

Investment Risk Appetite Statements

The NLF Trustees have:

1. High appetite to take a level of investment risk that maximises the probability of the Fund's sufficiency but within the bounds of prudence.
2. High appetite for investments selected to deliver positive Environmental, Social and Governance outcomes as well as to have a high degree of alignment to the United Nation's Sustainable Development Goals.
3. Low appetite for the failure of the Mixed Assets Portfolio to meet its return target in the next 3 years.
4. Low appetite for concentration of risk positions in the Mixed Assets Portfolio, while making meaningful allocation to each type of asset.
5. High appetite for illiquidity in the Mixed Assets portfolio whilst there is a material allocation of assets to the liquid National Loans Fund.
6. Low appetite for embarrassment and reputational risk, reflecting the desired standards of a public body.
7. Medium appetite to focus NLF investments in the UK, supporting the UK Government.
8. High appetite for transparency and understanding, and a low appetite for operational complexity (including taxation treatment).
9. High appetite to work with HM Government to give clarity on funding requirements arising from changes in liabilities or a change in actual and/ or expected investment returns.