

Nuclear Liabilities Fund (“NLF”)

Risk Appetite Statements

20 June 2018

The NLF Trustees have a:

1. High appetite to take a level of investment risk consistent with the returns required to ensure fund sufficiency.
2. A high appetite to continue to work with HMT, BEIS and UKGI to diversify the funds currently held in the Exchequer to reduce the overall level of investment risk.
3. Low appetite for the failure of the Mixed Assets Portfolio to meet its target return in the next 3 years.
4. Low appetite for concentration of risk positions in the Mixed Asset Portfolio, while making meaningful allocations to each type of asset.
5. High appetite for illiquidity (and likely increased returns) in the Mixed Asset Portfolio given the liquid nature (and likely lower returns) of the National Loans Fund.
6. Low appetite for embarrassment and reputational risk, reflecting the desired standards of a public body.
7. Medium appetite for to, where possible, focus NLF investments in the UK, supporting the UK Government.
8. Low appetite for complex financial instruments and investments, reflecting a desire for transparency and understanding.

The Board and Investment Committee will work together to set and implement the NLF investment strategy within this appetite.