

# FUND POSITION STATEMENT

## Summary of Fund Asset Allocation and Performance

### Superannuation Fund Committee

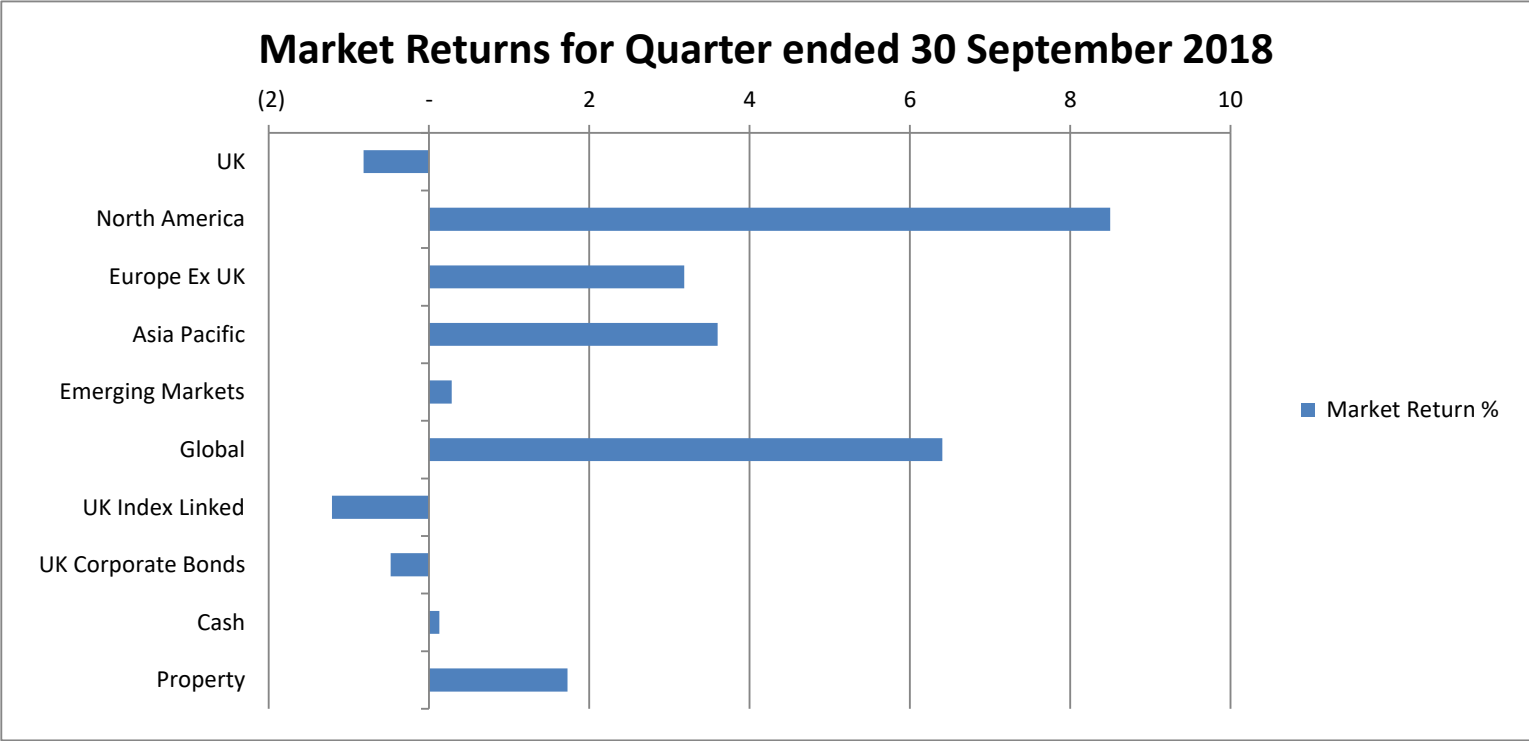
**By: Chairman Superannuation Fund Committee**  
Acting Corporate Director of Finance



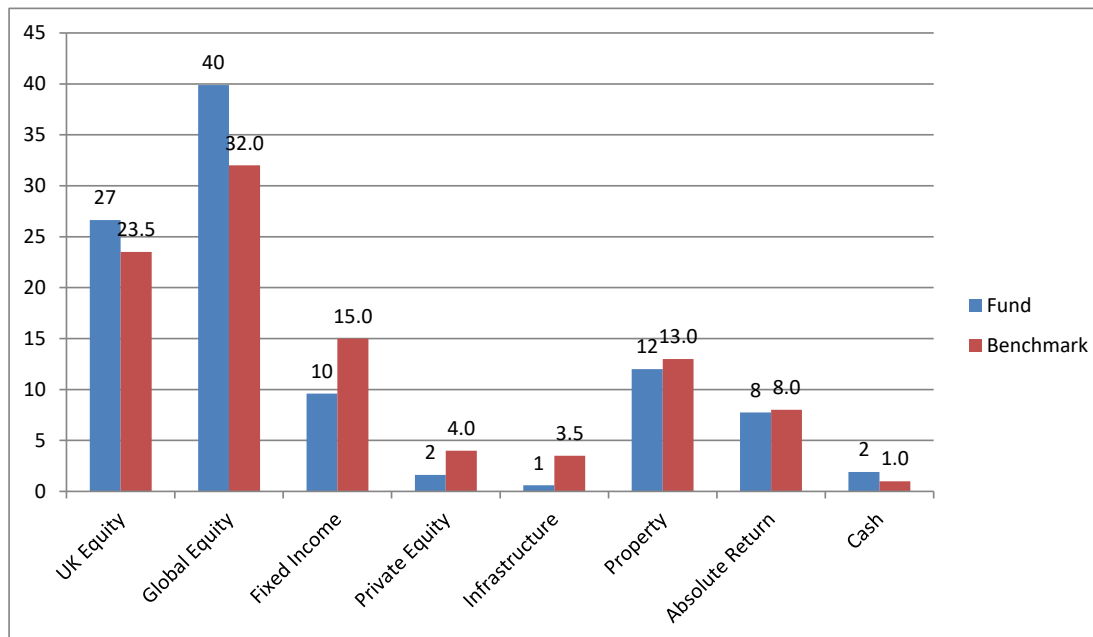
Kent County Council  
Superannuation Fund Q2 2018-19

Nick Vickers - Business Partner (Pension Fund)

# Market Returns for Quarter ended 30 September 2018

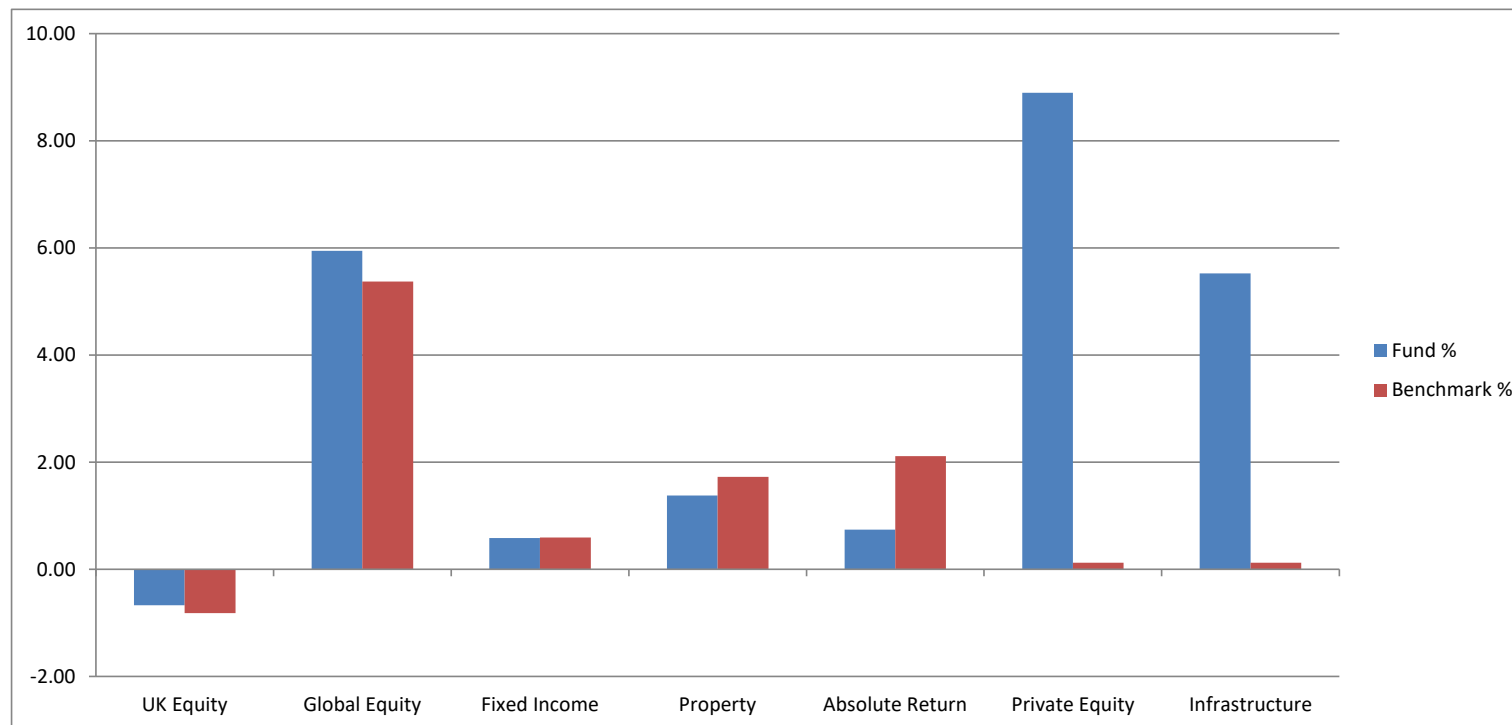


## Fund Asset Allocation vs Benchmark as at 30 September 2018



Asset Class	Fund		Benchmark
	£m	%	%
UK Equity	1,685	26.6	23.5
Global Equity	2,524	39.9	32
Fixed Income	607	9.6	15
Private Equity	103	1.6	4
Infrastructure	37	0.6	3.5
Property	759	12.0	13
Absolute Return	491	7.8	8
Cash	120	1.9	1
<b>Total</b>	<b>6,327</b>	<b>100</b>	<b>100</b>

## Fund Asset Class Performance for Quarter ending 30 September 2018



Asset Class	Fund %	Benchmark %	Outperformance %
UK Equity	-0.67	-0.82	0.15
Global Equity	5.95	5.37	0.57
Fixed Income	0.58	0.59	-0.01
Property	1.38	1.73	-0.35
Absolute Return	0.74	2.11	-1.37
Private Equity	8.90	0.12	8.77
Infrastructure	5.53	0.12	5.40

## Market Value Summary by Fund Manager as at 30 September 2018

Fund Mandate	Asset Class	Market Value as at 30 June 2018 (£m)	Market Value as at 30 September 2018 (£m)	Change in Market Value (£m)	% of Total Fund 30 September 2018
Baillie Gifford	Global Equity	1,300	1,366	67	21.6%
Schroders	UK Equity	984	970	-14	15.3%
DTZ	Direct Property	500	501	1	7.9%
Pyrford	Absolute Return	418	421	3	6.7%
Goldman Sachs	Fixed Interest	368	372	5	5.9%
M&G	Global Equity	343	366	23	5.8%
UBS UK	UK Equity	345	344	-1	5.4%
UBS Global	Global Equity	292	311	20	4.9%
Schroders GAV	Global Equity	293	306	13	4.8%
Woodford	UK Equity	283	288	4	4.5%
Sarasin	Global Equity	246	262	17	4.1%
Schroders	Fixed Interest	242	241	-1	3.8%
Fidelity	Pooled Property	126	128	2	2.0%
Harbourvest	Private Equity	70	74	4	1.2%
Ruffer *	Absolute Return	0	70	70	1.1%
Kames	Pooled Property	53	54	1	0.9%
DTZ Pooled Funds	Pooled Property	51	52	1	0.8%
Impax	Global Equity	46	48	2	0.8%
Internally managed cash *	Cash	118	47	-71	0.8%
Partners	Infrastructure	39	37	-1	0.6%
YFM	Private Equity	22	29	7	0.5%
M&G Property	Pooled Property	24	24	0	0.4%
UBS Emerging Markets	Global Equity	15	15	0	0.2%
<b>Total Kent Fund</b>		<b>6,176</b>	<b>6,327</b>	<b>151</b>	<b>100.0%</b>

\* £70m invested into Ruffer Absolute return fund taken from Internally managed cash

## Performance Returns as at 30 September 2018

	Quarter		1 Year		3 Year (p.a.)	
	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark
<b>Total Fund</b>	2.56	1.92	9.83	9.47	13.83	12.10
<b>Uk Equity</b>						
Schroders UK Equity	-1.42	-0.80	5.21	5.77	11.04	11.23
UBS	-0.82	-0.82	--	--	--	--
Woodford	1.54	-0.82	-6.11	5.87	1.54	11.46
<b>Global Equity</b>						
Baillie Gifford	5.13	4.15	22.81	9.85	25.84	17.81
Sarasin	6.74	5.57	14.72	12.94	18.81	19.20
Schroders GAV	4.49	5.57	10.06	12.94	17.29	19.21
UBS Emerging Markets	0.38	0.59	--	--	--	--
UBS World Ex UK Equity	6.72	6.70	--	--	--	--
Impax	4.07	5.57	7.08	12.94	19.00	19.21
M&G	6.79	5.70	15.18	13.53	21.95	19.85
<b>Fixed Interest</b>						
Goldman Sachs	1.24	0.86	0.41	3.50	5.34	3.51
Schroders Fixed Interest	-0.42	0.22	-1.52	0.70	1.55	0.59
<b>Property</b>						
DTZ	1.10	1.73	10.53	9.80	10.72	7.66
Fidelity	1.66	1.60	10.48	8.87	7.94	7.13
Kames	3.70	1.60	12.66	8.87	9.30	7.13
M&G Property	1.15	1.60	3.65	8.87	6.99	7.13
<b>Private Equity</b>						
Harbourvest	8.51	0.12	23.43	0.37	20.83	0.27
YFM	10.25	0.12	24.22	0.37	20.13	0.27
<b>Infrastructure</b>						
Partners	5.53	0.12	15.65	0.37	17.96	0.27
<b>Absolute Return</b>						
Pyrford	0.82	2.11	1.25	8.30	4.56	8.14
Ruffer *	--	--	--	--	--	--

\* Investment in Ruffer made on 15th August '18

## Fund Manager Benchmarks and Performance Targets

Asset Class / Manager	Performance Benchmark	Performance Target
<b>UK Equities:</b>		
Schroders UK Equity	Customised	+1.5% pa over rolling 3 years
Woodford	FTSE All Share	Unconstrained
State Street UK Equity	FTSE All Share	Match
UBS UK Equity	FTSE All Share	Match
<b>Global Equities:</b>		
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
UBS Global Equity	FTSE (Dev) World ex UK	Match
UBS Emerging Market Equities	FTSE Emerging Markets	Match
<b>Fixed Income:</b>		
Schroders Fixed Interest	3 months Sterling Libor	+4% pa over a full market cycle
Goldman Sachs	+3.5% Absolute	+6% Absolute
<b>Property:</b>		
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	
<b>Alternatives: (Cash / Other Assets)</b>		
Private Equity – YFM	GBP 7 Day LIBID	
Private Equity – HarbourVest	GBP 7 Day LIBID	
Infrastructure – Partners Group	GBP 7 Day LIBID	
Absolute Return – Pyrford	Retail Price Index (RPI)	RPI + 5%
Absolute Return – Ruffer	Retail Price Index (RPI)	
Internally managed cash – KCC Treasury and Investments team	GBP 7 Day LIBID	

## Fund Structure as at 30 September 2018

UK Equities	Global Equities	Fixed Interest	Property	Cash/Alternatives
Schroders +1.5% £970 m	Baillie Gifford +1.5% £1,366 m	Goldman Sachs +6.0% Abs. £372 m	DTZ Property £552 m	Internally managed Cash £47 m
UBS 0.0% £344 m	M&G +3.0% £366 m	Schroders +4.0% £241 m	Fidelity Property £128 m	Partners Infrastructure £37 m
Woodford £288 m	Schroders +3.0% - +4% £306 m		Kames Property £54 m	YFM Private Equity £29 m
	UBS +0.0% £326 m		M&G Property £24 m	HarbourVest Private Equity £74 m
	Impax +2.0% £48 m			Pyrford Abs. Return RPI + 5% £421 m
	Sarasin +2.5% £262 m			Ruffer Abs. Return RPI £70 m
Total Fund			£6.3 bn	