G Fund

GOVERNMENT SECURITIES INVESTMENT FUND

Information

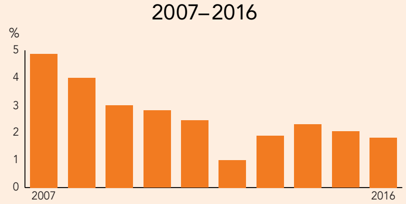
as of December 31, 2016

Assets
$200.3 billion

Net Administrative Expenses
$0.38 per $1,000 account balance, 0.038% (3.8 basis points)

Rates of Return

2007–2016



After Expenses

1-Year	1.82%
3-Year	2.06%
5-Year	1.91%
10-Year	2.63%
Since Inception	5.19%

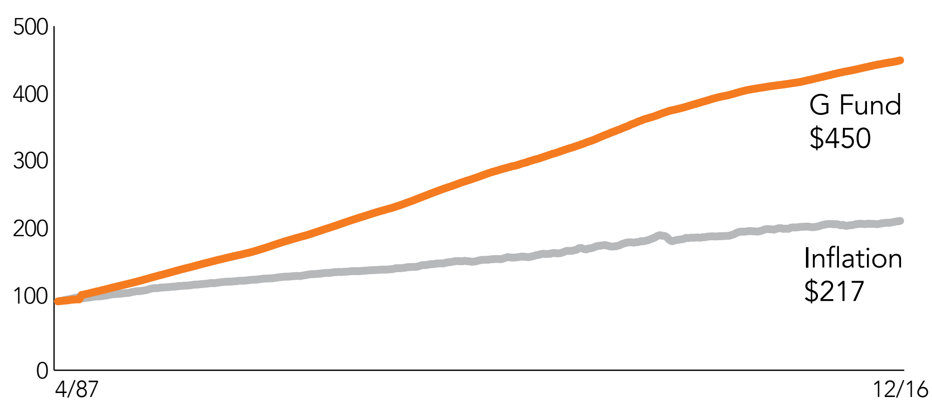
April 1, 1987

Key Features

- The G Fund offers the opportunity to earn rates of interest similar to those of U.S. government notes and bonds but without any risk of loss of principal and very little volatility of earnings.
- The objective of the G Fund is to maintain a higher return than inflation without exposing the fund to risk of default or changes in market prices.
- The G Fund is invested in short-term U.S. Treasury securities specially issued to the TSP. Payment of principal and interest is guaranteed by the U.S. government. Thus, there is no "credit risk."
- The interest rate resets monthly and is based on the weighted average yield of all outstanding Treasury notes and bonds with 4 or more years to maturity.
- Earnings consist entirely of interest income on the securities.
- Interest on G Fund securities has, over time, outpaced inflation and 90-day T-bills.

Growth of $100

Since Inception



G Fund Facts

By law, the G Fund must be invested in nonmarketable U.S. Treasury securities specially issued to the TSP. The G Fund investments are kept by electronic entries, which do not involve any transaction costs to the TSP. The G Fund rate is set once a month by the U.S. Treasury based on a statutorily prescribed formula (described below), and all G Fund investments earn that interest rate for the month. (The G Fund rate is also used in other government programs, such as the Social Security and Medicare trust funds and the Civil Service Retirement and Disability Fund.)

Although the securities in the G Fund earn a long-term interest rate, the Board's investment in the G Fund is redeemable on any business day with no risk to principal. The value of G Fund securities does not fluctuate; only the interest rate changes. Thus, when the monthly G Fund interest rate goes up, G Fund earnings accrue faster; when the G Fund interest rate declines, G Fund earnings accrue more slowly.

Calculation of G Fund Rate— G Fund securities earn a statutory interest rate equal to the average market yield on outstanding marketable U.S. Treasury securities with 4 or more years to maturity. The G Fund rate is calculated by the U.S. Treasury as the weighted average yield of approximately 130 U.S. Treasury securities on the last day of the previous month. The yield of the security has a weight in the G Fund rate calculation based on the amount outstanding. (The larger the dollar amount of a security outstanding, the larger its weight in the calculation.) The Treasury securities used in the G Fund rate calculation have a weighted average maturity of approximately 11 years.

G Fund Yield Advantage

April 1987 – December 2016

The G Fund Yield Advantage—The G Fund rate calculation results in a long-term rate being earned on short-term securities. Because long-term interest rates are generally higher than short-term rates, G Fund securities usually earn a higher rate of return than do short-term marketable Treasury securities. In the chart above, the G Fund rate is compared with the rate of return on 90-day marketable Treasury securities (T-bills). From April 1987 through December 2016, the G Fund rate was, on average, 1.82 percentage points higher per year than the 90-day T-bill rate.