

Quarterly Investment Report

2nd Quarter, 2019

BUILT TO PERFORM.

CREATED TO SERVE.

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Before investing in the California Achieving a Better Life Experience (CalABLE) Program, you should consider the investment objectives, risks, charges, and expenses. The information contained in this report is subject to further change and amendments over time. Some changes may occur due to the result of adjustments. For a prospectus containing this and other information, as well as a Participant Agreement and Disclosure Statement, please call (916) 653-1728 or view it online at <https://calable.ca.gov/>. Please read these documents carefully before investing.

TIAA-CREF Tuition Financing, Inc., Program Manager. TIAA-CREF Individual & Institutional Services, LLC, member FINRA and SIPC, distributor and underwriter for the CalABLE plan.



Market Overview: Q2 2019

Key Themes

- Overall, Q2 was in some ways a continuation of the first quarter of the year, with many risk markets achieving positive results. Volatility returned in May, as fear of a global slowdown and geopolitics once again contributed to uncertainty, though June was particularly positive.

Equities

- Ten of eleven U.S. equity sectors had positive returns. Financials had the highest returns while Energy was the laggard. International developed and emerging markets also had positive returns, though to a lesser extent.

Fixed Income

- At the June FOMC meeting, the Federal Reserve Board again kept its benchmark fed funds rate unchanged at a target range of 2.25%-2.50%. Expectations of a rate cut have begun to get priced into the market and some officials are calling for a decrease as early as July. Falling yields benefited fixed income assets.

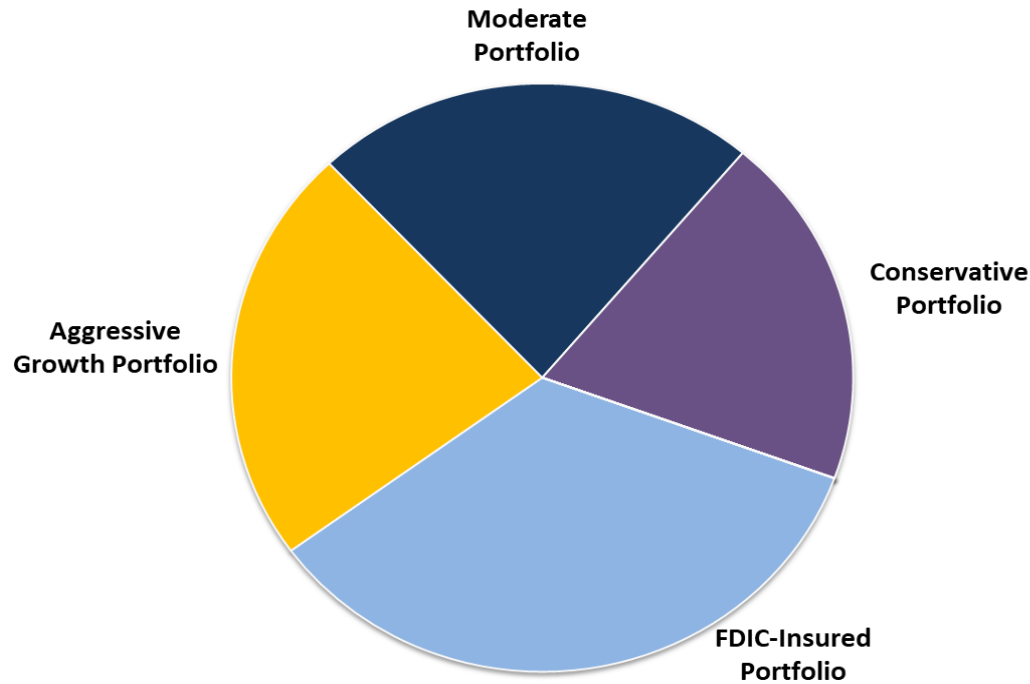
Asset Class	3 Month	1 Year	3 Year	5 Year
U.S. Equities	4.10	8.98	14.02	10.19
U.S. Growth Stocks	4.64	11.56	18.07	13.39
U.S. Value Stocks	3.84	8.46	10.19	7.46
U.S. Mid-Cap Stocks	4.13	7.83	12.16	8.63
U.S. Small-Cap Stocks	2.10	-3.31	12.30	7.06
Int'l Developed Stocks	3.68	1.08	9.11	2.25
Emerging Markets Stocks	0.61	1.21	10.66	2.49
Real Estate Stocks	1.79	13.01	5.92	8.88
U.S. Investment Grade Bonds	3.08	7.87	2.31	2.95
Long-dated Bonds	6.59	13.82	3.76	5.68
Inflation-Linked Bonds	2.53	4.67	1.93	1.42
High Yield Bonds	2.81	8.61	7.14	4.81
Commodities	-1.19	-6.75	-2.18	-9.15
Cash	0.64	2.33	1.40	0.89
Annualized Tuition Inflation Ending as of 2018-2019 Academic Year* (%)				
Educational Institution	1 Year	3 Year	5 Year	
National Average Public 4-Year In-state	2.51	2.75	2.85	
National Average Private Nonprofit 4-Year	3.26	3.48	3.53	
Consumer Price Index, June 2019	1.65	2.05	1.45	

*Data are for the entire academic year and are average total charges for full-time attendance. Tuition and fees were enrollment weighted. SOURCES: CollegeBoard, Trends in College Pricing 2018 and U.S. Department of Labor: Bureau of Labor Statistics

Past performance is not indicative of future results. You can not invest directly in an index. U.S. Equities – Russell 3000 Index; U.S. Growth Stocks – Russell 1000 Growth Index; U.S. Value Stocks – Russell 1000 Value Index; U.S. Mid Cap Stocks – Russell Midcap Index; U.S. Small-Cap Stocks – Russell 2000 Index; International Developed Markets – MSCI EAFE Index; Emerging Markets – MSCI Emerging Markets Index; Real Estate Stocks – FTSE NAREIT All Equity REITS Index; U.S. Investment Grade Bonds – Bloomberg Barclays U.S. Aggregate Bond Index; Long-dated Bonds – Bloomberg Barclays U.S. Government/Credit Long Index; Inflation-Linked Bonds – Bloomberg Barclays TIPS 1-10 Years Index; High Yield Bonds – BofA Merrill Lynch BB/B Cash Pay Index; Commodities - Bloomberg Commodity Index; Cash - Bloomberg Barclays U.S. 3 month Treasury Bellweathers Index C34631

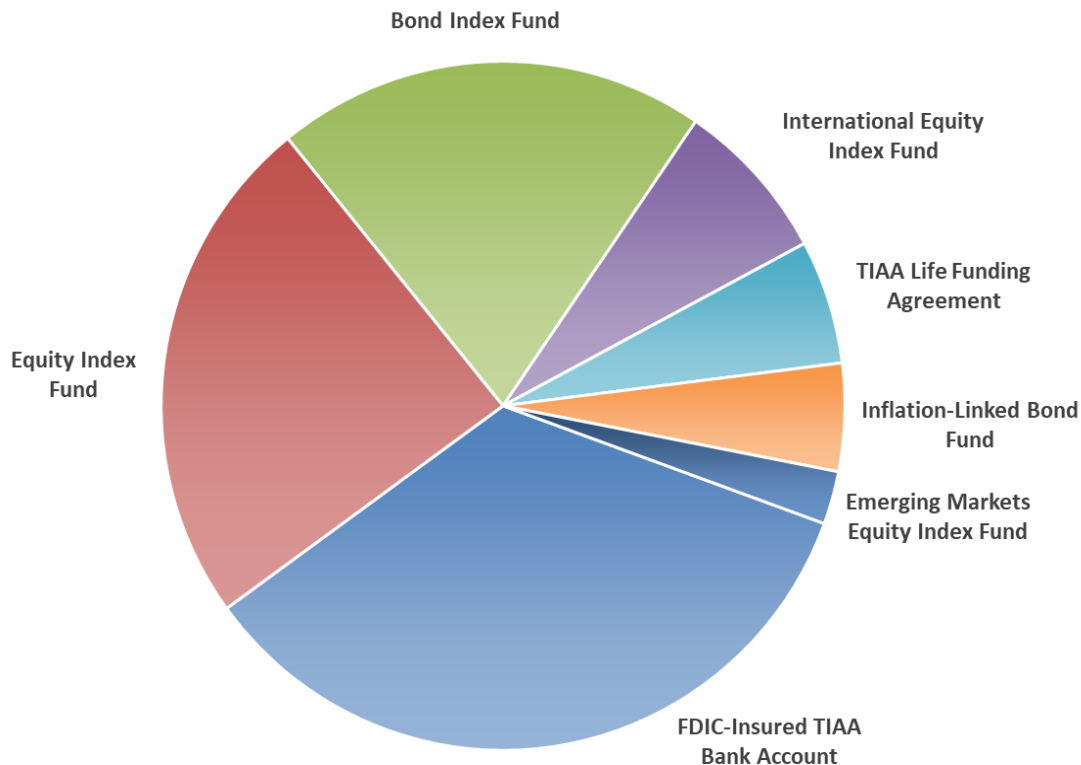
Assets by Portfolio as of Q2 2019

Total Assets: \$5.7M



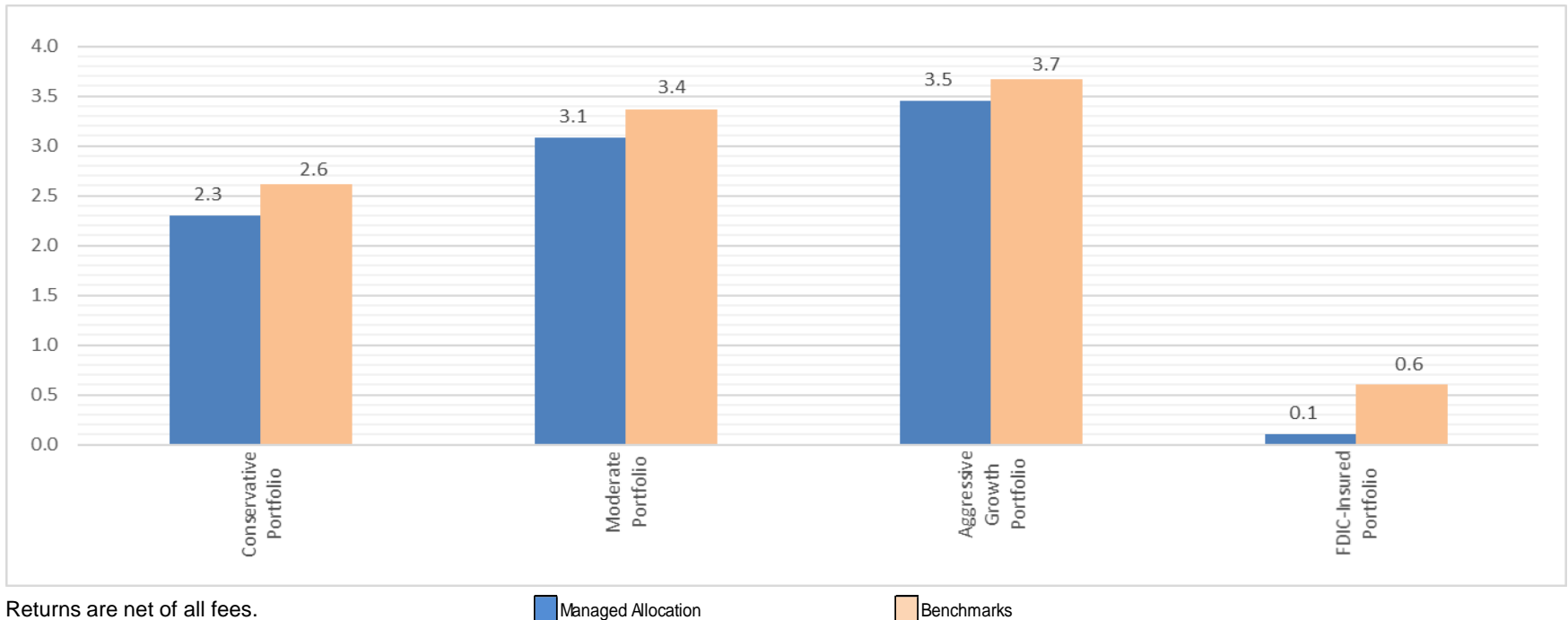
Portfolio	Assets (in thousands)			Quarter-End % of Assets
	April	May	June	
FDIC-Insured Portfolio	\$1,325	\$1,619	\$1,946	34%
Aggressive Growth Portfolio	\$1,022	\$1,108	\$1,299	23%
Moderate Portfolio	\$1,057	\$1,137	\$1,309	23%
Conservative Portfolio	\$803	\$948	\$1,096	19%
Total Assets	\$4,206	\$4,813	\$5,650	100%

Assets by Underlying Fund as of Q2 2019



	% of Assets	(\$K)		% of Assets	(\$K)
FDIC-Insured TIAA Bank Account	34%	\$1,946	International Equity Index Fund	8%	\$432
Equity Index Fund	24%	\$1,366	TIAA Life Funding Agreement	6%	\$329
Bond Index Fund	20%	\$1,151	Inflation-Linked Bond Fund	5%	\$286
			Emerging Markets Equity Index Fund	2%	\$140

Investment Portfolios vs Composite Benchmarks Q2 2019 (%)



- Total nonfarm payroll employment increased by 224,000 in June. Notable job gains occurred in professional and business services, health care, and transportation and warehousing. The unemployment rate was little changed at 3.7%.
- Average hourly earnings of all employees on private nonfarm payrolls showed a strong 3.14% year-over-year increase.
- The Conference Board's index of leading economic indicators (LEI) remained unchanged in May, following an improvement in April.
- All investment portfolios had positive absolute returns in Q1 and most portfolios slightly underperformed their blended benchmarks after fees.
- Contributing to absolute returns was the TIAA-CREF Equity Index Fund, which generated 4.05% in Q2. Also contributing to absolute performance was the TIAA-CREF International Equity Index Fund, which added 3.65% in the quarter.
- As the program is primarily composed of index funds, tracking error for the underlying funds was small, and underperformance was due to fees.

Investment Portfolios vs Composite Benchmarks

	Average Annual Total Return								
	April	May	June	3 Month	YTD	1 Year	3 Year	Since Inception	Inception Date
Managed Allocation Option									
Conservative Portfolio	0.77%	-0.48%	2.01%	2.30%	6.49%	-	-	6.60%	12/17/18
Blended Benchmark Returns	0.83%	-0.28%	2.06%	2.61%	6.98%	-	-	7.11%	
Difference	-0.06%	-0.20%	-0.05%	-0.31%	-0.49%	-	-	-0.51%	
Moderate Portfolio	1.87%	-2.56%	3.85%	3.08%	10.72%	-	-	10.50%	12/17/18
Blended Benchmark Returns	1.85%	-2.33%	3.91%	3.37%	11.31%	-	-	10.88%	
Difference	0.02%	-0.23%	-0.06%	-0.29%	-0.59%	-	-	-0.38%	
Aggressive Growth Portfolio	2.91%	-4.77%	5.57%	3.45%	14.60%	-	-	13.80%	12/17/18
Blended Benchmark Returns	2.89%	-4.60%	5.62%	3.67%	14.87%	-	-	13.75%	
Difference	0.02%	-0.17%	-0.05%	-0.22%	-0.27%	-	-	0.05%	
FDIC-Insured Portfolio	0.00%	0.10%	0.00%	0.10%	0.20%	-	-	0.20%	12/17/18
FTSE 3-Month T-Bill	0.20%	0.21%	0.20%	0.61%	1.21%	-	-	1.30%	
Difference	-0.20%	-0.11%	-0.20%	-0.51%	-1.01%	-	-	-1.10%	

Returns are net of all fees.

The crediting rate of 1.75% for the Funding Agreement in the Conservative Portfolio and Moderate Portfolio is guaranteed through 11/30/19.

Asset Allocation, Fees, and Performance

Portfolio	Q2 Option Return	Q2 Benchmk Return	Over/Under Benchmk	Annual Asset Based Fees (bp)*	TIAA-CREF Equity Index Fund	TIAA-CREF International Equity Index Fund	TIAA-CREF Emerging Markets Equity Index Fund	TIAA-CREF Bond Index Fund	TIAA-CREF Inflation-Linked Bond Fund	T-C Life Funding Agreement	FDIC-Insured TIAA Bank Account
Underlying Fund Expenses (bp)					5	6	21	12	26	0	0
Conservative Portfolio	2.30%	2.61%	-0.31%	53	14.00%	4.50%	1.50%	44.00%	11.00%	25.00%	
Moderate Portfolio	3.08%	3.37%	-0.29%	54	35.00%	11.25%	3.75%	36.00%	9.00%	5.00%	
Aggressive Growth Portfolio	3.45%	3.67%	-0.22%	52	56.00%	18.00%	6.00%	16.00%	4.00%	0.00%	
FDIC-Insured Portfolio**	0.10%	0.61%	-0.51%	44							100.00%
Fund's Return vs Benchmk (bp)					(5)	(3)	(7)	(15)	(19)	(20)	(0)

* Asset Based Fees include estimated Underlying Investment Expenses and State Administrative Fees.

**Currently, the 0.44% State Administrative Fee for the FDIC-Insured Portfolio is being waived by the Board. The Board reserves the right to charge a State Administrative Fee to the FDIC-Insured Portfolio in the future to the extent that the imposition of such Fee would not result in a loss of principal for Account Owners.

Underlying Funds vs. Benchmarks

Underlying Funds vs. Benchmarks For the Period Ending 06/30/2019

	Average Annual Total Return							Incept. Date
	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	Life	
TIAA-CREF FUNDS								
T-C Bond Index Fund	2.93%	5.93%	7.70%	2.12%	2.82%	-	3.46%	09/14/2009
Bloomberg Barclays U.S. Aggregate Bond Index	3.08%	6.11%	7.87%	2.32%	2.95%	-	3.66%	
Difference	-0.15%	-0.18%	-0.17%	-0.20%	-0.13%	-	-0.20%	
T-C Emerging Markets Equity Index Fund*	0.54%	10.69%	1.31%	10.38%	2.48%	-	3.08%	08/31/2010
MSCI Emerging Markets Index	0.61%	10.58%	1.21%	10.67%	2.49%	-	3.41%	
Difference	-0.07%	0.11%	0.10%	-0.29%	-0.01%	-	-0.33%	
T-C Equity Index Fund	4.05%	18.63%	8.94%	14.00%	10.17%	14.62%	6.20%	07/01/1999
Russell 3000 Index	4.10%	18.71%	8.98%	14.03%	10.19%	14.67%	6.27%	
Difference	-0.05%	-0.08%	-0.04%	-0.03%	-0.02%	-0.05%	-0.07%	
T-C Inflation-Linked Bond Fund	2.34%	5.04%	4.40%	1.68%	1.20%	3.22%	3.95%	10/01/2002
Bloomberg Barclays 1-10 Year U.S. TIPS Index	2.53%	5.17%	4.67%	1.94%	1.42%	2.93%	3.74%	
Difference	-0.19%	-0.13%	-0.27%	-0.26%	-0.22%	0.29%	0.21%	
T-C International Equity Index Fund*	3.65%	14.06%	1.46%	9.06%	2.40%	7.03%	7.57%	10/01/2002
MSCI EAFE Index	3.68%	14.03%	1.08%	9.11%	2.25%	6.90%	7.52%	
Difference	-0.03%	0.03%	0.38%	-0.05%	0.15%	0.13%	0.05%	

* For funds holding securities traded on foreign exchange that close before the U.S. market, fair value pricing creates tracking error relative to a benchmark index that uses foreign closing prices.



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