

FUND POSITION STATEMENT

Classification: Unrestricted
Item: D2 refers

Summary of Fund Asset Allocation and Performance

Superannuation Fund Committee

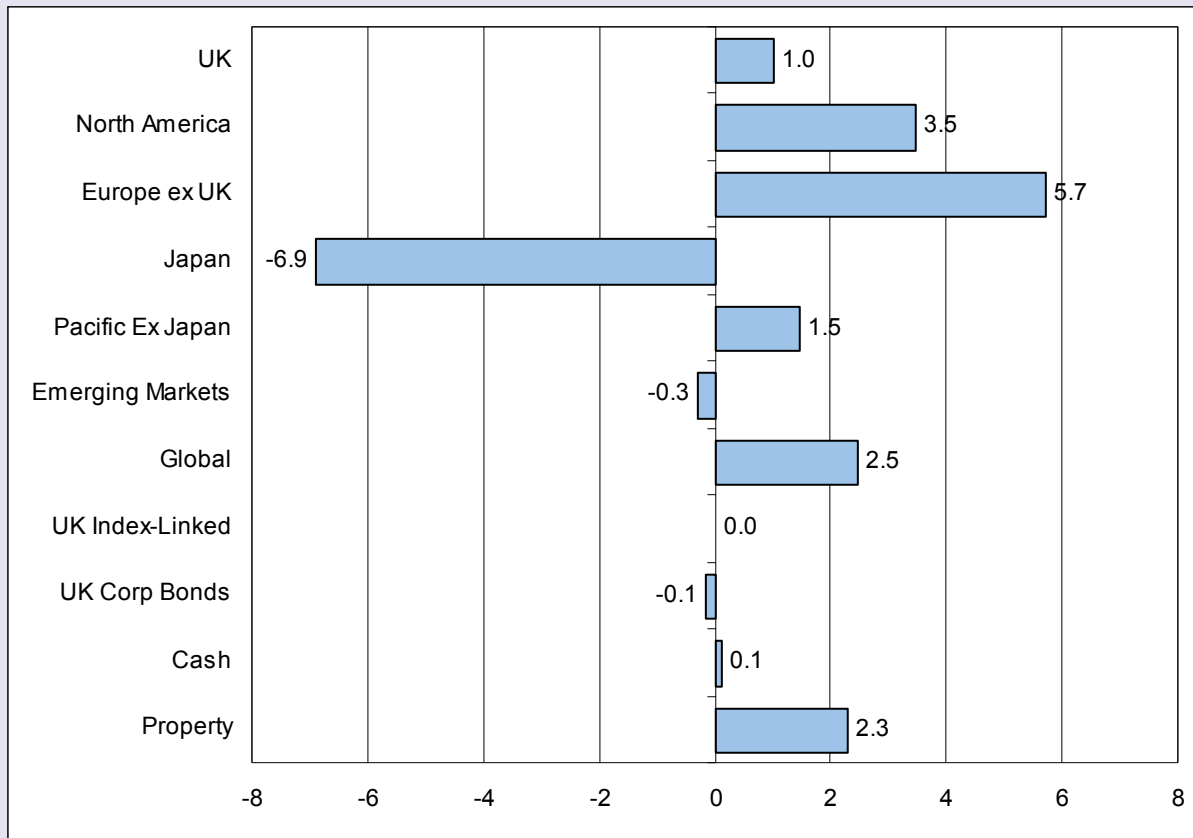
1st July 2011

**By: Chairman Superannuation Fund Committee
Acting Corporate Director of Finance and Procurement**



Kent County Council
Superannuation Fund 2011
Nick Vickers—Head of Financial Services

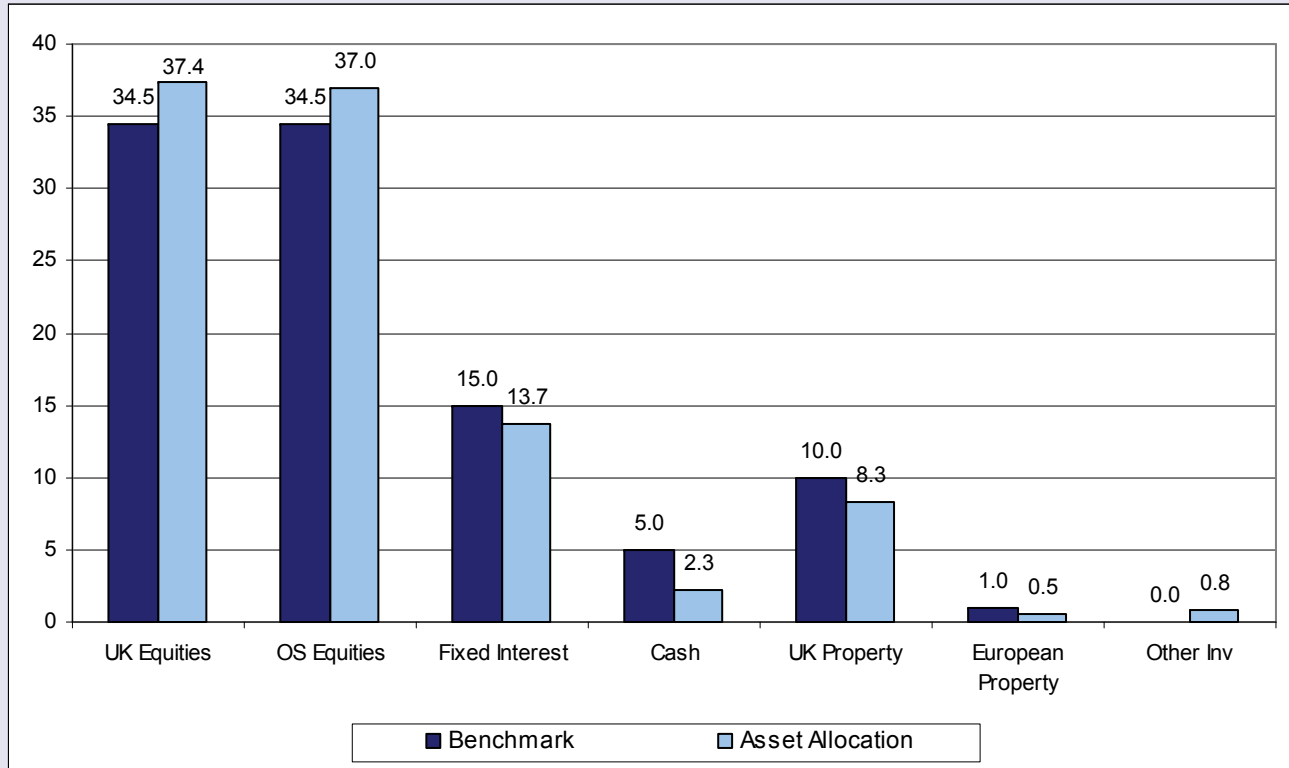
Market Returns-3 months to 31 March 2011



- Equity markets started the quarter reasonably strongly as corporate earnings continued to recover and inflation expectations were normalizing
- This optimism was short lived, however, when geopolitical risks emerged early in the quarter, starting in Tunisia then spreading across the middle east.
- The massive earthquake and subsequent Tsunami that hit Northern Japan toward the end of the quarter resulted in a fall in the Japanese equity markets
- Further debt problems in the Euro-zone's peripheral markets also featured with the Portuguese government requesting a financial bailout at the end of the quarter.
- With all this uncertainty in one quarter, it is surprising how little equity markets were affected with the strongest performance being in Europe ex UK.
- UK Corporate bond markets fell again this quarter



Kent Fund Asset Allocation vs Fund Benchmark



Asset Class	Kent Fund		Benchmark
	£m	%	%
UK Equities	1,181	37.4	34.5
Overseas Equities	1,168	37.0	34.5
Fixed Interest	434	13.7	15.0
UK Property	262	8.3	10.0
European Property	17	0.5	1.0
Cash	71	2.3	5.0
Other Inv	26	0.8	-
Total Value	3,160	100	100

Asset Distribution Fund Manager

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Values (GBP)'000	Mandate	Value at				Value at	%	Benchmark
		31/12/2010	Transactions	Capital Gain / loss	Income			
Schroders	UK Equity	535,774	3,323	1,627	3,347	540,724	17	Customised
Invesco	UK Equity	350,628	0	5,233	0	355,861	11	Customised
State Street	UK Equity	242,428	54	2,527	0	245,009	8	FTSE 100 All Share
State Street	Global Equity	286,091	0	6,601	0	292,691	9	FTSE All World ex UK
Baillie Gifford	Global Equity	563,532	2,647	8,574	3,218	574,753	18	Customised
GMO	Global Quantitative	187,554	0	3,935	0	191,489	6	MSCI World
Schroders	Global Quantitative	146,166	0	3,827	0	149,993	5	MSCI World
Goldman Sachs	Fixed Interest	245,071	170	1,628	177	246,869	8	ML £ Broad Market
Schroders	Fixed Interest	193,861	713	1,248	713	195,822	6	ML £ Broad Market
Impax	Environmental	26,564	0	313	0	26,877	1	MSCI World
DTZ	Property UK	264,007	-2,245	287	3,899	262,049	8	IPD All Properties Index
DTZ	Property Europe	16,037	27	1,092	41	17,156	1	IPD All Properties Index
Harbourvest	Private Equity	685	470	-16	0	1,138	0	LIBID 7 Day Rate
YFM	Private Equity	1,847	0	192	97	2,039	0	LIBID 7 Day Rate
Partners	Infrastructure	8,271	6,478	319	0	15,067	0	LIBID 7 Day Rate
Henderson	Infrastructure	6,971	0	1,194	0	8,165	0	LIBID 7 Day Rate
Internally Managed	Cash	37,319	-3,343	0	70	33,976	1	LIBID 7 Day Rate
Total Fund		3,112,805	8,293	38,581	11,562	3,159,679	100	Kent Combined Fund

Performance Returns to 31 March 2011

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	Quarter		1 year		3 years	
	Fund %	Benchmark %	Fund %	Benchmark %	Fund %	Benchmark %
Total Fund	1.6	1.4	9.0	8.1	6.2	5.7
UK Equity						
Schroders UK	0.9	1.0	12.9	8.6	8.6	5.3
State Street	1.0	1.0	8.8	8.7		
Invesco	1.5	1.0	8.8	8.7	5.4	5.4
Overseas Equity						
Baillie Gifford	2.1	1.9	12.4	7.5	11.1	7.6
GMO	2.1	2.4	6.5	7.4	6.1	7.6
Schroders GAV	2.6	2.4	10.2	7.4	10.0	7.6
State Street	2.3	2.0	7.8	8.0		
Impax Environmental Fund	1.2	2.4				
Fixed Interest						
Goldman Sachs Fixed Interest	0.7	-0.1	5.5	5.3	6.5	5.6
Schroders Fixed Interest	1.0	0.0	4.1	3.0	7.0	4.8
Property						
UK Property	1.6	2.3	10.7	10.7	1.9	-1.4
Overseas Property	7.1	2.3	-1.8	10.7	-10.1	-1.4
Private Equity						
Harbourvest	-2.8	0.1				
YFM	15.9	0.1				
Infrastructure						
Partners	3.2	0.1				
Henderson	17.1	0.1				

- The Fund increased in value over the quarter to almost £3.2bn.
- The fund outperformed the benchmark over the quarter. This put the fund 31st in the WM local authority rankings.
- The fund produced a return of 9% over the year, an outperformance of nearly 1% ranking us 31st in the WM Local Authority rankings. The fund is ranked 27th over 3 years returning 6.2%.
- Most equity fund managers marginally outperformed their benchmarks over the quarter, with Invesco being the top performer relative to their benchmark.
- Schroders, GMO and Impax all marginally underperformed relative to their benchmarks
- Over the longer term, Baillie Gifford, Schroders UK Equity and Schroders GAV have performed particularly well, outperforming their benchmarks by around 3% over 3 years
- Both Fixed Interest managers outperformed their benchmark for the quarter, over 1 year and 3 years.

Fund Structure

UK Equities

Schroders
+1.5%
£541m

State Street
+0.0%
£245m

Invesco
Unconstrained
£356m

Global Equities

Baillie Gifford
+1.5%
£575m

GMO
+3.0%
£191m

Schroders
+3.0 - +4.0%
£150m

State Street
+0.0%
£293m

Impax
£27m

Fixed Interest

Goldman Sachs
+0.75%
£247m

Schroders
+1.0%
£196m

Alternative

DTZ
UK Property
£262m

DTZ
Europe Property
£17m

Kent Cash
£34m

Henderson
Secondary PFI
£8m

YFM Private
Equity
£2m

Harbour Vest
£1m

Partners
£15m

Market Value £3.2bn
as at 31st March 2011