

# FUND POSITION STATEMENT

Classification: Unrestricted  
Item: D2 refers

## Summary of Fund Asset Allocation and Performance

### Superannuation Fund Committee

30 September 2011

By: Chairman Superannuation Fund Committee

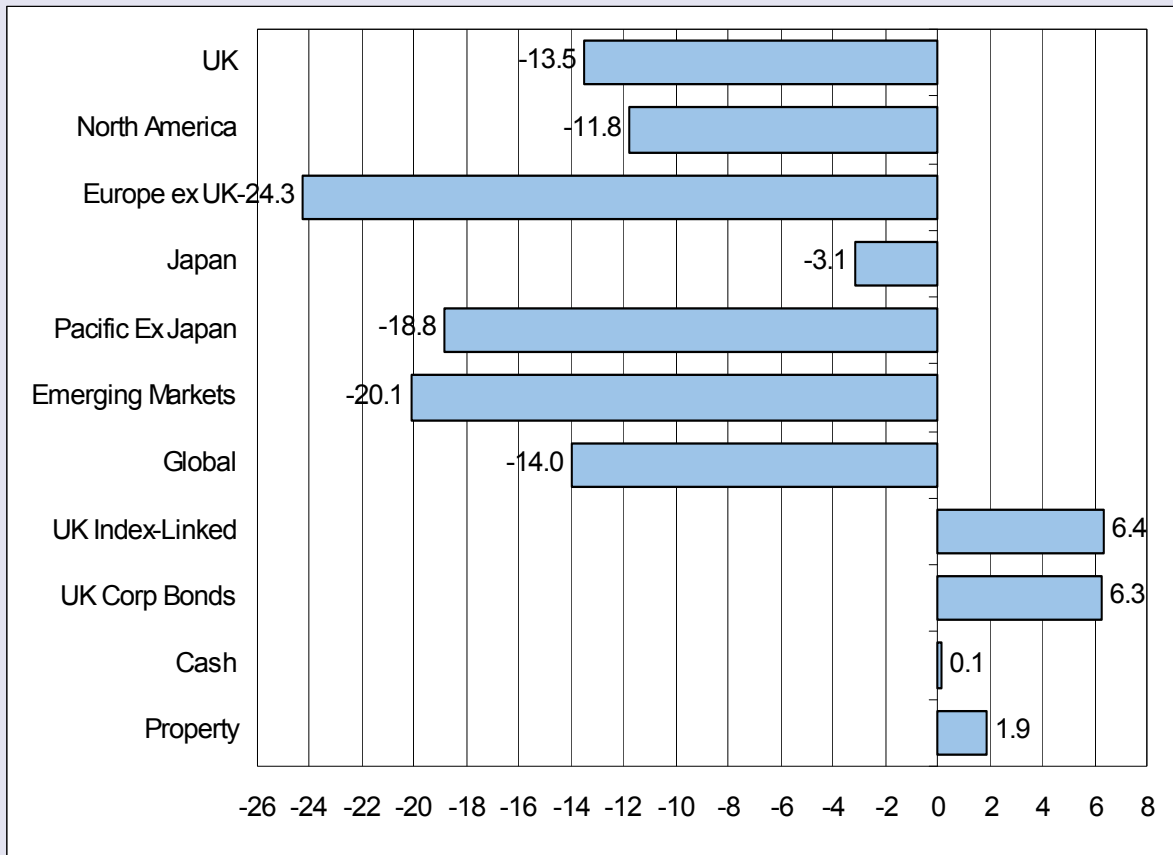
Acting Director of Finance



Kent County Council  
Superannuation Fund 2011

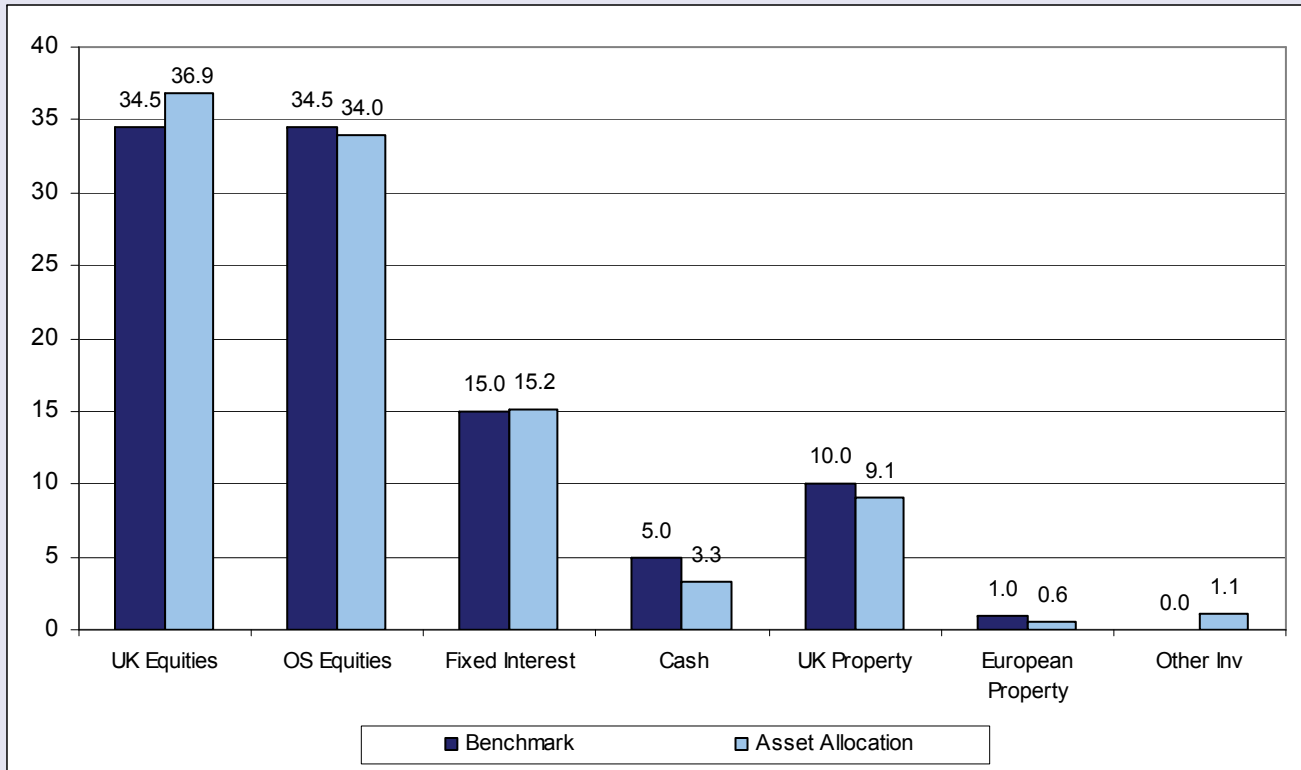
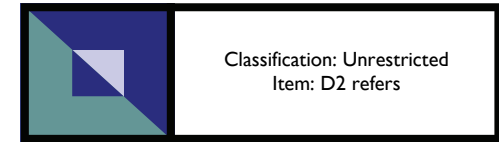
Nick Vickers—Head of Financial Services

## Market Returns - 3 months to 30 September 2011



- This was the worst quarter for stock markets since the beginning of the financial crisis in late 2008.
- Equity markets across the globe fell sharply as investor confidence in the authorities ability to cope with the debt crisis increased.
- Unsurprisingly, Europe ex UK performed least well, where markets fell over 24% as the Eurozone debt crisis continued to unravel.
- Japan had the best performing equity market but still saw falls of over 3%
- UK Indexed Linked and UK Corporate bonds were the best performing asset classes overall with respectable returns of around 6%

# Kent Fund Asset Allocation vs Fund Benchmark



Asset Class	Kent Fund		Benchmark
	£m	%	%
UK Equities	1,075	36.9	34.5
Overseas Equities	989	34.0	34.5
Fixed Interest	441	15.2	15.0
UK Property	264	9.1	10.0
European Property	17	0.6	1.0
Cash	95	3.3	5.0
Other Inv	32	1.1	-
<b>Total Value</b>	<b>2,914</b>	<b>100</b>	<b>100</b>

# Asset Distribution Fund Manager

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Values (GBP)'000	Mandate	Value at	Transactions	Capital		Value at	%	Benchmark
		30/06/2011		Gain / loss	Income	30/09/2011		
Schroders	UK Equity	548,686	5,529	-86,746	5,570	467,470	16	Customised
Invesco	UK Equity	372,036	0	-14,168	0	357,868	12	Customised
State Street	UK Equity	244,660	0	-32,923	0	211,737	7	FTSE 100 All Share
State Street	Global Equity	293,409	5	-43,631	0	249,783	9	FTSE All World ex UK
Baillie Gifford	Global Equity	579,302	2,636	-77,765	2,901	504,173	17	Customised
GMO	Global Quantitative	194,423	0	-26,750	0	167,673	6	MSCI World
Schroders	Global Quantitative	150,649	0	-25,244	0	125,404	4	MSCI World
Goldman Sachs	Fixed Interest	252,809	184	4,012	176	257,005	9	ML £ Broad Market
Schroders	Fixed Interest	197,492	710	-559	710	197,643	7	ML £ Broad Market
Impax	Environmental	25,830	0	-4,883	0	20,947	1	MSCI World
DTZ	Property UK	264,982	-29	730	3,314	265,683	9	IPD All Properties Index
DTZ	Property Europe	18,130	0	-912	25	17,217	1	IPD All Properties Index
Harbourvest	Private Equity	1,206	1,232	-240	0	2,198	0	
YFM	Private Equity	2,091	378	511	0	2,980	0	
Partners	Infrastructure	14,660	4,035	-466	0	18,229	1	
Henderson	Infrastructure	8,130	0	750	0	8,880	0	
Internally Managed	Cash	38,895	531	0	62	39,427	1	LIBID 7 Day Rate
<b>Total Fund</b>		<b>3,207,391</b>	<b>15,212</b>	<b>-308,286</b>	<b>12,758</b>	<b>2,914,317</b>	<b>100</b>	<b>Kent Combined Fund</b>

# Performance Returns to 30 September 2011

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	Quarter		1 year		3 years	
	Fund %	Benchmark %	Fund %	Benchmark %	Fund %	Benchmark %
<b>Total Fund</b>	-9.2	-8.7	-0.9	-0.8	6.5	6.0
<b>UK Equity</b>						
Schroders UK	-14.8	-13.2	-6.3	-4.2	7.7	6.0
State Street	-13.5	-13.5	-4.3	-4.4		
Invesco	-3.8	-13.5	6.3	-4.4	8.2	6.0
<b>Overseas Equity</b>						
Baillie Gifford	-12.9	-15.5	-2.8	-5.7	10.1	5.5
GMO	-13.8	-14.1	-3.3	-3.2	3.5	4.8
Schroders GAV	-16.8	-14.1	-7.1	-3.2	7.6	4.8
State Street	-14.9	-14.9	-4.0	-4.0		
Impax Environmental Fund	-18.9	-14.1				
<b>Fixed Interest</b>						
Goldman Sachs Fixed Interest	1.7	6.3	3.2	6.1	9.1	9.0
Schroders Fixed Interest	0.1	3.2	1.0	3.5	8.4	6.8
<b>Property</b>						
UK Property	1.5	1.9	8.7	8.7	5.6	2.5
Overseas Property	-4.9	1.9	9.1	8.7	-12.8	2.5
<b>Private Equity</b>						
Harbourvest	-11.0	0.1				
YFM	23.6	0.1				
<b>Infrastructure</b>						
Partners	-2.9	0.1				
Henderson	9.2	0.1		5		

- The fund fell back below the £3bn mark this quarter as global equity markets fell dramatically.
- Invesco were the top performing equity manager who despite seeing a fall of over 3% , outperformed the benchmark by 10%. Their defensive portfolio stood up well against the current economic backdrop.
- Over the longer term, all our active equity fund managers have outperformed their benchmarks with the exception of GMO.
- Baillie Gifford performed best over 3 years with returns of just over 10%, an outperformance of almost 5%.
- Both fixed interest managers performed badly this quarter but have still performed well over the longer term.

Data Source: The WM Company  
- returns subject to rounding differences

# Fund Structure

<u>UK Equities</u>	<u>Global Equities</u>	<u>Fixed Interest</u>	<u>Alternative</u>
Schroders +1.5% £467m	Baillie Gifford +1.5% £504m	Goldman Sachs +0.75% £257m	DTZ UK Property £266m
State Street +0.0% £212m	GMO +3.0% £168m	Schroders +1.0% £198m	DTZ Europe Property £17m
Invesco Unconstrained £358m	Schroders +3.0 - +4.0% £125m		Kent Cash £39m
	State Street +0.0% £250m		Henderson Secondary PFI £9m
	Impax £21m		YFM Private Equity £3m
			Harbour Vest £2m
			Partners £18m

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Market Value £2.9bn  
as at 30th September 2011