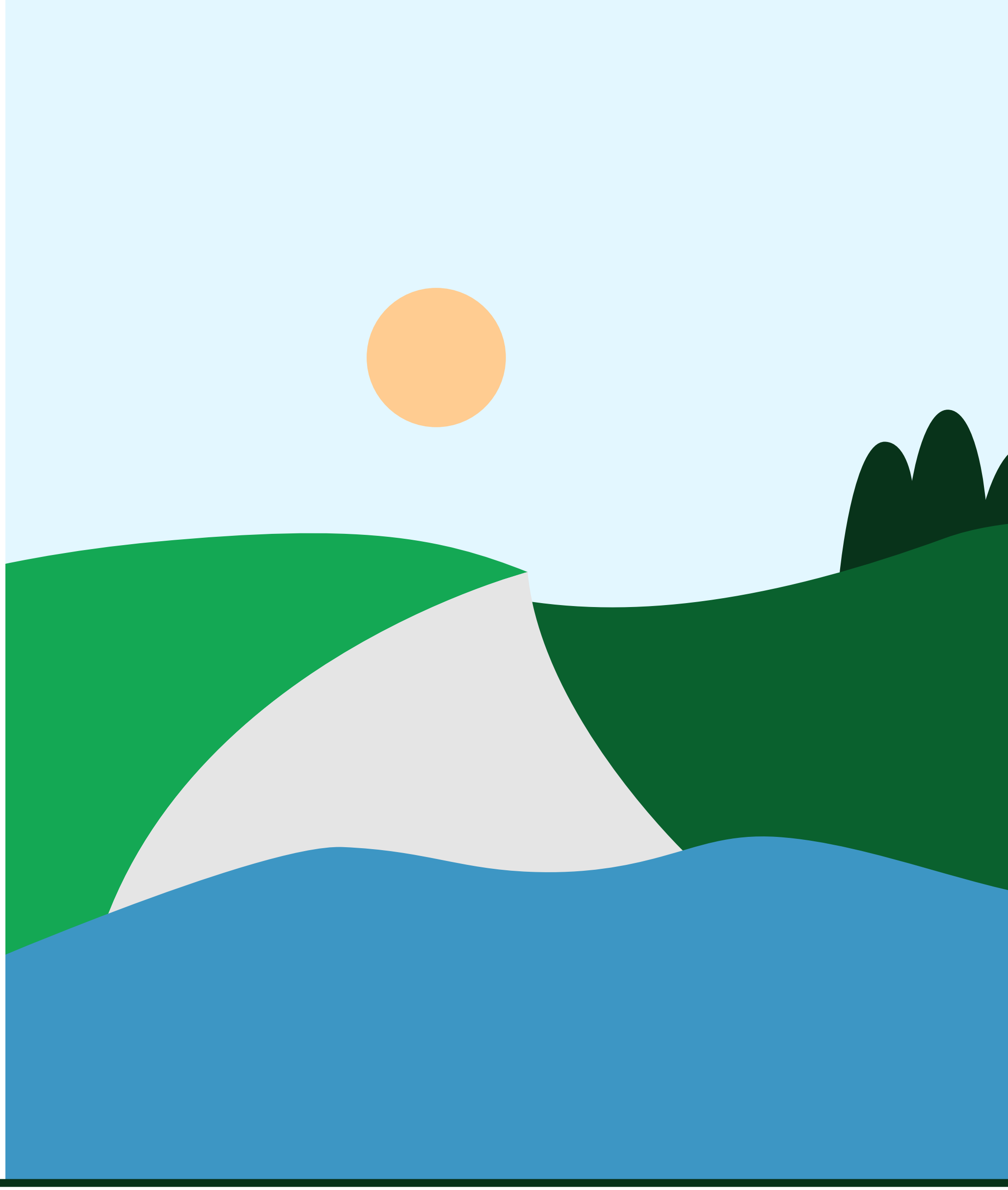
Kent Pension Fund

Q1 2025 Fund Performance



Market Commentary

- Continued rate cuts by most DM ("developed market") central banks, Deep Seek developments, European politics and tariffs were the key themes driving markets in the first quarter of 2025. While the US Federal Reserve ("Fed") held rates unchanged in Q1 2025, it revised lower its GDP growth projections for the year on the back of 'uncertainty around the economic outlook'. In Europe, Germany's political landscape and the approval of its €500bn fiscal package took centre-stage. Market sentiment continued to be driven by the soft-landing narrative in the US, as a result of uncertainty around policies under Trump's presidency. Overall, bond yields were mixed across DM, while global equities ended the quarter in the red.

- US real GDP increased at an annualised rate of 2.4% in Q4 2024, lower than the increase of 3.1% in Q3 2024. The deceleration in real GDP reflected downturns in investment and exports that were partly offset by an acceleration in consumer spending. Headline US inflation fell slightly over Q1 2025, decreasing to 2.8% in February from 2.9% at the end of December. Core US inflation fell to 3.1% from 3.2% in December. The Fed, at its March meeting, decided to maintain the target range for the federal funds rate at 4.25% to 4.50%. The median dot in the Summary of Economic Projections ("SEP") continue to signal two rate cuts for 2025.

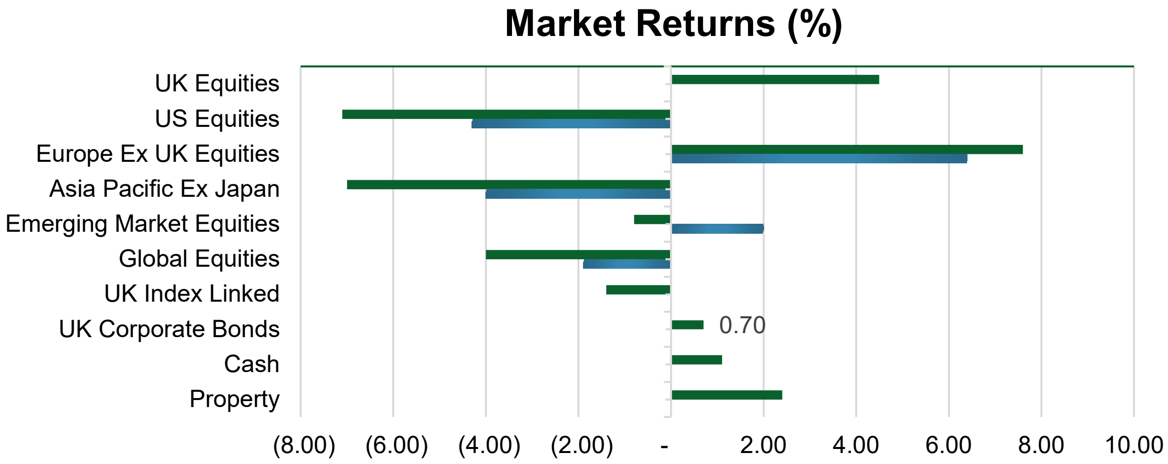
- China's GDP growth accelerated to 5.4% in Q4 2024 up from 4.6% recorded in Q3 2024 and the fastest year on year growth since Q2 2023. The improvement in Q4 was driven by a robust manufacturing sector and booming exports. The Chinese economy grew by 5% (y/y) in 2024, achieving its growth target of around 5%. The People's Bank of China (PBoC) kept its one-year policy loan rate, known as the medium-term lending facility (MLF), unchanged at 2.0%.

- The Japanese economy expanded by 2.2% on an annualized basis in Q4 2024, up from a revised 1.4% growth in Q3. Q4 growth was driven by a solid rebound in capital expenditure and increased government spending. In the latest meeting in March, the BOJ kept its key short-term interest rate at 0.5%, marking its highest level in 17 years.

- In Q4 2024, seasonally adjusted GDP increased by 0.1% in the euro area. The ECB reduced interest rates following their March meeting to 2.5% for the deposit facility. Headline inflation in the eurozone slowed to 2.2% in March from 2.4% in December.

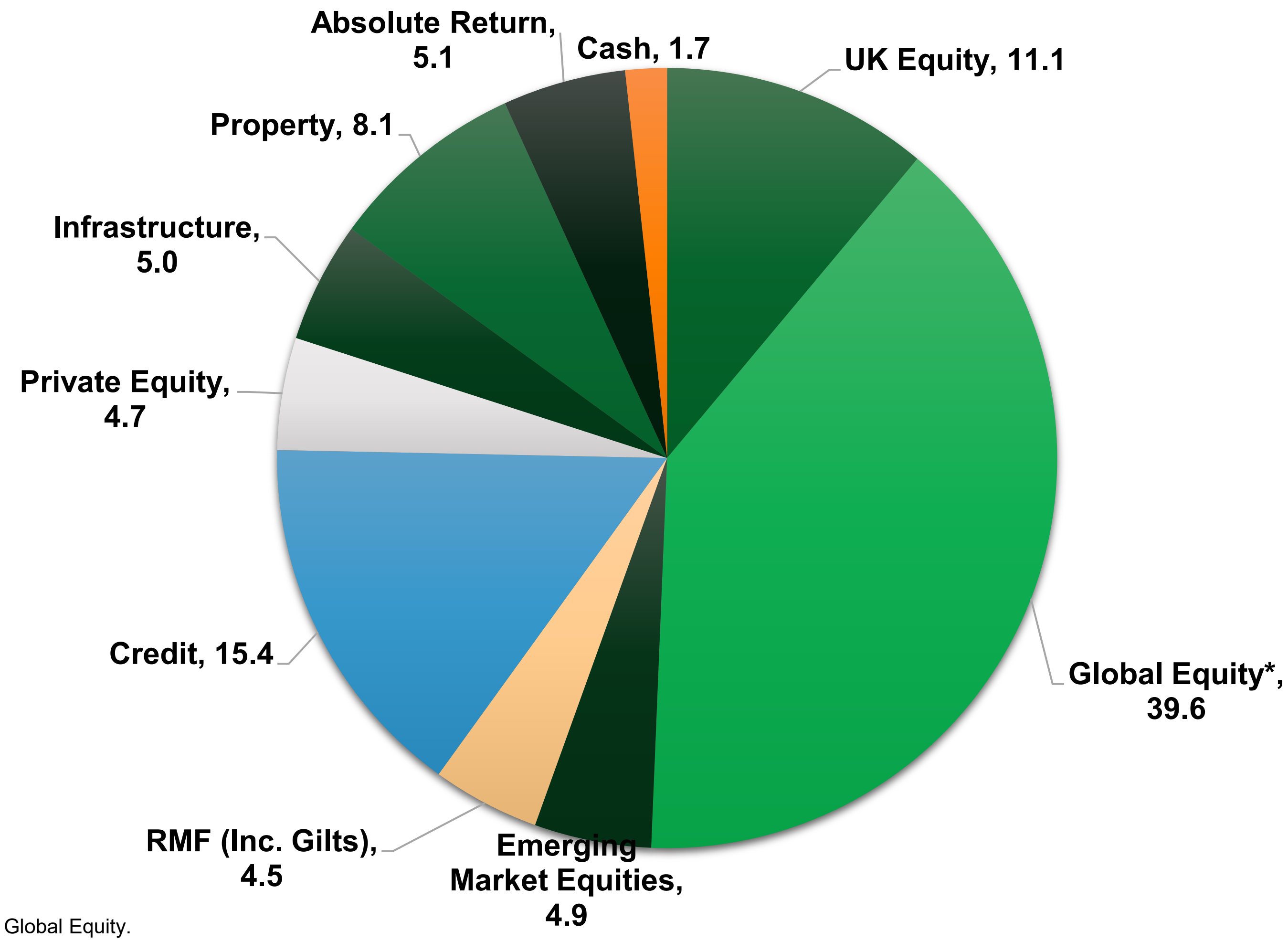
- UK economy grew by 0.1% in Q4 2024, after recording zero growth in the previous three months. Headline inflation in the UK rose to 2.8% in February from 2.5% in December, primarily due to higher prices of clothing. Inflation had reached 3% in January. In its February meeting, the BOE cut interest rates to 4.5% for the third time in last six months to spur economic growth.

Source: Mercer LLC



Source: Mercer LLC, Refinitiv and Schroders

Asset Allocation – 31 March 2025



*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.

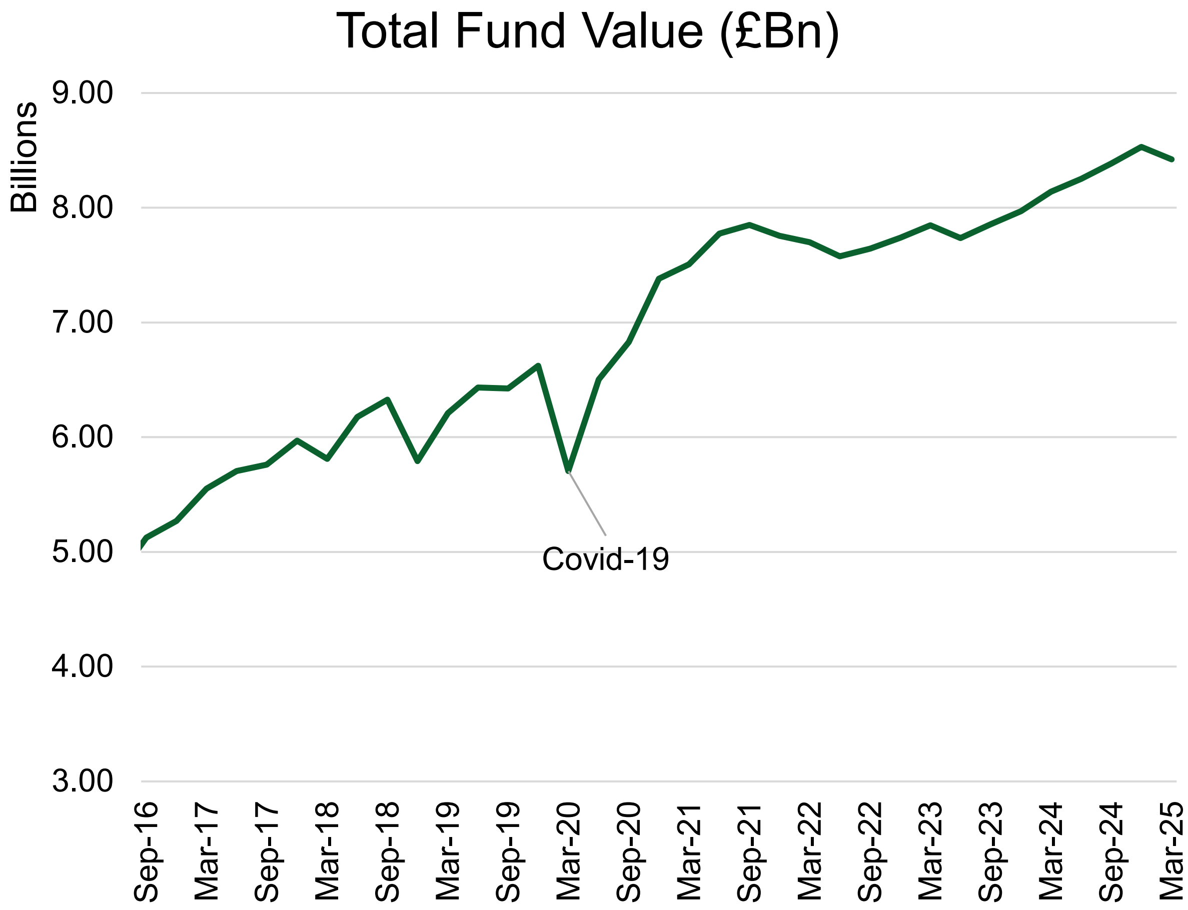
Source: Northern Trust, RADAR Reporting

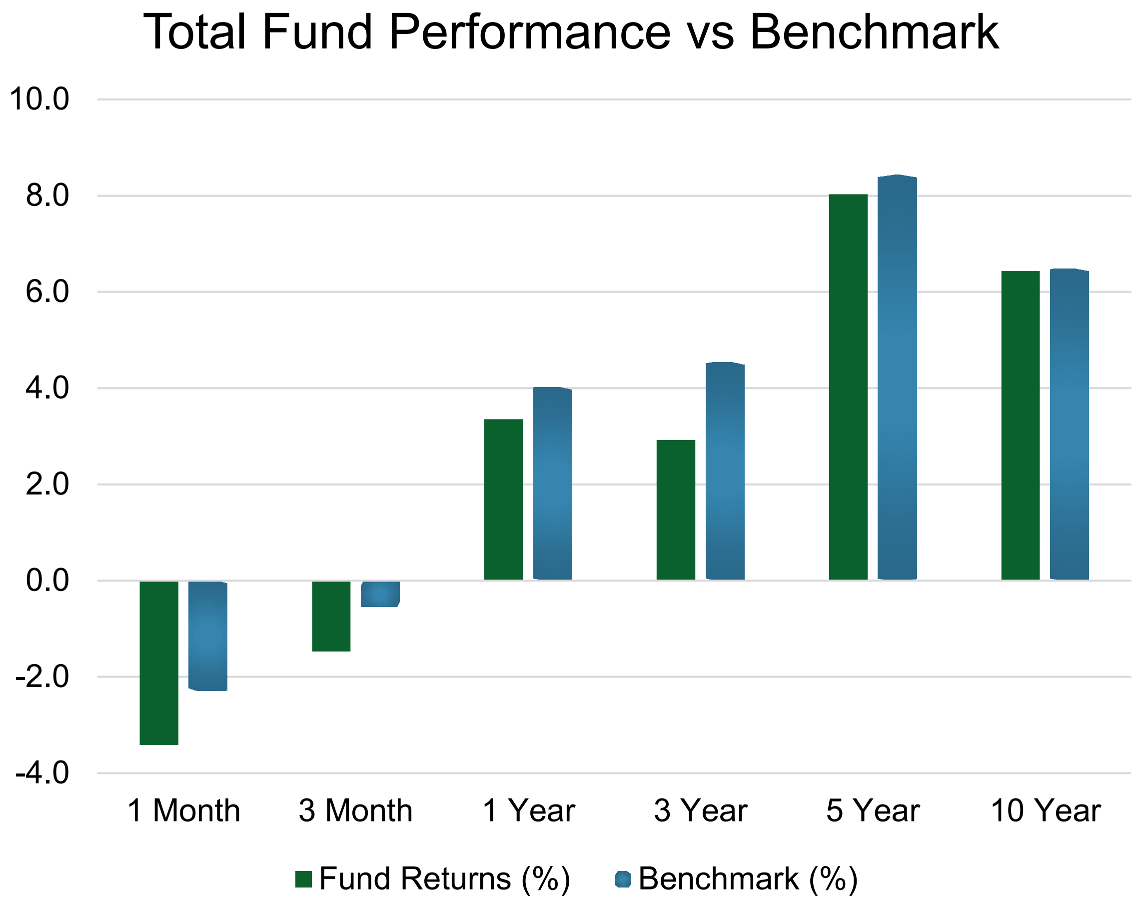
Fund Manager Summary

Asset Class	Fund Manager	Market Value as at 31 March 2025 (£m)	Market Value as at 31 December 2024 (£m)	Change in MV (£m)	% of Total
UK Equity	Schroders UK Equity	932	913	19	11.1
	Woodford Equity	2	2	-	0.0
Global Equity	Impax	65	71	-6	0.8
	Sarasin	0	457	-457	0.0
	Baillie Gifford	985	1,156	-171	11.7
	Robeco Global Stars	639	115	524	7.6
	Schroders Global Active Value	494	493	1	5.9
	M&G Global Dividend Fund	669	685	-16	7.9
	Insight (Synthetic Equity Exposure)	481	510	-29	5.7
Emerging Markets Equity	Columbia Threadneedle	208	214	-6	2.5
	Robeco	201	195	6	2.4
Risk Management Framework (inc. Gilts)	Insight	376	391	-15	4.5
Credit	CQS	281	277	4	3.3
	Goldman Sachs	438	433	5	5.2
	Schroders Strategic Bond Fund	278	271	7	3.3
	M&G Alpha Opportunities	298	294	4	3.5
Absolute Return	Ruffer	187	180	7	2.2
	Pyrford	243	238	5	2.9
Property	DTZ	473	472	1	5.6
	DTZ Pooled Property	106	108	-2	1.3
	DTZ (previously Aegon)	26	26	-	0.3
	M&G Residential Property	34	35	-1	0.4
	Fidelity	46	147	-101	0.6
Infrastructure	Partners Group	422	392	30	5.0
Private Equity	HarbourVest	318	320	-2	3.8
	YFM	74	74	0	0.9
Cash	Internal Cash	145	63	82	1.7
Total		**8,422**	**8,532**	**-110**	**100.0**

Source: Northern Trust, RADAR Reporting

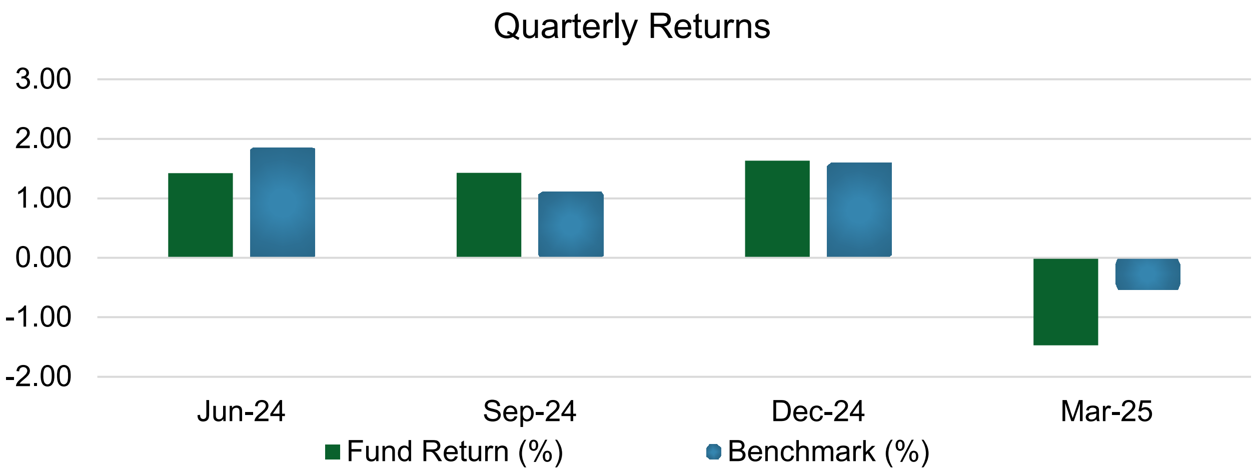
Historical Performance





Source: Northern Trust, RADAR Reporting

Discrete Performance

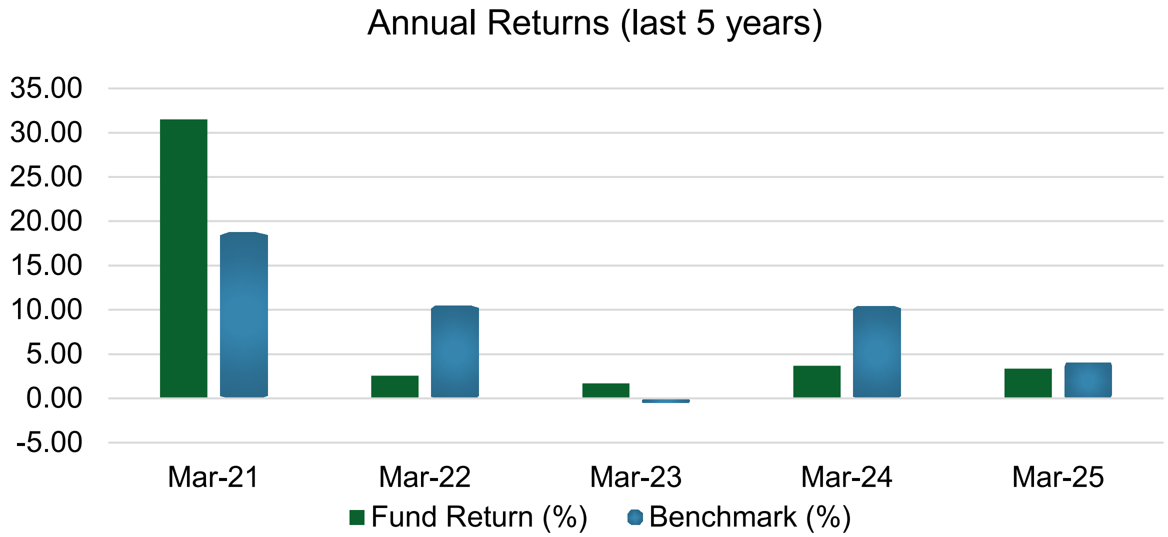


In the short term, the Fund has delivered mixed performance. It marginally outperformed its benchmark in Q3 2024 and was broadly in line during Q4 2024. However, in Q1 2025, the Fund posted a negative return of -1.5%, underperforming its benchmark of -0.5%. This was largely driven by weakness across global and UK equity markets, which faced renewed pressure amid persistent inflation concerns, central bank commentary and geopolitical tensions, as well as the impact of Chinese technology developments on US stocks.

Despite this, the Fund's absolute return and credit mandates contributed positively to performance, helping to partially offset the drag from equities.

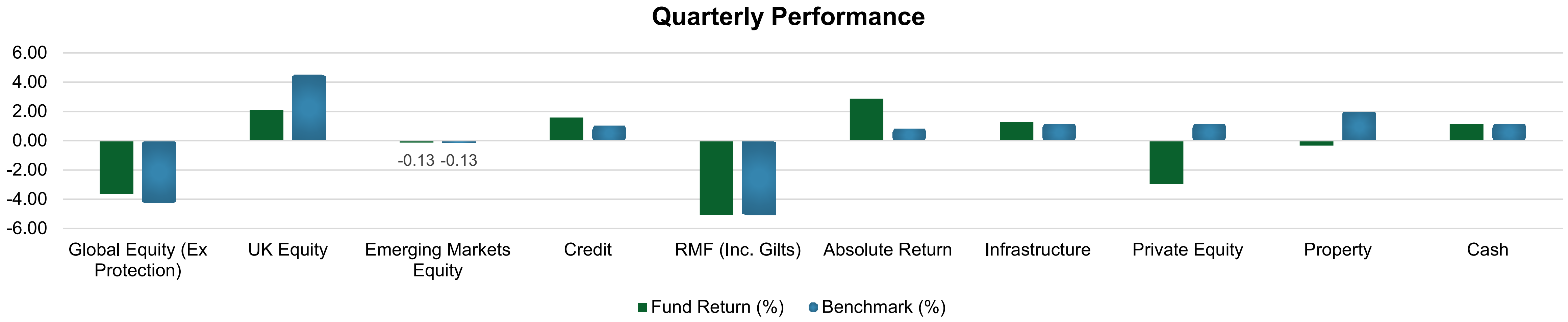
Over the one-year period to 31 March 2025, the Fund returned 3.4%, slightly underperforming the benchmark return of 4.0%. The main contributor to positive performance was the Fund's infrastructure portfolios with Partners Group, which delivered strong returns. However, this was offset by notable retractions in property and private equity mandates which significantly lagged the benchmarks over the year.

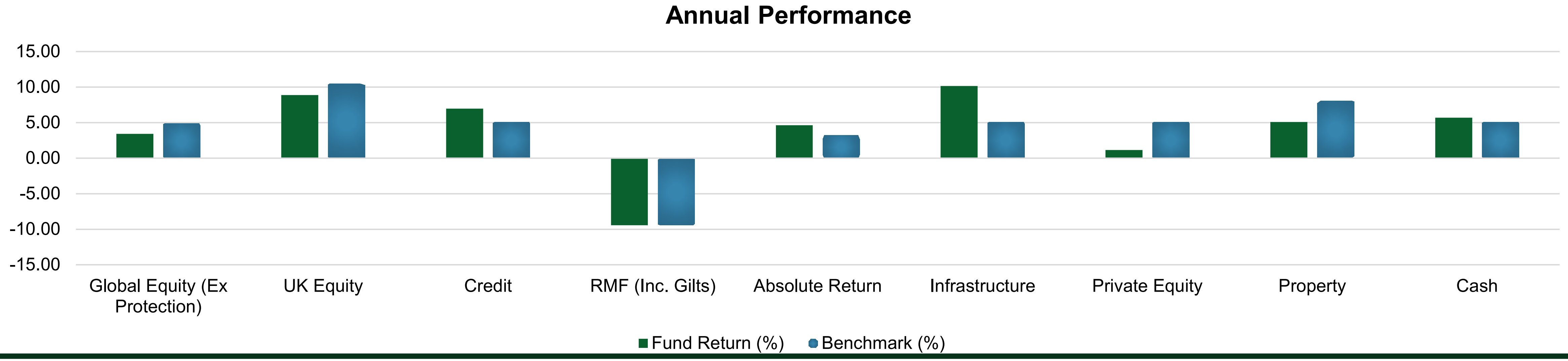
UK and global equities also lagged modestly over the same period, reflecting a mixed macroeconomic backdrop and heightened market volatility. Despite this slight underperformance, the Fund's diversified portfolio helped to mitigate against some of this downside risk, contributing positively to valuations over the year.



Source: Northern Trust, RADAR Reporting

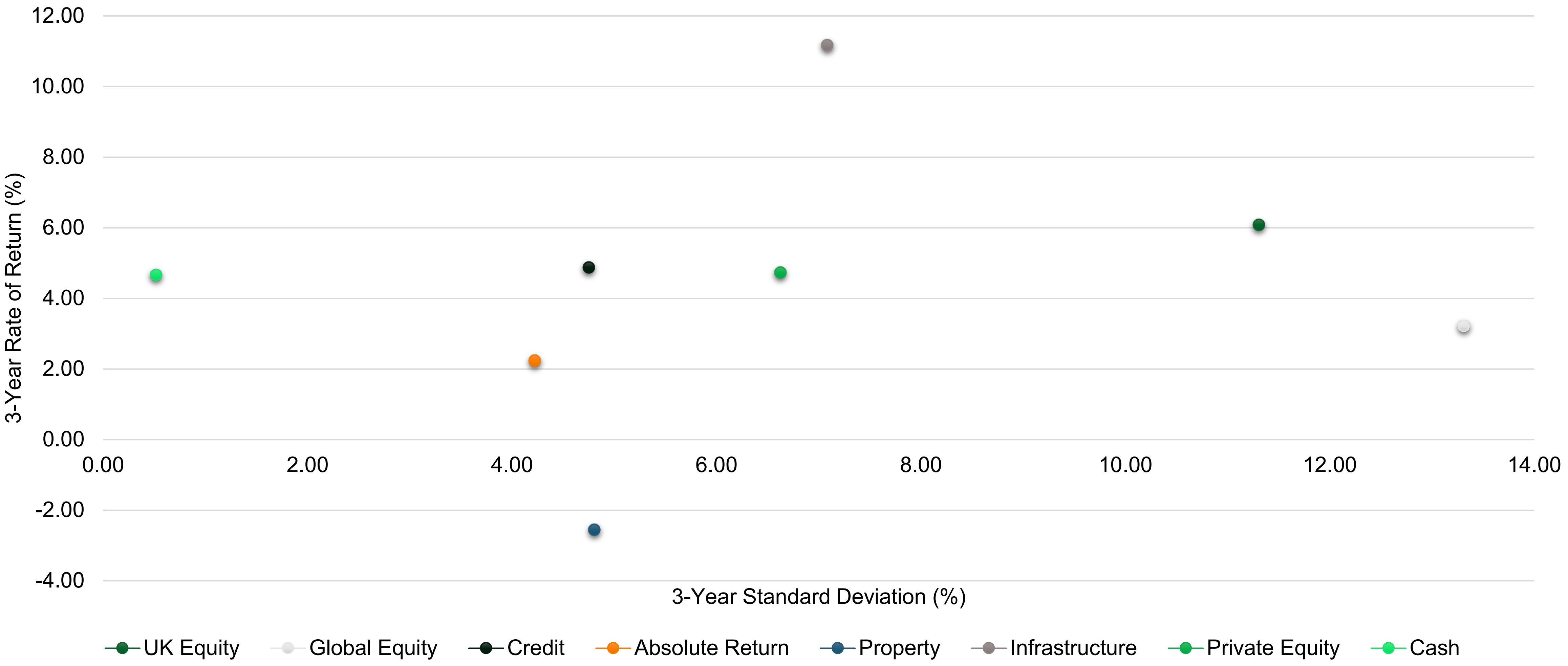
Asset Class Performance





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
Total Fund	-1.5	-0.5	3.4	4.0	2.9	4.5
UK Equity						
Schroders - WS ACCESS UK Equity Fund	2.1	4.5	8.9	10.5	5.9	7.2
Global Equity						
Baillie Gifford - WS ACCESS Global Equity Core Fund	-5.6	0.0	-0.4	4.3	0.3	7.2
Robeco GS	-6.1	-4.3	--	--	--	--
Schroders - WS ACCESS Global Active Value Fund	0.1	-4.3	3.8	4.9	7.2	7.6
Impax	-7.6	-4.3	-12.4	4.9	-4.2	7.6
M&G - WS ACCESS Global Dividend Fund	-2.2	-4.3	12.7	4.9	8.9	7.6
EM Equity						
Columbia Threadneedle – WS ACCESS EM Equity Fund	-3.0	-0.1	--	--	--	--
Robeco – WS ACCESS EM Equity Fund	3.0	-0.1	--	--	--	--
Credit						
Goldman Sachs	1.3	0.9	4.9	3.5	3.0	3.5
Schroders Fixed Income	2.5	1.2	6.9	5.1	4.5	4.1
CQS	1.3	1.1	9.2	6.2	5.6	7.1
M&G Alpha Opportunities	1.5	1.1	8.1	6.2	7.5	7.1
Property						
DTZ	0.3	1.9	6.0	8.1	-2.3	-2.8
Fidelity	1.9	1.5	12.0	6.4	-2.4	-3.3
DTZ (Kames)	1.6	1.5	0.7	6.4	-2.1	-3.3
M&G Property	-0.8	1.5	2.0	6.4	0.3	-3.3
Private Equity						
HarbourVest	-3.4	1.1	0.7	5.1	2.4	4.2
YFM	-1.1	1.1	3.3	5.1	13.6	4.2
Infrastructure						
Partners Group	1.3	1.1	10.1	5.1	11.2	4.2
Absolute Return						
Pyrford	2.4	0.8	5.1	3.2	3.9	6.4
Ruffer - WS ACCESS Absolute Return Fund	3.5	0.8	3.7	3.2	-0.7	6.4

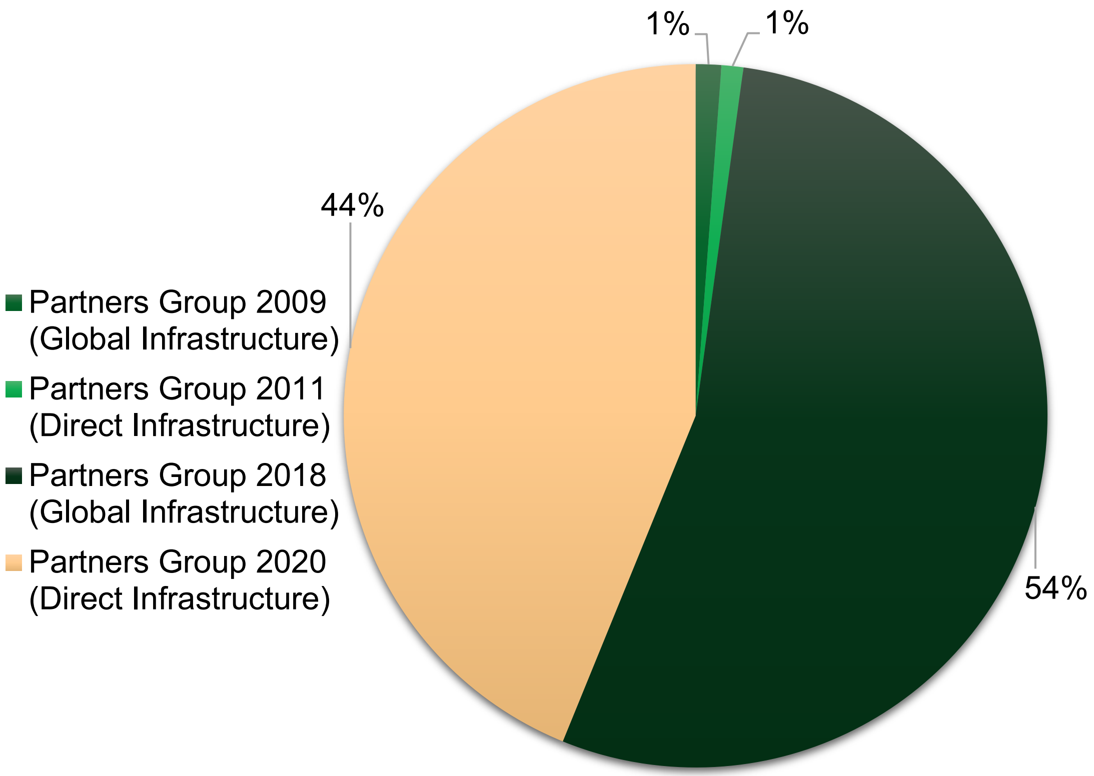
Source: Northern Trust, RADAR Reporting

Alternatives Performance

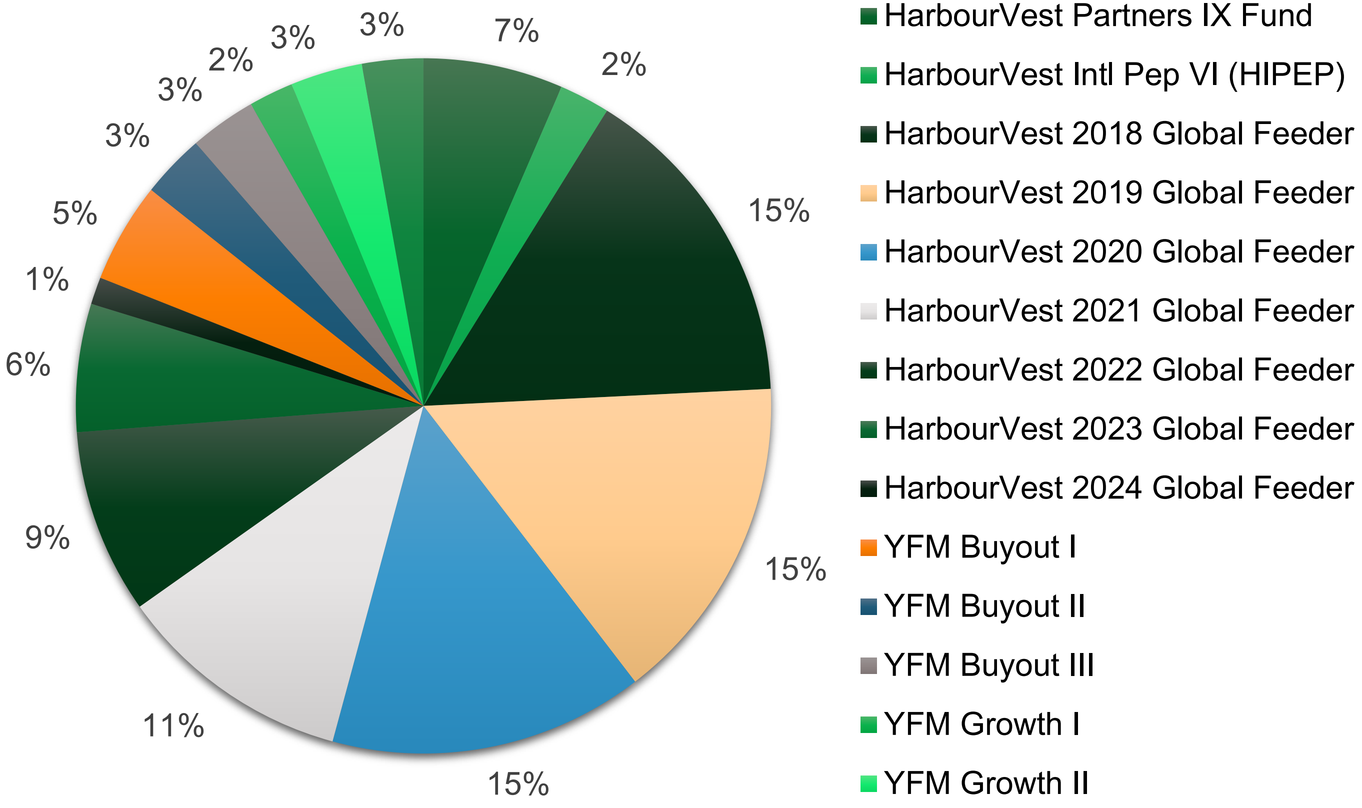
Name of Fund	Value of commitment (£m)	Date of original commitment	Cumulative contributions made (£m)	Distributions received (£m)	Net Asset Value at 31/03/2025 (£m)	IRR	TVPI
	AS AT 31 MARCH 2025						
HIPEP VI-Cayman Partnership Fund L.P.	31	Oct-10	28.8	54.2	9.2	13.5%	2.19
HarbourVest Partners IX L.P.	53	Oct-10	40.9	85.2	25.4	17.5%	2.72
HarbourVest 2018 Global Feeder AIF L.P.	57	Oct-18	47.1	28.9	60.3	18.5%	1.93
HarbourVest 2019 Global Feeder AIF SCSp	57	Mar-19	45.2	12.9	60.3	19.4%	1.69
HarbourVest 2020 Global Feeder AIF SCSp	57	Mar-20	50.3	5.4	57.4	11.0%	1.29
HarbourVest 2021 Global Feeder AIF SCSp	57	Mar-21	39.6	1.8	43.1	10.1%	1.17
HarbourVest 2022 Global Feeder AIF SCSp	57	Dec-21	27.4	0.7	33.7	32.4%	1.31
HarbourVest 2023 Global Feeder AIF SCSp	57	Dec-23	21.2	-	23.4		1.17
HarbourVest 2024 Global Feeder AIF SCSp	123	Jun-24	5.1	-	5.0		1.00
Partners Group Direct Infrastructure 2011 S.C.A., SICAR	19	Oct-10	16.5	20.5	4.2	6.8%	1.16
Partners Group Global Infrastructure 2009 S.C.A., SICAR	50	Oct-10	43.3	57.7	4.9	7.0%	1.32
Partners Group Global Infrastructure 2018 L.P. INC	222	Oct-18	180.5	18.1	227.9	11.4%	1.31
Partners Group Direct Infrastructure 2020 LP SICAV RAIF	222	Nov-19	152.9	11.3	185.1	16.5%	1.24
Chandos	6	Oct-07	6.0	6.7	0.0		1.13
YFM Equity Partners Growth Fund 1	10	Oct-14	10.0	19.3	8.1		2.84
YFM Equity Partners Buyout Fund 1	20	Mar-16	18.3	32.6	18.3		2.81
YFM Equity Partners Growth Fund 2	10	Oct-18	10.4	0.4	13.1		1.32
YFM Equity Partners Buyout Fund 2	20	Oct-18	16.0	18.1	11.6		2.09
YFM Equity Partners Growth Fund 3	10	Jun-21	9.6	0.9	11.1		1.30
YFM Equity Partners Buyout Fund 3	20	Sep-23	11.6	-	12.1		1.05

Alternatives Breakdown

Infrastructure Allocation (£422m)

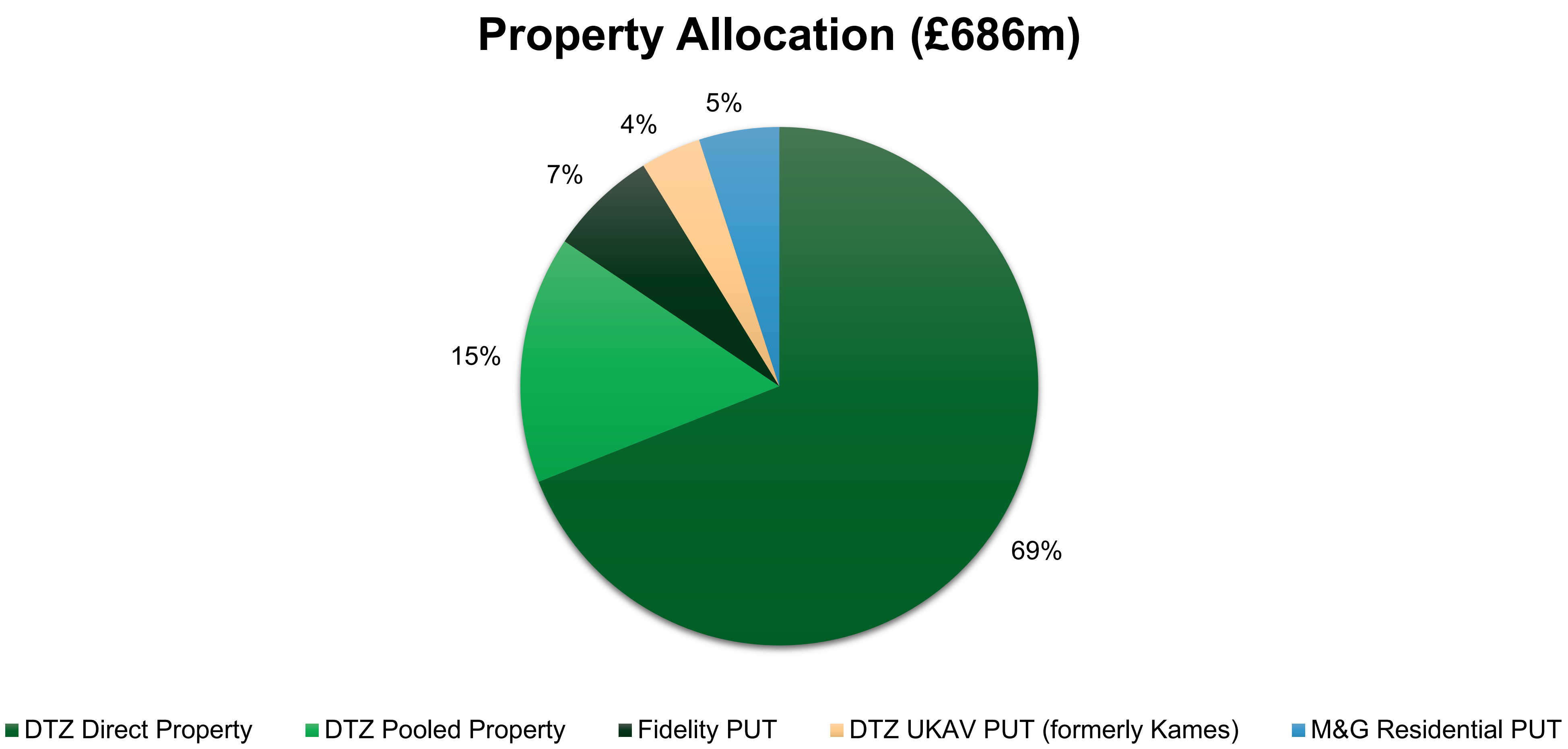


Private Equity Allocation (£392m)



Note: The legend reads clockwise on the pie charts.

Property Breakdown



Note: The legend reads clockwise on the pie chart.

Appendix

Benchmarks and Targets

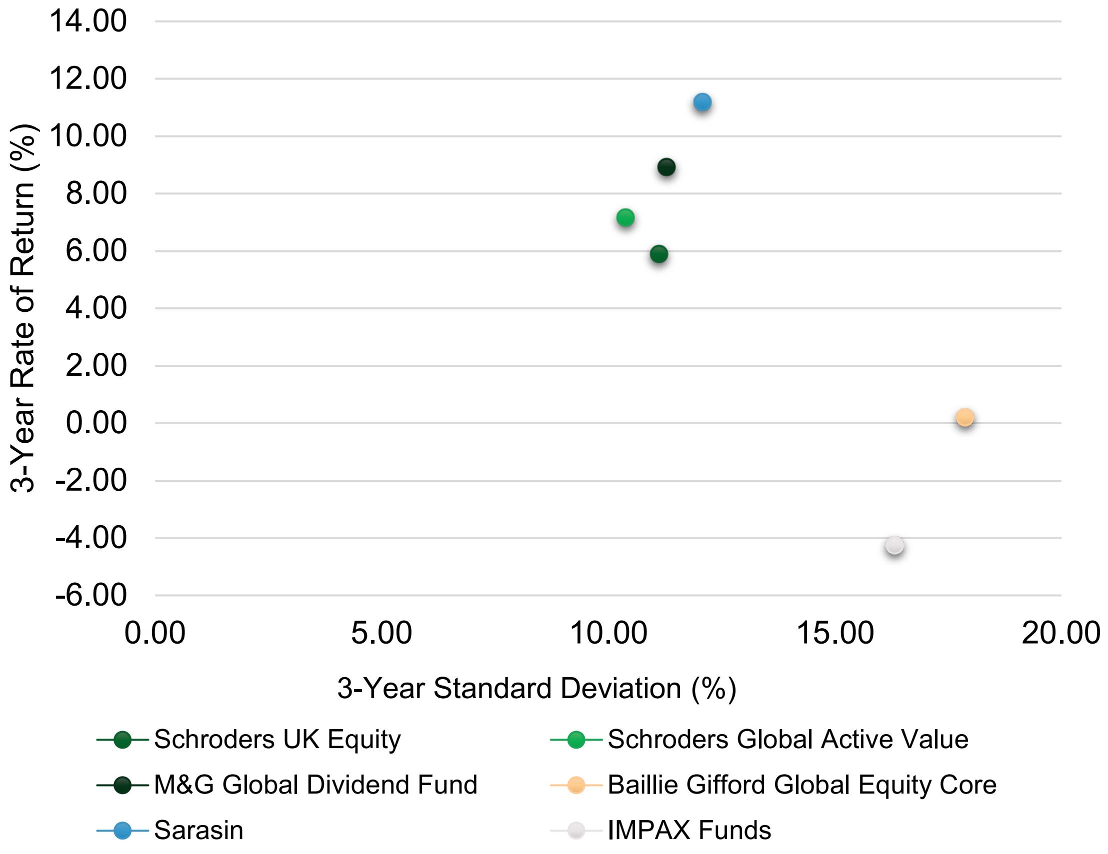
Appendix A

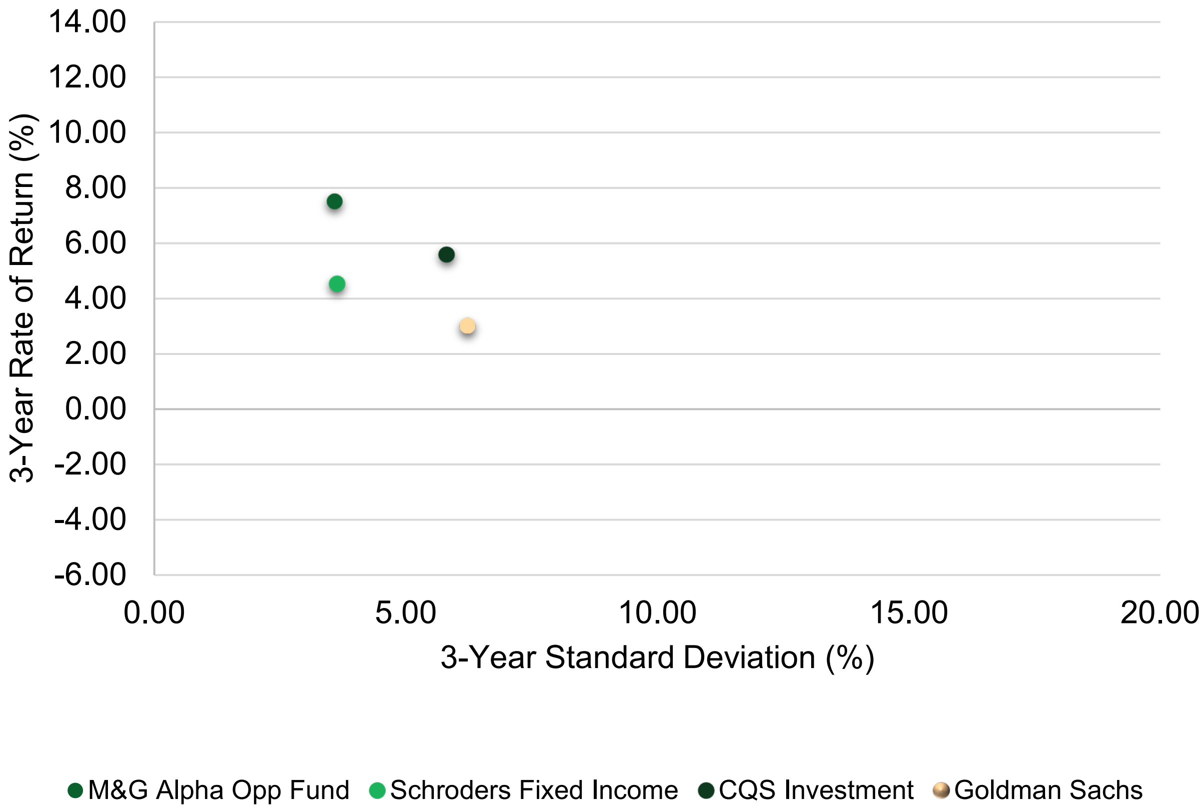
Asset Class / Manager	Performance Benchmark	Performance Target
UK Equities:		
Schroders - WS ACCESS UK Equity Fund	FTSE All Share	+1.5% pa over rolling 3 years
Woodford	FTSE All Share	Unconstrained
Global Equities:		
Baillie Gifford - WS ACCESS Global Equity Core Fund	Regional	+1.5% pa over rolling 3 years
Robeco GS	MSCI AC World Index NDR	
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
Emerging Market Equities:		
Robeco – WS ACCESS Emerging Market Equities Fund	MSCI Emerging Markets ND	
Columbia Threadneedle – WS ACCESS Emerging Market Equities Fund	MSCI Emerging Markets ND	
Fixed Income:		
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	SONIA	SONIA
M&G Alpha Opprtunities	SONIA	SONIA
Property:		
DTZ	MSCI UK All Property Index	≥ 3 year rolling average of benchmark returns
Fidelity	MSCI UK All Balanced Property	
DTZ (Kames)	MSCI UK All Balanced Property	
M&G Property	MSCI UK All Balanced Property	
Alternatives: (Cash / Other Assets)		
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

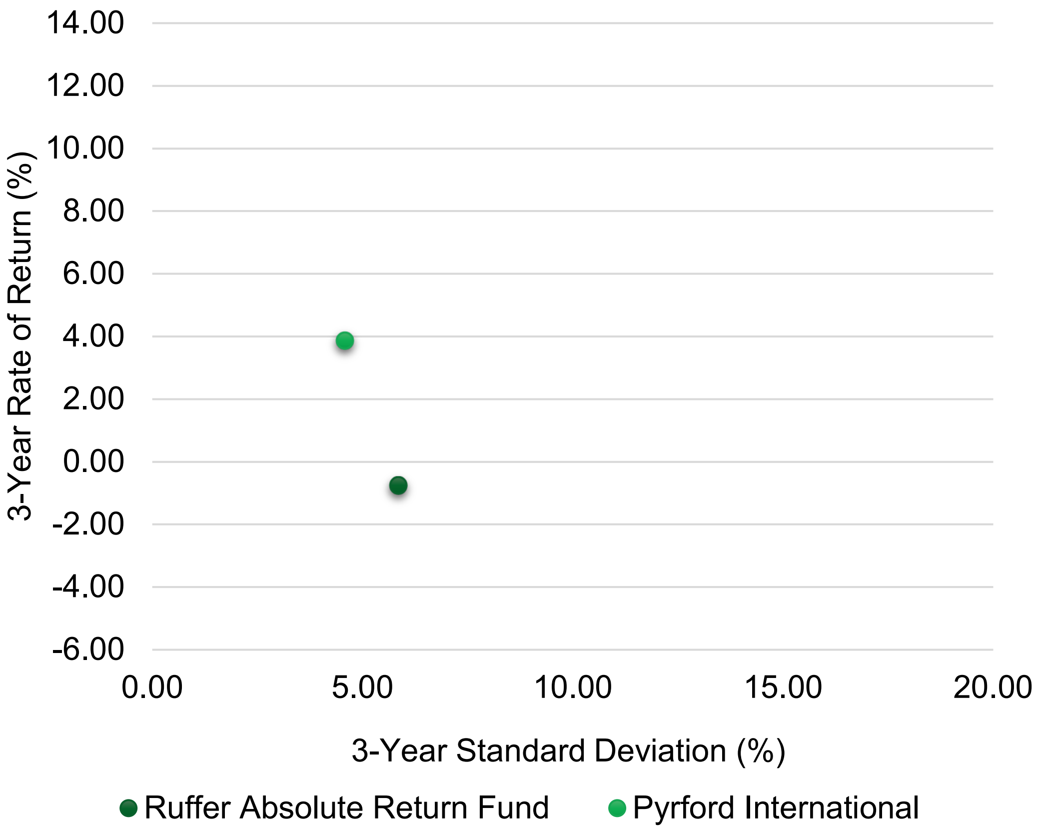


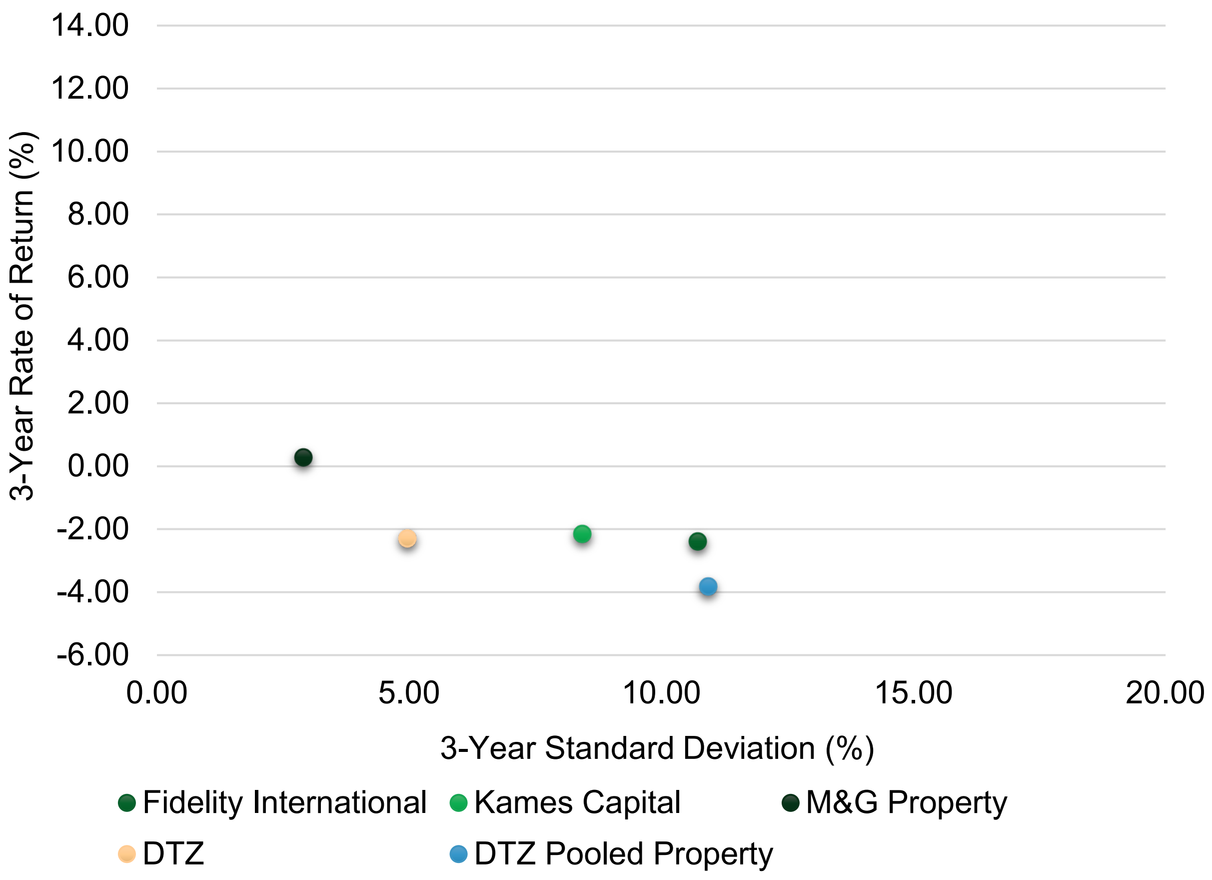


Source: Northern Trust, RADAR Reporting

Risk vs Return – *Absolute Return and Property*

Appendix C

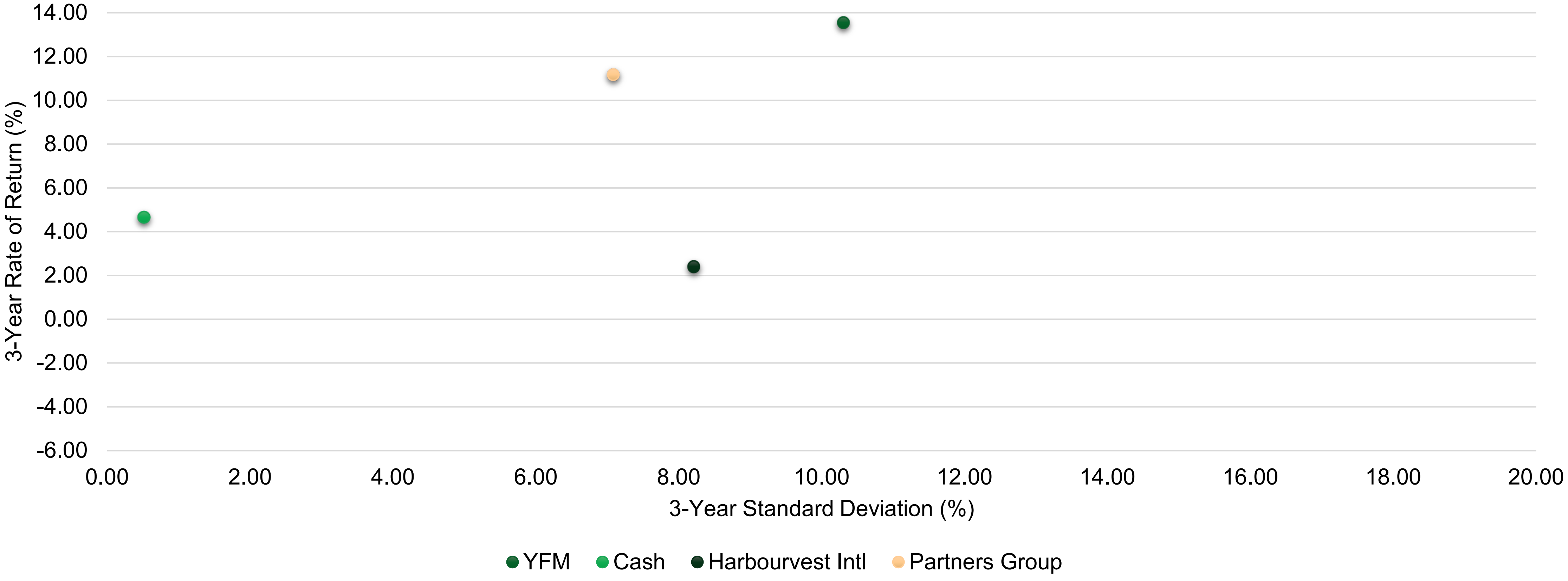




Source: Northern Trust, RADAR Reporting

Risk vs Return - *Alternatives*

Appendix D



Source: Northern Trust, RADAR Reporting

Kent Pension Fund

For more information, please visit

www.kentpensionfund.co.uk