



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: September 16, 2021

SUBJECT: August 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.

***August 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>	-0.19	3.04	2.00	1.76
	<b>BlackRock</b>	-0.18	3.04	2.00	1.76
	<b>State Street</b>	-0.19	3.04	2.00	n/a
	<b>TSP Fund (Net)</b>	-0.18	3.03	2.00	1.76
<b>Tracking Error vs Index (%)</b>	<b>BlackRock</b>	0.01	0.00	0.00	0.00
	<b>State Street</b>	0.00	0.00	0.00	n/a
	<b>TSP Fund</b>	0.01	-0.01	0.00	-0.01

BlackRock's performance for the F, C, S, and I Funds was in line with the Funds' respective indices for the month.

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

## 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>	-0.69	21.58	16.27	11.58
	<b>BlackRock</b>	-0.51	21.59	16.35	11.73
	<b>State Street</b>	n/a	n/a	n/a	n/a
	<b>TSP Fund (Net)</b>	-0.55	21.56	16.31	11.70
<b>Tracking Error vs Index (%)</b>	<b>BlackRock</b>	0.18	0.01	0.08	0.15
	<b>State Street</b>	n/a	n/a	n/a	n/a
	<b>TSP Fund</b>	0.14	-0.02	0.04	0.11

BlackRock's year-to-date performance for the F Fund was ahead of the Fixed Income Index by 18 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 August 31, 2021***

	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>
<b>G Fund</b>	1.15%	1.70%	1.99%	1.94%

	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>
<b>F Fund</b>	0.12%	5.49%	3.23%	3.41%
<b>Bloomberg Barclays US Agg Bond Index</b>	-0.08%	5.43%	3.11%	3.18%
<b>Tracking Error</b>	0.20%	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>	31.13%	18.02%	17.99%	16.36%
<b>S&amp;P 500 Index</b>	31.17%	18.07%	18.02%	16.34%
<b>Tracking Error</b>	-0.04%	-0.05%	-0.03%	0.02%

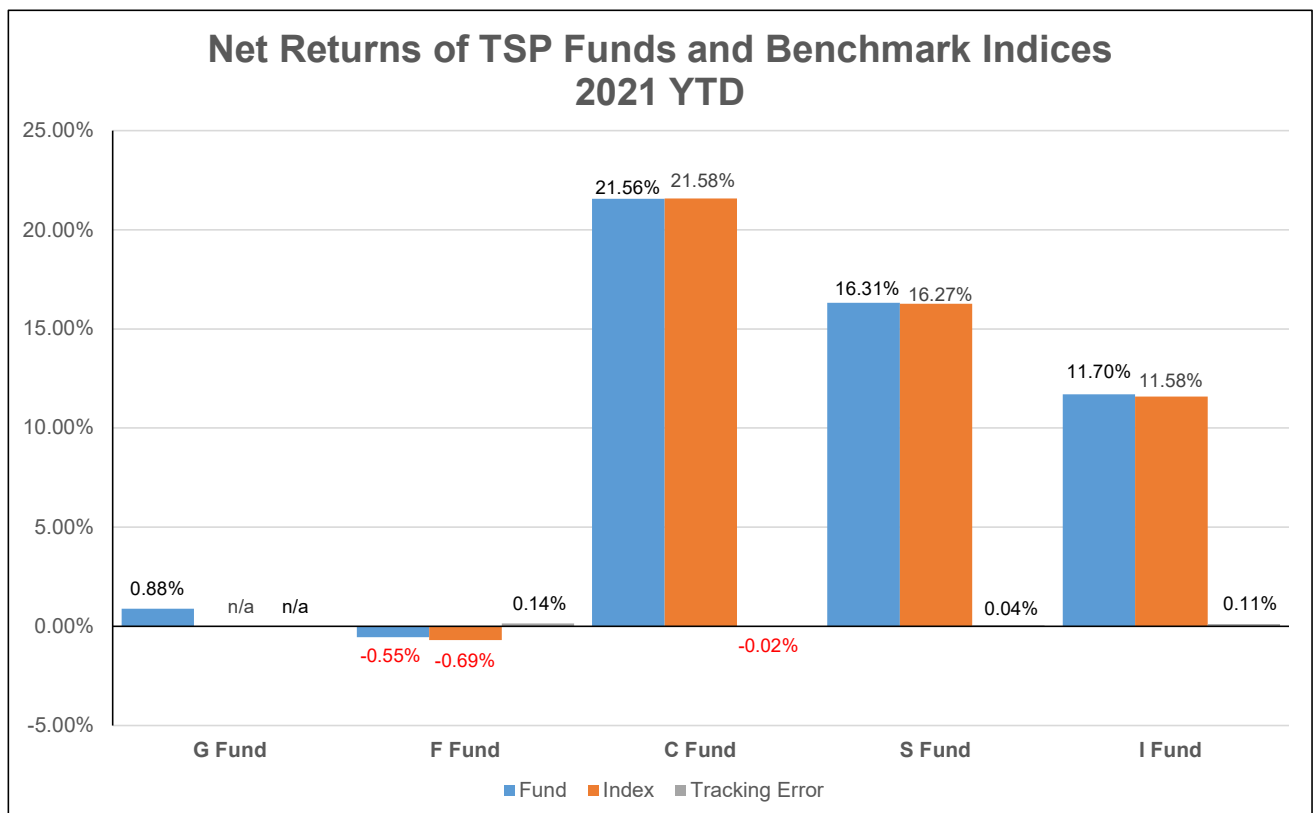
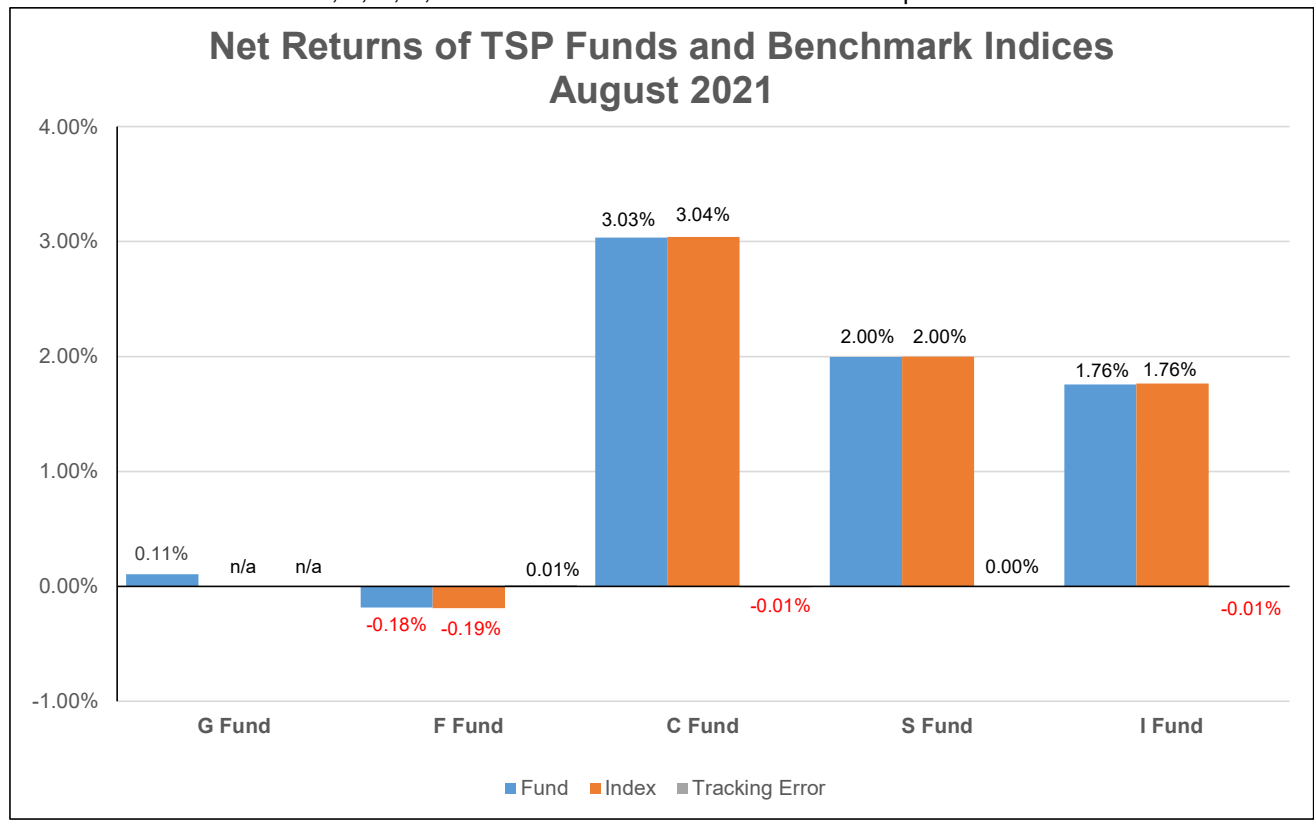
	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>
<b>S Fund</b>	43.73%	16.43%	17.55%	15.59%
<b>Dow Jones US Completion TSM Index</b>	43.69%	16.43%	17.46%	15.31%
<b>Tracking Error</b>	0.04%	0.00%	0.09%	0.28%

	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>
<b>I Fund</b>	26.32%	9.32%	10.07%	7.68%
<b>MSCI EAFE Index</b>	26.12%	9.00%	9.72%	7.34%
<b>Tracking Error</b>	0.20%	0.32%	0.35%	0.34%

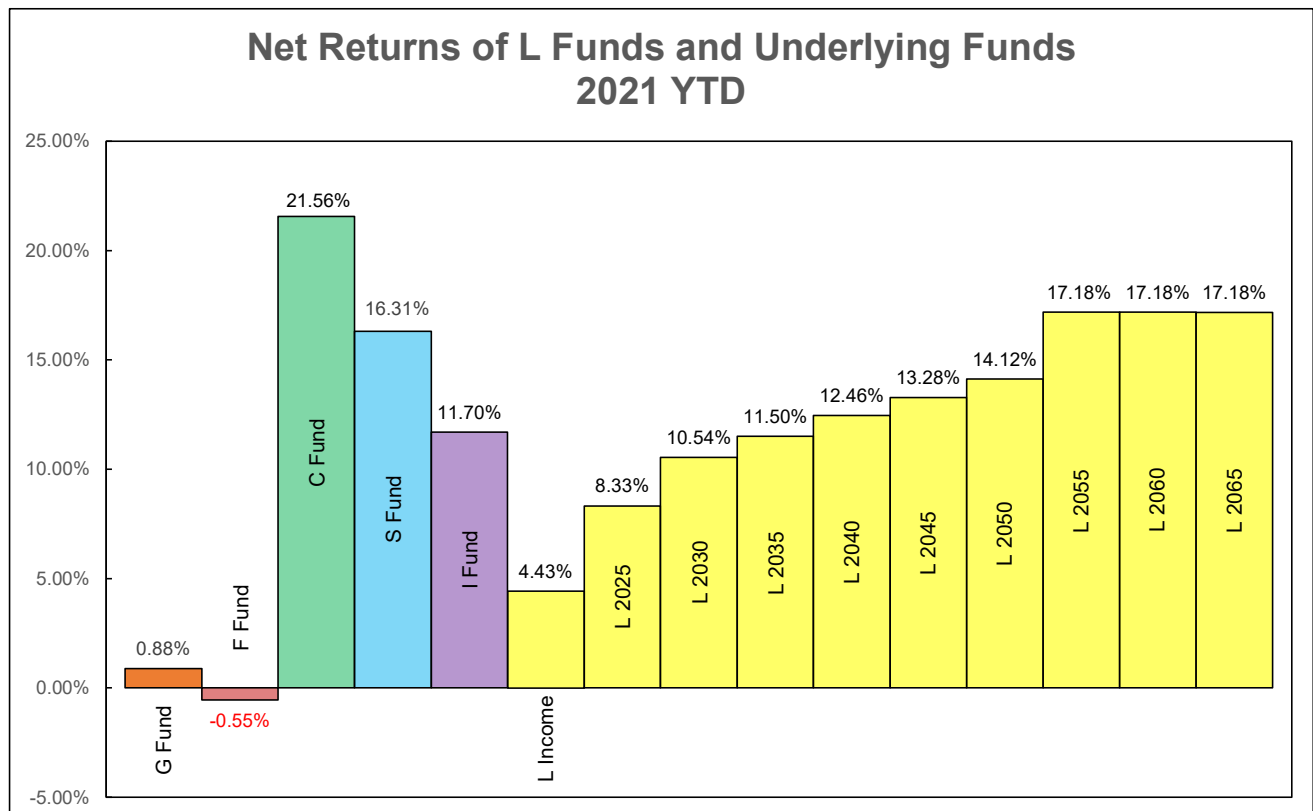
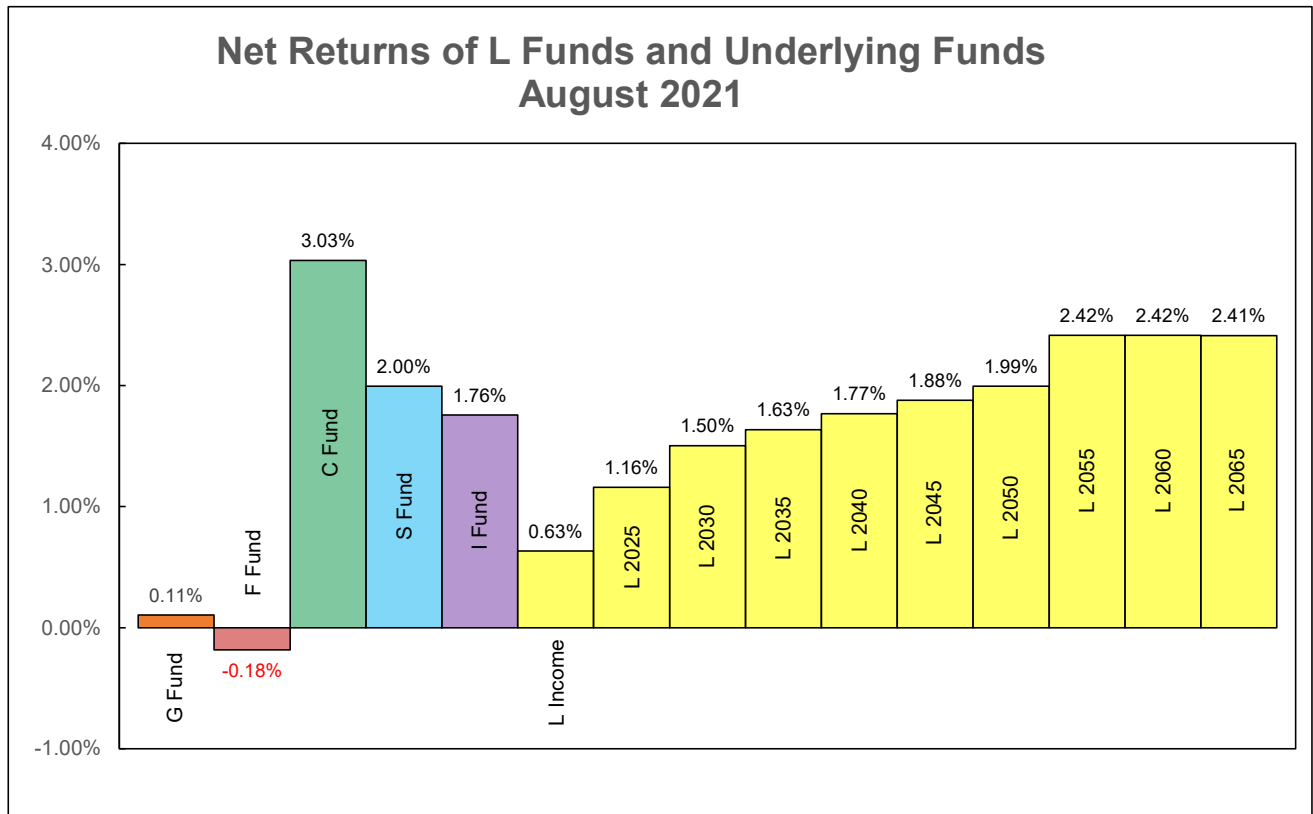
	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>
<b>L Income Fund</b>	7.37%	5.02%	4.99%	4.59%
<b>L 2025 Fund</b>	14.67%	N/A	N/A	N/A
<b>L 2030 Fund</b>	18.54%	10.02%	10.28%	9.57%
<b>L 2035 Fund</b>	20.37%	N/A	N/A	N/A
<b>L 2040 Fund</b>	22.22%	11.54%	11.81%	10.83%
<b>L 2045 Fund</b>	23.85%	N/A	N/A	N/A
<b>L 2050 Fund</b>	25.50%	12.81%	13.15%	11.90%
<b>L 2055 Fund</b>	31.27%	N/A	N/A	N/A
<b>L 2060 Fund</b>	31.27%	N/A	N/A	N/A
<b>L 2065 Fund</b>	31.27%	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.

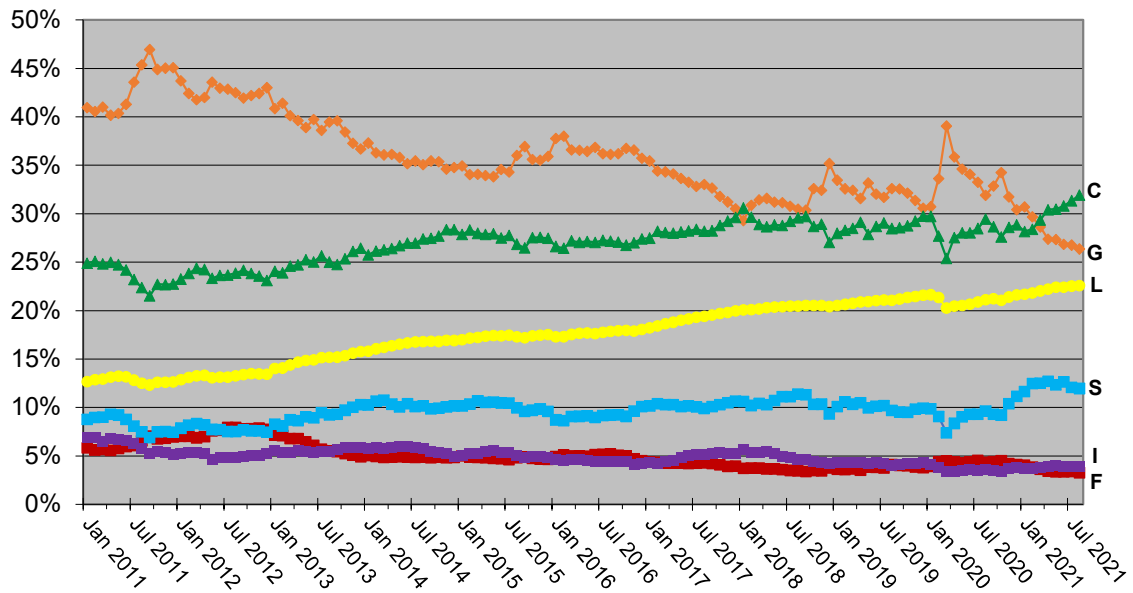


Net rates of return for the L Funds are shown below, along with comparable returns for the G, F, C, S, and I Funds.



## Asset Allocation

### Participant Asset Allocation History

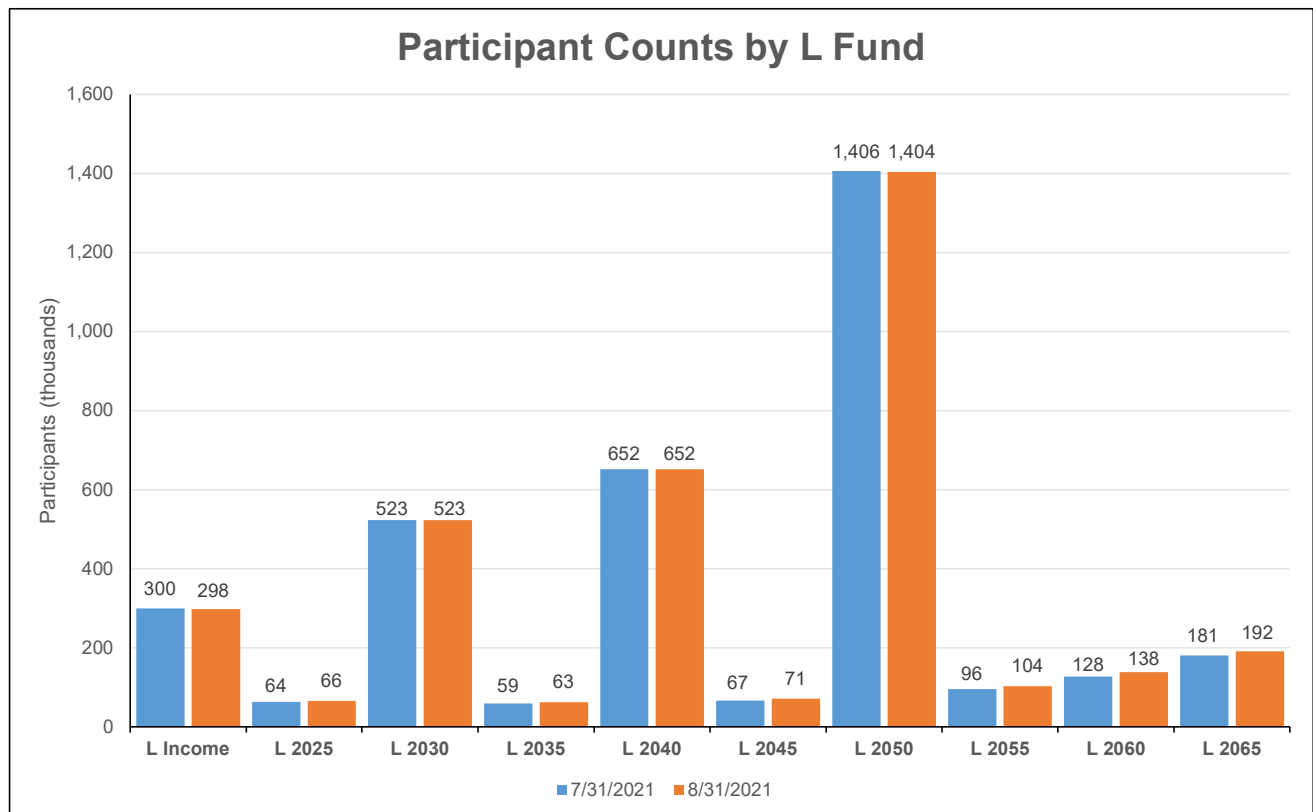
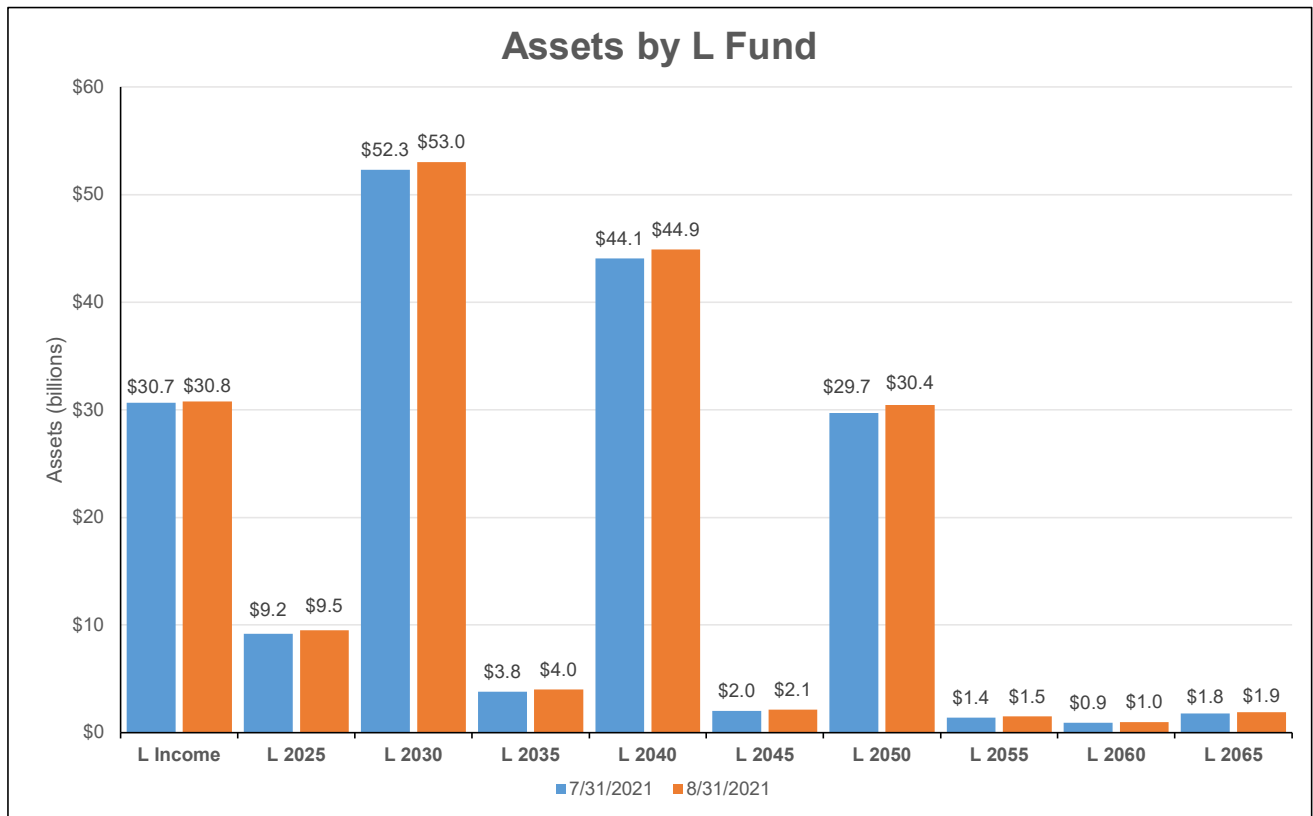


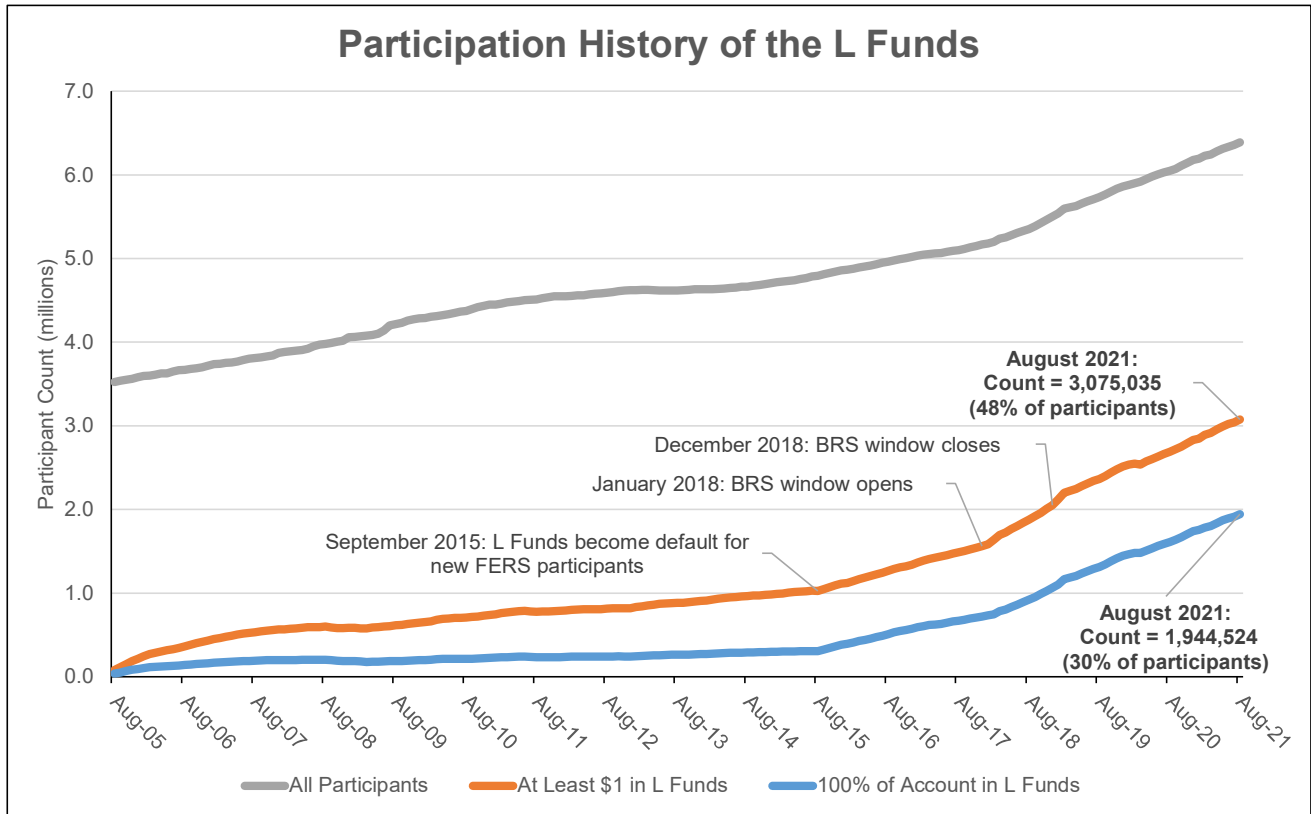
### Asset Allocation as of August 31, 2021

	<u>Participant Allocation</u>		<u>Core TSP Funds</u>	
	Assets (Billions)	Share of Total	Assets (Billions)	Share of Total
<b>G Fund</b>	\$210.5	26.5%	\$267.5	33.7%
<b>F Fund</b>	\$26.0	3.3%	\$38.3	4.8%
<b>C Fund</b>	\$253.2	31.9%	\$309.3	38.9%
<b>S Fund</b>	\$95.0	12.0%	\$110.5	13.9%
<b>I Fund</b>	\$30.7	3.9%	\$69.0	8.7%
<b><u>L Funds</u></b>	<u>\$179.2</u>	<u>22.6%</u>	<u>n/a</u>	<u>n/a</u>
<b>Total</b>	<b>\$794.7</b>	<b>100%</b>	<b>\$794.7</b>	<b>100%</b>

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

## Lifecycle (L) Funds





#### Interfund Transfer Activity

