

FUND POSITION STATEMENT

Summary of Fund Asset Allocation and Performance

Superannuation Fund Committee

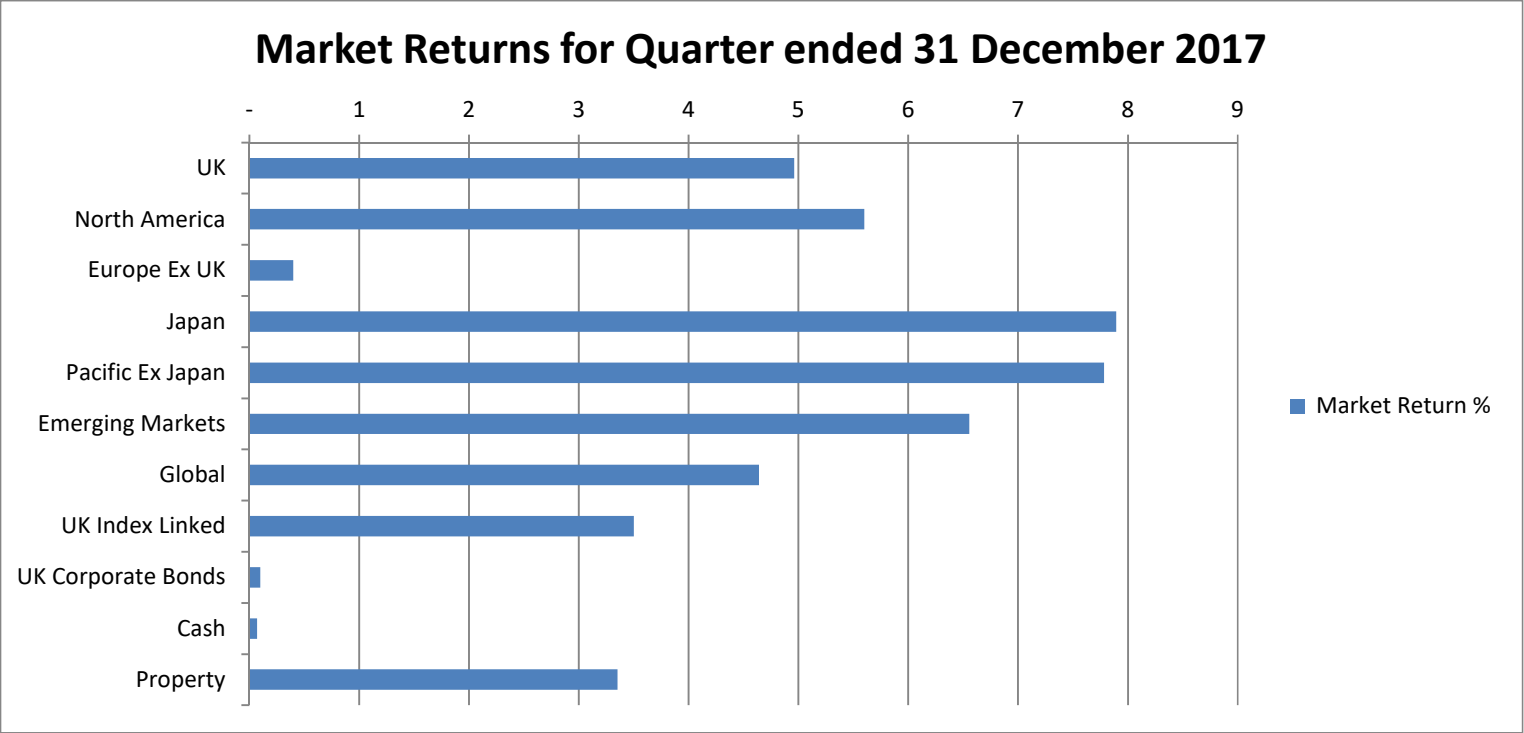
By: **Chairman Superannuation Fund Committee**
Corporate Director of Finance



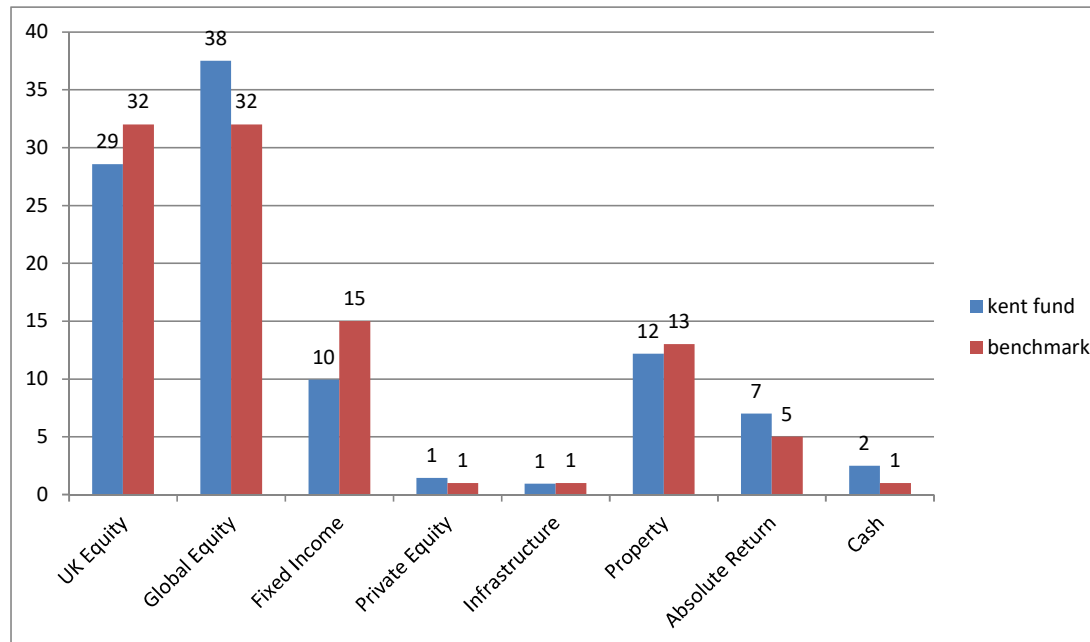
Kent County Council
Superannuation Fund Q3 2017-18

Nick Vickers - Business Partner

Market Returns for Quarter ended 31 December 2017

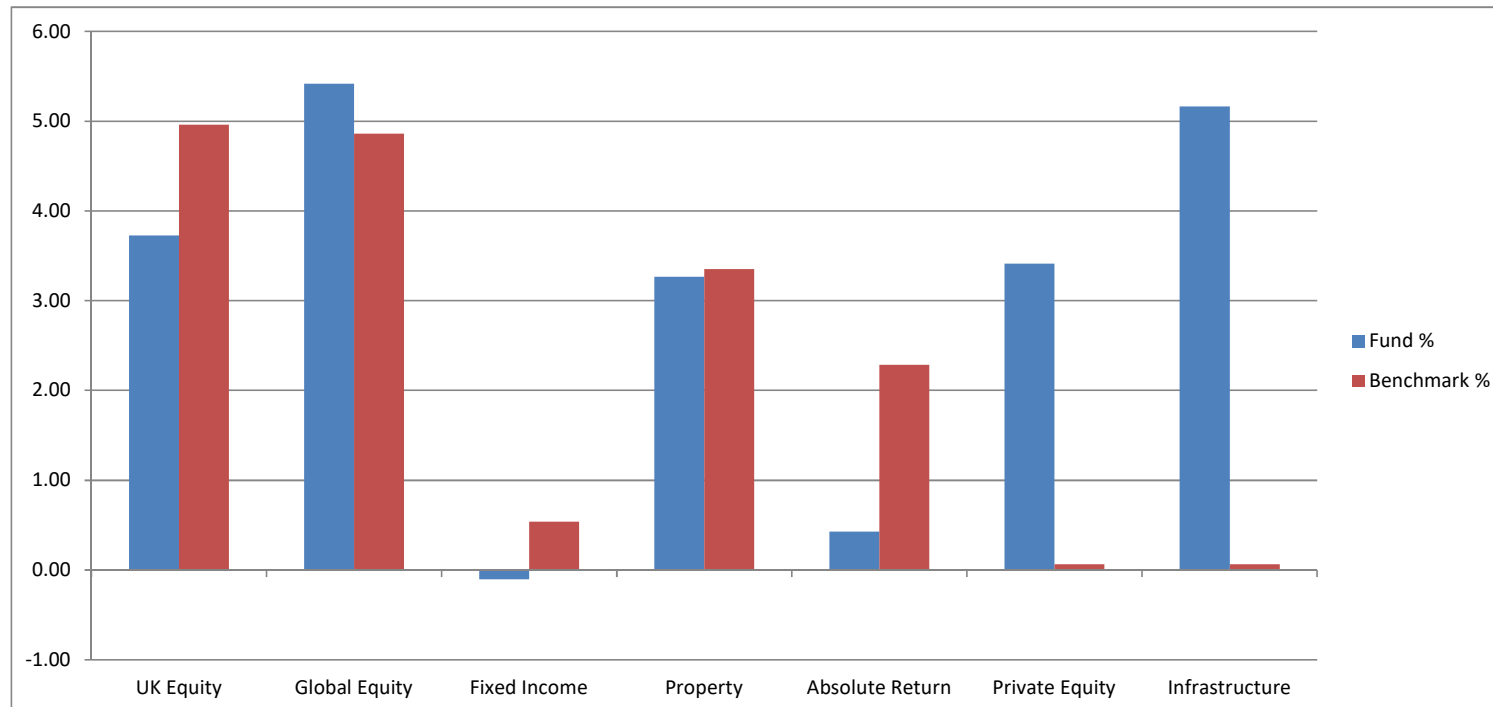


Fund Asset Allocation vs Benchmark as at 31 December 2017



Asset Class	Kent Fund		Benchmark
	£m	%	%
UK Equity	1,705	29	32
Global Equity	2,239	38	32
Fixed Income	593	10	15
Private Equity	85	1	1
Infrastructure	55	1	1
Property	727	12	13
Absolute Return	418	7	5
Cash	149	2	1
Total	5,970	100	100

Fund Asset Class Performance for Quarter ending 31 December 2017



Asset Class	Fund %	Benchmark %	Outperformance %
UK Equity	3.73	4.96	-1.23
Global Equity	5.42	4.86	0.56
Fixed Income	-0.10	0.54	-0.64
Property	3.27	3.35	-0.08
Absolute Return	0.43	2.29	-1.86
Private Equity	3.42	0.06	3.35
Infrastructure	5.17	0.06	5.10

Market Value Summary by Fund Manager as at 31 December 2017

Fund Mandate	Asset Class	Market Value as at 30 September 2017 (£m)	Market Value as at 31 December 2017 (£m)	Change in Market Value (£m)	% of Total Fund 31 December 2017
Baillie Gifford *	Global Equity	1,306	1,164	-142	19.50%
Schroders	UK Equity	922	962	40	16.12%
DTZ	Direct Property	474	481	7	8.06%
Pyrford *	Absolute Return	217	418	201	7.00%
Goldman Sachs	Fixed Interest	371	371	1	6.22%
M&G	Global Equity	318	343	25	5.75%
State Street	UK Equity	323	339	16	5.68%
Woodford	UK Equity	306	305	-1	5.11%
State Street	Global Equity	284	298	14	5.00%
Schroders GAV	Global Equity	278	292	15	4.90%
Schroders	Fixed Interest	244	243	-1	4.07%
Sarasin	Global Equity	229	239	10	4.00%
Fidelity	Pooled Property	116	120	4	2.00%
Internally managed cash	Cash	78	80	3	1.35%
Harbourvest	Private Equity	65	67	1	1.11%
Partners	Infrastructure	57	55	-1	0.93%
Kames	Pooled Property	54	55	1	0.92%
DTZ Pooled Funds	Pooled Property	48	50	2	0.84%
Impax	Global Equity	45	47	2	0.78%
M&G Property	Pooled Property	14	21	7	0.35%
YFM	Private Equity	18	18	0	0.31%
Total Kent Fund		5,767	5,970	202	100.00%

* £200m transferred from Baillie Gifford to Pyrford during the quarter

Performance Returns as at 31 December 2017

	Quarter		1 Year		3 Year (p.a.)	
	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark
Total Fund	3.60	3.72	13.26	10.37	11.56	10.01
Uk Equity						
Schroders UK Equity	4.34	4.86	12.88	12.83	9.19	9.87
State Street UK Equity	4.98	4.96	13.29	13.10	10.16	10.07
Woodford	-0.40	4.96	0.91	13.10	6.64	10.07
Global Equity						
Baillie Gifford	4.64	4.27	23.18	14.87	19.77	14.62
Sarasin	4.37	4.86	18.20	13.24	13.41	14.60
Schroders GAV	5.25	4.86	9.13	13.24	13.07	14.60
State Street Global Equity	4.91	4.97	13.33	13.45	15.57	15.76
Impax	3.73	4.86	13.49	13.24	16.26	14.60
M&G	7.91	4.97	13.41	13.84	14.35	15.22
Fixed Interest						
Goldman Sachs	0.15	0.86	7.35	3.50	5.43	3.52
Schroders Fixed Interest	-0.50	0.09	1.46	0.41	1.10	0.50
Property						
DTZ	3.45	3.35	17.86	11.02	11.48	9.05
Fidelity	3.42	3.10	11.05	10.16	9.37	8.39
Kames	2.31	3.10	11.11	10.16	8.94	8.39
M&G Property	0.48	3.10	1.73	10.16	--	--
Private Equity						
Harbourvest	3.39	0.06	11.75	0.15	20.59	0.26
YFM	3.47	0.06	13.72	0.15	14.00	0.26
Infrastructure						
Partners	5.17	0.06	13.97	0.15	20.33	0.26
Absolute Return						
Pyrford	0.43	2.29	1.01	9.25	4.18	7.68

Fund Manager Benchmarks and Performance Targets

Asset Class / Manager	Performance Benchmark	Performance Target
UK Equities:		
Schroders UK Equity	Customised	+1.5% pa over rolling 3 years
Woodford	FTSE All Share	Unconstrained
State Street UK Equity	FTSE All Share	Match
Global Equities:		
Baillie Gifford	Customised	+1.5% pa over rolling 3 years
Sarasin	MSCI AC World Index NDR	+2.5% over rolling 3 - 5 years
M&G	MSCI AC World Index GDR	+3% pa
Schroders GAV	MSCI AC World Index NDR	+3% - 4% pa over rolling 3 years
Impax	MSCI AC World Index NDR	+2% pa over rolling 3 years
State Street Global Equity	FTSE World ex UK	Match
Fixed Income:		
Schroders Fixed Interest	3 months Sterling Libor	+4% pa over a full market cycle
Goldman Sachs	+3.5% Absolute	+6% Absolute
Property:		
DTZ	IPD Pension Fund Index	≥ 3 year rolling average of benchmark returns
Fidelity	IPD UK PF Property Fund Index	
Kames	IPD UK PF Property Fund Index	
M&G Property	IPD UK PF Property Fund Index	
Alternatives: (Cash / Other Assets)		
Private Equity – YFM	GBP 7 Day LIBID	
Private Equity – HarbourVest	GBP 7 Day LIBID	
Infrastructure – Partners Group	GBP 7 Day LIBID	
Infrastructure - Henderson	GBP 7 Day LIBID	
Absolute Return – Pyrford	Retail Price Index (RPI)	RPI + 5%
Internally managed cash – KCC Treasury and Investments team	GBP 7 Day LIBID	

Fund Structure as at 31 December 2017

UK Equities	Global Equities	Fixed Interest	Property	Cash/Alternatives
Schroders +1.5% £962 m	Baillie Gifford +1.5% £1,164 m	Goldman Sachs +6.0% Abs. £371 m	DTZ Property £532 m	Internally managed Cash £80 m
State Street 0.0% £339 m	M&G +3.0% £343 m	Schroders +4.0% £243 m	Fidelity Property £120 m	Partners Infrastructure £55 m
Woodford £305 m	Schroders +3.0% - +4% £292 m		Kames Property £55 m	YFM Private Equity £18 m
	State Street +0.0% £298 m		M&G Property £21 m	HarbourVest Private Equity £67 m
	Impax +2.0% £47 m			Pyrford Abs. Return RPI + 5% £418 m
	Sarasin +2.5% £239 m			
Total Fund			£6.0 bn	