

FUND POSITION STATEMENT

Classification: Unrestricted
Item: D1

Summary of Fund Asset Allocation and Performance

Superannuation Fund Committee

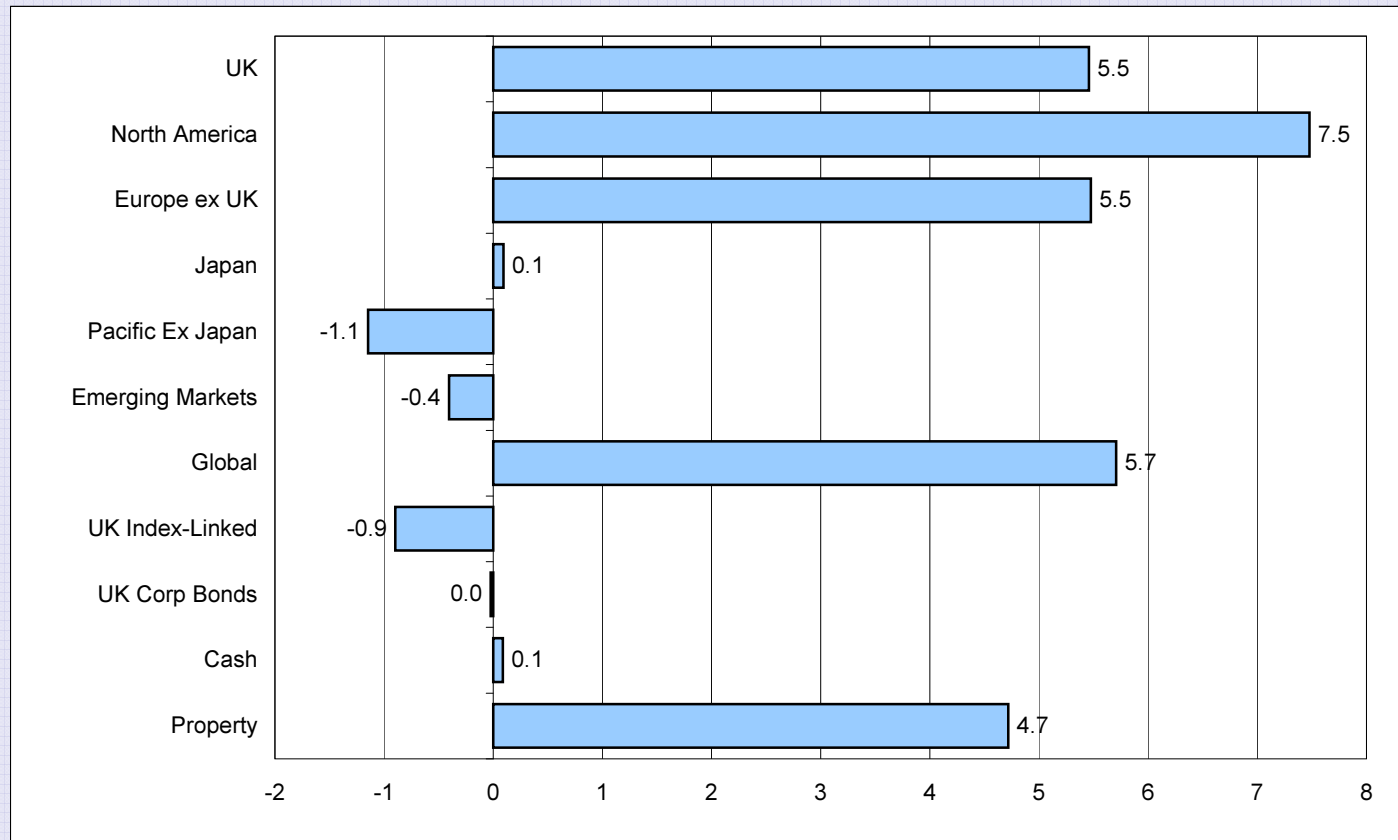
By: Chairman Superannuation Fund Committee
Corporate Director of Finance and Procurement



Kent County Council
Superannuation Fund 2013
Nick Vickers—Head of Financial Services

Market Returns - 3 Months to 31 December 2013

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The quarter saw very strong returns in developed equity markets

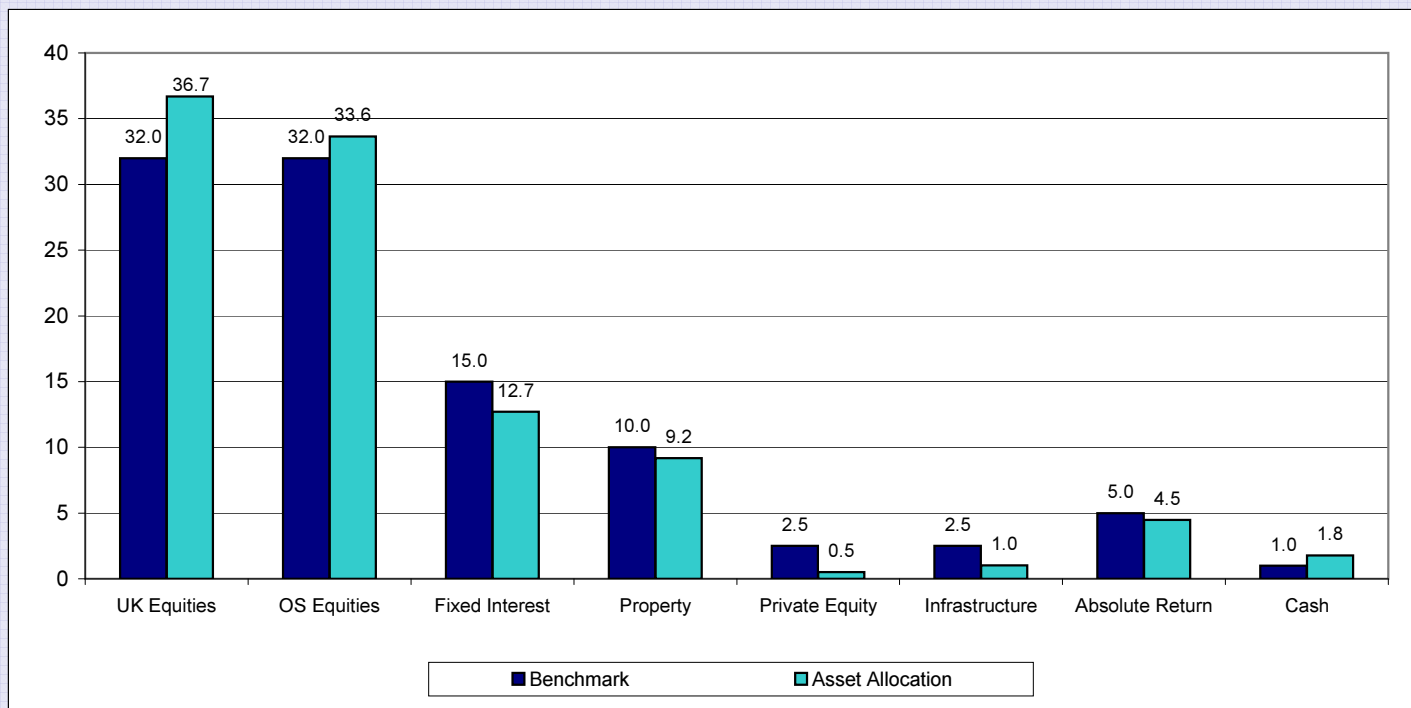
Emerging markets struggled in the quarter as concerns spread about the impact of the tapering of fiscal stimulus in the US

Fixed income returns were weak

UK property returns in the quarter were the strongest for some time

Asset Allocation vs Fund Benchmark - 31 December 2013

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| Asset Class | Kent Fund | | Benchmark |
|--------------------|--------------|------------|--------------|
| | £m | % | % |
| UK Equities | 1,500 | 36.7 | 32.0 |
| Overseas Equities | 1,375 | 33.6 | 32.0 |
| Fixed Interest | 519 | 12.7 | 15.0 |
| Property | 375 | 9.2 | 10.0 |
| Private Equity | 21 | 0.5 | 2.5 |
| Infrastructure | 42 | 1.0 | 2.5 |
| Absolute Return | 183 | 4.5 | 5.0 |
| Cash | 73 | 1.8 | 1.0 |
| Total Value | 4,087 | 100 | 100.0 |

Asset Distribution Fund Manager - 31 December 2013

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| Values (GBP)'000 | Mandate | Value at 30/09/2013 | Transactions | Capital Gain / loss | Income | Value at 31/12/2013 | % Fund | Benchmark |
|--------------------|---------------------|------------------------|--------------|------------------------|--------------|------------------------|------------|---------------------------|
| Schroders | UK Equity | 676,750 | 3,149 | 47,232 | 3,206 | 727,131 | 18 | Customised |
| Invesco | UK Equity | 507,353 | - | 26,044 | - | 533,397 | 13 | Customised |
| State Street | UK Equity | 181,119 | -10,000 | 9,423 | - | 180,542 | 4 | FTSE All Share |
| State Street | Global Equity | 294,927 | 12,000 | 15,223 | - | 322,150 | 8 | FTSE All World ex UK |
| Baillie Gifford | Global Equity | 718,783 | 1,922 | 17,742 | 1,401 | 738,447 | 18 | Customised |
| M&G | Global Equity | - | 202,971 | -2,167 | - | 200,804 | 5 | MSCI AW |
| GMO | Global Quantitative | 230,612 | -240,761 | 10,149 | - | - | 0 | MSCI World NDR |
| Schroders | Global Quantitative | 174,044 | - | 7,674 | - | 181,718 | 4 | MSCI World NDR |
| Goldman Sachs | Fixed Interest | 296,843 | - | 6,685 | - | 303,528 | 7 | +3.5% Absolute |
| Schroders | Fixed Interest | 214,366 | - | 1,087 | - | 215,453 | 5 | Customised |
| Impax | Environmental | 27,598 | - | 1,782 | - | 29,380 | 1 | MSCI World NDR |
| DTZ | Property | 316,256 | 32,485 | 18,001 | 4,512 | 366,742 | 9 | IPD All Properties Index |
| Fidelity | Property | - | 9,829 | 176 | - | 10,005 | 0 | IPD All Properties Index |
| Harbourvest | Private Equity | 15,129 | 1,291 | 349 | - | 16,768 | 0 | GBP 7 Day LIBID |
| YFM | Private Equity | 3,324 | 649 | 125 | - | 4,098 | 0 | GBP 7 Day LIBID |
| Partners | Infrastructure | 34,745 | -1,814 | -380 | - | 32,550 | 1 | GBP 7 Day LIBID |
| Henderson | Infrastructure | 9,005 | - | -12 | - | 8,993 | 0 | GBP 7 Day LIBID |
| Pyrford | Absolute Return | 182,634 | 289 | 137 | - | 183,059 | 4 | RPI + 5% |
| Internally Managed | Cash | 36,081 | -4,250 | - | 38 | 31,831 | 1 | GBP 7 Day LIBID |
| Total Fund | | 3,919,568 | 7,236 | 159,792 | 9,157 | 4,086,596 | 100 | Kent Combined Fund |

Performance Returns - 31 December 2013

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| | Quarter | | 1 year | | 3 years (p.a.) | |
|------------------------------|---------|-------------|--------|-------------|----------------|-------------|
| | Fund % | Benchmark % | Fund % | Benchmark % | Fund % | Benchmark % |
| Total Fund | 4.3 | 4.2 | 18.6 | 16.3 | 8.9 | 8.4 |
| | | 2.8* | | 13.2* | | 8.4* |
| UK Equity | | | | | | |
| Schroders UK | 7.4 | 5.3 | 29.2 | 20.4 | 10.7 | 9.2 |
| State Street | 5.5 | 5.5 | 21.0 | 20.8 | 9.5 | 9.4 |
| Invesco | 5.1 | 5.5 | 27.5 | 20.8 | 15.0 | 9.4 |
| Overseas Equity | | | | | | |
| Baillie Gifford | 2.7 | 4.3 | 21.7 | 21.0 | 9.4 | 7.8 |
| GMO | 3.5** | 5.6 | n/a | n/a | n/a | n/a |
| Schroders GAV | 4.4 | 5.6 | 22.9 | 24.3 | 7.5 | 9.4 |
| State Street | 5.2 | 5.2 | 22.5 | 22.6 | 8.7 | 8.8 |
| Impax Environmental Fund | 6.5 | 5.6 | 29.0 | 24.3 | 3.4 | 9.4 |
| M&G | -1.2** | 5.0 | | | | |
| Fixed Interest | | | | | | |
| Goldman Sachs Fixed Interest | 2.3 | 0.9 | 1.8 | 3.2 | 7.4 | 7.4 |
| Schroders Fixed Interest | 0.5 | -0.3 | 0.1 | -0.7 | 3.6 | 3.2 |
| Property | | | | | | |
| DTZ Property | 7.0 | 4.7 | 12.3 | 10.9 | 8.5 | 7.0 |
| Fidelity | 1.8** | 4.7 | n/a | n/a | n/a | n/a |
| Private Equity | | | | | | |
| Harbourvest | 2.1 | 0.1 | 9.6 | 0.4 | -2.9 | 0.4 |
| YFM | 3.5 | 0.1 | 12.1 | 0.4 | 24.1 | 0.4 |
| Infrastructure | | | | | | |
| Partners | -1.4 | 0.1 | 3.6 | 0.4 | -1.8 | 0.4 |
| Henderson | -0.1 | 0.1 | 6.0 | 0.4 | 9.3 | 0.4 |
| Absolute Return | | | | | | |
| Pyrford | 0.1 | 1.8 | 4.4 | 7.7 | | |

Data Source: The WM Company

- returns subject to rounding differences

* Strategic Benchmark

** Indicates not invested for the entire period

The Fund performed strongly in the quarter with the Fund's above benchmark weighting to equities adding to performance (+1.4% in quarter, +3.1% in 12 months). This reinforces that the decision to retain the overweight in equities has been highly beneficial for the Fund.

At fund manager level the position is more mixed over the quarter with only Schroders UK equities of the main equity mandates outperforming.

Over the 12 months the outperformance was driven by exceptional performance from Schroders UK equities and Invesco UK equities, with Baillie Gifford global equities outperforming but more modestly.

From the WM Local Authority Average the 1 year performance was in the 10th percentile, 3 years in the 15th and 5 years 24th percentile.

Fund Structure - 31 December 2013

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| UK Equities | Global Equities | Fixed Interest | Property | Cash/Alternatives |
|--|---|---|-------------------------------------|--|
| Schroders +1.5% £727m | Baillie Gifford +1.5% £738m | Goldman Sachs +6.0% Abs. £304m | DTZ Property £367m | Kent Cash £32m |
| State Street +0.0% £181m | M&G +3.0% £201m | Schroders +2.0% £215m | Fidelity Property £10m | Henderson Secondary PFI £9m |
| Invesco Unconstrained £533m | Schroders +3.0 - +4.0% £182m | | | Partners £33m |
| | State Street +0.0% £322m | | | YFM Private Equity £4m |
| | Impax £29m | | | HarbourVest £17m |
| | | | | Pyrford RPI +5.0% £183m |

Market Value £4.1bn
as at 31 December 2013