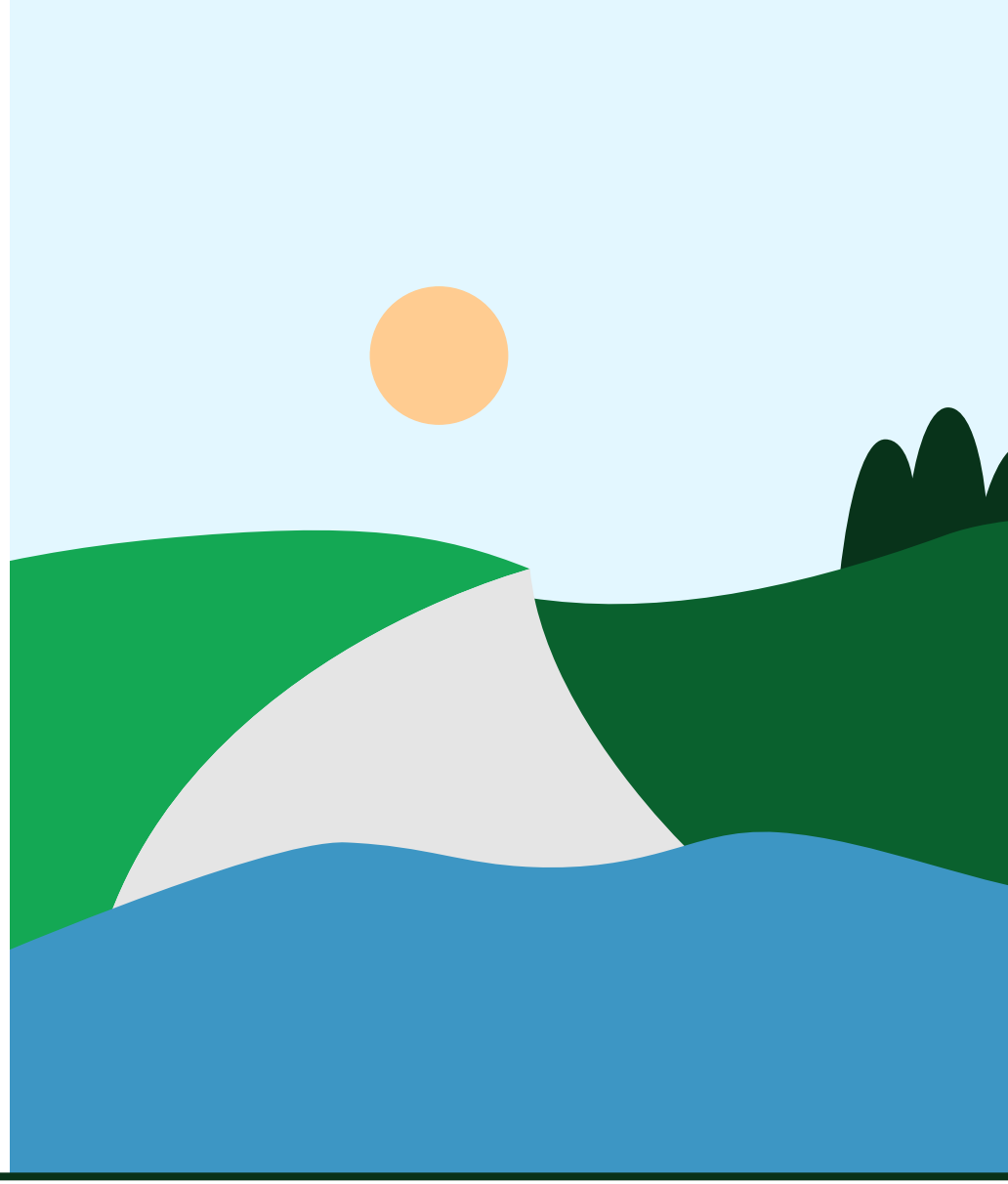
Kent Pension Fund

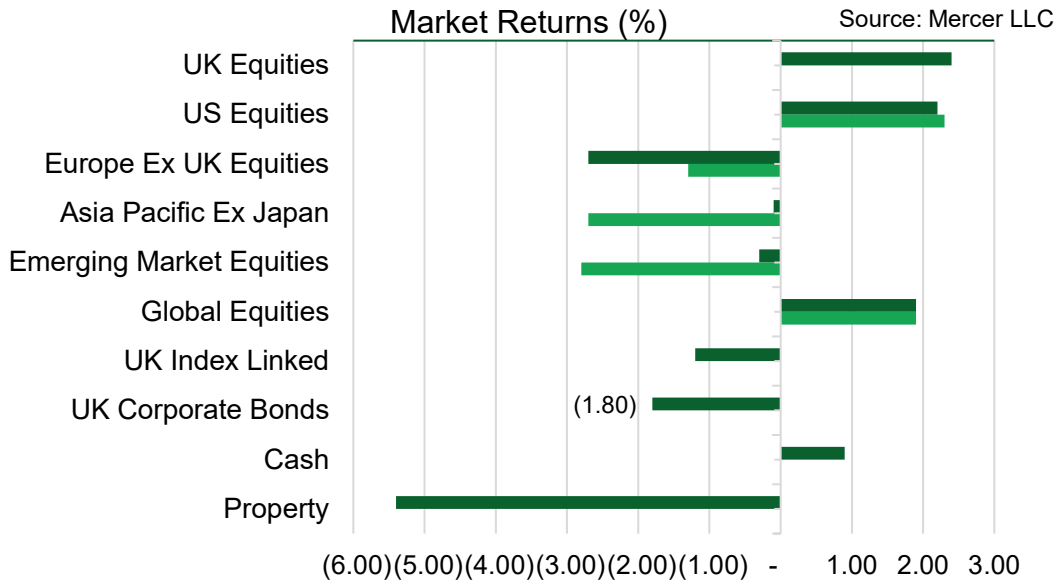
Q3 2026 Fund Performance



Market Commentary

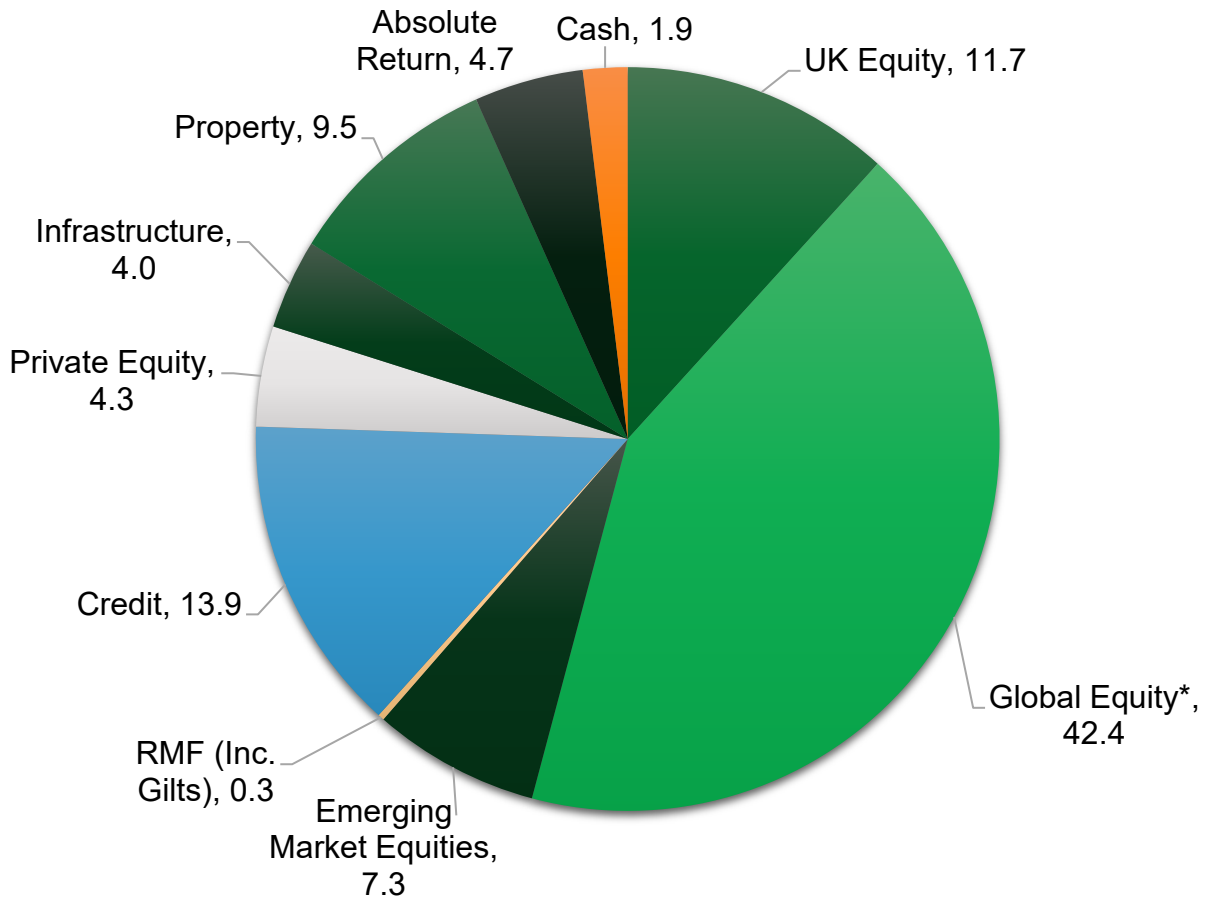
- In the third quarter of 2026, financial markets were driven by continued geopolitical uncertainty, hawkish central bank pricing and AI-led optimism. Oil prices remained elevated on the back of a protracted US-Iran conflict, that failed to abate inflation worries, as was expected following an initial deal. In Q3, developed market ("DM") central banks including the US Federal Reserve ("Fed"), European Central Bank ("ECB") and Bank of Japan ("BoJ") raised policy rates by 25 basis points ("bps") each. The Fed revised its quarterly forecasts to show further upward revisions to growth and inflation, which is now expected to remain above the target through 2028. Both the ECB and BoJ also signalled further tightening ahead given upside risks to inflation. Meanwhile, the Bank of England ("BoE") left its policy rate unchanged. Overall, global equities ended the quarter on a positive note as economic growth remained well supported by the AI-driven investment theme and resilient consumers, while bonds yields rose sharply through the Jul-Sep period.
- US real GDP grew at an annualized rate of 2.2% in Q2 2026, with consumer spending, investment and exports contributing to the expansion. Headline US inflation rose to 3.7% in September 2026 from 3.5% in June 2026. Core inflation was 2.6% in September, matching the June reading. The Fed, at its September meeting, raised the target range for the federal funds rate by 25 bps to 3.75-4.00%. The median FOMC participant now expects the fed funds rate to rise an additional 25 bps by the end of the year, no change in 2027, and rate cuts in 2028 and 2029.
- In Q2 2026, GDP increased by 0.6% (q/q) in the euro area. At its September meeting, the ECB raised the policy rate to 2.5% in response to higher inflation caused by rising energy prices. Headline inflation in the euro area rose to 3.8% in September from 2.8% in June.
- The UK's GDP growth slowed to 0.5% (q/q) in Q2 2026 from 0.6% growth in Q1 2026. Headline inflation in the UK rose to 3.5% in September from 2.6% in June. In its September meeting, the monetary policy committee (MPC) voted 6-3 to keep the policy rate unchanged at 3.75%.

Japan's economy expanded at an annualized rate of 1.4% in Q2 2026, down from 1.9% in Q1 2026. At its September meeting, the BoJ raised its policy rate to 1.25%, the highest it has been since 1995.
China's GDP grew by 4.3% (y/y) in Q2 2026, slowing from 5.0% in Q1 2026, below the lower end of 4.5% to 5.0% full-year target. China's inflation fell to 0.8% in August 2026 from 1% in June. 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, Refinitiv and Schroders

Asset Allocation – 30 September 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

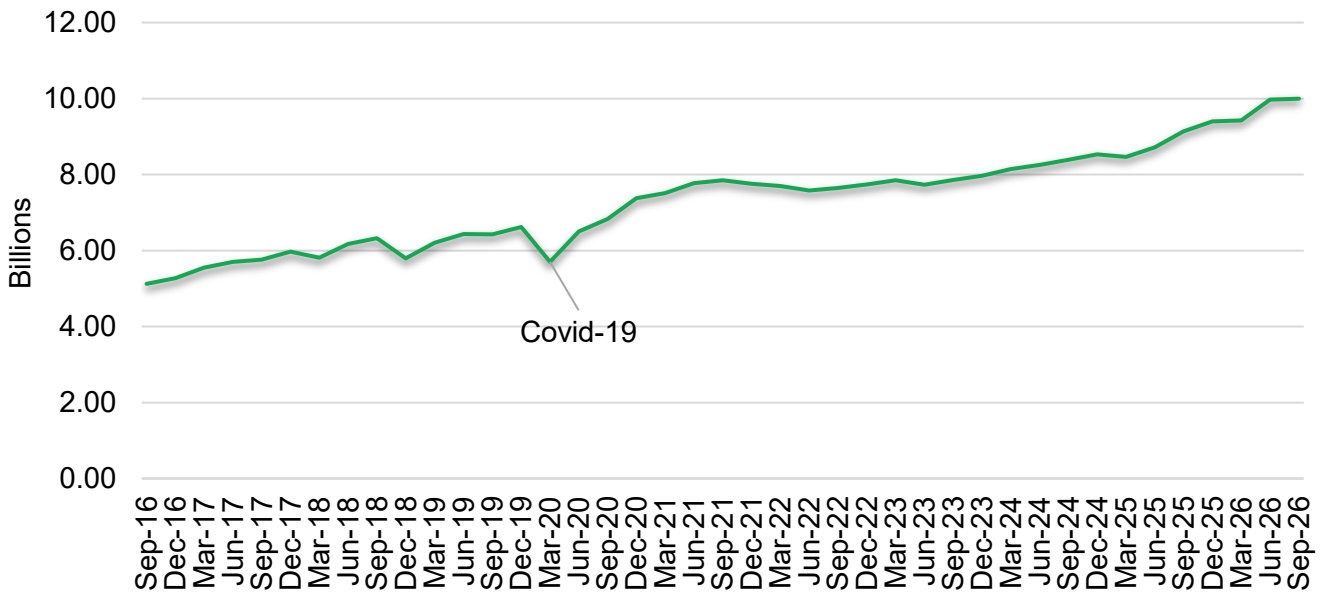
Fund Manager Summary

Asset Class	Fund Manager	Market Value as at 30th of September 2026 (£m)	Market Value as at 30 June 2026 (£m)	Change in MV (£m)	% of Total
UK Equity	Schroders UK Equity	1,171	1,152	19	11.6
	Woodford Equity	2	2	-	0.0
Global Equity	Impax	83	88	-6	0.9
	Baillie Gifford	1,122	1,086	36	10.9
	Robeco Global Stars	799	809	-10	8.1
	Schroders Global Active Value	722	722	-	7.2
	M&G Global Dividend Fund	857	816	41	8.2
	Insight (Synthetic Equity Exposure)	656	650	6	6.5
Emerging Markets Equity	Columbia Threadneedle	356	364	-7	3.6
	Robeco	369	368	1	3.7
Risk Management Framework (inc. Gilts)	Insight	27	59	-32	0.6
Credit	CQS	306	306	0	3.1
	Goldman Sachs	463	471	-9	4.7
	Schroders Strategic Bond Fund	296	303	-7	3.0
	M&G Alpha Opportunities	320	316	3	3.2
Absolute Return	Ruffer	205	203	2	2.0
	Pyrford	270	273	-3	2.7
Property	DTZ	771	771	-1	7.7
	DTZ Pooled Property	103	105	-2	1.1
	DTZ (previously Aegon)	26	26	-	0.3
	M&G Residential Property	32	33	-1	0.3
	Fidelity	20	25	-5	0.3
Infrastructure	Partners Group	388	410	-22	4.1
	Border to Coast	10	-	3	-
Private Equity	HarbourVest	360	351	9	3.5
	YFM	64	59	5	0.6
	Border to Coast	6	-	12	-
Cash	Internal Cash	193	197	-4	2.0
Total		**9,995**	**9,966**	**29**	**100.0**

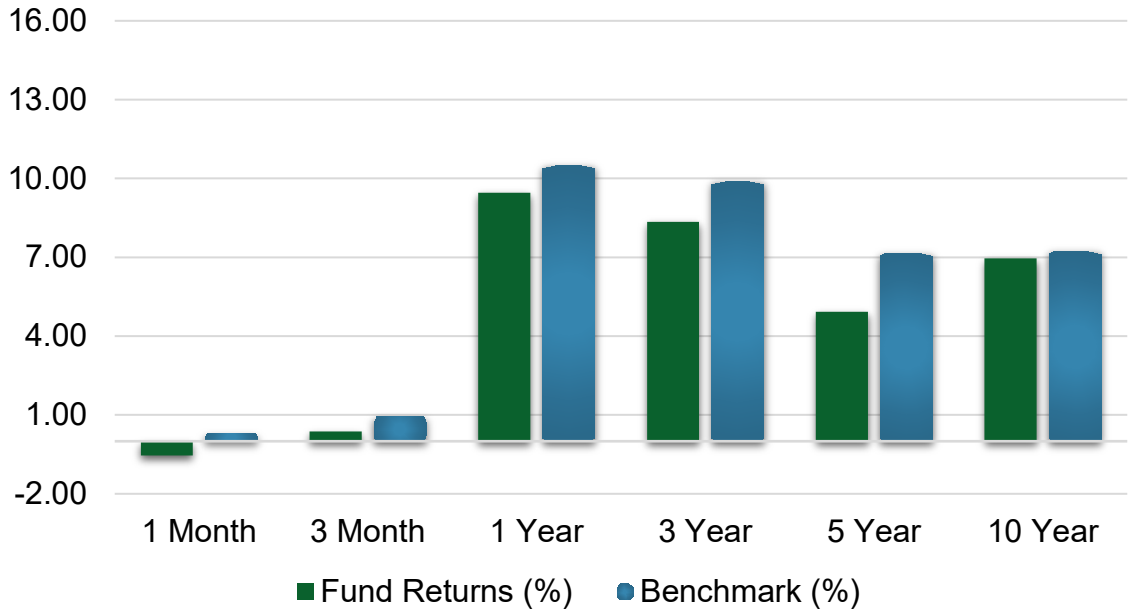
: Northern Trust, RADAR Reporting

Historical Performance

Total Fund Value (£Bn)

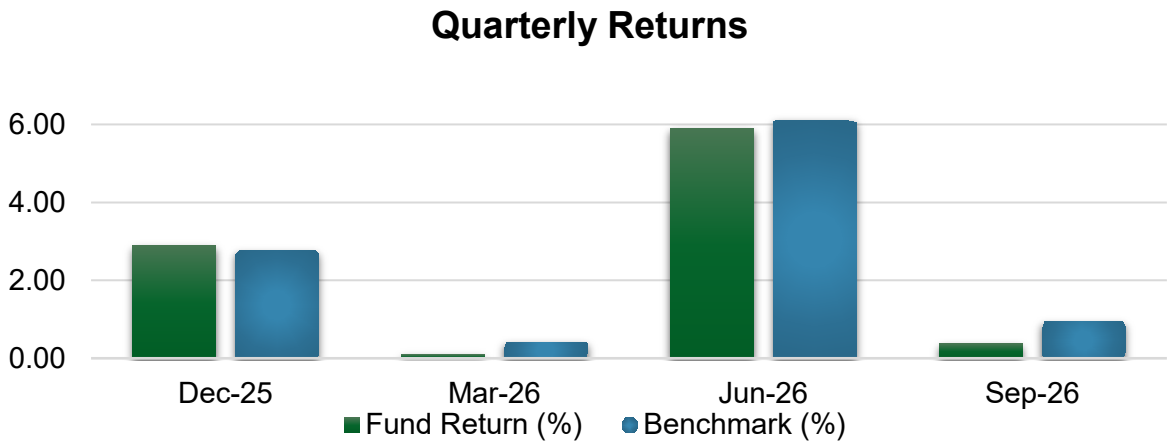


Total Fund Performance vs Benchmark



Source: Northern Trust, RADAR Reporting

Discrete Performance

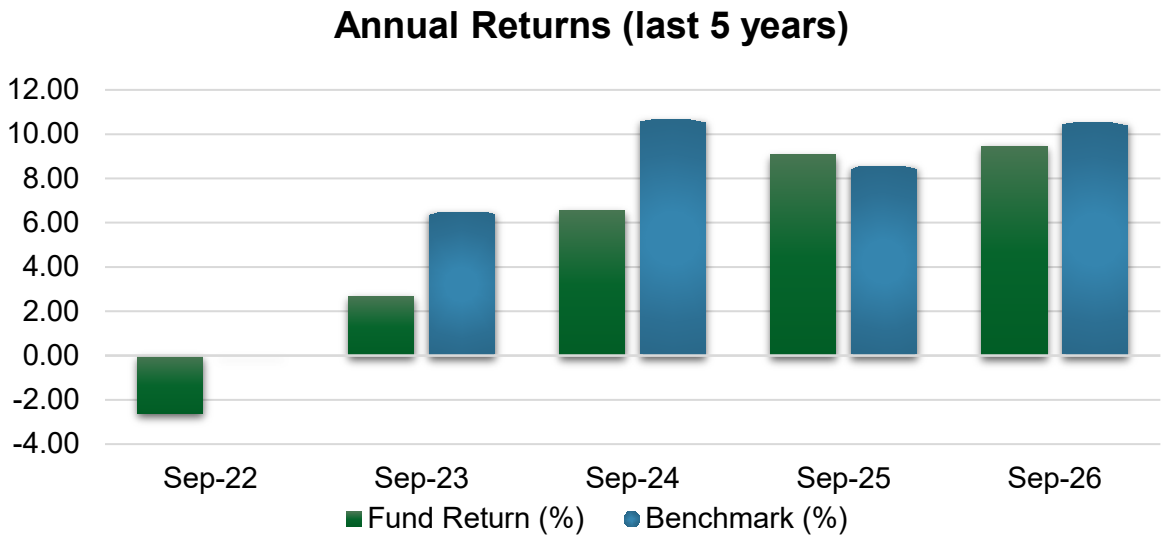


In the quarter to 30 September 2026, the Fund returned 0.4%, underperforming the benchmark return of 0.9%. Global equity markets delivered positive returns, supported by resilient corporate earnings and continued investment in artificial intelligence, although sentiment was affected by geopolitical tensions and uncertainty around inflation and interest rates.

Performance in earlier quarters was mixed with absolute, and benchmark returns for the quarter to 30 June 2026 being supported by large gains in emerging markets, as well as positive returns across the wider equity markets. The quarter to March 2026 saw greater volatility, mostly as a result of the US-Iran conflict which commenced at the end of February.

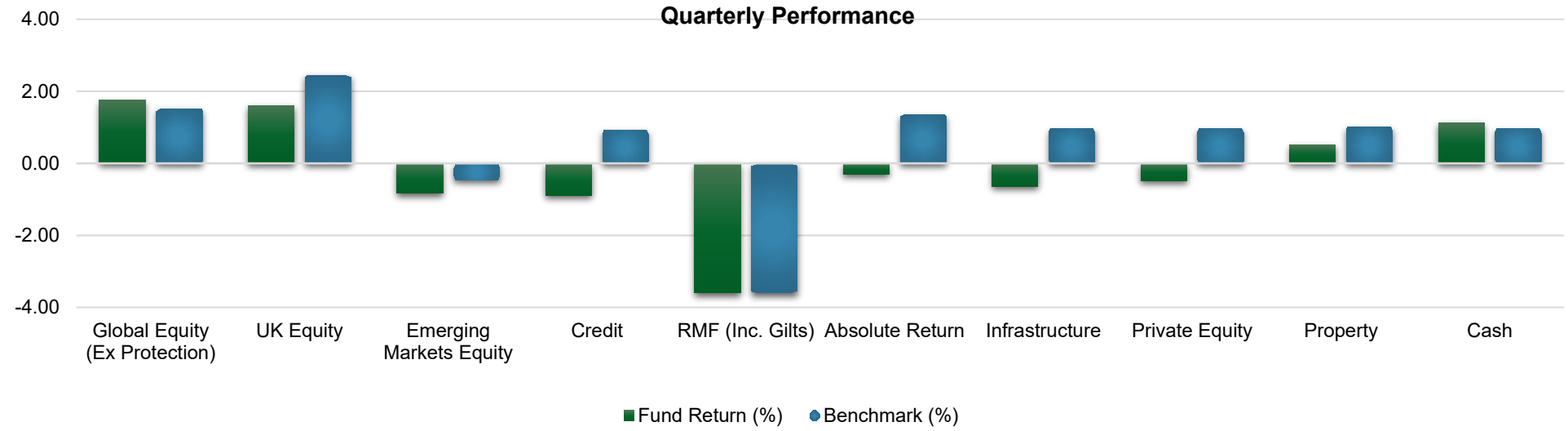
Over the year to 30 September 2026, the Fund returned 9.5%, underperforming the benchmark by 1.0%. Emerging market equities were the strongest relative performer, returning 42.3% against a benchmark return of 31.0%. Absolute return and private equity also marginally outperformed. However, this was offset by weaker performance from global and UK equities, credit, infrastructure and property.

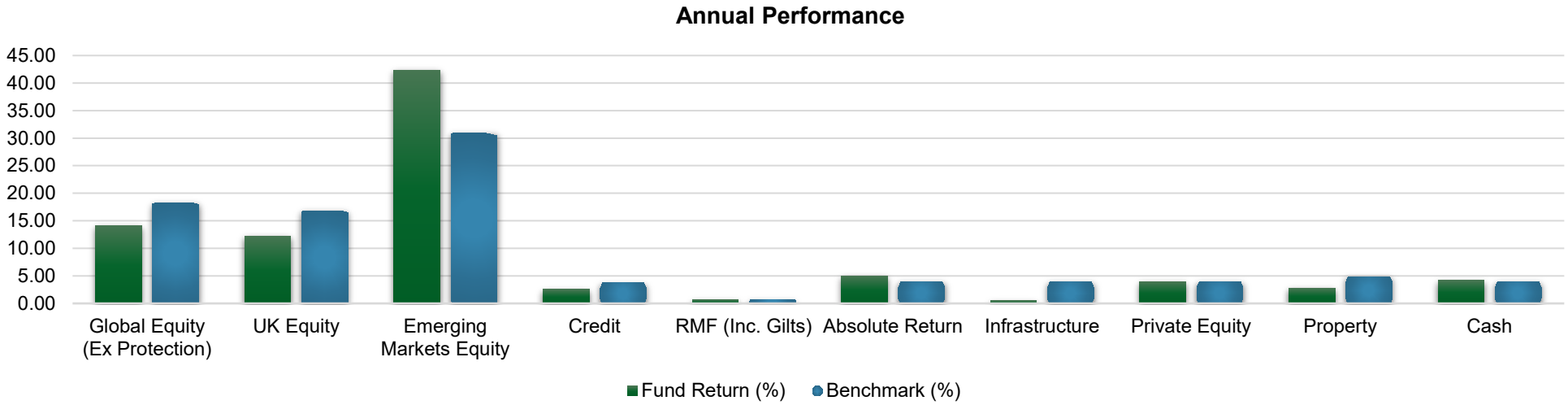
In the earlier years, inflationary pressures and aggressive monetary tightening drove widespread weakness. This sentiment improved as we move from 2022 onwards and returns were supported by large growth in equity markets, however it proved to be a challenging environment for active management as market leadership remained narrow and concentrated in a few large-cap growth stocks. As such, the Fund saw strong performance in absolute terms but lagged the benchmark in some periods.



Source: Northern Trust, RADAR Reporting

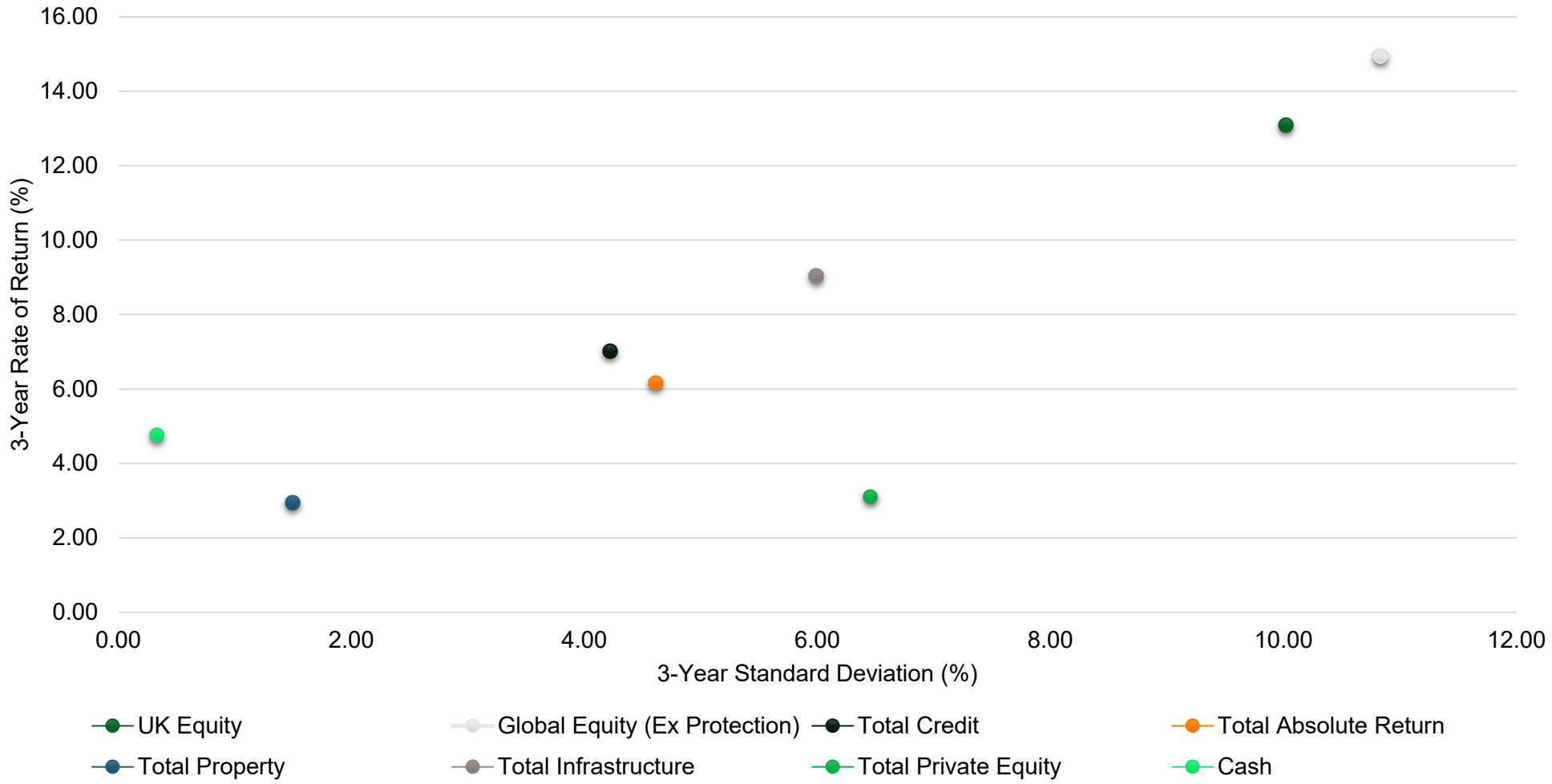
Asset Class Performance





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	**0.4**	**0.9**	**9.5**	**10.5**	**8.3**	**9.9**
UK Equity						
Schroders - WS ACCESS UK Equity Fund	1.6	2.4	12.2	16.8	12.8	15.5
Global Equity						
Baillie Gifford - WS ACCESS Global Equity Core Fund	3.4	1.2	7.6	18.5	12.5	17.1
Schroders - WS ACCESS Global Active Value Fund	0.0	1.5	25.2	18.3	19.6	18.3
Impax	-6.2	1.5	12.7	18.3	7.2	18.3
M&G - WS ACCESS Global Dividend Fund	5.1	1.5	16.5	18.3	17.9	18.3
Robeco GS	-1.2	1.5	13.1	18.3	--	--
EM Equity						
Columbia Threadneedle - WS ACCESS Emerging Markets Equity Fund	-2.0	-0.5	40.7	31.0	--	--
Robeco - WS ACCESS Emerging Markets Equity Fund	0.3	-0.5	43.9	31.0	--	--
Credit						
Goldman Sachs	-1.7	0.9	1.3	3.5	5.8	3.5
Schroders Fixed Income	-2.4	0.9	0.9	3.9	7.1	4.6
CQS	-0.1	0.9	4.5	3.8	8.6	5.6
M&G Alpha Opportunities	1.0	0.9	4.2	3.8	7.3	5.6
Property						
DTZ	0.8	1.0	3.5	4.9	3.6	5.1
Fidelity	-1.5	0.4	-2.5	2.5	3.6	3.6
DTZ (Kames)	-0.9	0.4	-0.4	2.5	2.3	3.6
M&G Property	-3.4	0.4	-5.0	2.5	-2.0	3.6
Private Equity						
HarbourVest	-0.6	1.0	3.6	3.9	2.5	4.6
YFM	0.0	1.0	5.5	3.9	5.6	4.6
Infrastructure						
Partners Group	-0.7	1.0	0.5	3.9	9.0	4.6
Absolute Return						
Pyrford	-1.1	1.3	6.3	3.9	7.0	4.5
Ruffer - WS ACCESS Absolute Return Fund	0.8	1.3	3.4	3.9	4.9	4.5

Source: Northern Trust, RADAR Reporting

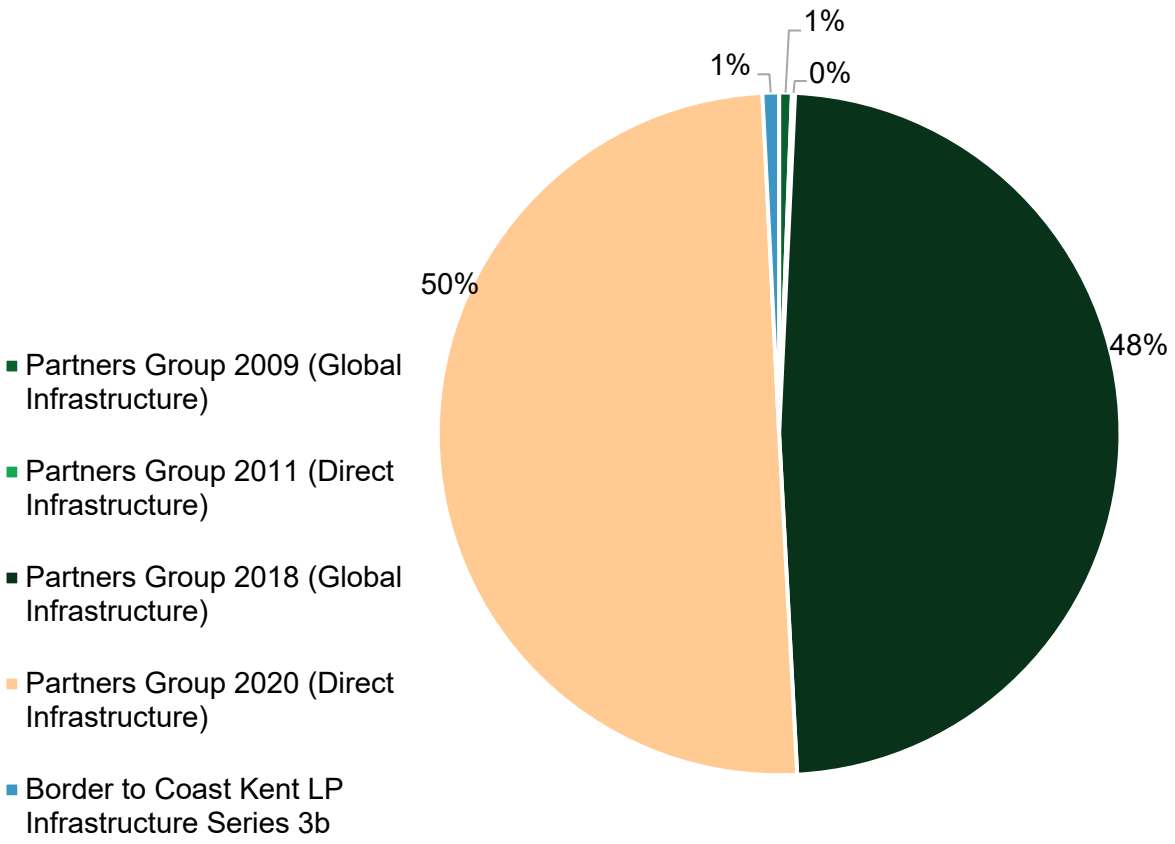
Alternatives Performance

	AS AT 30 SEPTEMBER 2026						
Name of Fund	Value of commitment (£m)	Date of original commitment	Cumulative contributions made (£m)	Distributions received (£m)	Net Asset Value at 30/09/2026 (£m)	IRR	TVPI
HIPEP VI-Cayman Partnership Fund L.P.	31	Oct-10	28.8	56.0	7.0	13.1%	2.11
HarbourVest Partners IX L.P.	53	Oct-10	40.9	95.0	15.6	16.9%	2.43
HarbourVest 2018 Global Feeder AIF L.P.	57	Oct-18	49.6	38.2	47.5	14.1%	1.74
HarbourVest 2019 Global Feeder AIF SCSp	57	Mar-19	49.7	27.5	50.6	13.6%	1.63
HarbourVest 2020 Global Feeder AIF SCSp	57	Mar-20	50.9	10.7	58.8	9.0%	1.40
HarbourVest 2021 Global Feeder AIF SCSp	57	Mar-21	46.0	2.8	51.4	7.5%	1.23
HarbourVest 2022 Global Feeder AIF SCSp	57	Dec-21	34.9	4.0	42.3		1.46
HarbourVest 2023 Global Feeder AIF SCSp	57	Dec-23	30.5	1.8	36.8		1.34
HarbourVest 2024 Global Feeder AIF SCSp	123	Jun-24	44.5	1.2	50.4		1.17
Border to Coast Kent LP Infrastructure Series 3b	200	Aug-26	9.7	-	9.9		
Border to Coast Kent LP Private Equity Fund Series 3b	200	Jul-26	5.4	-	5.4		
Partners Group Direct Infrastructure 2011 S.C.A., SICAR	19	Oct-10	16.5	22.6	0.6	5.7%	1.32
Partners Group Global Infrastructure 2009 S.C.A., SICAR	50	Oct-10	43.3	60.5	2.3	6.9%	1.43
Partners Group Global Infrastructure 2018 L.P. INC	222	Oct-18	180.5	76.5	189.2	9.5%	1.45
Partners Group Direct Infrastructure 2020 LP SICAV RAIF	222	Nov-19	171.3	45.4	195.7	13.0%	1.42
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	6.7		2.66
YFM Equity Partners Buyout Fund 1	20	Mar-16	18.3	55.7	3.8		3.29
YFM Equity Partners Growth Fund 2	10	Oct-18	10.4	3.4	9.0		1.21
YFM Equity Partners Buyout Fund 2	20	Oct-18	17.1	18.4	13.9		1.92
YFM Equity Partners Growth Fund 3	10	Jun-21	9.5	1.5	10.1		1.13
YFM Equity Partners Buyout Fund 3	20	Sep-23	16.9	-	19.9		1.20

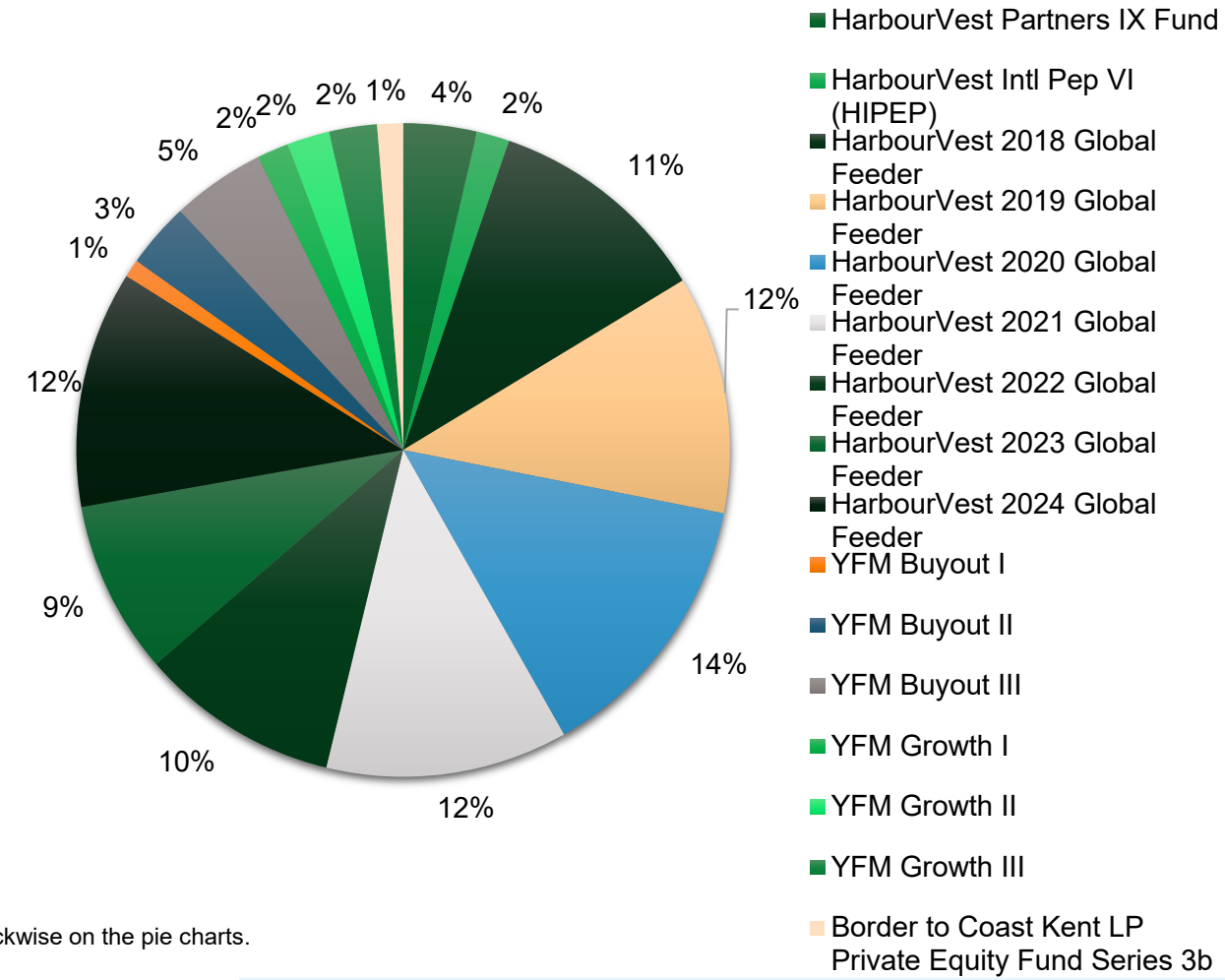
Source: Northern Trust, RADAR Reporting

Alternatives Breakdown

Infrastructure Allocation (£398m)



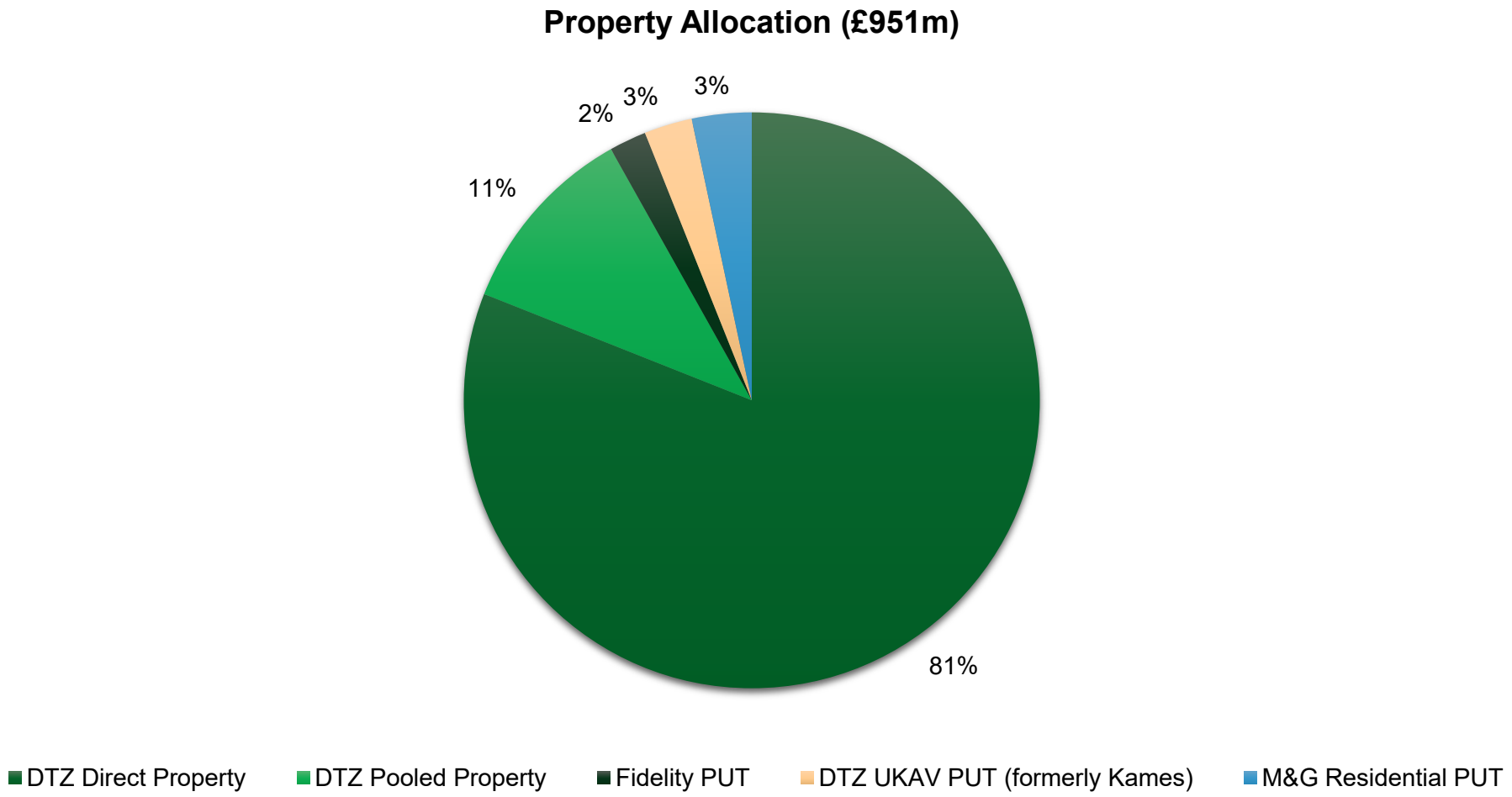
Private Equity Allocation (£429m)



Note: The legend reads clockwise on the pie charts.

Source: Northern Trust, RADAR Reporting

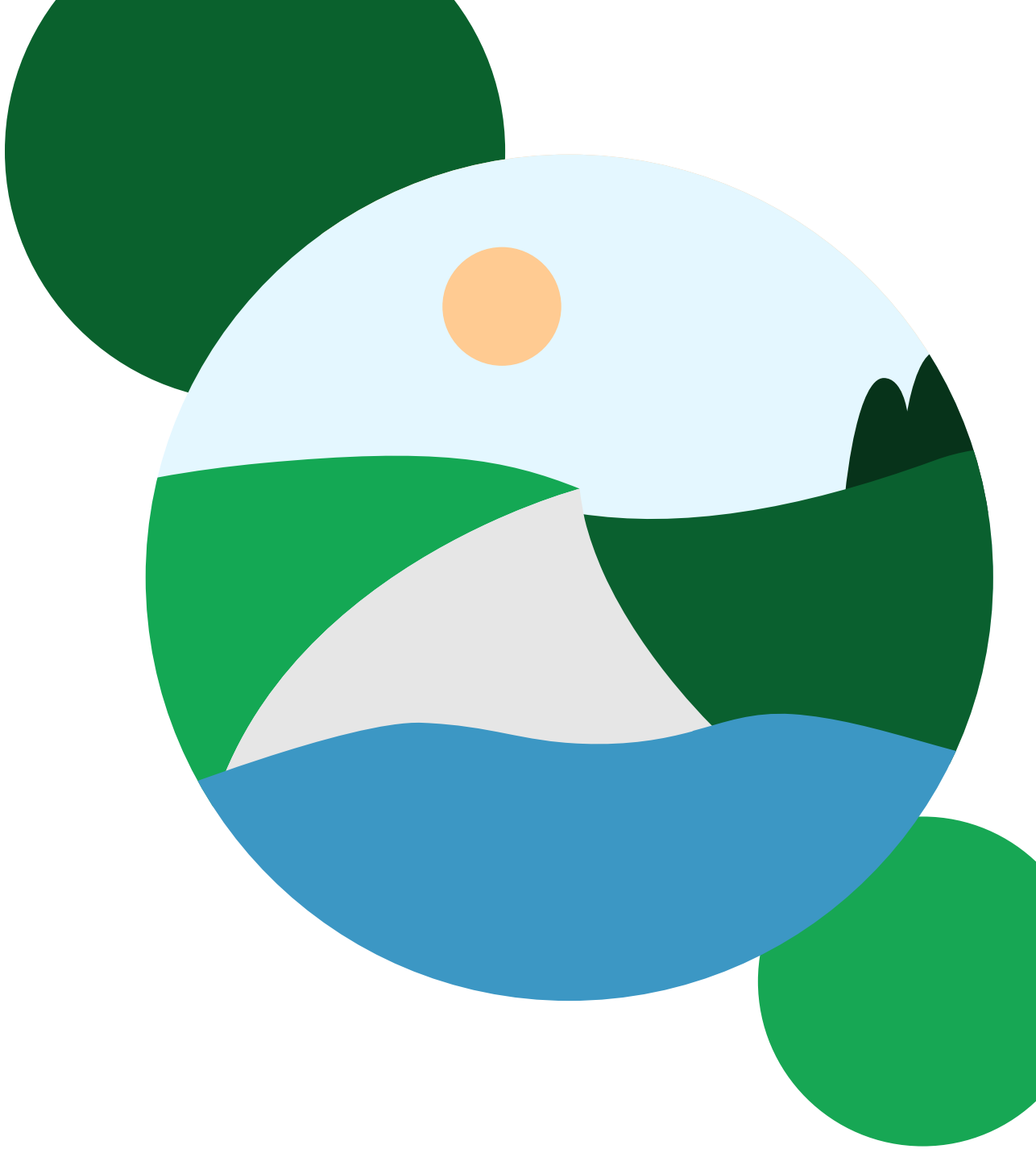
Property Breakdown



Note: The legend reads clockwise on the pie chart.

Source: Northern Trust, RADAR Reporting

Appendix



Kent Pension Fund

Benchmarks and Targets

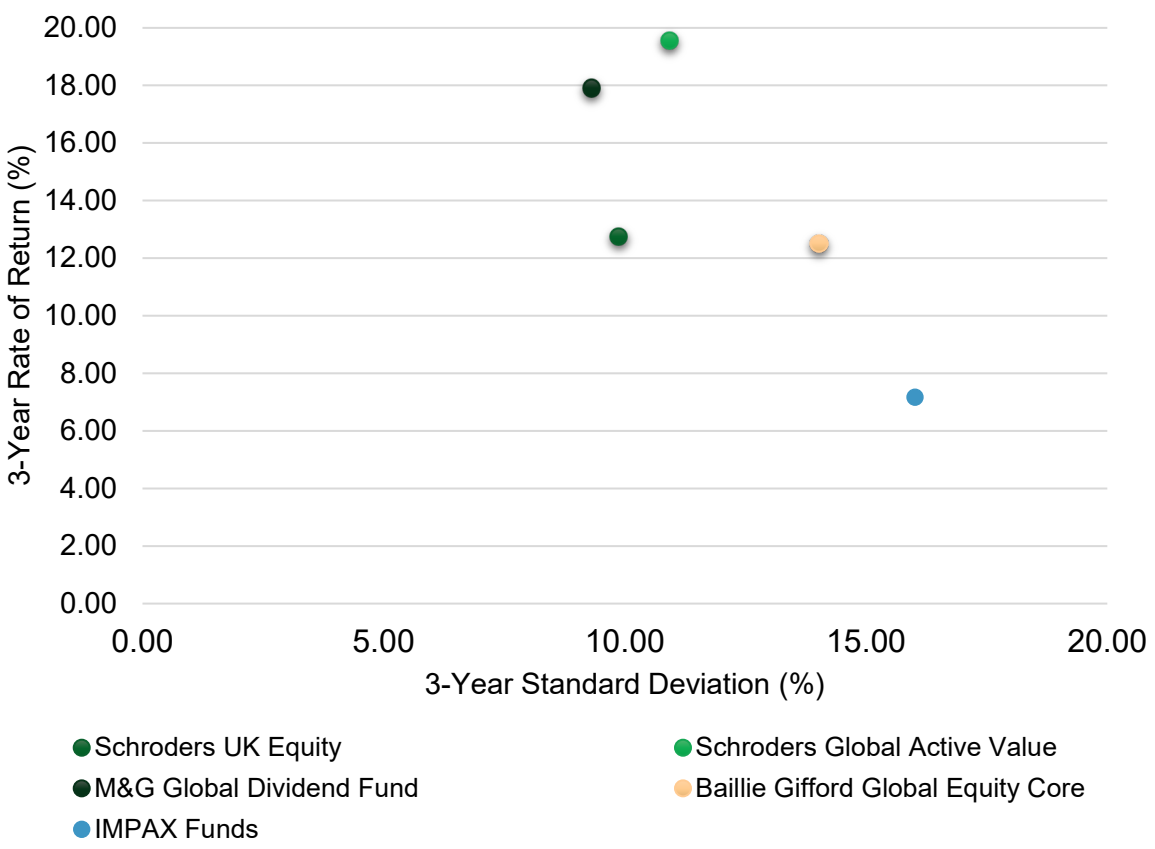
Appendix A

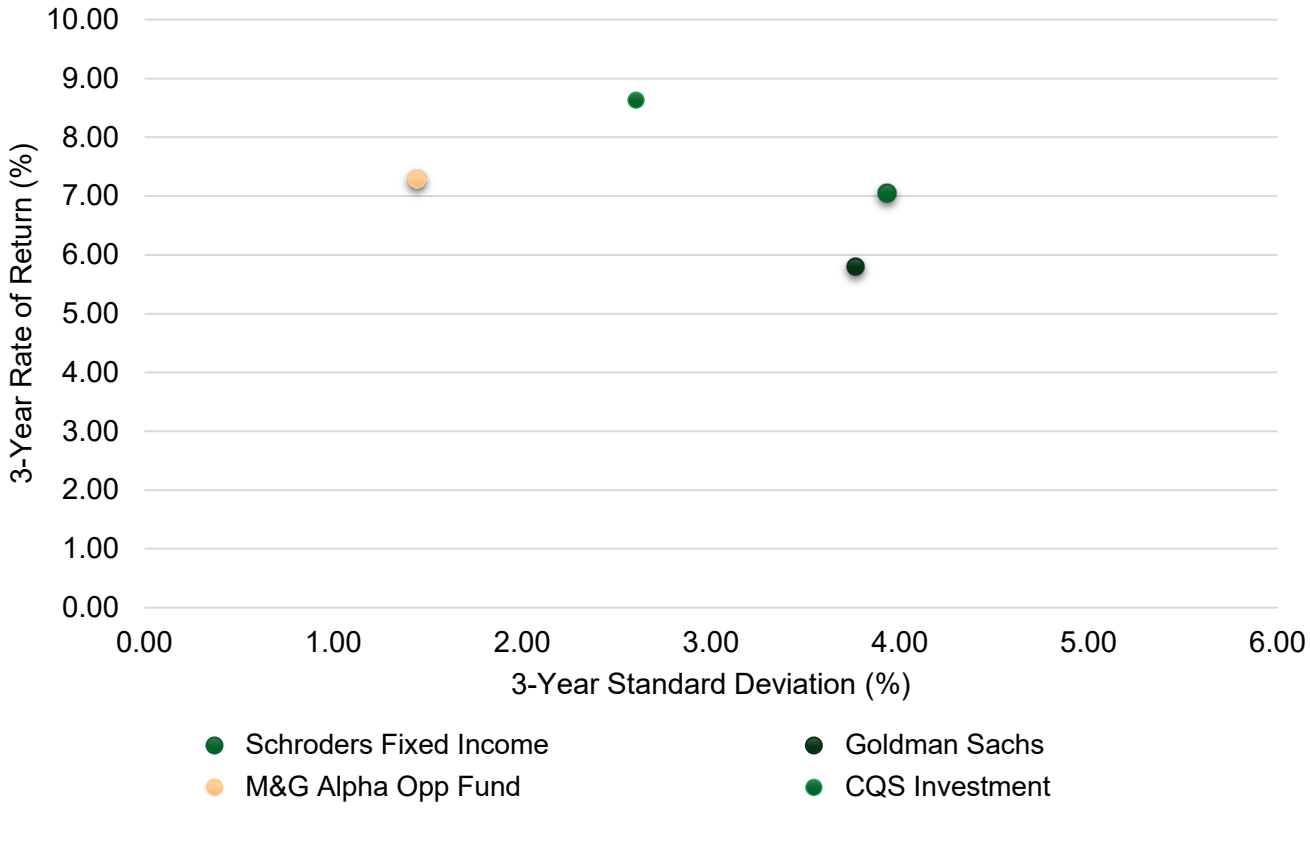
Asset Class / Manager	Performance Benchmark	Performance Target
UK Equities:		
Schroders - WS ACCESS UK Equity Fund	FTSE All Share	+1.5% pa over rolling 3 years
Woodford	FTSE All Share	Unconstrained
Global Equities:		
Baillie Gifford - WS ACCESS Global Equity Core Fund	Regional	+1.5% pa over rolling 3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

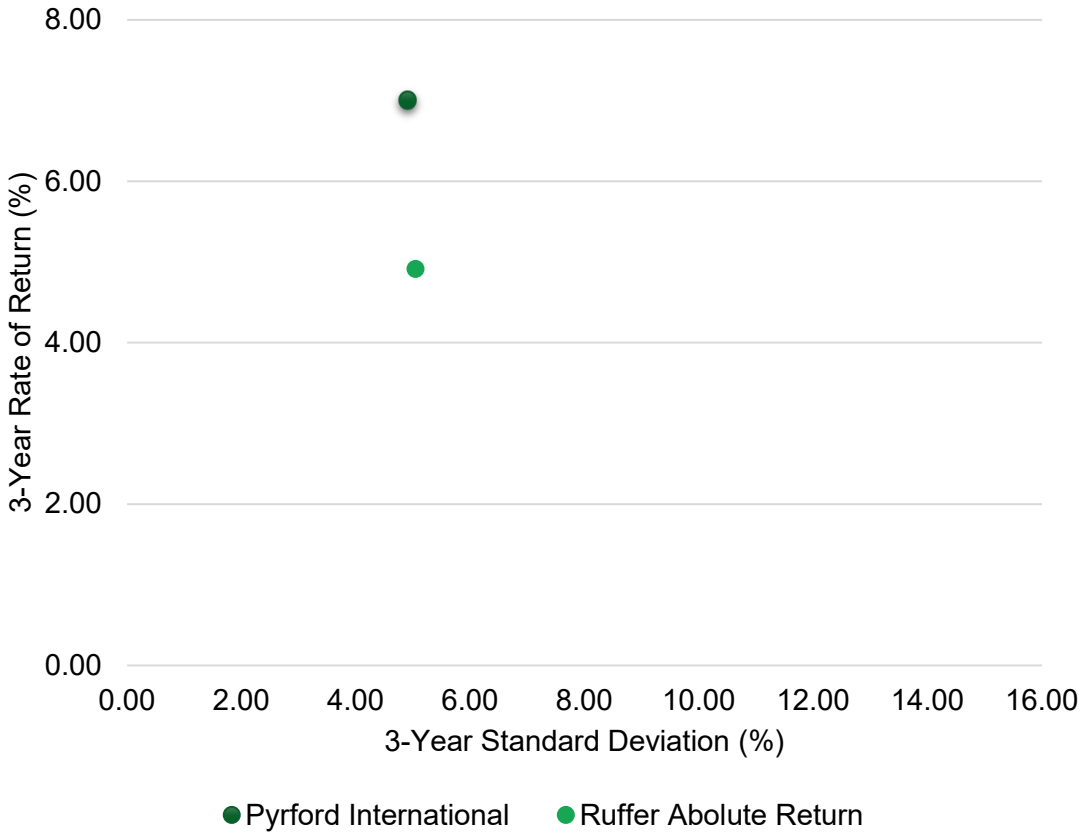


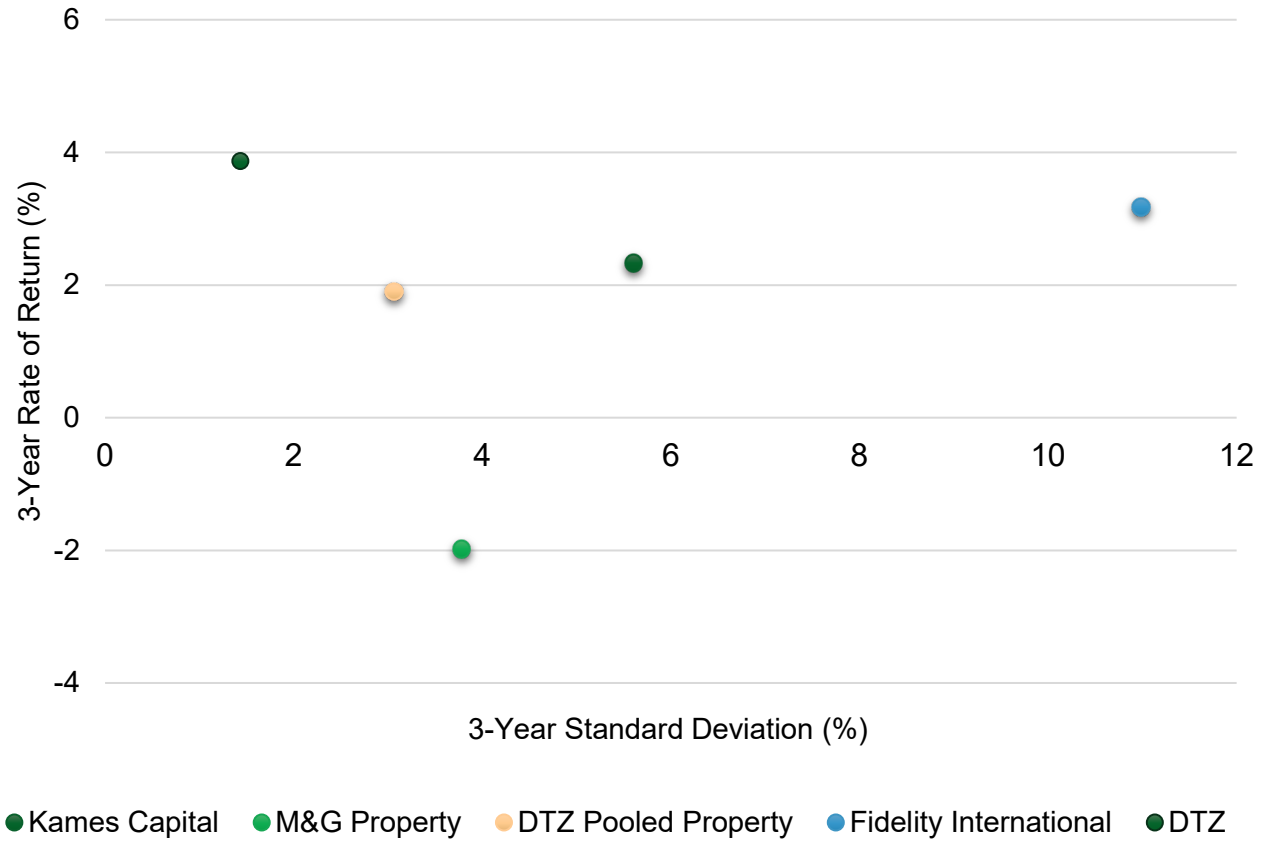


Source: Northern Trust, RADAR Reporting

Risk vs Return – *Absolute Return and Property*

Appendix C

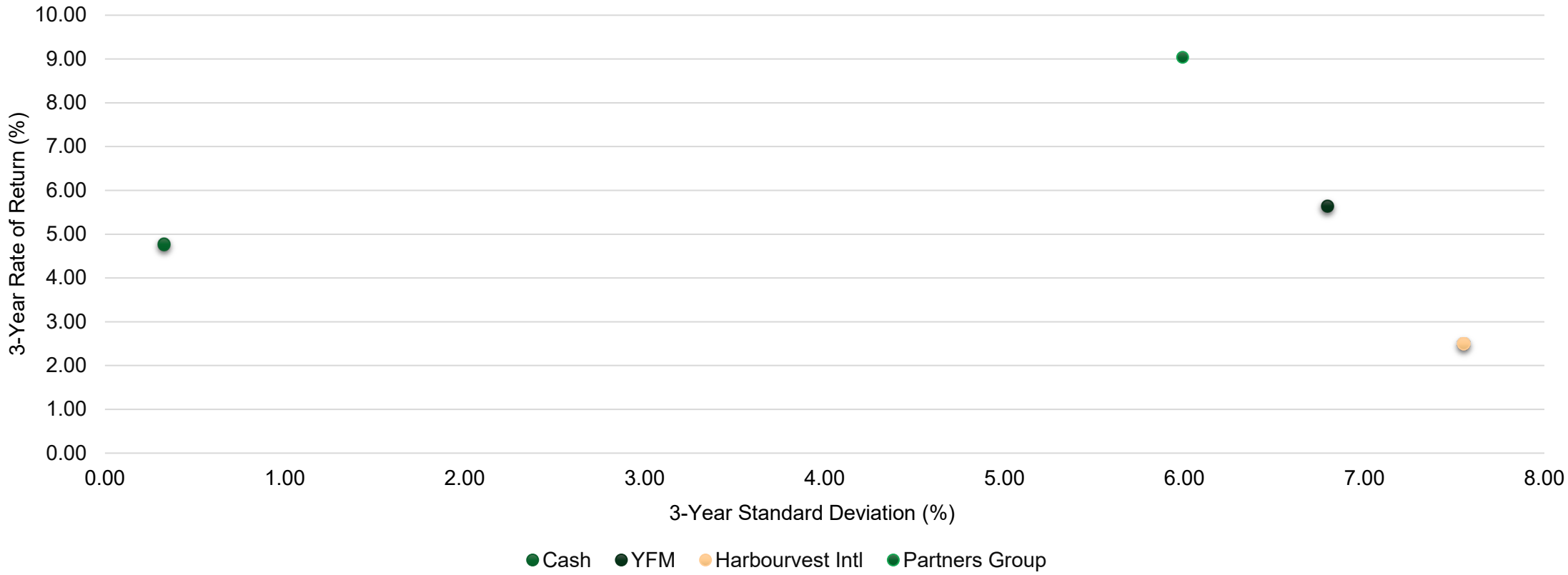




Source: Northern Trust, RADAR Reporting

Risk vs Return - *Alternatives*

Appendix D



Source: Northern Trust, RADAR Reporting

Kent Pension Fund

For more information, please visit

www.kentpensionfund.co.uk