FUND POSITION STATEMENT

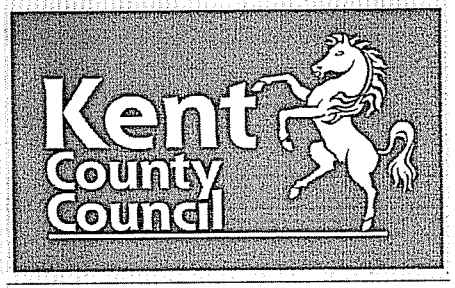
Classification: Unrestricted
Item: D1 refers

Summary of Fund Asset Allocation and Performance

Superannuation Fund Committee

15 June 2007

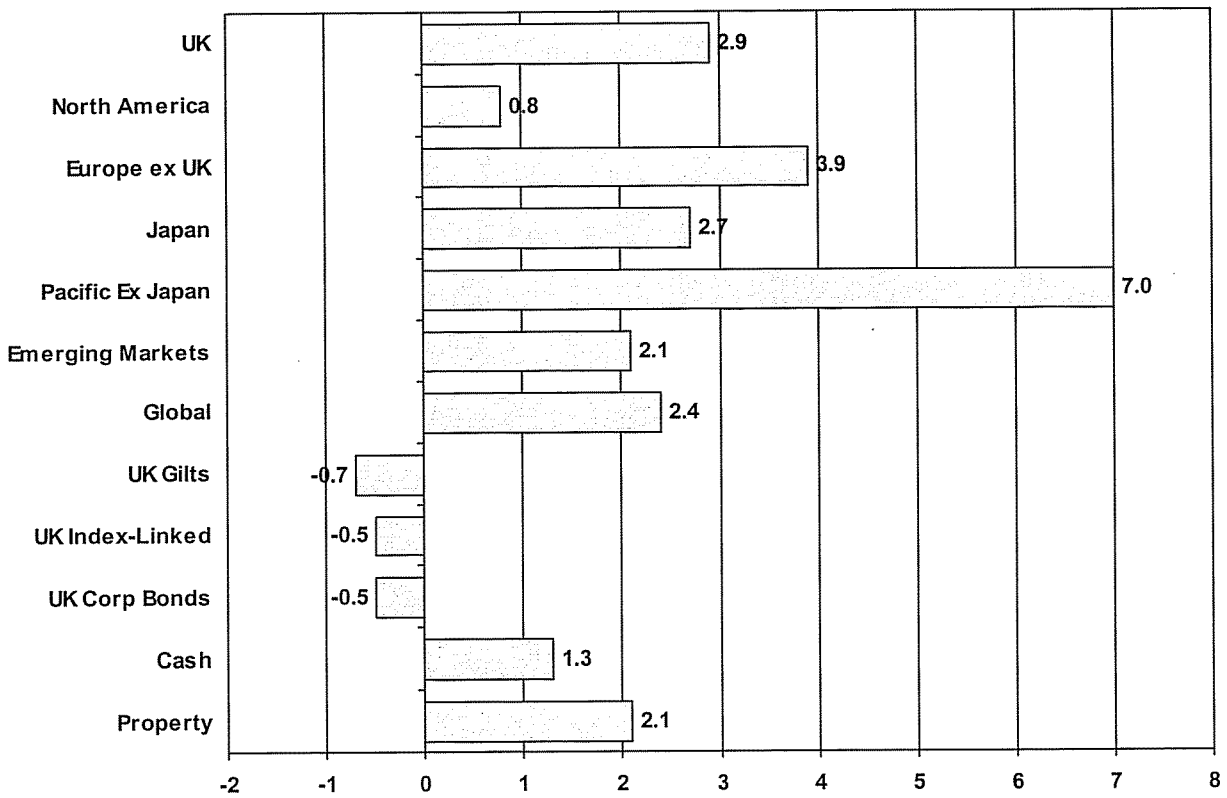
By: Director of Finance



Kent County Council
Superannuation Fund 2007

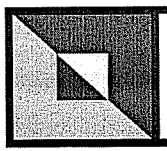
Nick Vickers—Head of Financial Services

Market Returns-3 months to 31 March 2007



- Equity markets overall provided positive returns in the quarter. However, in February a 9% drop in the Chinese market triggered a worldwide sell off which saw the FTSE 100 dip below 6,000 on 5 March.
- The fall in equity markets largely reflected concerns about US growth and the US housing market.
- Markets have rebounded strongly since then and generally forecasters are positive about equity returns this year..
- Europe performed particularly strongly based on good economic performance and earnings growth, plus continued market activity.
- Fixed income produced negative returns.
- Property returns were positive but commentators are seeing evidence of a slowing in the market as expected.

Kent Fund Asset Allocation vs Fund Benchmark



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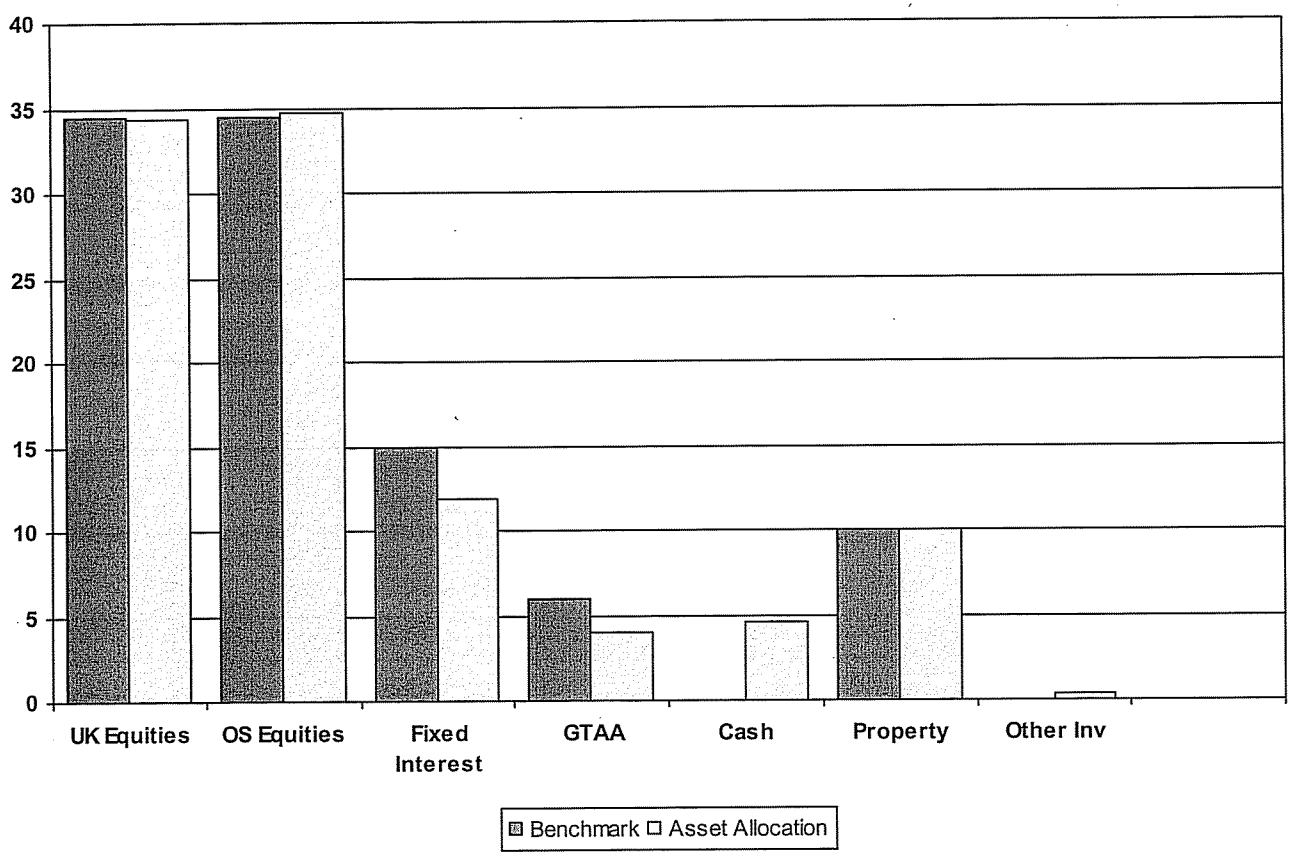
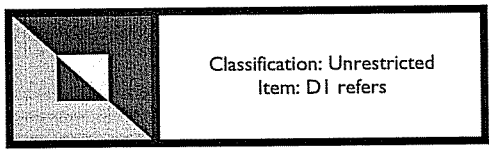


	Kent Fund		Benchmark
Asset Class	£m	%	%
UK Equities	878	34.4	34.5
Overseas Equities	888	34.7	34.5
Fixed Interest	305	11.9	15
Property	256	10.0	10
GTAA	101	4.0	6
Cash	118	4.6	-
Other Inv	10	0.4	-
Total Value	2,556	100.0	100

Asset Distribution Fund Manager



Values (GBP)'000	Mandate	Value at 31/12/2006	Transactions	Capital Gain / loss	Income	Value at 31/03/07	% *Fund*	Benchmark
Schroders	UK Equity	409,920	2,805	9,672	5,063	422,397	16	FTSE
Societe Generale	UK Equity	439,715	2,397	6,482	4,256	448,594	18	FTSE
Alliance Bernstein	Global Equity	274,560	983	1,999	981	277,542	11	MSCI World
Ballie Gifford	Global Equity	371,001	1,094	7,041	1,928	379,136	15	Customised
GMO	Global Quantative	164,821	0	2,947	0	167,768	6	MSCI World
Schroders	Global Quantative	113,764	0	5,917	0	119,681	5	MSCI World
Goldman Sachs	Fixed Interest	190,471	1,518	-3,549	2491	188,441	7	ML £ Broad Market
Schroders	Fixed Interest	147,011	0	-1,080	0	145,932	6	ML £ Broad Market
DTZ	Property UK/Europe	260,287	-6,178	2,886	3,077	256,994	10	IPD All Properties Index
Goldman Sachs	Global TAA	107,414	0	-6,502	0	100,912	4	LIBID 7 Day Rate
Internally Managed	Cash	23,279	24,496	-164	388	47,611	2	LIBID 7 Day Rate
Black Rock (ML)	Transition	927	0	11	0	938	-	-
Total Fund		2,503,169	27,115	25,660	18,184	2,555,945	100	Kent Combined Fund

Performance Returns to 31 March 2007

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	Quarter		1 year		3 years	
	Fund %	Benchmark %	Fund %	Benchmark %	Fund %	Benchmark %
Total Fund	1.7	2.1	6.0	7.5	14.4	14.7
UK Equity						
Schroders UK	3.6	2.9	12.8	11.0	17.9	18.0
Societe Generale	2.4	2.9	10.4	11.0	16.1	17.8
Overseas Equity						
Alliance Bernstein	1.1	2.4	-	-	-	-
Baillie Gifford	2.4	2.9	2.6	5.7	16.2	16.4
GMO	1.8	2.4	-	-	-	-
Schroders GAV	5.2	2.4	-	-	-	-
Fixed Interest						
Goldmans Fixed Interest	-0.6	-0.5	0.3	0.8	4.7	4.7
Schroders Fixed Interest	-0.7	-0.5	-	-	-	-
GTAA	-6.1	1.3	-25.4	4.9	-	-
Property	2.3	2.3	21.5	15.6	21.3	18.2

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

- Once again the Fund has underperformed the benchmark with a return of +1.7% against +2.1%. This is in the 67th percentile against the WM LA average.
- All the investment mandates underperformed except for Schroders UK equities and Schroders GAV– the latter outperformed significantly.
- GTAA significantly underperformed.
- The 1 year performance is 6% against the benchmark of 7.5% - again 67th against the WM LA average
- Our 3 year performance is 35th against the WM LA average.

Fund Structure

UK Equities

Schroders
+1.5%
£422m

Soc Gen
+2.0%
£200m

Invesco
Unconstrained
£275m
As at 31.05.07

Global Equities

Baillie Gifford
+1.5%
£379m

Alliance
Bernstein
+3.0%
£278m

GMO
+3.0%
£168m

Schroders
+3.0 - +4.0%
£120m

Fixed Interest

Goldman Sachs
+0.75%
£188m

Schroders
+1.0%
£146m

Alternative

DTZ
UK Property
£255m

DTZ
Europe Property
Euro 35m (£25m)
£5.1m invested
as at 13.04.07

Goldman Sachs
GTAA
£101m

Kent Cash
£37.9m

Henderson
Secondary PFI
£10m
£9.5m invested

YFM Private
Equity £4m
£1m invested
as at 23.04.07

Market Value approx £2,556bn
as at 31 March 2007.