

FUND POSITION STATEMENT

Summary of Fund Asset Allocation and Performance

Superannuation Fund Committee

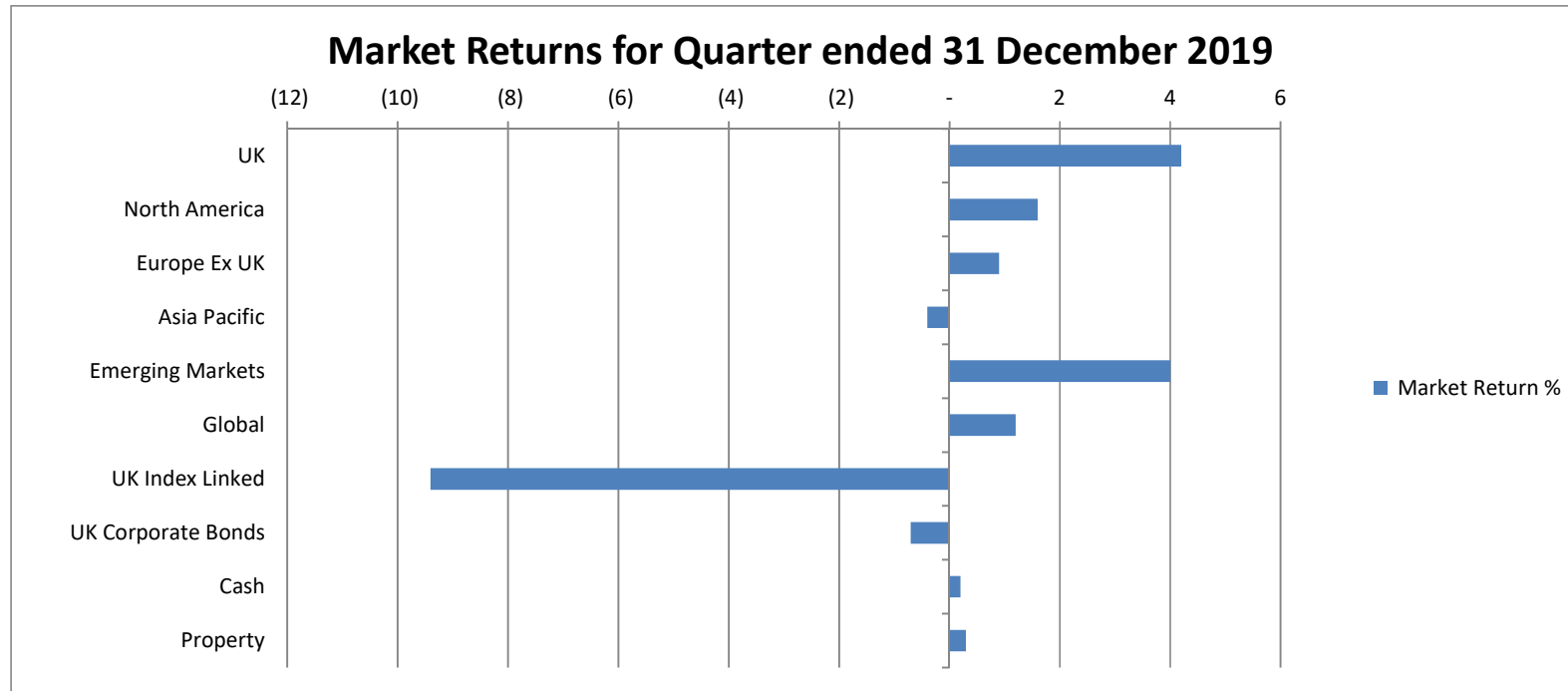
By: Chairman Superannuation Fund Committee
Corporate Director of Finance



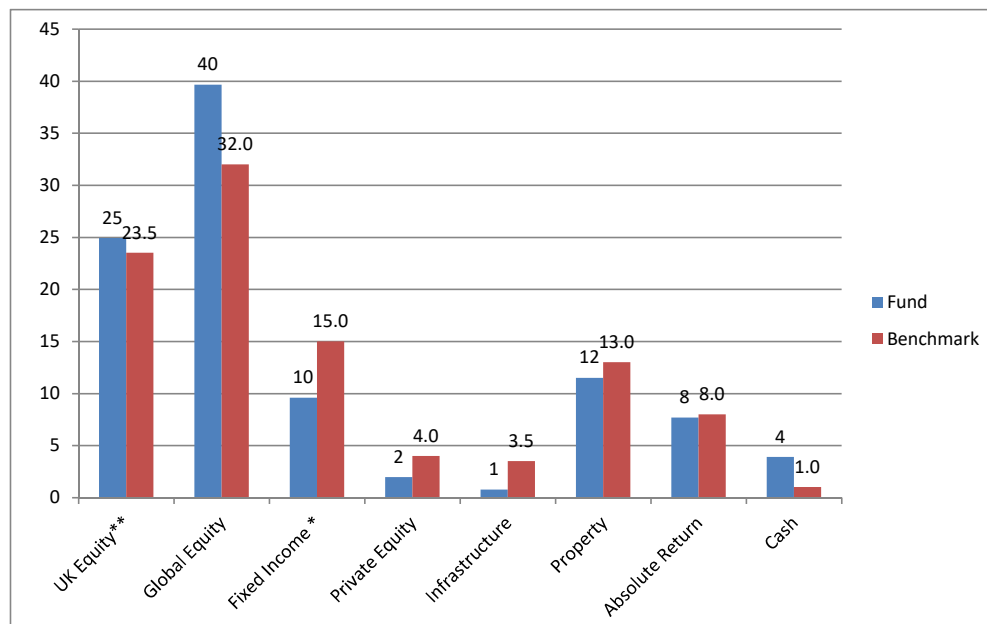
Kent County Council
Superannuation Fund Q3 2019-20

Alison Mings- Treasury and Investments
Manager

Market Returns for Quarter ended 31 December 2019



Fund Asset Allocation vs Benchmark as at 31 December 2019



Asset Class	Fund		Benchmark	Over / (under) weight
	£m	%	%	%
UK Equity**	1,651	24.9	23.5	1.4
Global Equity	2,627	39.7	32	7.7
Fixed Income *	636	9.6	15	-5.4
Private Equity	131	2.0	4	-2.0
Infrastructure	50	0.8	3.5	-2.7
Property	762	11.5	13	-1.5
Absolute Return	508	7.7	8	-0.3
Cash	259	3.9	1	2.9
Total	6,623	100	100	

* £260m has been invested into Fixed Income (CQS and M&G) since 31st December using the proceeds from Woodford and internally managed cash, increasing our allocation to Fixed Income

** £139m redeemed from Woodford in January 2020 reducing our allocation to UK Equities

Fund Asset Class Performance for Quarter ending 31 December 2019



Asset Class	Fund %	Benchmark %	Outperformance %
UK Equity	4.03	4.16	-0.12
Global Equity	4.35	1.46	2.89
Fixed Income	1.31	0.59	0.72
Property	-0.10	0.32	-0.42
Absolute Return	0.71	1.50	-0.80
Private Equity	-0.48	0.15	-0.63
Infrastructure	-5.06	0.15	-5.20

Market Value Summary by Fund Manager as at 31 December 2019

Fund Mandate	Asset Class	Market Value as at 30 Sept 2019 (£m)	Market Value as at 31 Dec 2019 (£m)	Change in Market Value (£m)	% of Total Fund 31 Dec 2019
Baillie Gifford *	Global Equity	1,286	1,263	-23	19.1%
Schroders	UK Equity	1,006	1,052	46	15.9%
DTZ	Direct Property	481	475	-7	7.2%
Pyrford	Absolute Return	433	436	3	6.6%
Goldman Sachs	Fixed Interest	400	404	4	6.1%
M&G	Global Equity	374	386	13	5.8%
UBS UK	UK Equity	353	366	13	5.5%
UBS Global	Global Equity	337	340	4	5.1%
Schroders GAV	Global Equity	309	315	5	4.8%
Woodford ***	UK Equity	197	200	2	3.0%
Sarasin	Global Equity	283	294	11	4.4%
Schroders	Fixed Interest	247	252	5	3.8%
Fidelity	Pooled Property	132	133	1	2.0%
Internally managed cash **	Cash	121	229	108	3.5%
Harbourvest	Private Equity	93	91	-3	1.4%
Ruffer	Absolute Return	71	72	1	1.1%
Kames	Pooled Property	50	49	-1	0.7%
DTZ Pooled Funds	Pooled Property	48	47	-1	0.7%
Impax	Global Equity	52	54	2	0.8%
Partners	Infrastructure	54	50	-4	0.8%
YFM	Private Equity	38	40	3	0.6%
M&G Property	Pooled Property	42	58	16	0.9%
UBS Emerging Markets	Global Equity	16	16	1	0.2%
Total Kent Fund		6,423	6,623	200	100.0%

*£100m redeemed from Baillie Gifford during the quarter and held in internally managed cash

** Internally managed cash includes £80m sent to CQS Fixed Income pending allocation of units, and £80m sent to M&G Fixed Income pending allocation of units

***First redemption from Woodford of £139m received at the end of January 2020

Performance Returns as at 31 December 2019

	Quarter		1 Year		3 Year (p.a.)	
	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark
Total Fund	2.85	1.66	14.70	12.20	8.06	7.31
Uk Equity						
Schroders UK Equity	4.62	3.61	20.43	18.16	7.28	6.55
UBS	4.10	4.16	19.10	19.17	--	--
Woodford	1.16	4.16	-21.76	19.17	-12.91	6.85
Global Equity						
Baillie Gifford	6.32	1.27	27.60	19.63	16.01	9.16
Sarasin	4.06	1.35	28.08	21.71	13.42	9.86
Schroders GAV	1.62	1.35	14.92	21.71	5.38	9.86
UBS Emerging Markets	3.82	4.01	15.08	15.90	--	--
UBS World Ex UK Equity	1.13	1.13	23.29	23.37	--	--
Impax	4.18	1.35	26.66	21.71	9.48	9.86
M&G	3.39	1.50	20.41	22.40	8.40	10.50
Fixed Interest						
Goldman Sachs	1.00	0.86	9.82	3.50	5.34	3.50
Schroders Fixed Interest	1.82	0.22	6.69	0.99	1.52	0.76
Property						
DTZ	-0.36	0.32	2.60	2.17	9.31	6.78
Fidelity	0.96	0.30	1.94	1.61	7.40	6.05
Kames	-0.01	0.30	0.19	1.61	7.20	6.05
M&G Property	-0.28	0.30	1.12	1.61	2.29	6.05
Private Equity						
Harbourvest	-2.79	0.15	12.83	0.58	16.26	0.40
YFM	5.15	0.15	29.13	0.58	23.48	0.40
Infrastructure						
Partners	-5.06	0.15	-2.86	0.58	8.40	0.40
Absolute Return						
Pyrford	0.67	1.50	5.59	7.21	1.77	8.05
Ruffer	0.91	1.50	8.87	7.21	--	--

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
UBS 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
UBS Global Equity	FTSE (Dev) World ex UK	Match
UBS Emerging Market Equities	FTSE Emerging Markets	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	
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 31 December 2019

UK Equities	Global Equities	Fixed Interest	Property	Cash/Alternatives
Schroders +1.5% £1,052 m	Baillie Gifford +1.5% £1,263 m	Goldman Sachs +6.0% Abs. £404 m	DTZ Property £522 m	Internally managed Cash £229 m
UBS 0.0% £366 m	M&G +3.0% £386 m	Schroders +4.0% £252 m	Fidelity Property £133 m	Partners Infrastructure £50 m
Woodford £200 m	Schroders +3.0% - +4% £315 m		Kames Property £49 m	YFM Private Equity £40 m
	UBS +0.0% £357 m		M&G Property £58 m	HarbourVest Private Equity £91 m
	Impax +2.0% £54 m			Pyrford Abs. Return RPI + 5% £436 m
	Sarasin +2.5% £294 m			Ruffer Abs. Return RPI £72 m
Total Fund £6.6 bn				