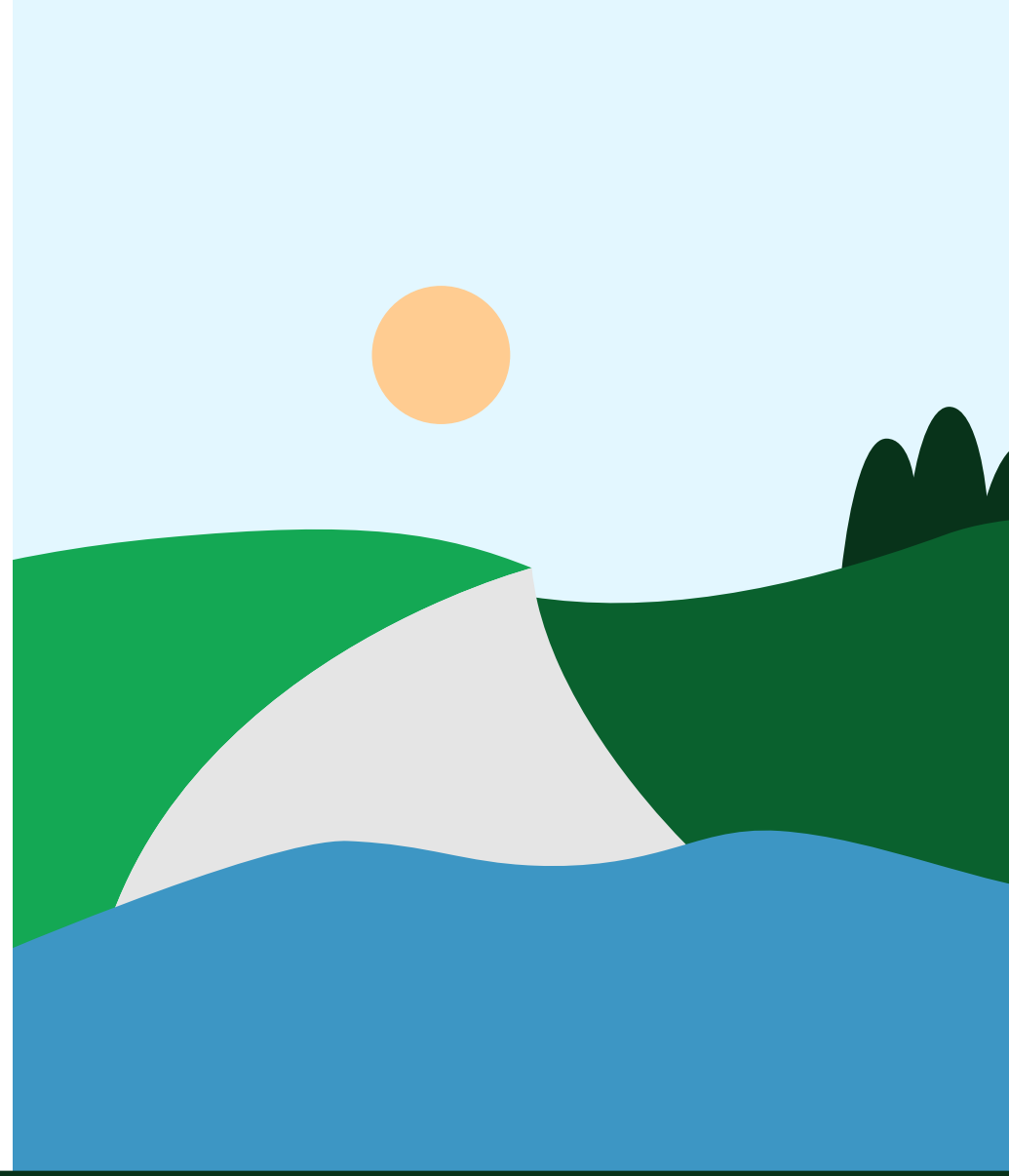


Kent Pension Fund  
**Q1 2024 Fund Performance**



# Market Commentary

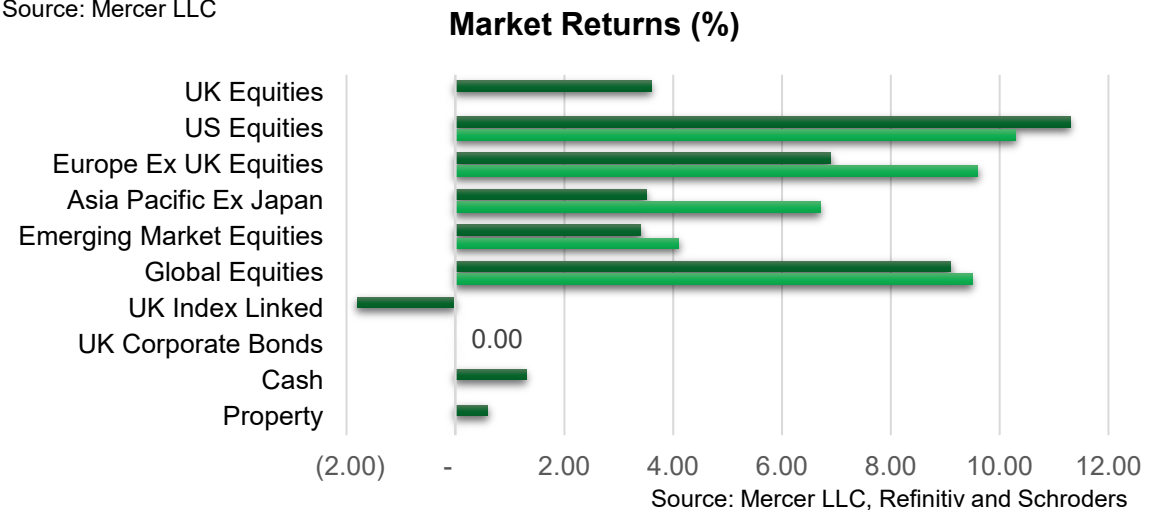
- The first quarter of 2024 was characterized by a repricing of interest rate expectations, especially for developed market (DM) central banks. The timing of potential rate cuts by the US Federal Reserve, ECB and BOE were pushed back to the second half of 2024 as growth and inflation data surprised to the upside. Despite rising bond yields, equity markets continued to rally driven by AI enthusiasm, strong corporate earnings and resilient earnings activity. Japanese equities outperformed its peers on the back of solid earnings growth and a weaker yen. Emerging Market equities were held back by weakness in China, although Chinese equities did rally in the second half of the quarter.
- Estimates of US GDP growth indicated the US economy accelerated in Q4 23. US GDP in Q4 23 grew at an annualized rate of 3.4%. Higher consumer spending, exports and business investment supported the economy. Headline US CPI fell over Q1 2024 decreasing to 3.2% in February from 3.4% at the end of December. Core US inflation has been declining in recent months. The Federal Reserve at its March meeting decided to maintain policy rates at 5.50%. The Fed retained the median projection for interest rates at end-2024, expecting 0.75 percentage points of cuts before the end of the year, likely translating into three 0.25 percentage point cuts.
- The Chinese economy is estimated to grow at 5.3% in Q4 2023 up from 4.9% in Q3 2023. A slight recovery in economic growth is partially influenced partly by base effects but also the recent Lunar New Year. The economy continues to be challenged by a property crisis, deteriorating consumer and business confidence, and increased local government debts. Nonetheless, the recent data indicates some improvements as business surveys are beginning to point towards a broadening out of stronger economic activity. The Peoples Bank of China (PBoC) cut the five-year loan prime rate (LPR) to 3.95% from 4.2%, while the one-year LPR was kept unchanged at 3.45%.

Japan's GDP expanded at 0.4% y-o-y in Q4 2023. Japan avoided a technical recession during the quarter, primarily due to companies' stronger-than-expected spending on plants and equipment.

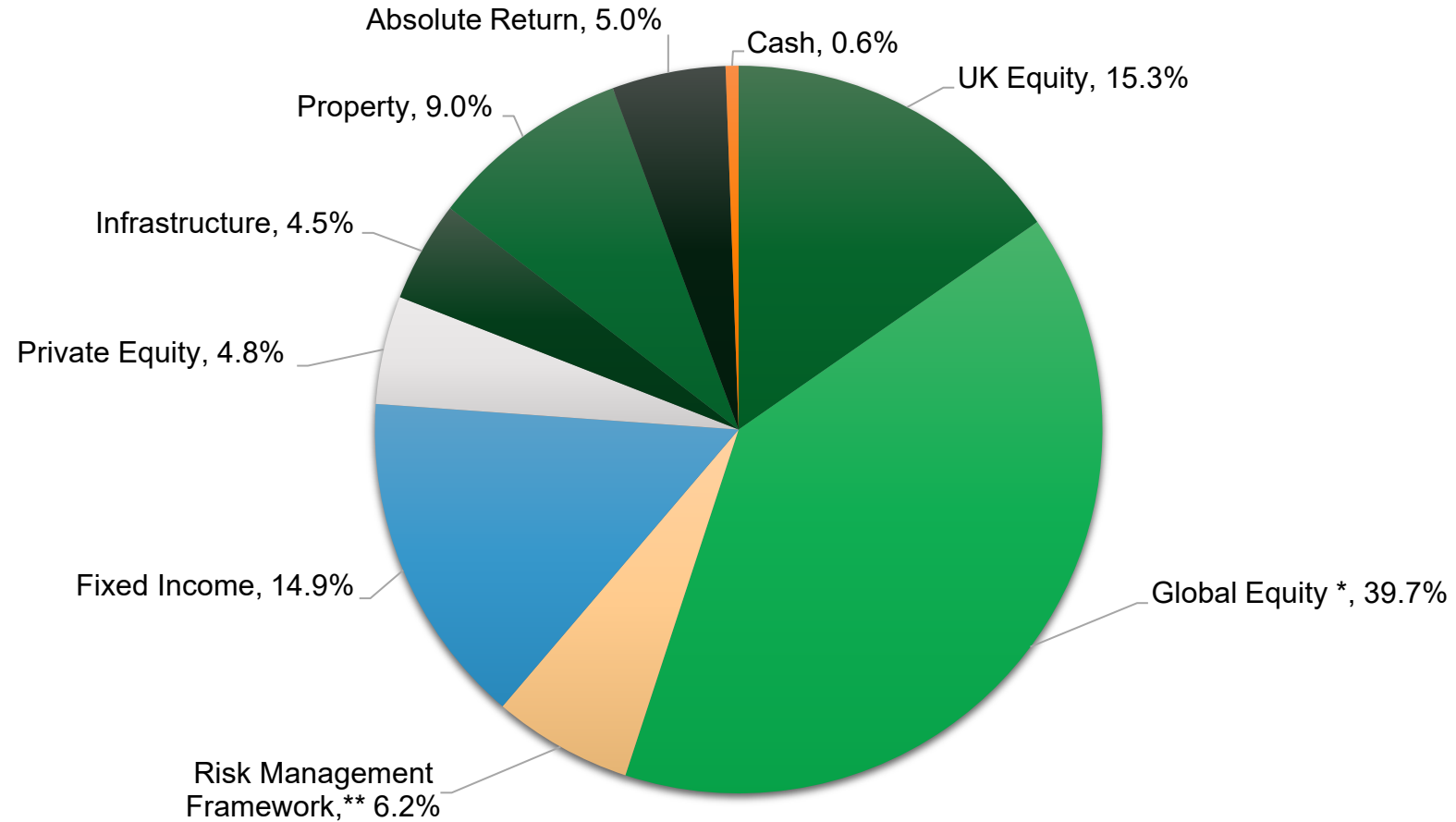
Quarter on quarter GDP growth remained flat in the eurozone. Germany posted a 0.3% quarter-on-quarter contraction, whilst narrowly avoiding a technical recession, the economy is stagnating, driven by a stalling manufacturing sector. The French economy was steady in Q4, while Spain expanded by 0.6%. Headline inflation in the eurozone has declined to 2.4% in March from 2.9% in December. The European Central Bank maintained the interest rate on the marginal lending facility at 4.75%.

UK GDP growth is estimated to have declined 0.3% in the fourth quarter of 2023. Headline inflation in the UK fell to 3.4% in February from 4% in December. Base effects played a significant part in inflation declining, however, food and energy costs are also declining sharply. The Bank of England maintained interest rates at 5.25%.

Source: Mercer LLC



# Asset Allocation – 31 March 2024



\*Synthetic Equity exposure with Insight is included within Global Equity.

\*\*Risk Management Framework is made up of Gilts, as well as Insight IWS contribution and Equity Protection collateral.

Source: Northern Trust, RADAR Reporting



# Fund Manager Summary

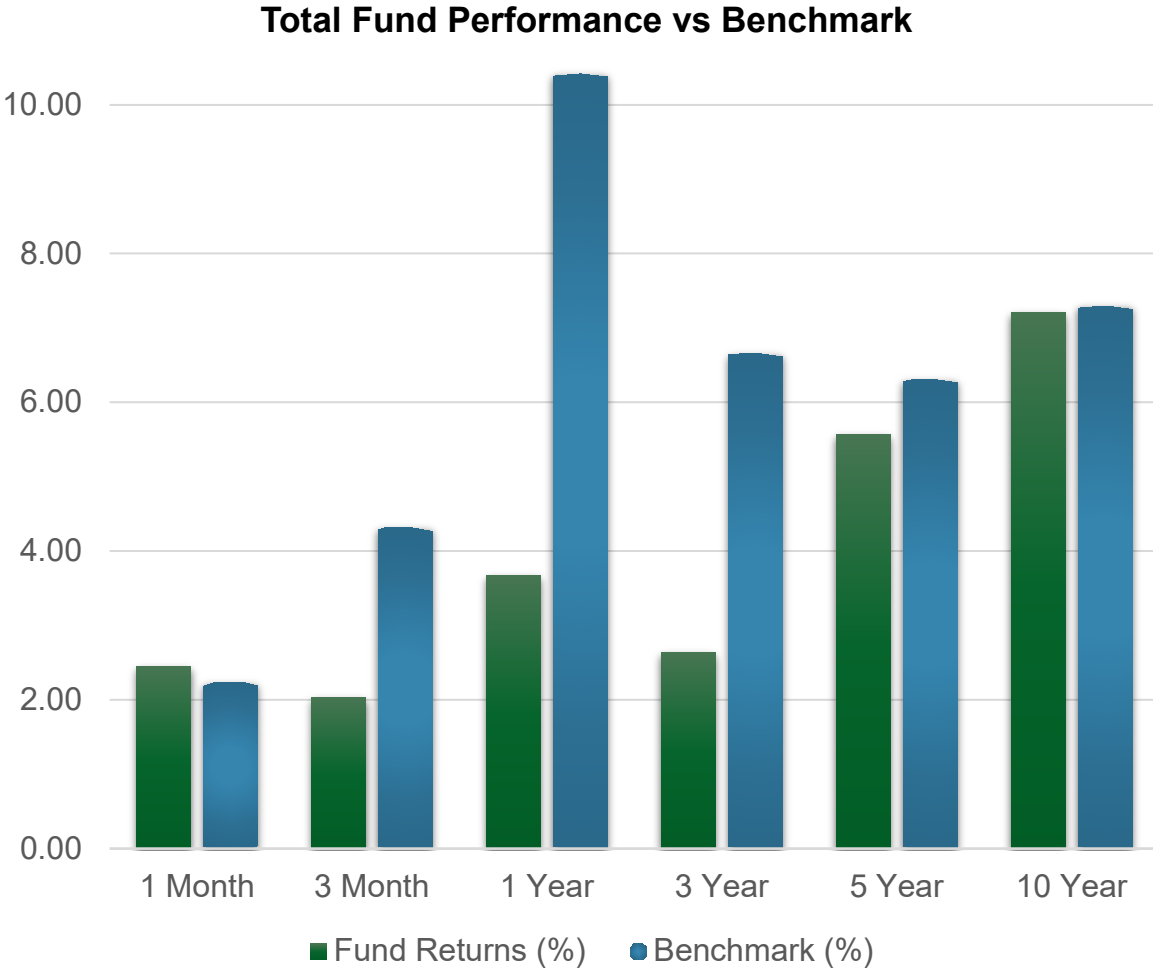
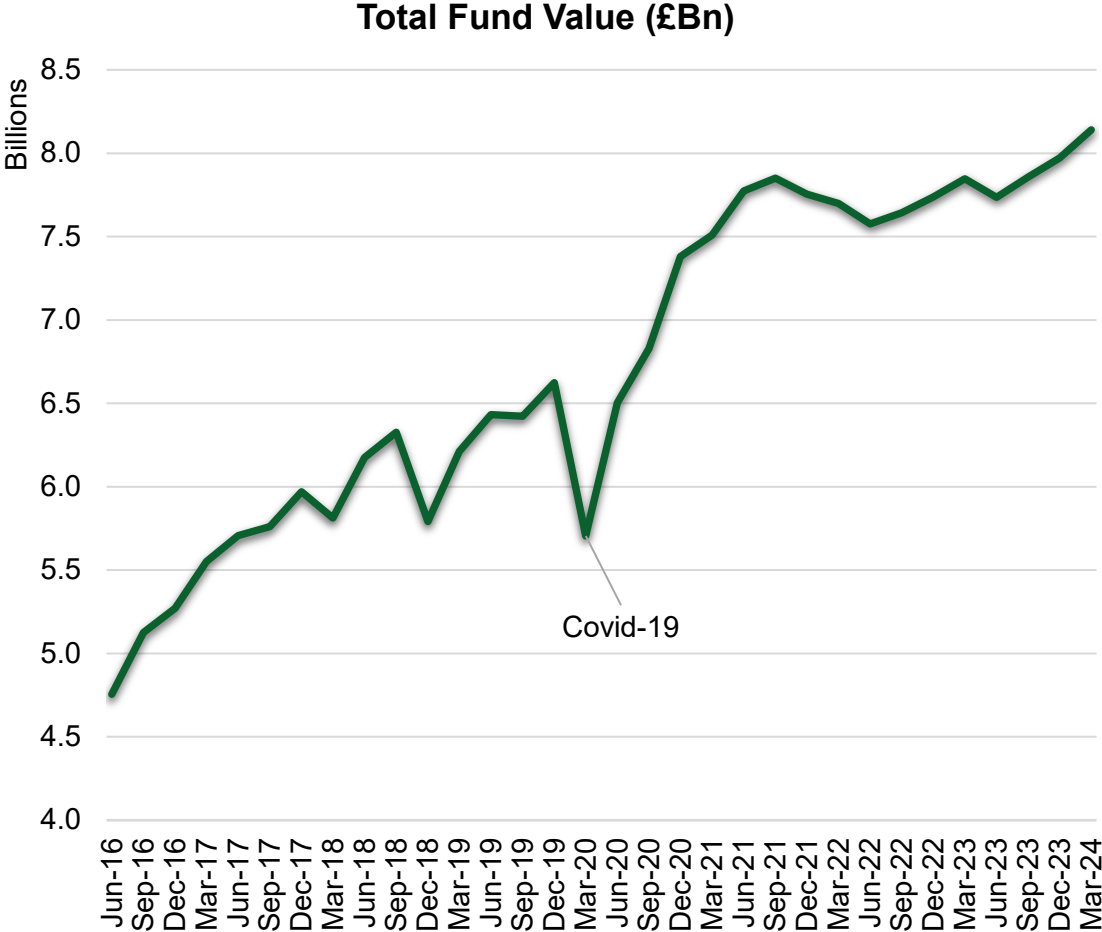
Asset Class	Fund Manager	Market Value as at 31 March 2024 (£m)	Market Value as at 31 December 2023 (£m)	Change in MV (£m)	% of Total	
UK Equity	Schroders UK Equity	1,246	1,214	32	15.3	
	Woodford Equity	2	2	0	0.0	
Global Equity	Impax	75	72	2	0.9	
	Sarasin	426	391	34	5.2	
	Baillie Gifford	1,204	1,131	73	14.8	
	Schroders Global Active Value	476	435	41	5.8	
	M&G Global Dividend Fund	594	562	32	7.3	
	Insight	963	900	63	11.8	
Equity Protection	Insight	963	900	63	11.8	
	Fixed Income	CQS	257	249	8	3.2
		Goldman Sachs	418	415	4	5.1
		Schroders Strategic Bond Fund	260	256	4	3.2
		M&G Alpha Opportunities	276	267	9	3.4
Absolute Return		Ruffer	180	181	-1	2.2
	Pyrford*	231	398	-168	2.8	
Property	DTZ	462	463	-1	5.7	
	DTZ Pooled Property	60	60	0	0.7	
	DTZ (previously Aegon)	28	28	-1	0.3	
	M&G Residential Property	43	61	-19	0.5	
	Fidelity	137	137	0	1.7	
Infrastructure	Partners Group	365	346	19	4.5	
Private Equity	HarbourVest	307	287	20	3.8	
	YFM	84	85	-1	1.0	
Cash	Internal Cash	47	30	16	0.6	
<b>Total</b>		<b>8,140</b>	<b>7,971</b>	<b>170</b>	<b>100.0</b>	

\* During the quarter, £167m was redeemed from Pyrford and was transferred to Insight's IWS Fund.

Source: Northern Trust, RADAR Reporting



# Historical Performance

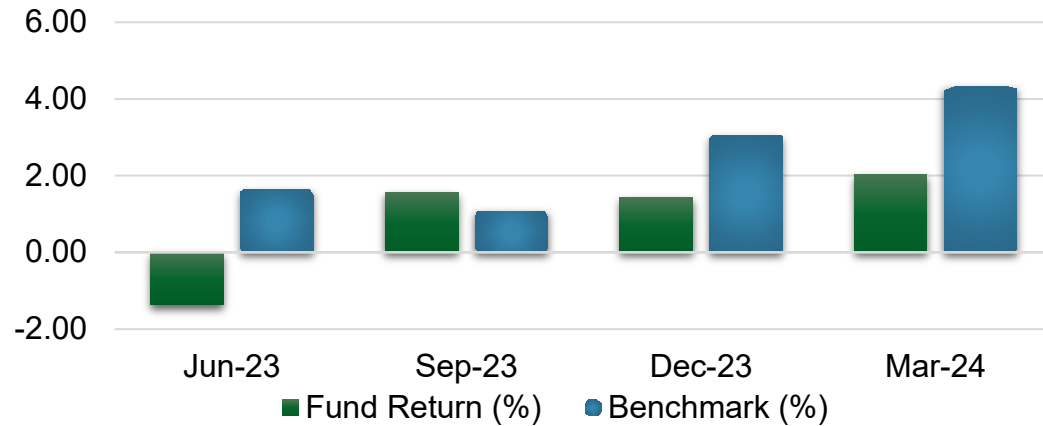


Source: Northern Trust, RADAR Reporting



# Discrete Performance

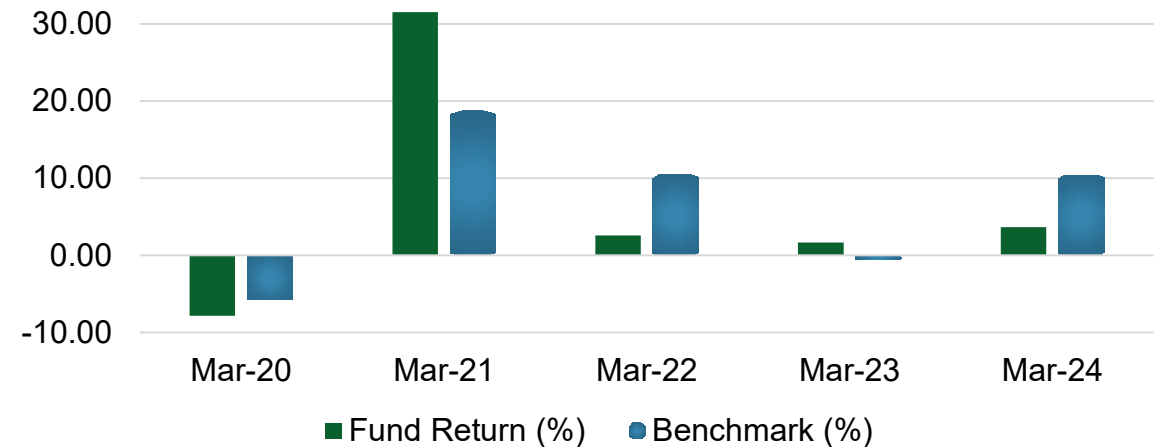
Quarterly Returns



- The Fund has underperformed in three of the past five years. Performance in 2020 was affected by the volatility in the markets following Covid 19.
- The Fund's active equity and fixed income managers performed well against the benchmark following the post covid rebound in markets and the Fund has benefitted from the equity protection in falling equity markets in March 23.
- Underperformance in 2022 and 2024 can be attributed to underperformance by active managers as well as the impact of Equity Protection.

- Despite a strong Q1 in terms of valuation, taking the Fund over £8bn, returns remained below the benchmark. This underperformance is largely explained by an underperformance by equity managers as well as the impact of the Equity Protection.

Annual Returns (last 5 years)

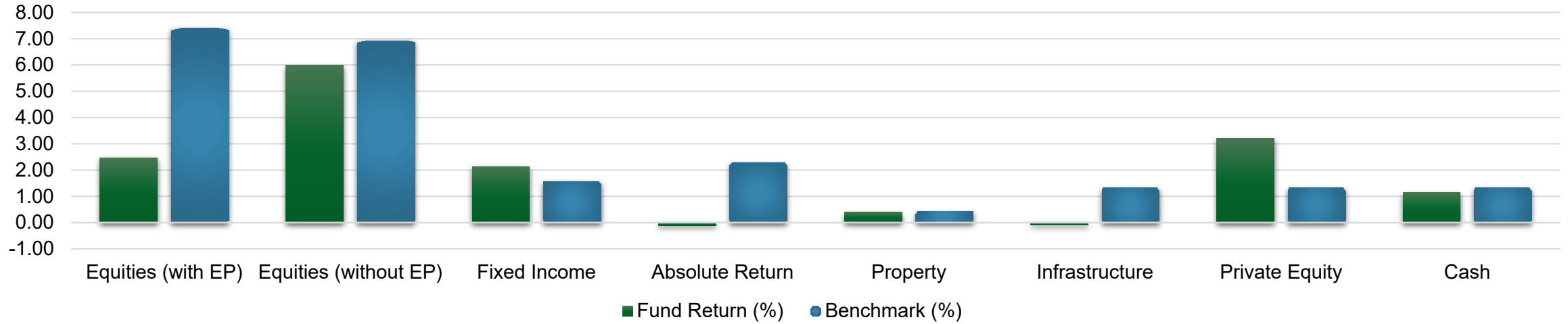


Source: Northern Trust, RADAR Reporting

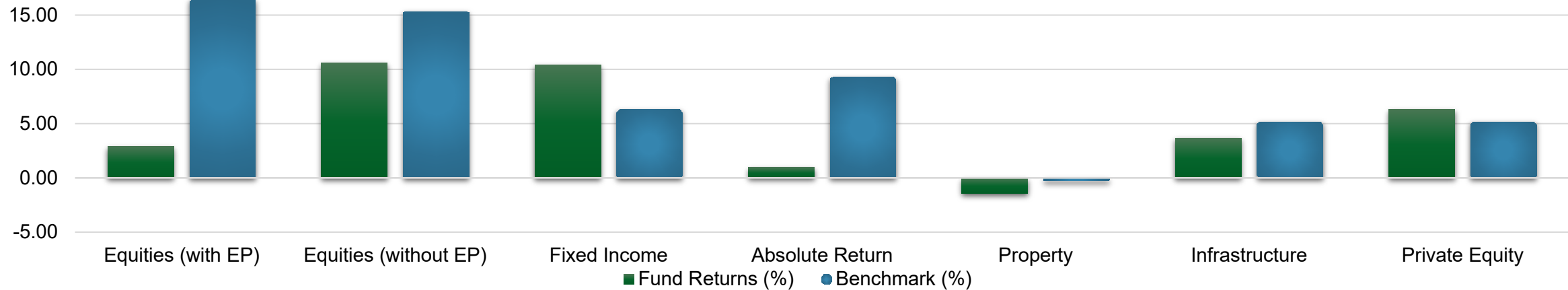


# Asset Class Performance

## Quarterly Performance



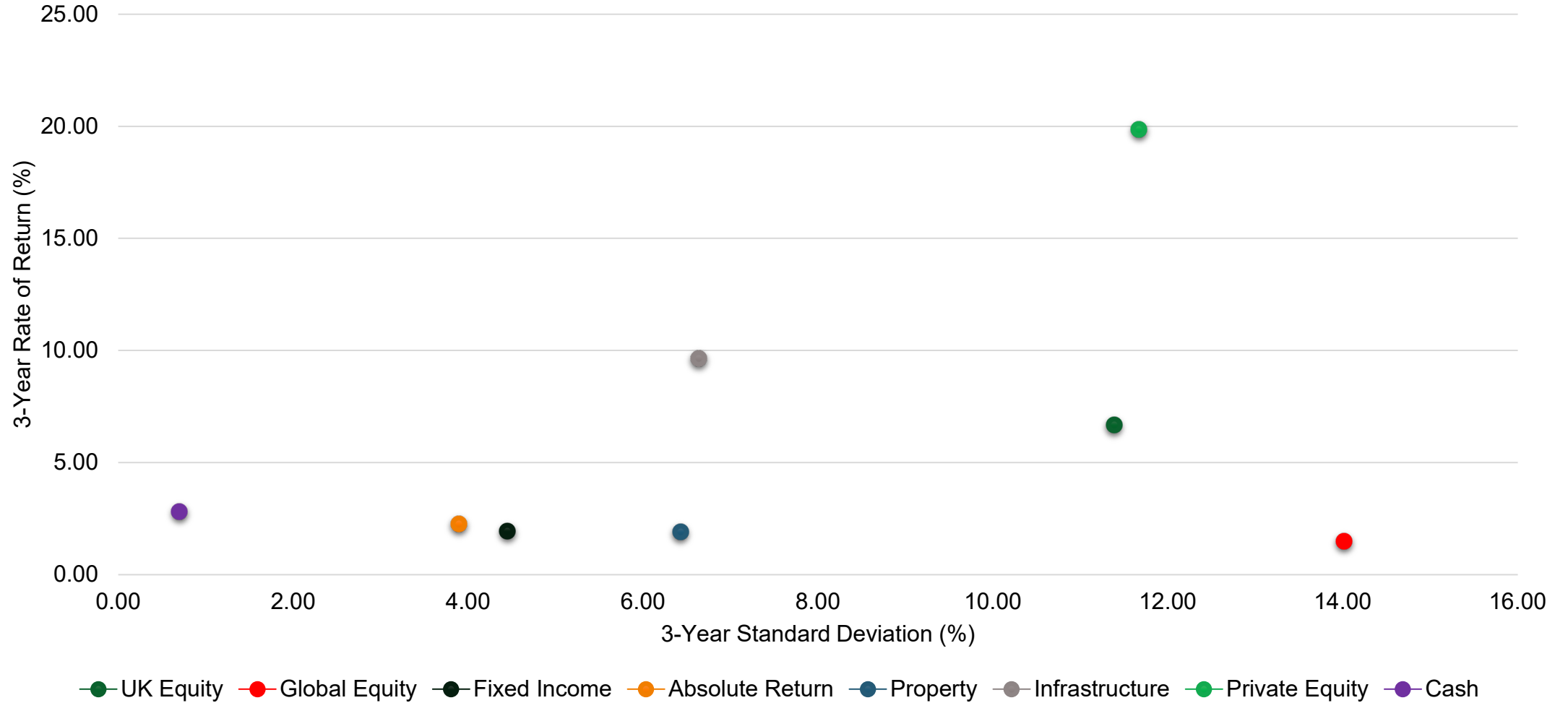
## Annual Performance



Source: Northern Trust, RADAR Reporting



# Risk vs Return – Asset Class Level



Source: Northern Trust, RADAR Reporting





# Detailed Performance by Manager

	Quarter		1 Year		3 Year (p.a.)	
	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark
<b>Total Fund</b>	2.03	4.31	3.67	10.42	2.64	6.65
<b>UK Equity</b>						
Schroders - WS ACCESS UK Equity Fund	2.65	3.79	5.22	8.77	6.50	8.64
<b>Global Equity</b>						
Baillie Gifford - WS ACCESS Global Equity Core Fund	6.47	7.53	12.38	16.29	-5.38	8.70
Sarasin	8.81	9.19	13.47	20.60	6.46	10.15
Schroders - WS ACCESS Global Active Value Fund	9.48	9.19	17.48	20.60	10.47	10.15
Impax	3.44	9.19	2.54	20.60	1.74	10.15
M&G - WS ACCESS Global Dividend Fund	5.77	9.19	10.80	20.60	10.22	10.15
<b>Fixed Income</b>						
Goldman Sachs	0.91	0.86	8.42	3.50	0.11	3.50
Schroders Fixed Income	1.57	1.29	8.61	5.14	0.57	2.44
CQS	3.29	2.28	13.69	9.15	3.37	6.46
M&G Alpha Opportunities	3.50	2.28	12.35	9.15	5.08	6.46
<b>Property</b>						
DTZ	0.51	0.43	-0.86	-0.27	2.38	1.65
Fidelity	0.26	0.51	-4.05	-0.70	0.44	1.50
DTZ (Kames)	0.50	0.51	0.70	-0.70	2.65	1.50
M&G Property	-0.61	0.51	-1.89	-0.70	1.02	1.50
<b>Private Equity</b>						
HarbourVest	3.47	1.32	3.48	5.17	17.47	2.47
YFM	2.36	1.32	15.86	5.17	28.84	2.47
<b>Infrastructure</b>						
Partners Group	-0.08	1.32	3.68	5.17	9.64	2.47
<b>Absolute Return</b>						
Pyrford	0.64	2.28	4.93	9.27	3.61	13.87
Ruffer - WS ACCESS Absolute Return Fund	-0.68	2.28	-5.94	9.27	-0.19	13.87

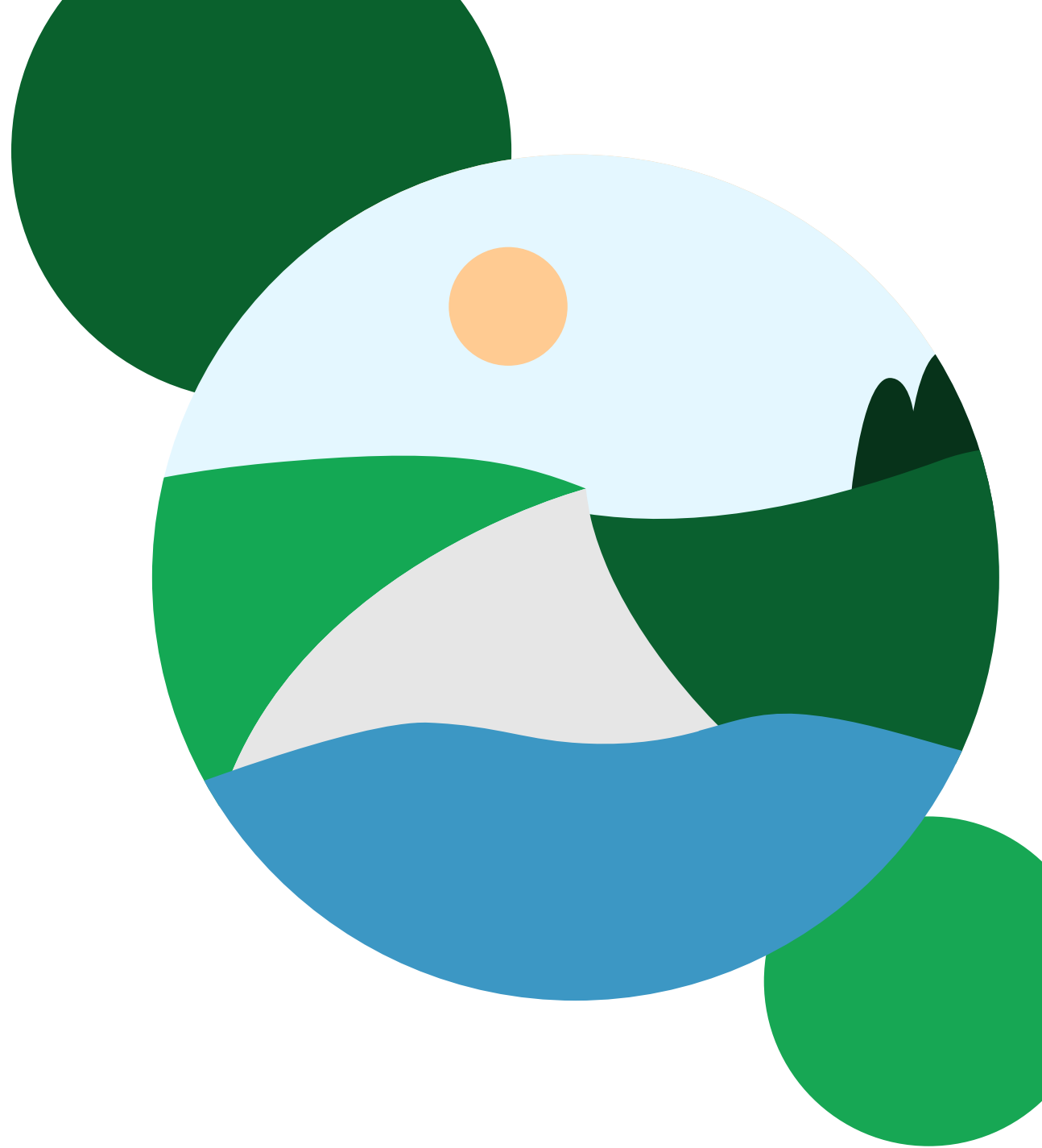
Source: Northern Trust, RADAR Reporting



# Appendix



Kent Pension Fund



# Benchmarks and Targets

## Appendix A

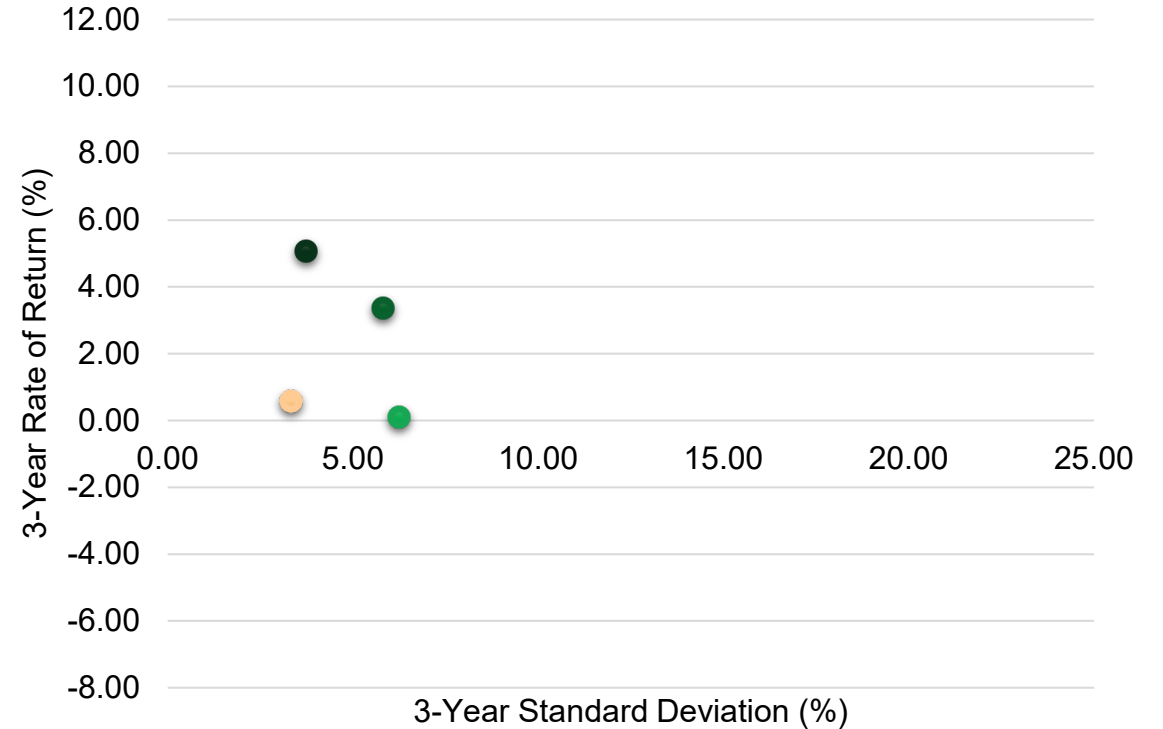
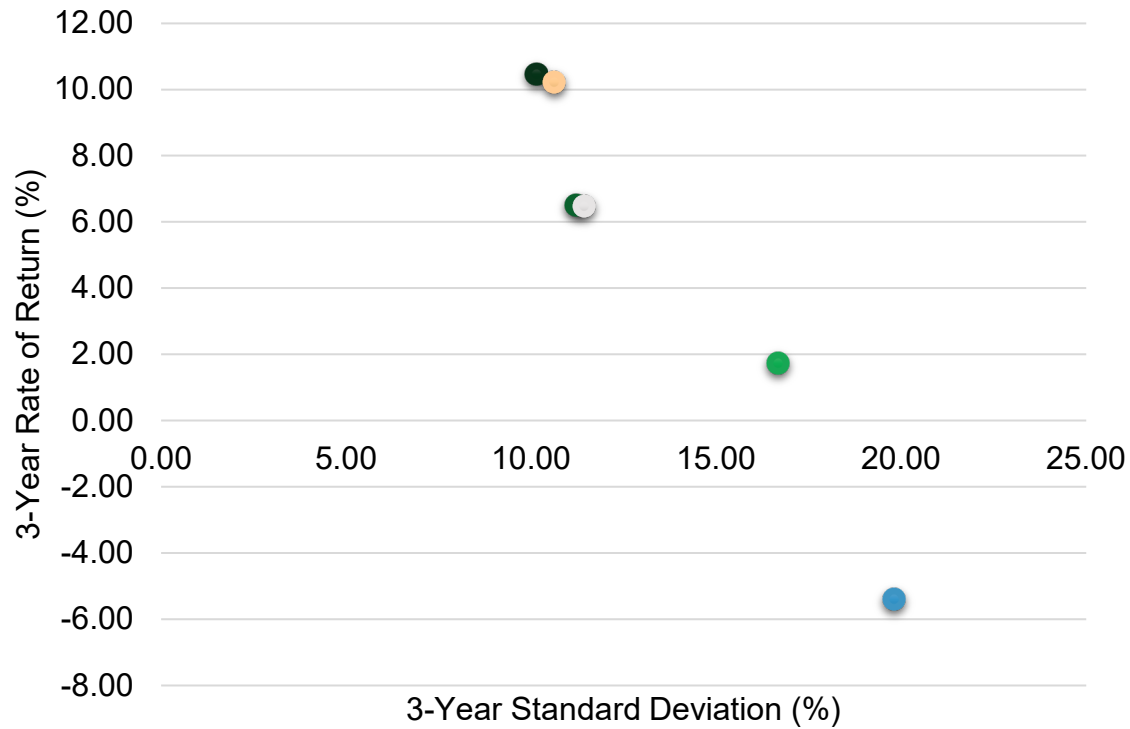
Asset Class / Manager	Performance Benchmark	Performance Target
<b>UK Equities:</b>		
Schroders - WS ACCESS UK Equity Fund	Customised	+1.5% pa over rolling 3 years
Woodford	FTSE All Share	Unconstrained
<b>Global Equities:</b>		
Baillie Gifford - WS ACCESS Global Equity Core Fund	Customised	+1.5% pa over rolling 3 years
Sarasin	MSCI AC World Index NDR	+2.5% over rolling 3 - 5 years
M&G - WS ACCESS Global Dividend Fund	MSCI AC World Index GDR	+3% pa
Schroders - WS ACCESS Global Active Value Fund	MSCI AC World Index NDR	+3% - 4% pa over rolling 3 years
Impax	MSCI AC World Index NDR	+2% pa over rolling 3 years
<b>Fixed Income:</b>		
Schroders Fixed Income	ICE BofA Sterling 3-month Gov Bill Index	+4% pa over a full market cycle
Goldman Sachs	+3.5% Absolute	+6% Absolute
CQS	ICE BofA Sterling 3-month Gov Bill Index	ICE BofA Sterling 3-month Gov Bill Index + 4%
M&G Alpha Opprtunities	ICE BofA Sterling 3-month Gov Bill Index	ICE BofA Sterling 3-month Gov Bill Index + 4%
<b>Property:</b>		
DTZ	IPD Pension Fund Index	≥ 3 year rolling average of benchmark returns
Fidelity	IPD UK PF Property Fund Index	
DTZ (Kames)	IPD UK PF Property Fund Index	
M&G Property	IPD UK PF Property Fund Index	
<b>Alternatives: (Cash / Other Assets)</b>		
Private Equity – YFM	SONIA	
Private Equity – HarbourVest	SONIA	
Infrastructure – Partners Group	SONIA	
Absolute Return – Pyrford	Retail Price Index (RPI)	RPI + 5%
Ruffer - WS ACCESS Absolute Return Fund	Retail Price Index (RPI)	
Internally managed cash – KCC Treasury and Investments team	SONIA	

Source: Northern Trust, RADAR Reporting; Manager reports



# Risk vs Return – Equities and Fixed Income

## Appendix B



- Schroders UK Equity
- IMPAX Funds
- Schroders Global Active Value
- M&G Global Dividend Fund
- Baillie Gifford Global Equity Core
- Sarasin

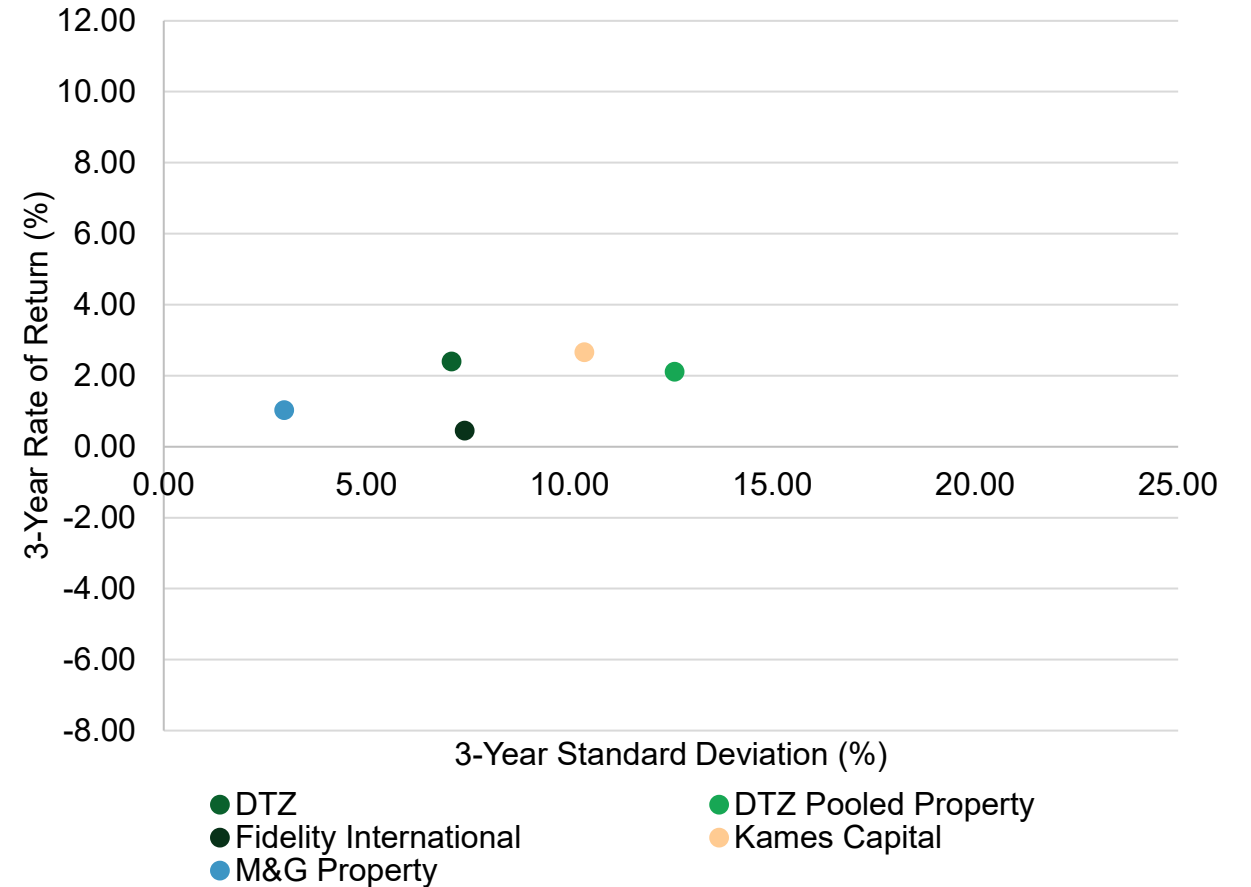
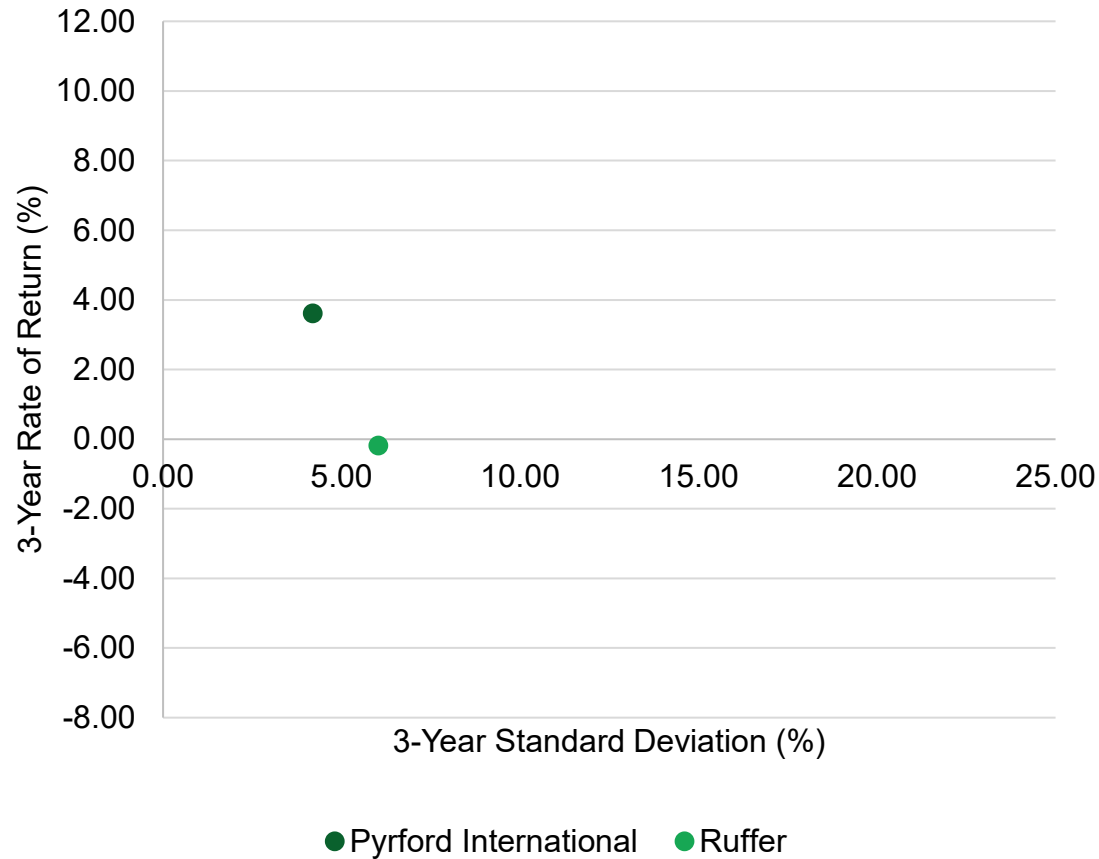
- CQS Investment
- Goldman Sachs
- M&G Alpha Opp Fund
- Schroders Fixed Income

Source: Northern Trust, RADAR Reporting



# Risk vs Return – Absolute Return and Property

## Appendix C

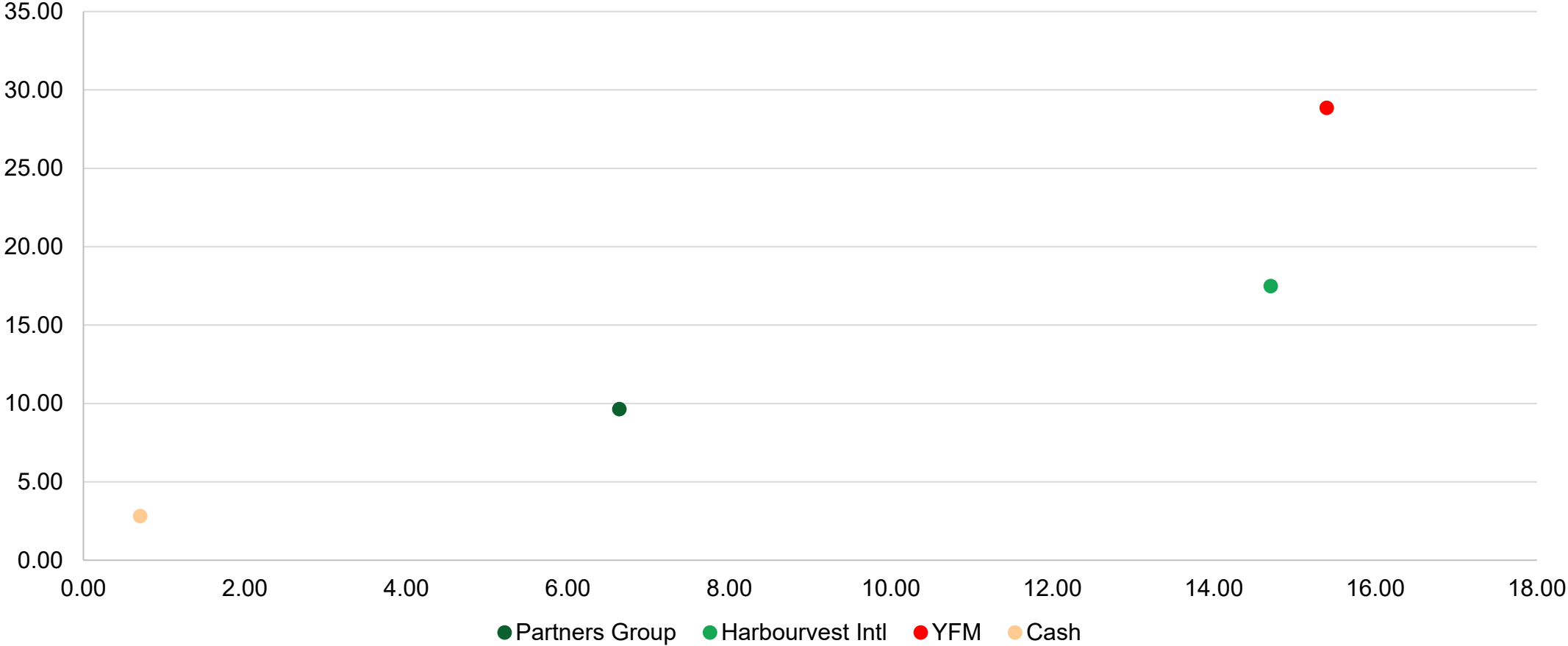


Source: Northern Trust, RADAR Reporting



# Risk vs Return - *Alternatives*

## Appendix D



Source: Northern Trust, RADAR Reporting





# Kent Pension Fund

For more information, please visit

[www.kentpensionfund.co.uk](http://www.kentpensionfund.co.uk)