

FUND POSITION STATEMENT

Classification: Unrestricted
Item: DI refers

Summary of Fund Asset Allocation and Performance

Superannuation Fund Committee

4th March 2011

By: **Chairman Superannuation Fund Committee**

Head of Financial Services



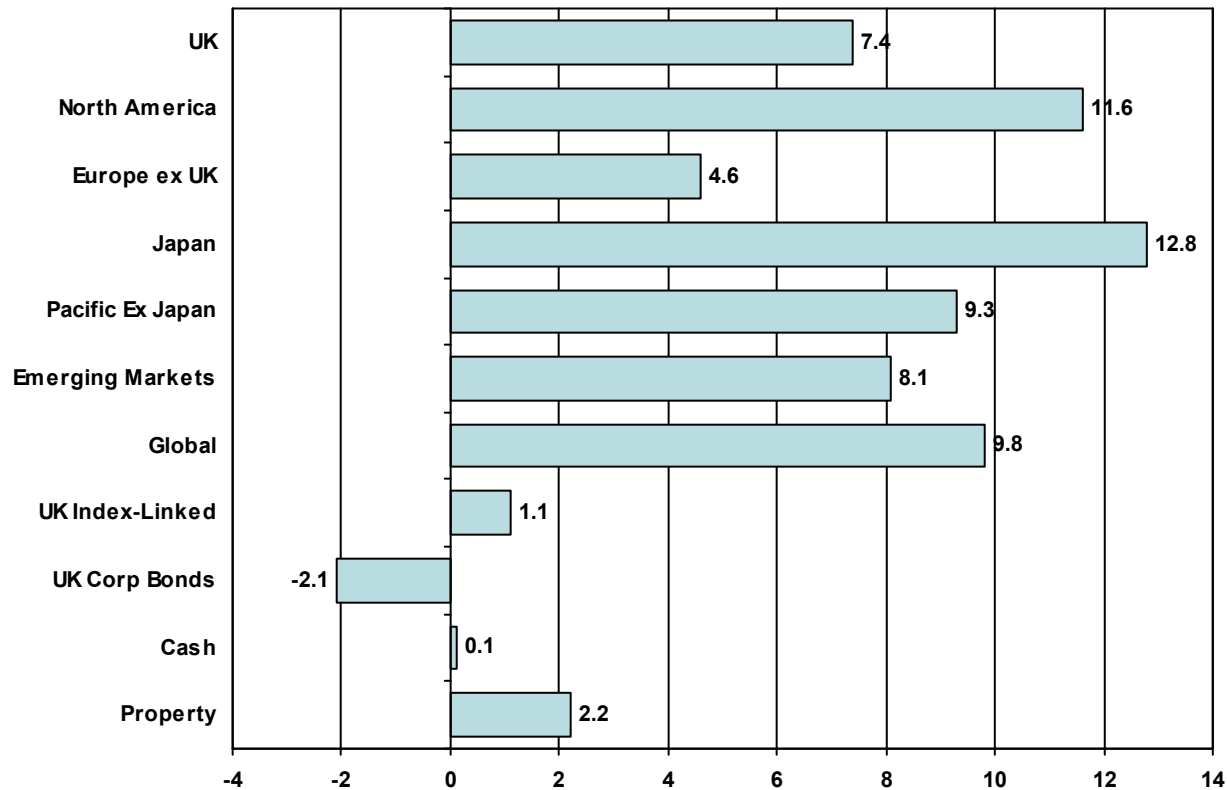
Kent County Council
Superannuation Fund 2010

Nick Vickers Head of Financial Services

Market Returns 3 months to 31 December 2010



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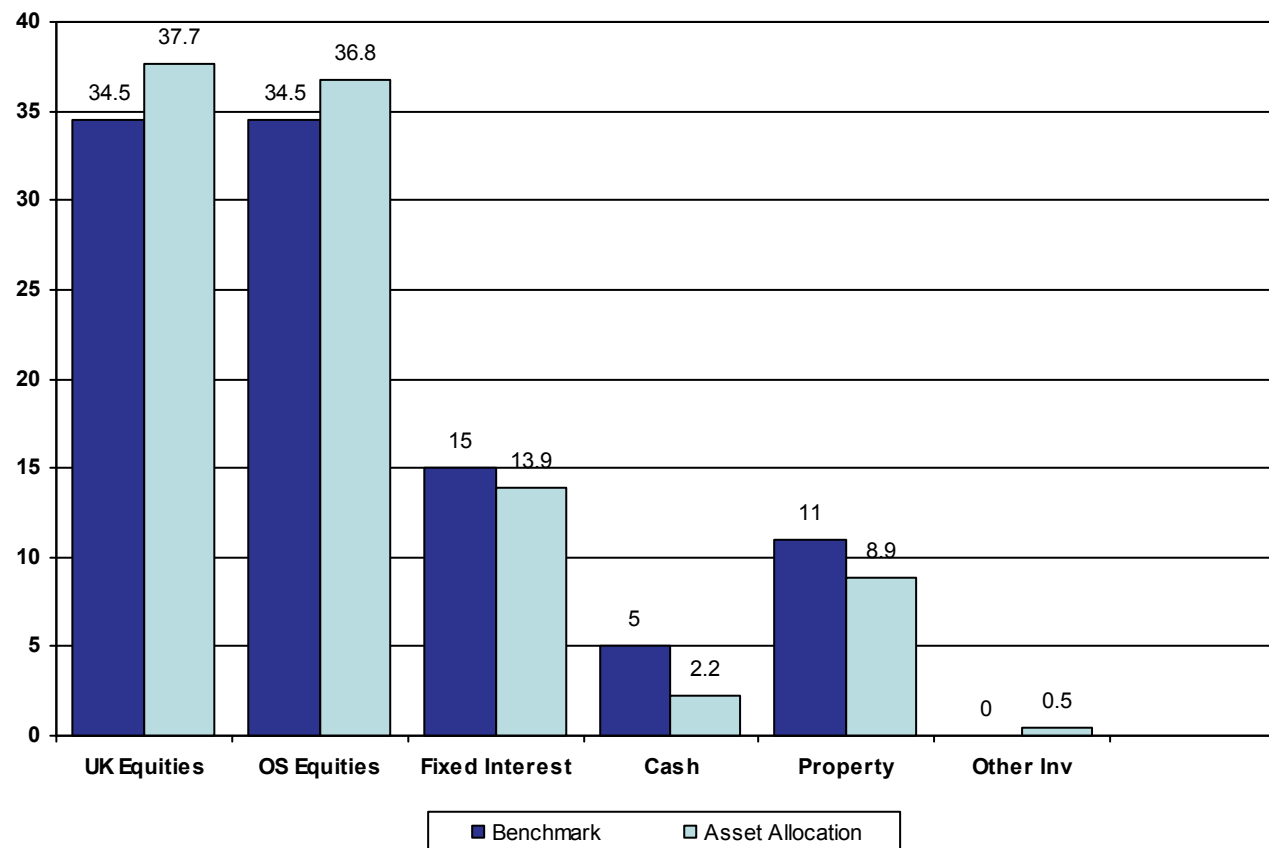


- Global Equity markets ended the year on a positive note with all equity markets rising over the quarter despite further talk of bail-outs and austerity measures.
- Japan produced the highest returns closely followed by North America, both enjoying double digit returns this quarter.
- Fixed Interest markets struggled over the quarter with UK Corporate bonds yielding negative returns.
- Property values continued to rise this quarter by 2.2%

Kent Fund Asset Allocation vs. Fund Benchmark



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Asset Class	Kent Fund		Benchmark
	£m	%	%
UK Equities	1,173	37.7	34.5
Overseas Equities	1,146	36.8	34.5
Fixed Interest	431	13.9	15
UK Property	262	8.4	10
European Property	16	0.5	1
Cash	67	2.2	5
Other Inv	18	0.5	-
Total Value	3,113	100	100

Asset Distribution Fund Manager

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Values (GBP 000)	Mandate	Value at 30/09/2010	Transactions	Capital Gain / loss	Income	Value at 31/12/2010	% Fund	Benchmark
Schroders	UK Equity	499,294	2,112	34,368	2,152	535,774	17	Customised
Invesco	UK Equity	336,608		14,020		350,628	11	Customised
State Street	UK Equity	225,768		16,660		242,428	8	FTSE 100 All Share
State Street	Global Equity	258,777	1,435	25,878		286,091	9	FTSE All World ex UK
Baillie Gifford	Global Equity	518,470	2,550	42,512	1,783	563,532	18	Customised
GMO	Global Quantitative	173,314		14,240		187,554	6	MSCI World
Schroders	Global Quantitative	135,010		11,156		146,166	5	MSCI World
Goldman Sachs	Fixed Interest	241,833	7,088	-3,850	85	245,071	8	ML £ Broad Market
Schroders	Fixed Interest	188,690	7,670	-2,499	670	193,861	6	ML £ Broad Market
Impax	Environmental	23,844		2,720		26,564	1	MSCI World
DTZ	Property UK	258,487	425	5,095	3,499	264,007	8	IPD All Properties Index
DTZ	Property Europe	15,948	27	62	43	16,037	1	IPD All Properties Index
Partners Group	Global Infrastructure		8,191	80		8,271		
Harbourvest	Private Equity		1,155	-20		1,135		
Internally Managed	Cash	47,357	-1,261	41	73	46,137	2	LIBID 7 Day Rate
Total Fund		2,923,401	29,392	160,462	8,305	3,113,255	100	Kent Combined Fund

Performance Returns to 31 December 2010

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	Quarter		1 year		3 years	
	Fund %	Benchmark %	Fund %	Benchmark %	Fund %	Benchmark %
<u>Total Fund</u>	5.7	5.7	15.5	13.6	2.6	2.8
<u>UK Equity</u>						
Schroders UK	7.3	7.2	20.1	14.3	4.6	1.5
State Street	7.4	7.4	14.6	14.5		
Invesco	4.2	7.4	11.6	14.5	0.1	1.4
<u>Overseas Equity</u>						
Baillie Gifford	8.5	8.6	21.2	14.9	7.2	3.6
GMO	8.2	9.7	13.9	15.4	2.2	3.5
Schroders GAV	8.3	9.7	19.0	15.4	6.2	3.5
State Street	9.9	9.7	16.1	16.6		
Impax Environmental Fund	11.4	9.7				
<u>Fixed Interest</u>						
Goldman Sachs Fixed Interest	-1.6	-2.3	8.8	7.9	5.7	5.3
Schroders Fixed Interest	-1.0	-1.1	5.3	4.3	6.9	4.5
<u>Property</u>						
UK Property	3.4	2.2	33.7	14.5	-1.8	-3.2
Overseas Property	0.7	2.2	-22.4	14.5	-11.7	-3.2
Data Source: The WM Company - returns subject to rounding differences						

- The Fund increased in value over the quarter to over £3bn.
- The fund equalled the benchmark over the quarter. This put the fund 46th in the WM local authority rankings.
- The fund produced a return of 15.5% over the year, an outperformance of nearly 2% ranking us 12th in the WM Local Authority rankings. The fund is ranked 46th over 3 years returning 2.6%.
- Most equity fund managers had a difficult quarter relative to their benchmarks. Schroders UK Equity and Impax were the only managers to outperform their benchmark.
- GMO, Invesco and Schroders GAV fared the worst all returning at least 1% under their benchmarks over the quarter
- Over the longer term, Baillie Gifford, Schroders UK Equity and Schroders GAV have performed particularly well, outperforming their benchmarks by around 3%
- Both Fixed Interest managers outperformed their benchmark for the quarter, over 1 year and 3 years.
- The UK Property mandate performed well this quarter outperforming the benchmark by 1.2%

Fund Structure



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UK Equities

Schroders
+1.5%
£536m

State Street
+0.0%
£242m

Invesco
Unconstrained
£351m

Market Value £3.1bn
as at 31 December 2010.

Global Equities

Baillie Gifford
+1.5%
£564m

GMO
+3.0%
£188m

Schroders
+3.0 - +4.0%
£146m

State Street
+0.0%
£286m

Impax
£27m

Fixed Interest

Goldman Sachs
+0.75%
£245m

Schroders
+1.0%
£193m

Alternative

DTZ
UK Property
£264m

DTZ
Europe Property
€19m (£16m)

Kent Cash
£39m

Henderson
Secondary PFI
£7m

YFM Private
Equity £2m

Partners Group
£8m

Harbourvest
£1m