

FUND POSITION STATEMENT

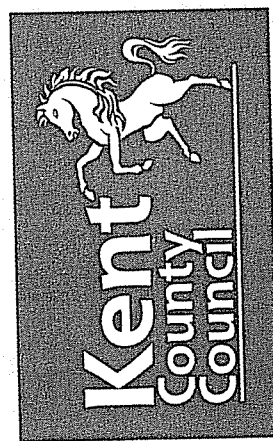
Classification: Unrestricted
Item: DI refers

Summary of Fund Asset Allocation and Performance

Superannuation Fund Committee

6th March 2009

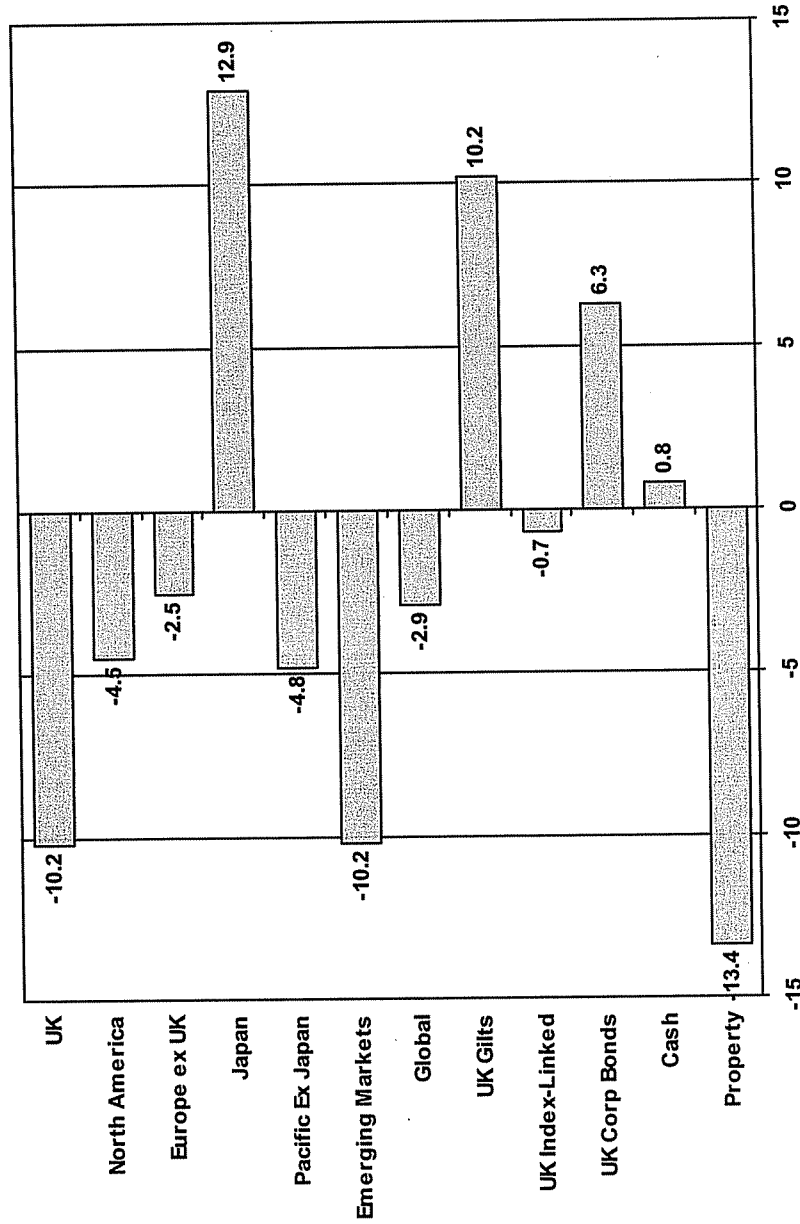
By: Chairman Superannuation Fund Committee
Director of Finance



Kent County Council
Superannuation Fund 2009

Nick Vickers— Head of Financial Services

Market Returns-3 months to 31 December 2008

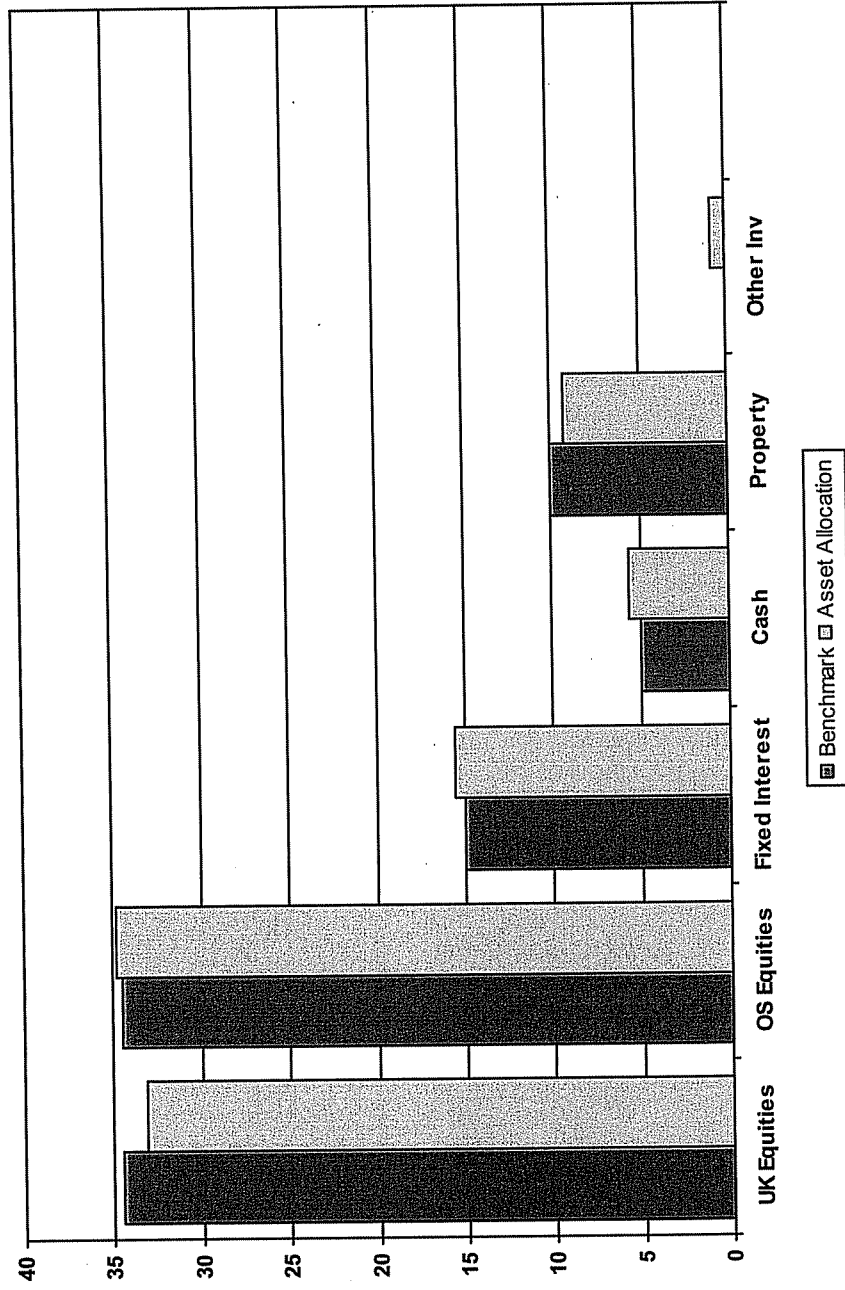


- This has been another difficult trading period where unprecedented market conditions have made for negative returns in most markets.
- The equity markets continued to be weak over the quarter. This has led to the US, UK and European authorities continuing to work hard to stimulate economies across the globe.
- Japan was the only equity market that saw a positive return. The depreciation of sterling helped overseas equity returns. Emerging markets and the UK were the worst performers with negative returns of 10.2%.
- UK Gilts had another good quarter with positive returns of 10.2%. Bonds also produced positive returns of 6.3%
- Property returns on the IPD index were the worst performing asset class this quarter, with negative returns of 13.4%.

Kent Fund Asset Allocation vs Fund Benchmark

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| Asset Class | Kent Fund | | Benchmark |
|--------------------|--------------|--------------|------------|
| | £m | % | % |
| UK Equities | 718 | 32.6 | 34.5 |
| Overseas Equities | 731 | 33.2 | 34.5 |
| Fixed Interest | 371 | 16.9 | 15 |
| UK Property | 171 | 7.8 | 10 |
| European Property | 30 | 1.4 | 1 |
| Cash | 164 | 7.4 | 5 |
| Other Inv | 16 | 0.7 | - |
| Total Value | 2,201 | 100.0 | 100 |



Asset Distribution Fund Manager

Classification: Unrestricted
Item: DI refers

| Values (GBP)'000 | Mandate | Value at | | Capital | | Income | Value at 31/12/08 | % Fund | Benchmark |
|--------------------|-------------------|-----------|--------------|-------------|--------------|-----------|----------------------|--------------------------|-----------|
| | | 30/09/08 | Transactions | Gain / loss | Transactions | | | | |
| Schroders | UK Equity | 353,096 | 2,874 | -30,218 | 2,872 | 325,752 | 16 | Customised | |
| Invesco | UK Equity | 220,300 | 40,000 | 1,174 | 0 | 261,474 | 10 | Customised | |
| Societe Generale | UK Equity | 141,544 | 1,293 | -18,991 | 1,290 | 123,846 | 6 | Customised | |
| Alliance Bernstein | Global Equity | 217,737 | 1,347 | -22,832 | 1,313 | 196,252 | 10 | MSCI World | |
| Ballie Gifford | Global Equity | 356,985 | 1,606 | -21,280 | 1,490 | 337,311 | 16 | Customised | |
| GMO | Global Quantative | 151,133 | | -2,148 | | 148,985 | 7 | MSCI World | |
| Schroders | Global Quantative | 100,614 | | -4,809 | | 95,805 | 4 | MSCI World | |
| Goldman Sachs | Fixed Interest | 189,162 | 3,648 | 1,843 | 2,933 | 194,653 | 8 | ML £ Broad Market | |
| Schroders | Fixed Interest | 149,768 | | 11,149 | | 160,918 | 6 | ML £ Broad Market | |
| DIZ | Property UK | 206,156 | 320 | -33,077 | 2,946 | 173,399 | 9 | IPD All Properties Index | |
| DIZ | Property Europe | 26,736 | 0 | 3,679 | 341 | 30,415 | 1 | IPD All Properties Index | |
| Internally Managed | Cash | 159,745 | -7,700 | -27 | 1,122 | 152,017 | 7 | LIBID 7 Day Rate | |
| Black Rock (ML) | Transition | 590 | -571 | -19 | 0 | 0 | - | - | |
| Total Fund | | 2,273,566 | 42,817 | -115,556 | 14,307 | 2,200,827 | 100 | Kent Combined Fund | |

Performance Returns to 31 December 2008

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| | Quarter | | 1 year | | 3 years | |
|--------------------------|---------|-------------|--------|-------------|---------|-------------|
| | Fund % | Benchmark % | Fund % | Benchmark % | Fund % | Benchmark % |
| Total Fund | -4.5 | -4.9 | -19.9 | -18.7 | -2.5 | -1.5 |
| UK Equity | | | | | | |
| Schroders UK | -7.7 | -10.0 | -26.4 | -29.3 | -3.4 | -5.5 |
| Societe Generale | -12.4 | -10.0 | -35.2 | -29.3 | -9.6 | -4.6 |
| Invesco | -0.4 | -10.2 | -19.5 | -29.9 | - | - |
| Overseas Equity | | | | | | |
| Alliance Bernstein | -9.9 | -2.9 | -33.8 | -17.4 | - | - |
| Baillie Gifford | -5.5 | -2.6 | -21.8 | -19.9 | -0.9 | -0.3 |
| GMO | -1.4 | -2.9 | -15.1 | -17.4 | - | - |
| Schroders GAV | -4.8 | -2.9 | -21.6 | -17.4 | - | - |
| Fixed Interest | | | | | | |
| Goldmans Fixed Interest | 2.5 | 6.3 | -2.2 | 4.3 | 0.5 | 2.7 |
| Schroders Fixed Interest | 7.4 | 6.3 | 5.1 | 4.3 | - | - |
| Property | | | | | | |
| UK Property | -14.8 | -13.5 | -28.1 | -22.5 | -2.1 | -4.7 |
| European Property | 15.1 | n/a | 29.4 | n/a | - | - |

- The fund decreased in value by over £77m in the quarter.
- The Fund marginally outperformed the benchmark for the quarter posting negative returns of -4.5% compared to a benchmark return of -4.9%, placing us 51st against the WMLA average
- The 1 year performance is -19.9% against the benchmark of -18.7%, placing us 56th against the WMLA average
- Our 3 year performance is -2.5% against a benchmark return of -1.5%. This places us 74th against the WMLA average
- Alliance Bernstein was the worst performer over the quarter, whose returns were significantly less than benchmark.
- Overseas Property, Invesco, GMO and Schroders UK were the best relative performers over the quarter.
- Baillie Gifford, Societe Generale, Schroders GAV, DTZ UK Property and Goldman Sachs all underperformed benchmark in the quarter.

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

Fund Structure

UK Equities

Schroders
+1.5%
£326m

Soc Gen
+2.0%
£124m

Invesco
Unconstrained
£261m

Global Equities

Baillie Gifford
+1.5%
£337m

Alliance
Bernstein
+3.0%
£196m

GMO
+3.0%
£149m

Schroders
+3.0 - +4.0%
£96m

Fixed Interest

Goldman Sachs
+0.75%
£195m

Schroders
+1.0%
£161m

Alternative

DTZ
UK Property
£173m

DTZ
Europe Property
Eur 35m (£30m)
€34.5m invested
as at 30.09.08

Kent Cash
£140m

Henderson
Secondary PFI
£11m

YFM Private
Equity £4m
£1.6m invested
as at 30.09.08

Market Value £2.2bn
as at 31 December 2008.