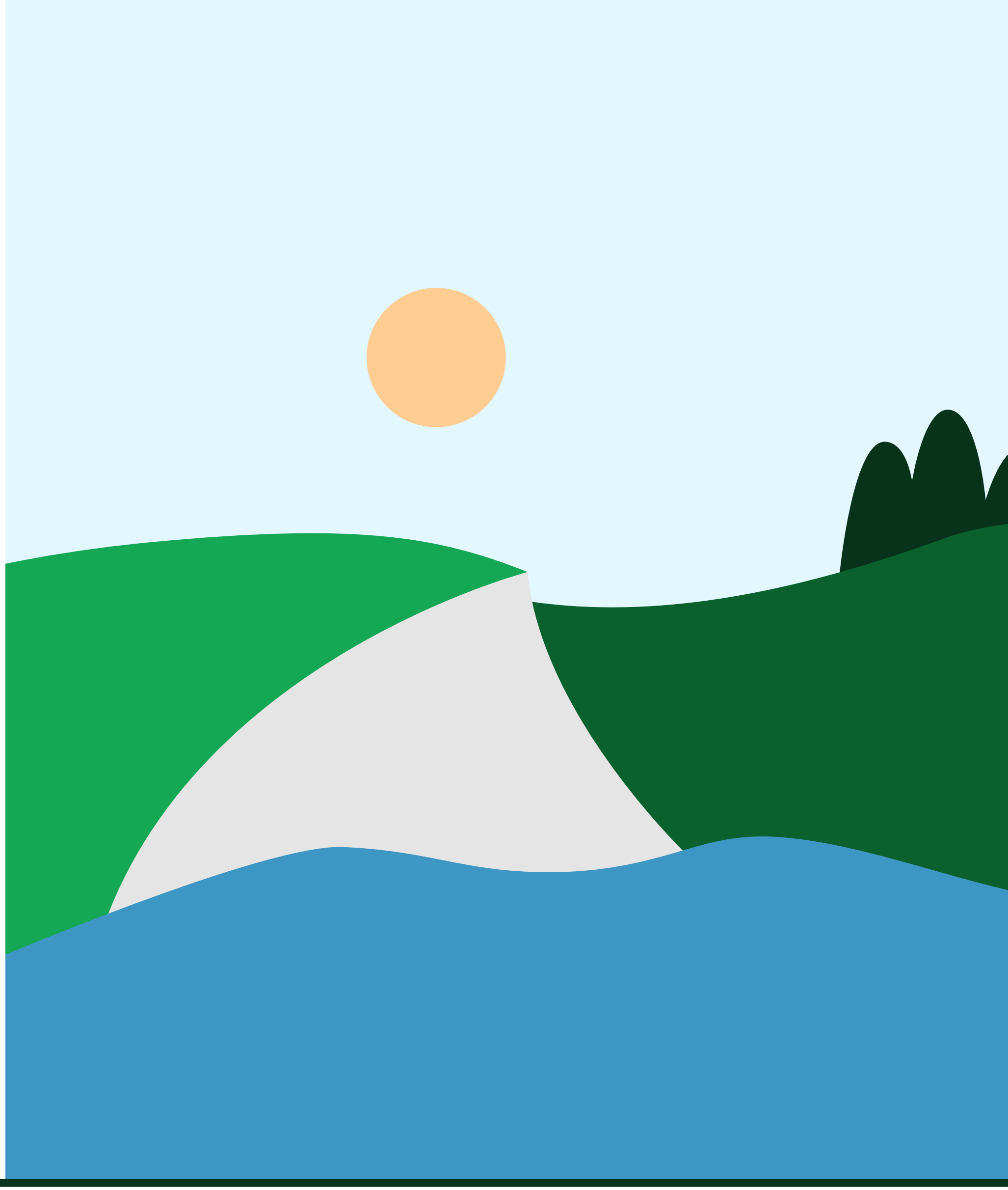
Kent Pension Fund

Q4 2025 Fund Performance



Market Commentary

- Over Q4, economic resilience and ongoing AI-led optimism drove financial markets, despite uncertainty driven by regional politics. While some developed market ("DM") central banks continued cutting rates, the narrative of a sharp slowdown was brushed aside, supported by abating risks from tariffs and trade. In Q4, the US Federal Reserve ("Fed") reduced its policy rate amidst a weakening labour market and cooling inflation. In Europe, political upheaval in France and German fiscal stimulus largely dominated market sentiments, and the ECB left rates unchanged. Meanwhile, fundamentals in the UK favoured a further rate cuts by the Bank of England ("BoE"), with the Autumn budget easing fiscal credibility concerns. In Japan, leadership under new President Sanae Takaichi and her fiscal plans stirred some volatility. The Bank of Japan ("BoJ") continued hiking interest rates against the backdrop of favourable fundamentals. Overall, equity markets ended higher across DMs and bond yields were mixed during Q4.

- US real GDP rose 4.3% (q/q saar) in Q3 2025, up from the Q2 final estimate of 3.8%. Headline US inflation decreased to 2.7% in November 2025 from 3% in September 2025. Core inflation was at 2.6% in November, down from 3% at the end of September. The Fed, at its December meeting, decided to cut interest rates by 25 bps lowering the Fed funds rate to 3.5%-3.75%. In the Summary of Economic Projections, the median projection showed one Fed funds rate cut in 2026.

- In Q3 2025, seasonally adjusted GDP increased by 0.3% (q/q) in the euro area. The ECB kept interest rates unchanged for the fourth consecutive meeting, maintaining the deposit rate at 2.0%. It continued to unwind its two main quantitative easing programs, including the pandemic-related QE. Headline inflation in the eurozone fell slightly to 2.1% in November, from 2.2% in September.

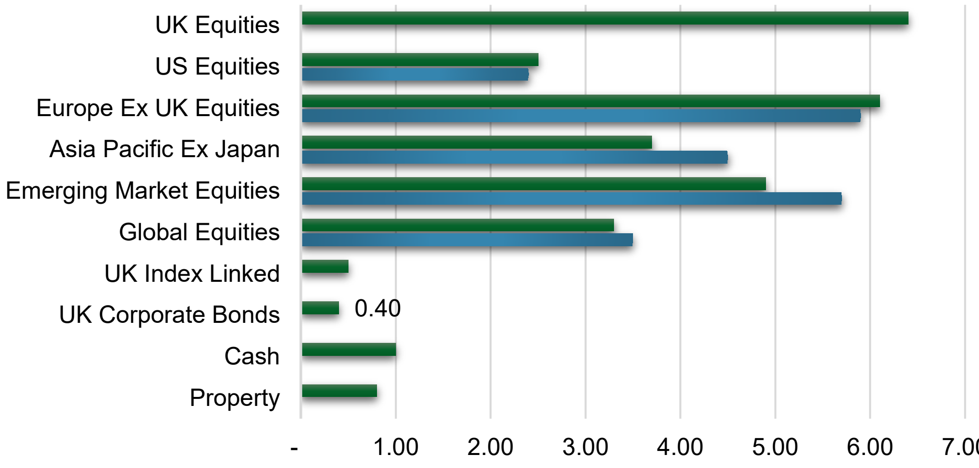
- The UK economy grew by 0.1% (q/q) in Q3 2025 down from 0.2% recorded in Q2 2025. Headline inflation in the UK fell to 3.2% in November from 3.8% in September, primarily due to lower food and non-alcoholic beverages prices. In its December meeting, the BoE cut interest rates from 4% to 3.75%, the lowest since February 2023, citing concerns over weaker economic growth.

- Japan's economy contracted by 2.3% (q/q saar) in Q3 2025, marking the fastest contraction since Q3 2023. In its December meeting, the BoJ raised its benchmark rates by 25 basis points to 0.75% as underlying inflation persists, the highest level since 1995.

- China's GDP grew by 4.8% (y/y) in Q3 2025, slowing for a second consecutive quarter from the 5.2% growth in Q2. China's inflation rose to 0.7% in November 2025 after a period of deflation in August and September. The People's Bank of China's 1-Year Loan Prime Rate (LPR) stands at 3.0%, unchanged since its reduction in May 2025.

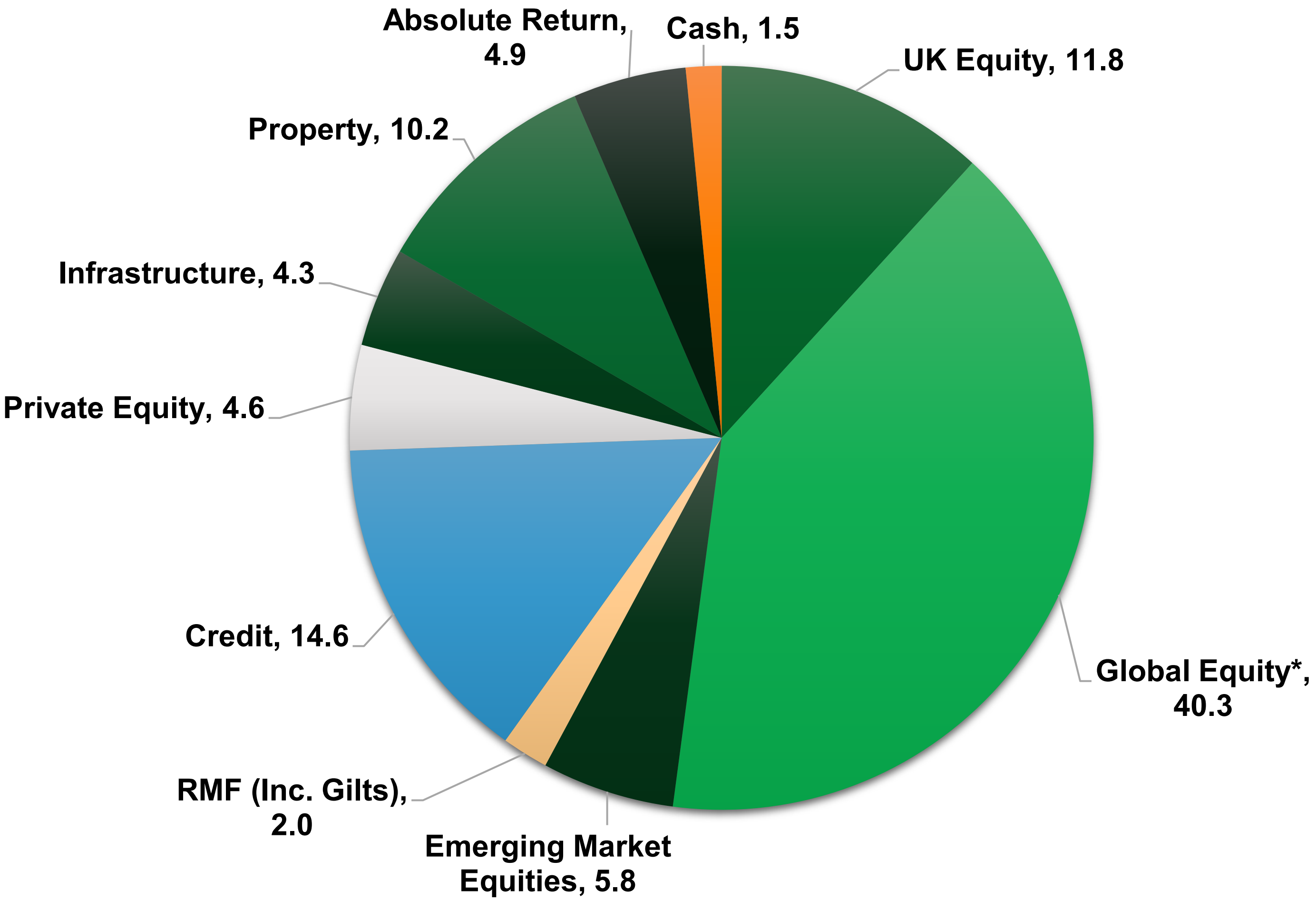
Source: Mercer LLC

Market Returns (%)



Source: Mercer LLC, Refinitiv and Schroders

Asset Allocation – 31 December 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.

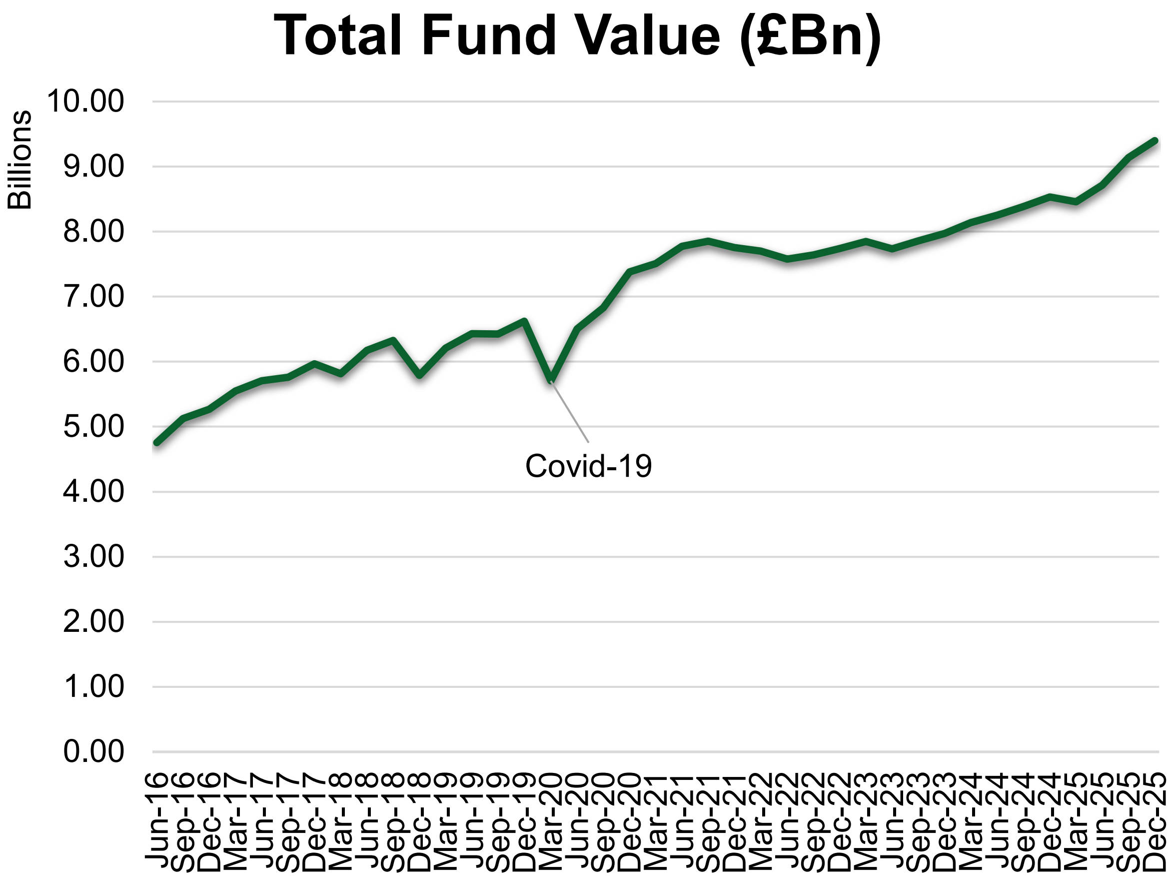
Source: Northern Trust, RADAR Reporting

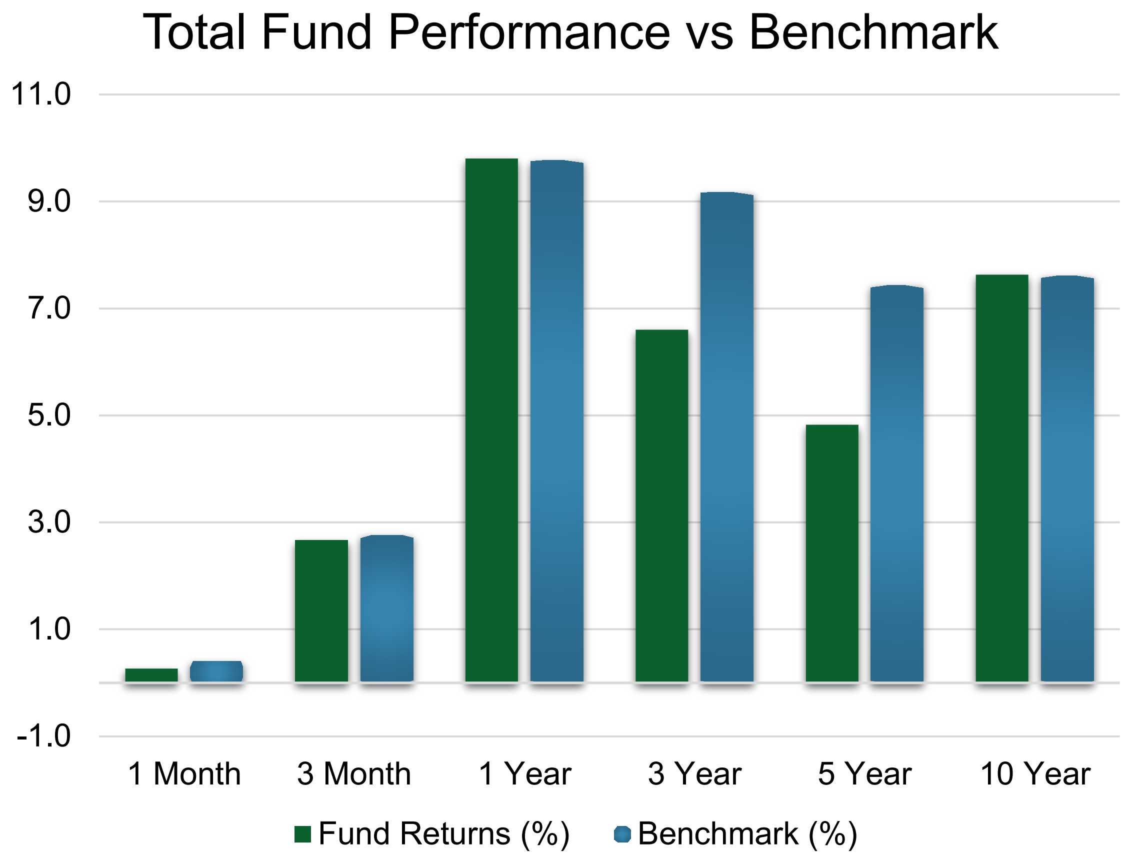
Fund Manager Summary

Asset Class	Fund Manager	Market Value as at 31 December 2025 (£m)	Market Value as at 30 September 2025 (£m)	Change in MV (£m)	% of Total
UK Equity	Schroders UK Equity	1,104	1,043	61	11.7
	Woodford Equity	2	2	0	0.0
Global Equity	Impax	71	73	- 2	0.8
	Baillie Gifford	1,032	1,134	- 103	11.0
	Robeco Global Stars	731	706	25	7.8
	Schroders Global Active Value	612	577	35	6.5
	M&G Global Dividend Fund	773	736	37	8.2
	Insight (Synthetic Equity Exposure)	571	559	12	6.1
Emerging Markets Equity	Columbia Threadneedle	265	253	12	2.8
	Robeco	276	257	20	2.9
Risk Management Framework (inc. Gilts)	Insight	190	270	- 80	2.0
Credit	CQS	298	293	5	3.2
	Goldman Sachs	465	457	8	5.0
	Schroders Strategic Bond Fund	298	293	5	3.2
	M&G Alpha Opportunities	309	307	2	3.3
Absolute Return	Ruffer	202	198	4	2.2
	Pyrford	260	254	5	2.8
Property	DTZ	711	535	176	7.6
	DTZ Pooled Property	140	126	14	1.5
	DTZ (previously Aegon)	27	27	0	0.3
	M&G Residential Property	34	34	0	0.4
	Fidelity	44	47	-3	0.5
Infrastructure	Partners Group	407	420	-14	4.3
Private Equity	HarbourVest	347	338	9	3.7
	YFM	83	79	4	0.9
Cash	Internal Cash	146	115	31	1.5
Total		**9,397**	**9,135**	**263**	**100.0**

Source: Northern Trust, RADAR Reporting

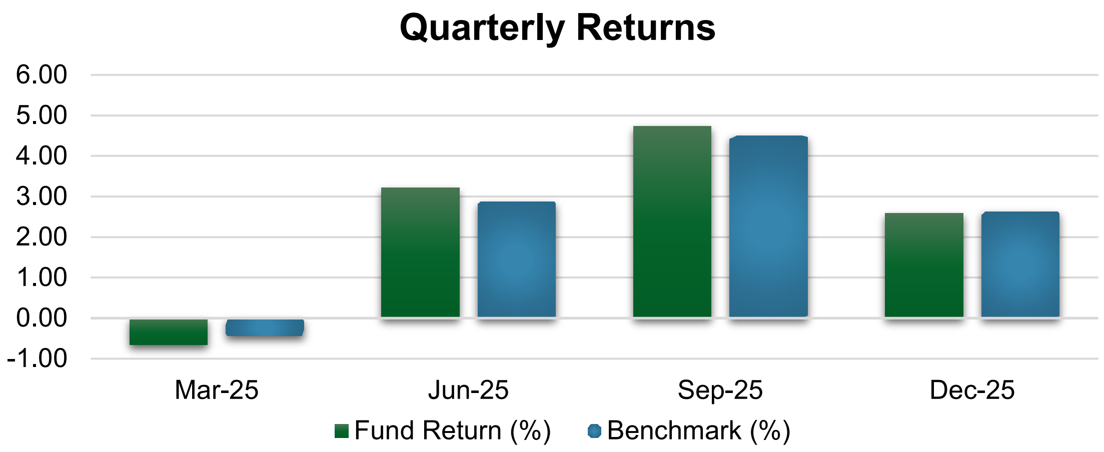
Historical Performance





Source: Northern Trust, RADAR Reporting

Discrete Performance



Over the five years to 31 December 2025, performance has reflected the changes in investor sentiment, with more recent periods showing improvement.

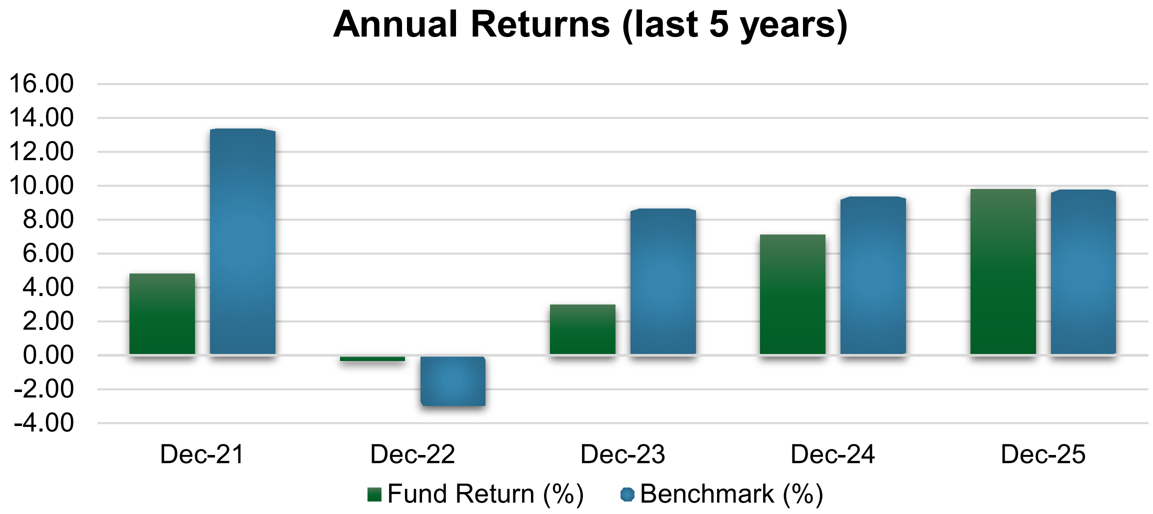
In 2025, the Fund returned 9.8% which was in line with the benchmark return. 2025 performance was driven by large relative returns in emerging markets and absolute returns across equities, as a result in changing investor sentiment and rotations away from the US. Credit and absolute return also performed very well as spreads tightened and investors added more defensive positions to their portfolios. This followed returns of 7.1% in 2024 vs a benchmark of 9.4% and 3.0% in 2023 which underperformed by 5.7%.

The earlier periods presented greater volatility for the Fund and for active management in general, whereas 2025 reflected a more balanced market backdrop.

Over the past four quarters, the Fund has broadly performed in line with its benchmark, with periods of slight outperformance.

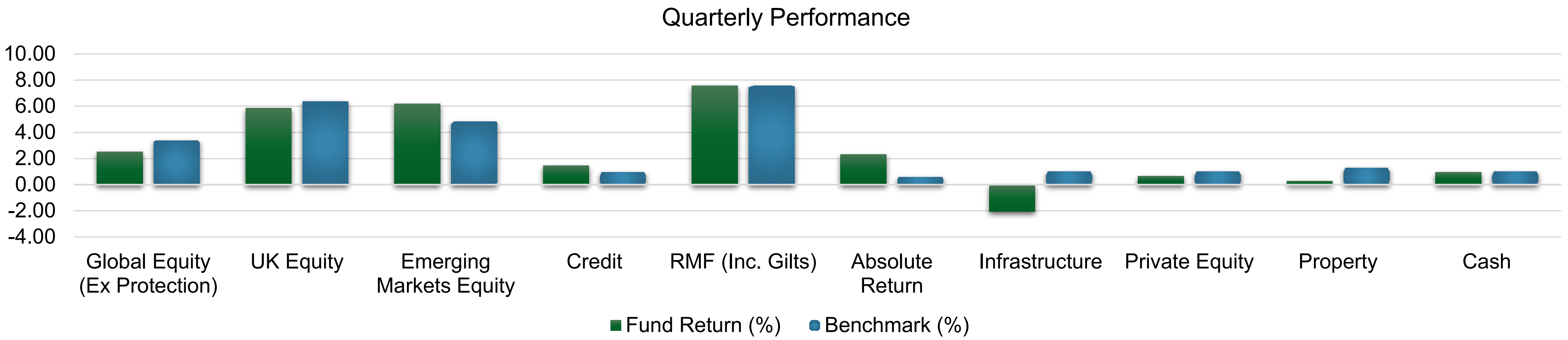
In the quarter to 31 December 2025, the Fund returned 2.7% compared with a benchmark return of 2.8%, representing a slight underperformance. Returns in the period were more muted as a result of underperformance from global equities, following a rotation away from the US and growth stocks, as well as underperformance from infrastructure and property mandates.

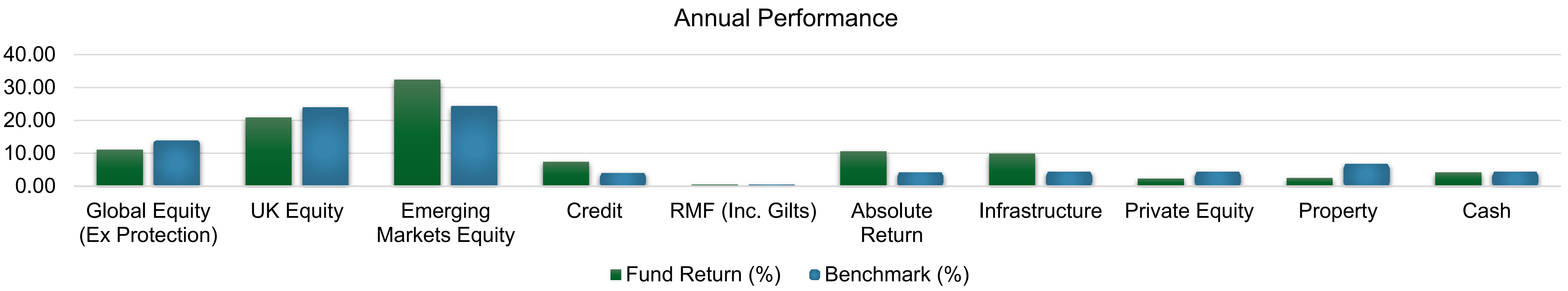
In the previous quarter, the Fund delivered a strong return of 4.7%, which was a relative outperformance of 0.3%, as equity markets rallied amid interest rate cuts and resilient economic data. June also posted slight outperformance, though the earlier part of 2025 proved more challenging given increased market volatility around the US tariff shocks.



Source: Northern Trust, RADAR Reporting

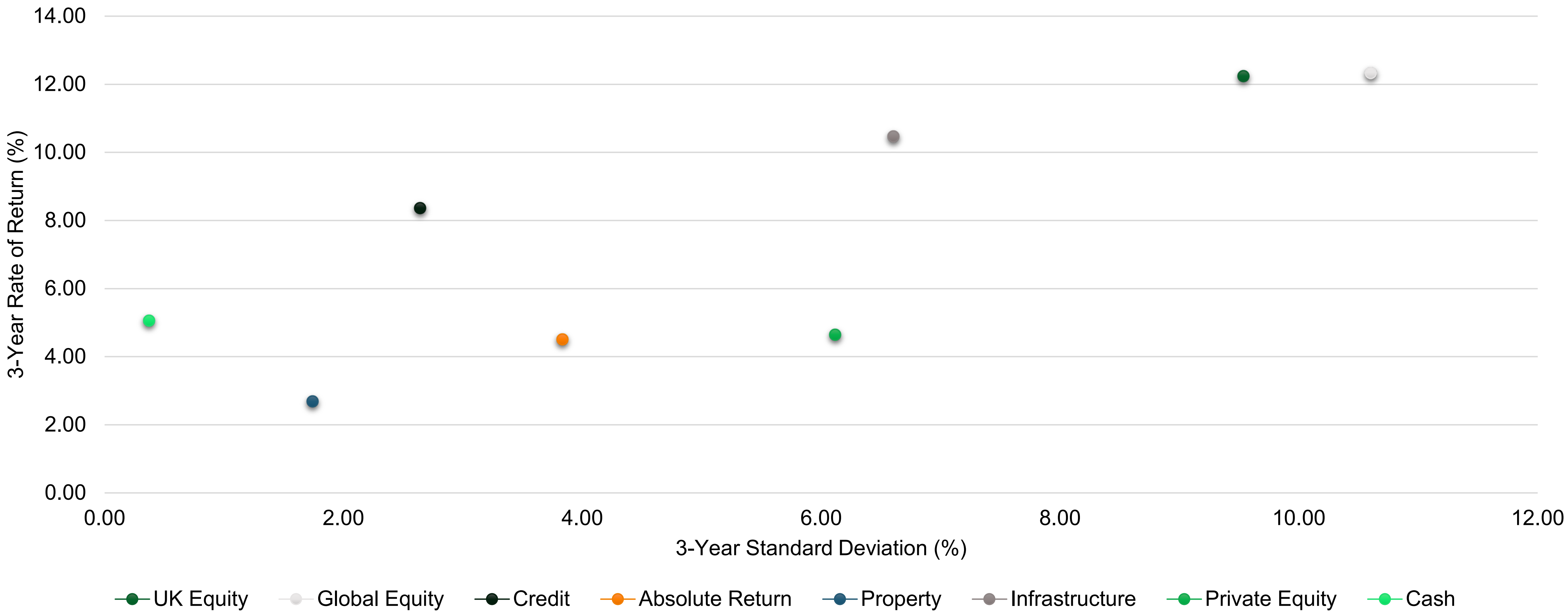
Asset Class Performance





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	2.7	2.8	9.8	9.8	6.6	9.2
UK Equity						
Schroders - WS ACCESS UK Equity Fund	5.9	6.4	21.0	24.0	11.9	13.6
Global Equity						
Baillie Gifford - WS ACCESS Global Equity Core Fund	-1.2	4.3	7.3	18.8	11.4	14.7
Robeco GS	3.5	3.4	--	--	--	--
Schroders - WS ACCESS Global Active Value Fund	6.1	3.4	24.0	13.9	15.2	16.2
Impax	-3.2	3.4	0.2	13.9	0.6	16.2
M&G - WS ACCESS Global Dividend Fund	5.0	3.4	12.9	13.9	14.4	16.2
EM Equity						
Columbia Threadneedle – WS ACCESS EM Equity Fund	4.7	4.8	41.5	24.4	--	--
Robeco – WS ACCESS EM Equity Fund	7.7	4.8	41.5	24.4	--	--
Credit						
Goldman Sachs	1.8	0.9	7.4	3.5	7.4	3.5
Schroders Fixed Income	1.5	1.0	9.8	4.4	7.8	4.8
CQS	1.5	1.0	7.3	4.2	10.4	6.8
M&G Alpha Opportunities	0.8	1.0	5.3	4.2	8.6	6.8
Property						
DTZ	0.4	1.3	2.3	5.7	2.2	3.1
Fidelity	-2.0	0.8	7.0	5.1	3.1	3.0
DTZ (Kames)	1.1	0.8	10.2	5.1	3.2	3.0
M&G Property	0.4	0.8	0.0	5.1	0.1	3.0
Private Equity						
HarbourVest	0.1	1.0	0.8	4.4	2.3	4.8
YFM	3.1	1.0	9.3	4.4	13.5	4.8
Infrastructure						
Partners Group	-2.1	1.0	9.8	4.4	10.5	4.8
Absolute Return						
Pyrford	2.5	0.6	9.5	4.2	6.2	6.3
Ruffer - WS ACCESS Absolute Return Fund	2.1	0.6	12.0	4.2	1.4	6.3

Source: Northern Trust, RADAR Reporting

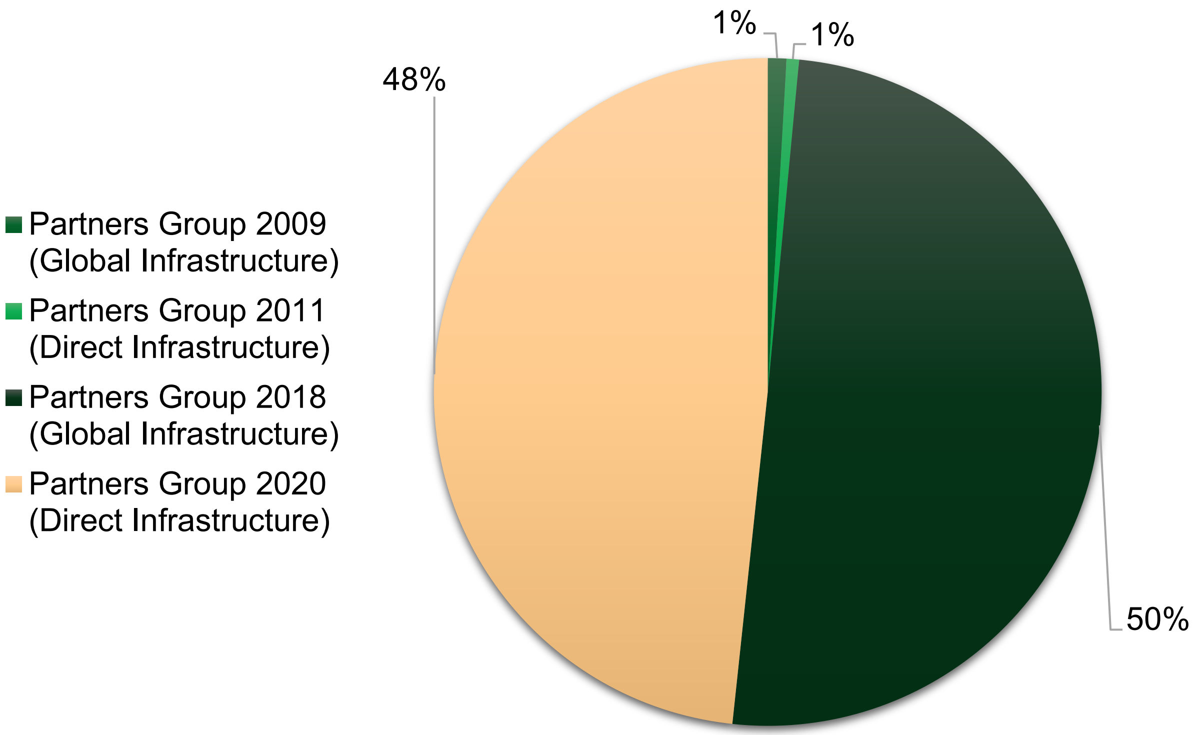
Alternatives Performance

	AS AT 31 DECEMBER 2025						
Name of Fund	Value of commitment (£m)	Date of original commitment	Cumulative contributions made (£m)	Distributions received (£m)	Net Asset Value at 31/12/2025 (£m)	IRR	TVPI
HIPEP VI-Cayman Partnership Fund L.P.	31	Oct-10	28.8	55.5	8.7	13.3%	2.12
HarbourVest Partners IX L.P.	53	Oct-10	40.9	91.4	18.7	17.1%	2.45
HarbourVest 2018 Global Feeder AIF L.P.	57	Oct-18	49.0	32.6	53.2	15.7%	1.74
HarbourVest 2019 Global Feeder AIF SCSp	57	Mar-19	47.5	21.3	54.6	16.3%	1.67
HarbourVest 2020 Global Feeder AIF SCSp	57	Mar-20	50.3	7.3	58.7	10.0%	1.35
HarbourVest 2021 Global Feeder AIF SCSp	57	Mar-21	44.0	2.8	47.8	9.0%	1.24
HarbourVest 2022 Global Feeder AIF SCSp	57	Dec-21	32.1	2.1	39.9	22.4%	1.43
HarbourVest 2023 Global Feeder AIF SCSp	57	Dec-23	27.3	0.7	31.8		1.28
HarbourVest 2024 Global Feeder AIF SCSp	123	Jun-24	30.1	-	33.5		1.15
Partners Group Direct Infrastructure 2011 S.C.A., SICAR	19	Oct-10	16.5	22.6	2.4	6.5%	1.41
Partners Group Global Infrastructure 2009 S.C.A., SICAR	50	Oct-10	43.3	59.9	3.6	7.1%	1.44
Partners Group Global Infrastructure 2018 L.P. INC	222	Oct-18	180.5	59.0	204.1	10.8%	1.41
Partners Group Direct Infrastructure 2020 LP SICAV RAIF	222	Nov-19	163.3	26.0	196.5	15.0%	1.41
Chandos	6	Oct-07	6.0	6.7	0.0		1.13
YFM Equity Partners Growth Fund 1	10	Oct-14	10.0	19.8	7.3		2.78
YFM Equity Partners Buyout Fund 1	20	Mar-16	18.3	33.9	19.7		3.14
YFM Equity Partners Growth Fund 2	10	Oct-18	10.4	0.4	13.0		1.30
YFM Equity Partners Buyout Fund 2	20	Oct-18	16.6	18.4	12.7		2.12
YFM Equity Partners Growth Fund 3	10	Jun-21	9.1	0.9	12.5		1.37
YFM Equity Partners Buyout Fund 3	20	Sep-23	13.2	-	14.6		1.11

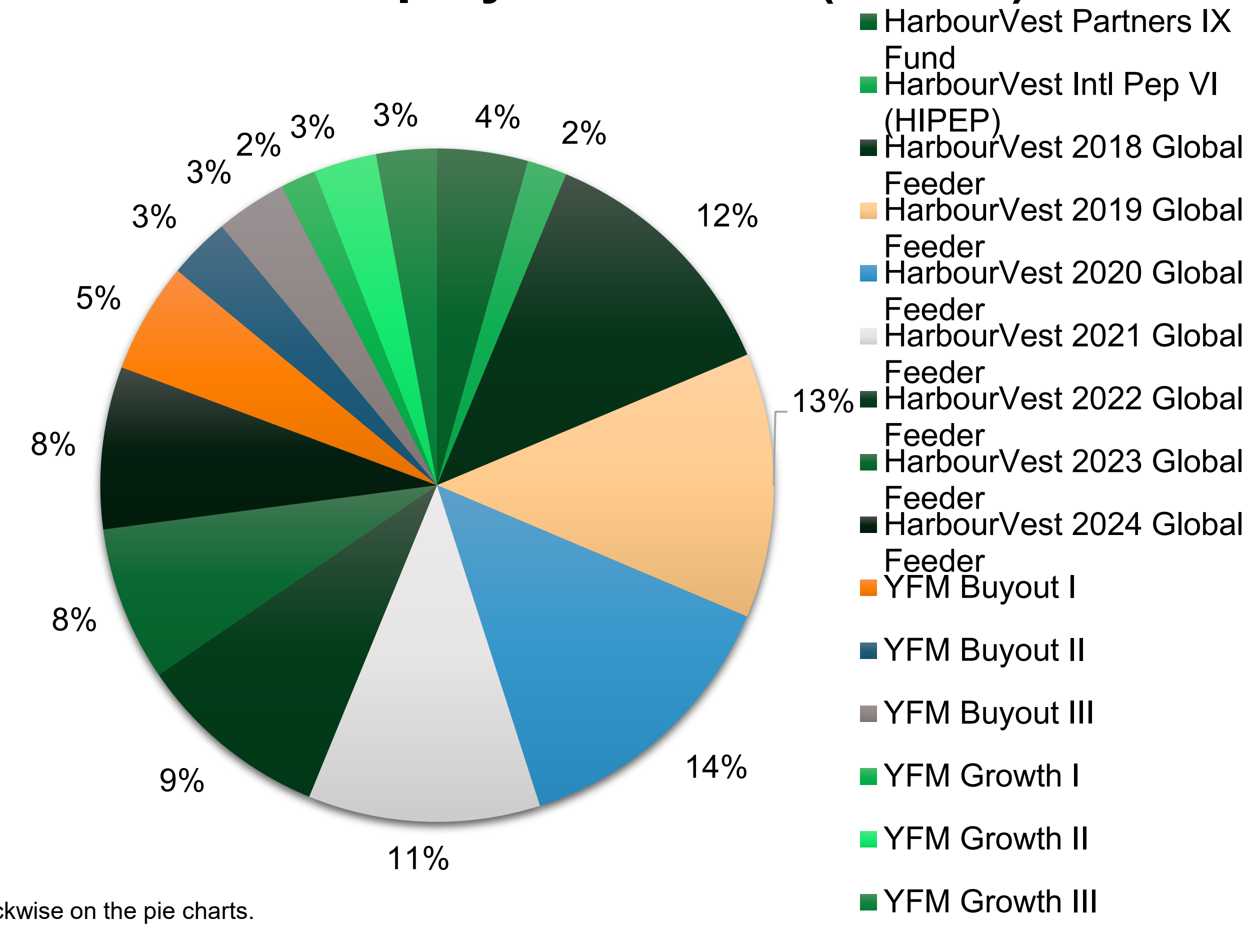
Source: Northern Trust, RADAR Reporting

Alternatives Breakdown

Infrastructure Allocation (£407m)

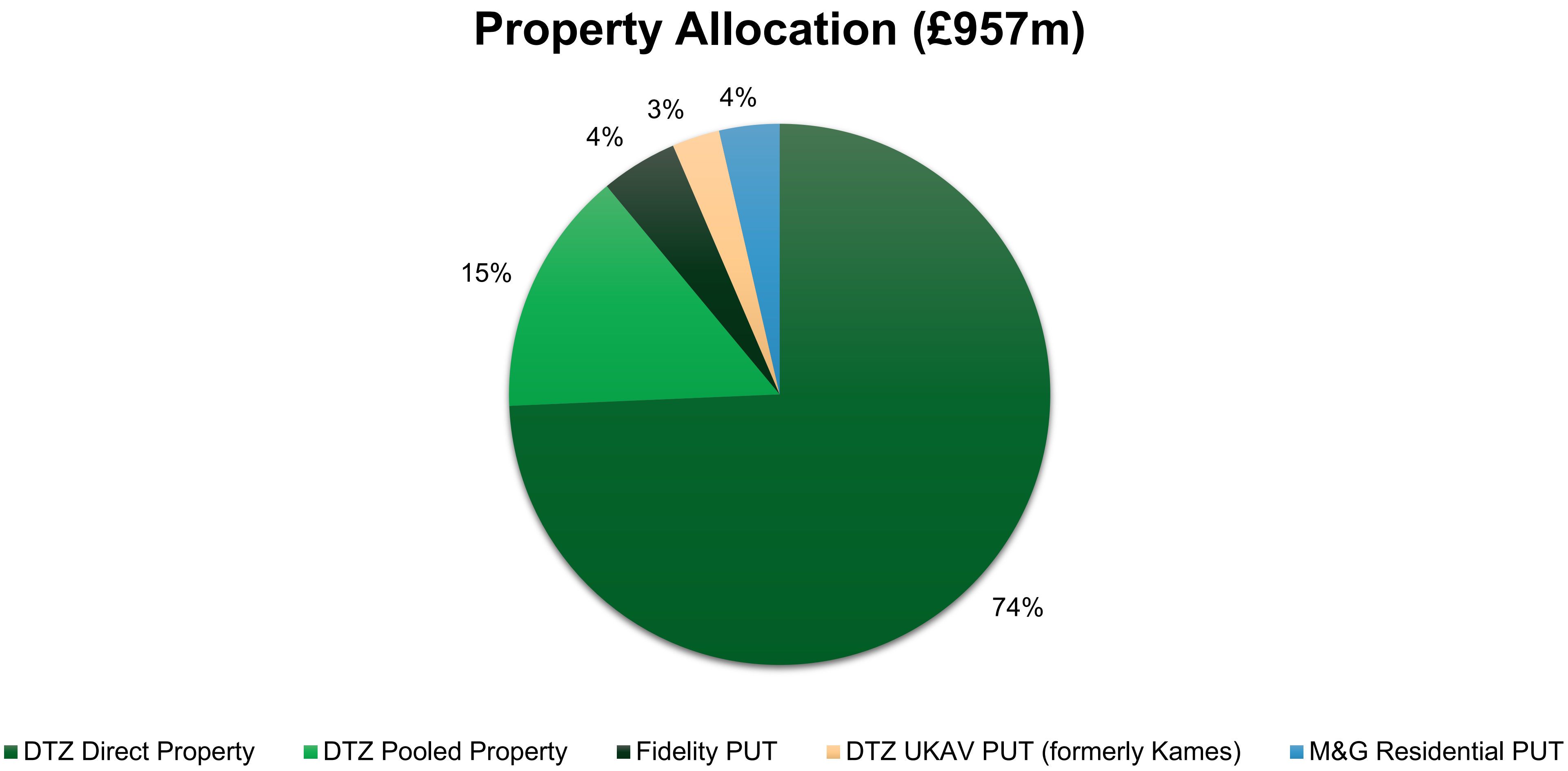


Private Equity Allocation (£430m)



Note: The legend reads clockwise on the pie charts.

Property Breakdown



Note: The legend reads clockwise on the pie chart.

Appendix

Benchmarks and Targets

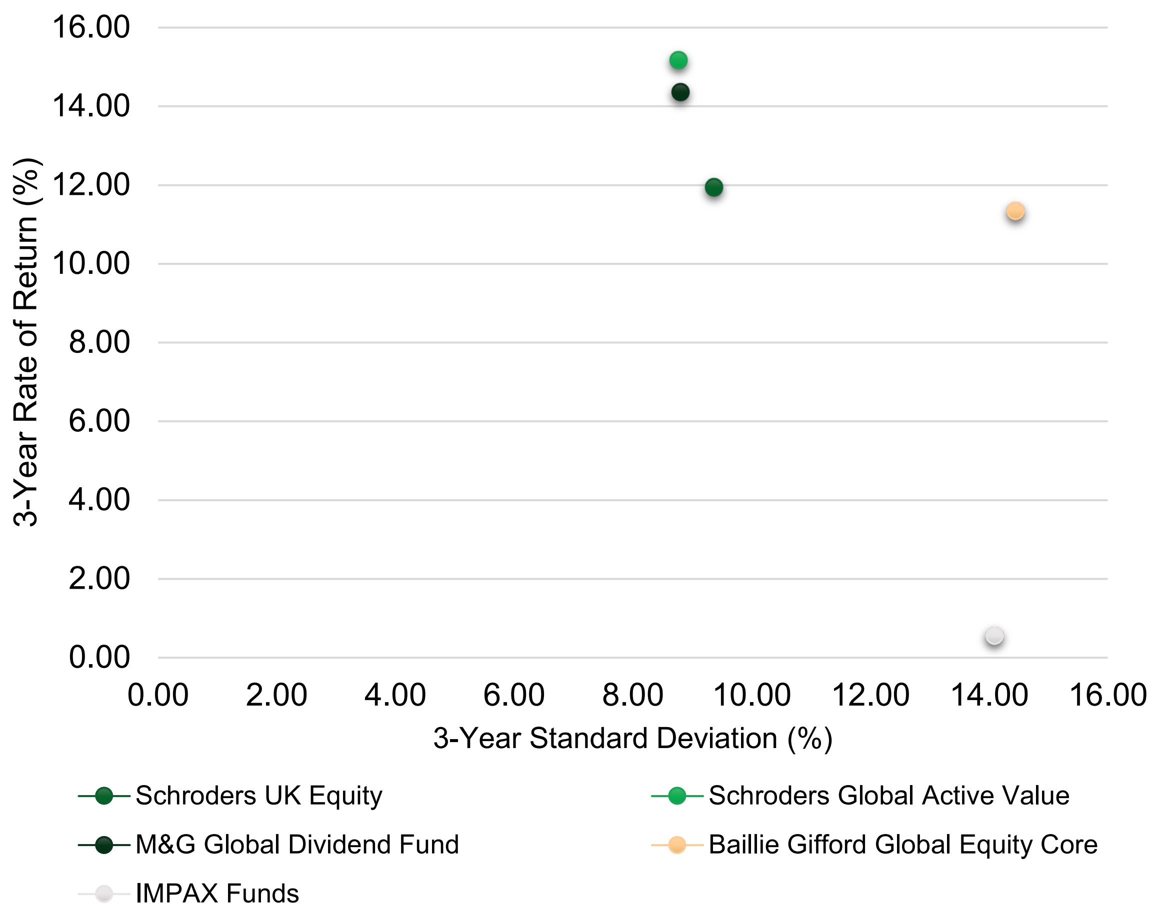
Appendix A

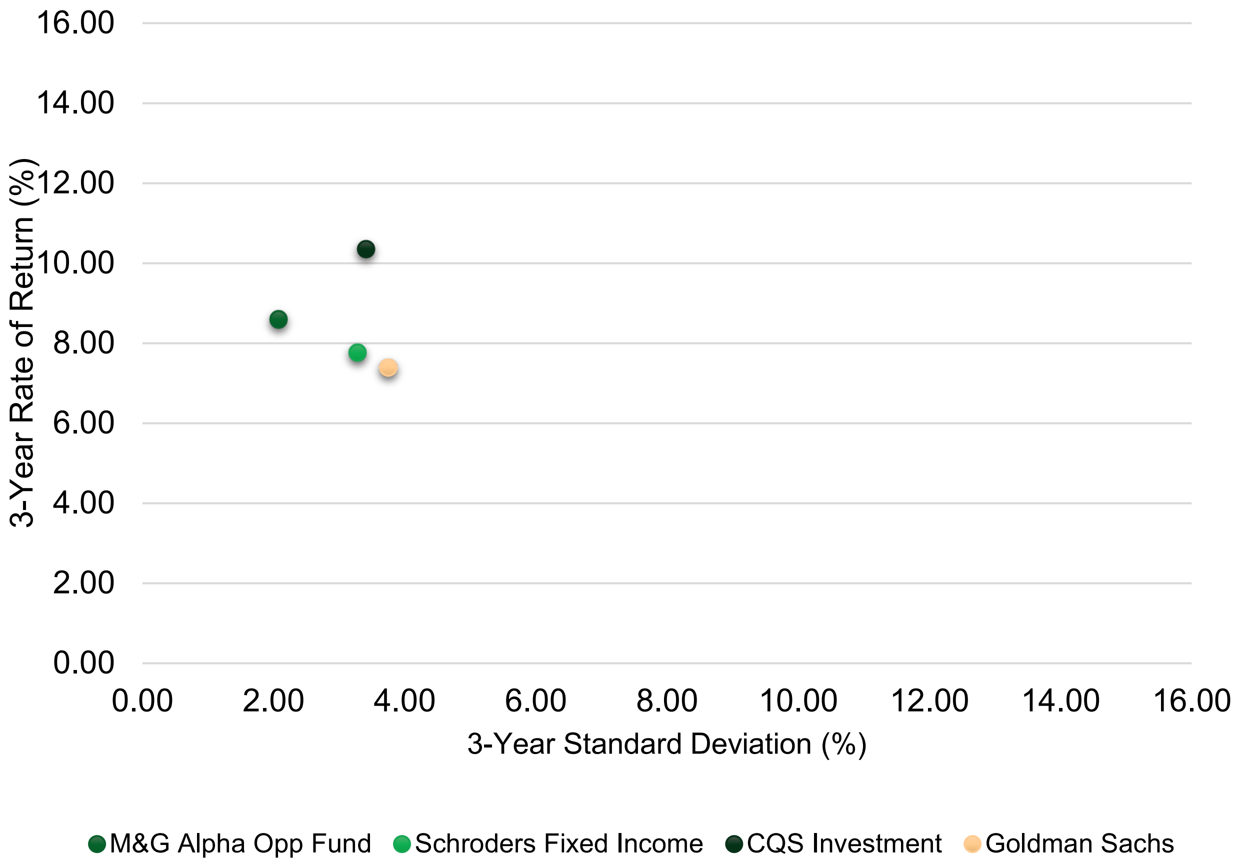
Asset Class / Manager	Performance Benchmark	Performance Target
UK Equities:		
Schroders - WS ACCESS UK Equity Fund	FTSE All Share	+1.5% pa over rolling 3 years
Woodford	FTSE All Share	Unconstrained
Global Equities:		
Baillie Gifford - WS ACCESS Global Equity Core Fund	Regional	+1.5% pa over rolling 3 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

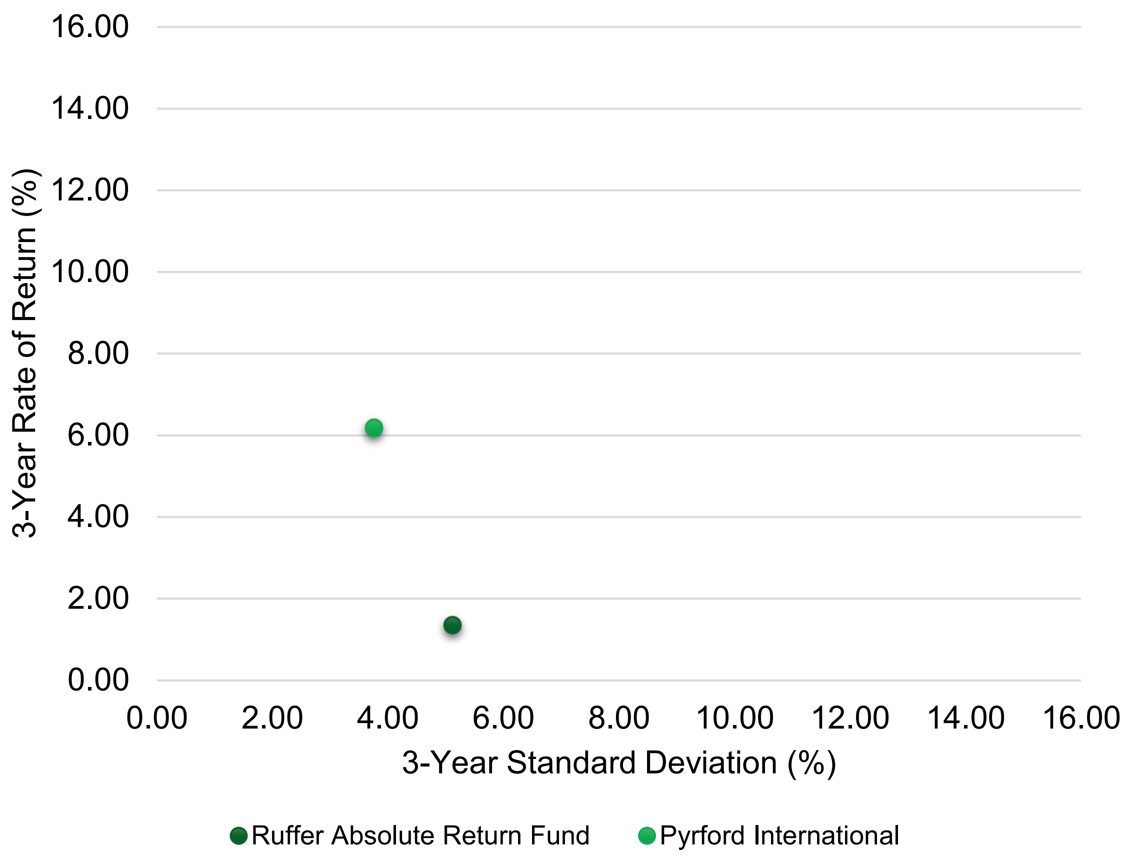


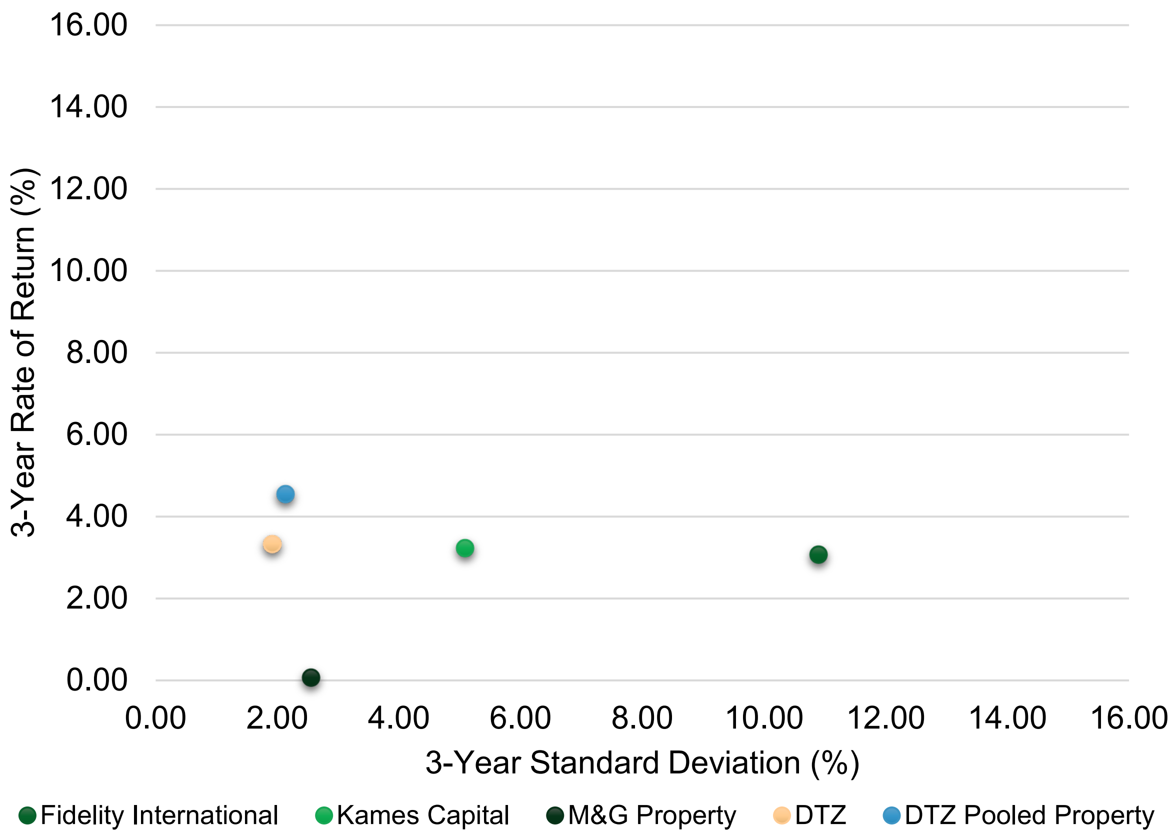


Source: Northern Trust, RADAR Reporting

Risk vs Return – *Absolute Return and Property*

Appendix C

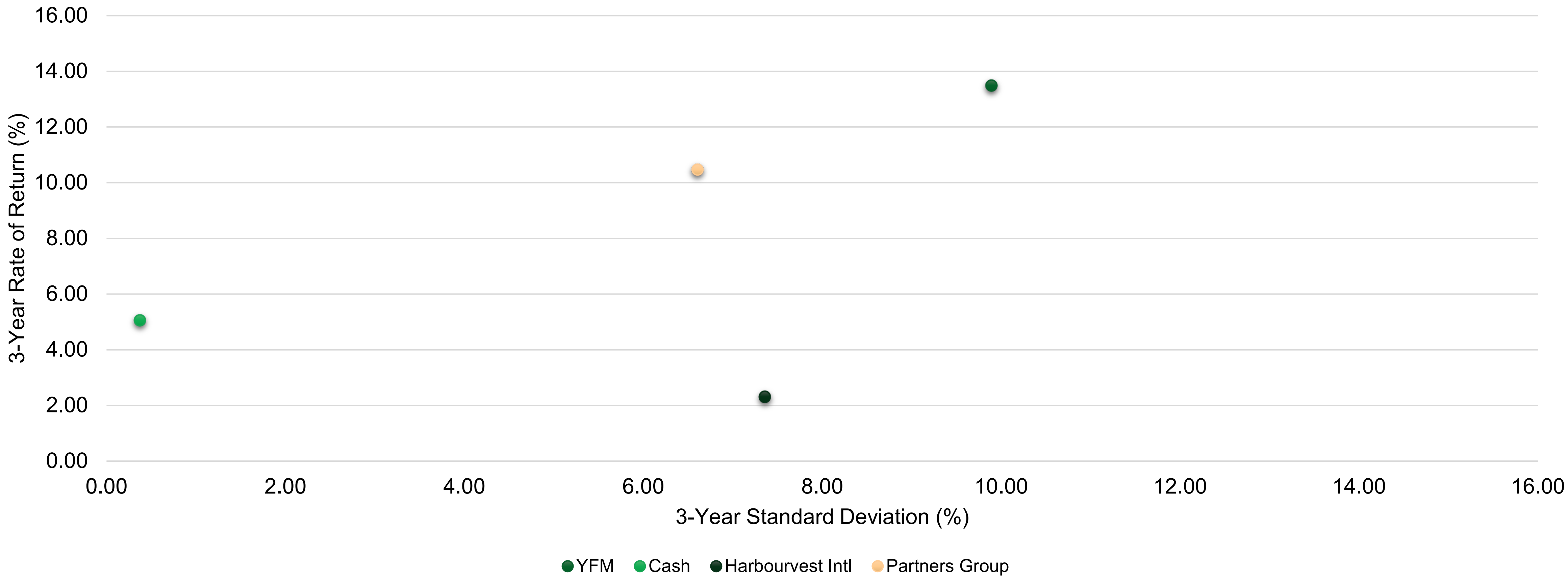




Source: Northern Trust, RADAR Reporting

Risk vs Return - *Alternatives*

Appendix D



Source: Northern Trust, RADAR Reporting

Kent Pension Fund

For more information, please visit

www.kentpensionfund.co.uk