

TIAA-CREF Tax-Exempt Bond Fund

1Q 2018 | As of 3/31/2018

Fund Performance Highlights

In the first quarter of 2018, the TIAA-CREF Tax-Exempt Bond Fund outperformed the -1.61% return of its benchmark, the Bloomberg Barclays 10-Year Municipal Bond Index. The benchmark's return was its lowest of any first quarter since 1994.

Despite a sharp reduction in municipal bond supply during the quarter, interest rates rose across the Municipal Market Data yield curve. The decline in supply was preceded by record levels of issuance in the fourth quarter of 2017, when uncertainty over the new tax law's effects on municipal bonds prompted issuers to come to market. One change—the loss of tax preferences for advance refunding bonds—helped drive down first-quarter new issuance to just \$62.82 million, a 32% drop from the same period a year ago.

Demand for municipal bonds was also muted, especially early in the period. This contributed to the benchmark's -1.53% return in January, its poorest showing for the month since 1980. Uncharacteristically, March was the best month of the quarter for the benchmark (+0.35% return). There was general weakness across the curve due to higher inflation expectations and anticipated rate hikes by the Federal Reserve.

The Fund's first-quarter outperformance was attributable primarily to security selection. High-yield and non-rated bonds rallied, notably in the Industrial Revenue, Transportation, and Special Tax sectors. Among our Industrial Revenue holdings, the best performers were non-rated securities from Red Rocks Biofuels, a biodiesel plant operating in Oregon. Within Transportation, a Maryland private-activity revenue bond contributed the most to overall results.

Another positive contributor was the Fund's first taxable municipal bond investment, an Oklahoma Development Finance Authority (OU Medicine Project) revenue bond. The Fund sold the security after holding it for one day, as it tightened by 50 basis points (0.50%).

Yield-curve positioning was also a positive for the Fund, particularly our duration overweight at the short end and our duration underweight in the intermediate part of the curve. Overall, our average duration for the quarter was about 0.7 years below the benchmark's—a source of outperformance as rates increased across the curve.

The positive effects of these factors were partly offset by the Fund's exposure to higher-quality sectors, including municipal leasing, which performed poorly as investors sought yield.

Positioning

We remain constructive on demand for municipal bonds, despite the cut in the corporate tax rate. Investors (including corporations) seeking tax-exempt income will likely continue to favor munis, just as they have during previous periods of tax cuts. Recent muni underperformance has brought valuations to attractive levels, which is likely to attract demand from traditional tax-exempt investors, as well as crossover buyers. Given our expectations for only a modest rise in interest rates in the near term, we plan to keep duration at current levels.

The Fund's research efforts continue to seek performance from underlying credit selection, with a primary focus on identifying strong relative value and bonds with attractive coupon yields. Higher yields can contribute to positive total returns by potentially offsetting negative price changes that occur when interest rates rise.

Of particular interest to us are municipalities where credit conditions are improving due to higher tax revenue amid the gradually strengthening economy. In the current environment, we also favor allocations to floating-rate debt. Thematically, the Fund is overweight the Education, Power, and Health Care sectors, while underweight the State, Local, and Water & Sewer sectors.

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Average Annualized Total Returns (%)¹

	Ticker	Inception	QTD	1 Year	3 Years	5 Years	10 Years	Since Inception	Expense Ratio	
									Gross (%)	Net (%)
Institutional	TITIX	3/31/06	-0.80	2.48	1.47	1.63	3.70	3.82	0.37	0.35
Retail	TIXRX	3/31/06	-0.96	2.20	1.16	1.34	3.46	3.61	0.65	0.63
Advisor	TIXHX	12/4/15	-0.90	2.49	1.46	1.63	3.69	3.81	0.46	0.42
Bloomberg Barclays 10 Year Municipal Bond Index			-1.61	2.31	2.14	2.72	4.66	N/A		

¹ The returns quoted represent past performance, which is no guarantee of future results. Returns and the principal value of your investment will fluctuate. Current performance may be higher or lower than that shown above, and you may have a gain or a loss when you redeem your mutual fund shares. For current performance information, including performance to the most recent month-end, please visit nuveen.com, or call 800.257.8787.

Sector Effects on Fund Performance

Top Contributing Sectors	Top Detracting Sectors
Muni State	Muni Education
Muni Local	Muni Housing
Muni Water & Sewer	Muni Transportation

Top 10 Holdings

Issuer	% of Net Assets
Virgin Islands Water & Power Authority-Electric System 5.500%, 11/15/18	2.23
City of Chester PA 5.000%, 11/01/18	1.40
State of California 5.000%, 09/01/24	1.31
State of Washington, GO 5.250%, 02/01/22	1.25
Michigan Finance Authority 5.000%, 04/01/21	1.20
Oregon State Business Development Commission 6.500%, 04/01/31	1.17
County of Peoria IL 1.730%, 12/15/18	1.12
Borough of Matanuska-Susitna AK 5.000%, 09/01/25	1.10
Central Puget Sound Regional Transit Authority 5.250%, 02/01/21	1.07
University of South Alabama 5.000%, 11/01/31	1.03

Mutual fund investing involves risk; principal loss is possible. There is no guarantee the Fund's investment objectives will be achieved. **Credit risk** arises from an issuer's ability to make interest and principal payments when due, as well as the prices of bonds declining when an issuer's credit quality is expected to deteriorate. **Interest rate risk** occurs when interest rates rise causing bond prices to fall. **Municipal Obligations, Leases, and AMT-Subject Bonds:** Investments in municipal obligations, leases, and private activity bonds subject to the alternative minimum tax have varying levels of public and private support. The principal and interest payments of general-obligation municipal bonds are secured by the issuer's full faith and credit and supported by limited or unlimited taxing power. The principal and interest payments of revenue bonds are tied to the revenues of specific projects or other entities. Federal income tax laws may limit the types and volume of bonds qualifying for tax exemption of interest and make any further purchases of tax-exempt securities taxable. **U.S. State or Territory-Specific:** Investments in the municipal securities of a particular state or territory may be subject to the risk that changes in the economic conditions of that state or territory will negatively impact performance. Investments in below investment grade or **high yield securities** are subject to liquidity risk and heightened credit risk. These and other risk considerations, such as active management, call, derivatives, income volatility, and issuer risks, are described in detail in the Fund's prospectus.

The inception date for the Advisor class is December 4, 2015. Performance shown prior to the inception of the share class is based on the performance of the fund's Institutional class which began operations on March 31, 2006. Performance has not been restated to reflect the higher expenses of the respective share classes. If the expense differential had been reflected, performance for these periods would have been lower. The net annual expense ratio represents expenses after reimbursements and waivers, while the gross annual expense ratio represents expenses without any reimbursements and waivers. These expense reimbursement

arrangements will continue through at least July 31, 2018 and can only be changed with approval of the Board of Trustees. Without these waivers and reimbursements, the Fund expenses would be higher and its performance would have been lower. Please see the prospectus for details.

Top ten holdings are subject to change and may not be representative of the fund's current or future investments. The holdings listed only include the fund's long-term investments. Money market instruments and/or futures contracts, and index products used for cash management or to provide temporary exposure to a particular stock or country, is applicable, are excluded. The holdings may not include the fund's entire investment portfolio and should not be considered a recommendation to buy or sell a particular security.

You should consider the investment objectives, risks, charges and expenses carefully before investing. Please call 800.257.8787 or go to nuveen.com for a current prospectus that contains this and other information. Please read the prospectus carefully before investing.

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