2019–20 **Annual Report**

Alberta Heritage Savings Trust Fund

Heritage Fund

Alberta

Alberta Heritage Savings Trust Fund Annual Report 2019-20
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Highlights

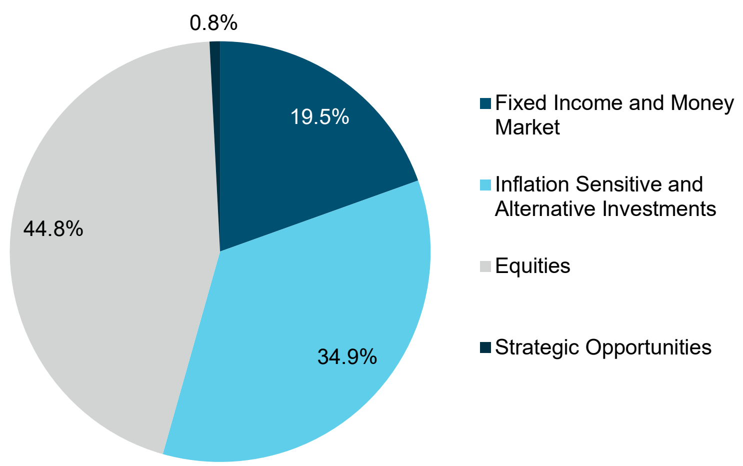
(5.1)% (net of fees)

1 year Rate of Return

$16.3 billion

Fair Value of net Assets

Asset Mix as at March 31, 2020



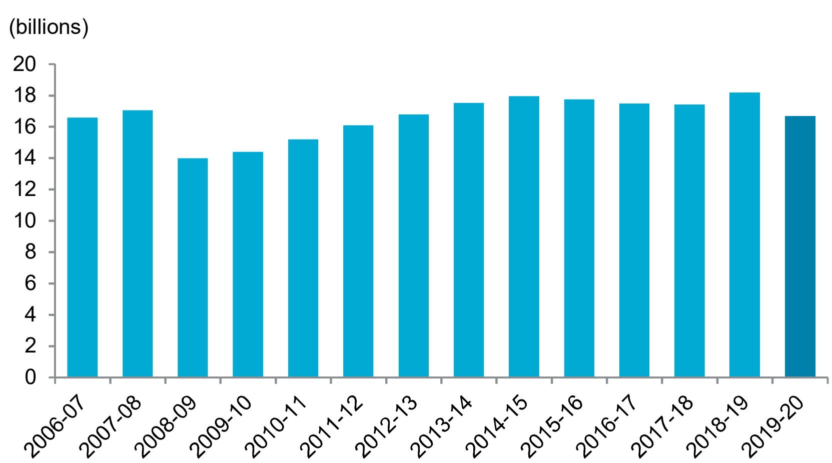
8.4% net of fees

10 year Annualized Rate of Return

$1,031 million

Investment Income Transferred to General Revenue Fund

Market Value at March 31, 2020



$287 million

Investment Income Retained for Inflation-Proofing

$44.5 billion

Cumulative Transfers to General Revenue Fund Since Inception

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Message from the President of Treasury Board and Minister of Finance

This has been a difficult year for investments and the Alberta Heritage Savings Trust Fund is no exception. The economic effects of the pandemic are far reaching and will likely cause all institutional investors to have returns much below expectations. Our priority through these challenging times is to support all Albertans. I'm proud of our government's response to the pandemic and Albertans' individual resolve and resiliency through these extraordinary times.

Despite the results, the Alberta Heritage Savings Trust Fund has provided excellent returns for Albertans over the years and remains a source of pride and security for all Albertans. Since 1976 the Alberta Heritage Savings Trust Fund has contributed nearly $44.5 billion towards programs, services and key infrastructure that improves the lives of Albertans. Today the fund stands at over $16 billion.

Our government recognizes the importance of this fund as we work to recover from the economic uncertainty we have faced over the past few months.

As the minister responsible for the Heritage Fund, I will continue to monitor and review the fund's performance. I believe the fund will continue to serve Albertans well in the future with an investment mandate that balances returns with risk management. Responsible long-term investing requires patience, and I believe better years for the fund, and for our province as a whole, are ahead.

[Original signed by Travis Toews]

President of Treasury Board, Minister of Finance

About the Heritage Fund

1976	1982	1987	1995	1997
Inception of Fund	Natural resource revenue transfers cut to 15 per cent from 30 per cent	Natural resource revenue transfers halted	Government surveys Albertans on Fund's future. Survey results show Albertans strongly in favour of a Fund that generates long-term returns	Heritage Fund restructured: Economic and social development mandate ended as Fund is now only for long-term return generation. Standing Committee of the Legislature implemented to oversee Fund

WHAT IS THE HERITAGE FUND?

The Alberta Heritage Savings Trust Fund ("Heritage Fund" or "Fund") is Alberta's main long-term savings fund. Originally, the Fund was established to collect a portion of Alberta's non-renewable resource revenue for future generations.

WHEN WAS THE HERITAGE FUND ESTABLISHED?

The Heritage Fund was created in 1976. Initially, 30% of Alberta's non-renewable resource revenues were deposited into the Fund. As Alberta experienced tough economic times in the early 1980s, this percentage was reduced to 15% in 1982 and deposits were halted in 1987.

The Alberta government resumed depositing money into the Heritage Fund in 2005. The government allocated $3.9 billion from budget surpluses into the Fund from 2005 through 2008. Also, since 2005, legislation has required a portion of investment income be retained in the Fund for the purpose of inflation-proofing the Fund.

WHAT HAPPENS TO THE INCOME EARNED BY THE HERITAGE FUND?

The Heritage Fund's legislation requires that it retain a portion of its income as protection against inflation. The remaining income is transferred to the Province's General Revenue Fund (GRF). All income from the Heritage Fund is included as a part of Alberta's revenue as shown in the consolidated annual financial statements.

For the 2019-20 fiscal year, the Heritage Fund earned $1,318 million in net income, retained $287 million in the Fund for inflation-proofing, and transferred $1,031 million to the GRF.

WHAT IS THE HERITAGE FUND WORTH TODAY?

The net financial assets of the Fund were valued at $16.3 billion on March 31, 2020.

2006	2007	2016	**2020**
Legislated inflation-proofing begins: $384 million retained in fiscal 2006	Government completes deposit of $1.0 billion for Access to the Future Fund. Government contributes an additional $1.0 billion from surplus for second year in a row	Alberta Growth Mandate introduced	Alberta Growth Mandate Eliminated

WHO IS RESPONSIBLE FOR THE HERITAGE FUND?

The President of Treasury Board, Minister of Finance is responsible for the Fund and its investments. The Ministry of Treasury Board and Finance looks after the long-term strategy of the Fund, by developing investment policy and monitoring investment performance. The purchase and sale of stocks, bonds and other investments for the portfolio is managed by Alberta Investment Management Corporation (AIMCo).

The performance of the Fund is reported by the President of Treasury Board, Minister of Finance to Albertans on a quarterly and annual basis. The Annual Report of the Fund is approved by the Standing Committee on the Alberta Heritage Savings Trust Fund.

ARE THE HERITAGE FUND INVESTMENTS SECURE?

The key to sustainable investment performance is maintaining a diverse portfolio with a long-term focus, prudence, and investment discipline.

The Heritage Fund is managed to earn high returns over the long term and therefore makes investments that carry some risk of market loss, such as equities. These investments can lead to larger variations in the value of the Fund from year to year, but they are expected to earn greater returns over time. The Fund is invested globally and across many asset classes to provide diversification, which reduces the risk of large losses in both the short and long term.

HOW HAS THE FUND PERFORMED OVER THE LONG TERM?

Since March 31, 2010 the fair value of the Fund has increased from $14.4 billion to $16.7 billion, in part due to the legislated inflation-proofing which has kept $2.7 billion in the Fund and the growth of investments. Since 2010, the Fund has provided $11.9 billion in transfers to the GRF to provide for projects and programs, as well as $255 million as part of the *Savings Management Act*.

Heritage Fund Governance

The Heritage Fund operates under the authority of the *Alberta Heritage Savings Trust Fund Act*. The Act makes the President of Treasury Board, Minister of Finance responsible for managing the Fund's investments. The Act also created the Standing Committee on the Alberta Heritage Savings Trust Fund, empowering its members with specific responsibilities.

The Minister is responsible for managing the investments of the Heritage Fund, with the objective of maximizing long-term financial returns. Furthermore, the Fund is to be invested in a prudent manner to avoid undue risk of loss and to obtain a reasonable return that will enable the portfolio to meet its objectives.

The Minister is supported in various aspects of the investment management process for the Heritage Fund by two groups: the Ministry of Treasury Board and Finance and AIMCo. The Ministry is responsible for developing the Statement of Investment Policies and Goals (SIP&G) for the Heritage Fund, accounting for the Fund, reporting on investments, conducting ongoing research, analysis of asset allocation and risk management for the Fund. AIMCo is responsible for managing the investments of the Fund in accordance with the SIP&G. AIMCo is a provincial corporation, headquartered in Edmonton and governed by a board of directors that include senior business and investment management leaders.

The Standing Committee on the Alberta Heritage Savings Trust Fund is an all-party committee of Legislative Assembly of Alberta members responsible under the Act for reviewing the performance of the Heritage Fund at the end of each fiscal year and reporting to the Legislative Assembly. The Committee is also responsible for approving the annual report of the Fund. The Act requires that the Committee hold an annual public meeting. The most recent annual meeting was held on October 24, 2019 at the Federal Building in Edmonton. This meeting was live-streamed over the internet with a live-chat, providing a greater number of Albertans with an opportunity to participate.

Portfolio Construction

The Heritage Fund's investment goal is to earn a rate of return of 4.5% above the rate of inflation, as measured by the Canadian Consumer Price Index, over a rolling five-year period. To achieve the return objective, the Heritage Fund is invested in a globally diversified asset portfolio. Diversification is the key tool used to mitigate risk in the portfolio. The Fund holds a range of assets that react differently in a wide variety of market environments.

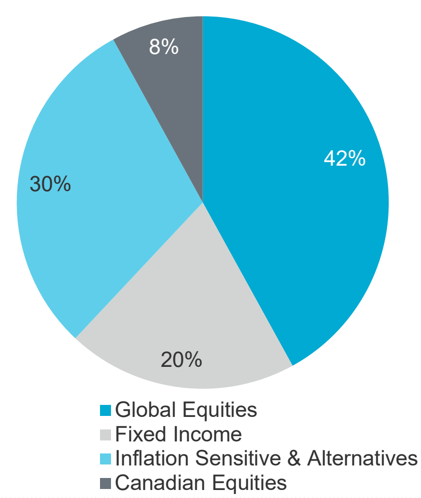
The President of Treasury Board, Minister of Finance approves the SIP&G for the Fund. This document describes the Heritage Fund's target policy portfolio. The policy portfolio provides guidelines for investment strategies available to the Fund. This base portfolio is determined through extensive financial modeling and gives the province the ability to manage risk and position the Fund to meet return targets over time.

AIMCo is mandated to actively manage the Heritage Fund's portfolio within the parameters of the investment policy. AIMCo uses their expertise to find investments that will beat normal market returns over time. The active management target for the Fund is to earn an additional one per cent on top of the return of the long-term policy benchmark.

Some key highlights of the policy portfolio are:

- **The Heritage Fund** has target allocations to three broad categories: equities, fixed income, and inflation-sensitive and alternatives. The Fund also has the ability to invest in special opportunities that do not fit the parameters of the three broad categories.
- **Global focus:** Canada represents approximately three per cent of the world's capital markets. While some of the best companies in the global economy are Canadian, there are also attractive opportunities elsewhere in the world. Investing in many different countries and currencies provides diversification benefits.
- **Long-term assets:** Heritage Fund policy calls for significant allocation to inflation-sensitive and alternative investments, such as allocations to real estate and infrastructure. The Fund has a long-term horizon and can afford to hold longer-lived and illiquid assets. Real estate and infrastructure generally offer stable long-term cash flows and some measure of inflation protection that are important for the Fund.

Long-Term Target Policy Asset Mix



The 2019–20 Year in Review

The 2019-20 fiscal year was turbulent for financial markets and that is reflected in the performance of the Heritage Trust Fund. The first three quarters of the fiscal year were positive for the Fund, while the fourth quarter experienced sharp and drastic declines in asset valuations in all asset classes around the world.

Until February, there were many reasons for investor sentiment to be positive. Expectations that the risk of a recession had moderated. A “Phase One” trade deal between the United States and China was agreed upon. Consumer sentiment was high and employment remained resilient. The energy sector in Canada was performing well. Much of the economic data coming out was positive for the risk assets of the Fund such as Equities, and this contributed positively to the income generation of the Fund.

The rally reversed sharply in the fourth fiscal quarter. The emergence of the COVID-19 virus caused widespread panic. Lockdowns began in China and then cascaded throughout the rest of the world. There was a sharp sell-off of risk assets and obtaining liquidity through fixed income quickly became expensive. Central banks responded to the market crash by taking a “whatever it takes” approach to backstopping the economy and providing liquidity to the market; however, the relief would take some time to be felt. Market volatility throughout the month of March persisted for a day count that had not been witnessed since 2008, and tripping circuit breakers that halt the trading of world markets became a frequent event.

Plunging asset valuations affected investments throughout the world. Lockdowns caused many people to work from home, and others to lose their jobs due to the closure of non-essential services. State of Emergency orders were issued with no end in sight.

Although the fourth fiscal quarter was difficult, central bank intervention has improved the situation from the lows experienced in late March. A patient approach to investing is necessary in ensuring the long-term value of the Heritage Fund. It is unclear what the path to recovery will look like or what the long-term effects of the lockdowns will be on the economy. The Fund will continue to be monitored and opportunities to recoup losses will be sought.

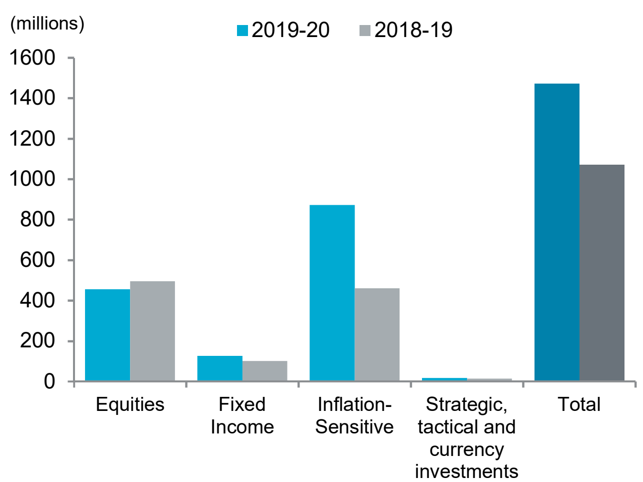
INVESTMENT INCOME

The Heritage Fund earned gross investment income for the fiscal year ending March 31, 2020 of $1,471 million, an increase of $400 million over the last fiscal year. Investment expenses for the year were $153 million, resulting in net investment income of $1,318 million. The *Alberta Heritage Savings Trust Fund Act* requires the Fund be protected against inflation. The inflation proofing amount retained out of net income was $287 million, based on the Alberta Consumer Price Index increase of 1.8 per cent.

Actual net income was $163 million more than the $1,155 million projected in *Budget 2019,* despite negative performance. Investment income is booked throughout the year and transferred at year end. Income is not reduced unless a loss is realized. Depressed assets that are not sold below their book values have the chance to recover, preserving income that will later be transferred to the GRF.

Inflation sensitive and alternative assets contributed 59 per cent of the total investment income for the Fund. The asset class added $872 million in fiscal 2019-20, outpacing the prior year by $411 million. Equities contributed $455 million, which was $40 million less than the prior year. Fixed income contributed $126 million, $25 million more than the prior year. Strategic opportunities provided $18 million in income, up $4 million from the prior year.

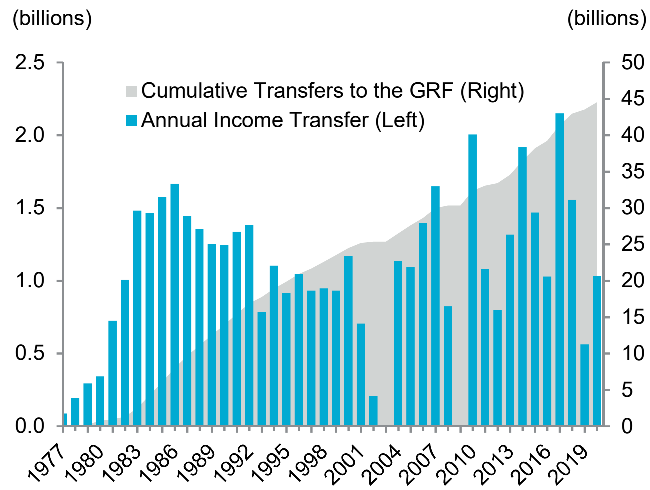
Investment Income by Asset Class



INCOME TRANSFER AND INFLATION-PROOFING

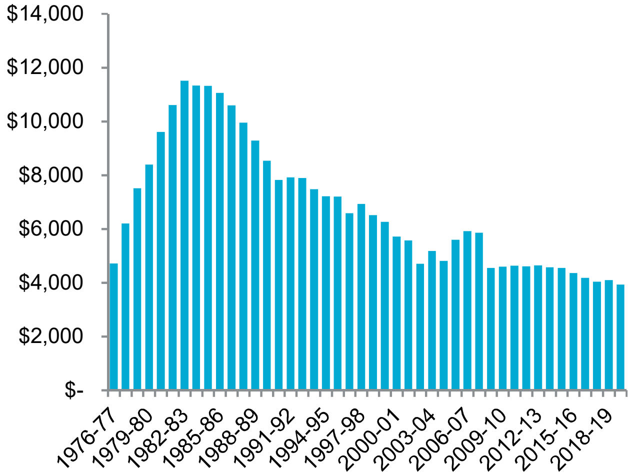
Established in 1976, the Heritage Fund has earned $44.8 billion in accumulated net income as of March 31, 2020, of which $4.2 billion has been retained for inflation proofing. Income transfers to the General Revenue Fund commenced in 1982-83, and since then, $40.8 billion has been transferred to support government programs and projects. In addition to the income transfers, $3.5 billion was transferred out of the fund between 1976 and 1995 to pay for projects and seed other endowments in Alberta. Overall, the Heritage Fund has contributed $44.5 billion to the benefit of Albertans since its creation in 1976.

Income and Cumulative Transfer to GRF



Cumulative inflation since the Fund's inception in 1976 has caused prices to increase more than four times. The following chart shows how inflation and population growth have deteriorated the fund over time. The market value per capita reached its peak, in real dollars, in 1983 when the fund was worth $11,507 per Albertan. It now stands at $3,920 per Albertan. There are three factors that have led to the decrease over the years. Firstly, deposits into the fund from natural resource revenues were decreased in 1983 and completely stopped in 1987. Secondly, the realized income generated by the fund was transferred to the Province to pay for government services. Although inflation proofing since 2005 has somewhat stabilized the per capita value of the fund, the third factor that has deteriorated the market value per capita is the population growth of the Province has increased by more than 130 per cent since 1976.

Market Value Inflation Adjusted Per Capita
(2020 dollars)



INVESTMENT EXPENSES

The Heritage Fund's investment expenses were $153 million for the fiscal year-ended March 31, 2020, $19 million more than the previous year. The expenses for the year were $23 million more than projected in *Budget 2019*. The projected investment expenses in the budget do not include performance based fees which are volatile and difficult to forecast. Investment expenses in fiscal 2019-20 were 0.9 per cent of the average fair value of investments compared to 0.7 per cent during the previous year. The increase in fees was due to performance expenses associated with the strength in market returns over the first three quarters. Clawbacks in performance fees are expected when markets deteriorate and are reflected in subsequent periods.

Investment Expenses

(millions)	2020	2019
Total Investment expenses	$153	$134
Average Fair Value of Investments	$17,443	$17,908
Per cent of investments at average fair value	0.88%	0.75%

ASSET MIX

Fiscal year-end asset values as of March 31, 2020 were heavily impacted by the COVID-19 pandemic. The fair value of the investments in the Fund was $16.7 billion while at the same time last year it was $18.2. Write downs to real estate and infrastructre assets that were completed at quarter-end brought the mix closer in line with targets, as these assets lagged the swift decline experienced in liquid assets such as Equtiies.

Equities hold the largest weight in the overall portfolio, at 44.8 per cent, an increase from 42.3 per cent at the end of last year. The asset class remains under the 50 per cent long-term target set in the SIP&G Inflation sensitive and alternative assets represented 34.9 per cent of the overall portfolio at year-end, a decrease from 37.6 per cent. The long-term target

Asset Mix (Long-term Target Asset Mix)

	March 2020	March 2019	Policy Range
Fixed Income and Money Market (20%)	**19.5%**	**19.1%**	**15-45%**
Deposits and short-term	0.4%	0.6%	0-25%
Bonds and mortgages	19.1%	18.5%	10-35%
Inflation-Sensitive and Alternative Investments (30%)	**34.9%**	**37.6%**	**15-40%**
Real estate	21.0%	24.0%	10-20%
Infrastructure	11.2%	10.6%	5-15%
Renewable resources	2.7%	3.0%	0-5%
Equities (50%)	**44.8%**	**42.3%**	**35-70%**
Canadian	7.4%	8.1%	5-15%
Global developed	25.1%	23.5%	20-65%
Emerging markets	3.5%	3.2%	0-10%
Private	8.8%	7.5%	0-10%
Strategic Opportunities	**0.8%**	**1.0%**	**0-5%**

for this asset class is 30 per cent, however, the asset manager has been given a mandate to overweight asset classes that they believe will generate higher value over the long-term. Fixed income increased to 19.5 per cent from 19.1 per cent, maintaining a weight very close to the 20 per cent long-term target.

Strategic opportunities, which are investments that do not fit directly into any of the asset classes, decreased to 0.8 per cent from 1.0 per cent of the asset base.

Investment Performance

The Alberta Heritage Savings Trust Fund Act states that the "investments of Heritage Fund assets must be made with the objective of maximizing long term financial returns." The performance of the Fund is measured over the long term, as represented by the Canadian Consumer Price Index (CPI) + 450 basis points on a five-year rolling average. The Fund returned 5.2 per cent on a five-year annualized basis, while the policy benchmark returned 5.0 per cent and the CPI + 450 benchmark returned 6.1 per cent over the same time frame. The Fund also has a value added target of 1 per cent.

The total target return benchmark of the fund is computed as CPI + 450 over five years, plus the active management target of 1 per cent, totaling 7.1 per cent for the 2019-20 fiscal year. The return of the Fund did not surpass the mandate, underperforming by 1.9 per cent over the five year period. Against the policy benchmark, the Fund outperformed by 20 bps, although this did not surpass the value-added target of 1 per cent.

The strong start to the fiscal year was overshadowed by the decline in asset values that began in the second half of February and persisted until fiscal year-end. The total portfolio ended the fiscal year down 5.1 per cent. The benchmark returned 0.8 per cent over the same time frame, representing total portfolio underperformance of 590 basis points.

Total Fund Performance

	2019-20	2018-19	5 Year	10 Year
Fund Rate of Return	(5.1)	8.0	5.2	8.4
Benchmark	0.8	6.5	5.0	8.0
Active Management	(5.9)	1.5	0.2	0.4
Long Term Return Target - CPI + 4.5	6.1	6.0	6.1	6.2
Active management target	1.0	1.0	1.0	1.0
Total Target Return	7.1	7.0	7.1	7.2

Asset Class Return versus Benchmark

	1 Year Return	1 Year Benchmark	5 Year Return	5 Year Benchmark
Fixed Income	3.6	4.5	3.5	2.7
Inflation Sensitive and Alternative Investments	1.7	5.8	8.4	5.8
Real Estate	(0.9)	5.5	6.7	7.2
Infrastructure	2.5	6.3	11.1	2.8
Renewable resources	18.8	6.3	12.9	2.8
Equities	(13.3)	(4.8)	3.4	5.1
Canadian	(23.2)	(14.2)	(1.5)	0.9
Global	(14.4)	(5.5)	4.0	5.3
Private	1.4	8.3	4.6	7.8

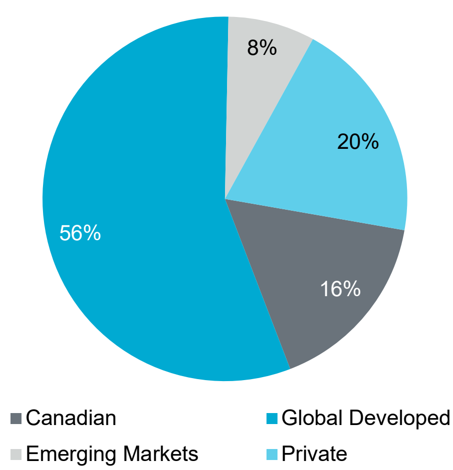
EQUITIES

The Fund invests in equities to provide long-term investment growth and income. It is normal for this asset class to experience volatility that is greater than what is observed in fixed income and inflation sensitive assets. The equity portfolio is a combination of Canadian, global, and private assets. The Fund had $7.5 billion or 44.8 per cent of its assets in equity investments as of March 31, 2020. The asset value of equities in the portfolio has declined by just over $200 million since last year, however, the total allocation increased 2.5 per cent, from 42.3 per cent. This is a result of the lower asset base. The total Equities portfolio declined by 13.3 per cent for the fiscal year-ended March 31, 2020, underperforming the benchmark by 850 basis points, as the benchmark declined by only 4.3 per cent.

Over five years, the Equities portfolio has returned 3.4 per cent annualized, lagging the benchmark of 5.1 per cent by 170 basis points.

The COVID-19 pandemic was exceptionally difficult for the global equity markets and can explain a portion of the negative returns for the year. A volatility strategy (VOLTS) was also a major factor in the underperformance. This strategy caused the Fund to lose $411 million and reduced Fund returns by 2.2%.

Equitites



Canadian Equity

The Fund's Canadian equity portfolio declined 23.2 per cent over the year, which was a drop of 9.0 per cent more than the 14.2 per cent decline in the value of the S&P/TSX Composite Index. Over an annualized five year basis, the portfolio detracted 1.5 per cent, while the benchmark returned 0.9 per cent, underperforming by 9.0 per cent.

Top 10 Canadian Public Equity Holdings
As at March 31, 2020

Holding	Weight (%)	$ in Millions
Royal Bank of Canada	7.5%	$89.4
Toronto-Dominion Bank/The	5.2%	$62.6
Enbridge Inc	4.2%	$50.8
TC Energy Corp	4.1%	$49.0
Canadian National Railway Co	3.4%	$40.2
Bank of Nova Scotia/The	3.1%	$37.0
Shopify Inc	3.1%	$36.8
Canadian Pacific Railway Ltd	3.0%	$35.8
Brookfield Asset Management Inc	2.8%	$33.0
Barrick Gold Corp	2.7%	$32.2
Total – Top 10 Holdings	38.9%	$466.7

Global Equities

The Fund's global equity portfolio detracted 14.4 per cent for the fiscal year, surpassing the decline in the MSCI All Country World ($CAD) index of 5.5 per cent, and underperfoming by 8.9 per cent. Five-year annualized performance for the portfolio was 4.0 per cent, underperforming the benchmark of 5.3 per cent by 130 basis points.

Top 10 Global Public Equity Holdings
As at March 31, 2020

Name	Weight (%)	$ in Millions
Microsoft Corp	3.8%	$148.0
Apple Inc	3.0%	$115.3
Amazon.com Inc	2.3%	$88.8
Facebook Inc	1.3%	$50.9
Roche Holding AG	1.3%	$48.5
Alphabet Inc	1.2%	$47.2
Johnson & Johnson	1.2%	$45.1
Berkshire Hathaway Inc	1.1%	$41.8
Visa Inc	1.1%	$41.1
Alphabet Inc	1.0%	$39.8
Total – Top 10 Holdings	17.3%	$666.5

Private Equity

Private equity investment was $1.5 billion at year end, up from $1.4 billion the previous year. The private equity portfolio is made up of a variety of domestic and foreign investments that primarily include buyout investments such as expansion capital, acquisition financing, management buyouts, family succession, turnaround financing, project financing and leverage reductions. The private equity portfolio had a 1.4. per cent return for the fiscal year. The benchmark for the fiscal year returned 8.3 per cent, resulting in underperformance of 690 basis points. The private equity portfolio over the past five years has produced an annualized return of 4.6 per cent. Over the same time frame, the Private Equity benchmark returned 7.8 per cent, resulting in underperformance of 320 basis points.

Private Equity Program Top 10 Holdings
As at March 31, 2020

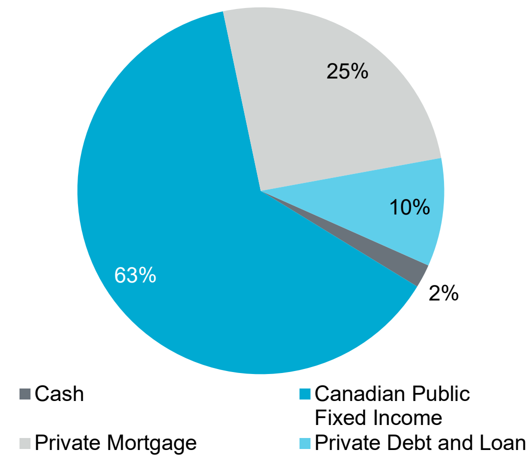
Name	Sector
ERM	Business Services
Vue Entertainment	Consumer Discretionary
Hayward Industries Inc	Consumer Discretionary
Permira VI	Fund
Ring Partners II	Industrials
CCMP III	Fund
New Mountain Partners V	Fund
New Mountain IV	Fund
ThomaBravo XIII	Fund
Schustermann & Borenstein	Consumer Discretionary

FIXED INCOME

The fixed income investments in the Fund provide a safe and steady source of income for current funding priorities. Fixed income investments tend to offer lower risk and lower volatility than other investments and help to stabilize the portfolio returns. As at March 31, 2020, the Fund had $3.3 billion or 19.5 per cent invested in the fixed income portfolio, which was $0.2 billion less than the previous year. The fixed income in the portfolio is primarily held in federal, provincial, municipal and corporate bonds. The Fund also has investments in private mortgages and private debt. During the year, overall fixed income portfolio earned 3.6 per cent, 90 basis points less than its benchmark return of 4.5 per cent. The portfolio had a cash position of $68 million at the end of the year, down $106 million from the previous year.

The five-year annualized performance of the fixed income portfolio closed the fiscal year at 3.5 per cent, outperforming the FTSE TMX Universe Bond Index benchmark return of 2.7 per cent by 80 basis points.

Fixed Income



Bonds

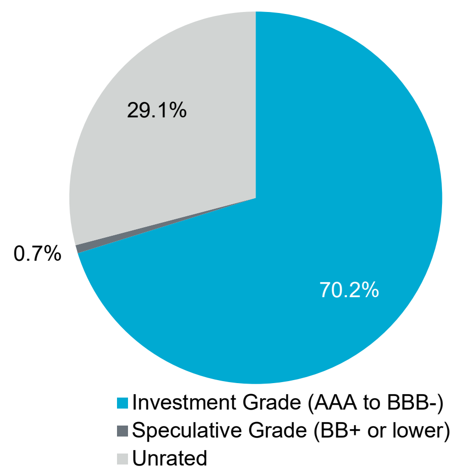
The public fixed income portfolio comprises high quality government, corporate bonds and cash investments. The main bond portfolio, which is measured against the FTSE/TMX Universe Bond Index, was valued at $2.0 billion at fiscal year-end, down from $2.2 billion the previous year. The bond portfolio returned 2.6 per cent for the year, underperforming the benchmark return of 4.5 per cent by 190 basis points.

The five-year annualized performance of the fixed income portfolio was 3.1 per cent, outperforming the FTSE TMX Universe Bond Index benchmark return of 2.7 per cent by 40 basis points.

Private Mortgages

The Fund's private mortgage investments are diversified geographically and by property type. Private mortgage investments are meant to augment the fixed income portfolio by offering a diversified source of yield enhancement. At fiscal year end, the Fund had investments of $828 million, an increase of $31 million from the previous year. Over the year, the private mortgage portfolio returned 5.4 per cent, which was 90 basis points more than the FTSE TMX Universe Bond Index return. Over the past five years, the annualized return for the portfolio was 3.7 per cent, outperforming the benchmark return of 2.7 per cent by 100 basis points.

Ratings



Private Debt and Loan

The Heritage Fund held $310 million in private debt and loan assets as at March 31, 2020. The return for these assets for the year was 5.2 per cent which was 70 basis points more than the FTSE TMX Universe Bond Index. Private debt and loan consists of specialty loans and financing for corporations that don't meet the requirements of traditional financing structures. The private debt and loan portfolio has returned 4.3 per cent over an annualized five-year period, beating the benchmark by 160 basis points.

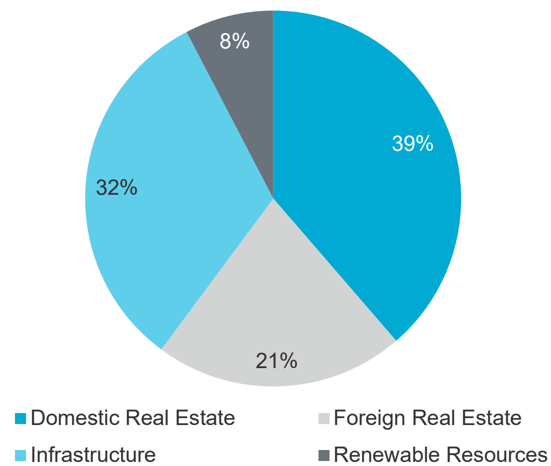
INFLATION-SENSITIVE AND ALTERNATIVE INVESTMENTS

Inflation-sensitive and alternative investments help to protect the Heritage Fund's value against the effects of inflation and add income to the Fund. A higher correlation between these assets and inflation is beneficial in maintaining the purchasing power of the Fund into the future.

As of March 31, 2020, the inflation sensitive and alternative investments made up 34.9 per cent of the total assets in the Fund, a decrease of 2.7 per cent from the previous year. The long-term target weight of these assets is 30 per cent. These assets are considered to be illiquid in nature and cannot be easily rebalanced. Changes in the weight of these assets can partly be attributed to changes in the overall value of the portfolio due valuation impacts on assets as a result of the COVID-19 pandemic.

Total inflation sensitive investments represent $5.8 billion, a decrease of $1.0 billion compared to the previous year. Changes in value were mainly due to the sale of real estate assets in the first half of the year to bring portfolio back in line with long-term targets and fiscal year-end valuation writedowns due to the economic downturn. The overall combined return for inflation sensitive and alternative investments was 1.7 per cent over one year, 410 basis points lower than the benchmark's return of 5.8 per cent. The inflation sensitive and alternatives portfolio has been the best performing asset class over the long term, returning an annualized 8.4 per cent over five years and outpacing the benchmark return of 5.8 per cent by 260 basis points.

Inflation-Sensitive



Real Estate

At year end, the Heritage Fund's investment in real estate was roughly $3.5 billion, down $900 million from the prior year. Real estate holdings were predominantly Canadian with $2.3 billion invested, which is 64 per cent of the real estate portfolio. The portfolio's foreign real estate has $1.2 billion invested, down $330 million from $1.5 billion at the end of the previous year. Real estate underperformed by 640 basis points over the year, as the asset class declined by 0.9 per cent while the benchmark returned 5.5 per cent. Over the past five years, the real estate portfolio generated an annualized return of 6.7 per cent, underperforming the benchmark return of 7.2 per cent by 50 basis points.

Top 10 Domestic Real Estate
Ending March 31, 2020

Property	Sector	Location
Yorkdale Shopping Centre	Retail	Ontario
Square One Shopping Centre	Retail	Ontario
Scotia Plaza	Office	Ontario
Scarborough Town Centre	Retail	Ontario
CR Richmond Centre	Retail	BC
Eighth Avenue Place	Office	Alberta
Edmonton Tower	Office	Alberta
5th Avenue Place	Office	Alberta
First Canadian Place	Office	Ontario
TD Square	Office	Alberta
Total - Top 10 Holdings	$1,416.2 (millions)	

Top 10 Foreign Real Estate
Ending March 31, 2020

Property	Sector	Region
Docks Bruxsel	Retail	Europe
Ultrabox Logistics U.K.	Industrial	United Kingdom
Whitewood TV City	Residential	United Kingdom
BORO - Meridian Co-Invest	Office	United States
White City Place	Office	United Kingdom
WPT Industrial REIT - Restricted	Equity	United States
Techworld Co-Invest	Office	United States
Leadenhall Triangle	Office	United Kingdom
M25 Causeway Parks	Office	United Kingdom
620 Avenue of the Americas	Office	United States
Total - Top 10 Holdings	$643.5 (millions)	

Renewable Resources

Investments in Canadian and foreign timberlands and renewable resource assets totalled $445 million, down $98 million from the previous year. One-quarter of the timberland portfolio is in Canada, and the remaining three-quarters of the timberland investments are primarily in Australia and US. This portfolio represents the best performing asset class in the portfolio, but due to investment availability, represents only 2.7 per cent of assets. The timberland portfolio returned 18.8 per cent versus its benchmark return of 6.3 per cent, outperforming by 12.5 per cent. Over the last five years, the timberland portfolio has returned an annualized 12.9 per cent, which beat its benchmark's return of 2.8 per cent by 10.1 per cent.

Renewable Resources
Ending March 31, 2020

Holding	Geography
Forestry Investment Trust	Australia
Shasta Cascade Timberlands Co Inv	United States
Australia New Zealand Forest Fund	Australia and New Zealand
Bonnefield Canadian Farmland LP IV	Canada
Global Timber Investors 8	Australia, New Zealand, and Latin America
Hancock Timberland and Farmland LP	United States
ORM Timber Fund IV LLC	United States
Hancock Timberland and Farmland LP United States	United States

Infrastructure

Infrastructure investments provide attractive returns, income and inflation sensitivity with a long investment horizon. The Fund's infrastructure investments totalled $1.9 billion at year end, which was in line with the previous year. Infrastructure projects include transportation/logistics (e.g., toll roads, airports, ports, and rail); power/energy (e.g., contracted power generation, power transmission and pipelines); and utilities (e.g., water, waste water, natural gas networks). Infrastructure returned 2.5 per cent for the year compared to its benchmark return of 6.3 per cent, underperforming by 380 basis points. The five year annualized return of the infrastructure portfolio was 11.1 per cent, outperforming the benchmark return of 2.8 per cent by 830 basis points.

Private Infrastructure Program Top 10 Holdings
As at March 31, 2020

Company	Sector	Geography
Howard Mainstream Energy	Pipelines & Mainstream	United States
sPower	Renewable Energy	United States
SAESA Group	Integrated Utilities	Chile
London City Airport	Transportation	United Kingdom
Porterbrook	Transportation	United Kingdom
Puget Energy Inc.	Integrated Utilities	United States
Eolia Renovables de Inversiones	Renewable Energy	Spain
Catalyst InvestCo LLC	Pipelines & Mainstream	United States

CURRENCY EXPOSURE

The Fund invests in a globally diversified portfolio, but most of the assets remain denominated in Canadian dollars. Fund assets denominated in Canadian dollars amounted to 65.0 per cent of the Fund at March 31, 2020, which is the same as last year. The remainder of the assets are allocated globally in over 30 other currencies, the main ones being the U.S. dollar, Euro, Japanese yen, and British pound. The Fund's largest foreign currency exposure is to the US dollar at 17.9 per cent.

Currency Exposure
As at March 31, 2020

	2020	2019
Canadian Dollar	65.0%	65.0%
US Dollar	17.9%	17.1%
Euro	5.0%	5.0%
British Pound	3.0%	4.2%
Japanese Yen	2.3%	2.0%
Hong Kong Dollar	1.0%	1.1%
Other	5.8%	5.6%
Total	100.0%	100.0%

ALBERTA EXPOSURE

The Fund has roughly $1.5 billion invested in Alberta, the largest portion of which is in real estate at $779.3 million. Investments include various properties located in Alberta, publicly traded companies headquartered in the province, and other instruments that provide funding to businesses. Sector exposures primarily include real estate, oil & gas, renewable energy and agriculture. The amounts do not include businesses that are headquartered elsewhere, but have significant economic exposure to the Alberta economy.

Alberta Exposure
As at March 31, 2020

Asset Class	Market Value (Millions)
Real Estate	$779.3
Equity	$265.4
Mortgages	$116.0
Private Equity	$17.3
Fixed Income	$285.1
Total	$1,463.1

ALBERTA GROWTH MANDATE

In November 2015, the government gave AIMCo a mandate to invest up to three per cent of the Heritage Fund (approximately $500 million) in investments that directly invest in Alberta's growth. This mandate was eliminated in the fourth quarter of the 2019–20 fiscal year, as it was deemed no longer necessary. The mandate was eliminated as all investments exceeded AIMCo's risk/return targets. These investments would have been made whether the mandate was in place or not.

Historical Summary of Operations

May 19, 1976 to March 31, 2020

(in $millions)
(See Note 5 to the Financial Statements)

Fiscal Year	Net Income (Loss) [a]	TRANSFERS TO THE FUND			TRANSFERS FROM THE FUND			Fund Equity (at cost)
		Resource Revenue Allocation	Deposits	Advanced Education Endowment [b]	Investment Income Transfers [c]	Capital Project Expenditures	Other Transfers	
1976-77	88	2,120	-	-	-	(36)	-	2,172
1977-78	194	931	-	-	-	(87)	-	3,210
1978-79	294	1,059	-	-	-	(132)	-	4,431
1979-80	343	1,332	-	-	-	(478)	-	5,628
1980-81	724	1,445	-	-	-	(227)	-	7,570
1981-82	1,007	1,434	-	-	-	(349)	-	9,662
1982-83	1,482	1,370	-	-	(867)	(296)	-	11,351
1983-84	1,467	720	-	-	(1,469)	(330)	-	11,739
1984-85	1,575	736	-	-	(1,575)	(228)	-	12,247
1985-86	1,667	685	-	-	(1,667)	(240)	-	12,692
1986-87	1,445	217	-	-	(1,445)	(227)	-	12,682
1987-88	1,353	-	-	-	(1,353)	(129)	-	12,553
1988-89	1,252	-	-	-	(1,252)	(155)	-	12,398
1989-90	1,244	-	-	-	(1,244)	(134)	-	12,264
1990-91	1,337	-	-	-	(1,337)	(150)	-	12,114
1991-92	1,382	-	-	-	(1,382)	(84)	-	12,030
1992-93	785	-	-	-	(785)	(84)	-	11,946
1993-94	1,103	-	-	-	(1,103)	(71)	-	11,875
1994-95	914	-	-	-	(914)	(49)	-	11,826
1995-96	1,046	-	-	-	(1,046)	-	-	11,826
1996-97	932	-	-	-	(756)[d]	-	-	12,002
1997-98	947	-	-	-	(922)[d]	-	-	12,027
1998-99	932	-	-	-	(932)	-	-	12,027
1999-0	1,169	-	-	-	(939)[d]	-	-	12,257
2000-01	706	-	-	-	(706)	-	-	12,257
2001-02	206	-	-	-	(206)	-	-	12,257
2002-03	(894)	-	-	-	-	-	-	11,363
2003-04	1,133	-	-	-	(1,133)	-	-	11,363
2004-05	1,092	-	-	-	(1,092)	-	-	11,363

Fiscal Year	Net Income (Loss) [a]	TRANSFERS TO THE FUND			TRANSFERS FROM THE FUND			Fund Equity (at cost)
		Resource Revenue Allocation	Deposits	Advanced Education Endowment [b]	Investment Income Transfers [c]	Capital Project Expenditures	Other Transfers	
2005-06	1,397	-	1,000	750	(1015)[d]	-	-	13,495
2006-07	1,648	-	1,000	250	(1365)[d]	-	-	15,028
2007-08	824	-	918	-	(358)[d]	-	-	16,412
2008-09	(2,574)	-	-	-	-	-	-	13,838
2009-10	2,006	-	-	-	(2,006)	-	-	13,838
2010-11	1,080	-	-	-	(720)[d]	-	-	14,198
2011-12	798	-	-	-	(344)[d]	-	-	14,652
2012-13	1,316	-	-	-	(1155)[d]	-	-	14,813
2013-14	2,109	-	-	-	(1916)[d]	-	-	15,006
2014-15	1,678	-	-	-	(1468)[d]	-	(255)	14,961
2015-16	1,238	-	-	-	(1029)[d]	-	-	15,170
2016-17	2,333	-	-	-	(2151)[d]	-	-	15,352
2017-18	1,787	-	-	-	(1557)[d]	-	-	15,582
2018-19	937	-	-	-	(563)[d]	-	-	15,956
2019-20	1,318	-	-	-	(1031)[d]	-	-	16,243
TOTAL	44,820	12,049	2,918	1,000	(40,803)	(3,486)	(255)	16,243

a The net income of the Fund and its assets and liabilities, net of consolidation adjustments, is included in the consolidated financial statements of the Ministry of Treasury Board and Finance and the Government of Alberta.

b The *Access to the Future Act* allows for a maximum of $3 billion to be transferred into the Fund to support the advanced education endowment.

c In accordance with section 8(2) of the *Alberta Heritage Savings Trust Fund Act*, the net income of the Fund, less any amount retained in the Fund to maintain its value from inflation, shall be transferred to the GRF, annually in a manner determined by the Minister of Finance.

d Inflation proofing occurred. As of March 31, 2020 the accumulated amount retained in the Fund for inflation-proofing was $4,222 million (2019: $3,935 million).

e March 31, 1996 marked the end of the old structure of the Heritage Fund. In 1996-97, the Fund commenced a structuring process under a new framework. The new framework provided for a transition into more market based investments, inflation proofing the Fund and a long-term investment horizon providing for the greatest financial returns on investments.

March 31, 2020

Annual Financial Statements

Alberta Heritage Savings Trust Fund

Auditor General
OF ALBERTA

Independent Auditor's Report

To the President of Treasury Board and Minister of Finance

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the financial statements of Alberta Heritage Savings Trust Fund (the Fund), which comprise the statement of financial position as at March 31, 2020, and the statements of change in net financial assets, operations and accumulated surplus, remeasurement gains and losses, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2020, and the results of its operations, its remeasurement gains and losses, its changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Fund in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and my auditor's report thereon. The Annual Report is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I will perform on this other information, I conclude that there is a material misstatement of this other information, I am required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless an intention exists to liquidate or to cease operations, or there is no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

[Original signed by W. Doug Wylie FCPA, FCMA, ICD.D]
Auditor General

July 7, 2020
Edmonton, Alberta

Statement of Financial Position

As at March 31, 2020
(in millions)

	2020	2019
Financial assets		
Investments (Note 3)	$ 16,702	$ 18,183
Receivable from sale of investments	-	10
Due from the General Revenue Fund	-	67
	16,702	18,260
Liabilities		
Due to the General Revenue Fund	374	-
Payable from purchase of investments	-	14
	374	14
Net financial assets	$ 16,328	$ 18,246
Net financial assets (Note 5)		
Accumulated operating surplus	$ 16,243	$ 15,956
Accumulated remeasurement gains	85	2,290
	$ 16,328	$ 18,246

Statement of Change in Net Financial Assets

Year Ended March 31, 2020
(in millions)

	2020		2019
	Budget	Actual	Actual
Net surplus retained in the Fund	$ 287	$ 287	$ 374
Net remeasurement (losses) gains		(2,205)	446
(Decrease) increase in net financial assets		**(1,918)**	**820**
Net financial assets, beginning of year		18,246	17,426
Net financial assets, end of year		$ 16,328	$ 18,246

The accompanying notes are part of these financial statements.

Statement of Operations and Accumulated Surplus

Year Ended March 31, 2020

(in millions)

	2020		2019
	Budget	Actual	Actual
Investment income (Note 6)	$ 1,285	$ 1,471	$ 1,071
Investment expenses (Note 7)	(130)	(153)	(134)
Net income from operations	1,155	1,318	937
Transfers to the General Revenue Fund (Note 5b)	(868)	(1,031)	(563)
Net surplus retained in the Fund (Note 5b)	**$ 287**	**287**	**374**
Accumulated operating surplus, beginning of year		15,956	15,582
Accumulated operating surplus, end of year		$ 16,243	$ 15,956

Statement of Remeasurement Gains and Losses

Year Ended March 31, 2020

(in millions)

	2020	2019
Unrealized (losses) gains on investments	$ (1,802)	$ 642
Less: Amounts reclassified to the Statement of Operations - realized gains on investments	(403)	(196)
Net remeasurement (losses) gains	**(2,205)**	**446**
Accumulated remeasurement gains, beginning of year	2,290	1,844
Accumulated remeasurement gains, end of year	$ 85	$ 2,290

The accompanying notes are part of these financial statements.

Statement of Cash Flows

Year Ended March 31, 2020

(in millions)

	2020	2019
Operating transactions		
Net income from operations	$ 1,318	$ 937
Non-cash items included in net income	(403)	(196)
	915	741
Decrease in accounts receivable	10	-
(Decrease) increase in accounts payable	(14)	4
Cash provided by operating transactions	911	745
Investing transactions		
Proceeds from disposals, repayments and redemptions of investments	3,349	2,553
Purchase of investments	(3,708)	(2,442)
Cash (applied to) provided by investing transactions	(359)	111
Transfers		
Transfers to the General Revenue Fund	(1,031)	(563)
Increase (decrease) in amounts due to the General Revenue Fund	441	(274)
Cash applied to transfers	(590)	(837)
(Decrease) increase in cash	(38)	19
Cash at beginning of year	106	87
Cash at end of year	$ 68	$ 106
Consisting of Deposits in the Consolidated Cash Investment Trust Fund (CCITF) *	$ 68	$ 106

* The CCITF is a highly-liquid, short term money market pooled fund consisting primarily (98%) of securities with maturities of less than one year.

The accompanying notes are part of these financial statements.

Notes to the Financial Statements

March 31, 2020

NOTE 1 AUTHORITY AND MISSION

The Alberta Heritage Savings Trust Fund (the Fund) operates under the authority of the *Alberta Heritage Savings Trust Fund Act,* Chapter A-23, Revised Statutes of Alberta 2000 (the Act), as amended.

The preamble to the Act describes the mission of the Fund as follows:

"*To provide prudent stewardship of the savings from Alberta's non-renewable resources by providing the greatest financial returns on those savings for current and future generations of Albertans.*"

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

The financial statements are prepared in accordance with Canadian public sector accounting standards. The net financial asset model is presented in the financial statements. Net financial assets are measured as the difference between the Fund's financial assets and liabilities as described in the statement of financial position.

The accounting policies of significance to the Fund are as follows:

a) VALUATION OF INVESTMENTS

Investments are recorded at fair value. As disclosed in Note 3, the Fund's investments consist primarily of direct ownership in units of pooled investment funds ("the pools"). The pools are established by Ministerial Order 04/2016, being the Establishment and Maintenance of Pooled Funds, pursuant to the *Financial Administration Act* of Alberta, Chapter F-12, Section 45, and the *Alberta Investment Management Corporation Act* of Alberta, Chapter A-26.5, Section 15 and 20. Participants in pools include government and non-government funds and plans.

Contracts to buy and sell financial instruments in the pools are between Alberta Investment Management Corporation (AIMCo), a Crown corporation within the Ministry of Treasury Board and Finance, and the third party to the contracts. Participants in the pools are not party to the contracts and have no control over the management of the pool and the selection of securities in the pool. AIMCo controls the creation of the pools and the management and administration of the pools including security selection. Accordingly, the Fund does not report the financial instruments of the pools on its statement of financial position.

The Fund becomes exposed to the financial risks and rewards associated with the underlying financial instruments in a pool when it purchases units issued by the pools and divests its exposure to those financial risks and rewards when it sells its pool units. The Fund reports its share of the financial risks in Note 4.

The fair value of pool units held directly by the Fund is derived from the fair value of the underlying financial instruments held by the pools as determined by AIMCo (see Note 3b). Investments in pool units are recorded in the Fund's accounts. The underlying financial instruments are recorded in the accounts of the pools. The pools have a market-based unit value that is used to distribute income to the pool participants and to value purchases and sales of the pool units. The pools include various financial instruments such as bonds, equities, real estate, derivatives, investment receivables and payables and cash.

The Fund's cut-off policy for valuation of investments, investment income and investment performance is based on valuations confirmed by AIMCo on the fourth business day following the year end. Differences in valuation estimates provided to Treasury Board and Finance after the year end cut-off date are reviewed by management. Differences considered immaterial by management are included in investments and remeasurement gains or losses in the following year.

Investments in units of the pools are managed and evaluated on a fair value basis. As such, all investments are designated and recorded in the financial statements at fair value.

Investments in pool units are recorded in the Fund's accounts on a trade date basis.

All purchases and sales of the pool units are in Canadian dollars.

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

b) INVESTMENT INCOME

i) Income distributions from the pools are recorded in the Fund's accounts and included in investment income on the statement of operations and accumulated surplus (see Note 6). Income distributions are based on the Fund's pro-rata share of total units issued by the pools.

ii) Realized gains and losses on disposal of pool units are recorded in the Fund's accounts and included in income on the statement of operations and accumulated surplus. Realized gains and losses on disposal of pool units are determined on an average cost basis.

iii) Investment income is recorded on an accrual basis. Investment income is accrued when there is reasonable assurance as to its measurement and collectability.

c) INVESTMENT EXPENSES

i) Investment expenses include all amounts incurred by the Fund to earn investment income (see Note 7). Investment expenses are recorded on an accrual basis. Transaction costs are expensed as they are incurred.

ii) Other expenses related to the direct administration of the Fund are charged to the Fund on an accrual basis.

d) REMEASUREMENT GAINS AND LOSSES

Accumulated remeasurement gains primarily represent the excess of the fair value of the pool units at year end over the cost of the pool units. Changes in accumulated remeasurement gains and losses are recognized in the statement of remeasurement gains and losses. Changes in accumulated remeasurement gains and losses during the year include unrealized increases and decreases in fair value of the pool units and realized gains and losses on sale of the pool units. When the pool units are sold (derecognized), any accumulated unrealized gain or loss associated with the investment becomes realized and is included in net income on the statement of operations and accumulated surplus.

e) MEASUREMENT UNCERTAINTY

Measurement uncertainty exists in the fair values reported for certain investments such as private equities, infrastructure, private debt and loans, private real estate, hedge funds, renewable resources investments, and other investments where no readily available market prices exist. The fair values of these investments are based on estimates. Estimated fair values may not reflect amounts that could be recognized upon immediate sale, or amounts that ultimately may be recognized. Accordingly, the estimated fair values may differ significantly from the value that would have been used had readily available market prices existed for these investments.

As a result of the COVID-19 outbreak, declared a global pandemic on March 11, 2020, global financial markets and world economies have experienced significant volatility. Given the extent of the crisis, and varying levels of response and recovery of countries across the globe, additional uncertainty remains and will continue to exist with regards to fair value measurement of the Fund's investments.

f) TRANSFERS TO THE GENERAL REVENUE FUND (GRF)

Transfers to the GRF are recorded on an accrual basis. In accordance with Section 8 of the Act, all of the net income of the Fund is transferred to the GRF except for any amount retained in the Fund to maintain its value against inflation (see Note 5 (b)).

NOTE 3 INVESTMENTS (in millions)

The carrying amounts of the Fund's investments are recorded on a fair value basis. The Fund's investments are managed at the asset class level for purposes of evaluating the Fund's risk exposure and investment performance against approved benchmarks based on fair value. AIMCo invests the Fund's assets in accordance with the Statement of Investment Policies and Goals (SIP&G) approved by the President of Treasury Board and Minister of Finance. The fair value of the pool units is based on the Fund's share of the net asset value of the pooled fund. The pools have a market based unit value that is used to allocate income to participants of the pool and to value purchases and sales of the pool units. AIMCo is delegated authority to independently purchase and sell securities in the pools and Fund, and units of the pools, within the ranges approved for each asset class (see Note 4).

Asset class	Fair Value Hierarchy [a] Level 2	Level 3	2020	2019
Interest-bearing securities				
Deposits in CCITF	$ 68	$ -	$ 68	$ 106
Bonds, mortgages and private debt	2,049	1,138	3,187	3,374
	2,117	1,138	3,255	3,480
Equities				
Canadian	1,225	-	1,225	1,473
Global developed	3,892	306	4,198	4,264
Emerging markets	576	-	576	588
Private	-	1,478	1,478	1,359
	5,693	1,784	7,477	7,684
Inflation sensitive				
Real estate	-	3,509	3,509	4,367
Infrastructure	-	1,879	1,879	1,929
Renewable resources	-	445	445	543
	-	5,833	5,833	6,839
Strategic, tactical and currency investments *	12	125	137	180
Total Fair Value of Investments	$ 7,822	$ 8,880	$ 16,702	$ 18,183

* This asset class is not listed separately in the SIP&G as it relates to strategic investments and currency overlays made on an opportunistic and discretionary basis (see Note 4).

a) **Fair Value Hierarchy**: The quality and reliability of information used to estimate the fair value of investments is classified according to the following fair value hierarchy with level 1 being the highest quality and reliability.

- ***Level 1*** - fair value is based on quoted prices in an active market. Although the pools may ultimately hold publicly traded listed equity investments, the pool units themselves are not listed in an active market and therefore cannot be classified as Level 1 for fair value hierarchy purposes. Pool units classified by the Fund as Level 2 may contain investments that might otherwise be classified as Level 1.

- ***Level 2*** - fair value is estimated using valuation techniques that make use of market-observable inputs other than quoted market prices. This level includes pool units that hold public equities, debt securities and derivative contracts totalling $7,822 (2019: $8,344).

- ***Level 3*** - fair value is estimated using inputs based on non-observable market data. This level includes pool units that hold private mortgages, hedge funds, private equities and all inflation sensitive investments totalling $8,880 (2019: $9,839).

NOTE 3 INVESTMENTS (in millions) CONTINUED

Reconciliation of Level 3 Investments

	2020	2019
Balance, beginning of year	$ 9,839	$ 9,547
Unrealized (losses) gains	(370)	590
Purchases of Level 3 pooled fund units	1,444	1,101
Sale of Level 3 pooled fund units	(2,033)	(1,399)
Balance, end of year	$ 8,880	$ 9,839

b) Valuation of Financial Instruments recorded by AIMCo in the Pools

The methods used by AIMCo to determine the fair value of investments recorded in the pools are explained in the following paragraphs**:**

- ***Interest-bearing securities***: Public interest-bearing securities are valued at the year-end closing sale price or the average of the latest bid and ask prices quoted by an independent securities valuation company. Private mortgages are valued based on the net present value of future cash flows discounted using appropriate interest rate premiums over similar Government of Canada benchmark bonds trading in the market. Private debt and loans is valued similar to private mortgages.

- ***Equities:*** Public equities are valued at the year-end closing sale price or the average of the latest bid and ask prices quoted by an independent securities valuation company. The fair value of hedge fund investments is estimated by external managers. The fair value of private equities is estimated by managers or general partners of private equity funds, pools and limited partnerships. Valuation methods for private equities may encompass a broad range of approaches. The cost approach is used to value companies without either profits or cash flows. Established private companies are valued using the fair market value approach reflecting conventional valuation methods including discounted cash flows and earnings multiple analysis***.***

- ***Inflation sensitive investments:*** The estimated fair value of private real estate investments is reported at the most recent appraised value, net of any liabilities against the real property. Real estate properties are appraised annually by qualified external real estate appraisers. Appraisers use a combination of methods to determine fair value including replacement cost, direct comparison, direct capitalization of earnings and discounted cash flows. The fair value of renewable resources investments is appraised annually by independent third party evaluators. Infrastructure investments are valued similar to private equity investments.

- ***Strategic, tactical and currency investments:*** The estimated fair value of infrastructure investments held in emerging market countries are valued similar to private equities. For tactical asset allocations, investments in derivative contracts provides overweight or underweight exposure to global equity and bond markets, including emerging markets. Currency investments consist of directly held currency forward and spot contracts.

- ***Foreign currency:*** Foreign currency transactions in pools are translated into Canadian dollars using average rates of exchange. At year end, the fair value of investments in other assets and liabilities denominated in a foreign currency are translated at the year-end exchange rates.

- ***Derivative contracts:*** The carrying value of derivative contracts in a favourable and unfavourable position is recorded at fair value and is included in the fair value of the pools (see Note 4f). The estimated fair value of equity and bond index swaps is based on changes in the appropriate market-based index net of accrued floating rate interest. Interest rate swaps and cross-currency interest rate swaps are valued based on discounted cash flows using current market yields and exchange rates. Credit default swaps are valued based on discounted cash flows using current market yields and calculated default probabilities. Forward foreign exchange contracts are valued based on discounted cash flows using current market yields and current forward exchange rates. Options to enter into interest rate swap contracts are valued based on discounted cash flows using current market yields and volatility parameters which measure changes in the underlying swap. Warrants and rights are valued at the year-end closing sale price or the average of the latest bid and ask prices quoted by an independent securities valuation company.

NOTE 4 INVESTMENT RISK MANAGEMENT (in millions)

The Fund is exposed to financial risks associated with the underlying securities held in the pools created and managed by AIMCo. These financial risks include credit risk, market risk and liquidity risk. Credit risk relates to the possibility that a loss may occur from the failure of another party to perform according to the terms of a contract. Market risk is comprised of currency risk, interest rate risk and price risk. Liquidity risk is the risk the Fund will not be able to meet its obligations as they fall due.

The investment policies and procedures of the Fund are clearly outlined in the SIP&G approved by the Ministry of Treasury Board and Finance. The purpose of the SIP&G is to ensure the Fund is invested and managed in a prudent manner in accordance with current, accepted governance practices incorporating an appropriate level of risk. The Ministry of Treasury Board and Finance manages the Fund's return-risk trade-off through asset class diversification, target ranges on each asset class, diversification within each asset class, quality constraints on fixed income instruments and restrictions on amounts exposed to countries designated as emerging markets. Forward foreign exchange contracts may be used to manage currency exposure in connection with securities purchased in a foreign currency (see Note 4b).

In order to earn the best possible return at an acceptable level of risk, the President of Treasury Board and Minister of Finance has approved the following target policy asset mix:

Asset Class	Target Policy Asset Mix	Actual Asset Mix 2020		Actual Asset Mix 2019	
Interest-bearing securities	15 - 45%	$ 3,255	19.5%	$ 3,480	19.1%
Equities	35 - 70%	7,477	44.8%	7,684	42.3%
Inflation sensitive	15 - 40%	5,833	34.9%	6,839	37.6%
Strategic, tactical and currency investments	(a)	137	0.8%	180	1.0%
		$ 16,702	100.0%	$ 18,183	100.0%

(a) In accordance with the SIP&G, AIMCo may invest up to 2% of the fair value of the Fund's investments in strategic opportunities that are outside of the asset classes listed above. AIMCo may, at its discretion, use currency overlays to an economic exposure limit of 5% of the market value of the Fund.

NOTE 4 INVESTMENT RISK MANAGEMENT (in millions) CONTINUED

a) Credit Risk

i) Debt securities

The Fund is indirectly exposed to credit risk associated with the underlying debt securities held in the pools managed by AIMCo. Counterparty credit risk is the risk of loss arising from the failure of a counterparty to fully honour its financial obligations. The credit quality of financial assets is generally assessed by reference to external credit ratings. The credit rating of a debt security may be impacted by the overall credit rating of the counterparty, the seniority of the debt issue, bond covenants, maturity distribution and other factors. Credit risk can also lead to losses when issuers and debtors are downgraded by credit rating agencies usually leading to a fall in the fair value of the counterparty's obligations. Credit risk exposure for financial instruments is measured by the positive fair value of the contractual obligations with counterparties. The fair value of all investments reported in Note 3 is directly or indirectly impacted by credit risk to some degree. The majority of investments in debt securities have credit ratings considered to be investment grade. Unrated debt securities consist primarily of mortgages and private debt placements.

The table below summarizes the Fund's investment in debt securities by credit rating at March 31, 2020:

Credit rating	**2020**	**2019**
Investment Grade (AAA to BBB-)	70.2%	70.8%
Speculative Grade (BB+ or lower)	0.7%	0.4%
Unrated	29.1%	28.8%
	100.0%	100.0%

ii) Counterparty default risk - derivative contracts

The Fund is exposed to counterparty credit risk associated with the derivative contracts held in the pools. The maximum credit risk in respect of derivative financial instruments is the fair value of all contracts with counterparties in a favourable position (see Note 4f). AIMCo is responsible for selecting and monitoring derivative counterparties on behalf of the Fund. AIMCo monitors counterparty risk exposures and actively seeks to mitigate counterparty risk by requiring that counterparties collateralize mark-to-market gains for the Fund. Provisions are in place to allow for termination of the contract should there be a material downgrade in a counterparty's credit rating. The exposure to credit risk on derivatives is reduced by entering into master netting agreements and collateral agreements with counterparties. To the extent that any unfavourable contracts with the counterparty are not settled, they reduce the Fund's net exposure in respect of favourable contracts with the same counterparty.

NOTE 4 INVESTMENT RISK MANAGEMENT (in millions) CONTINUED

iii) Security lending risk

To generate additional income, the pools participate in a securities-lending program. Under this program, the custodian may lend investments held in the pools to eligible third parties for short periods. At March 31, 2020, the Fund's share of securities loaned under this program is $241 (2019: $550) and collateral held totals $258 (2019: $582). Securities borrowers are required to provide the collateral to assure the performance of redelivery obligations. Collateral may take the form of cash, other investments or a bank-issued letter of credit. All collateralization, by the borrower, must be in excess of 100% of investments loaned.

b) Foreign currency risk

The Fund is exposed to foreign currency risk associated with the underlying securities held in the pools that are denominated in currencies other than the Canadian dollar. Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The fair value of investments denominated in foreign currencies is translated into Canadian dollars using the reporting date exchange rate. As a result, fluctuations in the relative value of the Canadian dollar against these foreign currencies can result in a positive or negative effect on the fair value of investments. Approximately 35% (2019: 35%) of the Fund's investments, or $5,900 (2019: $6,365), are denominated in currencies other than the Canadian dollar, with the largest foreign currency exposure being to the US dollar, 18% (2019: 17%) and the Euro, 5% (2019: 5%).

If the value of the Canadian dollar increased by 10% against all other currencies, and all other variables are held constant, the potential loss in fair value to the Fund would be approximately 3.5% of total investments (2019: 3.5%).

The following table summarizes the Fund's exposure to foreign currency investments held in the pools at March 31, 2020:

	2020		2019	
Currency [(a)]	**Fair Value**	**Sensitivity**	**Fair Value**	**Sensitivity**
U.S. dollar	$ 3,020	$ (302)	$ 3,105	$ (311)
Euro	843	(84)	913	(91)
British pound sterling	498	(50)	756	(76)
Japanese yen	393	(40)	365	(37)
Hong Kong dollar	173	(17)	208	(21)
Other foreign currency	973	(97)	1,018	(102)
Total foreign currency investments	$ 5,900	$ (590)	$ 6,365	$ (638)

[(a)] Information on specific currencies is disclosed when the current period fair value is greater than 1% of the Fund's net assets.

c) Interest rate risk

The Fund is exposed to interest rate risk associated with the underlying interest-bearing securities held in the pools managed by AIMCo. Interest rate risk relates to the possibility that the fair value of investments will change due to future fluctuations in market interest rates. In general, investment returns from bonds and mortgages are sensitive to changes in the level of interest rates, with longer term interest bearing securities being more sensitive to interest rate changes than shorter-term bonds. If interest rates increased by 1%, and all other variables are held constant, the potential loss in fair value to the Fund would be approximately 0.9% of total investments (2019: 1.1%).

NOTE 4 INVESTMENT RISK MANAGEMENT (in millions) CONTINUED

d) Price risk

Price risk relates to the possibility that pool units will change in fair value due to future fluctuations in market prices of equities held in the pools caused by factors specific to an individual equity investment or other factors affecting all equities traded in the market. The Fund is exposed to price risk associated with the underlying equity investments held in the pools managed by AIMCo. If equity market indices (S&P/TSX, S&P500, S&P1500 and MSCI ACWI and their sectors) declined by 10%, and all other variables are held constant, the potential loss in fair value to the Fund would be approximately 6.2% of total investments (2019: 5.6%). Changes in fair value of investments are recognized in the statement of remeasurement gains and losses.

e) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with its financial liabilities. Liquidity requirements of the Fund are met through income generated from investments, and by investing in units of pools that hold publicly traded liquid assets traded in an active market that are easily sold and converted to cash. Units in pools that hold private investments like real estate, renewable resources, infrastructure and private equities are less easily converted to cash since the underlying securities are illiquid because they take more time to sell. The Fund's main liabilities include transfers payable to the General Revenue Fund and payables related to purchase of pool units.

f) Use of Derivative Financial Instruments in Pooled Investment Funds

The Fund has indirect exposure to derivative financial instruments through its investment in units of the pools. AIMCo uses derivative financial instruments to cost-effectively gain access to equity markets in the pools, manage asset exposure within the pools, enhance pool returns and manage interest rate risk, foreign currency risk and credit risk in the pools.

		Fund's Indirect Share	
By counterparty	Number of counterparties	2020	2019
Contracts in net favourable position (current credit exposure)	77	$ 1,773	$ 552
Contracts in net unfavourable position	25	(2,571)	(531)
Net fair value of derivative contracts	102	$ (798)	$ 21

i) Current credit exposure: The current credit exposure is limited to the amount of loss that would occur if all counterparties to contracts in a net favourable position totaling $1,773 (2019: $552) were to default at once.
ii) Cash settlements: Receivables or payables with counterparties are usually settled in cash every three months.
iii) Contract notional amounts: The fair value of receivables (receive leg) and payables (pay leg) and the exchange of cash flows with counterparties in pooled funds are based on a rate or price applied to a notional amount specified in the derivative contract. The notional amount itself is not invested, received or exchanged with the counterparty and is not indicative of the credit risk associated with the contract. Notional amounts are not assets or liabilities and do not change the asset mix reported in Note 3. Accordingly, there is no accounting policy for their recognition in the statement of financial position.

	Fund's Indirect Share	
Types of derivatives used in pools	2020	2019
Equity-based derivatives	$ (559)	$ 57
Foreign currency derivatives	(180)	(39)
Interest rate derivatives	(59)	1
Credit risk derivatives	-	2
Net fair value of derivative contracts	$ (798)	$ 21

i) Equity-based derivatives include equity swaps, volatility swaps and variance swaps. Equity swaps are contracts where one counterparty agrees to pay or receive from the other, cash flows based on changes in the value of an equity index, a basket of stocks, or a single stock in exchange for a return based on a fixed or floating interest rate or the return on another instrument. Volatility swaps are contracts where cash flows are based on the difference between implied volatility and realized volatility of a specified equity index, a basket of stocks, or a single stock applied to a notional amount. Variance swaps are contracts where cash flows are based on the difference between the variance of a specified equity index, a basket of stocks or a single stock and a fixed amount specified in the contract. Rights, warrants, futures and options are also included as equity-based derivatives.

ii) Foreign currency derivatives include contractual agreements to exchange specified currencies at an agreed upon exchange rate and on an agreed settlement date in the future.

iii) Interest rate derivatives exchange interest rate cash flows (fixed to floating or floating to fixed) based on a notional amount. Interest rate derivatives primarily include interest rate swaps and cross currency interest rate swaps, futures contracts and options.

iv) Credit risk derivatives include credit default swaps allowing the pools to buy and sell protection on credit risk inherent in a bond. A premium is paid or received, based on a notional amount in exchange for a contingent payment should a defined credit event occur with respect to the underlying security.

v) At March 31, 2020, deposits in futures contracts margin accounts totaled $315 (2019: $29). Cash and non-cash collateral for derivative contracts pledged and received, respectively, totaled $702 (2019: $51) and $nil (2019: $1).

NOTE 5 NET FINANCIAL ASSETS (in millions)

Net financial assets represent the difference between the carrying value of financial assets held by the Fund and its liabilities. The following table shows accumulated net income and transfers to (from) the Fund since the Fund was created on May 19, 1976:

	Cumulative since 1976	
	2020	**2019**
Accumulated net income	$ 44,820	$ 43,502
Transfers to the Fund		
Resource Revenue (1976-1987)	12,049	12,049
Access to the Future [(a)]	1,000	1,000
Voted Payments	2,918	2,918
	15,967	15,967
Transfers (from) the Fund		
Section 8 transfers [(b)]		
Income	(45,025)	(43,707)
Amount Retained in the Fund	4,222	3,935
	(40,803)	(39,772)
Capital Expenditures (1976-1995) [(c)]	(3,486)	(3,486)
Other Statutory Transfers [(d)]	(255)	(255)
	(44,544)	(43,513)
Accumulated surplus from operations	16,243	15,956
Accumulated remeasurement gains	85	2,290
Carrying value of net financial assets	$ 16,328	$ 18,246

(a) The Access to the Future Fund was disestablished in December 2019 and eliminated the related notional account within the Fund. The initial $1,000 funded in 2005-06 and 2006-07 will remain in the Fund, no longer allocated for Advanced Education.

(b) During the year, the Fund earned net income of $1,318, of which $287 was retained in the Fund and $1,031 is payable to the GRF. Section 8 of the Act states that the net income of the Heritage Fund, less any amount retained in the Fund, in accordance with section 11 of the Act, shall be transferred to the GRF in a manner determined by the President of Treasury Board and Minister of Finance. The amount to be retained in the Fund for inflation proofing is determined by multiplying the accumulated operating surplus of the Fund from the prior fiscal year end by the estimated percentage increase in the Alberta Consumer Price Index (Alberta CPI) for the year. In accordance with section 11(2), if the Alberta CPI is a negative number, that negative number shall be treated as if it were zero.

(c) Capital expenditures include transfers of $300 to the Alberta Heritage Foundation for Medical Research in 1980 and $100 to the Alberta Heritage Scholarship Fund in 1981.

(d) Transfers of $200 to the Alberta Heritage Scholarship Fund and $3 for the Agriculture and Food Innovation Account were made in 2015. Transfers out of the Fund to the Access to the Future Fund total $52.

NOTE 6 INVESTMENT INCOME (in millions)

The following is a summary of the Fund's investment income by asset class:

	2020	2019
Interest-bearing securities	$ 126	$ 101
Equities		
Canadian	75	85
Global	282	289
Private	98	121
	455	495
Inflation sensitive		
Real estate	462	343
Infrastructure	234	57
Renewable resources	176	61
	872	461
Strategic, tactical and currency investments	18	14
	$ 1,471	$ 1,071

The investment income includes realized gains and losses from disposal of pool units totalling $403 (2019: $194) and from directly held foreign exchange contracts totalling $nil (2019: $2). Income distributions from the pools total $1,068 (2019: $875).

Income earned in pooled investment funds is distributed to the Fund daily based on the Fund's pro rata share of units issued by the pool. Income earned by the pools is determined on an accrual basis and includes interest, dividends, security lending income, realized gains and losses on sale of securities determined on an average cost basis, income and expense on derivative contracts and writedowns of securities held in pools which are indicative of a loss in value that is other than temporary.

NOTE 7 INVESTMENT EXPENSES (in millions)

	2020	2019
Amount charged by AIMCo for: [(a)]		
Investment costs [(b)]	$ 86	$ 90
Performance based fees [(b)]	67	44
Total investment expenses	$ 153	$ 134
Increase (decrease) in expenses	14.2%	(3.6%)
Decrease in average investments under management	(2.6%)	(0.4%)
(Decrease) increase in value of investments attributed to AIMCo	(5.9%)	1.5%
Investment expense as a percent of dollar invested	0.9%	0.7%

(a) Investment expenses are charged by AIMCo on a cost recovery basis. Please refer to AIMCo's financial statements for a detailed breakdown of the types of expenses incurred by AIMCo. Amounts recovered by AIMCo for investment costs include those costs that are primarily non-performance related including external management fees, external administration costs, employee salaries and incentive benefits and overhead costs. A majority of amounts recovered by AIMCo for performance based fees relate to external managers hired by AIMCo.

Includes $115 thousand (2019: $115 thousand) charged to the Fund by Alberta Treasury Board and Finance for investment accounting and reporting services.

(b) Internal performance fees previously included in investment costs have now been reclassed to performance based fees.

NOTE 8 INVESTMENT PERFORMANCE (net of investment expenses)

Estimated investment returns are provided as supplementary information. The determination of the estimated return is based on fair values using quoted market prices and estimates of fair value where no quoted market prices are available. The estimated return includes gains and losses that have not been realized. Estimated benchmark returns are based on published market-based indices and estimates where no published index is available.

Time-weighted rates of return, at fair value [a]	2020	2019	Average Annualized Return 5 years [d]	Average Annualized Return 10 years
Net return on investments [b]	(5.1%)	8.0%	5.2%	8.4%
Policy benchmark return [b]	0.8%	6.5%	5.0%	8.0%
Value (lost) added by AIMCo [c]	(5.9%)	1.5%	0.2%	0.4%

(a) The time-weighted rate of return involves the calculation of the return realized by the Fund over a specified period and is a measure of the total proceeds received from an investment dollar initially invested. Total proceeds include cash distributions (interest and dividend payments) and capital gains and losses (realized and unrealized).

(b) Investment returns are provided by AIMCo. The net investment return and policy benchmark return is based on a weighted average of returns for each asset class. Investment returns for assets classified as real estate, private equities, infrastructure, hedge funds and private debt are based on estimates of fair value. For these investments, measurement uncertainty exists because trading activity is infrequent and fair values are derived using valuation techniques which incorporate assumptions that are based on non-observable market data. Reasonably possible alternative assumptions could yield an increase or decrease in the fair value amounts and investment returns reported for these types of investments. Any change in estimated returns, resulting from new information received after the cut-off date for preparation of the Fund's financial statements, will be reflected in the next reporting period.

(c) In the SIP&G, the Ministry of Treasury Board and Finance expects that the investments held by the Fund will return approximately 100 basis points, or 1% per annum, above the policy benchmark.

(d) In accordance with the SIP&G, over a five-year period, it is expected that the policy portfolio will earn an average return of 4.5%, adjusted for inflation and value added by investment manager of 1.0%. The annualized five-year rolling average CPI (plus 4.5%) is 6.1%, bringing the five-year annualized Portfolio Return Expectation to 7.1%.

NOTE 9 COMPARATIVE FIGURES

Comparative figures have been reclassified to be consistent with the current year presentation.

NOTE 10 FINANCIAL STATEMENTS

Quarterly and annual financial statements are prepared by the Department of Treasury Board and Finance and are approved by the Department's Senior Financial Officer and Deputy Minister. The statements report the activities and financial performance of the Fund for the period and are provided to the Standing Committee on the Alberta Heritage Savings Trust Fund in accordance with section 15 and 16 of the Act. Unaudited interim financial statements for the first three quarters of each fiscal year are made available to the public by the President of Treasury Board and Minister of Finance within two months following each quarter-end. Annual audited financial statements of the Fund are included in the annual report of the Ministry of Treasury Board and Finance.