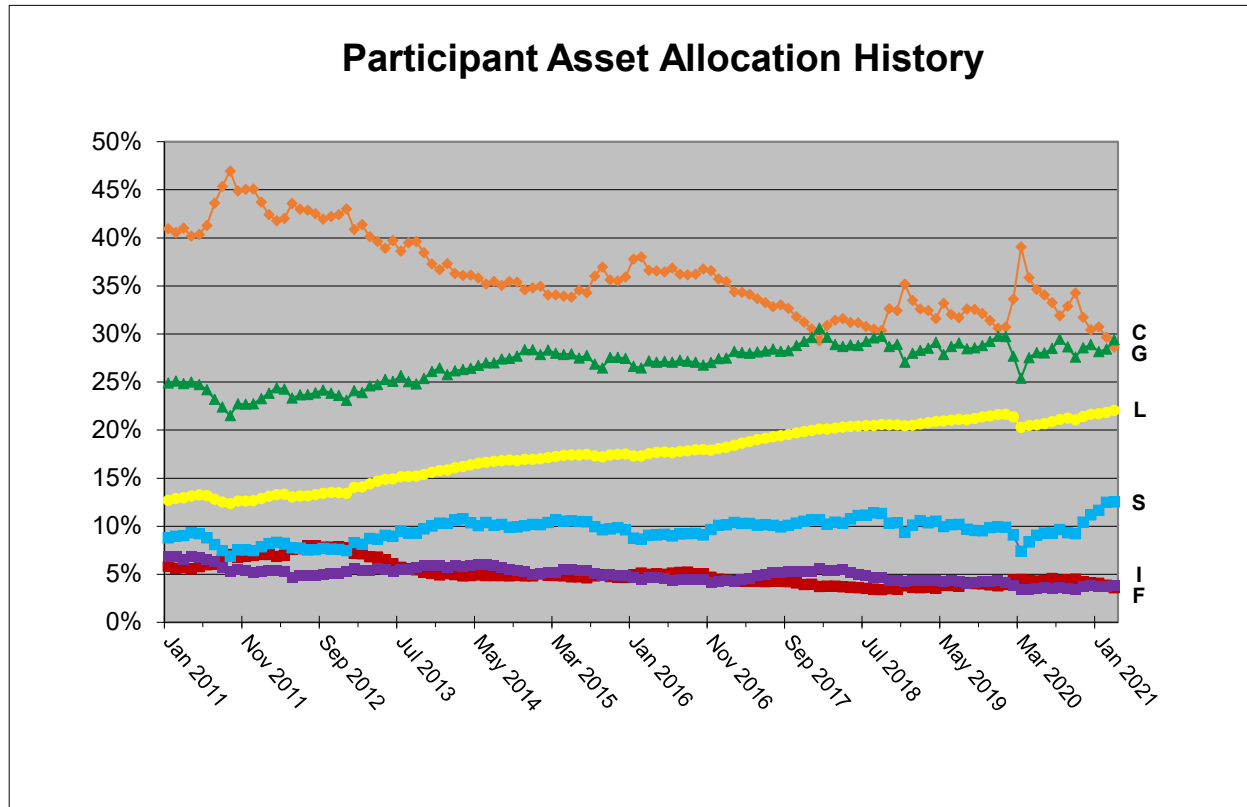
The charts below show the G, F, C, S, and I Fund net rates of return vs. their respective benchmark indices.



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



## Asset Allocation

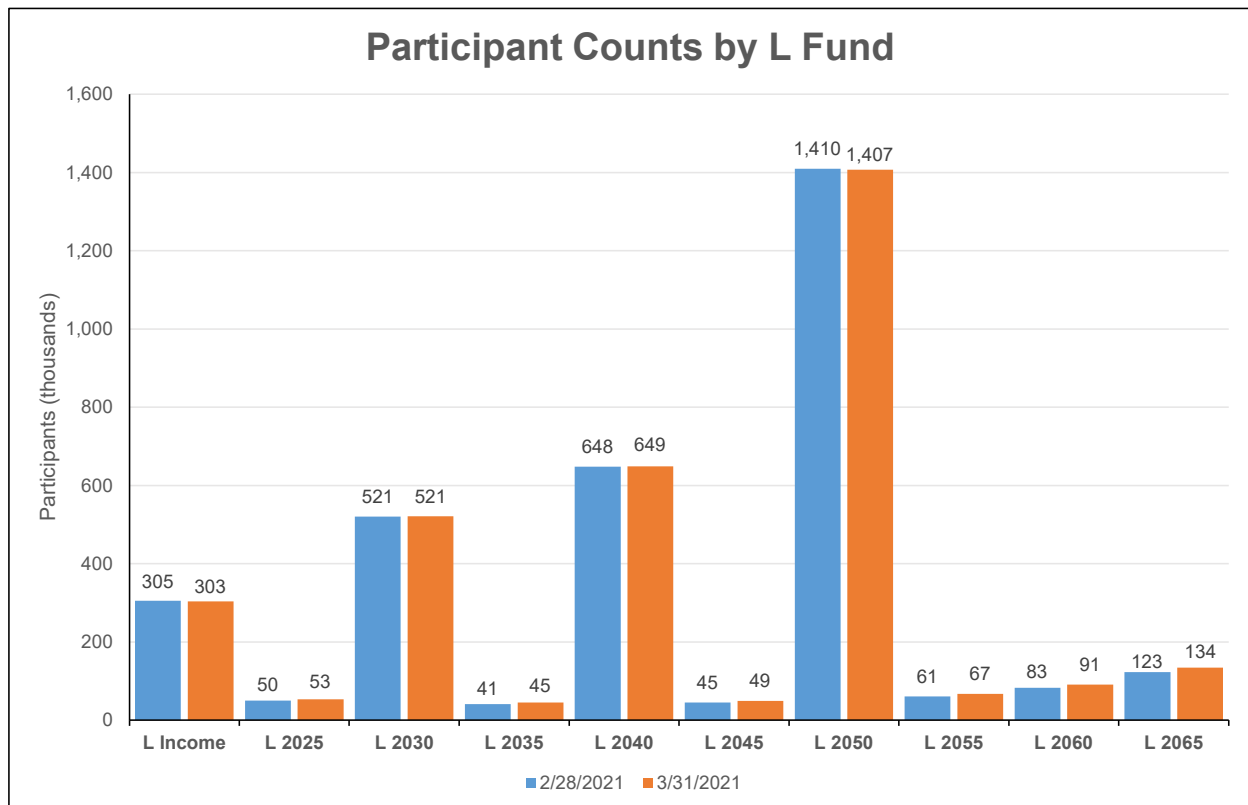
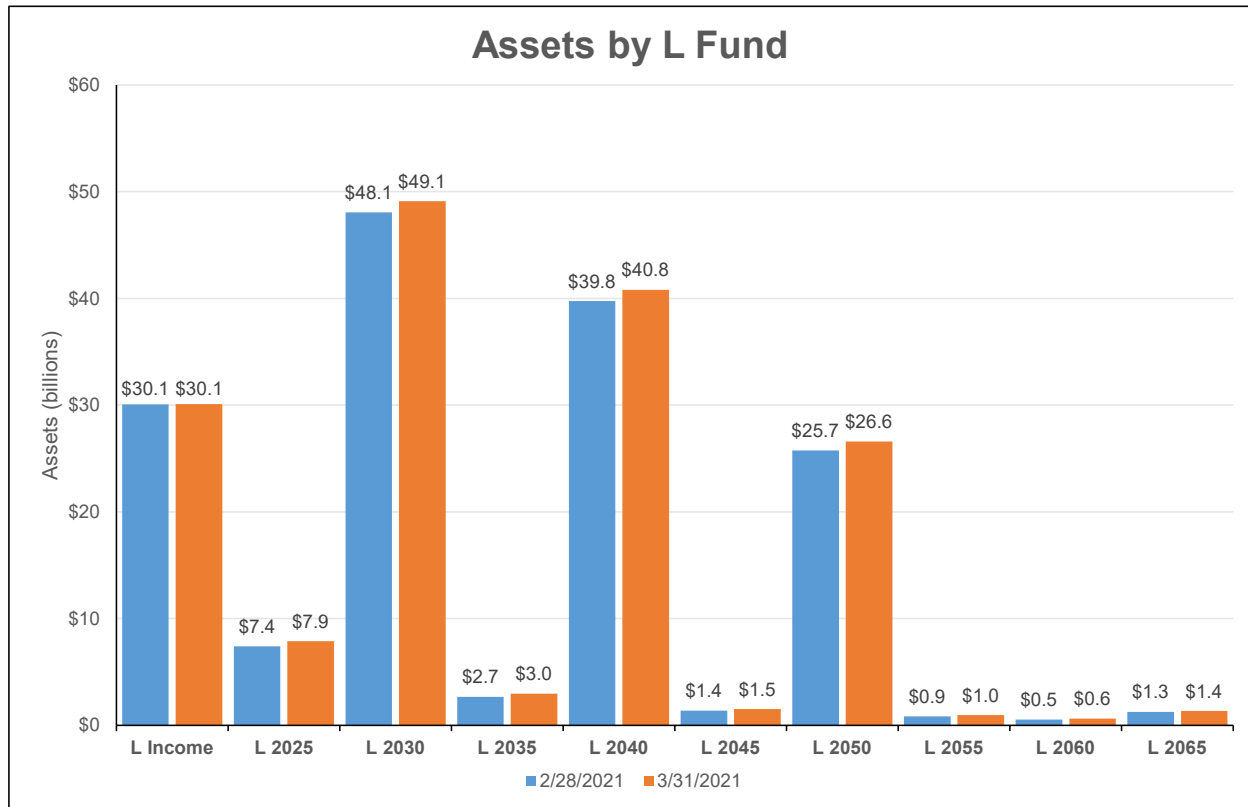


## Asset Allocation as of March 31, 2021

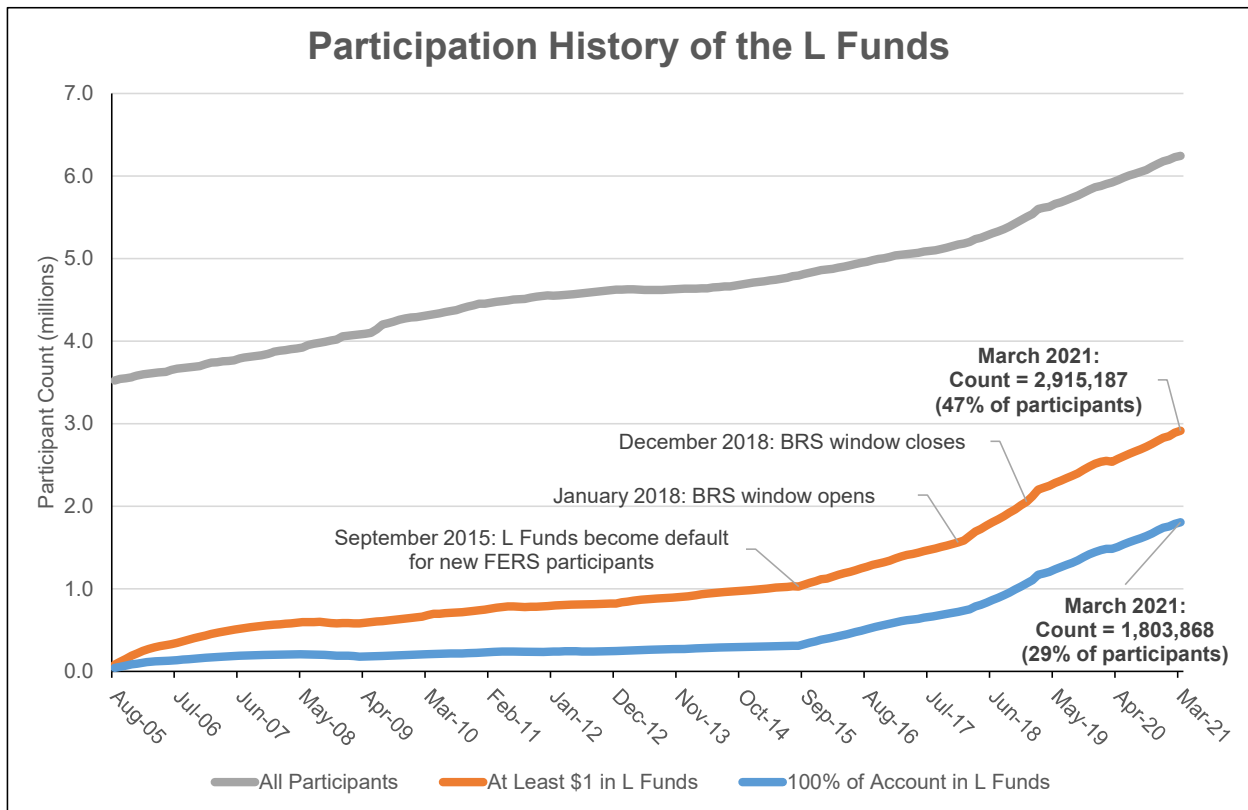
	<u>Participant Allocation</u>		<u>Core TSP Funds</u>	
	<u>Assets</u> (Billions)	<u>Share of</u> Total	<u>Assets</u> (Billions)	<u>Share of</u> Total
<b>G Fund</b>	\$210.7	28.7%	\$264.3	36.0%
<b>F Fund</b>	\$26.5	3.6%	\$37.6	5.1%
<b>C Fund</b>	\$215.8	29.4%	\$265.3	36.1%
<b>S Fund</b>	\$92.0	12.5%	\$105.9	14.4%
<b>I Fund</b>	\$28.1	3.8%	\$61.9	8.4%
<b><u>L Funds</u></b>	<u>\$161.9</u>	<u>22.0%</u>	<u>n/a</u>	<u>n/a</u>
<b>Total</b>	<b>\$735.0</b>	<b>100%</b>	<b>\$735.0</b>	<b>100%</b>

\*Components may not sum to totals because of rounding.

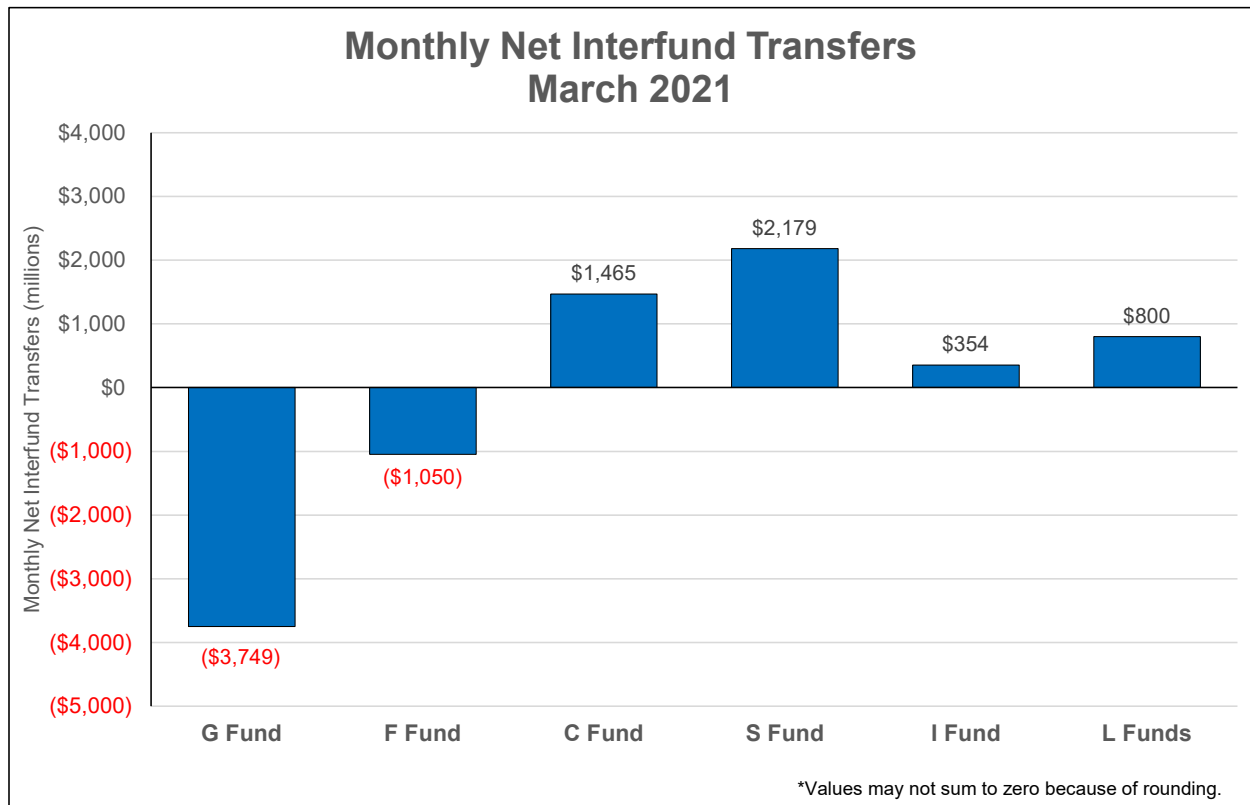
## Lifecycle (L) Funds







#### Interfund Transfer Activity





January 13, 2021

Ms. Michelle Edkins  
Managing Director  
Corporate Governance & Responsible Investment  
BlackRock  
55 East 52<sup>nd</sup> St  
New York, NY 10055

Dear Michelle,

Enclosed are the results of our review of US proxy votes by BlackRock for the 4<sup>th</sup> quarter of 2020. Our review found that there were no exceptions to policy over this period.

Best regards,



Recoverable Signature

X Andrew E. Linberg

Signed by: 161923fe-1fa1-4c5e-a954-b052a253edf1

Andrew E. Linberg  
Head of Custom Research – Americas

## MEMORANDUM

The results of our review of BlackRock's 4<sup>th</sup> quarter proxy voting for US meetings are as follows:

- Votes at 44 meetings were examined.
- Votes at 17 of the 44 meetings were for directors, auditors, and/or management say-on-pay (MSOP) only.
- At the 27 remaining meetings, there were 36 non-director/auditor/MSOP proposals.

The following table illustrates the votes involved by proposal type:

Proposal	Votes
Executive stock plan	4
Advisory vote on golden parachute compensation	2
Frequency vote on MSOP	5
Increase authorized common stock	1
Reverse stock split	1
Issue shares for private placement	2
Approve issuance of common stock upon exercise of warrants	1
Approve preferred stock rights proposal	1
Approve issuance of shares pursuant to merger	1
Approve merger agreement	4
Approve reorganization of funds	1
Adjourn meeting	9
Change company name	1
Shareholder proposal	3
<b>Total:</b>	<b>36</b>

- There were 4 votes cast on executive stock plans:
  - a) 3 votes were cast in favor of the plans (75 percent);
  - b) 1 vote was cast against the plans (25 percent) due to the ability to reprice options without shareholder approval.

- There were 5 votes cast on mergers, acquisitions and/or major corporate transactions, including an issuance of shares pursuant to a merger; the votes were cast in favor of the transactions.
- There was 1 vote cast on an increase in authorized common stock; the vote was cast in favor of the increase.
- There were 3 votes cast on shareholder proposals which included:
  - a) 1 shareholder proposal to adopt simple majority vote; the vote was cast in favor of the proposal.
  - b) 2 shareholder proposals to require majority vote for the election of directors; the votes were cast in favor of the proposals.
- There were 22 votes cast on management advisory votes on executive compensation; the votes were cast in favor of the advisory votes.
- There were 2 votes cast on management advisory vote on golden parachute compensation; the votes were cast in favor of the advisory votes.

There were no exceptions to policy this period.