

# FUND POSITION STATEMENT

Classification: Unrestricted  
Item: D3 refers

## Summary of Fund Asset Allocation and Performance

### Superannuation Fund Committee

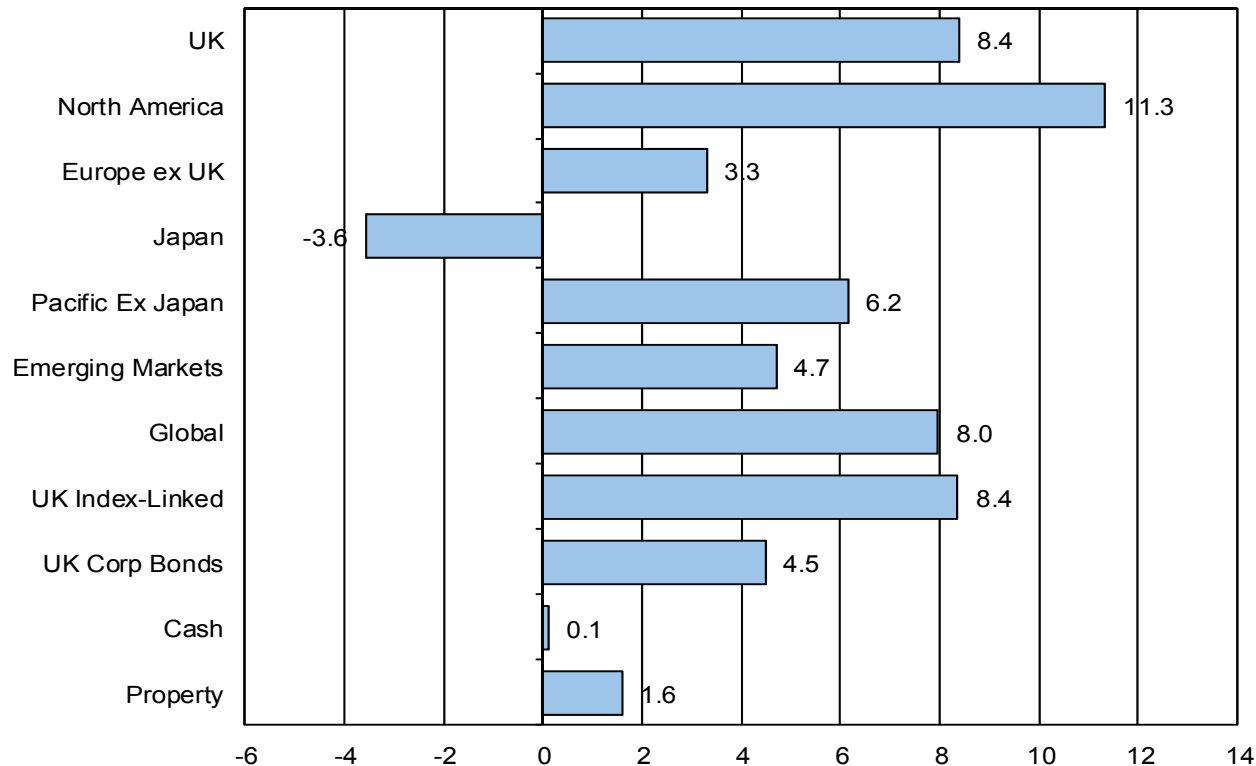
2 March 2012

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



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

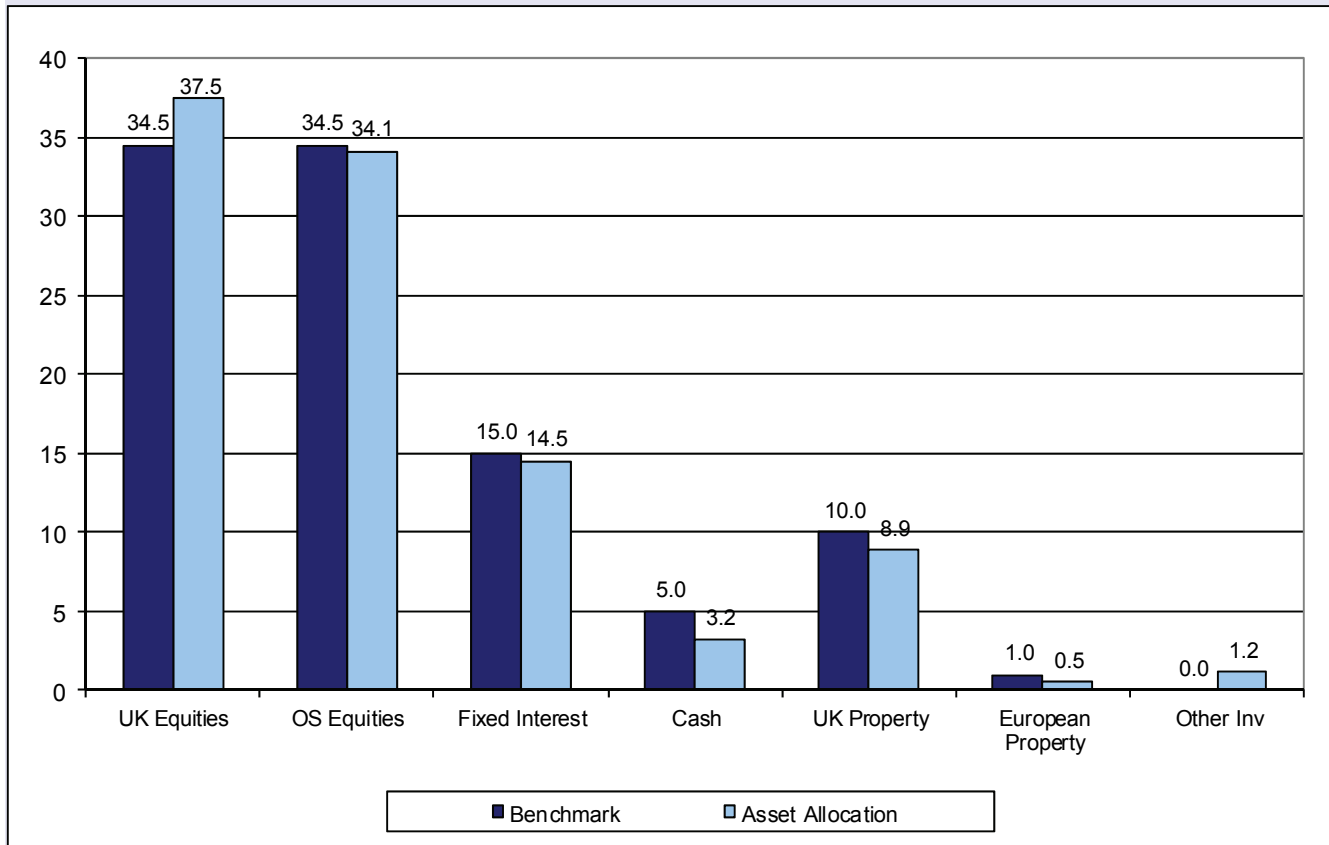
## Market Returns - 3 months to 31 December 2011



- The quarter saw strong returns overall due to a very strong rally in the equity markets in December.
- North America gave the highest returns as the economy started to show signs of recovery and growth.
- Europe continues to reel under the debt crisis and yields reflected the lack of investor confidence.
- UK equities performance rebounded and matched the strong returns from Index Linked and Corporate Bonds.
- Japan continued to suffer recessionary pressures and saw returns worsening marginally from the previous quarter.



# Kent Fund Asset Allocation vs Fund Benchmark



Asset Class	Kent Fund		Benchmark
	£m	%	%
UK Equities	1,160	37.5	34.5
Overseas Equities	1,054	34.1	34.5
Fixed Interest	449	14.5	15.0
UK Property	275	8.9	10.0
European Property	17	0.5	1.0
Cash	100	3.2	5.0
Other Inv	36	1.2	-
<b>Total Value</b>	<b>3,090</b>	<b>100</b>	<b>100</b>

# Asset Distribution Fund Manager

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Values (GBP)'000	Mandate	Value at	Capital			Value at	%	Benchmark
		30/09/2011	Transactions	Gain/(loss)	Income	31/12/2011	Fund	
Schroders	UK Equity	467,470	2,751	26,605	2,726	496,826	16	Customised
Invesco	UK Equity	357,868	0	26,689	0	384,557	12	Customised
State Street	UK Equity	211,737	0	17,887	0	229,624	7	FTSE 100 All Share
State Street	Global Equity	249,783	30	18,769	0	268,582	9	FTSE All World ex UK
Baillie Gifford	Global Equity	504,173	1,922	29,861	1,536	535,956	17	Customised
GMO	Global Quantitative	167,673	0	13,837	0	181,511	6	MSCI World
Schroders	Global Quantitative	125,404	0	8,153	0	133,557	4	MSCI World
Goldman Sachs	Fixed Interest	257,005	165	9,179	133	266,348	9	ML £ Broad Market
Schroders	Fixed Interest	197,643	1,245	2,950	1,245	201,838	7	ML £ Broad Market
Impax	Environmental	20,947	0	558	0	21,504	1	MSCI World
DTZ	Property UK	265,683	(425)	10,818	3,488	276,076	9	IPD All Properties Index
DTZ	Property Europe	17,217	34	(746)	142	16,506	1	IPD All Properties Index
Harbourvest	Private Equity	2,198	793	(102)	0	2,888	0	GBP 7 Day LIBID
YFM	Private Equity	2,980	0	48	0	3,028	0	GBP 7 Day LIBID
Partners	Infrastructure	18,229	4,357	(982)	0	21,603	1	GBP 7 Day LIBID
Henderson	Infrastructure	8,880	0	(43)	0	8,837	0	GBP 7 Day LIBID
Internally Managed	Cash	39,427	1,769	0	30	41,196	1	LIBID 7 Day Rate
Total Fund		2,914,317	12,640	163,481	9,300	3,090,438	100	Kent Combined Fund

# Performance Returns to 31 December 2011

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	Quarter		1 year		3 years	
	Fund %	Benchmark %	Fund %	Benchmark %	Fund %	Benchmark %
<b>Total Fund</b>	5.9	6.2	-0.7	-0.3	10.2	10.0
<b>UK Equity</b>						
Schroders UK	6.3	8.2	-7.2	-3.4	12.9	12.7
State Street	8.4	8.4	-3.4	-3.5		
Invesco	7.5	8.4	9.7	-3.5	10.9	12.9
<b>Overseas Equity</b>						
Baillie Gifford	6.2	5.7	-4.8	-8.2	14.5	8.5
GMO	8.3	7.8	-3.2	-4.8	6.8	8.6
Schroders GAV	6.5	7.8	-8.6	-4.8	11.7	8.6
State Street	7.5	7.5	-6.1	-6.2		
Impax Environmental Fund	2.7	7.8	-19.0	-4.8		
<b>Fixed Interest</b>						
Goldman Sachs Fixed Interest	3.6	4.5	8.7	13.5	9.5	8.3
Schroders Fixed Interest	2.1	2.4	4.1	7.1	6.6	5.4
<b>Property</b>						
UK Property	5.4	1.6	10.8	8.1	13.4	8.1
Overseas Property	-3.5	1.6	4.6	8.1	-17.7	8.1
<b>Private Equity</b>						
Harbourvest	-3.6	0.1				
YFM	1.6	0.1				
<b>Infrastructure</b>						
Partners	-4.5	0.1				
Henderson	-0.5	0.1				

- A marginal recovery in the global markets saw the fund cross back over the £3bn mark.
- Baillie Gifford and GMO were top performers this quarter as they both outperformed the benchmark by 0.5%. Most other Managers underperformed the benchmark the exception being State Street.
- Over the last 12 months Invesco has been the star performer with returns of 13.2% over the benchmark while the fund has seen average returns of 4% below. Impax was the worst with 14.2% underperformance.
- Baillie Gifford remains the best performer over a three year period with 6% above benchmark returns.
- Most managers have out-performed over this period, other than Invesco and GMO, although these managers have seen an improving trend over that period.
- Recent Fixed Interest returns have been below benchmark although long term returns are in the green.
- UK Property portfolio returns have outperformed consistently.

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

# Fund Structure

## UK Equities

Schroders  
+1.5%  
£497m

State Street  
+0.0%  
£230m

Invesco  
Unconstrained  
£385m

## Global Equities

Baillie Gifford  
+1.5%  
£536m

GMO  
+3.0%  
£182m

Schroders  
+3.0 - +4.0%  
£134m

State Street  
+0.0%  
£269m

Impax  
£22m

## Fixed Interest

Goldman Sachs  
+0.75%  
£266m

Schroders  
+1.0%  
£202m

## Alternative

DTZ  
UK Property  
£276m

DTZ  
Europe Property  
£17m

Kent Cash  
£41m

Henderson  
Secondary PFI  
£9m

YFM Private  
Equity  
£3m

HarbourVest  
£3m

Partners  
£22m

Market Value £3.1bn  
as at 31st December 2011