

### Fund Objective and Investment Approach

The CREF Money Market Account seeks high current income consistent with maintaining liquidity and preserving capital. The active strategy invests primarily in high credit quality money market instruments classified as “first-tier securities,” indicating a ranking in the highest category by at least two nationally recognized statistical rating organizations. The average weighted maturity of the securities in the account is 90 days or less. The longest maturity is 397 days, except in the case of certain U.S. government securities. The Account is authorized to invest a maximum of 30% of its assets in money market and debt securities of foreign issuers denominated in U.S. dollars.

### Performance Commentary

For the twelve-month period ended December 31, 2010, the CREF Money Market Account returned 0.00%, lagging the iMoneyNet Fund’s 0.38% return by 38 basis points. The Account trailed by 5 basis points for the three-year period and outperformed by 5 and 14 basis points for the five- and ten-year periods, respectively. Recent markets have tightened liquidity requirements and shortened permissible weighted average maturities. These moves, coupled with a persistent low-yield environment, have necessitated fee waivers to prevent net yields from falling below zero. Supply continues to be a significant factor; commercial paper issuance remains down a trillion dollars from its 2007 highs. The threat for ratings downgrades on both U.S. and Euro banks may further reduce the investable universe going forward.

<b>Fund Characteristics</b>	<b>CREF Money Market Account</b>
Total Fund Assets	\$12.1 billion
30 Day Yield	0.00%
Average Maturity	49 days (weighted)
Fees	0.38% Annually
Portfolio Manager (tenure)	Michael Ferraro (13 years)

**Historical Returns**

	CREF Money Market	iMoneyNet Money Fund	Return
	Return	Return	Difference
2001	4.0	3.7	0.3
2002	1.5	1.3	0.2
2003	0.8	0.6	0.1
2004	1.0	0.8	0.2
2005	2.9	1.7	1.2
2006	4.7	3.8	0.9
2007	4.9	4.9	0.0
2008	2.4	2.0	0.4
2009	0.1	0.2	-0.1
2010	0.0	0.4	-0.4
Trailing 3- Year	0.8%	0.9%	0.0
Trailing 5- Year	2.4	2.4	0.1
Trailing 10- Year	2.2	2.1	0.1

**Assessment**

In eight of the ten prior calendar years, the CREF Money Market Account has matched or exceeded its benchmark return. Fee waivers in 2010 avoided negative returns. True to its objective, the Account maintained liquidity and preserved capital. The Account had no defaulted securities in 2010. We recommend retention of this option.