TIAA

GLOBAL ASSET MANAGEMENT

2016 Annual Report

May 31, 2016

TIAA-CREF Managed Allocation Fund

of the TIAA-CREF Funds

Contents

Understanding your fund report

This annual report contains information about the Managed Allocation Fund and describes the fund's results for the twelve months ended May 31, 2016. The report contains three main sections:

- The fund performance section compares the fund's investment returns with those of its composite benchmark and broad market indexes.
- The portfolio of investments lists the underlying TIAA-CREF Funds in which the Managed Allocation Fund had investments as of May 31, 2016.
- The financial statements provide detailed information about the operations and financial condition of the fund.

The views and opinions expressed in this report are through the end of the period, as stated on the cover of this report. They are subject to change at any time based on a variety of factors. As such, they are not guarantees of future performance or investment results and should not be taken as investment advice. The risks of investing in the TIAA-CREF Funds vary from fund to fund; to see the risks of investing in an individual fund, please refer to that fund's latest prospectus.

As always, you should carefully consider the investment objectives, risks, charges and expenses of any fund before investing. For a prospectus that contains this and other important information, please visit our website at TIAA.org, or call 800-842-2252 for the Institutional and Retirement classes or 800-223-1200 for the Retail Class. We urge you to read the prospectus carefully before investing.

Information for investors

Portfolio holdings

The complete portfolio of investments for the Managed Allocation Fund appears on page 11 of this report. You can also obtain a list of the holdings of the Managed Allocation Fund and of the underlying funds in which the Managed Allocation Fund invests (Schedules of Investments) as of the most recently completed fiscal quarter in the following ways:

- By visiting our website at TIAA.org; or
- By calling us at 800-842-2252 to request a copy, which will be provided free of charge.

You can obtain a complete list of the Managed Allocation Fund's portfolio holdings as of the most recently completed fiscal quarter, and for prior quarter-ends, from our Securities and Exchange Commission (SEC) Form N-CSR and Form N-Q filings. Form N-CSR filings are as of May 31 or November 30; Form N-Q filings are as of the last day of February or August 31. Copies of these forms are available:

- Through the Electronic Data Gathering and Retrieval System (EDGAR) on the SEC's website at www.sec.gov; or
- From the SEC's Office of Investor Education and Advocacy. (Call 202-551-8090 for more information.)

Proxy voting

A description of our proxy voting policies and procedures for the underlying funds of the Managed Allocation Fund can be found on our website at TIAA.org or on the SEC's website at www.sec.gov. You can also call us at 800-842-2252 to request a free copy. A report of how the Managed Allocation Fund's underlying funds voted during the most recently completed twelve-month period ended June 30 can be found on our website or on Form N-PX at www.sec.gov.

Contacting TIAA

There are three easy ways to contact us: by email, using the Contact Us link at the top of our home page; by mail at TIAA, 730 Third Avenue, New York, NY 10017-3206; or by phone at 800-842-2252.

Fund management

The Managed Allocation Fund is managed by a portfolio management team of Teachers Advisors, Inc. The members of this team are responsible for the day-to-day investment management of the fund.

Important information about expenses

All shareholders of the TIAA-CREF Funds incur ongoing costs, including management fees and other fund expenses. They may also incur transactional costs for redemptions or account maintenance fees.

The expense example that appears in the table on page 5 is intended to help you understand your ongoing costs only (in U.S. dollars) and does not reflect transactional costs or the costs incurred by the fund for buying and selling securities. The example is designed to help you compare these ongoing costs with the ongoing costs of investing in other mutual funds.

The expenses shown do not include redemption fees or account maintenance fees, which may or may not be applicable, as described in the prospectus. If such fees were included, your total cost of investing in the fund would be higher. Note also that shareholders of the TIAA-CREF Funds do not incur a sales charge for purchases, reinvested dividends or other distributions.

The example is based on an investment of $1,000 invested at the beginning of the six-month period and held for the entire period (December 1, 2015–May 31, 2016).

Actual expenses

The first line of the two lines listed for each share class in the table uses that class's actual expenses and its actual rate of return. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the six-month period.

Simply divide your account value by $1,000 (for example, an $8,600 account value divided by $1,000 = 8.6), then multiply the result by the number in the first line under the heading "Expenses paid during period" to estimate the expenses you paid during the six-month period. The fund has a contractual fee reimbursement. Had it not been effect, fund expenses may have been higher.

Hypothetical example for comparison purposes

The second line in each share class's entry shows hypothetical account values and expenses based on the share class's actual expense ratio for the six-month period and an assumed 5% per year rate of return before expenses. This was not the share class's actual return.

This hypothetical example cannot be used to estimate the actual expenses you paid for the period but rather allows you to compare the ongoing costs of investing in the fund with the costs of other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of other mutual funds.

Important information about expenses

Expense example

Six months ended May 31, 2016

Managed Allocation Fund	Beginning account value (12/1/15)	Ending account value (5/31/16)	Expenses paid during period* (12/1/15–5/31/16)	Effective expenses paid during period† (12/1/15–5/31/16)
Institutional Class				
Actual return	$1,000.00	$1,009.36	$0.00	$2.01
5% annual hypothetical return	1,000.00	1,025.00	0.00	2.02
Retirement Class				
Actual return	1,000.00	1,008.96	1.26	3.26
5% annual hypothetical return	1,000.00	1,023.75	1.26	3.29
Retail Class				
Actual return	1,000.00	1,008.91	1.26	3.26
5% annual hypothetical return	1,000.00	1,023.75	1.26	3.29

* "Expenses paid during period" is based on the fund's actual expense ratio for the most recent fiscal half-year, multiplied by the average account value over the six-month period, multiplied by 183/366. There were 183 days in the six months ended May 31, 2016. The fund's annualized six-month expense ratio for that period was 0.00% for the Institutional Class, 0.25% for the Retirement Class and 0.25% for the Retail Class. The expense charges of one or more of the fund's share classes may at times reflect a reimbursement. Please see the prospectus for an explanation, including the date on which this reimbursement is scheduled to end. Without such reimbursement, the expenses of the affected share classes would be higher and the fund's performance lower.

† "Effective expenses paid during period" is based on the fund's total expense ratio for the most recent fiscal half-year, which includes the fund's own expense ratio plus its pro rata share of its underlying funds' expenses (which the fund bears through its investment in the underlying funds) for the most recent fiscal half-year. For that period, the total annualized weighted average expense ratio was 0.40% for the Institutional Class, 0.65% for the Retirement Class and 0.65% for the Retail Class.

Managed Allocation Fund

Performance for the twelve months ended May 31, 2016

The Managed Allocation Fund returned –1.28% for the Institutional Class, compared with the –0.62% return of its benchmark, the Managed Allocation Composite Index. The table on page 8 shows returns for all share classes of the fund.

Market volatility reflects global economic uncertainty

The U.S. economy fared better than many economies around the world over the twelve-month period. The Federal Reserve, satisfied with the economy's progress and improvement in the labor market, raised short-term interest rates 0.25% in December (the first increase since 2006). Stock prices rose but then pulled back as investors became concerned about the pace of future rate hikes, given challenges to the global economy—especially with regard to China's slowing growth and the decline in commodity prices. Oil prices dropped below $27 per barrel in mid-February but later rebounded to $49.

Investors were heartened when the Fed signaled it might not raise rates as aggressively as had been anticipated in December. U.S. stocks, particularly those of energy companies, rallied in March. Although U.S. stocks rose modestly in April and May, returns were tempered by concerns about weak economic growth.

For the twelve months, the Russell 3000® Index, a broad measure of the U.S. stock market, gained 0.22%. The MSCI All Country World ex USA Index, which measures the performance of large- and mid-cap stocks in 45 developed and emerging market nations excluding the United States, returned –11.39% in U.S. dollars and –10.56% in local currency terms. Stocks in emerging markets declined for the twelve months but made a comeback in the last quarter of the reporting period, helped by the rally in oil prices.

U.S. investment-grade bond investors continued to be influenced by Fed statements about the U.S. economy's ability to tolerate incremental interest rate increases. The broad domestic investment-grade fixed-rate bond market, as measured by the Barclays U.S. Aggregate Bond Index, gained 2.99% for the period. Short-term bonds, as measured by the Barclays U.S. 1–3 Year Government/Credit Bond Index, gained 0.94%.

The Managed Allocation Fund may invest in up to three sectors of the investment markets: U.S. equity (stocks), international equity (foreign stocks) and fixed income. The fund does this by investing in various underlying funds that, in turn, buy stocks, bonds and other securities in these market sectors.

For the twelve months, the international equity sector subtracted the most from the fund's absolute return—that is, without regard to the performance of its composite benchmark. Within international equity, all of the underlying funds had negative performance, reflecting the challenging global environment. The Emerging Markets Equity and Global Natural Resources funds were down the most. Within the U.S. equity sector, only the Enhanced Large-Cap Growth Index and Large-Cap Growth funds produced positive returns. (All fund returns are for the Institutional Class.)

Returns from U.S. stocks hinder the fund's relative results

For the period, the fund underperformed its composite benchmark by two-thirds of a percentage point mainly due to relative weakness among the underlying funds in the U.S. equity sector. Within U.S. equity, the Large-Cap Value, Enhanced Large-Cap Value Index and Growth & Income funds were the biggest detractors. Compared to their benchmark, the Russell 1000® Value Index, the Large-Cap Value Fund underperformed by nearly three percentage points, and the Enhanced Large-Cap Value Index Fund underperformed by about two percentage points. The Growth & Income Fund underperformed its benchmark, the S&P 500® Index, by over two percentage points.

The top contributor to the fund's relative performance was the International Opportunities Fund, which outperformed its benchmark, the MSCI All Country World ex USA Index, by nearly one-and-a-half percentage points. The Enhanced Large-Cap Growth Index Fund was the second-best contributor, gaining about two-thirds of a percentage point more than its benchmark, the Russell 1000 Growth Index. The Small-Cap Equity Fund also contributed, beating the Russell 2000® Index by over one percentage point.

Among the Managed Allocation Fund's fixed-income investments, the Bond Plus Fund was the biggest detractor, underperforming its benchmark, the Barclays Capital U.S. Aggregate Bond Index, by less than one-quarter of a percentage point. (Performance of the Managed Allocation Fund's underlying funds can be found at TIAA.org/performance.)

Managed Allocation Fund

Performance as of May 31, 2016

Managed Allocation Fund	Inception date	Total return	Average annual total return	
		1 year	5 years	10 years
Institutional Class	3/31/2006	–1.28%	6.59%	5.64%
Retirement Class	3/31/2006	–1.53	6.32	5.37
Retail Class	3/31/2006	–1.53	6.33	5.47
Managed Allocation Composite Index*	—	–0.62	6.42	5.73
Broad market index				
Russell 3000® Index	—	0.22	11.15	7.39
Barclays U.S. Aggregate Bond Index	—	2.99	3.33	4.97

The returns in this report show past performance, which is no guarantee of future results. The returns do not reflect taxes that a shareholder would pay on fund distributions or on the sale of fund shares. Returns and the principal value of your investment will fluctuate. Current performance may be higher or lower than that shown, and you may have a gain or a loss when you redeem your shares. For current performance information, including performance to the most recent month-end, please visit TIAA.org. Performance may reflect waivers or reimbursements of certain expenses. Absent these waivers or reimbursement arrangements, performance may be lower.

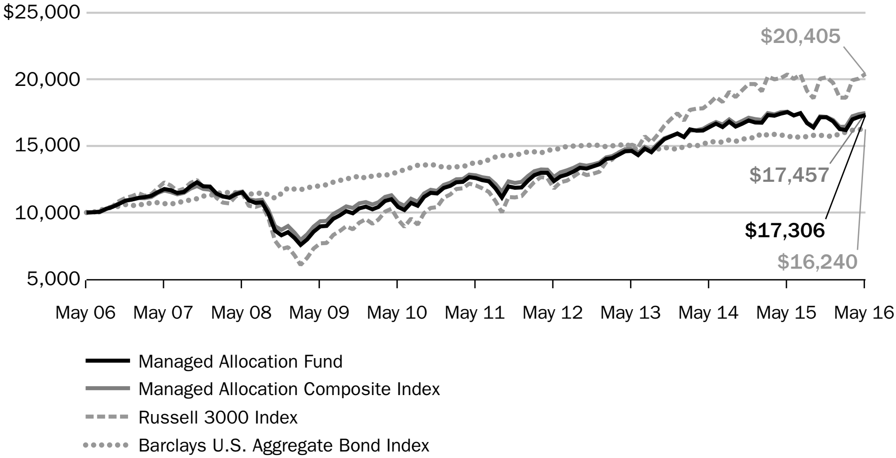
You cannot invest directly in any index. Index returns do not include a deduction for fees or expenses.

* On May 31, 2016, the Managed Allocation Fund Composite Index consisted of: 42.0% Russell 3000 Index; 40.0% Barclays U.S. Aggregate Bond Index; and 18.0% MSCI All Country World ex USA Index. The fund's benchmark, the components that make up the composite benchmark and the method of calculating the composite benchmark's performance may vary over time.

Managed Allocation Fund

$10,000 over 10 years

Institutional Class

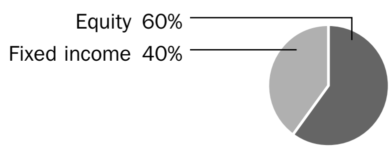


For the purpose of comparison, the graph also shows the change in the values of the fund's composite benchmark and broad market indexes during the same period. The performance of the other share classes varies due to differences in expense charges.

Asset allocation

	% of net assets as of 5/31/2016
Equity	
U.S. equity	41.4%
International equity	18.7
Fixed income	39.9
Total	100.0

Target allocation



About the fund's composite benchmark

The Managed Allocation Fund uses a composite benchmark that combines the following public indexes in proportions that reflect the fund's target market sector allocations:

- **Russell 3000® Index** (U.S. equity) measures the performance of the stocks of the 3,000 largest publicly traded U.S. companies, based on market capitalization. The index measures the performance of about 98% of the total market capitalization of the publicly traded U.S. equity market.
- **MSCI All Country World ex USA Index** (international equity) measures the performance of large- and mid-cap stocks in 45 developed and emerging market countries, excluding the United States.
- **Barclays U.S. Aggregate Bond Index** (fixed income) measures the performance of the domestic investment-grade, fixed-rate bond market, including government and corporate securities, agency mortgage pass-through securities, asset-backed securities and commercial mortgage-backed securities.

Russell 3000 is a trademark and service mark of Russell Investments. TIAA products are not promoted or sponsored by, or affiliated with, Russell Investments. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. This report is not approved, reviewed or produced by MSCI.

You cannot invest directly in any index. Index returns do not include a deduction for fees or expenses.

Portfolio of investments

Managed Allocation Fund ▪ May 31, 2016

Shares	Security		Value	% of net assets
TIAA-CREF FUNDS—100.0% (a)				
FIXED INCOME—39.9%				
27,685,968	TIAA-CREF Bond Plus Fund		$291,256,378	38.9%
820,100	TIAA-CREF High-Yield Fund		7,610,530	1.0
	TOTAL FIXED INCOME		298,866,908	39.9
INTERNATIONAL EQUITY—18.7%				
2,722,236	TIAA-CREF Emerging Markets Equity Fund		23,411,230	3.1
5,268,100	TIAA-CREF Enhanced International Equity Index Fund		36,191,845	4.8
948,344	TIAA-CREF Global Natural Resources Fund		6,790,143	0.9
3,863,270	TIAA-CREF International Equity Fund		40,602,962	5.4
3,305,818	TIAA-CREF International Opportunities Fund		33,487,934	4.5
	TOTAL INTERNATIONAL EQUITY		140,484,114	18.7
SHORT-TERM FIXED INCOME—0.0%				
73,562	TIAA-CREF Money Market Fund		73,562	0.0
	TOTAL SHORT-TERM FIXED INCOME		73,562	0.0
U.S. EQUITY—41.4%				
5,256,412	TIAA-CREF Enhanced Large-Cap Growth Index Fund		57,347,449	7.6
5,875,409	TIAA-CREF Enhanced Large-Cap Value Index Fund		55,111,340	7.4
4,283,606	TIAA-CREF Growth & Income Fund		49,946,845	6.7
3,843,600	TIAA-CREF Large-Cap Growth Fund		59,921,729	8.0
3,449,981	TIAA-CREF Large-Cap Value Fund		57,683,678	7.7
166,791	TIAA-CREF Mid-Cap Growth Fund		3,204,051	0.4
153,730	TIAA-CREF Mid-Cap Value Fund		3,340,547	0.4
1,493,199	TIAA-CREF Small-Cap Equity Fund		23,726,932	3.2
	TOTAL U.S. EQUITY		310,282,571	41.4
	TOTAL TIAA-CREF FUNDS	*(Cost $689,971,179)*	**749,707,155**	**100.0**
	TOTAL PORTFOLIO	*(Cost $689,971,179)*	**749,707,155**	**100.0**
	OTHER ASSETS & LIABILITIES, NET		275,117	0.0
	NET ASSETS		**$749,982,272**	**100.0%**

(a) The Fund invests its assets in Institutional Class shares of the affiliated TIAA-CREF Funds.

Statement of assets and liabilities

Managed Allocation Fund ■ May 31, 2016

ASSETS	
Affiliated investments, at value‡	$749,707,155
Cash	230,265
Receivable from securities transactions	2,049,142
Receivable from Fund shares sold	107,313
Dividends receivable	813,442
Due from affiliates	43,647
Other	48,661
Total assets	**752,999,625**
LIABILITIES	
Service agreement fees payable	2,072
Distribution fees payable	144,092
Due to affiliates	6,386
Payable for securities transactions	2,315,723
Payable for Fund shares redeemed	372,316
Payable for trustee compensation	51,409
Accrued expenses and other payables	125,355
Total liabilities	**3,017,353**
NET ASSETS	**$749,982,272**
NET ASSETS CONSIST OF:	
Paid-in-capital	$676,277,880
Undistributed net investment income (loss)	1,350,123
Accumulated net realized gain (loss) on total investments	12,618,293
Net unrealized appreciation (depreciation) on total investments	59,735,976
NET ASSETS	**$749,982,272**
INSTITUTIONAL CLASS:	
Net assets	$ 12,625,093
Outstanding shares of beneficial interest, unlimited shares authorized ($.0001 par value)	1,095,628
Net asset value per share	**$11.52**
RETIREMENT CLASS:	
Net assets	$ 50,167,913
Outstanding shares of beneficial interest, unlimited shares authorized ($.0001 par value)	4,359,166
Net asset value per share	**$11.51**
RETAIL CLASS:	
Net assets	$687,189,266
Outstanding shares of beneficial interest, unlimited shares authorized ($.0001 par value)	59,506,538
Net asset value per share	**$11.55**
‡ Affiliated investments, cost	$689,971,179

 See notes to financial statements

Statement of operations

Managed Allocation Fund ▪ For the year ended May 31, 2016

INVESTMENT INCOME	
Dividends from affiliated investments	$ 15,592,309
Total income	**15,592,309**
EXPENSES	
Shareholder servicing — Institutional Class	270
Shareholder servicing — Retirement Class	121,633
Shareholder servicing — Retail Class	364,167
Distribution fees — Retail Class	1,708,296
Administrative service fees	19,383
Trustee fees and expenses	7,027
Other expenses	185,818
Total expenses	2,406,594
Less: Expenses reimbursed by the investment adviser	(576,606)
Net expenses	1,829,988
Net investment income (loss)	**13,762,321**
NET REALIZED AND UNREALIZED GAIN (LOSS) ON TOTAL INVESTMENTS	
Realized gain (loss) from sale of affiliated investments	(1,586,416)
Realized gain distributions from affiliated investments	22,435,989
Net realized gain (loss) from investments	20,849,573
Net change in unrealized appreciation (depreciation) from affiliated investments	(47,434,495)
Net realized and unrealized gain (loss) from affiliated investments	(26,584,922)
Net increase (decrease) in net assets from operations	**$(12,822,601)**

See notes to financial statements

Statements of changes in net assets

Managed Allocation Fund ▪ For the year ended

		May 31, 2016	May 31, 2015
OPERATIONS			
Net investment income (loss)		$ 13,762,321	$ 12,458,580
Net realized gain (loss) from investments		20,849,573	36,264,857
Net change in unrealized appreciation (depreciation) from affiliated investments		(47,434,495)	(617,712)
Net increase (decrease) in net assets from operations		(12,822,601)	48,105,725
DISTRIBUTIONS TO SHAREHOLDERS			
From net investment income:	Institutional Class	(344,467)	(385,463)
	Retirement Class	(1,091,795)	(1,286,820)
	Retail Class	(15,288,468)	(19,575,621)
From realized gains:	Institutional Class	(503,575)	(324,092)
	Retirement Class	(1,735,791)	(1,197,578)
	Retail Class	(24,217,596)	(18,019,642)
Total distributions		(43,181,692)	(40,789,216)
SHAREHOLDER TRANSACTIONS			
Subscriptions:	Institutional Class	2,367,816	5,175,999
	Retirement Class	13,372,554	11,944,005
	Retail Class	43,480,459	50,840,780
Reinvestments of distributions:	Institutional Class	788,736	700,777
	Retirement Class	2,827,586	2,484,398
	Retail Class	37,967,658	36,231,334
Redemptions:	Institutional Class	(3,720,256)	(4,104,843)
	Retirement Class	(11,560,175)	(7,004,494)
	Retail Class	(63,120,087)	(57,499,358)
Net increase (decrease) from shareholder transactions		22,404,291	38,768,598
Net increase (decrease) in net assets		(33,600,002)	46,085,107
NET ASSETS			
Beginning of period		783,582,274	737,497,167
End of period		**$749,982,272**	**$783,582,274**
Undistributed net investment income (loss) included in net assets		$ 1,350,123	$ 1,139,586

Statements of changes in net assets *concluded*

Managed Allocation Fund ▪ For the year ended

		May 31, 2016	May 31, 2015
CHANGE IN FUND SHARES			
Shares sold:	Institutional Class	201,339	419,640
	Retirement Class	1,145,954	963,704
	Retail Class	3,716,772	4,120,190
Shares reinvested:	Institutional Class	70,154	58,386
	Retirement Class	252,041	207,380
	Retail Class	3,371,852	3,013,764
Shares redeemed:	Institutional Class	(332,164)	(332,151)
	Retirement Class	(995,136)	(571,251)
	Retail Class	(5,426,623)	(4,664,101)
Net increase (decrease) from shareholder transactions		2,004,189	3,215,561

See notes to financial statements

Financial highlights

Managed Allocation Fund

	For the period or year ended	Selected per share data: Net asset value, beginning of period	Gain (loss) from investment operations: Net investment income (loss)[a]	Net realized & unrealized gain (loss) on total investments[j]	Total gain (loss) from investment operations	Less distributions from: Net investment income	Net realized gains
Institutional Class:	5/31/16	$12.42	$0.25	$(0.44)	$(0.19)	$(0.29)	$(0.42)
	5/31/15	12.32	0.23	0.57	0.80	(0.38)	(0.32)
	5/31/14	11.43	0.22	1.16	1.38	(0.38)	(0.11)
	5/31/13	9.92	0.22	1.58	1.80	(0.29)	–
	5/31/12	10.39	0.22	(0.42)	(0.20)	(0.27)	–
Retirement Class:	5/31/16	12.41	0.21	(0.43)	(0.22)	(0.26)	(0.42)
	5/31/15	12.31	0.21	0.56	0.77	(0.35)	(0.32)
	5/31/14	11.42	0.19	1.16	1.35	(0.35)	(0.11)
	5/31/13	9.91	0.20	1.57	1.77	(0.26)	–
	5/31/12	10.38	0.19	(0.41)	(0.22)	(0.25)	–
Retail Class:	5/31/16	12.45	0.21	(0.43)	(0.22)	(0.26)	(0.42)
	5/31/15	12.35	0.20	0.57	0.77	(0.35)	(0.32)
	5/31/14	11.45	0.19	1.17	1.36	(0.35)	(0.11)
	5/31/13	9.94	0.21	1.56	1.77	(0.26)	–
	5/31/12	10.41	0.20	(0.42)	(0.22)	(0.25)	–

a Based on average shares outstanding.

e The Fund's expenses do not include the expenses of the Underlying Funds.

j Short-term capital gains distributions are presented in net realized and unrealized gain (loss) on total investments for all periods presented.

See notes to financial statements

				Ratios and supplemental data			
				Ratios to average net assets			
Total dividends and distributions	Net asset value, end of period	Total return	Net assets at end of period or year (in thousands)	Gross expenses[e]	Net expenses[e]	Net investment income (loss)	Portfolio turnover rate
$(0.71)	$11.52	(1.28)%	$ 12,625	0.03%	0.00%	2.12%	17%
(0.70)	12.42	6.79	14,366	0.03	0.00	1.88	14
(0.49)	12.32	12.29	12,453	0.04	0.00	1.86	15
(0.29)	11.43	18.33	9,461	0.04	0.00	2.09	17
(0.27)	9.92	(1.79)	6,724	0.04	0.00	2.26	15
(0.68)	11.51	(1.53)	50,168	0.28	0.25	1.84	17
(0.67)	12.41	6.53	49,096	0.28	0.25	1.67	14
(0.46)	12.31	12.02	41,320	0.29	0.25	1.60	15
(0.26)	11.42	18.04	31,195	0.29	0.25	1.84	17
(0.25)	9.91	(2.04)	29,993	0.29	0.25	1.96	15
(0.68)	11.55	(1.53)	687,189	0.33	0.25	1.84	17
(0.67)	12.45	6.51	720,120	0.32	0.25	1.64	14
(0.46)	12.35	12.08	683,724	0.35	0.25	1.59	15
(0.26)	11.45	18.00	607,883	0.36	0.25	1.92	17
(0.25)	9.94	(2.03)	525,266	0.33	0.25	1.97	15

Notes to financial statements

Managed Allocation Fund

Note 1—organization and significant accounting policies

The TIAA-CREF Managed Allocation Fund (the “Fund”) is one of the investment portfolios of the TIAA-CREF Funds (the “Trust”), a Delaware statutory trust, that is registered with the Securities and Exchange Commission (“Commission”) under the Investment Company Act of 1940, as amended (“1940 Act”), as an open-end management investment company.

The Fund is a “fund of funds” that diversifies its assets by investing in Institutional Class shares of other funds of the Trust and potentially other investment pools or investment products. The Fund offers its shares, without a sales load, through its principal underwriter, Teachers Personal Investors Services, Inc. (“TPIS”), which is a wholly owned indirect subsidiary of Teachers Insurance and Annuity Association of America (“TIAA”). Teachers Advisors, Inc. (“Advisors”), a wholly owned indirect subsidiary of TIAA, is registered with the Commission as an investment adviser and provides investment management services for the Fund. The Fund offers three share classes: Institutional, Retirement and Retail Classes of shares. Each class differs by the allocation of class-specific expenses and voting rights in matters affecting a single class.

The accompanying financial statements were prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”), which may require the use of estimates made by management and the evaluation of subsequent events. Actual results may differ from those estimates. The Fund is an investment company and follows the accounting guidance in the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification 946, *Financial Services—Investment Companies.* The Net Asset Value (“NAV”) for financial reporting purposes may differ from the NAV for processing transactions. The NAV for financial reporting purposes includes security and shareholder transactions through the date of the report. Total return is computed based on the NAV used for processing transactions. The following is a summary of the significant accounting policies consistently followed by the Fund.

Security valuation: The Fund’s investments in securities are recorded at their estimated fair value as described in the valuation of investments note to the financial statements.

Investments and investment income: Securities transactions are accounted for as of the trade date for financial reporting purposes. Dividends from investments are recorded on the ex-dividend date. Dividends from investments are recorded as dividend income, while capital gain distributions, including short-term capital gain distributions, are recorded as gain distributions from investments on the Statement of Operations. Realized gains and losses on sales from investments in investment companies are based upon the specific identification method.

Income, expenses, realized gains and losses and unrealized appreciation and depreciation of the Fund are allocated on a pro rata basis to each class of shares of the Fund, except for service agreement fees, distribution fees and transfer agency fees and expenses, which are unique to each class of shares. Most expenses of the Trust can be directly attributed to a fund. Expenses that cannot be directly attributed are allocated to each fund in the Trust based upon the average net assets of each fund.

Distributions to shareholders: Distributions to shareholders, which are determined in accordance with income tax regulations, are recorded on the ex-dividend date.

Income taxes: The Fund intends to continue to qualify as a regulated investment company under Subchapter M of the Internal Revenue Code ("Code") and will not be subject to income taxes to the extent that the Fund distributes all taxable income each year and complies with various other Code requirements. The Fund files income tax returns in U.S. federal and applicable state and local jurisdictions. The Fund's federal income tax returns are generally subject to examination for a period of three fiscal years after being filed. State and local tax returns may be subject to examination for an additional period of time depending on the jurisdiction. Management has analyzed the Fund's tax positions taken for all open federal income tax years and has concluded that no provision for federal income tax is required in the Fund's financial statements.

The timing and character of income and capital gain distributions are determined in accordance with income tax regulations, which may differ from U.S. GAAP. Reclassifications are made to the Fund's capital accounts for permanent tax differences to reflect income and gains available for distribution (or available capital loss carryforwards) under income tax regulations.

For the year ended May 31, 2016, permanent book and tax differences resulting primarily from the reclassification of short-term capital gain distributions received from underlying funds from realized gain (loss) to ordinary income were identified and reclassified among the components of the Fund's net assets. Net investment income and net realized gains (losses), as disclosed on the Statement of Operations, and net assets were not affected by these reclassifications.

Trustee compensation: The Fund pays the members of the Board of Trustees ("Board"), all of whom are independent, certain remuneration for their services, plus travel and other expenses. Trustees may elect to participate in a deferred compensation plan and defer all or a portion of their compensation. In addition, trustees participate in a long-term compensation plan. Amounts deferred are retained by the Fund until paid. Amounts payable to the trustees for compensation are included in the accompanying Statement of Assets and Liabilities. Trustees' fees, including any deferred and long-term compensation incurred, are reflected in the Statement of Operations.

New accounting pronouncement: In May 2015, the FASB issued Accounting Standards Update No. 2015-07 Fair Value Measurement (Topic 820) Disclosures in Certain Entities That Calculate Net Asset Value per Share (the "ASU"). The ASU removes the requirement to categorize, within the fair value hierarchy, all investments for which the fair value is measured using the NAV per share practical expedient. The ASU also removes the requirement to make certain disclosures for investments that are eligible to be measured at fair value using the NAV per share practical expedient. The ASU is effective for public business entities for fiscal years beginning after December 15, 2015, and for interim periods within those fiscal years. The Fund adopted the ASU for this annual report. The adoption of the ASU did not have a material impact on the Fund's financial statements and notes disclosures.

Note 2—valuation of investments

Portfolio investments are valued at fair value utilizing various valuation methods approved by the Board. U.S. GAAP establishes a hierarchy that prioritizes market inputs to valuation methods. The three levels of inputs are:

- Level 1 – quoted prices in active markets for identical securities
- Level 2 – other significant observable inputs (including quoted prices for similar securities, interest rates, credit spreads, etc.)
- Level 3 – significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

Certain portfolio investments that are measured at fair value using the NAV per share practical expedient are not categorized within the fair value hierarchy. These investments will be disclosed at their fair value to allow reconciliation back to the Statement of Assets and Liabilities. As of May 31, 2016, no investments were valued utilizing the practical expedient.

A description of the valuation techniques applied to the Fund's major categories of assets and liabilities measured at fair value follows:

Investments in registered investment companies: These investments are valued at their NAV on the valuation date. These investments are categorized in Level 1 of the fair value hierarchy.

Transfers between levels are recognized at the end of the reporting period. For the year ended May 31, 2016, there were no transfers between levels by the Fund.

As of May 31, 2016, all of the investments in the Fund were valued based on Level 1 inputs.

Note 3—investment adviser and affiliates

Under the terms of its Investment Management Agreement, the Fund does not pay Advisors a fee for the management of the Fund's investment portfolio. The Fund has entered into an Administrative Service Agreement with Advisors under which the Fund pays Advisors for its costs in providing certain administrative and compliance services to the Fund.

Under the terms of the Fund's Retirement Class Service Agreement, the Retirement Class of the Fund pays Advisors a monthly fee based on the annual rate of 0.25% of the Fund's average daily net assets attributable to Retirement Class shares of the Fund for providing certain administrative services related to the maintenance of Retirement Class shares on retirement plan or other platforms. Substantially, all of the Retirement Class shareholder servicing fees reported on the Statement of Operations are paid to Advisors under the Service Agreement. Under the terms of a distribution Rule 12b-1 plan, the Retail Class of the Fund compensated TPIS for providing distribution, promotional and/or shareholder services to the Retail Class of the Fund at the annual rate of 0.25% of the average daily net assets attributable to the Fund's Retail Class.

Advisors has agreed to reimburse the Fund if its total expense ratio (excluding interest, taxes, brokerage commissions and other transactional expenses, acquired fund fees and expenses and extraordinary expenses) exceeds 0.00% of average daily net assets for the Institutional Class shares; and 0.25% of average daily net assets for the Retirement and Retail Class shares. The expense reimbursement arrangements will continue through at least September 30, 2016, unless changed with approval of the Board.

The Fund may purchase or sell investment securities in transactions with affiliated entities under procedures adopted by the Board, pursuant to the 1940 Act. These transactions are effected at market rates without incurring broker commissions. For the year ended May 31, 2016, these transactions did not materially impact the Fund.

Investments in other investment companies advised by Advisors are deemed to be affiliated investments. The Fund invests its assets in Institutional Class shares of the affiliated TIAA-CREF Funds. Information regarding transactions with affiliated companies is as follows:

Issue	Value at May 31, 2015	Purchase cost	Sales proceeds	Realized gain (loss)	Dividend income	Value at May 31, 2016
TIAA-CREF Managed Allocation Fund						
TIAA-CREF Bond Plus	$304,014,809	$ 46,425,233	$ 54,182,439	$ 2,226,856	$ 8,982,823	$291,256,378
TIAA-CREF Emerging Markets Equity	27,192,393	6,039,784	4,729,780	(603,874)	250,763	23,411,230
TIAA-CREF Enhanced International Equity Index	37,321,504	6,825,278	3,481,509	(336,787)	1,073,360	36,191,845
TIAA-CREF Enhanced Large-Cap Growth Index	61,026,641	9,211,599	8,382,836	5,996,696	617,842	57,347,449
TIAA-CREF Enhanced Large-Cap Value Index	57,004,112	9,271,627	5,543,836	3,221,179	1,246,315	55,111,340
TIAA-CREF Global Natural Resources	7,118,834	2,044,074	1,301,747	(276,869)	152,696	6,790,143
TIAA-CREF Growth & Income	52,517,958	7,333,380	6,143,090	3,476,668	618,114	49,946,845
TIAA-CREF High-Yield	7,966,678	4,696,521	4,733,060	(338,397)	513,093	7,610,530
TIAA-CREF International Equity	41,836,665	9,620,231	5,912,189	(528,206)	511,787	40,602,962
TIAA-CREF International Opportunities	35,059,811	7,359,178	5,129,289	(213,992)	413,899	33,487,934
TIAA-CREF Large-Cap Growth	63,272,842	9,754,901	11,664,049	3,520,700	214,114	59,921,729
TIAA-CREF Large-Cap Value	58,958,824	12,235,189	8,113,235	2,734,645	784,050	57,683,678
TIAA-CREF Mid-Cap Growth	2,423,962	1,465,257	402,043	136,267	4,226	3,204,051
TIAA-CREF Mid-Cap Value	2,018,102	1,926,148	368,183	152,916	30,266	3,340,547
TIAA-CREF Money Market	73,544	18	–	–	103	73,562
TIAA-CREF Small-Cap Equity	25,445,414	5,852,010	4,497,170	1,681,771	178,858	23,726,932
	$783,252,093	$140,060,428	$124,584,455	$20,849,573	$15,592,309	$749,707,155

Note 4—investments

Net unrealized appreciation (depreciation): At May 31, 2016, the cost of portfolio investments for federal income tax purposes was $695,295,685. Net unrealized appreciation of portfolio investments for federal income tax purposes was $54,411,470, consisting of gross unrealized appreciation of $65,650,400 and gross unrealized depreciation of $(11,238,930).

Purchases and sales: Purchases and sales of portfolio securities (other than short-term instruments) for the year ended May 31, 2016 were $140,060,428 and $124,584,455, respectively.

Note 5—distributions to shareholders and other tax items

The tax character of distributions paid to shareholders during the years ended May 31, 2016 and May 31, 2015 was as follows:

	Ordinary income	Long-term capital gains	Total
5/31/2016	$16,724,730	$26,456,962	$43,181,692
5/31/2015	21,322,086	19,467,130	40,789,216

As of May 31, 2016, the components of accumulated earnings on a tax basis consisted of $1,385,824 of undistributed ordinary income, $18,497,458 of undistributed long-term capital gains, $54,411,473 of unrealized appreciation, and $(554,662) of late-year loss deferrals.

The difference between book basis and tax basis net investment income, net realized gains and losses, and unrealized appreciation and depreciation is attributable primarily to the tax deferral of losses on wash sales, and the treatment of short term gain as ordinary income for tax purposes.

Note 6—line of credit

The Fund participates in a $1.5 billion unsecured revolving credit facility that can be used for temporary purposes, including, without limitation, the funding of shareholder redemptions. The current facility was entered into on June 21, 2016 expiring on June 20, 2017, replacing the previous facility, which expired June 2016. Certain affiliated accounts and mutual funds, each of which is managed by Advisors, or an affiliate of Advisors, also participate in this facility. An annual commitment fee for the credit facility is borne by the participating accounts and mutual funds on a pro rata basis. Interest associated with any borrowing under the facility is charged to the borrowing accounts or mutual funds at a specified rate of interest. The Fund is not liable for borrowings under the facility by other affiliated accounts or mutual funds. For the year ended May 31, 2016, there were no borrowings under this credit facility by the Fund.

Note 7—indemnification

In the normal course of business, the Fund enters into contracts that contain a variety of representations and warranties and that provide general indemnities. The Fund’s maximum exposure under these arrangements is unknown, as this would involve future claims against the Fund that have not yet occurred. Also, under the Fund’s organizational documents, the trustees and officers of the Fund are indemnified against certain liabilities that may arise out of their duties to the Fund. However, based on experience, the Fund expects the risk of loss due to these warranties and indemnities to be unlikely.

Report of independent registered public accounting firm

To the Board of Trustees of the TIAA-CREF Funds and Shareholders of the TIAA-CREF Managed Allocation Fund:

In our opinion, the accompanying statement of assets and liabilities, including the portfolio of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of the Managed Allocation Fund (the “Fund”) at May 31, 2016, the results of its operations, the changes in its net assets and the financial highlights for each of the periods presented, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as “financial statements”) are the responsibility of the Fund’s management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at May 31, 2016 by correspondence with the transfer agent, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Baltimore, Maryland
July 19, 2016

Trustees and officers (unaudited)

TIAA-CREF Funds ▪ May 31, 2016

Trustees

Name, Address and Year of Birth ("YOB")	Position(s) Held with Fund	Term of Office and Length of Time Served	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Trustee	Other Directorship(s) Held by Trustee
Forrest Berkley c/o Corporate Secretary 730 Third Avenue New York, NY 10017-3206 YOB: 1954	Trustee	Indefinite term. Trustee since 2006.	Retired Partner (since 2006), Partner (1990–2005) and Head of Global Product Management (2003–2005), GMO (formerly, Grantham, Mayo, Van Otterloo & Co.) (investment management); and member of asset allocation portfolio management team, GMO (2003–2005).	85	Director, the Maine Coast Heritage Trust; Investment Committee member, Maine Community Foundation and the Elmina B. Sewall Foundation; and Trustee of the Maine Chapter of the Nature Conservancy.
Nancy A. Eckl c/o Corporate Secretary 730 Third Avenue New York, NY 10017-3206 YOB: 1962	Trustee	Indefinite term. Trustee since 2007.	Vice President (1990–2006), American Beacon Advisors, Inc., and Vice President of certain funds advised by American Beacon Advisors, Inc.	85	Independent Director, The Lazard Funds, Inc., Lazard Retirement Series, Inc., Lazard Global Total Return and Income Fund, Inc. and Lazard World Dividend & Income Fund, Inc.
Michael A. Forrester c/o Corporate Secretary 730 Third Avenue New York, NY 10017-3206 YOB: 1967	Trustee	Indefinite term. Trustee since 2007.	Chief Executive Officer (since 2014) and Chief Operating Officer (2007–2014), Copper Rock Capital Partners, LLC; Chief Operating Officer, DDJ Capital Management (2003–2006).	85	Director of Copper Rock Capital Partners, LLC (investment adviser).
Howell E. Jackson c/o Corporate Secretary 730 Third Avenue New York, NY 10017-3206 YOB: 1954	Chairman of the Board and Trustee	Indefinite term. Trustee since 2005; Chairman for term ending December 31, 2018. Chairman since 2013.	James S. Reid, Jr. Professor of Law (since 2004), Senior Advisor to the President and Provost (2010–2012), Acting Dean (2009), Vice Dean for Budget (2003–2006) and on the faculty (since 1989) of Harvard Law School.	85	Director, D2D Fund.

Trustees and officers (unaudited)

continued

TIAA-CREF Funds ■ May 31, 2016

Trustees – concluded

Name, Address and Year of Birth ("YOB")	Position(s) Held with Fund	Term of Office and Length of Time Served	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Trustee	Other Directorship(s) Held by Trustee
Thomas J. Kenny c/o Corporate Secretary 730 Third Avenue New York, NY 10017-3206 YOB: 1963	Trustee	Indefinite term. Trustee since 2011.	Partner (2004–2010) and Managing Director (1999–2004), Goldman Sachs Asset Management.	85	Director, Aflac Insurance. Inc., Sansum Clinic and cielo24; Investment committee member, Cottage Health System; Member, University of California at Santa Barbara Arts and Lectures Advisory Council; Trustee and Chairman, Crane Country Day School.
Bridget A. Macaskill c/o Corporate Secretary 730 Third Avenue New York, NY 10017-3206 YOB: 1948	Trustee	Indefinite term. Trustee since 2003.	Chairman, First Eagle Holdings (since 2016), Chief Executive Officer (2010–2016), President (2009–2016) and Chief Operating Officer (2009–2010), First Eagle Investment Management, LLC; Principal, BAM Consulting LLC (2003–2009); Independent Consultant for Merrill Lynch (2003–2009).	85	Director, Arnhold and S. Bleichroeder Holdings; First Eagle Investment Management, LLC; Close Brothers Group plc; Jupiter Fund Management plc; American Legacy Foundation (Investment Committee); University of Edinburgh (Campaign Board); the North Shore Land Alliance; and Prep for Prep.
James M. Poterba c/o Corporate Secretary 730 Third Avenue New York, NY 10017-3206 YOB: 1958	Trustee	Indefinite term. Trustee since 2006.	President and Chief Executive Officer, National Bureau of Economic Research ("NBER") (since 2008); Affiliated Faculty Member of the Finance Group at the Alfred P. Sloan School of Management, Massachusetts Institute of Technology ("MIT") (since 2014); Mitsui Professor of Economics, MIT (since 1996); Head (2006–2008) and Associate Head (1994–2000 and 2001–2006), Economics Department of MIT; and Program Director, NBER (1990–2008).	85	Director, The Alfred P. Sloan Foundation and National Bureau of Economic Research; Member, Congressional Budget Office Panel of Economic Advisers.

Maceo K. Sloan c/o Corporate Secretary 730 Third Avenue New York, NY 10017-3206 YOB: 1949	Trustee	Indefinite term. Trustee since 1999.	Chairman, President and Chief Executive Officer, Sloan Financial Group, Inc. (since 1991); Chairman and Chief Executive Officer (since 1991) and Chief Investment Officer (1991–2013) and Chief Compliance Officer (since 2015), NCM Capital Management Group, Inc.; Chairman and Chief Executive Officer (since 2003) and Chief Investment Officer (2003–2013) and Chief Compliance Officer (since 2015), NCM Capital Advisers Inc.; and Chairman, President and Principal Executive Officer, NCM Capital Investment Trust (2007–2012).	85	Director, SCANA Corporation (energy holding company).
Laura T. Starks c/o Corporate Secretary 730 Third Avenue New York, NY 10017-3206 YOB: 1950	Trustee	Indefinite term. Trustee since 2006.	Associate Dean for Research (since 2011), McCombs School of Business, University of Texas at Austin ("McCombs"), and Director, AIM Investment Center at McCombs (since 2000). Charles E. and Sarah M. Seay Regents Chair in Finance (since 2002) and Professor, University of Texas at Austin (since 1987). Chairman, Department of Finance, University of Texas at Austin (2002–2011).	85	Member of the Board of Governors of the Investment Company Institute, the Governing Council of Independent Directors Council (an association for mutual fund directors); and Investment Advisory Committee, Employees Retirement System of Texas.

Trustees and officers (unaudited)

continued

TIAA-CREF Funds ▪ May 31, 2016

Officers

Name, Address and Year of Birth ("YOB")	Position(s) Held with Fund	Term of Office and Length of Time Served	Principal Occupation(s) During Past 5 Years
Richard S. Biegen TIAA-CREF 730 Third Avenue New York, NY 10017-3206 YOB: 1962	Chief Compliance Officer	One-year term. Chief Compliance Officer since 2008.	Managing Director, Senior Compliance officer of Teachers Insurance and Annuity Association of America ("TIAA"). Chief Compliance Officer of the College Retirement Equities Fund ("CREF"), TIAA Separate Account VA-1, TIAA-CREF Funds, and TIAA-CREF Life Funds (collectively, the "TIAA-CREF Fund Complex").
Phillip G. Goff TIAA-CREF 730 Third Avenue New York, NY 10017-3206 YOB: 1963	Principal Financial Officer, Principal Accounting Officer and Treasurer	One-year term. Principal Financial Officer, Principal Accounting Officer and Treasurer since 2007.	Senior Vice President, Corporate Controller of TIAA. Treasurer of CREF; Chief Financial Officer, Principal Accounting Officer and Treasurer of TIAA Separate Account VA-1; Principal Financial Officer, Principal Accounting Officer and Treasurer of the TIAA-CREF Funds and TIAA-CREF Life Funds.
Stephen Gruppo TIAA-CREF 730 Third Avenue New York, NY 10017-3206 YOB: 1959	Executive Vice President	One-year term. Executive Vice President since 2009.	Executive Vice President, Chief Risk Officer of TIAA. Executive Vice President of the TIAA-CREF Fund Complex.
Robert G. Leary TIAA-CREF 730 Third Avenue New York, NY 10017-3206 YOB: 1961	President and Principal Executive Officer	One-year term. President and Principal Executive Officer since 2013.	Executive Vice President, Chief Executive Officer, TIAA Global Asset Management of TIAA. Principal Executive Officer and Executive Vice President of CREF and VA-1. Principal Executive Officer and President of TIAA-CREF Funds and TIAA-CREF Life Funds. Prior to joining TIAA, Mr. Leary served as a Representative, Securities Research, Inc., President and Chief Operating Officer, U.S., ING Americas, Chief Executive Officer, ING Insurance US, and Chairman and Chief Executive Officer, ING Investment Management, Americas.

J. Keith Morgan TIAA-CREF 730 Third Avenue New York, NY 10017-3206 YOB: 1951	Executive Vice President	One-year term. Executive Vice President since 2015.	Executive Vice President and Chief Legal Officer of TIAA and Executive Vice President of the TIAA-CREF Fund Complex. Prior to joining TIAA, Mr. Morgan served as Founder and Chief Executive Officer of Morris Lane Capital LLC (consultant), and as Senior Vice President and General Counsel of General Electric Capital Corporation.
Ronald R. Pressman TIAA-CREF 730 Third Avenue New York, NY 10017-3206 YOB: 1958	Executive Vice President	One-year term. Executive Vice President since 2012.	Executive Vice President, Chief Executive Officer, Institutional Financial Services of TIAA, and Executive Vice President of the TIAA-CREF Fund Complex. Prior to joining TIAA, Mr. Pressman served as President and Chief Executive Officer of General Electric Capital Real Estate.
Phillip T. Rollock TIAA-CREF 730 Third Avenue New York, NY 10017-3206 YOB: 1962	Senior Managing Director and Corporate Secretary	One-year term. Senior Managing Director since 2013 and Corporate Secretary since 2012.	Senior Managing Director, Corporate Secretary of TIAA and the TIAA-CREF Fund Complex.
Otha T. Spriggs III TIAA-CREF 730 Third Avenue New York, NY 10017-3206 YOB: 1951	Executive Vice President	One-year term. Executive Vice President since 2012.	Executive Vice President and Chief Human Resources Officer of TIAA and Executive Vice President of the TIAA-CREF Fund Complex. Prior to joining TIAA, Mr. Spriggs served as Senior Vice President of Human Resources, Boston Scientific; President of Integrated People Solutions; Senior Vice President, Human Resources and various human resources leadership roles, CIGNA Corp.
Edward D. Van Dolsen TIAA-CREF 730 Third Avenue New York, NY 10017-3206 YOB: 1958	Executive Vice President	One-year term. Executive Vice President since 2006.	Executive Vice President, Chief Executive Officer, Retail Financial Services of TIAA, and Executive Vice President of the TIAA-CREF Fund Complex.

Trustees and officers (unaudited)

TIAA-CREF Funds ▪ May 31, 2016

Officers – concluded

Name, Address and Year of Birth ("YOB")	Position(s) Held with Fund	Term of Office and Length of Time Served	Principal Occupation(s) During Past 5 Years
Constance K. Weaver TIAA-CREF 730 Third Avenue New York, NY 10017-3206 YOB: 1952	Executive Vice President	One-year term. Executive Vice President since 2010.	Executive Vice President, Chief Marketing Officer of TIAA and Executive Vice President of the TIAA-CREF Fund Complex.

Please note that the Funds' Statement of Additional Information (SAI) includes additional information about the Funds' trustees and is available, without charge, through our website, TIAA.org, or by calling 800-223-1200.

Renewal of investment management agreement (unaudited)

Board renewal of the investment management agreement for the TIAA-CREF Managed Allocation Fund

Among its other duties, the Board of Trustees (the “Board” or the “Trustees”) of the TIAA-CREF Funds (the “Trust”) is responsible for determining whether to initially approve and subsequently annually renew the investment management agreement (the “Agreement”) between Teachers Advisors, Inc. (“TAI”) and the Trust on behalf of each of its series. Under the Agreement, TAI is responsible for providing investment advisory services and overseeing the everyday operations and other service providers of the Trust. Below is a summary of the process the Board undertook related to the renewal of the Agreement with respect to the TIAA-CREF Managed Allocation Fund (the “Fund”).

Section 15(c) of the Investment Company Act of 1940, as amended (the “1940 Act”), requires that, after an initial period of up to two years, the Agreement for the Fund will remain in effect only if the Board, including a majority of those Trustees who have no direct or indirect interest in the Agreement, and who are not “interested persons” of the Trust, as that term is defined in the 1940 Act, annually renews that Agreement. All of the Trustees are independent persons under the 1940 Act.

Overview of the renewal process

The Board held meetings on March 10, 2016 and March 24, 2016, at which it considered the annual renewal of the Agreement with respect to the Fund using the process established by the Board. As part of this process, the Board delegated certain tasks to its Operations Committee and other Committees of the Board. Among these tasks, the Operations Committee worked with TAI, other Board members and legal counsel to the Trustees to develop guidelines and specific requests relating to the types of information to be provided to the Board in connection with the proposed contract renewals. The Operations Committee also worked with TAI to schedule and report on various follow-up items throughout the prior year that were requested by the Committee and the Board during the 2015 renewal process. During a series of meetings held prior to the March 10 and March 24, 2016 Board meetings, the Operations Committee, along with other Committees, as applicable, reviewed such guidelines and follow-up requests in consultation with TAI representatives and input from other Trustees, legal counsel to the Trustees and legal counsel to TAI and the Trust, and then evaluated the information produced in accordance with those guidelines and requests.

Among other matters, the Operations Committee, following its consultations with others as noted above, confirmed or established various guidelines regarding the preparation of reports to be provided to the Board with respect to the Fund by the Board Reporting and Compliance unit of Broadridge Financial Solutions, Inc. (“Broadridge”), using data from Lipper, Inc., which is an independent provider of investment company data. Broadridge is widely recognized as a leading provider of comparative analyses used by independent directors and trustees of investment companies during their advisory contract review processes.

Based on guidelines provided by the Operations Committee on behalf of the Board, Broadridge produced, among other information, performance and expense comparison data regarding the Fund, including data relating to the Fund's total expense ratio, short-term and long-term investment performance, portfolio turnover rate and brokerage commission costs. Broadridge also compared this Fund data against a universe of investment companies and against a more selective peer group of mutual funds with similar investment objectives and strategies, each of which was selected by Broadridge independent of any input from TAI or the Board, and, in the case of the investment performance data, against one or more appropriate broad-based benchmark indices. In each case, Broadridge summarized and the Board reviewed the methodologies it employed to provide the data contained in its reports. In addition, Broadridge represented to the Board that its reports were designed specifically to provide the Board with the fee, expense and performance information that is necessary to help the Board satisfy its duties under Section 15(c) of the 1940 Act. Broadridge also represented that the purpose of its materials is to provide an unbiased view of the Fund's relative position regarding the level of fees, expenses and total return performance against a competitive peer group and universe identified by Broadridge (and not TAI or the Board).

Among other matters, the Board also requested and reviewed various information provided by TAI to facilitate the Trustees' evaluation of the reasonableness of any profits earned by TAI with respect to its services to the Fund pursuant to the Agreement. In this connection, the Board recognized that different Trustees could, and likely would, give different weight to different factors when evaluating the profits, if any, realized or anticipated to be realized by TAI, which is also true of their assessment of other aspects of the proposed renewal of the Agreement. The Trustees met in private sessions at which no TAI representatives were present to discuss the proposed renewal of the Agreement for the Fund. Further, at each regularly scheduled meeting of the Board, the Board receives and reviews, among other matters, information regarding the Fund's performance, and the Board considered that the evaluation of TAI's services to the Fund is an ongoing one.

In advance of the Board meetings held on March 10 and March 24, 2016, legal counsel for the Trustees requested on behalf of the Board, and TAI provided, information that was designed to assist the Board in its consideration of whether to renew the Agreement for the Fund. In addition to the data provided by Broadridge as described above, this information included, but was not limited to, the following: (1) further information relating to the Fund's investment performance, including performance ratings provided by Morningstar, Inc. ("Morningstar"), which is a widely recognized mutual fund ranking service; (2) a description of any fee waiver or expense reimbursement arrangements that were proposed or were in place during the prior year and the extent to which such arrangements would be continued or modified in the coming year; (3) any "fall-out" benefits that accrued or were

continued

identified as reasonably likely to accrue to TAI or its affiliates due to their relationship with the Fund aside from TAI's direct fee payments pursuant to the Agreement; (4) information regarding TAI's financial resources, senior professional personnel, overall staffing levels, portfolio manager compensation arrangements, insurance coverage, portfolio trading and best execution practices, and any actual and potential conflicts of interest identified by TAI in connection with rendering services to the Fund; (5) information as to any profits earned by TAI in connection with its services pursuant to the Agreement; (6) a copy of the Agreement and certain related agreements between the Fund and affiliates of TAI; (7) a copy of TAI's Form ADV as filed with the Securities and Exchange Commission (which was presented only to legal counsel for the Trustees); and (8) proposed narrative explanations of reasons why the Board should renew the Agreement. The Trustees were also given the opportunity to ask questions and request additional information.

In considering whether to renew the Agreement with respect to the Fund, the Board reviewed various factors with respect to the Fund, including: (1) the nature, extent and quality of services provided or to be provided by TAI to the Fund; (2) the Fund's investment performance; (3) the costs of the services provided to the Fund and the profits realized or potential profits to be realized (if any) by TAI and its affiliates from their relationship with the Fund; (4) fees charged to comparable mutual funds by other advisers; (5) the extent to which economies of scale have been realized or are anticipated to be realized as the Fund grows; (6) whether the Fund's expense structure reflects any such economies of scale for the benefit of Fund investors; (7) comparisons of services and fee rates with any contracts entered into by TAI with other clients to whom TAI provides comparable services; and (8) any other benefits derived or anticipated to be derived by TAI or its affiliates from their relationship with the Fund. As a general matter, the Board viewed these factors in their totality, with no single factor being the principal factor in determining whether to renew the Agreement.

In reaching its decisions regarding the renewal of the Agreement for the Fund, the Board took into account the information described above, other information provided to the Board in connection with this process, and relevant information provided to the Board and to its Committees on an ongoing basis throughout the year in connection with the Board's general oversight duties with respect to the Fund. In addition, the Board received and considered information from its legal counsel as to certain relevant guidelines that relate to the renewal process under Section 15(c) of the 1940 Act and certain other legal authorities.

The Board received and considered both Trust-level and Fund-specific information. In deciding whether to renew the Agreement for the Fund, each Trustee may have accorded different weight to different factors and, thus, each Trustee may have had a different basis for his or her ultimate decision to vote to renew the Agreement for the Fund. At its meeting on March 24, 2016, the Board voted unanimously to renew the Agreement for the Fund. Set forth below is a summary of the primary factors the Board considered with respect to the Fund.

Renewal of investment management agreement (unaudited)

Nature, extent and quality of services

The Board considered the level and depth of knowledge of TAI, including the professional experience and qualifications of its personnel. The Board also considered that TAI is an experienced investment adviser that has managed the Fund since its operations commenced. Investment professionals at TAI also manage various accounts of the College Retirement Equities Fund (“CREF”), the TIAA-CREF Life Funds (the “Life Funds”), TIAA Separate Account VA-1 and other series of the Trust. Under the Agreement, TAI is responsible for, among other duties: managing the assets of the Fund (which is a fund of funds that invests its assets in the securities of other investment companies managed by TAI and potentially in other affiliated and unaffiliated investment companies or pools, referred to as “underlying funds”), including selecting underlying funds and allocating the Fund’s assets among the underlying funds; conducting research; active daily monitoring of the investment portfolio by various personnel with specific responsibility for the particular types of investments in question; reporting on the investment performance of the Fund to the Board on a regular basis; coordinating the activities of the Fund’s service providers; and carrying out, or overseeing the provision of, various administrative services to the Fund. The Board considered that TAI has carried out these responsibilities in a competent and professional manner. The Board also considered that TAI has committed significant resources to supporting the series of the Trust, including the Fund. It also considered TAI’s compliance program and resources and its compliance record with respect to the Fund.

The Board also considered, among other factors, the performance of the Fund, as discussed below. In addition, the Board considered the nature and quality of non-portfolio management services provided by TAI and its affiliates. In this regard, the Board considered its ongoing review of the performance of certain affiliated and unaffiliated service providers, including the quality of services provided by those firms and TAI’s oversight of those service providers and the outsourcing of certain services to other firms.

Investment performance

The Board considered the investment performance of the Fund, over the periods indicated in the synopsis below. The Board considered the Fund’s performance as compared to its peer group and peer universe and its benchmark index. The Board also reviewed the performance of the Fund before any reductions for fees or expenses. This analysis considered the impact of net asset value rounding and excluded the effects of fair valuation, foreign exchange rates, effective tax rates, securities lending and class action litigation on the Fund’s performance as compared to the performance of its benchmark index. For details regarding the Fund’s performance, see the synopsis below. The Board concluded that, under the totality of circumstances considered, the investment performance of the Fund was reasonable.

Cost and profitability

The Board considered financial and profitability data relating to TAI for the calendar year 2015. The Board considered TAI's profit calculations with respect to its services to the Fund both before and after taking into account the costs incurred directly or indirectly by TAI in connection with the distribution of shares of the Fund. The Board also noted that TAI did not charge a management fee for its advisory services to the Fund. The Board also acknowledged certain permanent fee rate reductions, temporary fee waivers and reimbursements of expenses above specified amounts undertaken by TAI with respect to the underlying funds in which the Fund invests that, in turn, reduce the Fund's expenses. The Board considered that TAI had incurred a net loss with respect to the Fund under the Agreement for the one-year period ended December 31, 2015, and that TAI expected this trend to continue. The Board also considered that TAI may have indirect earnings or losses with respect to the Fund based on the Fund's investment in underlying funds also managed by TAI.

During its review of TAI's profits, the Board noted its ongoing efforts to examine the level of personnel and other resources available to TAI for its portfolio management and other functions, including the impact of operations related to Nuveen Investments on such resources, so as to assess whether sufficient resources are being devoted to these functions.

Fees charged by other advisers

The Board considered information regarding fees paid to other advisers for managing similar funds, as analyzed by Broadridge. The Board acknowledged that TAI did not charge a management fee to this Fund.

Economies of scale

The Board considered whether TAI has experienced or is anticipated to experience economies of scale in connection with the operation of the Fund. The Board also considered that because TAI operated the Fund at a loss and did not charge the Fund an advisory fee, there was little opportunity to pass economies of scale on to Fund shareholders. Based on all factors considered, the Board concluded that the Fund's fee schedule was reasonable in light of current economies of scale considerations and current assets.

Fee comparison with other TAI clients

The Board considered that TAI provides similar investment management services to other investment companies. The Board noted that TAI provides funds of funds management services to the TIAA-CREF Lifestyle Funds and the TIAA-CREF Life Balanced Fund, with annual management fee rates of 0.10% of average daily net assets and the TIAA-CREF Lifecycle Funds and TIAA-CREF Lifecycle Index Funds, which also have an annual management fee rate of 0.10%, which is either entirely or partially waived. TAI also manages other asset allocation products, such as education savings plans (529 plans).

Other benefits

The Board also considered additional benefits to TAI and its affiliates arising from the Agreement. For example, TAI and its affiliates may benefit from the advisory relationship with the Fund to the extent that this relationship results in potential investors viewing TIAA, of which TAI is an indirect, wholly-owned subsidiary, as a leading retirement plan provider in the academic and nonprofit markets and as a single source for all their financial service needs. Both TAI and certain funds managed by TAI or its affiliates may benefit from economies of scale to the extent they share resources and/or personnel. TAI and the Fund may also benefit from TAI's ability to acquire investment research related to its commission (*i.e.*, soft dollar) arrangements. Additionally, the Fund may be utilized as investment options for other products and businesses of TAI and its affiliates, such as variable products and 529 education savings plans.

Synopsis

The Board considered the following specific factors (among others) in connection with its determination to renew the Agreement with respect to the Fund. If the Fund is described in the following discussions as being in the "1st" quintile, it is in the best of five groups (that is, the group has the best performance or the lowest expenses, as the case may be). References below to quintiles are based on data provided to the Board in the reports prepared by Broadridge. The specific expense and performance factors outlined below are based on the Institutional Class shares of the Fund. Because the Institutional Class generally has lower non-management expenses than the other classes of the Fund, the expenses and performance of these other classes will differ from the expenses and performance shown for the Institutional Class. All time periods referenced below are ended December 31, 2015. Under the Morningstar rating system, 5 stars is the highest (best) rating category and 1 star is the lowest (worst) rating category. Statements below regarding "net loss" refer to TAI incurring a loss for the services that it rendered to the Fund during 2015 under the Agreement.

- The Fund's annual contractual management fee rate is 0.00% of average daily net assets.
- The Fund's total expenses were in the 1st quintile of the group of comparable funds selected by Broadridge for expense comparison purposes ("Expense Group") and in the 1st quintile of the universe of comparable funds selected by Broadridge for expense comparison purposes ("Expense Universe"). The Fund did not have an Expense Group or Expense Universe with respect to its actual management fee rate and contractual management fee rate because no such fees are charged.

- The Fund was in the 1st quintile of the group of comparable funds selected by Broadridge for performance comparison purposes for the one-, three- and five-year periods. The Fund was in the 1st, 2nd and 1st quintiles of the universe of comparable funds selected by Broadridge for performance comparison purposes for the one-, three- and five-year periods, respectively.
- The Fund received an Overall Morningstar Rating of 4 stars.
- TAI incurred a net loss with respect to its services to the Fund for the one-year period without taking into account any profits TAI might have earned with respect to the underlying funds that are also managed by TAI in which this Fund invests.

Based primarily on the foregoing factors and considerations, the Board renewed the Agreement for the Fund.

Important tax information (unaudited)

For the year ended May 31, 2016, the Fund designates $26,456,962 (or the maximum amount allowable) as being from net long-term capital gains.

For the year ended May 31, 2016, the Fund designates 33.59% (or the maximum amount allowable) of ordinary income dividends paid as qualified dividends.

For the year ended May 31, 2016, the Fund designates 20.71% (or the maximum amount allowable) of ordinary income dividends paid as qualifying for the corporate dividends received deduction.

During the year ended May 31, 2016, the Managed Allocation Fund received income of $1,706,108 ($0.02723 per share) from underlying funds that was from foreign sources, and has elected to pass through foreign taxes paid by underlying funds of $178,527 ($0.00285 per share).

The information and distributions reported herein may differ from the information and distributions reported to shareholders for the calendar year ending December 31, 2016, which will be reported in conjunction with your 2016 Form 1099-DIV.

By early 2017, shareholders should receive their Form 1099-DIV and a tax information letter from the Fund. For your specific situation, we recommend that you consult a professional tax adviser.

Additional information about index providers (unaudited)

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For the hearing- or speech-impaired

800-842-2755
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