

FUND POSITION STATEMENT

Classification: Unrestricted
Item: D1 refers

Summary of Fund Asset Allocation and Performance

Superannuation Fund Committee

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

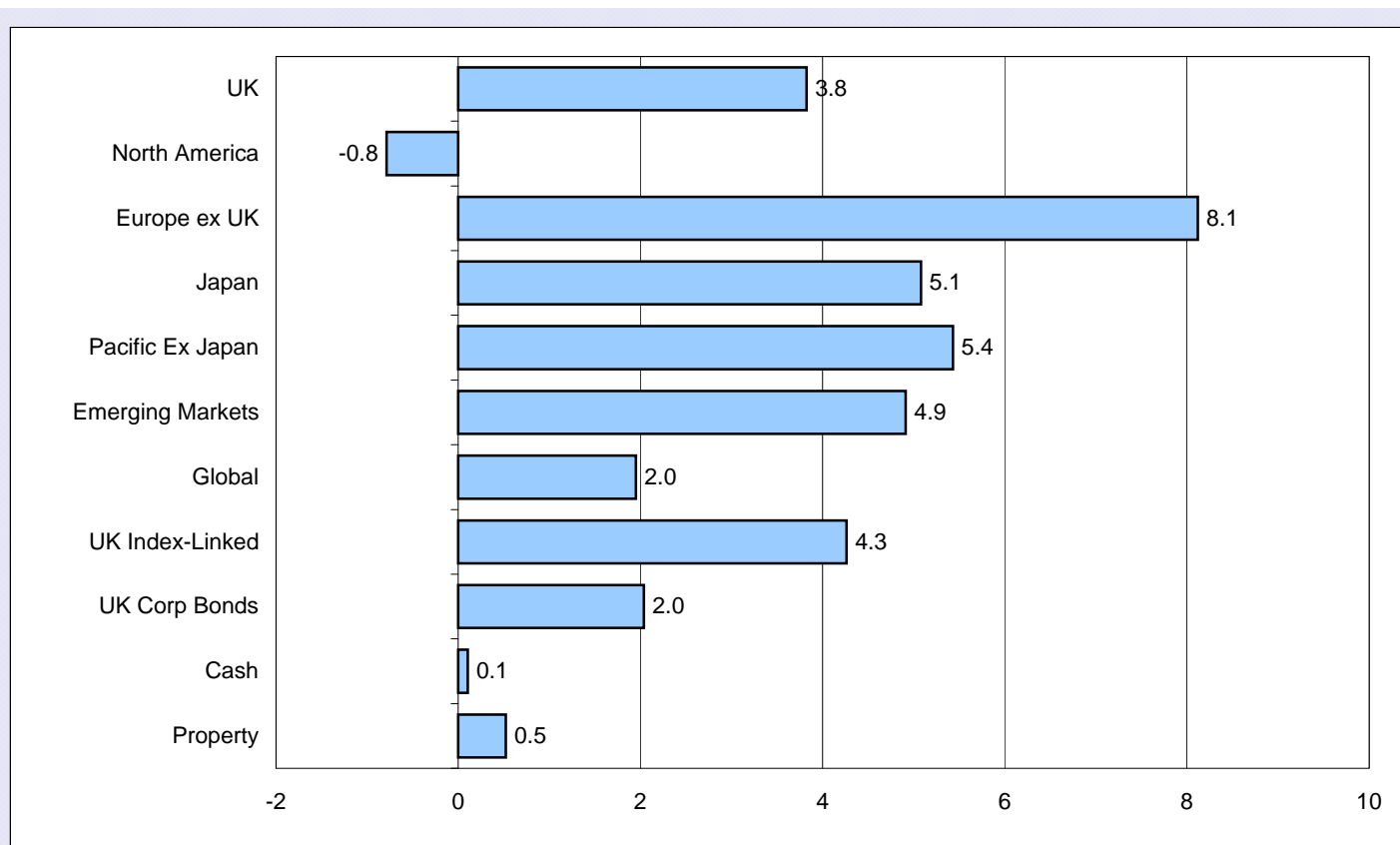


Kent County Council
Superannuation Fund 2012

Nick Vickers—Head of Financial Services

Market Returns - 3 Months to 31 December 2012

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Equity markets across the globe continued to rally during the quarter, with the exception of the US which saw some nervousness around the Presidential election in November and the cross party talks around the budget deficit reduction.

Japan saw a return to positive sentiment in wake of the election of the new Prime Minister.

The biggest gains were seen in Europe with the fears of a Eurozone break up receding.

In anticipation of the Chinese leadership considering new stimulus measures the international markets continued their path to recovery with Pacific, and emerging market equities returning the high growth. The global equities grew by a modest 2%.

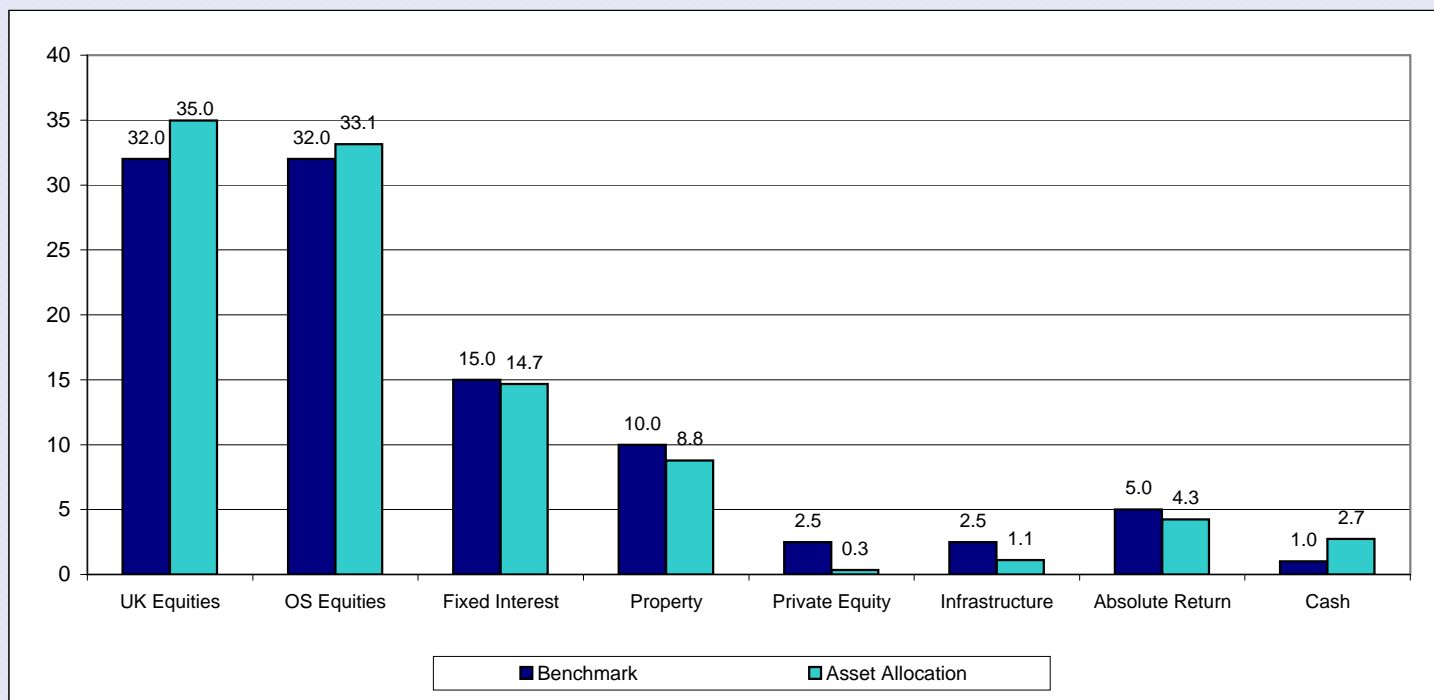
The index linked securities returned to strong positive growth with further nominal quantitative easing by the UK government.

The UK Corporate Bonds market growth of 2% reflects a surge in demand for higher yielding assets

Property continued to return very modest growth.

Asset Allocation vs Fund Benchmark - 31 December 2012

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Asset Class	Kent Fund		Benchmark
	£m	%	%
UK Equities	1,201	35.0	32.0
Overseas Equities	1,138	33.1	32.0
Fixed Interest	504	14.7	15.0
Property	302	8.8	10.0
Private Equity	12	0.3	2.5
Infrastructure	38	1.1	2.5
Absolute Return	146	4.3	5.0
Cash	94	2.7	1.0
Total Value	3,434	100	100.0

Asset Distribution Fund Manager - 31 December 2012

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Values (GBP)'000	Mandate	Value at 30/09/2012	Transactions	Capital Gain / loss	Income	Value at 31/12/2012	% <i>Fund</i>	Benchmark
Schroders	UK Equity	534,175	3,009	25,637	3,050	562,821	16	Customised
Invesco	UK Equity	418,409	-	(130)	-	418,279	12	Customised
State Street	UK Equity	160,478	-	6,146	-	166,624	5	FTSE All Share
State Street	Global Equity	247,703	16	5,354	-	253,073	7	FTSE All World ex UK
Baillie Gifford	Global Equity	587,924	3,186	15,737	2,622	606,847	18	Customised
GMO	Global Quantitative	191,542	-	2,776	-	194,318	6	MSCI World NDR
Schroders	Global Quantitative	142,970	-	4,934	-	147,905	4	MSCI World NDR
Goldman Sachs	Fixed Interest	290,024	167	7,982	99	298,173	9	Customised
Schroders	Fixed Interest	212,221	1,404	1,566	1,404	215,191	6	Customised
Impax	Environmental	21,858	-	925	-	22,783	1	MSCI World NDR
DTZ	Property UK	274,855	9,869	3,683	4,042	288,408	8	IPD All Properties Index
DTZ	Property Europe	14,991	-	347	25	15,338	0	IPD All Properties Index
Harbourvest	Private Equity	6,819	1,504	(84)	-	8,239	0	GBP 7 Day LIBID
YFM	Private Equity	3,573	-	103	-	3,676	0	GBP 7 Day LIBID
Partners	Infrastructure	27,916	1,825	36	-	29,777	1	GBP 7 Day LIBID
Henderson	Infrastructure	8,568	(109)	23	-	8,482	0	GBP 7 Day LIBID
Internally Managed	Cash	54,484	(6,125)	(0)	71	48,359	1	GBP 7 Day LIBID
Pyrford	Absolute Return	146,264	198	(459)	-	146,003	4	RPI + 5%
Total Fund		3,344,775	14,944	74,576	11,314	3,434,295	100	Kent Combined Fund

Performance Returns - 31 December 2012

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	Quarter		1 year		3 years (p.a.)	
	Fund %	Benchmark %	Fund %	Benchmark %	Fund %	Benchmark %
Total Fund	2.6	2.7	10.1	10.0	7.9	7.6
		2.0*		9.0*		7.3*
UK Equity						
Schroders UK	5.4	3.7	13.3	12.1	8.1	7.4
State Street	3.8	3.8	12.4	12.3	7.6	7.5
Invesco	0.0	3.8	8.8	12.3	10.0	7.5
Overseas Equity						
Baillie Gifford	3.1	4.0	13.1	12.7	9.3	5.9
GMO	1.4	1.8	7.1	10.7	5.7	6.7
Schroders GAV	3.5	1.8	10.7	10.7	6.4	6.7
State Street	2.2	2.2	11.8	11.9	6.8	6.9
Impax Environmental Fund	4.2	1.8	5.9	10.7		
Fixed Interest						
Goldman Sachs Fixed Interest	2.8	2.4	11.9	10.7	9.8	9.1
Schroders Fixed Interest	1.4	0.3	6.6	3.4	5.3	4.9
Property						
DTZ UK Property	2.7	0.5	6.7	2.4	15.3	8.2
DTZ Overseas Property	2.5	0.5	-6.2	2.4	-8.7	8.2
Private Equity						
Harbourvest	-0.8	0.1	-5.5	0.4		
YFM	2.9	0.1	9.3	0.4	12.6	0.4
Infrastructure						
Partners	0.2	0.1	-1.9	0.4		
Henderson	0.3	0.1	-2.8	0.4	14.2	0.4
Absolute Return						
Pyrford	-0.3	2.2				

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

With equity markets continuing to rally this quarter, the Fund has performed well, although a significant below benchmark performance by Invesco and marginal underperformance by Ballie Gifford, two big fund managers in the Fund, has brought the overall performance of the fund below its floating benchmark. Schroders was the star performer this quarter, with its fundamental stock picking strategy returning consistent above benchmark performance over the one and three year periods. On the other hand Invesco's defensive portfolio strategy underperformed the market in the 'risk on' scenario, which has adversely affected its performance in the quarter and 1 year performance against benchmark. Baillie Gifford has shown strong growth throughout the three year period although the performance in the last 2 quarters has been marginally below the benchmark. Schroders' Global portfolio performed strongly this quarter and was close to benchmark for the 1 year and three years. Fixed interest portfolios have continued to return strong growth across all the three years, with positive strong selection contributing to higher than benchmark returns. DTZ's Property portfolio continues to return above benchmark figures due to its overweight position in Central London and the South East.

Fund Structure - 31 December 2012

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UK Equities	Global Equities	Fixed Interest	Property	Cash/Alternatives
Schroders +1.5% £563m	Baillie Gifford +1.5% £607m	Goldman Sachs +0.75% £298m	DTZ UK Property £288m	Kent Cash £48m
State Street +0.0% £167m	GMO +3.0% £194m	Schroders +1.0% £215m	DTZ Europe Property £15m	Henderson Secondary PFI £8m
Invesco Unconstrained £418m	Schroders +3.0 - +4.0% £148m			Partners £30m
	State Street +0.0% £253m			YFM Private Equity £4m
	Impax £23m			HarbourVest £8m
				Pyrford RPI +5.0% £146m

Market Value £3.4bn
as at 31 December 2012