



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

MEMORANDUM FOR THE EXECUTIVE DIRECTOR

FROM: Sean McCaffrey, Chief Investment Officer *SM*

DATE: August 12, 2021

SUBJECT: July 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 Funds participation.

**RETURNS AND TRACKING ERRORS**

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 and State Street. Due to rounding, the tracking errors may not match the differences in returns.

***July 2021 Returns and Tracking Errors***

		<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>	1.12	2.38	-1.23	0.75
	<b>BlackRock</b>	1.15	2.38	-1.23	0.72
	<b>State Street</b>	1.13	2.37	-1.24	n/a
	<b>TSP Fund (Net)</b>	1.15	2.37	-1.24	0.72
<b>Tracking Error vs Index (%)</b>	<b>BlackRock</b>	0.03	0.00	0.00	-0.03
	<b>State Street</b>	0.02	0.00	0.00	n/a
	<b>TSP Fund</b>	0.03	0.00	0.00	-0.04

BlackRock's performance for the F Fund exceeded the return of the Fixed Income Index by 3 basis points, primarily due to securities lending. Its performance for the C and S Funds was in line with the Funds' respective indices for the month. BlackRock's performance for the I Fund lagged the International Index by 3 basis points, primarily resulting from futures mistracking.

State Street's performance for the F, C, and S Funds was in line with the Funds' respective indices.

## 2021 YTD Returns and Tracking Errors

		<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>	-0.50	17.99	13.99	9.65
	<b>BlackRock</b>	-0.33	18.00	14.07	9.80
	<b>State Street</b>	n/a	n/a	n/a	n/a
	<b>TSP Fund (Net)</b>	-0.37	17.98	14.04	9.77
<b>Tracking Error vs Index (%)</b>	<b>BlackRock</b>	0.17	0.02	0.08	0.15
	<b>State Street</b>	n/a	n/a	n/a	n/a
	<b>TSP Fund</b>	0.14	-0.01	0.05	0.12

BlackRock's year-to-date performance for the F Fund was ahead of the Fixed Income Index by 17 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 exceeded the Small Mid Cap Index by 8 basis points, primarily resulting from securities lending. Its performance for the I Fund was ahead of the International Index by 15 basis points, primarily due to tax advantage.

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

	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>
<b>G Fund</b>	1.09%	1.75%	1.99%	1.95%

	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>
<b>F Fund</b>	-0.52%	5.79%	3.25%	3.58%
<b>Bloomberg Barclays US Agg Bond Index</b>	-0.70%	5.73%	3.13%	3.35%
<b>Tracking Error</b>	0.18%	0.06%	0.12%	0.23%

	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>
<b>C Fund</b>	36.42%	18.11%	17.32%	15.37%
<b>S&amp;P 500 Index</b>	36.45%	18.16%	17.35%	15.35%
<b>Tracking Error</b>	-0.03%	-0.05%	-0.03%	0.02%

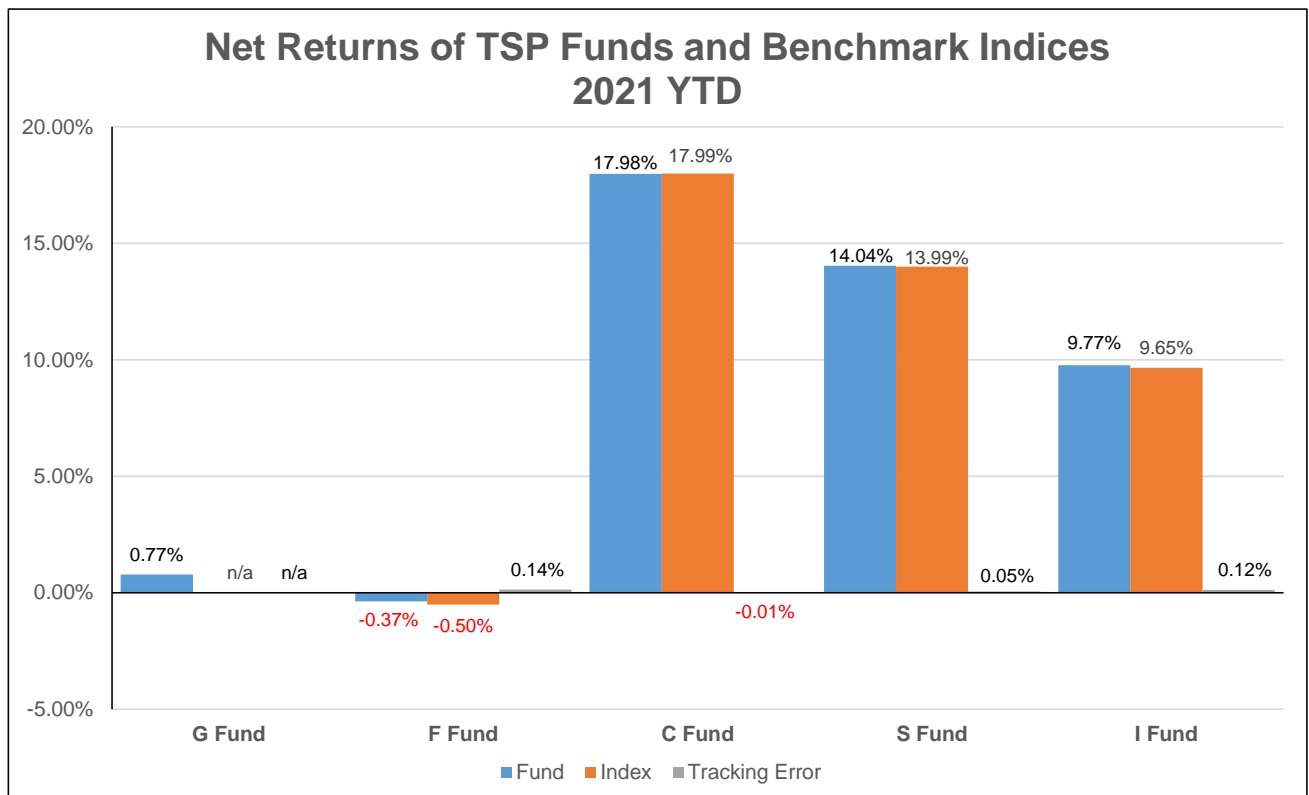
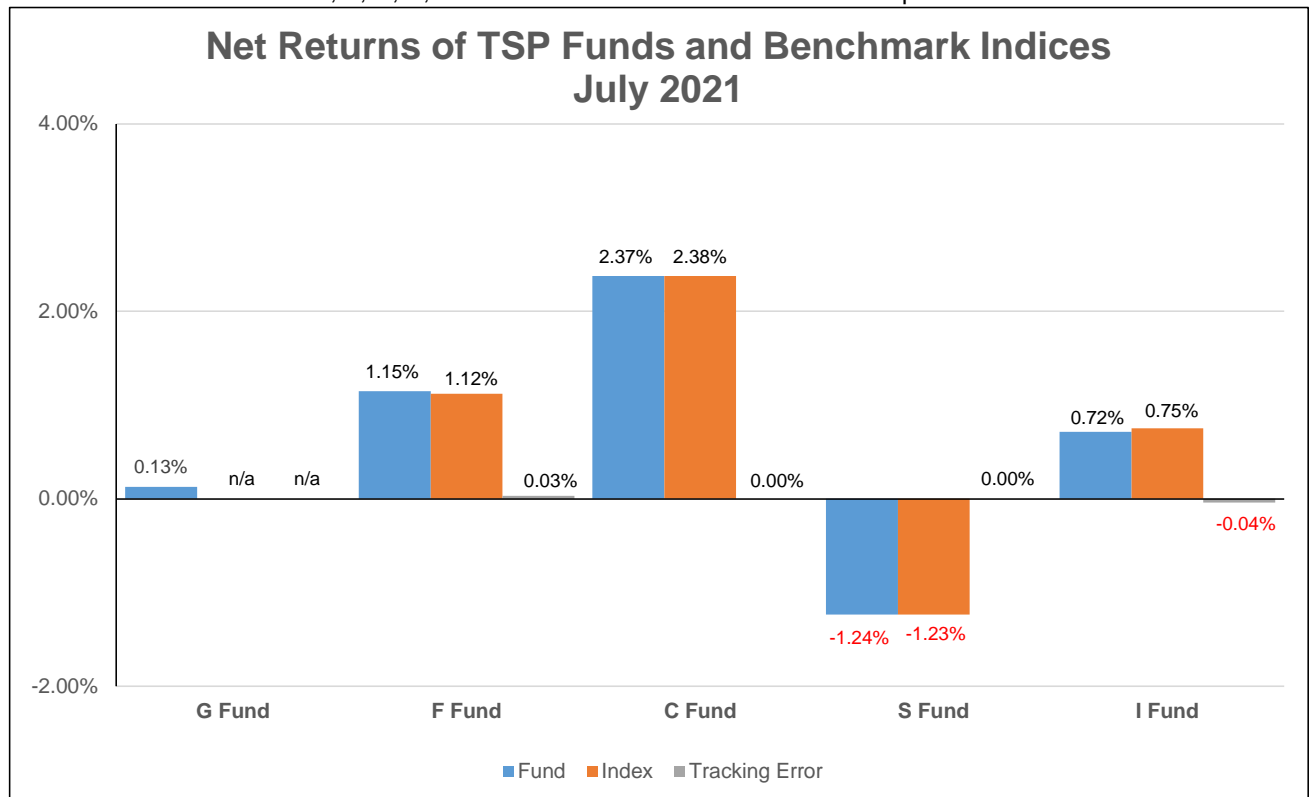
	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>
<b>S Fund</b>	51.07%	17.40%	17.27%	14.39%
<b>Dow Jones US Completion TSM Index</b>	50.99%	17.38%	17.18%	14.11%
<b>Tracking Error</b>	0.08%	0.02%	0.09%	0.28%

	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>
<b>I Fund</b>	30.49%	7.99%	9.70%	6.48%
<b>MSCI EAFE Index</b>	30.31%	7.66%	9.35%	6.14%
<b>Tracking Error</b>	0.18%	0.33%	0.35%	0.34%

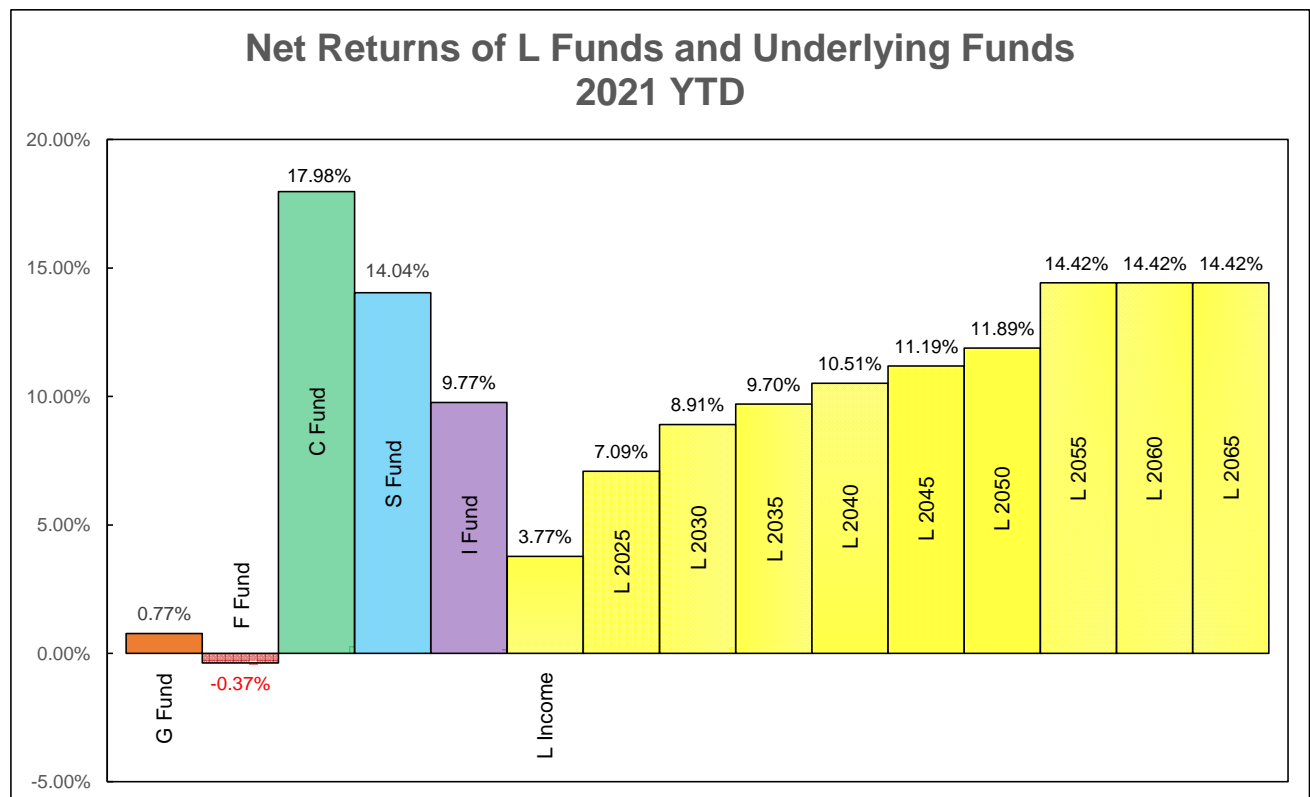
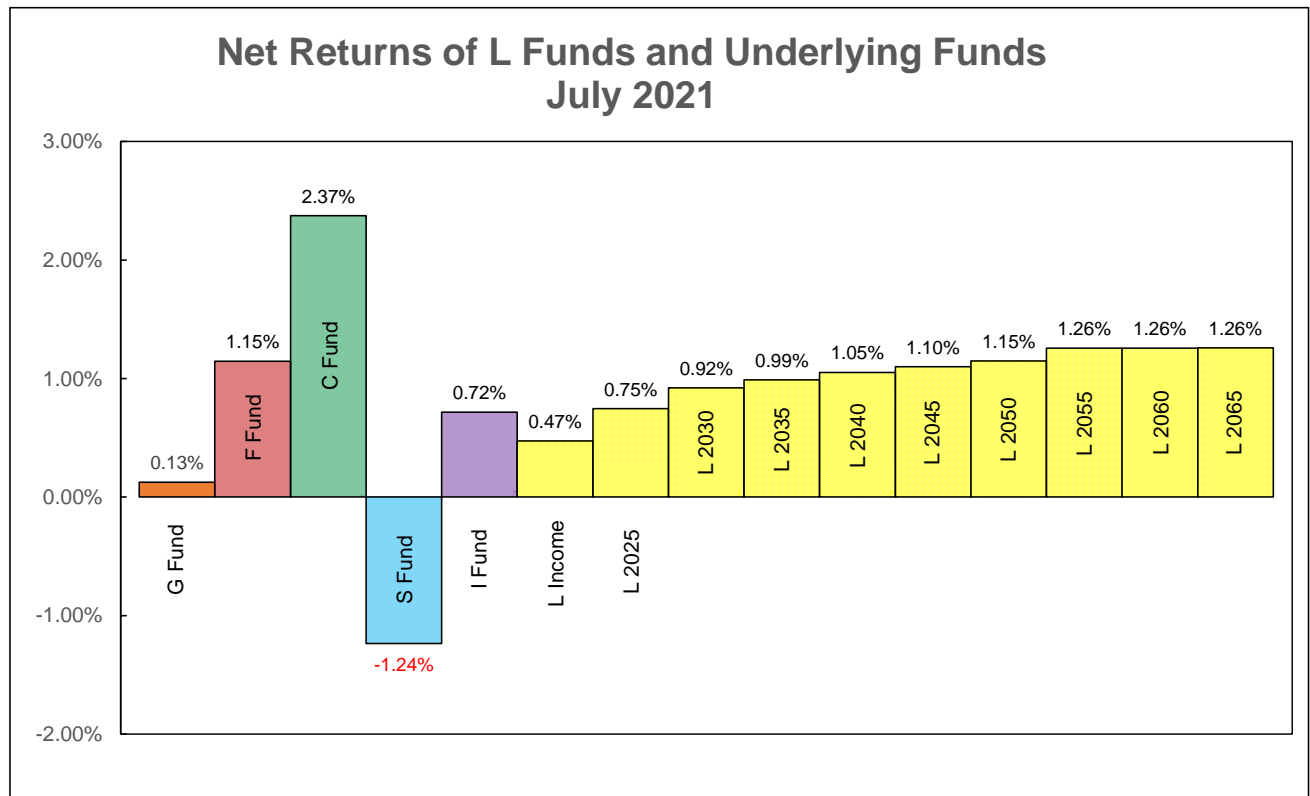
	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>
<b>L Income Fund</b>	8.17%	5.01%	4.89%	4.40%
<b>L 2025 Fund</b>	16.95%	N/A	N/A	N/A
<b>L 2030 Fund</b>	21.24%	9.94%	10.00%	8.89%
<b>L 2035 Fund</b>	23.38%	N/A	N/A	N/A
<b>L 2040 Fund</b>	25.57%	11.44%	11.46%	10.03%
<b>L 2045 Fund</b>	27.50%	N/A	N/A	N/A
<b>L 2050 Fund</b>	29.45%	12.68%	12.75%	10.97%
<b>L 2055 Fund</b>	36.39%	N/A	N/A	N/A
<b>L 2060 Fund</b>	36.38%	N/A	N/A	N/A
<b>L 2065 Fund</b>	36.38%	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>				

## 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.

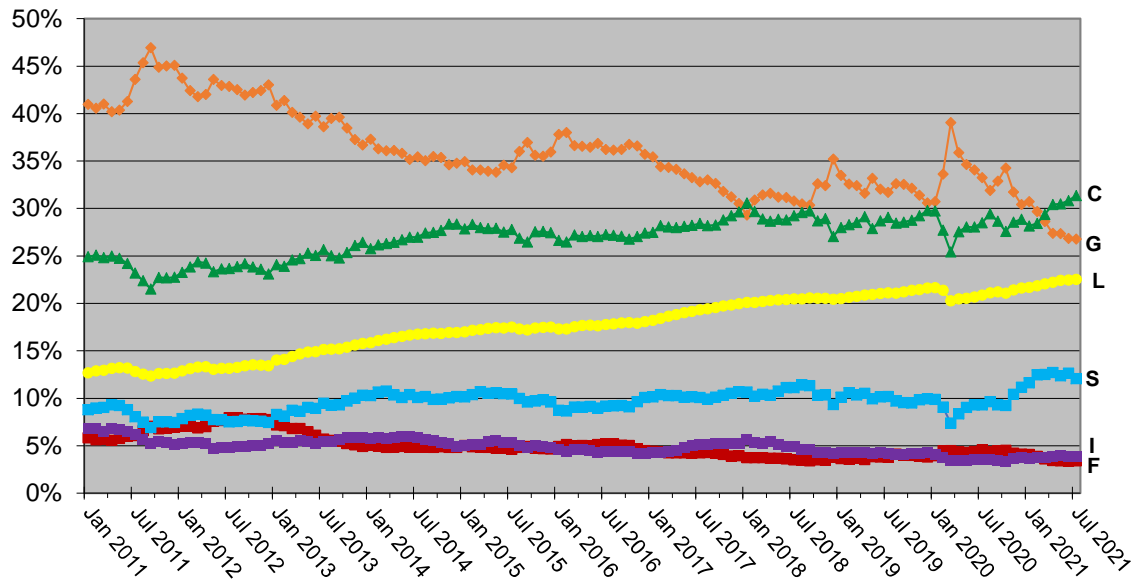


Net rates of return for the L Funds are shown below, along with comparable returns for the G, F, C, S, and I Funds.



## Asset Allocation

### Participant Asset Allocation History

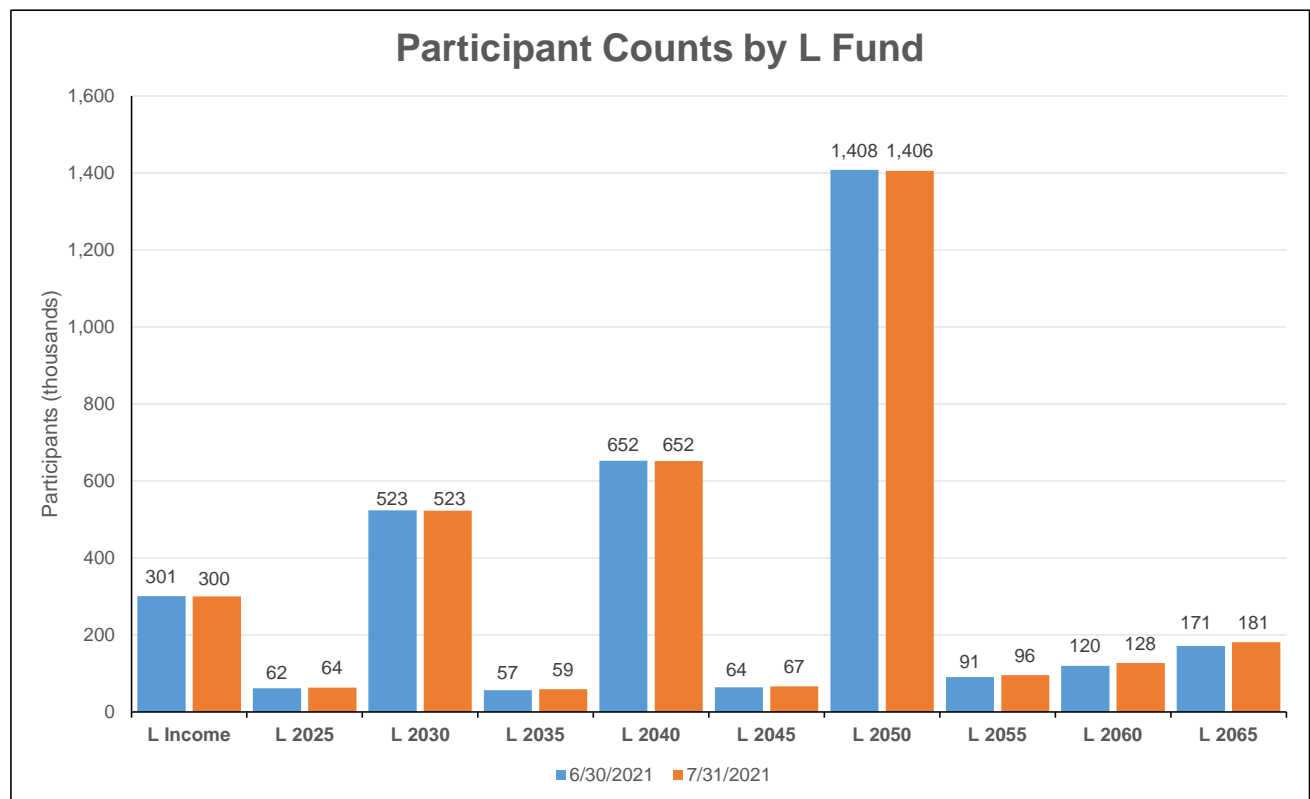
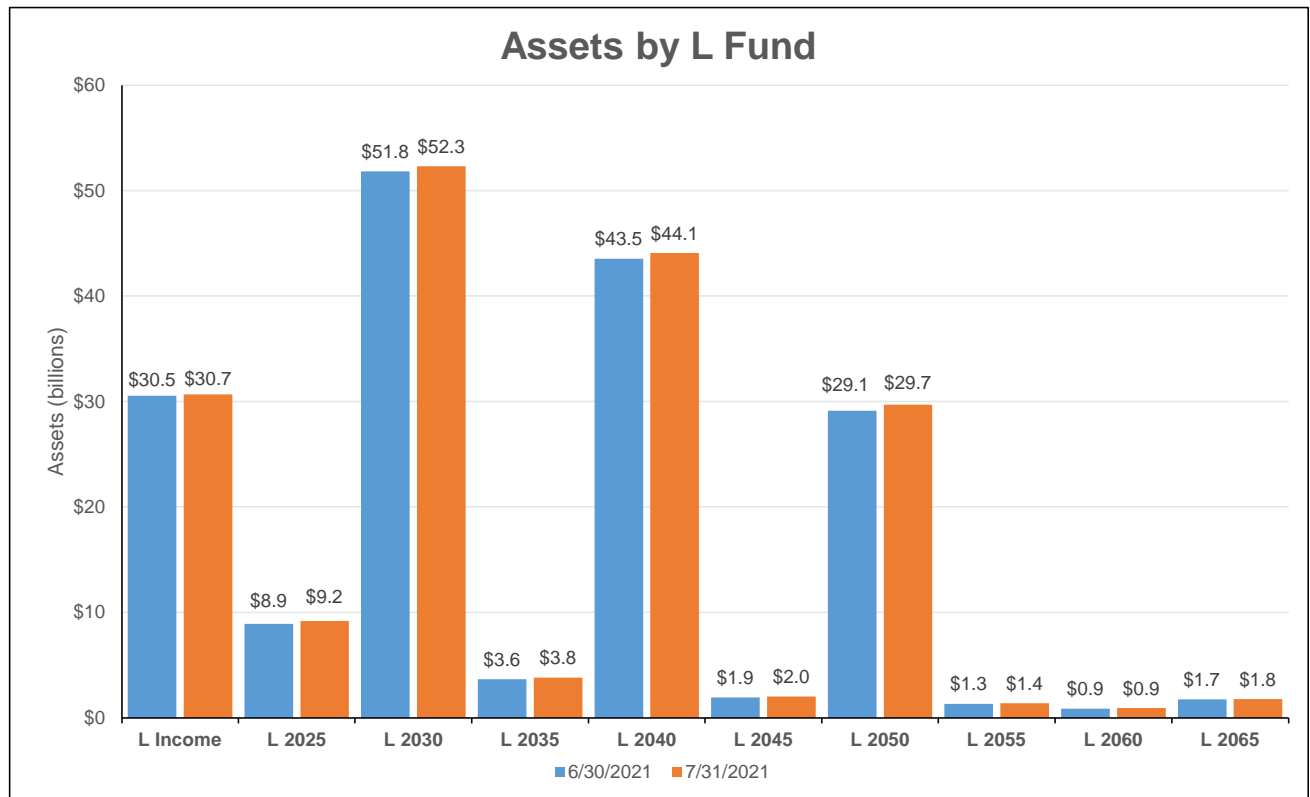


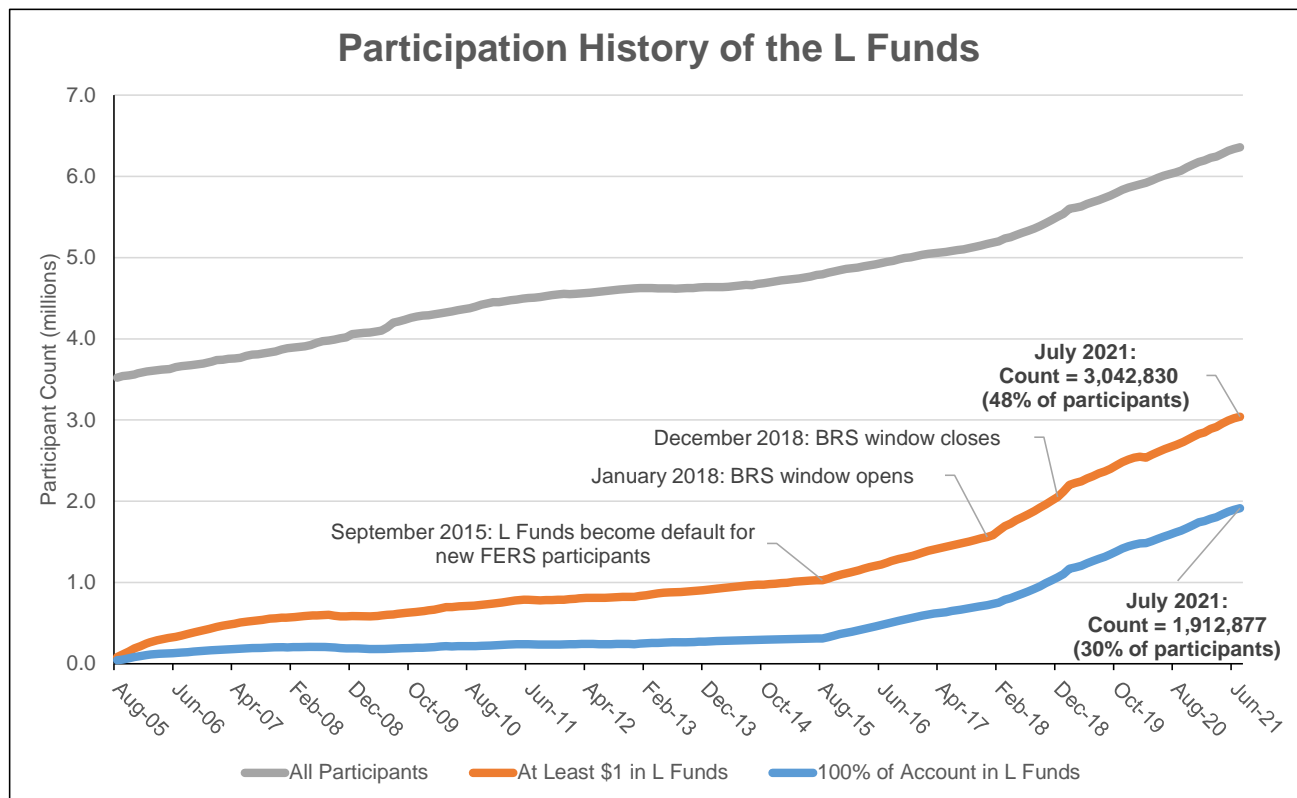
### Asset Allocation as of July 31, 2021

	<u>Participant Allocation</u>		<u>Core TSP Funds</u>	
	<u>Assets</u> (Billions)	<u>Share of</u> <u>Total</u>	<u>Assets</u> (Billions)	<u>Share of</u> <u>Total</u>
<b>G Fund</b>	\$208.8	26.8%	\$266.1	34.1%
<b>F Fund</b>	\$26.6	3.4%	\$38.7	5.0%
<b>C Fund</b>	\$244.6	31.3%	\$299.1	38.3%
<b>S Fund</b>	\$94.1	12.1%	\$109.0	14.0%
<b>I Fund</b>	\$30.3	3.9%	\$67.5	8.7%
<b><u>L Funds</u></b>	<u>\$175.8</u>	<u>22.5%</u>	<u>n/a</u>	<u>n/a</u>
<b>Total</b>	\$780.3	100%	\$780.3	100%

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

## Lifecycle (L) Funds





#### Interfund Transfer Activity

