

INVESTMENT POLICY

Policy Framework

The Local Government Pension Scheme Regulations set out the range of assets in which the Fund may be invested. Policy decisions are taken by the Superannuation Fund Committee of Kent County Council, which is the administering authority for the Fund.

The Superannuation Fund Committee meets on a quarterly basis to set investment strategy, review the performance of the fund managers and make policy decisions. It is advised by the Director of Finance and independent external consultants (Hymans Robertson).

All funds, except for a day to day cash balance, are managed by external fund managers who are responsible for taking investment decisions within the overall asset allocation set by the Committee. The daily cash balance of the Fund is invested by the County Council and interest is earned on the balance, in accordance with the Regulations.

Fund Managers

The Fund Managers and the asset class under management as at 31 March, is set out below.

Alliance Bernstein	Global Equities
Baillie Gifford & Co	Global Equities
GMO	Global Equities
Goldman Sachs Asset Management	Fixed Interest
Invesco Perpetual	UK Equities
Schroder Investment Management	UK Equities, Global Equities, Fixed Interest
State Street Global Advisors	UK Equities
DTZ Investment Management Ltd	Property – UK/Europe
Henderson	PFI
YFM	Private equity

Custodian

The Fund uses an independent custodian, JP Morgan to safeguard its financial assets. The Custodian is responsible for the safe-keeping of the Fund's financial assets, the settlement of transactions, income collection and other administrative actions in relation to the assets.

Asset Allocation

The benchmark for the Kent Fund as at 31 March 2009 is as follows

	Benchmark
	%
UK Equities	34.5
Overseas Equities	34.5
Total Bonds	15
Property	10

European Property
Cash

1
5

The position compared with 31 March 2008 is shown below for the whole Fund:

31 March 2009			31 March 2008	
£m	%		£m	%
675	33	UK Equities	817	33
666	33	Overseas Equities	857	35
86	4	Gilts	74	3
238	12	UK Fixed Interest	275	11
20	1	Overseas Bonds	36	2
173	8	Cash/Other Assets	159	6
180	9	Property	249	10
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2,038	100		2,467	100

INVESTMENT PERFORMANCE

The County Council uses The WM Company investment performance service which in conjunction with CIPFA and the Society of County Treasurers produces performance figures for local authority funds. The property portfolio is subject to an independent review of performance by the Investment Property Databank

The performance figures below are given against the customised Kent benchmark and the WM Local Authority Universe. This Universe is representative of the UK Local Authority peer group and consists of xx funds for 2008/09.

2008-2009

The relative performance of the Kent Fund is shown in the table below for 2007-08

Kent Fund	Kent Benchmark	WM Local Authority Universe Average Return
%	%	%
-19.8	-19.8	-19.9

This performance was in the 45th percentile compared with the WM Local Authority Universe.

2007-2009 (3 Years)

The performance of the Kent Fund is shown in the table below for the last 3 years;

Kent Fund	Kent Benchmark	WM Local Authority Universe Average Return
%	%	%
-7.1	-6.1	-5.9

This performance was in the 71st percentile compared with the WM Local Authority Universe.

2000-2009 (10 Years)

The performance of the Kent Fund is shown in the table below for the last 10 years:

Kent Fund	Kent Benchmark	WM Local Authority Universe Average Return
%	%	%
1.1	1.7	2.0

This performance was in the 77th percentile compared with the WM Local Authority Universe.