

FUND POSITION STATEMENT

Classification: Unrestricted
Item: DI refers

Summary of Fund Asset Allocation and Performance

Superannuation Fund Committee

14 September 2007

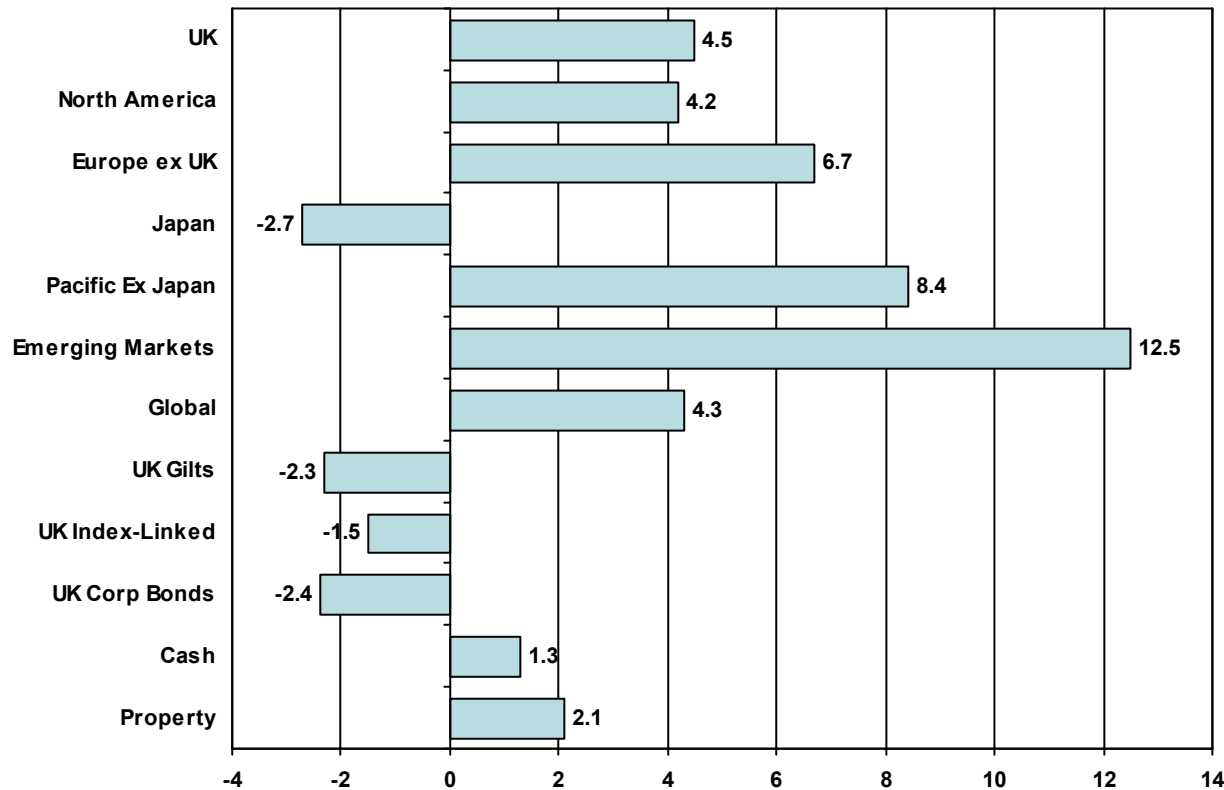
By: Director of Finance



Kent County Council
Superannuation Fund 2007

Nick Vickers—Head of Financial Services

Market Returns-3 months to 30 June 2007

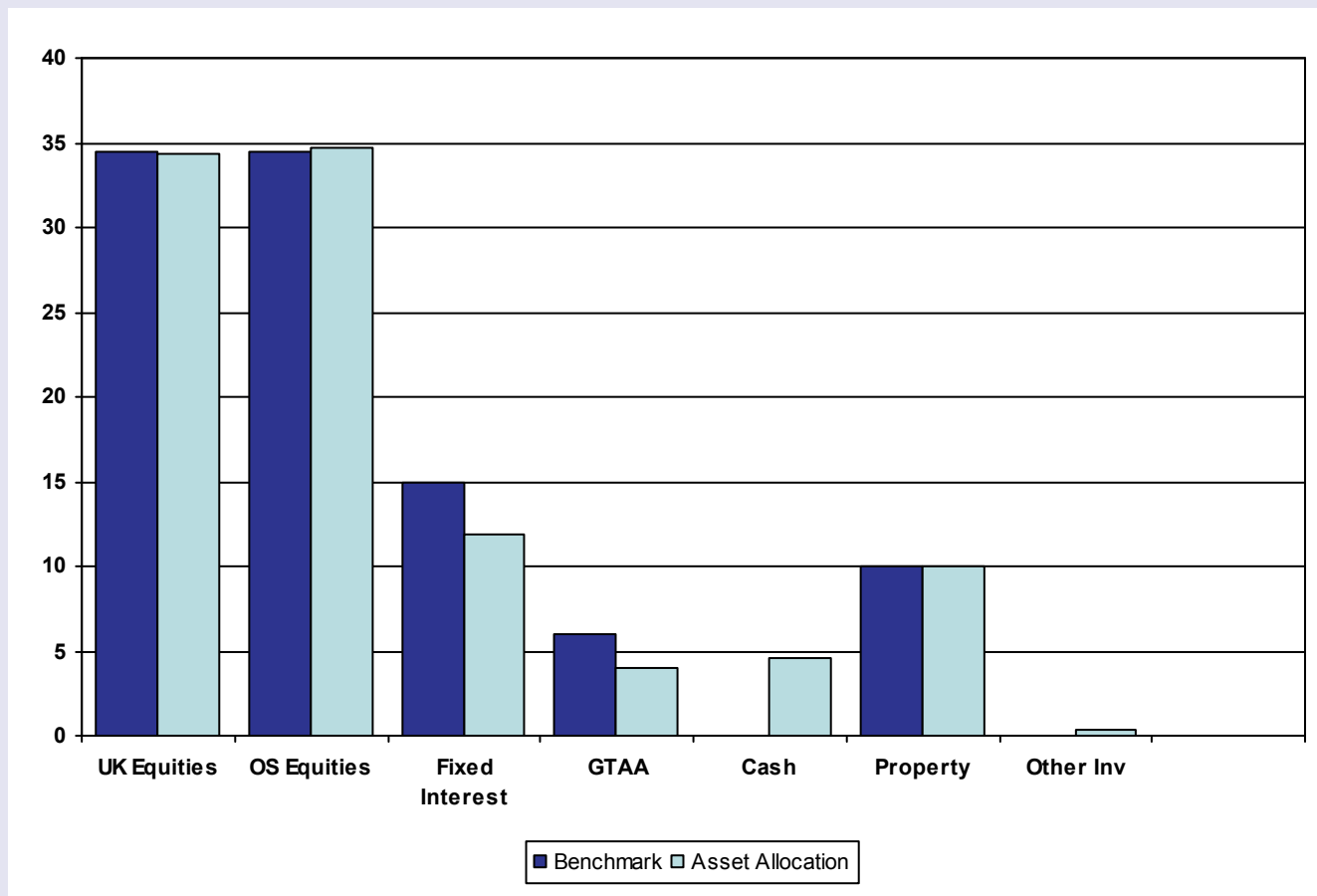


- Equity markets overall provided positive returns in the quarter with all regions gaining ground with the exception of Japan.
- Emerging markets were the top performer despite some recent weakness in the Chinese market.
- Japan posted negative returns during the quarter where the weak Yen had not yet helped Japanese exporters, and domestic stocks were dogged by lack of evidence of a consumer recovery.
- Fixed income produced negative returns for a second successive quarter.
- Property returns were positive but commentators are still seeing evidence of a slowing in the market as expected.



Kent Fund Asset Allocation vs Fund Benchmark

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Asset Class	Kent Fund		Benchmark
	£m	%	%
UK Equities	935	35.1	34.5
Overseas Equities	909	34.2	34.5
Fixed Interest	352	13.2	15
UK Property	256	9.6	10
European Property	12	0.5	1
GTAA	104	3.9	5
Cash	74	2.8	-
Other Inv	19	0.7	-
Total Value	2,661	100.0	100

Asset Distribution Fund Manager

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Values (GBP)'000	Mandate	Value at 31/03/07	Transactions	Capital Gain / loss	Income	Value at 30/06/07	% Fund	Benchmark
Schroders	UK Equity	422,397	6,317	16,803	6,348	445,517	17	Customised
Invesco	UK Equity	0	269,366	510	0	269,876	10	Customised
Societe Generale	UK Equity	448,594	-253,709	11,196	1,962	206,080	8	Customised
Alliance Bernstein	Global Equity	277,542	5,964	13,603	2,530	297,109	11	MSCI World
Ballie Gifford	Global Equity	379,136	6,808	19,691	2,742	405,635	15	Customised
GMO	Global Quantative	167,768	0	8,591	0	176,360	7	MSCI World
Schroders	Global Quantative	119,681	3,423	5,500	0	128,603	5	MSCI World
Goldman Sachs	Fixed Interest	188,441	4,982	-6,343	2,549	187,080	7	ML £ Broad Market
Schroders	Fixed Interest	145,932	2,234	-3,128	2	145,039	5	ML £ Broad Market
DTZ	Property UK	256,112	3,010	886	2,797	260,007	10	IPD All Properties Index
DTZ	Property Europe	882	10,954	2	0	11,838	0	IPD All Properties Index
Goldman Sachs	Global TAA	100,912	0	3,296	0	104,208	4	LIBID 7 Day Rate
Internally Managed	Cash	47,611	-25,330	0	314	22,282	1	LIBID 7 Day Rate
Black Rock (ML)	Transition	938	0	437	0	1,375	-	-
Societe Generale	Transition	0	158	-139	18	19	-	-
Total Fund		2,555,945	34,177	70,906	19,263	2,661,028	100	Kent Combined Fund

Performance Returns to 30 June 2007

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	Quarter		1 year		3 years	
	Fund %	Benchmark %	Fund %	Benchmark %	Fund %	Benchmark %
<u>Total Fund</u>	3.5	3.1	12.7	13.3	15.4	15.2
<u>UK Equity</u>						
Schroders UK	5.5	4.5	20.5	18.1	17.0	16.8
Societe Generale	3.8	4.5	17.9	18.1	17.1	18.7
<u>Overseas Equity</u>						
Alliance Bernstein	5.7	4.3	-	-	-	-
Baillie Gifford	5.9	5.4	16.5	18.6	19.1	18.0
GMO	5.1	4.3	15.1	14.5	-	-
Schroders GAV	4.5	4.3	-	-	-	-
<u>Fixed Interest</u>						
Goldmans Fixed Interest	-2.0	-2.4	-0.2	-0.3	4.2	4.7
Schroders Fixed Interest	-2.1	-2.4	-	-	-	-
<u>GTAA</u>	3.3	1.4	-23.8	5.2	-	-
<u>Property</u>						
UK Property	1.4	2.1	17.7	12.4	19.7	17.1
European Property	-	2.1	-	-	-	-

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

- The fund increased in value by £105m in the quarter
- The fund outperformed the benchmark for the quarter posting a return of 3.5% compared to a benchmark return of 3.1%, placing us 40th against the WMLA average
- All the investment mandates outperformed in the quarter except for Societe Generale and DTZ
- GTAA gained some ground after last quarter's poor results. However, it has fallen very sharply in the early part of the current quarter.
- The 1 year performance is 12.7% against the benchmark of 13.3% - placing us 73rd against the WMLA average
- Our 3 year performance is 15.4% against a benchmark return of 15.2%. This places us 35th against the WMLA average.

Fund Structure

UK Equities

Schroders
+1.5%
£446m

Soc Gen
+2.0%
£206m

Invesco
Unconstrained
£270m

Global Equities

Baillie Gifford
+1.5%
£406m

Alliance
Bernstein
+3.0%
£297m

GMO
+3.0%
£176m

Schroders
+3.0 - +4.0%
£129m

Fixed Interest

Goldman Sachs
+0.75%
£187m

Schroders
+1.0%
£145m

Alternative

DTZ
UK Property
£256m

DTZ
Europe Property
Eur 35m (£25m)
£11.8m invested
as at 30.06.07

Goldman Sachs
GTAA
£104m

Kent Cash
£22.3m

Henderson
Secondary PFI
£10m
£9.5m invested

YFM Private
Equity £4m
£1m invested
as at 30.06.07

Market Value approx £2,661bn
as at 30 June 2007.