

TIAA-CREF Tax-Exempt Bond Fund

As of 30 Jun 2018

The Fund underperformed its benchmark, the Bloomberg Barclays 10-Year Municipal Bond Index, during the quarter.

Interest rates rose across the Municipal Market Data (MMD) yield curve before moderating by quarter end. The positive effects of reduced municipal bond supply continued to diminish in the wake of last December's tax law changes, which lessened the tax savings realized by insurance companies and other corporations holding tax-exempt bonds.

Portfolio review

Declining municipal bond issuance continued to garner headlines, as supply fell a further 12% in the second quarter. This was due in part to the loss of tax-exempt status of advanced refunding bonds, as well as to issuers rushing to market ahead of anticipated changes in the tax code.

During the period, we increased our allocation to muni industrial revenue bonds at the expense of state bonds and cash. Redemptions resulting from changes to the Fund's strategy (which will take effect 1 August 2018) also reduced cash levels.

CONTRIBUTORS

As investors sought higher-yielding names amid the ongoing low-interest-rate environment, sectors such as muni power contributed the most to the Fund's relative performance. Consistent with the yield theme, the largest contributor for the quarter on an individual security basis was a Virgin Islands Power Authority bond.

The most significant credit story was the state of Illinois, which passed its first on-time budget in the current governor's tenure. Illinois 10-year bonds tightened on the announcement, with similar or greater tightening occurring on debt issued by most non-state-level entities within Illinois. The Fund's allocation to Illinois was the largest to any single state.

DETRACTORS

Security selection was the largest drag on performance. Bonds in the muni industrial revenue sector detracted the most, particularly an issue from the Oregon Business Development Commission (Red Rocks). Red Rocks experienced a construction-related credit event during the quarter, causing the bonds to drop in value.

Other detracting sectors included muni transportation, muni education and muni housing.

For the period, the portfolio's average duration remained below the benchmark's. Yield curve positioning, especially in the middle of the curve, hurt results.

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Average annualized total returns (%)

	Inception Date	QTD	1 year	3 years	5 years	10 years	Since inception	Expense ratios	
								Gross	Net
Retail	3/31/2006	0.57	0.89	1.74	2.15	3.58	3.58	0.65	0.63
Advisor	12/4/2015	0.63	1.17				1.68	0.46	0.44
Institutional	3/31/2006	0.64	1.17	2.05	2.44	3.82	3.79	0.37	0.35
Bloomberg Barclays 10-Year Municipal Bond Index		0.90	0.86	2.84	3.56	4.74			

Past performance is no guarantee of future results. Investment returns and principal value will fluctuate so that shares redeemed may be worth more or less than their original cost. Current performance may be higher or lower than the performance shown. Total returns for a period of less than one year are cumulative. Returns without sales charges would be lower if the sales charges were included. Returns assume reinvestment of dividends and capital gains. For performance current to the most recent month-end visit nuveen.com. Performance shown for benchmark since inception is as of the Fund's oldest share class.

Retail Class shares are available for purchase through certain financial intermediaries or by contacting the Fund directly at 800-752-8700 or nuveen.com. Advisor Class shares are available for purchase through certain financial intermediaries and employee benefit plans. Institutional Class shares are available for purchase directly from the Fund by certain eligible investors (which include employee benefit plans and financial intermediaries).

A contractual arrangement is in place that limits certain fees and/or expenses. Had fees/expenses not been limited ("capped"), currently or in the past, returns would have been lower. Expense Cap Expiration Date: 31 Jul 2018. Please see the prospectus for details.

Credit Quality (%)

	Fund net assets
AAA	1.93
AA	26.56
A	41.54
BBB	16.91
BB	1.93
B	1.19
Below B	0
Not Rated	8.75
Short Term Investments, Other Assets & Liabilities, Net	1.19

Quality ratings are assigned in accordance with the methodology applied by the Fund's respective benchmark. Credit ratings are subject to change. If all three of Moody's, S&P, and Fitch provide a rating for a security, the middle rating (after dropping the highest and lowest ratings) is assigned; if two of the three agencies rate a security, the lower rating of the two is assigned and if only one rating agency rates a security, that rating is assigned. AAA, AA, A, and BBB are investment grade ratings; BB, B, CCC/CC/C and D are below-investment grade ratings. U.S. government securities, if owned by the Fund, are included in the U.S. Treasury/Agency category (included only if applicable).

Fund Description

The Fund seeks a high level of current income that is exempt from regular federal income tax. It typically invests at least 80% of its assets in tax-exempt bonds. The Fund pursues superior returns using historical yield spread and credit analysis to identify and invest in undervalued market sectors and individual securities. The Fund may invest in fixed-income securities of any duration. It can invest up to 20% of its assets in private activity bonds (tax-exempt bonds whose proceeds are used to finance private, for-profit organizations) and up to 20% in securities rated below investment-grade, or unrated securities of comparable quality.

Portfolio Management

Joel H. Levy, | Manager Tenure = 3 Years

For more information contact: 800.752.8700 or visit nuveen.com

This material is not intended to be a recommendation or investment advice, does not constitute a solicitation to buy, sell or hold a security or an investment strategy, and is not provided in a fiduciary capacity. The information provided does not take into account the specific objectives or circumstances of any particular investor, or suggest any specific course of action. Investment decisions should be made based on an investor's objectives and circumstances and in consultation with his or her advisors.

Glossary

The **Bloomberg Barclays 1-10 Year Municipal Bond Index** is an unmanaged index composed of investment-grade municipal bonds with maturity dates of more than one year and less than 10 years. It is not possible to invest directly in an index.

A word on risk

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.

Before investing, carefully consider fund investment objectives, risks, charges and expenses. For this and other information that should be read carefully, please request a prospectus or summary prospectus from your financial professional or Nuveen at 800.752.8700 or visit nuveen.com.

The investment advisory services, strategies and expertise of TIAA Investments, a division of Nuveen, are provided by Teachers Advisors, LLC and TIAA-CREF Investment Management, LLC. Nuveen Securities, LLC, member FINRA and SIPC.