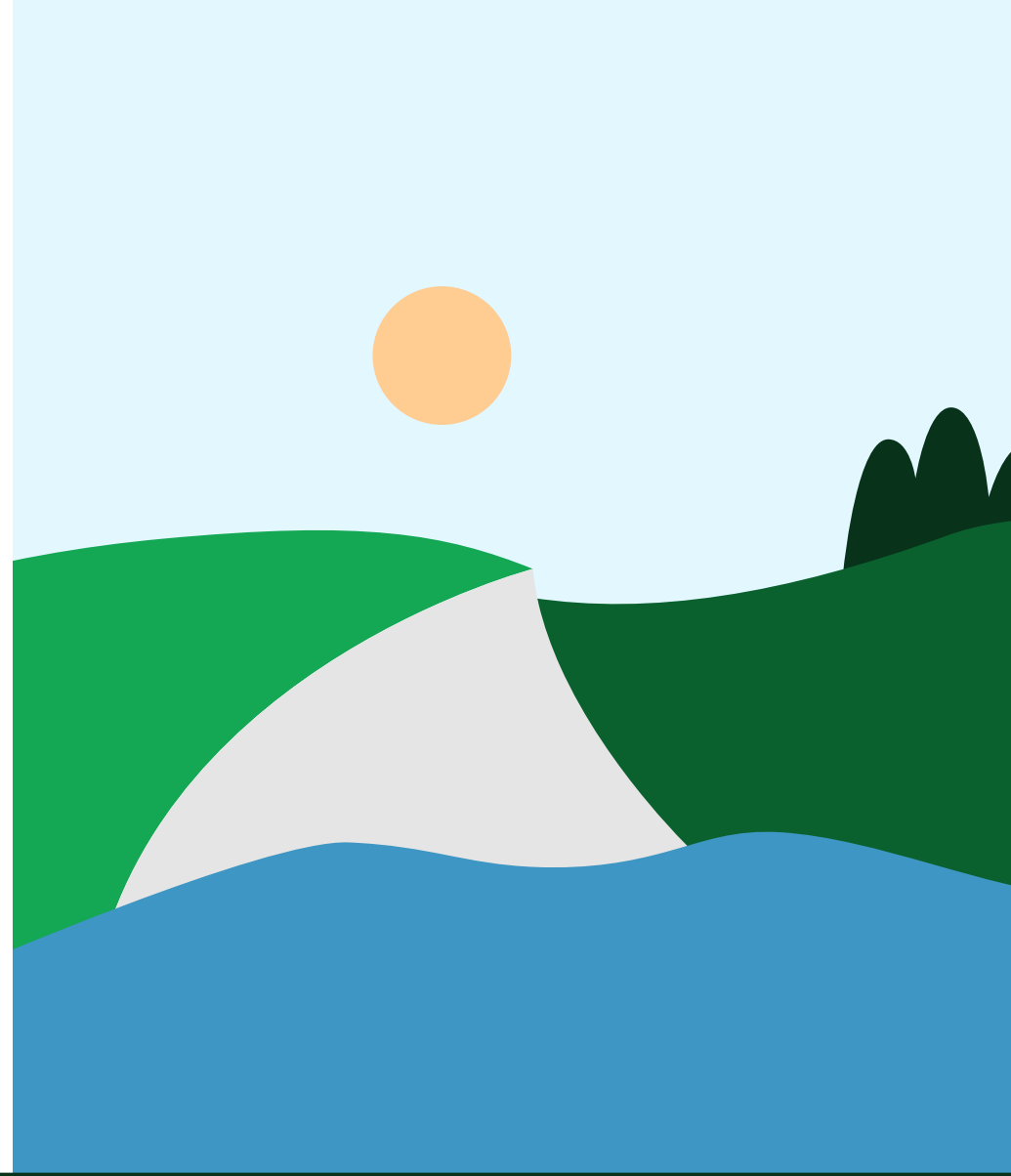


Kent Pension Fund
Q4 2023 Fund Performance

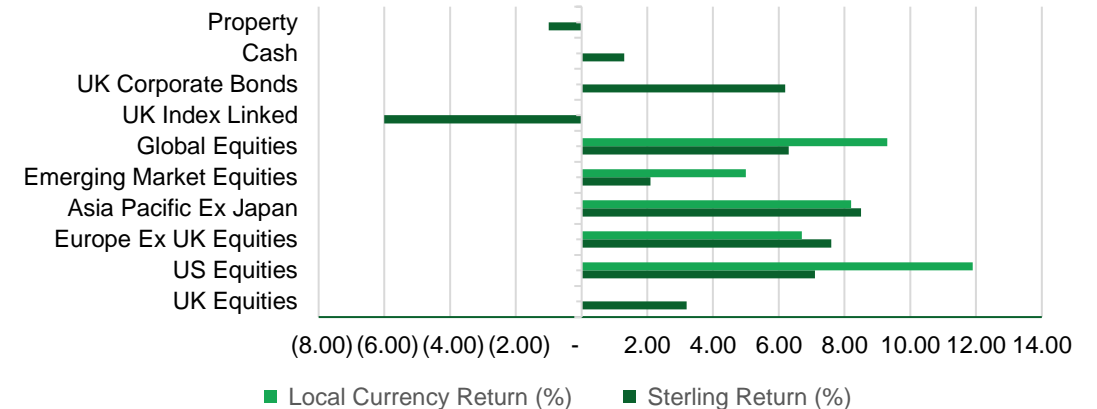


Market Commentary

- The fourth quarter of 2023 started off with low expectations owing to high long-term interest rates and renewed geopolitical tensions in the Middle East. Markets reached their lows near the end of October due to risk-off sentiment. However, in November, slowing inflation in the US and other regions raised hopes that interest rates may have peaked, thereby boosting investor confidence. Over the quarter, the US Federal Reserve kept rates unchanged, shifting towards a dovish tone. Inflation expectations also continued to decline over the quarter. During the quarter, global equities were positive as the Fed signalled interest rate cuts in 2024. Developed markets outperformed emerging markets amid concerns over China's property sector.
- US GDP growth estimates appear to have accelerated in the third quarter of 2023, with the economy growing at an annualised rate of 4.9%, primarily driven by strong consumer spending. Headline US CPI fell over the fourth quarter decreasing to 3.1% in November from 3.7% at the end of September. Core US inflation has been declining in recent months. The Federal Reserve at its December meeting decided to maintain policy rates at 5.25% to 5.50%. As at quarter end, the Fed economic forecasts show rates to be at 4.6% in 2024, anticipating that the policy rate will be 50 basis points lower by the end of 2024 than it was previously expecting (4.6% vs 5.1%).
- China's economy grew 4.9% (year-on-year) in Q3. Chinese policy makers remain committed to supporting the Chinese economy. Over the quarter they announced numerous stimulus measures aimed at supporting ailing sectors of the economy, in particular the housing sector. Most significantly over the quarter they announced the issuance of a 1-trillion-yuan special government bond. Exports growth ticked up in November, but external demand continues to be relatively weak. China's central bank kept their key interest rate unchanged at 3.45% in its December meeting. Japan's economy contracted at its fastest annualized quarterly pace in two years in Q3 (-2.9%), as rising domestic inflation weighed on consumer demand, adding to export woes.
- Quarter on quarter GDP growth contracted in the eurozone in Q3 2023 by 0.1%. A global manufacturing slowdown is proving to be quite the headwind for Germany, where much of the economy is driven by manufacturing demand. Domestic demand in the eurozone remains positive and is continuing to boost Spanish and French GDP. Headline inflation in the eurozone has declined to 2.9% in December from 4.3% in September. The European Central Bank maintained interest rates at 4% in its recent meeting.
- UK GDP growth is estimated to have declined 0.1% in the third quarter of 2023. Headline inflation in the UK fell to 3.9% in November from 6.7% in September. The positive inflation momentum was driven by declining energy prices. The Bank of England maintained interest rates at 5.25%.

Source: Mercer LLC

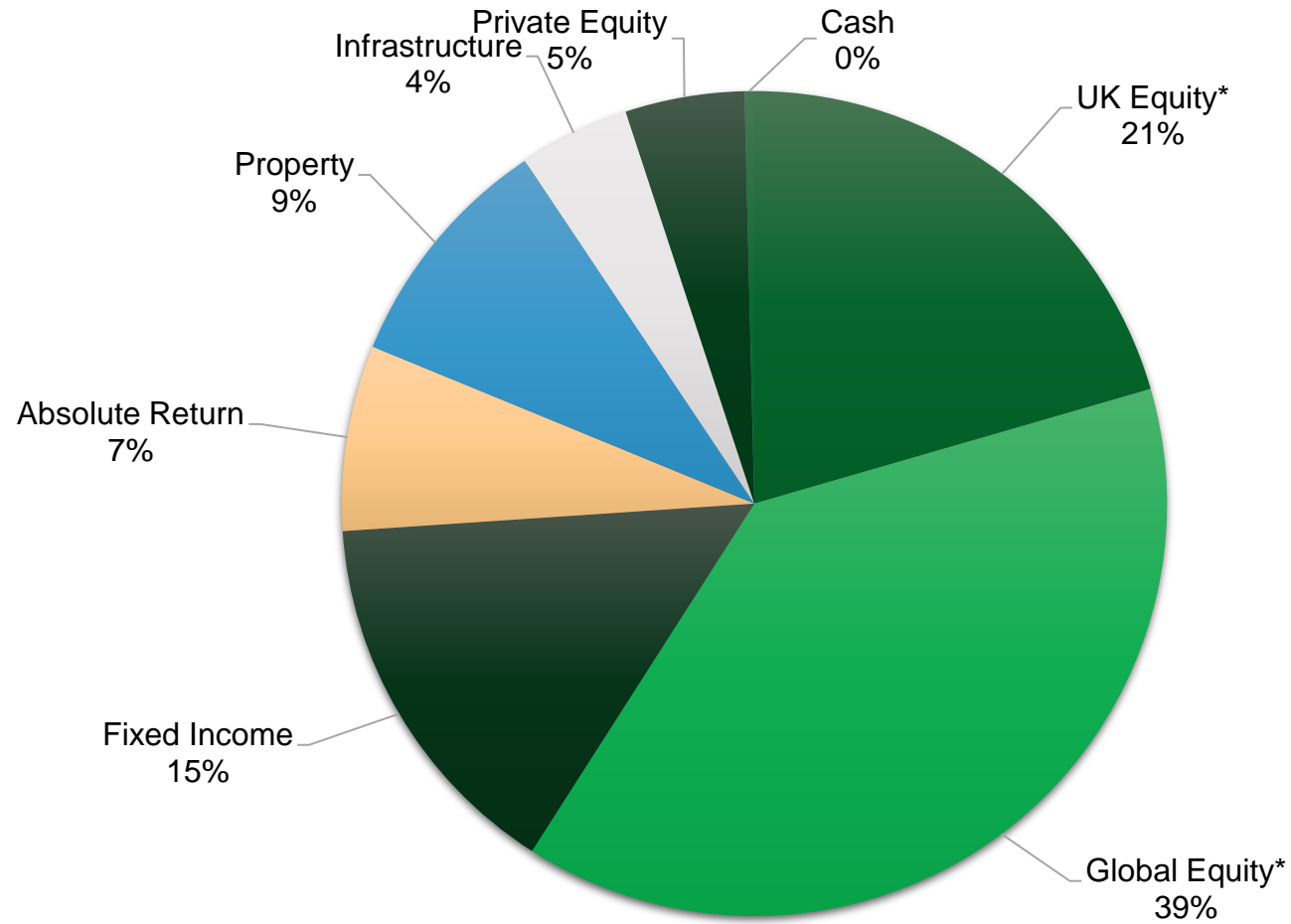
Market Returns (%)



Source: Mercer LLC and Refinitiv



Asset Allocation – 31 December 2023



*Synthetic Equity exposure with Insight is included within UK and Global Equity.

Source: Northern Trust, RADAR Reporting



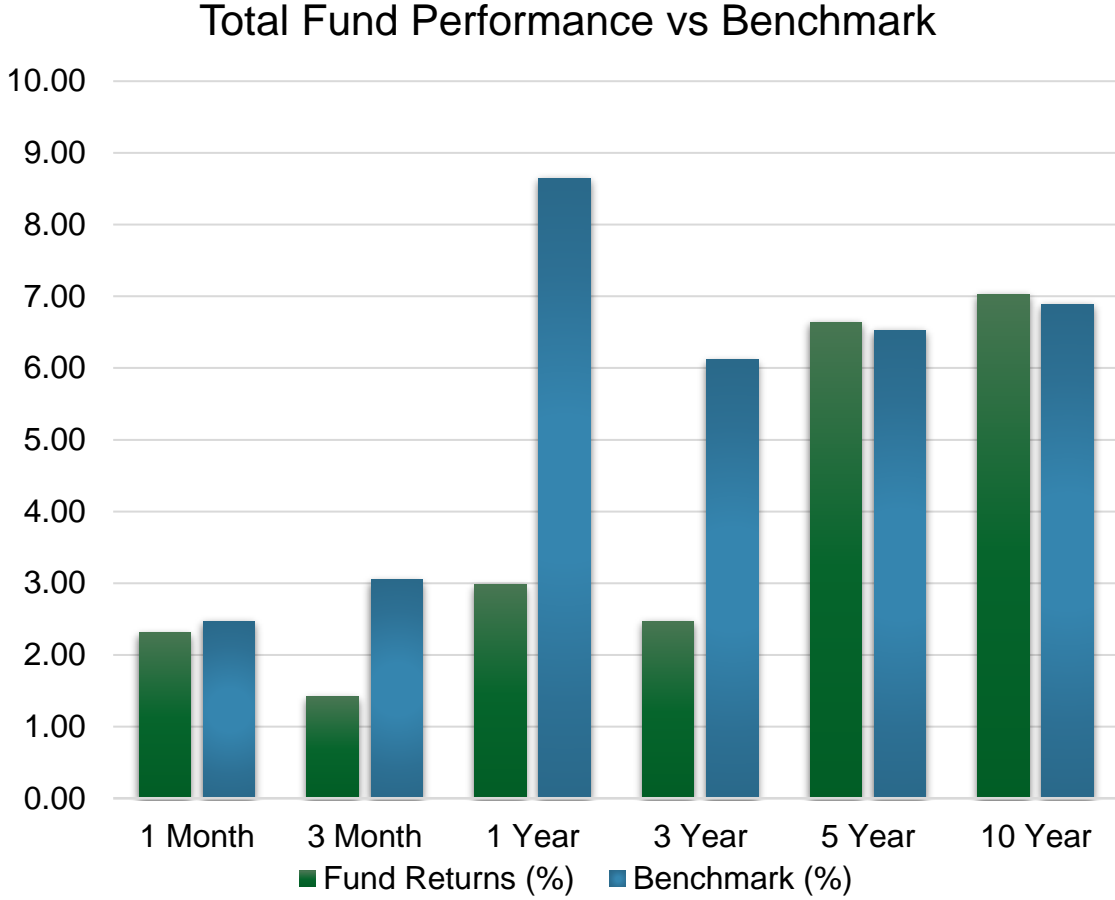
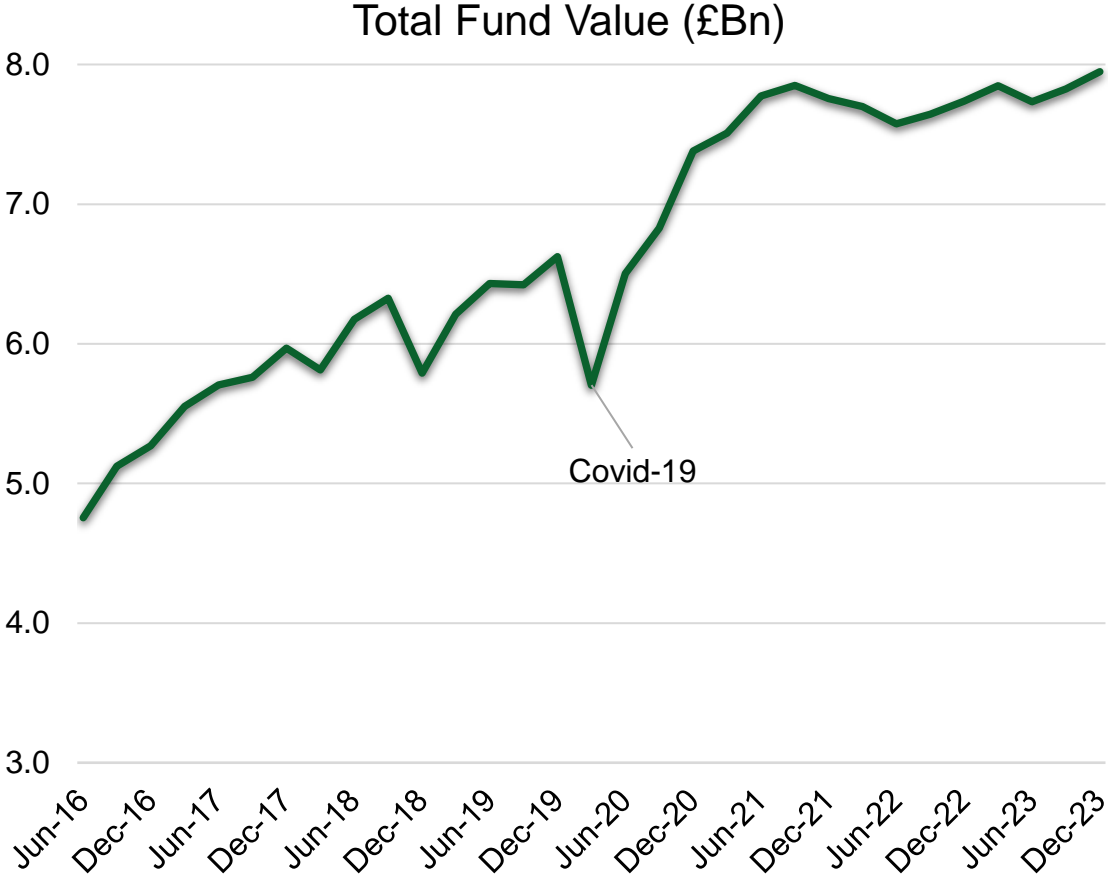
Fund Manager Summary

Asset Class	Fund Manager	Market Value - 31 December 2023 (£m)	Market Value - 30 September 2023 (£m)	Change in MV (£m)	% of Total
UK Equity	Schroders UK Equity	1,214	1,189	25	15.23
	Woodford Equity	2	2	-	0.03
Global Equity	Impax	72	67	5	0.91
	Sarasin	391	372	19	4.91
	Baillie Gifford	1,131	1,042	89	14.19
	Schroders Global Active Value	435	422	12	5.45
	M&G Global Dividend Fund	562	523	39	7.05
Equity Protection	Insight	900	1,039	-139	11.29
Fixed Income	CQS	249	239	10	3.12
	Goldman Sachs	415	391	23	5.20
	Schroders Strategic Bond Fund	256	241	15	3.21
	M&G Alpha Opportunities	267	259	8	3.35
Absolute Return	Ruffer	181	177	4	2.28
	Pyrford	398	381	17	5.00
Property	DTZ	463	474	-11	5.80
	DTZ Pooled Property	60	69	-9	0.75
	DTZ (previously Aegon)	28	29	-1	0.36
	M&G Residential Property	61	69	-8	0.77
	Fidelity	137	142	-5	1.72
Infrastructure	Partners Group	346	315	31	4.34
Private Equity	HarbourVest	287	286	1	3.60
	YFM	85	92	-7	1.06
Cash	Internal Cash	30	34	-4	0.38
Total		7,970	7,855	115	100.00

Source: Northern Trust, RADAR Reporting



Historical Performance

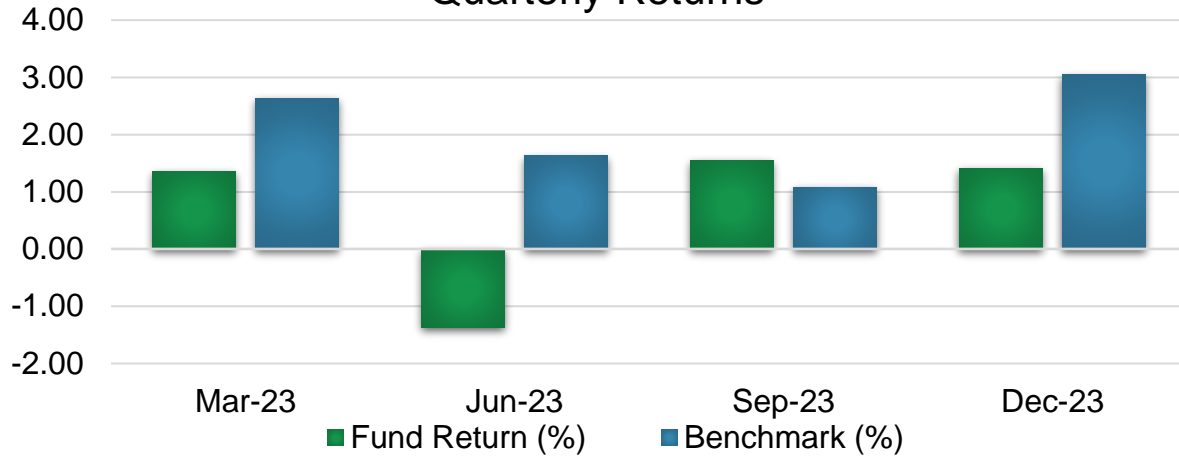


Source: Northern Trust, RADAR Reporting



Discrete Performance

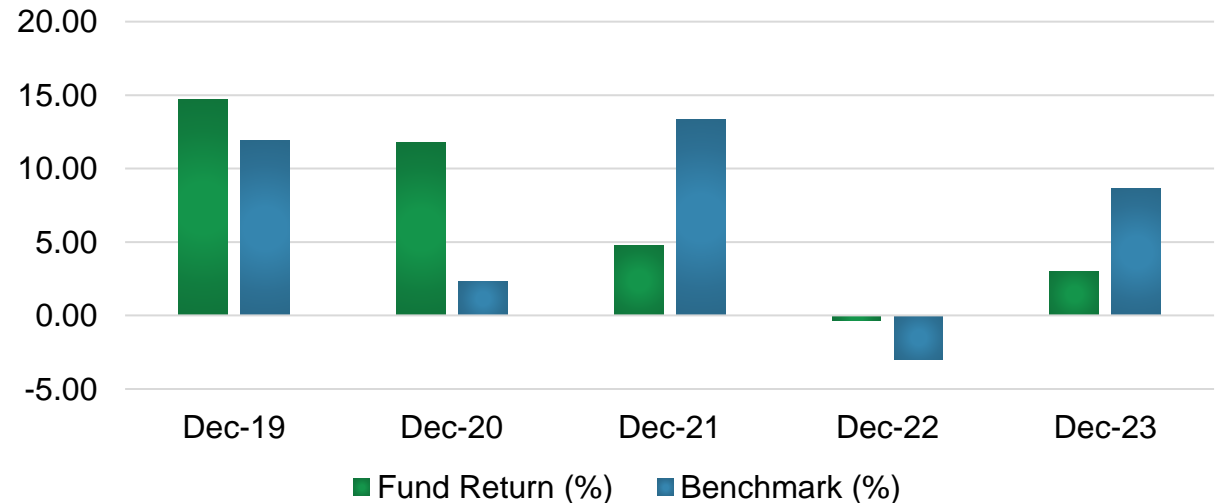
Quarterly Returns



- Performance over the past year has generally been below the benchmark, with the exception of the quarter ending 30 September.
- The poor performance is mainly attributed to underperformance of the Fund’s active equity managers, as well as the impact of the Equity Protection program.

- The Fund has outperformed in three of the past five years. Performance was strong at the start of the 5 year period, with equities having a strong bounce-back from the effects of Covid-19 in mid-to-late 2020.
- Underperformance in 2021 is largely attributed to a negative contribution from Baillie Gifford. The Fund outperformed in 2022.
- Underperformance in 2023 is due to the effects of the Equity Protection program, as well as an underweight holding to the ‘Magnificent-7’.

Annual Returns (last 5 years)

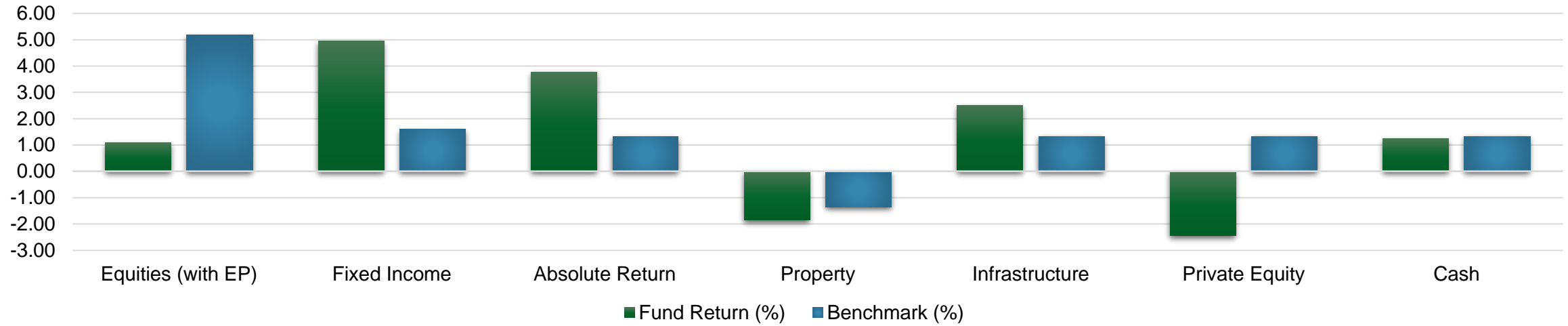


Source: Northern Trust, RADAR Reporting

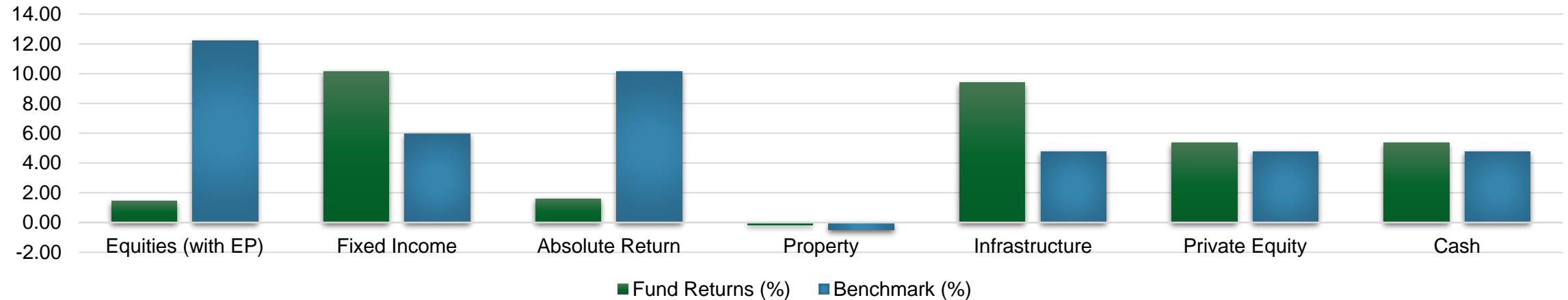


Asset Class Performance

Quarterly Performance



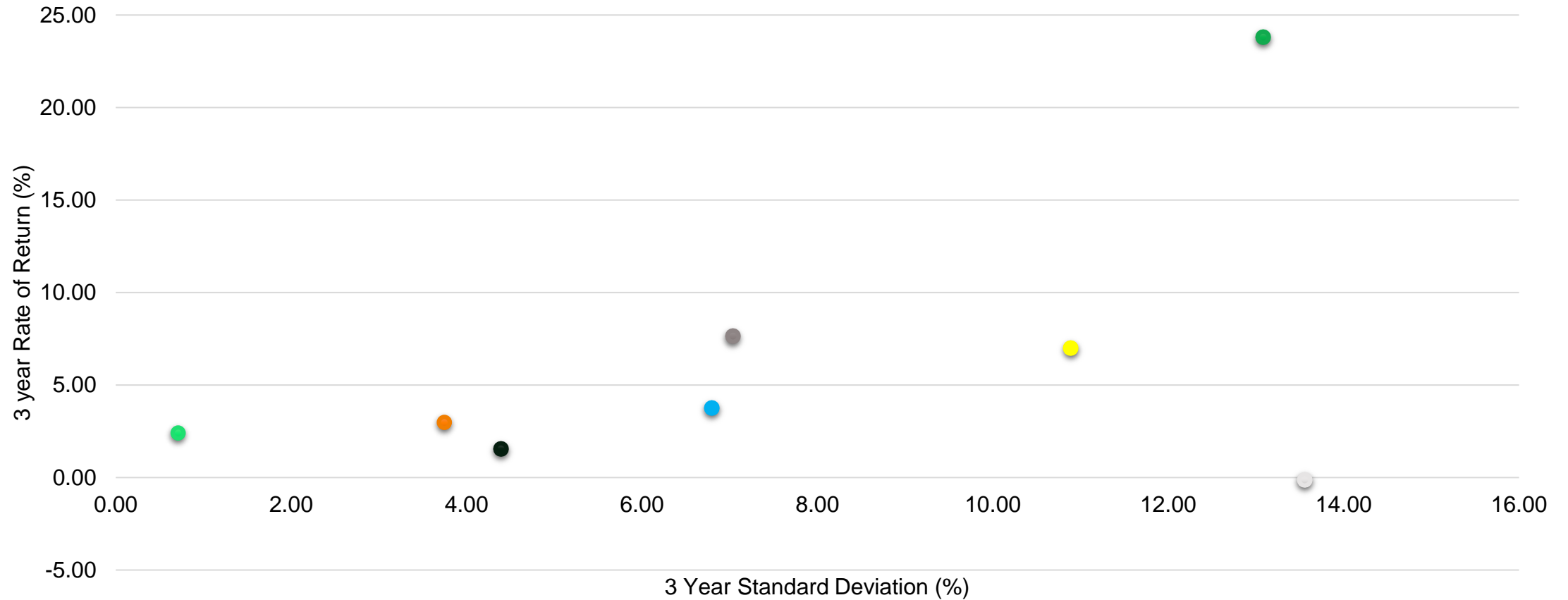
Annual Performance



Source: Northern Trust, RADAR Reporting



Risk vs Return – Asset Class Level



—●— UK Equity —●— Global Equity (ex Protection) —●— Fixed Income —●— Absolute Return —●— Property —●— Infrastructure —●— Private Equity —●— Cash

Source: Northern Trust, RADAR Reporting



Detailed Performance by Manager

	Quarter		1 Year		3 Year (p.a.)	
	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark
Total Fund	1.42	3.05	2.98	8.65	2.47	6.12
UK Equity						
Schroders - LF ACCESS UK Equity Fund	2.12	3.14	5.95	7.96	7.35	9.18
Woodford	0	3.23	-33.55	7.92	-35.8	8.61
Global Equity						
Baillie Gifford - LF ACCESS Global Equity Core Fund	8.58	5.95	14.56	13.26	-7.48	7.19
Sarasin	5.22	6.31	8.74	15.31	4.58	8.24
Schroders - LF ACCESS Global Active Value Fund	2.87	6.31	8.54	15.31	11.09	8.24
Impax	7.53	6.31	3.52	15.31	1.86	8.24
M&G - LF ACCESS Global Dividend Fund	7.38	6.31	8.71	15.31	9.37	8.24
Fixed Income						
Goldman Sachs	6.00	0.86	10.28	3.50	-0.47	3.51
Schroders Fixed Income	6.05	1.36	7.58	4.66	0.89	2.01
CQS	4.18	2.27	12.45	8.66	2.95	6.01
M&G Alpha Opportunities	3.03	2.27	10.42	8.66	4.50	6.01
Property						
DTZ	-1.42	-1.35	1.08	-0.51	4.69	2.27
Fidelity	-3.35	-1.16	-4.06	-1.40	1.86	2.06
DTZ (Kames)	-0.90	-1.16	0.22	-1.40	2.91	2.06
M&G Property	-2.63	-1.16	-1.98	-1.40	1.31	2.06
Private Equity						
HarbourVest	-4.52	1.33	-1.70	4.77	20.55	2.02
YFM	4.86	1.33	33.03	4.77	35.79	2.02
Infrastructure						
Partners Group	2.50	1.33	9.39	4.77	7.64	2.02
Absolute Return						
Pyrford	4.47	1.32	5.80	10.16	3.70	13.66
Ruffer - LF ACCESS Absolute Return Fund	2.29	1.32	-6.56	10.16	2.73	13.66

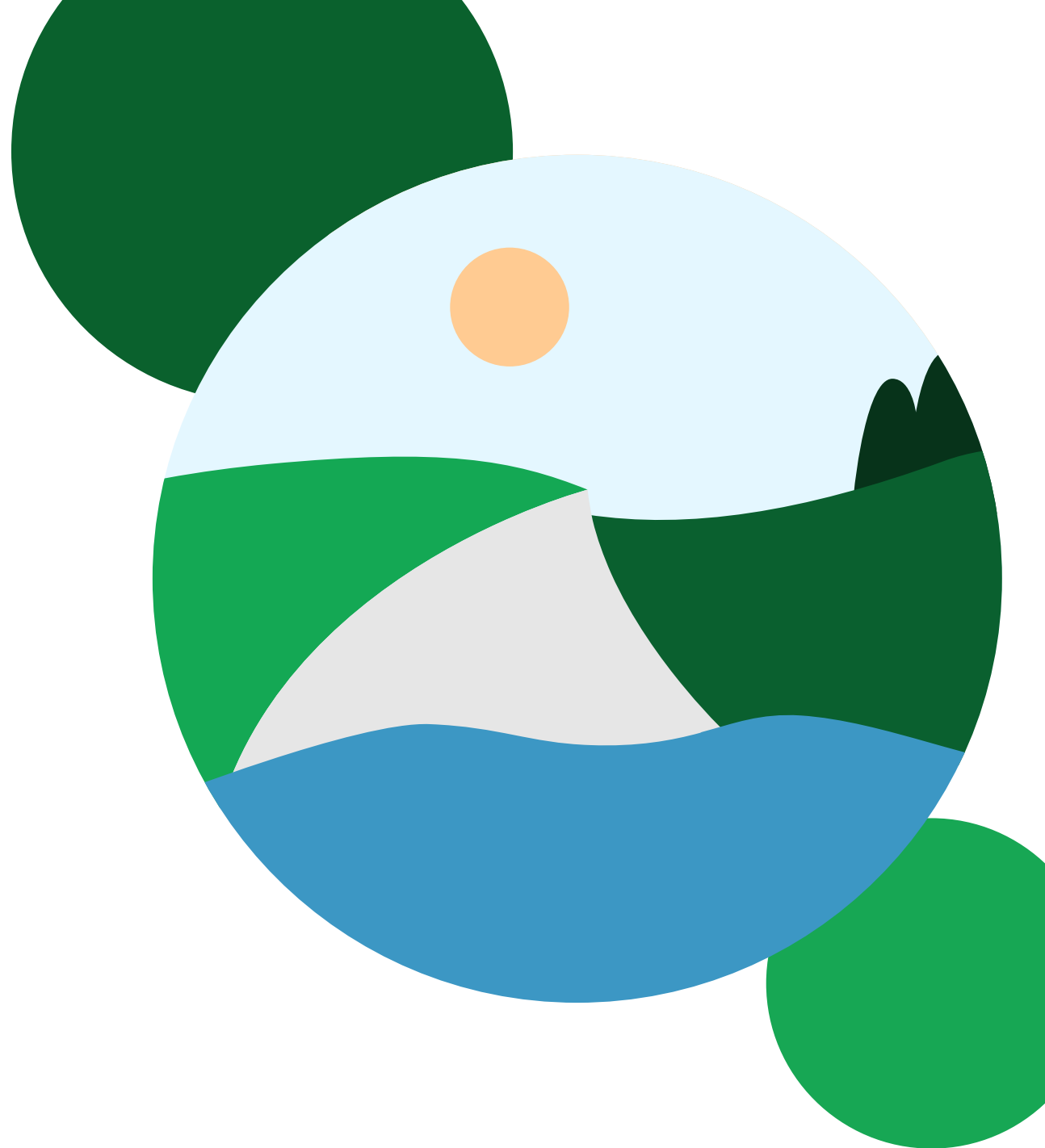
Source: Northern Trust, RADAR Reporting



Appendix



Kent Pension Fund



Benchmarks and Targets

Appendix A

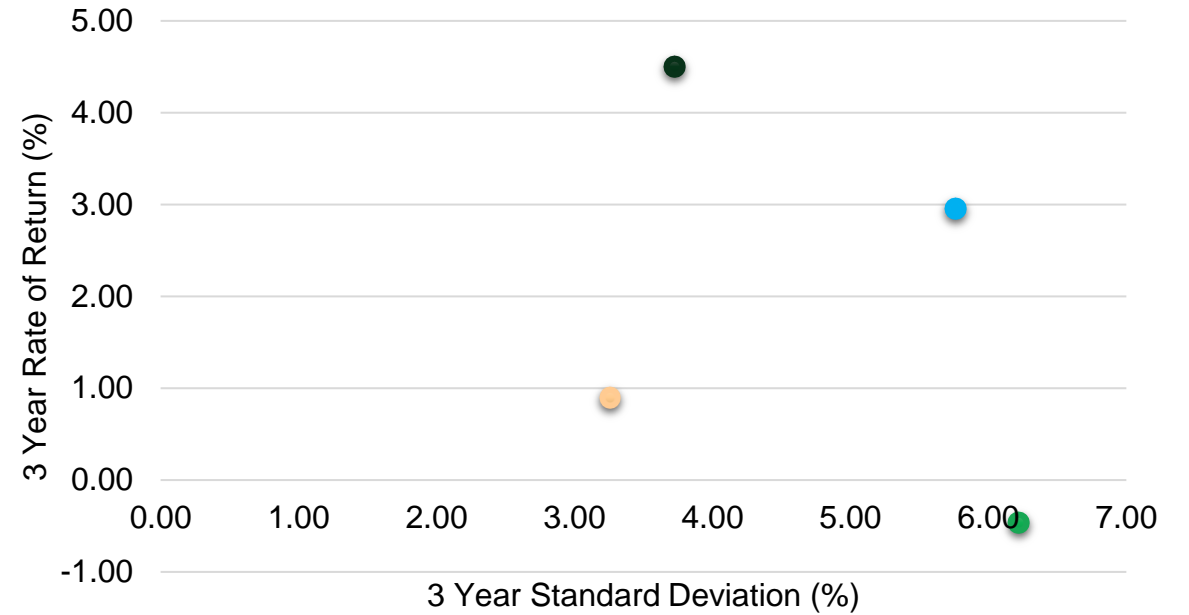
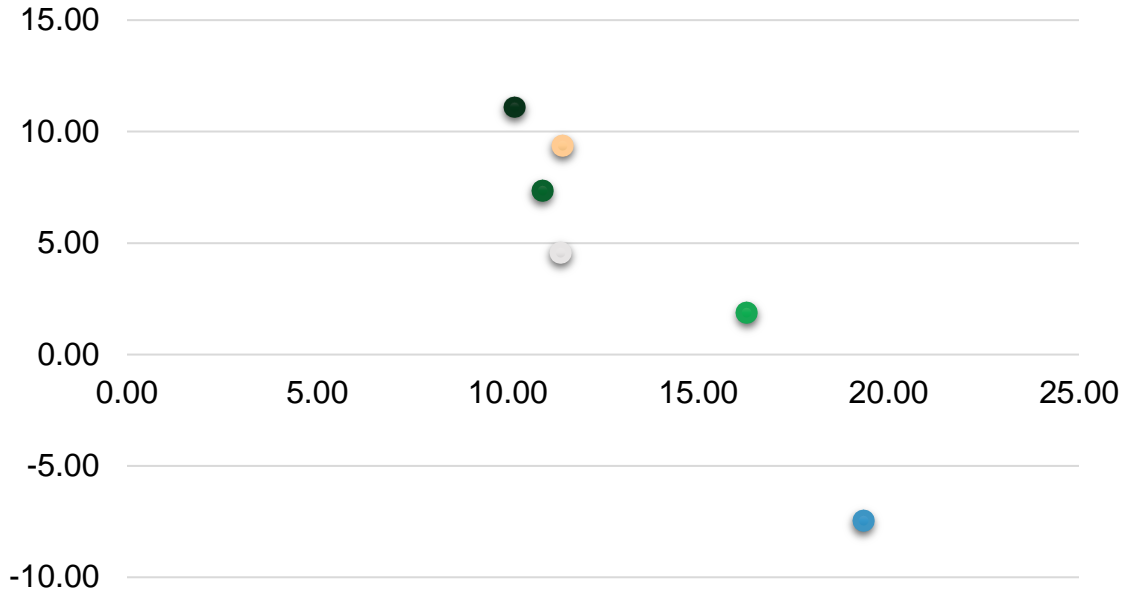
Asset Class / Manager	Performance Benchmark	Performance Target
UK Equities:		
Schroders - LF ACCESS UK Equity Fund	Customised	+1.5% pa over rolling 3 years
Woodford	FTSE All Share	Unconstrained
Global Equities:		
Baillie Gifford - LF ACCESS Global Equity Core Fund	Customised	+1.5% pa over rolling 3 years
Sarasin	MSCI AC World Index NDR	+2.5% over rolling 3 - 5 years
M&G - LF ACCESS Global Dividend Fund	MSCI AC World Index GDR	+3% pa
Schroders - LF ACCESS Global Active Value Fund	MSCI AC World Index NDR	+3% - 4% pa over rolling 3 years
Impax	MSCI AC World Index NDR	+2% pa over rolling 3 years
Fixed Income:		
Schroders Fixed Income	ICE BofA Sterling 3-month Gov Bill Index	+4% pa over a full market cycle
Goldman Sachs	+3.5% Absolute	+6% Absolute
CQS	ICE BofA Sterling 3-month Gov Bill Index	ICE BofA Sterling 3-month Gov Bill Index + 4%
M&G Alpha Opportunities	ICE BofA Sterling 3-month Gov Bill Index	ICE BofA Sterling 3-month Gov Bill Index + 4%
Property:		
DTZ	IPD Pension Fund Index	≥ 3 year rolling average of benchmark returns
Fidelity	IPD UK PF Property Fund Index	
DTZ (Kames)	IPD UK PF Property Fund Index	
M&G Property	IPD UK PF Property Fund Index	
Alternatives: (Cash / Other Assets)		
Private Equity – YFM	SONIA	
Private Equity – HarbourVest	SONIA	
Infrastructure – Partners Group	SONIA	
Absolute Return – Pyrford	Retail Price Index (RPI)	RPI + 5%
Ruffer - LF ACCESS Absolute Return Fund	Retail Price Index (RPI)	
Internally managed cash – KCC Treasury and Investments team	SONIA	

Source: Northern Trust, RADAR Reporting; Manager reports



Risk vs Return – Equities and Fixed Income

Appendix B



- Schrodgers UK Equity
- Schrodgers Global Active Value
- Baillie Gifford Global Equity Core
- IMPAX Funds
- M&G Global Dividend Fund
- Sarasin

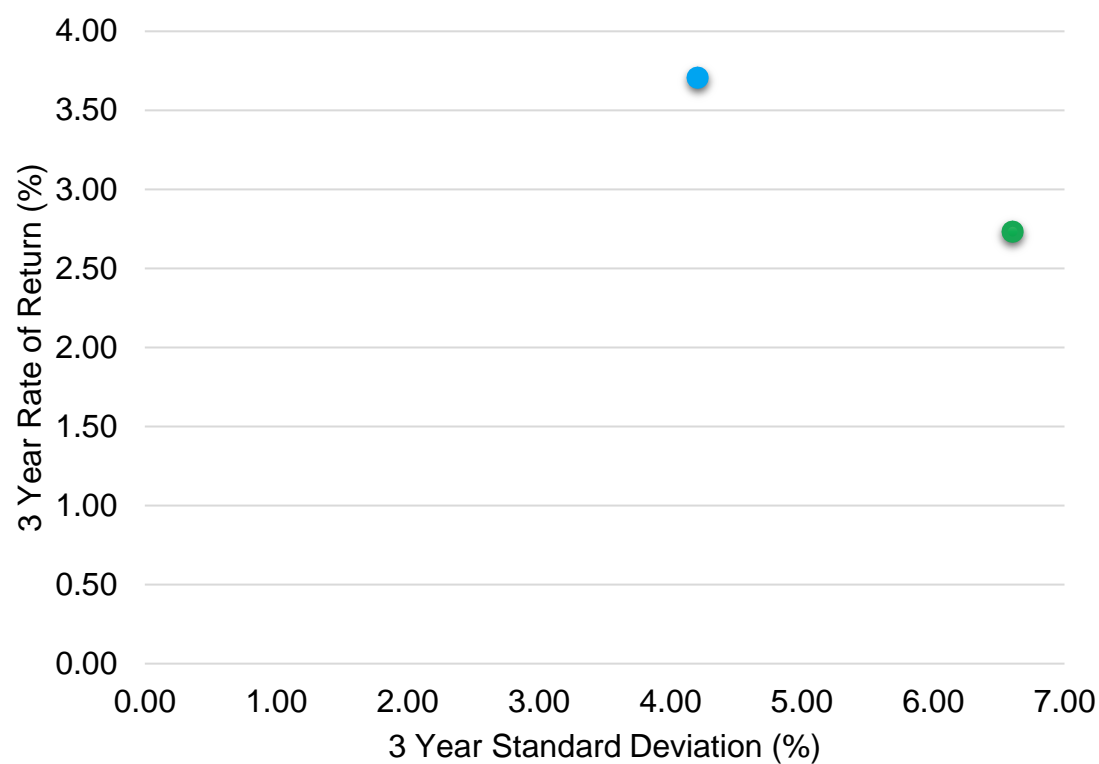
- CQS Investment
- M&G Alpha Opp Fund
- Goldman Sachs
- Schrodgers Fixed Income

Source: Northern Trust, RADAR Reporting

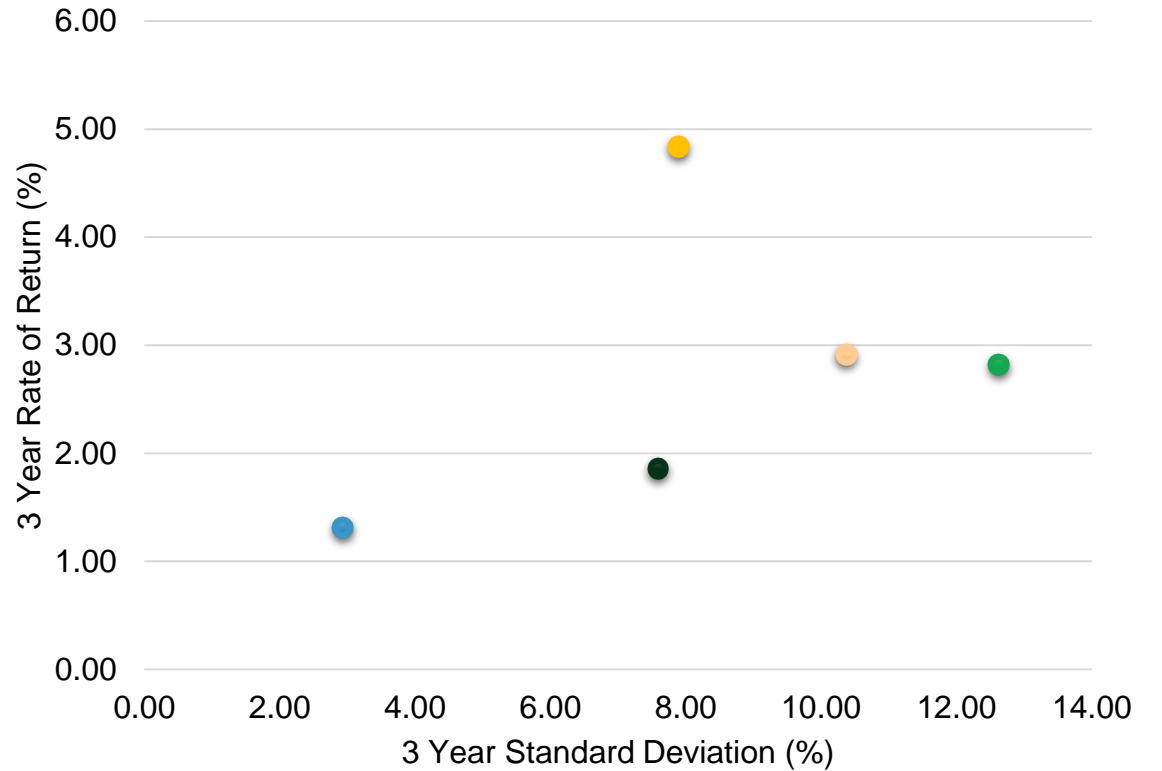


Risk vs Return – Absolute Return and Property

Appendix C



● Pyrford International ● Link Absolute Return



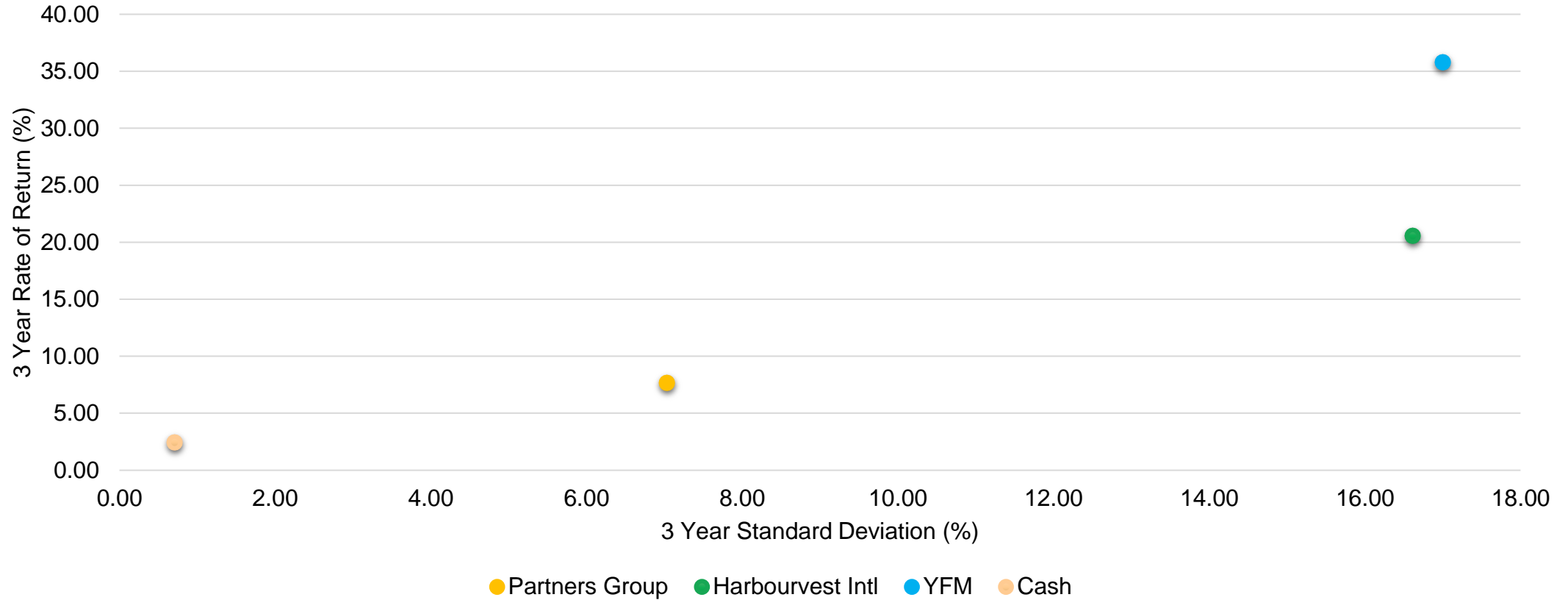
● DTZ ● DTZ Pooled Property ● Fidelity International
 ● Kames Capital ● M&G Property

Source: Northern Trust, RADAR Reporting



Risk vs Return - *Alternatives*

Appendix D



Source: Northern Trust, RADAR Reporting





Kent Pension Fund

For more information, please visit

www.kentpensionfund.co.uk