

### Fund Objective and Investment Approach

The CREF Global Equities Account seeks favorable long-term investment results through capital appreciation and income from a broadly diversified portfolio generally of foreign and domestic common stocks. Overall, the Account invests at least 80% of its assets in foreign and domestic equity securities, of which at least 40% is invested in foreign securities and at least 25% in domestic securities. The remainder of the portfolio is distributed between foreign and domestic securities. The Account uses fundamental valuation methods as well as quantitative methods to seek out attractively priced companies in order to provide the opportunity to achieve above benchmark performance while remaining within targeted levels of risk in relation to the benchmark.

### Performance Commentary

For the twelve-month period ended December 31, 2010, the CREF Global Equities Account returned 12.24%, outperforming by 48 basis points the MSCI World Index benchmark return of 11.76%. The Account trailed by 2 and 64 basis points for the three- and ten-year periods, respectively, and outperformed by 1 basis point for the five-year period.

<b>Fund Characteristics</b>	<b>CREF Global Equities Account</b>
Total Fund Assets	\$14.8 billion
Composition	US Stocks 45.1% Non-U.S. Stocks 48.3 Cash 6.6
Market Risk (Beta)	1.04 (3-year)
Number of Holdings	2,093
Turnover	35%
Fees	0.46% Annually
Portfolio Manager (tenure)	Tom Franks (4 years)

There is no universe comparison graph for the CREF Global Equities account because there is not a broad universe of competing funds.

**Historical Returns**

	CREF Global Equities	MSCI World Index	Return
	Return	Return	Difference
2001	-19.5	-16.8	-2.7
2002	-21.7	-19.9	-1.8
2003	33.6	33.1	0.5
2004	13.5	14.7	-1.2
2005	9.6	9.5	0.1
2006	19.1	20.1	-1.0
2007	10.1	9.0	1.0
2008	-42.3	-40.7	-1.6
2009	32.9	30.0	2.9
2010	12.2	11.8	0.5
Trailing 3-Year	-4.9%	-4.9%	0.0
Trailing 5-Year	2.4	2.4	0.0
Trailing 10-Year	1.7	2.3	-0.6

**Assessment**

The CREF Global Equities Account is an active strategy offering global, developed markets exposure. The diversified portfolio is comprised of approximately 50% domestic and 50% international equity securities, providing investors with diversified geographic exposure. Performance of the Account is impacted by fees as well as risks specific to foreign markets. We recommend retention of this option.