

## Summary of Fund Asset Allocation and Performance

### Superannuation Fund Committee

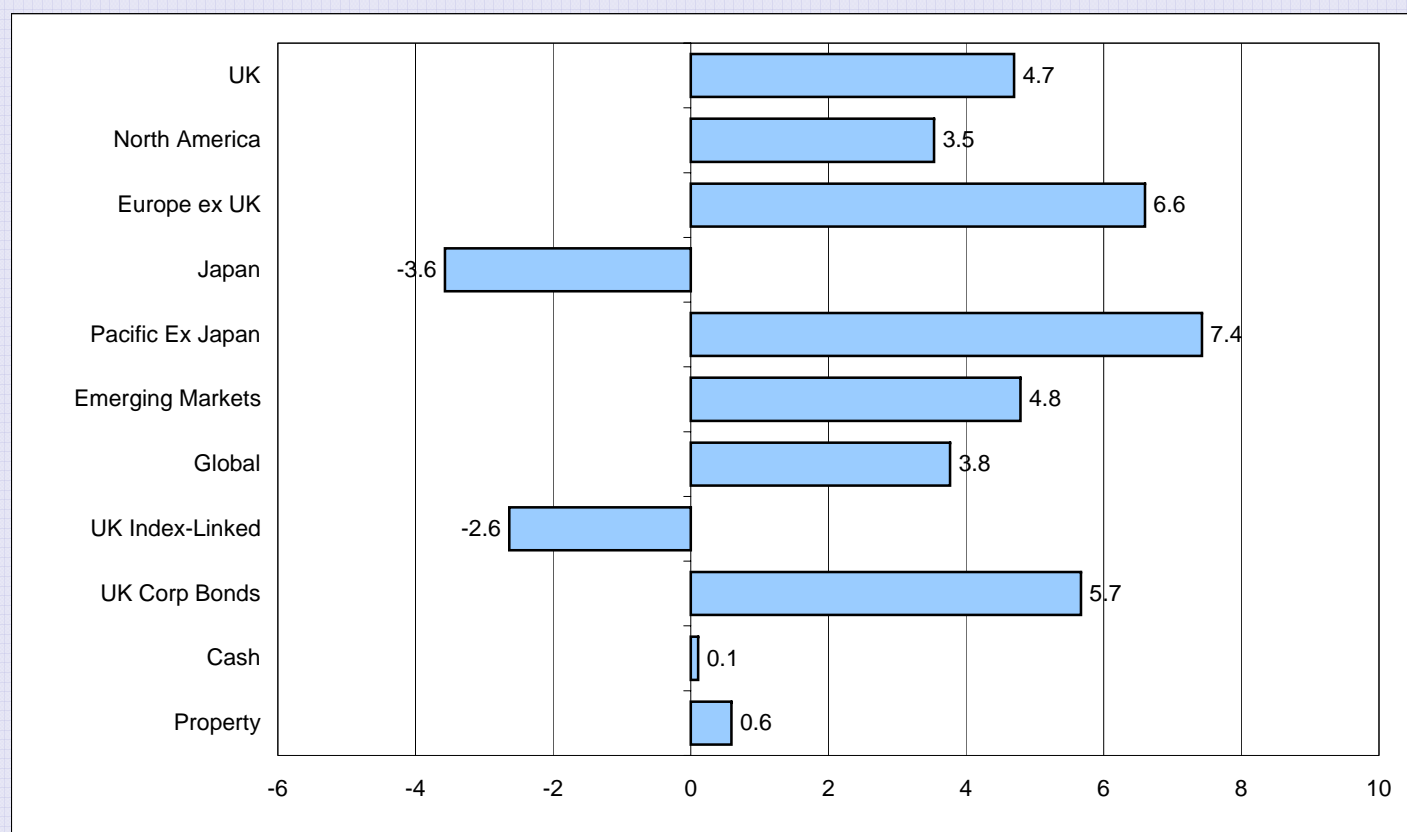
**By: Chairman - Superannuation Fund Committee**  
Corporate Director of Finance and Procurement



Kent County Council  
Superannuation Fund 2012  
Nick Vickers—Head of Financial Services

# Market Returns - 3 Months to 30 September 2012

Classification: Unrestricted  
Item: D2 refers



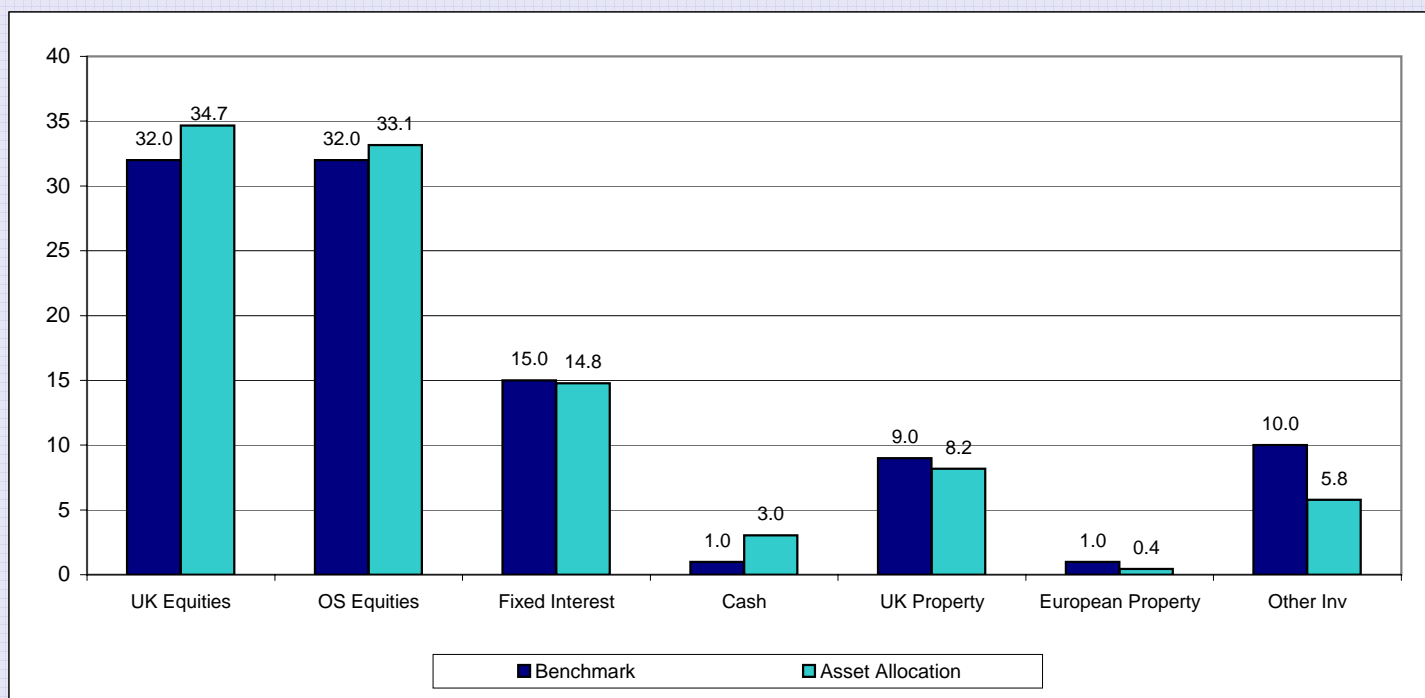
Global equity markets rallied strongly in this quarter. Equities across all the markets except in Japan returned strong growth, with strongest growth in the Pacific Markets and the Eurozone, followed by Emerging Markets and the UK.

Index Linked Gilts continued to fall on the back of further quantitative easing by the Bank of England. On the other hand UK corporate bonds rallied due to investors seeking higher yield assets.

Property returned modest growth in a weak economic scenario.

# Asset Allocation vs Fund Benchmark - 30 September 2012

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Asset Class	Kent Fund		Benchmark
	£m	%	%
UK Equities	1,159	34.7	32.0
Overseas Equities	1,109	33.1	32.0
Fixed Interest	494	14.8	15.0
UK Property	273	8.2	9.0
European Property	15	0.4	1.0
Cash	101	3.0	1.0
Other Inv	193	5.8	10.0
<b>Total Value</b>	<b>3,345</b>	<b>100</b>	<b>100</b>

## Asset Distribution Fund Manager - 30 September 2012



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Values (GBP)'000	Mandate	Value at 30/06/2012	Transactions	Capital Gain / loss	Income	Value at 30/09/2012	% <i>Fund</i>	Benchmark
Schroders	UK Equity	516,910	5,873	11,392	5,906	534,175	16	Customised
Invesco	UK Equity	402,227	-	16,182	-	418,409	13	Customised
State Street	UK Equity	189,233	(37,000)	8,244	-	160,478	5	FTSE All Share
State Street	Global Equity	238,411	3	9,289	-	247,703	7	FTSE All World ex UK
Baillie Gifford	Global Equity	566,993	2,707	18,224	3,079	587,924	18	Customised
GMO	Global Quantitative	186,455	-	5,088	-	191,542	6	MSCI World NDR
Schroders	Global Quantitative	138,010	-	4,960	-	142,970	4	MSCI World NDR
Goldman Sachs	Fixed Interest	278,006	93	11,925	129	290,024	9	Customised
Schroders	Fixed Interest	207,228	665	4,328	665	212,221	6	Customised
Impax	Environmental	21,396	-	462	-	21,858	1	MSCI World NDR
DTZ	Property UK	295,800	(24,882)	3,936	3,596	274,855	8	IPD All Properties Index
DTZ	Property Europe	15,424	-	(433)	25	14,991	0	IPD All Properties Index
Harbourvest	Private Equity	5,248	1,547	24	-	6,819	0	GBP 7 Day LIBID
YFM	Private Equity	3,574	(86)	85	-	3,573	0	GBP 7 Day LIBID
Partners	Infrastructure	27,191	1,531	(805)	-	27,916	1	GBP 7 Day LIBID
Henderson	Infrastructure	8,442	-	127	-	8,568	0	GBP 7 Day LIBID
Internally Managed	Cash	41,058	13,425	-	41	54,484	2	GBP 7 Day LIBID
Pyrford	Absolute Return	96,178	49,134	953	-	146,264	4	RPI + 5%
<b>Total Fund</b>		<b>3,237,782</b>	<b>13,010</b>	<b>93,983</b>	<b>13,441</b>	<b>3,344,775</b>	<b>100</b>	<b>Kent Combined Fund</b>

# Performance Returns - 30 September 2012

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	Quarter		1 year		3 years (p.a.)	
	Fund %	Benchmark %	Fund %	Benchmark %	Fund %	Benchmark %
<b>Total Fund</b>	3.3	3.5	13.4	13.7	8.3	8.0
		3.2*		13.4*		7.9*
<b>UK Equity</b>						
Schroders UK	3.3	4.6	14.3	16.9	7.8	7.9
State Street	4.7	4.7	17.4	17.2	8.2	8.1
Invesco	4.0	4.7	16.9	17.2	11.7	8.1
<b>Overseas Equity</b>						
Baillie Gifford	3.8	4.0	16.5	14.6	10.1	5.5
GMO	2.7	3.6	14.2	17.3	6.2	7.2
Schroders GAV	3.6	3.6	14.0	17.3	6.2	7.2
State Street	3.9	3.9	17.6	17.7		
Impax Environmental Fund	2.2	3.6	4.4	17.3		
<b>Fixed Interest</b>						
Goldman Sachs Fixed Interest	4.3	3.9	12.9	11.5	9.0	8.2
Schroders Fixed Interest	2.4	1.4	7.4	5.6	5.3	4.8
<b>Property</b>						
UK Property	2.6	0.6	6.2	3.5	14.9	11.3
Overseas Property	-2.6	0.6	-11.7	3.5	-7.6	11.3
<b>Private Equity</b>						
Harbourvest	-0.1	0.1	-8.1	0.5		
YFM	2.4	0.1	7.9	0.5		
<b>Infrastructure</b>						
Partners	-3.0	0.1	-6.5	0.5		
Henderson	1.5	0.1	-3.5	0.5		
<b>Absolute Return</b>						
Pyrford	1.3	2.2				

Data Source: The WM Company  
- returns subject to rounding differences  
\* Strategic Benchmark

Besides the strategic benchmark which measures the fund's target return based on the strategic allocation of funds, we have also measured the fund's returns against a floating benchmark which is based on actual allocation of funds across the asset classes. The fund has performed favourably against its strategic benchmark although fell a bit short against the floating benchmark, except in the 3 year period.

All equity funds returned positive growth this quarter. However Invesco are marginally behind the benchmark in the quarter as well as in the 1 year period, but significantly ahead in the 3 year period. Baillie Gifford have also underperformed in the quarter but have returned strong above benchmark performance in the 1 year and 3 year periods. Schroders are behind benchmark in the 1 year and 3 year periods in both their equity mandates and also in the quarter in the UK Equity mandate, although they have achieved just around benchmark returns in the last quarter in the Global equities mandate. GMO are lagging behind in all the quarter, 1 year and 3 year periods. Impax have continuously and significantly underperformed throughout the 3 periods. StateStreet continue to match benchmark returns.

Fixed income funds were the star performers of this quarter and both Goldman Sachs and Schroders have returned strong above benchmark returns in the last quarter, 1 year and 3 year periods.

DTZ's UK Property portfolio has modestly but consistently outperformed its benchmark although its European investment continues to significantly underperform.

YFM are showing consistent returns above the cash benchmark over the quarter and last 1 year. Returns from Henderson PFI were above benchmark this quarter but below for the 1 year. Returns from both Harbourvest and Partners continue to be below benchmark and are yet to pick up in the J curve.

Pyrford returned below benchmark performance in the quarter, although they outperformed in the last quarter.

# Fund Structure - 30 September 2012

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UK Equities	Global Equities	Fixed Interest	Property	Cash/Alternatives
<b>Schroders</b> +1.5% £534m	<b>Baillie Gifford</b> +1.5% £588m	<b>Goldman Sachs</b> +0.75% £290m	<b>DTZ</b> UK Property £275m	<b>Kent Cash</b> £54m
<b>State Street</b> +0.0% £160m	<b>GMO</b> +3.0% £192m	<b>Schroders</b> +1.0% £212m	<b>DTZ</b> Europe Property £15m	<b>Henderson</b> Secondary PFI £9m
<b>Invesco</b> Unconstrained £418m	<b>Schroders</b> +3.0 - +4.0% £143m			<b>Partners</b> £28m
	<b>State Street</b> +0.0% £248m			<b>YFM Private</b> Equity £4m
	<b>Impax</b> £22m			<b>HarbourVest</b> £7m
				<b>Pyrford</b> RPI +5.0% £146m

Market Value £3.3bn  
as at 30 September 2012