



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: June 16, 2021

SUBJECT: May 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.

***May 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>	0.33	0.70	-0.66	3.26
	<b>BlackRock</b>	0.35	0.70	-0.65	3.62
	<b>State Street</b>	n/a	0.70	n/a	n/a
	<b>TSP Fund (Net)</b>	0.34	0.69	-0.66	3.61
<b>Tracking Error vs Index (%)</b>	<b>BlackRock</b>	0.02	0.00	0.01	0.36
	<b>State Street</b>	n/a	0.00	n/a	n/a
	<b>TSP Fund</b>	0.02	0.00	0.00	0.35

BlackRock's performance for the F, C and S Funds was in line with the Funds' respective indices for the month. Its performance for the I Fund exceeded that of the International Index by 36 basis points, primarily due to a market holiday in the U.S. on the last day of the month.

State Street's performance for the C Fund was in line with the Large Cap Index.

After market close on Friday, May 14, 2021, approximately 20% of the S Fund's assets were transferred from BlackRock to State Street. Following the transfer of assets, from market close on May 14 to market close on May 31, the Small Mid Cap Index rose 2.87%. The S Fund assets managed by BlackRock gained 2.86% during that span, while the S Fund assets managed by State Street gained 2.84%.

## 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>	-2.29	12.62	11.56	10.07
	<b>BlackRock</b>	-2.20	12.63	11.63	10.60
	<b>State Street</b>	n/a	n/a	n/a	n/a
	<b>TSP Fund (Net)</b>	-2.22	12.61	11.60	10.58
<b>Tracking Error vs Index (%)</b>	<b>BlackRock</b>	0.09	0.01	0.07	0.53
	<b>State Street</b>	n/a	n/a	n/a	n/a
	<b>TSP Fund</b>	0.07	-0.01	0.05	0.51

BlackRock's year-to-date performance for the F Fund was ahead of the Fixed Income Index by 9 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 7 basis points, primarily resulting from securities lending. Its performance for the I Fund was ahead of the International Index by 53 basis points, primarily due to tax advantage and a market holiday in the U.S. on the last day of the month.

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

	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>
<b>G Fund</b>	0.96%	1.83%	2.00%	1.97%

	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>
<b>F Fund</b>	-0.29%	5.10%	3.36%	3.52%
<b>Bloomberg Barclays US Agg Bond Index</b>	-0.40%	5.06%	3.25%	3.29%
<b>Tracking Error</b>	0.11%	0.04%	0.11%	0.23%

	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>
<b>C Fund</b>	40.29%	17.96%	17.13%	14.40%
<b>S&amp;P 500 Index</b>	40.32%	18.00%	17.16%	14.38%
<b>Tracking Error</b>	-0.03%	-0.04%	-0.03%	0.02%

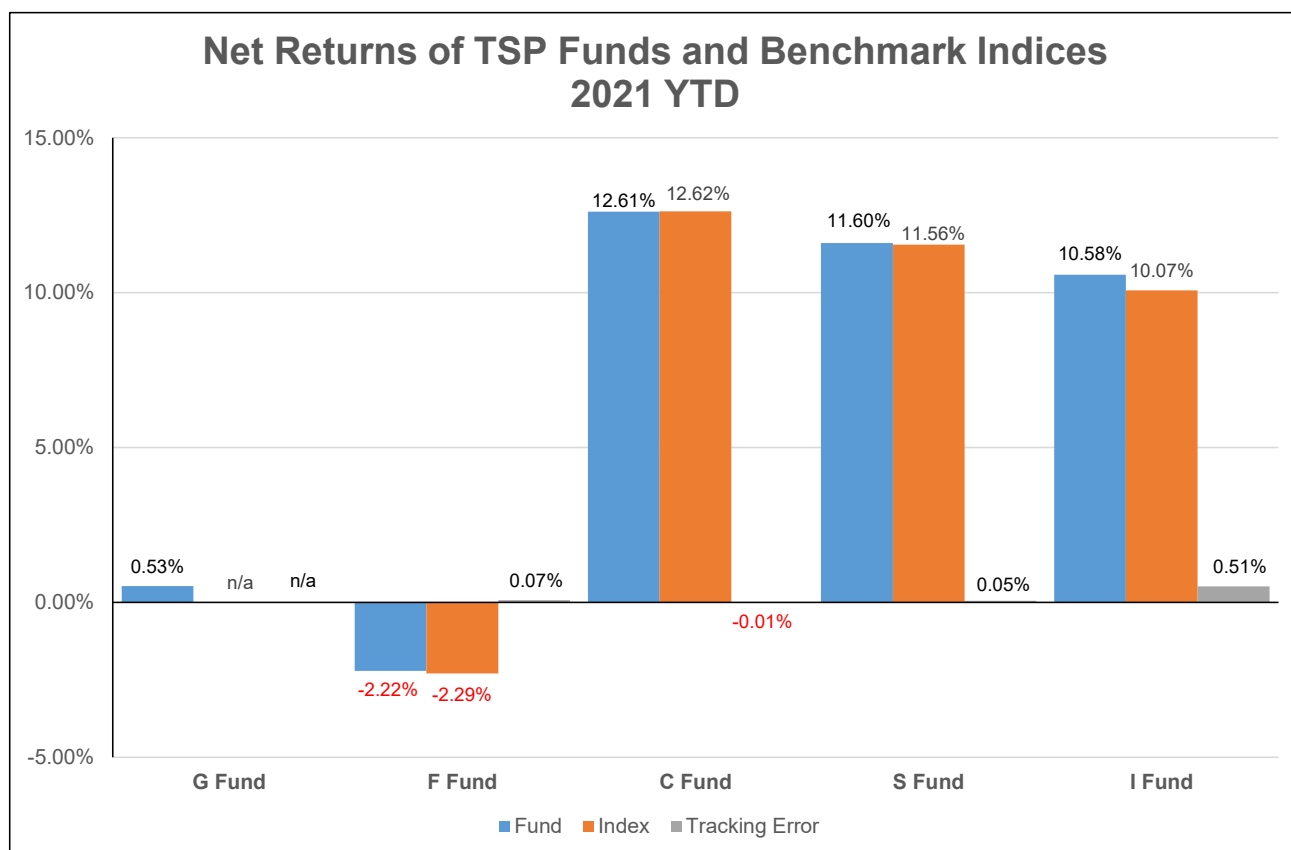
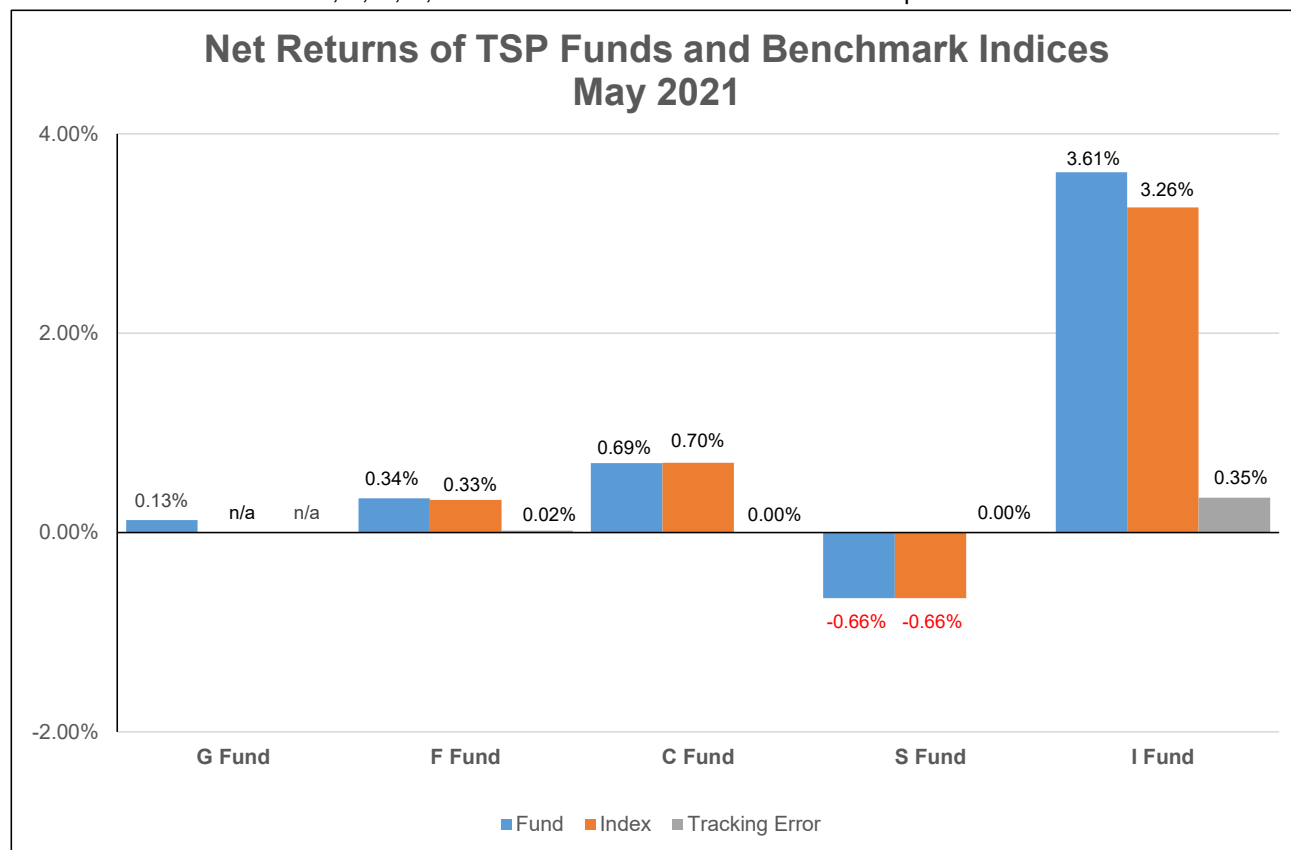
	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>
<b>S Fund</b>	62.54%	17.53%	17.97%	13.51%
<b>Dow Jones US Completion TSM Index</b>	62.52%	17.50%	17.87%	13.22%
<b>Tracking Error</b>	0.02%	0.03%	0.10%	0.29%

	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>
<b>I Fund</b>	39.15%	8.70%	10.21%	6.27%
<b>MSCI EAFE Index</b>	38.41%	8.23%	9.77%	5.88%
<b>Tracking Error</b>	0.74%	0.47%	0.44%	0.39%

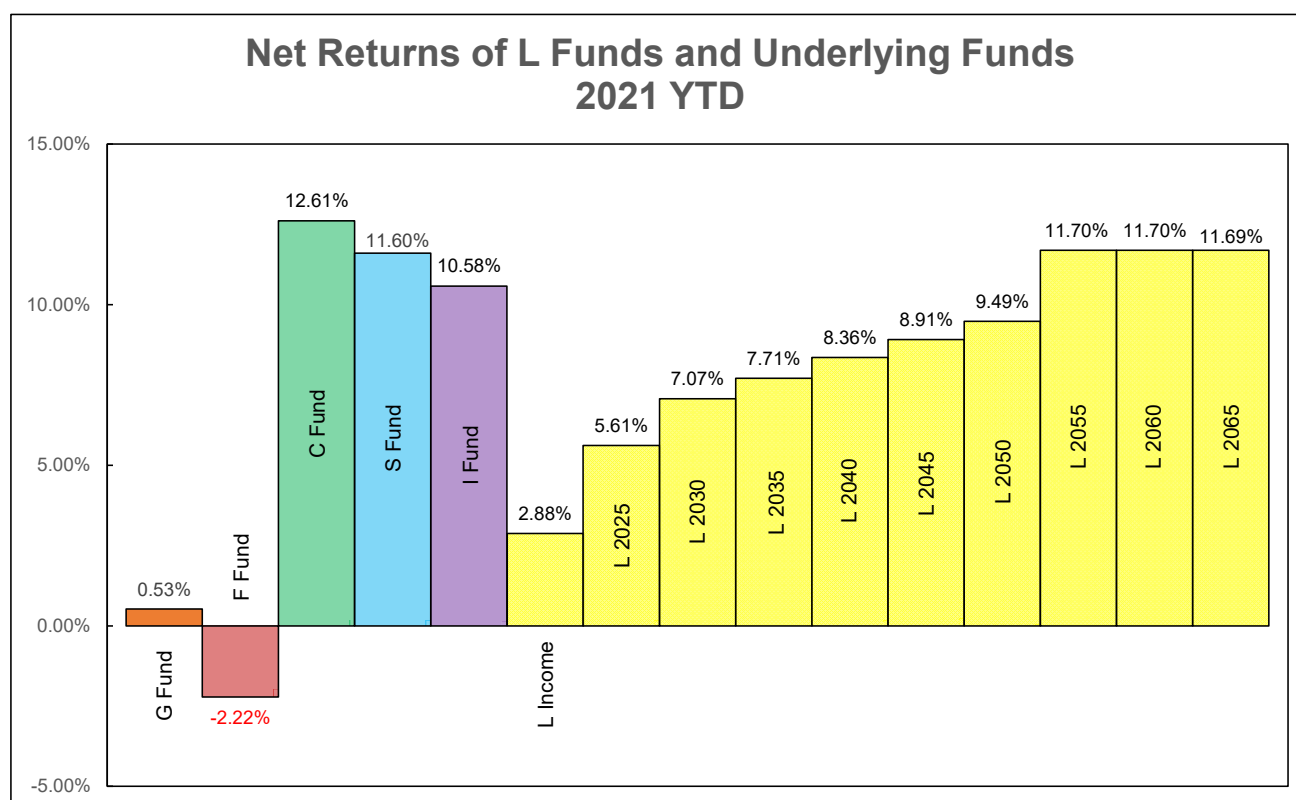
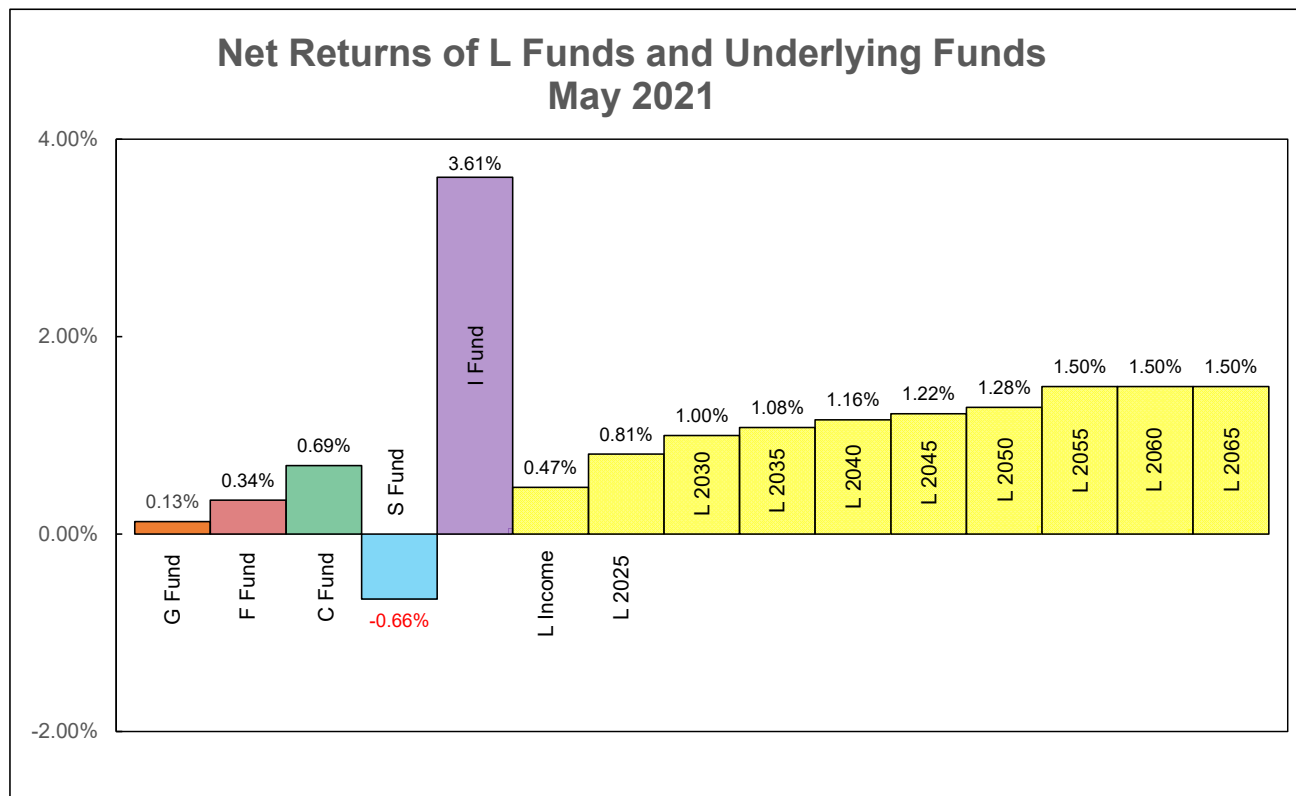
	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>
<b>L Income Fund</b>	9.22%	5.05%	4.93%	4.28%
<b>L 2025 Fund</b>	N/A	N/A	N/A	N/A
<b>L 2030 Fund</b>	24.77%	10.06%	10.17%	8.45%
<b>L 2035 Fund</b>	N/A	N/A	N/A	N/A
<b>L 2040 Fund</b>	29.97%	11.57%	11.65%	9.50%
<b>L 2045 Fund</b>	N/A	N/A	N/A	N/A
<b>L 2050 Fund</b>	34.66%	12.83%	12.95%	10.37%
<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>				

## 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.

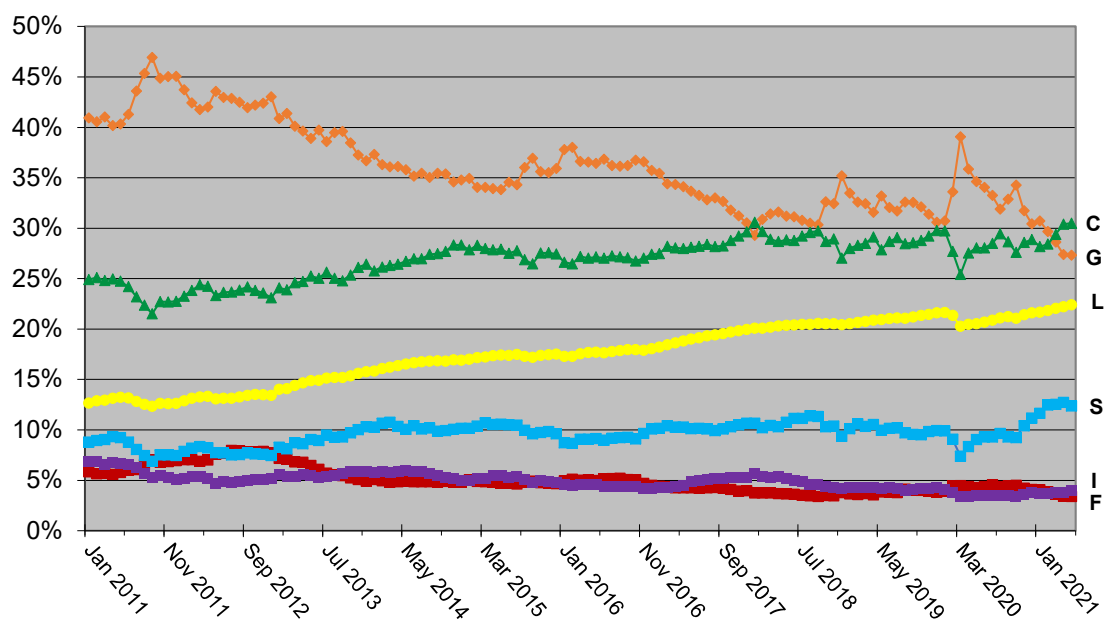


Net rates of return for the L Funds are shown below, along with comparable returns for the G, F, C, S, and I Funds.



## Asset Allocation

### Participant Asset Allocation History

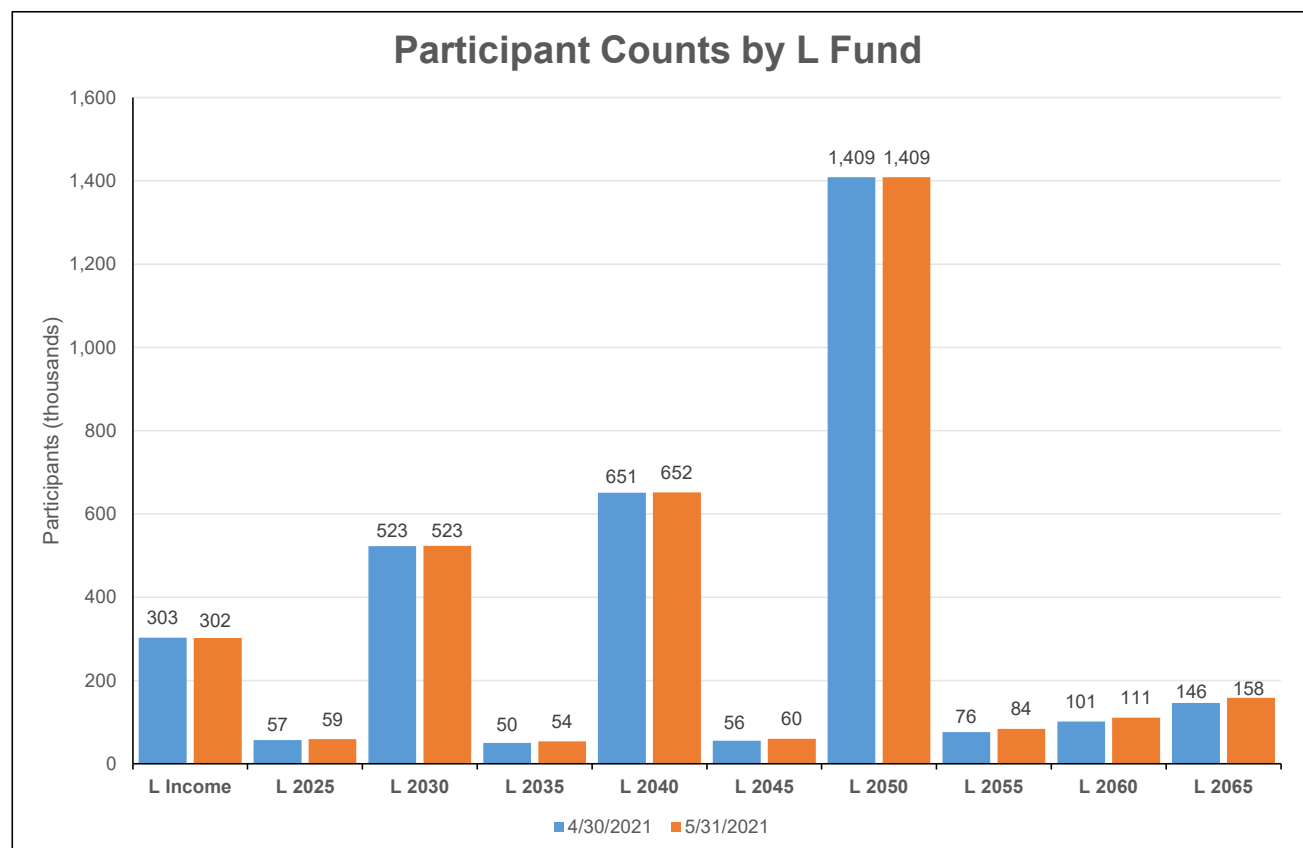
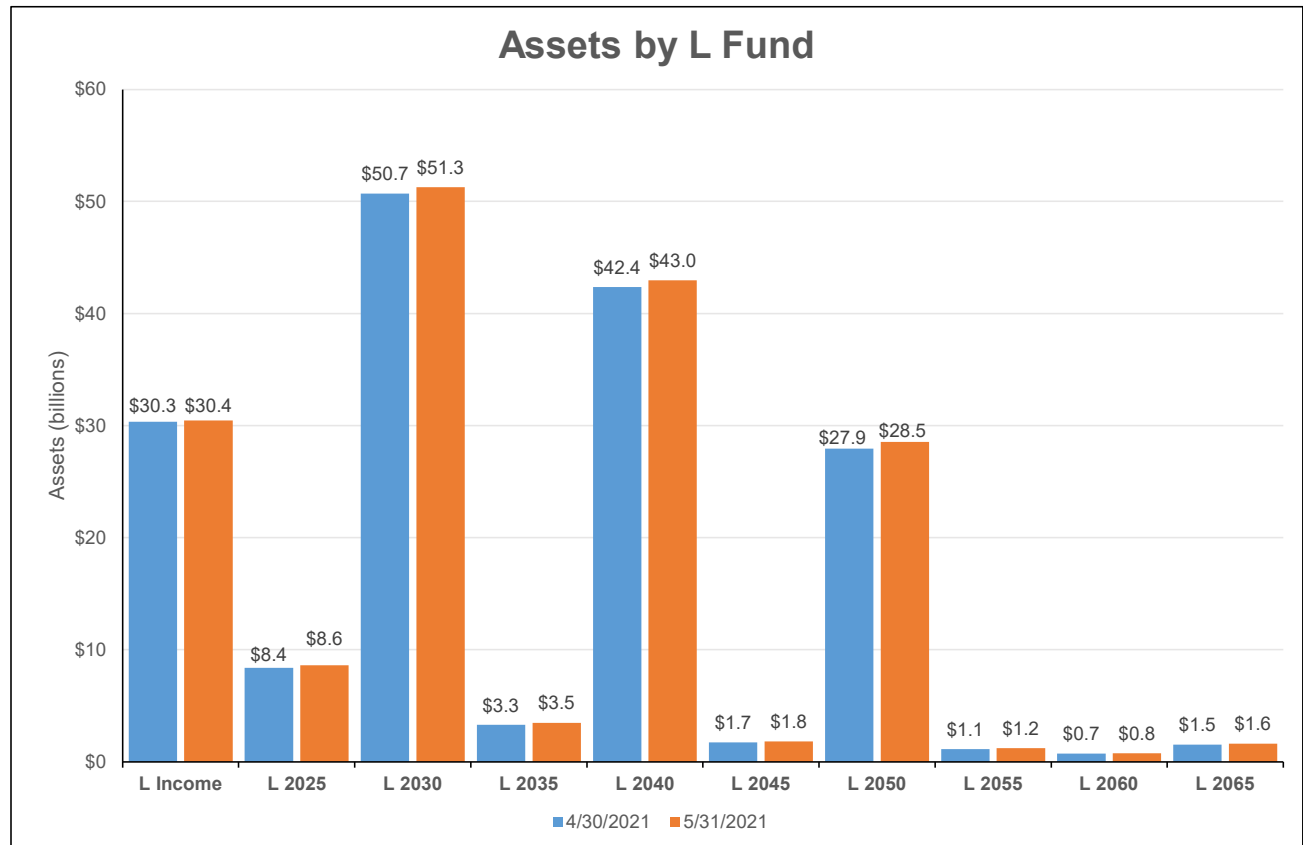


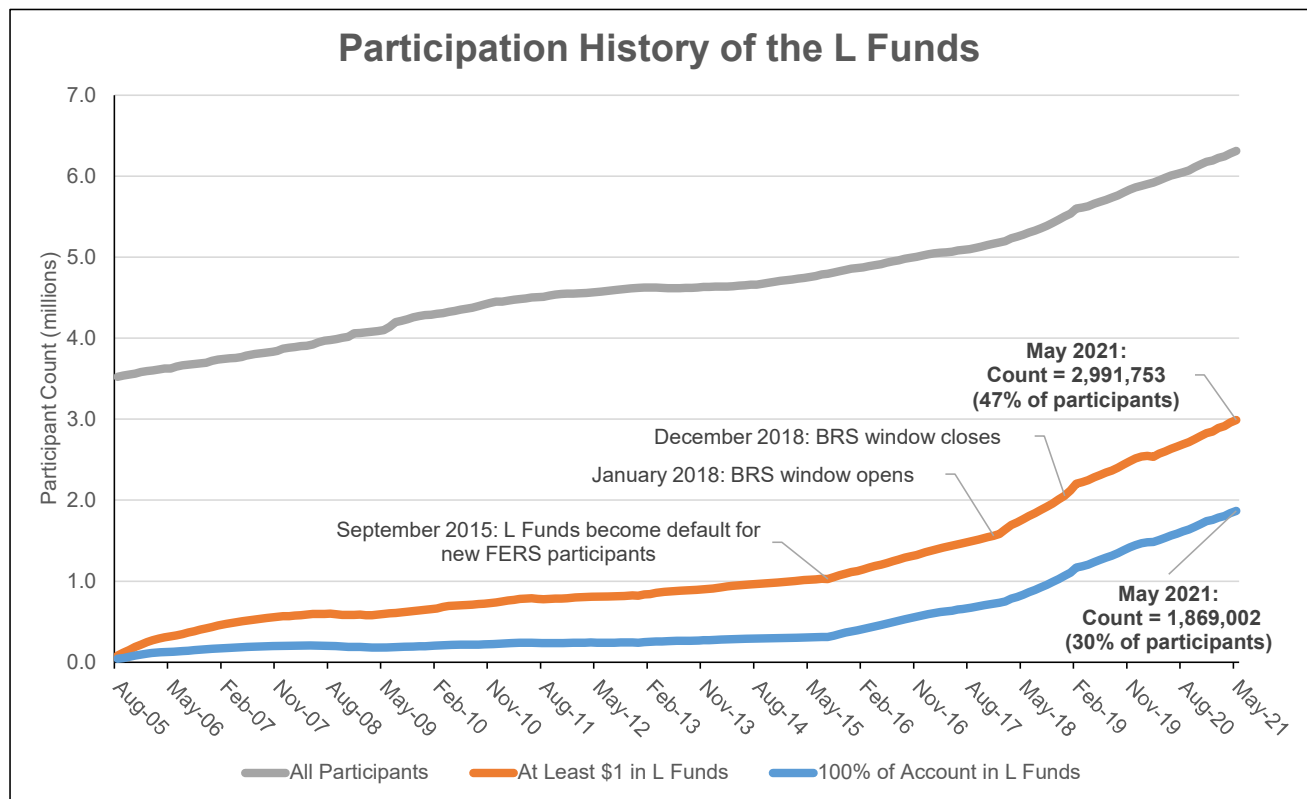
### Asset Allocation as of May 31, 2021

	<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>	\$208.7	27.4%	\$264.2	34.7%
<b>F Fund</b>	\$25.8	3.4%	\$37.5	4.9%
<b>C Fund</b>	\$232.3	30.5%	\$284.8	37.4%
<b>S Fund</b>	\$94.1	12.3%	\$108.9	14.3%
<b>I Fund</b>	\$30.6	4.0%	\$66.9	8.8%
<b><u>L Funds</u></b>	<u>\$170.7</u>	<u>22.4%</u>	<u>n/a</u>	<u>n/a</u>
<b>Total</b>	\$762.3	100%	\$762.3	100%

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

## Lifecycle (L) Funds





#### Interfund Transfer Activity

