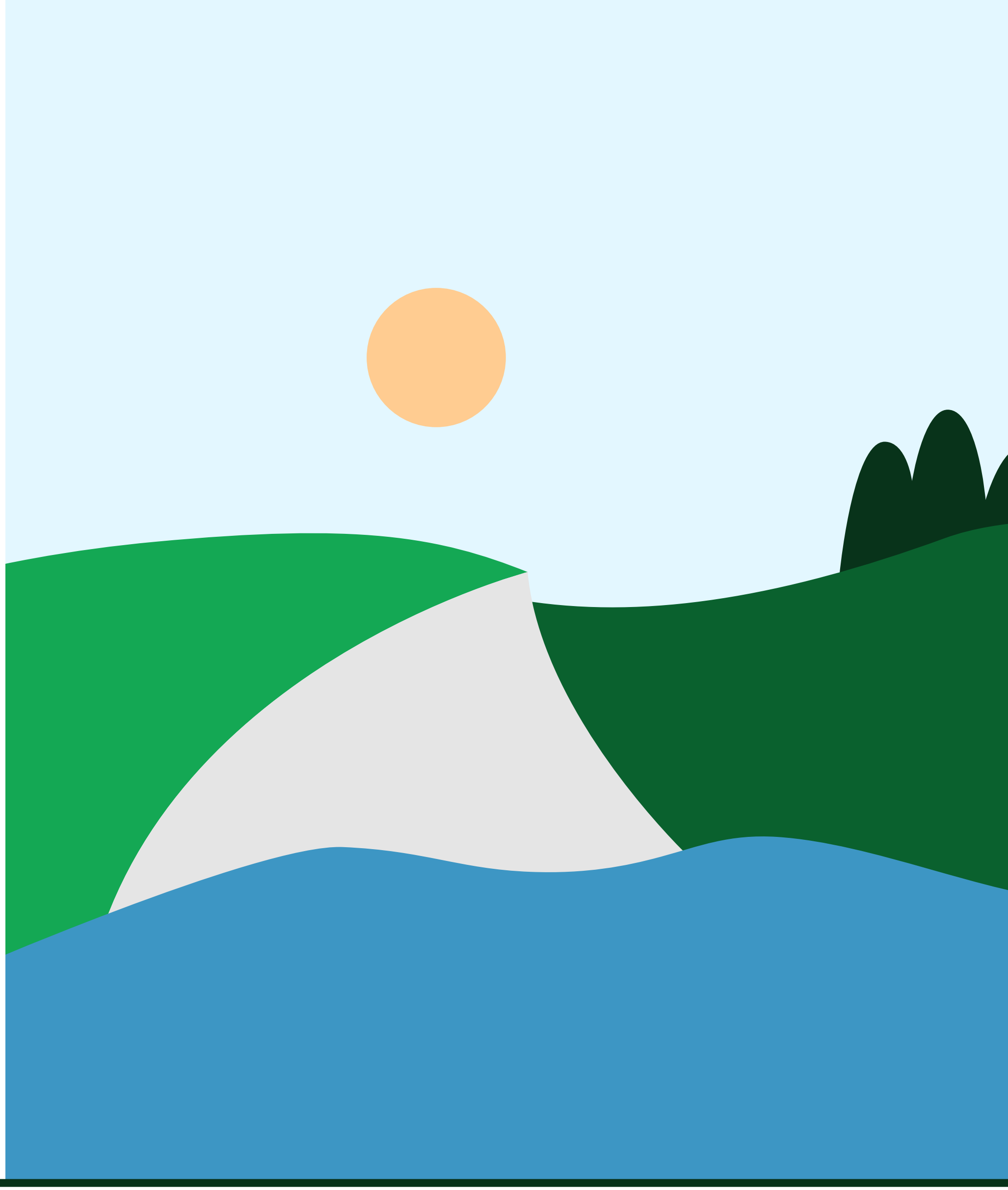
Kent Pension Fund

Q2 2026 Fund Performance



Market Commentary

- In the second quarter of 2026, financial markets were driven by three main themes: geopolitical volatility, AI-led capex boom and scaling back of the hawkish central bank pricing witnessed earlier in the year. The US-Iran conflict led to a sharp spike in oil prices, which normalised to pre-conflict levels, later in the quarter, following an initial deal. While energy-driven inflation accelerated, second-round effects for major developed markets ("DM") remained contained. In Q2, DM central banks including the US Federal Reserve ("Fed") and Bank of England ("BoE") left their key policy rates unchanged.

- The Fed dropped its easing bias and presented a hawkish dot plot at the debut meeting with Kevin Warsh as Chair. Meanwhile, the European Central Bank ("ECB") and Bank of Japan ("BoJ") hiked the policy rates by 25 basis points ("bps") each. Overall, global equities ended the quarter at record highs on the back of the transformative AI/tech investment theme, while bonds yields showed a mixed trend across economies.

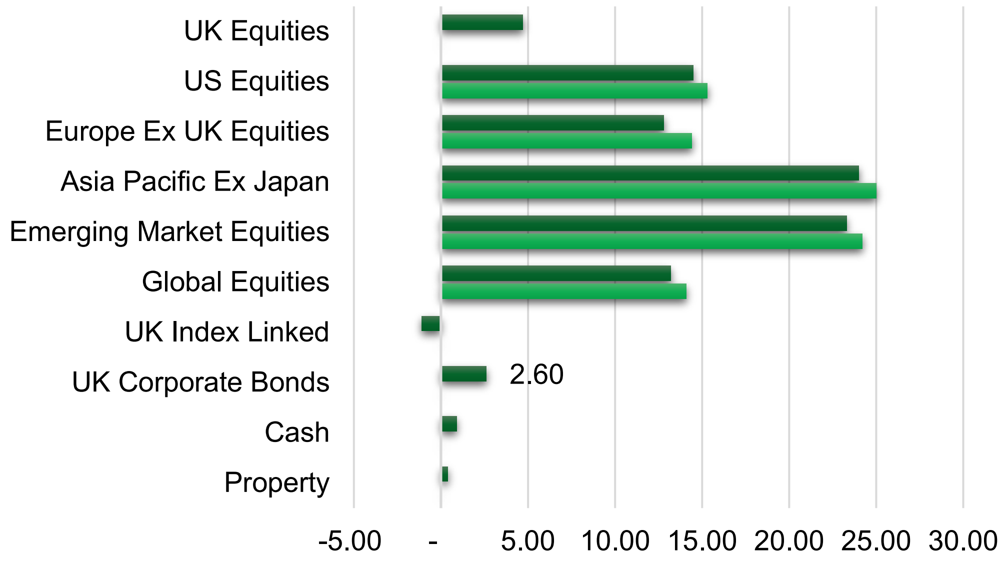
- US real GDP increased 2.1% (q/q saar) in Q1 2026, up from 0.5% annualized growth in Q4 2025. Headline US inflation increased to 4.2% in May 2026 from 3.3% in March 2026. Core inflation was at 2.9% in May, up from 2.6% at the end of March. The Fed, at its June meeting decided to keep the Federal funds rate to 3.5%-3.75%. The Summary of Economic Projections, dot plot turned more hawkish, with half of participants favouring at least one 25 bps hike in 2026. The median path shows rates unchanged in 2027 and down 25 bps in 2028.

- In Q1 2026, seasonally adjusted GDP decreased by 0.2% (q/q) in the euro area. At its June meeting, the ECB raised interest rates in response to higher inflation caused by the US-Iran conflict. This resulted in a deposit rate of 2.25%. Headline inflation in the eurozone rose to 2.8% in June from 2.6% in March.

- The UK economy grew by 0.6% (q/q) in Q1 2026 up from 0.1% growth recorded in Q4 2025. Headline inflation in the UK fell to 2.8% in May from 3.3% in March. In its June meeting, the monetary policy committee (MPC) voted 7-2 to keep the policy rate unchanged at 3.75%.
- Japan's economy expanded at an annualized rate of 1.8% in Q1 2026, up from 0.7% in Q4 2025, marking the strongest annualized rise in four quarters. In its June meeting, the BoJ raised its short-term policy rate to 1.0% (up from 0.75%), the highest it has been since 1995.

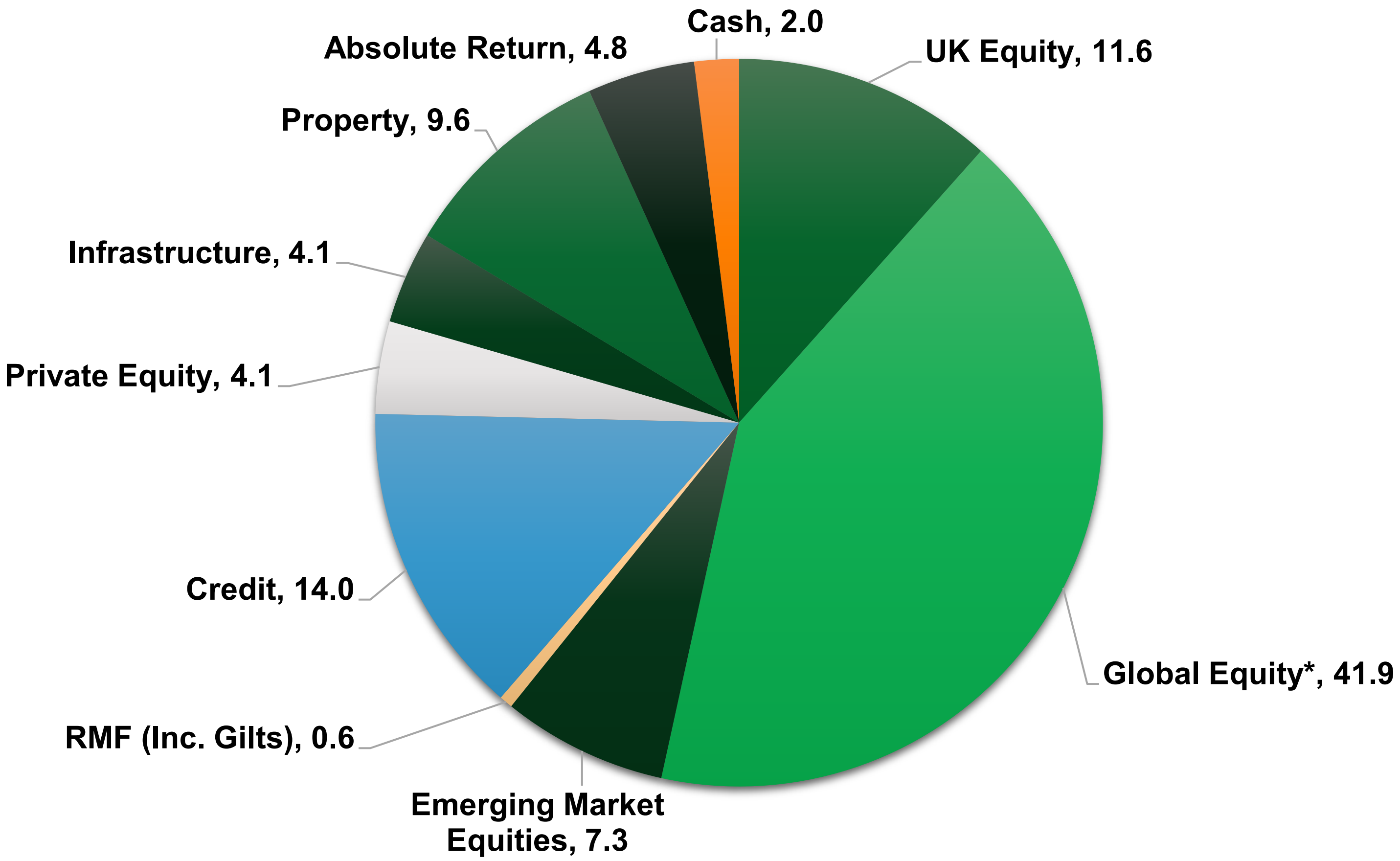
Market Returns (%)

Source: Mercer LLC



Source: Mercer LLC, Refinitiv and Schroders

Asset Allocation – 30 June 2026



*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.

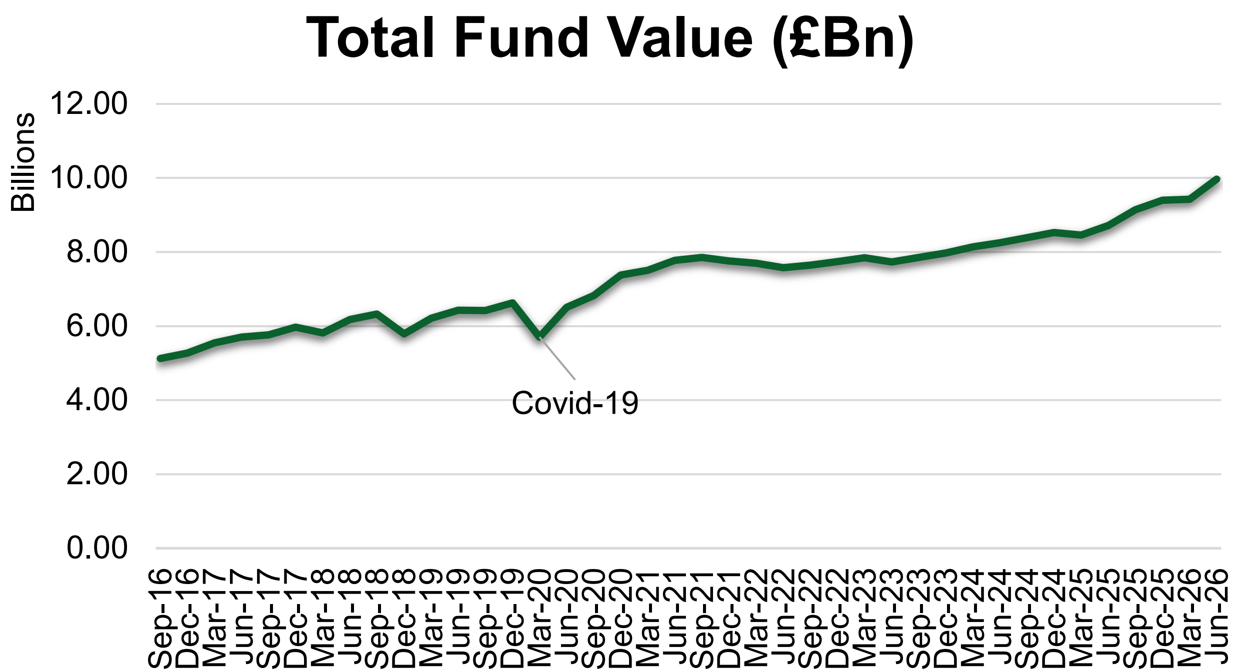
Source: Northern Trust, RADAR Reporting

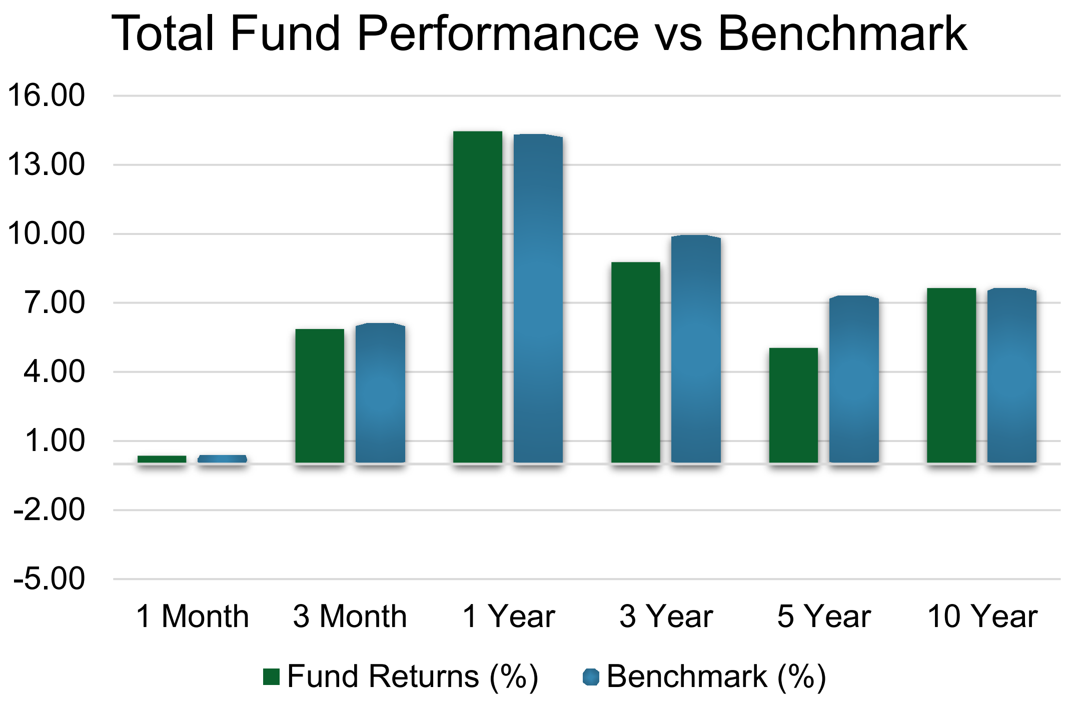
Fund Manager Summary

Asset Class	Fund Manager	Market Value as at 30th June 2026 (£m)	Market Value as at 31st March 2026 (£m)	Change in MV (£m)	% of Total
UK Equity	Schroders UK Equity	1,152	1,107	45	11.1
	Woodford Equity	2	2	0	0.0
Global Equity	Impax	88	74	15	0.7
	Baillie Gifford	1,086	962	124	9.6
	Robeco Global Stars	809	704	105	7.1
	Schroders Global Active Value	722	638	85	6.4
	M&G Global Dividend Fund	816	785	31	7.9
	Insight (Synthetic Equity Exposure)	650	565	85	5.7
Emerging Markets Equity	Columbia Threadneedle	364	275	88	2.8
	Robeco	368	289	80	2.9
Risk Management Framework (inc. Gilts)	Insight	59	203	-144	2.0
Credit	CQS	306	296	10	3.0
	Goldman Sachs	471	460	11	4.6
	Schroders Strategic Bond Fund	303	295	9	3.0
	M&G Alpha Opportunities	316	311	5	3.1
Absolute Return	Ruffer	203	205	-2	2.1
	Pyrford	273	265	8	2.7
Property	DTZ	771	715	56	7.2
	DTZ Pooled Property	105	100	5	1.0
	DTZ (previously Aegon)	26	27	-1	0.3
	M&G Residential Property	33	33	0	0.3
	Fidelity	25	44	-19	0.4
Infrastructure	Partners Group	410	416	-6	4.2
Private Equity	HarbourVest	351	352	-1	3.5
	YFM	59	83	-24	0.8
Cash	Internal Cash	197	217	-20	2.2
Total		9,966	9,421		

Source: Northern Trust, RADAR Reporting

Historical Performance

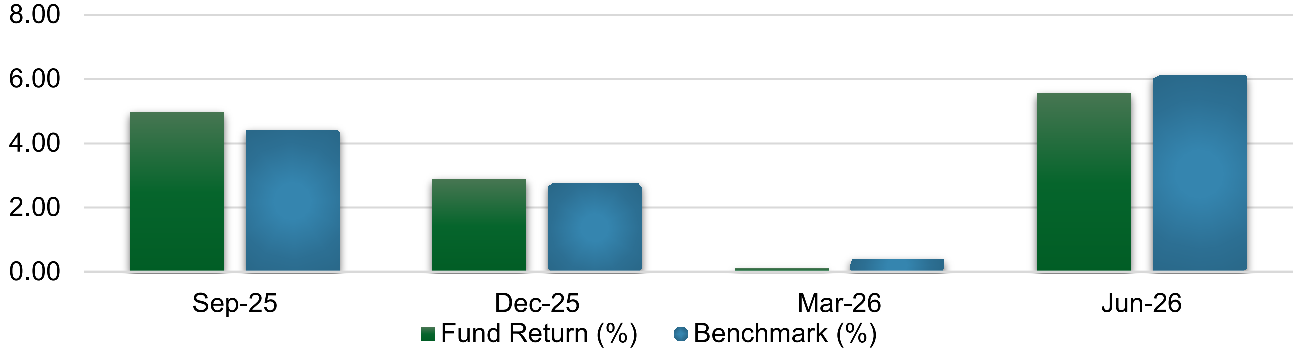




Source: Northern Trust, RADAR Reporting

Discrete Performance

Quarterly Returns



Over the five years to 30 June 2026, the Fund has continued to experience mixed periods of performance following changes to investor sentiment and several challenging market conditions impacting the Fund's investments.

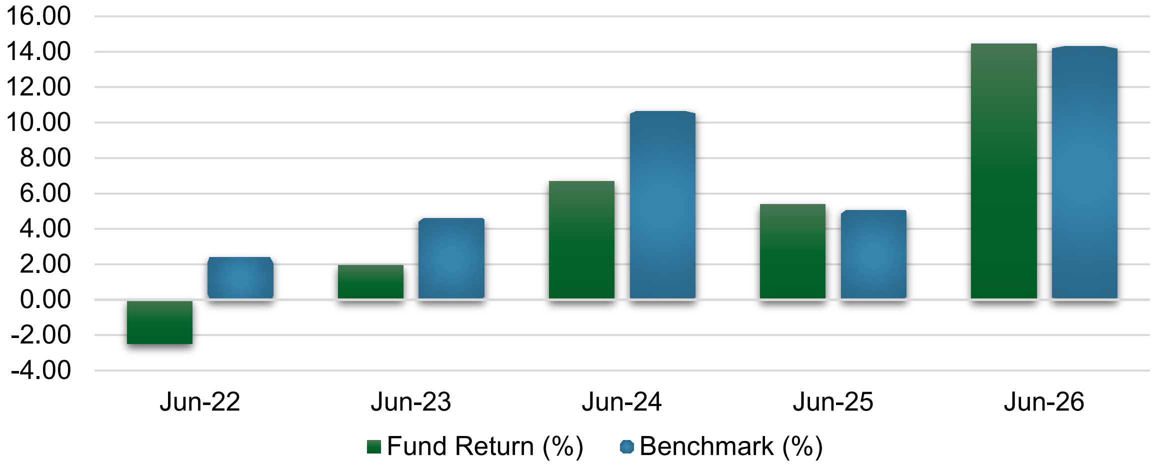
As at the most recent quarter, the Fund posted a very strong absolute return of 14.5%, though this was only an outperformance of 0.2%, highlighting the overall growth seen by the market during this period. This performance was again driven by large absolute returns from the Fund's equity portfolios, with equity performance being dominated by the emerging market managers as shown in the following slides.

Absolute return also had a strong year for the Fund thanks to some exposure to equities, as well as some of the more defensive areas of the portfolios providing relief during uncertainty. Credit, infrastructure and private equity also all outperformed.

In the quarter to 30 June 2026, the Fund returned 5.9% - a strong absolute return – though still marginally underperforming the benchmark return of 6.1%. Markets rebounded strongly during this quarter as concerns around the Middle East conflict eased slightly and investor sentiment was supported by continued strength in technology and AI-stocks.

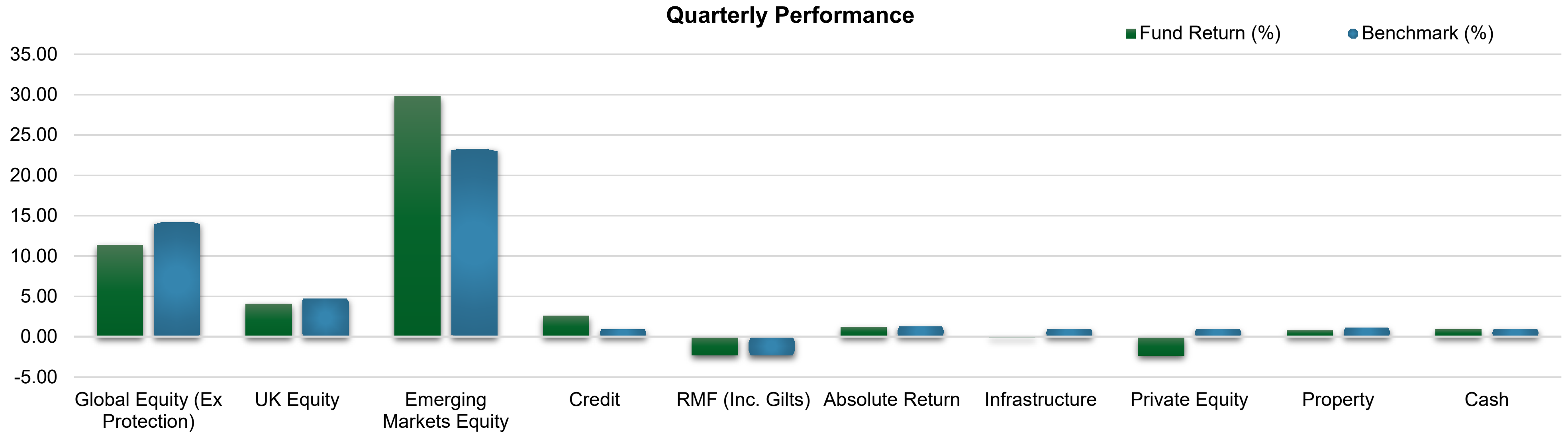
Prior to this quarter, much of the year has seen heightened volatility as a result of conflict and uncertainty around tariffs, technology and AI-sector speculation. The previous quarter saw underperformance for the Fund following the US-Iran conflict commencing at the end of February, whilst earlier quarters benefitted slightly from the Fund's diversification, following a slight rotation out of the US, as well as resilient economic data and interest rate cuts leading to a rally in equities.

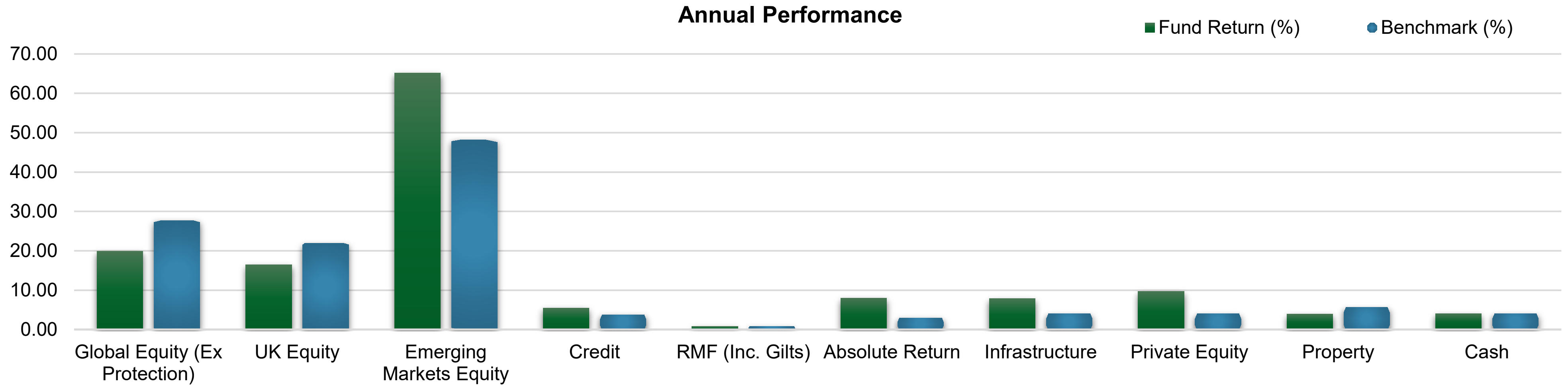
Annual Returns (last 5 years)



Source: Northern Trust, RADAR Reporting

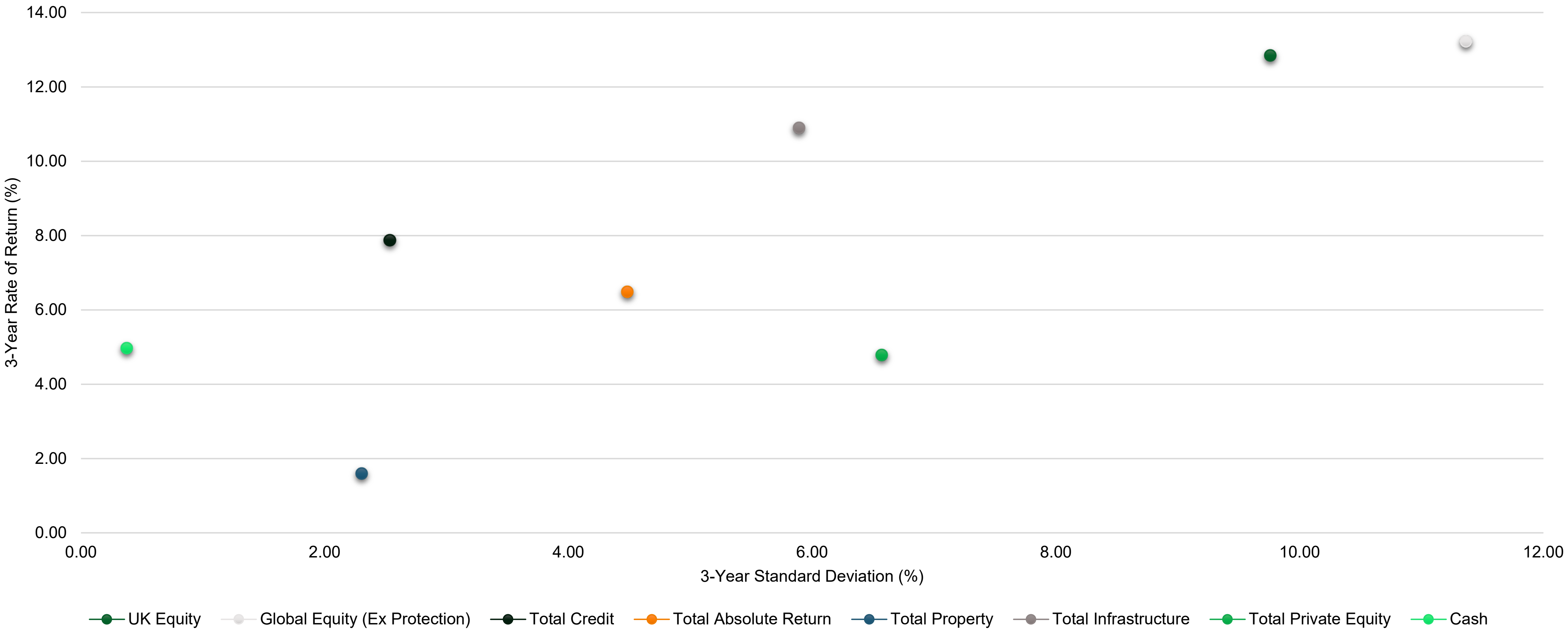
Asset Class Performance





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	5.9	6.1	14.5	14.3	8.8	9.9
UK Equity						
Schroders - WS ACCESS UK Equity Fund	4.1	4.7	16.5	21.9	12.5	15.3
Global Equity						
Baillie Gifford - WS ACCESS Global Equity Core Fund	12.9	12.3	8.7	26.7	9.6	16.8
Schroders - WS ACCESS Global Active Value Fund	13.3	14.2	38.8	27.7	20.8	18.0
Impax	19.8	14.2	28.4	27.7	7.1	18.0
M&G - WS ACCESS Global Dividend Fund	4.0	14.2	18.3	27.7	15.0	18.0
Robeco GS	14.9	14.2	23.7	27.7	--	--
EM Equity						
Columbia Threadneedle - WS ACCESS Emerging Markets Equity Fund	32.0	23.3	62.8	48.2	--	--
Robeco - WS ACCESS Emerging Markets Equity Fund	27.6	23.3	67.5	48.2	--	--
Credit						
Goldman Sachs	2.3	0.9	4.6	3.5	6.7	3.5
Schroders Fixed Income	2.9	1.0	6.2	4.1	8.1	4.8
CQS	3.5	0.9	7.0	3.9	9.6	6.1
M&G Alpha Opportunities	1.8	0.9	4.7	3.9	7.9	6.1
Property						
DTZ	0.8	1.1	4.2	5.6	3.2	4.7
Fidelity	-0.1	0.5	-0.6	3.3	3.7	3.3
DTZ (Aegon)	2.0	0.5	7.9	3.3	3.5	3.3
M&G Property	0.1	0.5	-0.3	3.3	-0.8	3.3
Private Equity						
Harbourvest	-2.3	0.9	9.7	4.0	4.1	4.7
YFM	-2.7	0.9	8.9	4.0	7.3	4.7
Infrastructure						
Partners Group	-0.2	0.9	7.9	4.0	10.9	4.7
Absolute Return						
Pyrford	2.9	1.2	9.5	3.0	7.9	4.7
Ruffer - WS ACCESS Absolute Return Fund	-1.0	1.2	6.0	3.0	4.2	4.7

Source: Northern Trust, RADAR Reporting

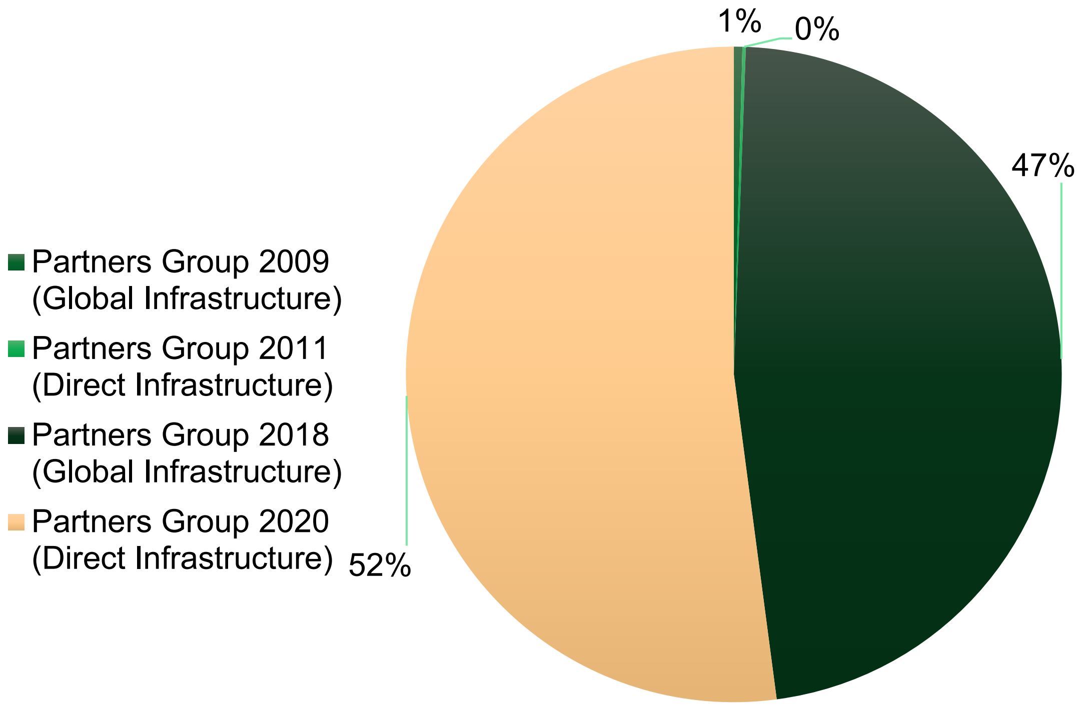
Alternatives Performance

	AS AT 30 JUNE 2026						
Name of Fund	Value of commitment (£m)	Date of original commitment	Cumulative contributions made (£m)	Distributions received (£m)	Net Asset Value at 30/06/2026 (£m)	IRR	TVPI
HIPEP VI-Cayman Partnership Fund L.P.	31	Oct-10	28.8	56.0	7.6	13.2%	2.13
HarbourVest Partners IX L.P.	53	Oct-10	40.9	94.1	16.1	17.1%	2.44
HarbourVest 2018 Global Feeder AIF L.P.	57	Oct-18	49.6	38.2	48.1	14.8%	1.77
HarbourVest 2019 Global Feeder AIF SCSp	57	Mar-19	48.6	25.0	52.1	14.4%	1.63
HarbourVest 2020 Global Feeder AIF SCSp	57	Mar-20	50.3	9.1	59.0	9.2%	1.38
HarbourVest 2021 Global Feeder AIF SCSp	57	Mar-21	46.0	2.8	50.4	7.5%	1.21
HarbourVest 2022 Global Feeder AIF SCSp	57	Dec-21	32.1	2.2	41.4		1.42
HarbourVest 2023 Global Feeder AIF SCSp	57	Dec-23	27.4	0.7	33.4		1.29
HarbourVest 2024 Global Feeder AIF SCSp	123	Jun-24	38.5	1.2	42.9		1.16
Partners Group Direct Infrastructure 2011 S.C.A., SICAR	19	Oct-10	16.5	22.6	0.7	5.7%	1.35
Partners Group Global Infrastructure 2009 S.C.A., SICAR	50	Oct-10	43.3	60.5	1.7	6.8%	1.42
Partners Group Global Infrastructure 2018 L.P. INC	222	Oct-18	180.5	72.2	194.1	9.8%	1.49
Partners Group Direct Infrastructure 2020 LP SICAV RAIF	222	Nov-19	163.3	26.1	213.6	14.7%	1.50
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	7.5		2.74
YFM Equity Partners Buyout Fund 1	20	Mar-16	18.3	55.7	2.4		3.21
YFM Equity Partners Growth Fund 2	10	Oct-18	10.4	3.4	8.6		1.17
YFM Equity Partners Buyout Fund 2	20	Oct-18	16.7	18.4	13.2		1.90
YFM Equity Partners Growth Fund 3	10	Jun-21	9.1	1.5	9.9		1.15
YFM Equity Partners Buyout Fund 3	20	Sep-23	14.8	-	17.2		1.16

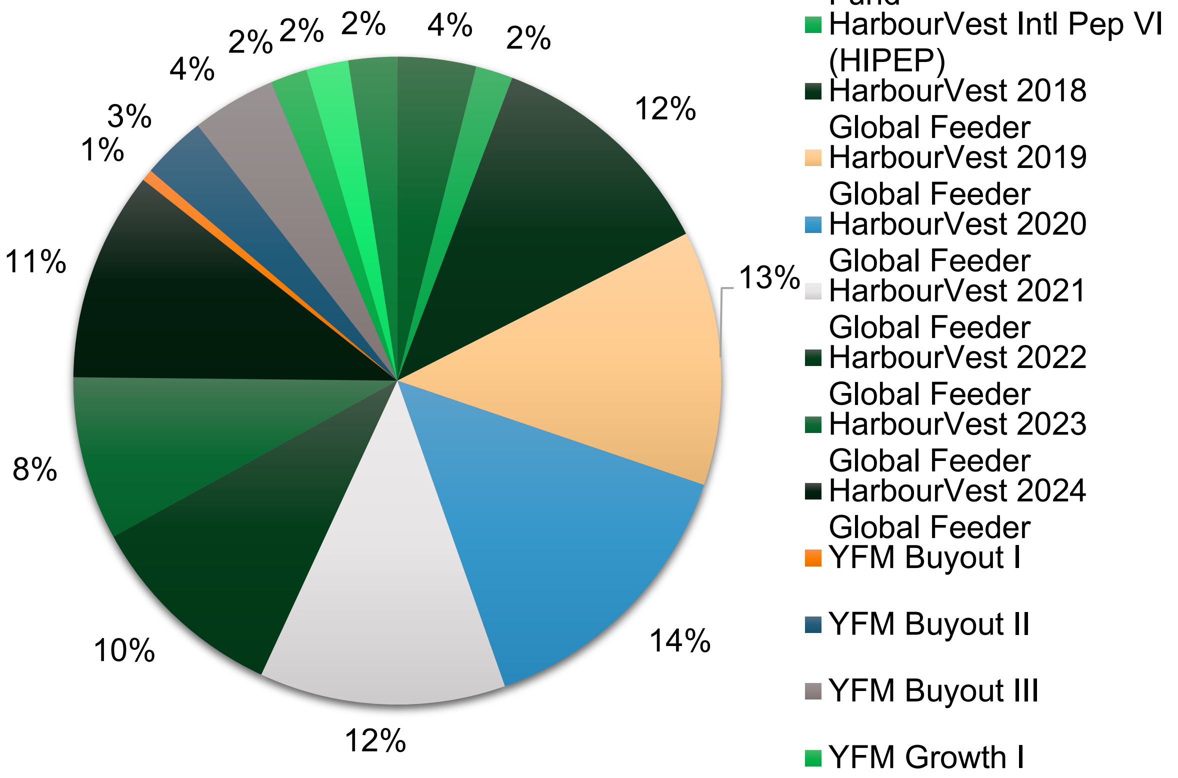
Source: Northern Trust, RADAR Reporting

Alternatives Breakdown

Infrastructure Allocation (£410m)

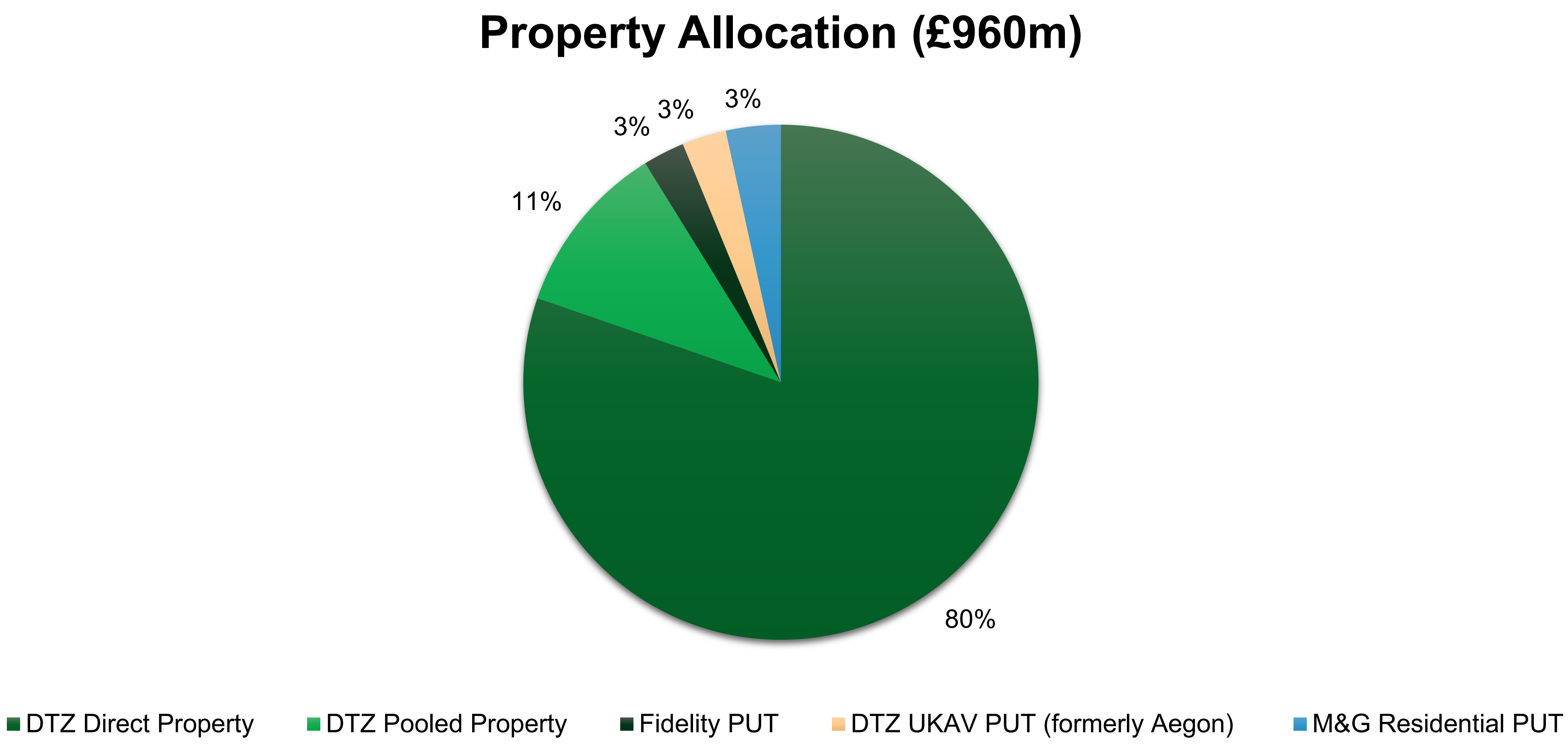


Private Equity Allocation (£410m)



Note: The legend reads clockwise on the pie charts.

Property Breakdown



Note: The legend reads clockwise on the pie chart.

Source: Northern Trust, RADAR Reporting

Appendix

Kent Pension Fund

Benchmarks and Targets

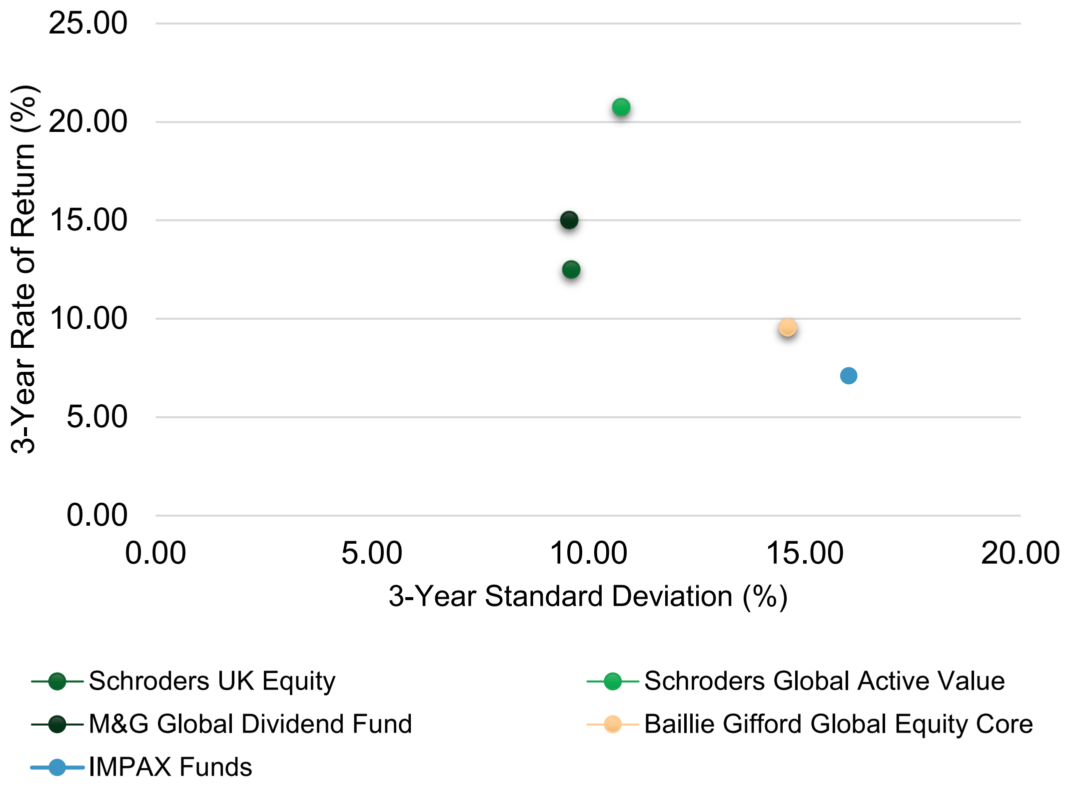
Appendix A

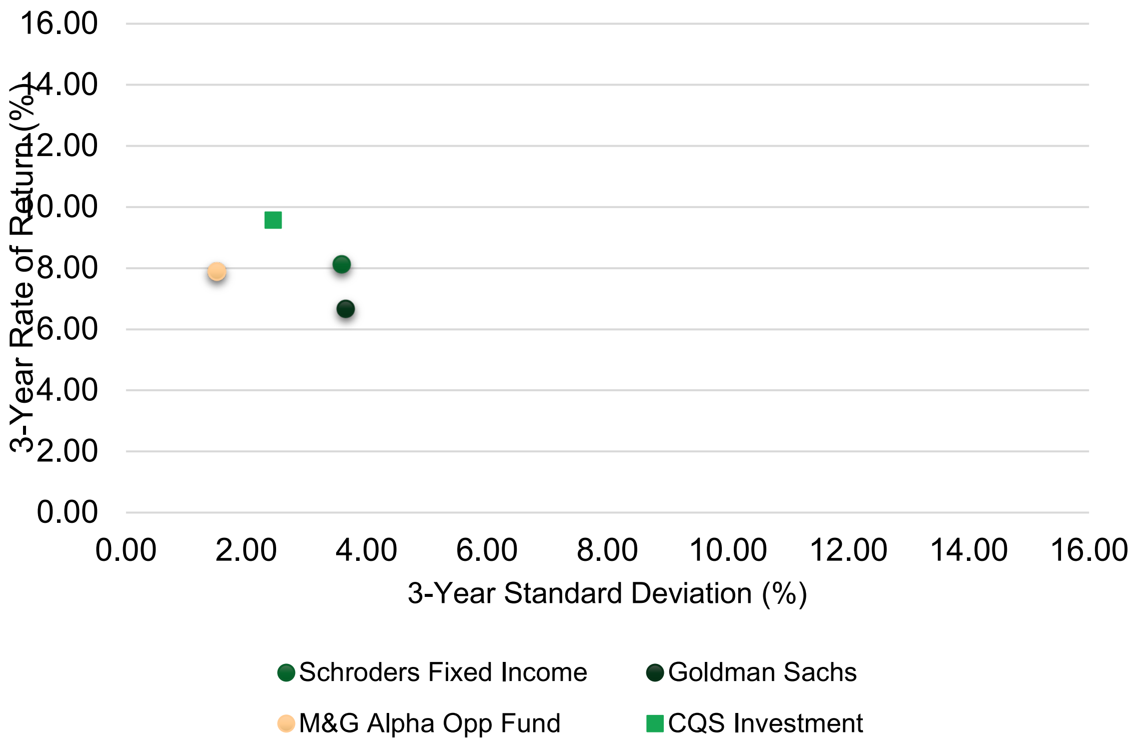
Asset Class / Manager	Performance Benchmark	Performance Target
UK Equities:		
Schroders - WS ACCESS UK Equity Fund	FTSE All Share	+1.5% pa over rolling 3 years
Woodford	FTSE All Share	Unconstrained
Global Equities:		
Baillie Gifford - WS ACCESS Global Equity Core Fund	Regional	+1.5% pa over rolling 3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

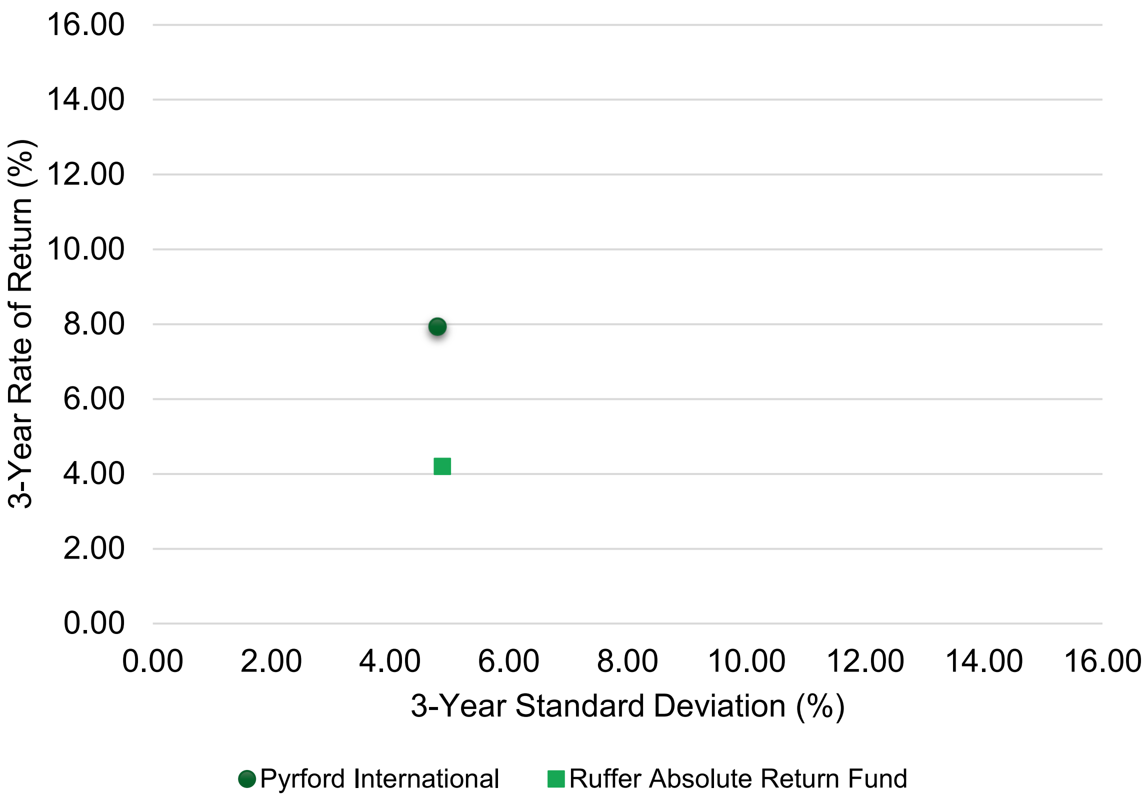


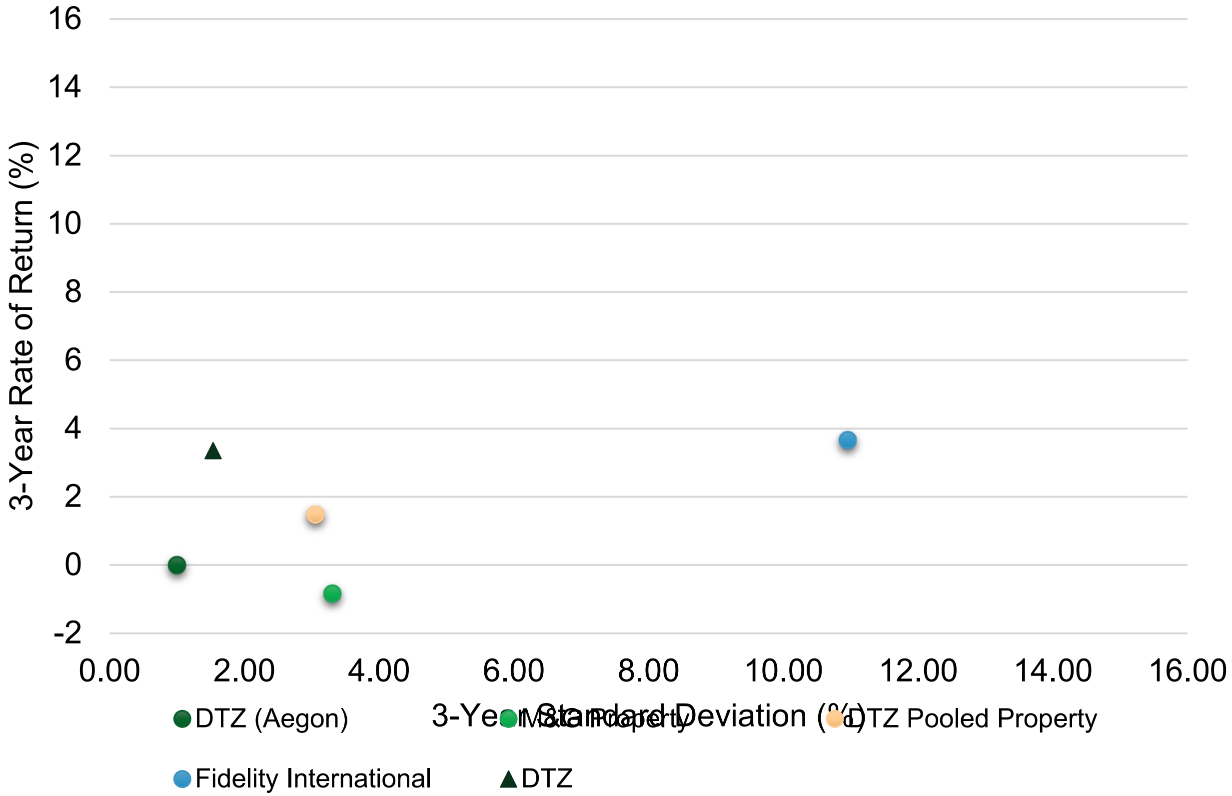


Source: Northern Trust, RADAR Reporting

Risk vs Return – *Absolute Return and Property*

Appendix C

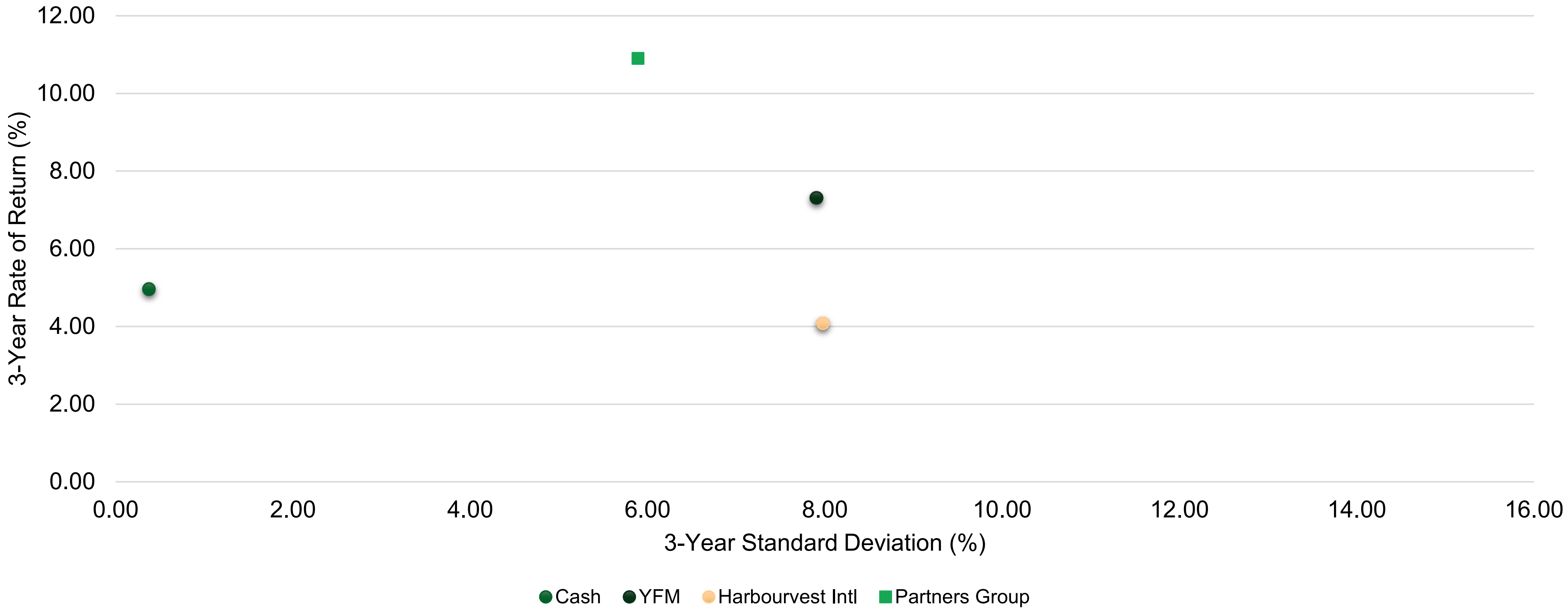




Source: Northern Trust, RADAR Reporting

Risk vs Return - *Alternatives*

Appendix D



Source: Northern Trust, RADAR Reporting

Kent Pension Fund

For more information, please visit

www.kentpensionfund.co.uk