

ALBERTA HERITAGE SAVINGS  
TRUST FUND —————



————— 1994 - 95 ANNUAL REPORT —————

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## TREASURY

Honourable Jim Dinning  
Provincial Treasurer

Additional copies of this annual report and copies of the future quarterly reports  
on the Alberta Heritage Savings Trust Fund may be obtained by writing:

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# HIGHLIGHTS

## 1994-95

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- ◆ **Market Value Assessment** — An independent assessment of the market value of the Heritage Fund was conducted by four Canadian investment dealers (as at September 30, 1994). The dealers' assessment was based on Heritage Fund assets having a cost of \$10,970 million. The market value of the assets was found to be \$11,435 million. The market value assessment excluded about \$939 million in project investments.
- ◆ **Heritage Fund Review** — In December 1994, Premier Ralph Klein announced the start of the Heritage Fund Review. The review involved consultation with Albertans through written questionnaires and through meetings in various cities and towns throughout the province. The all-party Review Committee found that Albertans wanted to keep the Heritage Fund, but that they were not content with the status quo.
- ◆ **Income** — The Fund earned \$914 million in 1994-95 on assets of \$11.9 billion. The income was transferred to the general revenues of the province to fund programs in areas such as health and education.
- ◆ **Results** — The Heritage Fund earned a book value internal rate of return of 8.0% in 1994-95. Debt servicing costs were 8.8%. Over four years the annual return on the Heritage Fund was 10.1%, compared to debt costs of 8.9%.
- ◆ **Cash and Marketable Securities** — This portfolio of liquid assets grew by \$739 million to \$6,768 million at year end, 57% of Fund assets.
- ◆ **NOVA Debenture** — In August 1994, the province converted its \$150 million convertible subordinated debenture into 14 million common shares. Immediately after the conversion, the Heritage Fund sold six million shares for a profit of \$16.5 million.
- ◆ **Discontinued Activities** — During 1994-95, no additional loans were made to provincial Crown corporations. Spending in the Capital Projects Division ended March 31, 1995.

# 1 Financial Summary for the Years Ended March 31

	1994-95	1993-94	1992-93	1991-92	1990-91
<b>Financial Assets (in \$ millions)</b>					
<i>By Division</i>					
Cash and Marketable Securities	6,768	6,029	5,339	4,865	3,891
Alberta Investment Division	3,373	3,706	4,421	4,658	5,875
Canada Investment Division	918	1,069	1,175	1,182	1,189
Commercial Investment Division	439	400	339	345	340
Capital Projects Division	136	131	127	122	118
Accrued Interest and Accounts Receivable	261	559	550	867	711
<b>Total</b>	<b>11,895</b>	<b>11,894</b>	<b>11,951</b>	<b>12,039</b>	<b>12,124</b>
<i>By Type of Asset</i>					
<u>Market Investments</u>					
Short and Mid-term Money Market Securities	3,991	3,425	3,072	2,519	2,556
Marketable Bonds	2,994	2,771	2,294	2,358	1,363
Canadian Equities	222	232	312	333	312
<u>Policy Investments</u>					
Debentures	3,251	3,631	4,118	4,332	5,191
Projects (Includes Vencap)	913	951	1,097	1,130	980
Corporate Securities	263	325	508	500	1,011
<u>Other</u>					
Accrued Interest and Accounts Receivable	261	559	550	867	711
<b>Total</b>	<b>11,895</b>	<b>11,894</b>	<b>11,951</b>	<b>12,039</b>	<b>12,124</b>
<b>Income Earned on Financial Assets</b>	<b>914</b>	<b>1,103</b>	<b>785</b>	<b>1,386</b>	<b>1,342</b>
<b>Rates of Return (%)</b>					
	<b>1 Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>10 Years</b>	
<b>Annualized Returns Based on Market Values</b>	<i>Time-weighted Rate of Return<sup>1</sup></i>				
Cash and Marketable Securities					
<b>Short-term Marketable Securities</b>	<b>6.2</b>	<b>5.9</b>	<b>8.0</b>	<b>9.1</b>	
<i>ScotiaMcLeod 91 day T-bills</i>	6.0	5.9	7.9	9.0	
<b>Mid-term Marketable Securities</b>	<b>7.3</b>	<b>7.6</b>	<b>10.0</b>	<b>10.9</b>	
<i>ScotiaMcLeod Short-term bonds</i>	6.9	8.3	11.0	10.3	
<b>Total Returns for Cash and Marketable Securities</b>	<b>6.5</b>	<b>6.8</b>	<b>9.1</b>	<b>9.6</b>	
Commercial Investment Division					
<b>Money Market Securities</b>	<b>6.3</b>	<b>6.4</b>	<b>n.a.<sup>2</sup></b>	<b>n.a.<sup>2</sup></b>	
<i>ScotiaMcLeod 91 day T-bills</i>	6.0	5.9	7.9	9.0	
<b>Canadian Equities</b>	<b>7.3</b>	<b>10.7</b>	<b>5.4</b>	<b>8.4</b>	
<i>TSE 100 Index</i>	3.4	11.0	6.6	8.6	
<b>Total Returns for Commercial Investment Division</b>	<b>6.8</b>	<b>9.7</b>	<b>5.1</b>	<b>8.3</b>	
	<b>1994-95</b>	<b>1991-95</b>			
	<b>(one year)</b>	<b>(four years)</b>			
<b>Annualized Returns and Cost of Debt Based on Book Values</b>	<i>Internal Rate of Return<sup>1</sup></i>				
Total Heritage Fund Rate of Return	8.0	10.1			
Debt Servicing Costs (General Revenue Fund)	8.8	8.9			

<sup>1</sup> See Measuring Returns on page 15 for a description of this return calculation.

<sup>2</sup> Returns for money market securities not calculated separately before April 1992.



# PROVINCIAL TREASURER'S REPORT

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In last year's Heritage Fund report, I talked about positioning Alberta's Heritage Fund for the future. This meant looking at how the Heritage Fund fit in with government's overall financial picture and listening to Albertans about effective management of the Fund.

I'm pleased to report we've taken some decisive steps in finding out the views of Albertans and determining what the long-term future of the Heritage Fund should be. This has brought us closer to shaping a future direction for the Fund that's consistent with the results of the review, the province's fiscal plan, and the Balanced Budget and Debt Retirement Act.

We knew the future of the Heritage Fund was more than a dollars and cents decision. We knew that we had to weigh all the options, search for the best advice and make a decision that was right for the province. And we knew that the best advice would come from Albertans.

In September 1994, we asked four independent investment dealers to assess the market value of the Heritage Fund. They found that the market value of the Heritage Fund's assets that were assessed were greater than what we had paid for them. Some assets were not assessed a market value because the investments were in various projects. Extensive analysis and due diligence would have been required to provide a market value for the project investments.

In December 1994, Premier Ralph Klein announced there would be a public consultation process to get Albertans' views on the future of the Alberta Heritage Savings Trust Fund. The consultation process involved two major components. In January 1995, an information booklet was mailed to all Alberta households with a request to complete and return an enclosed questionnaire. Then in February, public hearings and roundtable discussions were held around the province by an all-party Review Committee.

Out of this process, the Review Committee prepared a final report--*Future Directions for Alberta's Heritage Fund*--which summarized what the committee heard and learned from Albertans' responses and recommendations.

It included suggestions for improving the Fund and summarized the responses from over 50,000 Albertans who sent in the Heritage Fund questionnaire.

At the end of the review, the overall, majority opinion became quite clear: **Albertans want to keep the Heritage Fund, but they are not content with the status quo.**

In the months ahead, this opinion will guide us in setting a new direction for the Heritage Fund. Our challenge now is to come up with a plan that's consistent with the wishes of Albertans and the province's overall fiscal plan. This "transition" plan will outline a new structure and a new set of objectives for the Heritage Fund. With over \$7.2 billion invested in liquid, market investments, the Heritage Fund is positioned for change.

To set the stage for these changes to the Heritage Fund, this Annual Report provides the latest financial information regarding the status of the Heritage Fund for 1994-95. We've also included information on how the performance of the Heritage Fund is affected by changes in Canada's economy and financial markets.

We now know the value Albertans place on this important part of the province's heritage. Over the past 18 years, the Heritage Fund has been good for Alberta. And as we reach this turning point in the Fund's history, we want to make sure it continues to benefit Albertans.

Thanks to the insight and involvement of Albertans, the Heritage Fund will continue to play a key role in securing a better future for our province and our children. Albertans' invaluable advice will help us redefine and restructure the Heritage Fund as an essential part of charting a new financial course for Alberta.

Jim Dinning  
Provincial Treasurer



# INTRODUCTION

## Highlights

- *The Heritage Fund is in transition.*
- *The structure and the objectives of the Fund will change.*

When the Heritage Fund was established in 1976, Alberta's economy was booming. The price of oil had more than doubled since 1972, and many thought the price would go as high as \$80 a barrel.

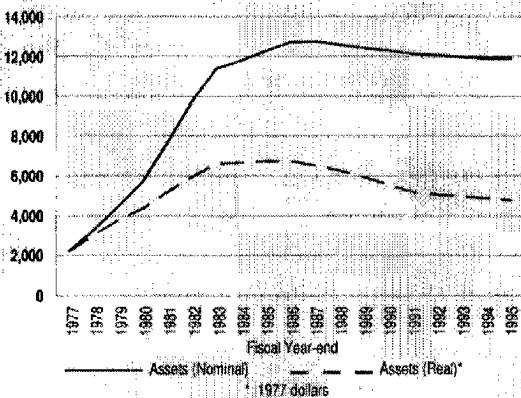
The government of the day realized that this prosperous economy would not last forever and decided that a portion of the province's oil and gas revenues should be set aside for the benefit of future generations. Hence, the Alberta Heritage Savings Trust Fund was created, with three basic objectives:

1. to save for the future;
2. to strengthen and diversify the economy of Alberta; and
3. to improve the quality of life for Albertans.

## 2 GROWTH OF THE HERITAGE FUND IN NOMINAL AND REAL TERMS

*The Heritage Fund has declined in nominal and real terms since 1987.*

Millions of Dollars



In the early years of the Fund's existence, the oil boom provided the government with considerable flexibility in the management of the province's finances. However, just a few years later the boom ended. From 1987 on, the government stopped putting any more resource revenue into the Fund.

The Heritage Fund is no longer growing. All income earned on investments is transferred to the General Revenue Fund to pay for necessary programs and services. In fact, each year since 1987, the Fund has decreased in value by the amount of the expenditures in the Capital Projects Division and by the reduction in purchasing power over time due to inflation.

## DIVISIONAL STRUCTURE OF THE FUND

The Heritage Fund is composed of five different divisions and a portfolio of cash and marketable securities, established at various points in time beginning in 1976. The various divisional objectives span from market investment objectives such as diversification into equities (e.g., the Commercial Investment Division) while others have an explicit policy-based objective (e.g., the Alberta Investment Division). The following briefly summarizes the investment objectives of each division.

### 1. Alberta Investment Division:

Makes debt or equity investments to strengthen or diversify the economy of Alberta. Investments in this Division are expected to yield a reasonable return, but not necessarily a commercial return.

### 2. Canada Investment Division:

Loaned funds to other provincial governments or their agencies at the rate at which the most credit-worthy Canadian province could borrow at the time of the loan. Lending activity was suspended in 1982.

### 3. Commercial Investment Division:

Invests in Canadian stocks (equities) and money market securities. Investments are expected to yield a commercial return or profit.



# INTRODUCTION



#### 4. Energy Investment Division:

Designed to invest in debt or equity to facilitate the development, processing or transportation of energy resources within Canada. Currently, there are no investments in this Division.

#### 5. Capital Projects Division:

Funds were spent on projects that will provide long-term economic or social benefits to the people of Alberta. Accordingly, projects in this Division do not necessarily yield a financial return. No funds will be spent from this Division after March 31, 1995.

#### 6. Cash and Marketable Securities Portfolio:

Funds not immediately required for other divisions are invested in short-term and medium-term money market securities, marketable bonds, deposits and mortgage-backed securities.

In the 1980's, the Heritage Fund made investments that assisted in the government's diversification efforts in forestry, petrochemicals, agribusiness, heavy oil upgrading, high technology and tourism. The Fund also assisted the government by providing financing of housing in high growth areas, infrastructure building (roads, sewers, water treatment) and telecommunications. In 1990-91, the government began to sell Heritage Fund assets to the private sector where they could be more effectively managed. The privatization of Alberta Government Telephones (AGT) was an early example.

The composition of the Fund has changed significantly in the 1990's. The trend over the last several years has been toward reduced investment in all divisions with an offsetting increase mainly in the Cash and Marketable Securities portfolio, but also in the Commercial Investment Division. The Heritage Fund has disposed of many Alberta Investment Division investments, holds no investments in the Energy Investment Division and has ceased making investments in the Capital Projects and Canada Investment Divisions. Whenever assets are sold in a division, the resulting funds are required by law to be invested in Cash and Marketable Securities. However, the Commercial Investment Division is allowed to grow by the amount of income it earns.

### 3 TOTAL HERITAGE FUND INVESTMENTS AT A GLANCE

About 61% of the Fund's investments are in highly liquid money market securities, marketable bonds and Canadian equities.

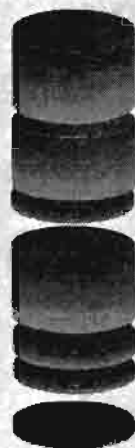
March 31, 1995

#### By Division



	\$ millions	% of total
Capital Projects Division	138	1.1
Accrued Interest & Accounts Receivable	261	2.2
Commercial Investment Division	439	3.7
Canada Investment Division	918	7.7
Alberta Investment Division	3,373	28.4
Cash and Marketable Securities	6,768	56.9
<b>Total</b>	<b>11,895</b>	<b>100.0</b>

#### By Type of Asset



Market Investments		
Short and Mid-term Money Market Securities	3,991	33.5
Marketable Bonds	2,994	25.2
Canadian Equities	222	1.9
Policy Investments		
Debentures	3,251	27.3
Projects	913	7.7
Corporate Securities	263	2.2
Other		
Accrued Interest and Accounts Receivable	261	2.2
<b>Total</b>	<b>11,895</b>	<b>100.0</b>

The Heritage Fund's \$11.9 billion of assets can be divided between \$7.2 billion in liquid, market investments, \$4.4 billion in policy investments and \$261 million in accrued interest and accounts receivable. Market investments are highly liquid investments that can be readily bought or sold in an ordinary bond or stock market. Policy investments were made to meet objectives like strengthening and diversifying the economy of



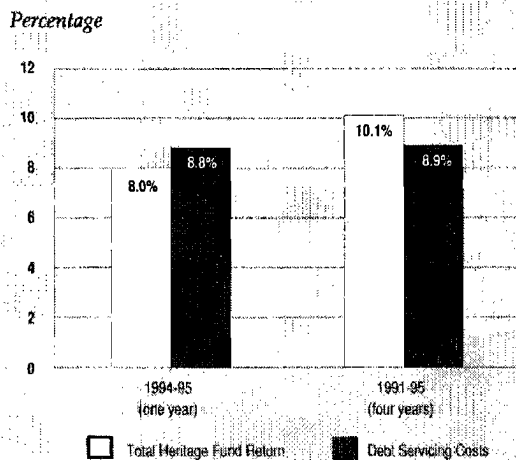
Alberta and these investments were originally purchased to be held for the long-term.

## RATES OF RETURN

When viewing the province's balance sheet on a consolidated basis, the returns on the Heritage Fund can be compared to the cost of the province's debt (on a comparable book basis). Book value rates of return reflect the income earned by the Heritage Fund in its financial statements and are an appropriate measure to compare with the cost of debt shown in the province's financial statements. In 1994-95, the Heritage Fund earned approximately \$914 million, a book value return of 8.0%. This was below the 8.8% cost of Alberta's General Revenue Fund debt.

### 4 RETURN VS DEBT COSTS (BOOK VALUE INTERNAL RATE OF RETURN\*)

*The Heritage Fund has been able to generate a higher return than the cost to finance the province's debt over a four year period.*



\* See Measuring Returns on page 15 for a description of this return calculation

## THE REVIEW PROCESS

The government announced during 1994-95 that a public review of the Heritage Fund would take place.

In late 1994, four independent Canadian investment dealers assessed the market value of the Heritage Fund's marketable or potentially marketable securities at \$11.4 billion. This was \$465 million greater than the book value of these securities. These securities included the Cash and Marketable Securities portfolio, Commercial Investment Division, Canada Investment Division, and loans to Alberta provincial Crown corporations and some corporate securities held in the Alberta Investment Division.

A portion of the Fund is invested in securities which are neither traded on public markets nor comparable to such securities and so were not valued in the study. The book value of these excluded investments was \$939 million at September 30, 1994. These investments include Alberta-Pacific Forest Industries, Syncrude, Millar Western Pulp, Ridley Grain, Lloydminster Upgrader and Vencap.

In December 1994, Premier Ralph Klein announced that there would be a public consultation process to determine Albertans' views on the future of the Alberta Heritage Savings Trust Fund. People were asked to respond to the following questions:

- Question 1:** Is this the best time to make a long-term decision about the Heritage Fund...or should we wait for the government to show it can keep the budget balanced and begin to pay down the debt?
- Question 2:** If we make a decision now, what should it be? Keep the Fund with a new role for the future? Or sell it off to reduce our debt?

An all-party Review Committee was struck. Questionnaires were mailed to every household in Alberta and the Review Committee held meetings throughout the province.

Members of the Review Committee carefully studied the input they received. At the end of the review process, the overall, majority opinion became quite clear:

**Albertans want to keep the Heritage Fund, but they are not content with the status quo.**

# INTRODUCTION

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During the review, over 50,000 questionnaires were returned with the vast majority of respondents (close to 80%) wanting to keep the Fund.

Based on the input the Review Committee received, a set of 14 recommendations were developed. These recommendations were intended to help the government develop a clear, long-term vision for the Fund. The report of the Alberta Heritage Savings Trust Fund Review Committee and its recommendations were debated in the Legislative Assembly and given general approval. The Review Committee based its recommendations on the following five guiding principles:

1. The Fund should be retained, but not at the status quo.
2. The management of the Fund should be at arm's length from the political process.
3. Private sector investment managers should be involved in investment decision making, along with Alberta Treasury staff.
4. The Fund should be more transparent; the Fund managers should be more directly accountable to the people of Alberta.
5. The role of government is to set objectives for the Fund.

## THE FUTURE

The next step is to develop a future direction for the Fund that is consistent with the results of the review, the province's fiscal plan and the Balanced Budget and Debt Retirement Act. A transition plan outlining new objectives and investment strategy with amendments to the Alberta Heritage Savings Trust Fund Act are being developed.

# MARKET INVESTMENTS



## ECONOMIC CLIMATE

The Cash and Marketable Securities portfolio and Commercial Investment Division are influenced by the performance of the Canadian economy and Canadian and international financial markets. The following gives a brief account of the performance of the Canadian economy and financial markets during the year.

The Canadian economy experienced strong real growth in 1994, growing by 4.6%. The Canadian economy had not experienced growth of this magnitude since 1988.

Inflationary pressures are usually associated with strong growth, however, prices in Canada remained relatively stable throughout the year. The consumer price index, which measures the rate of inflation in Canada, rose by only 0.2% during 1994, the slowest increase since 1955.

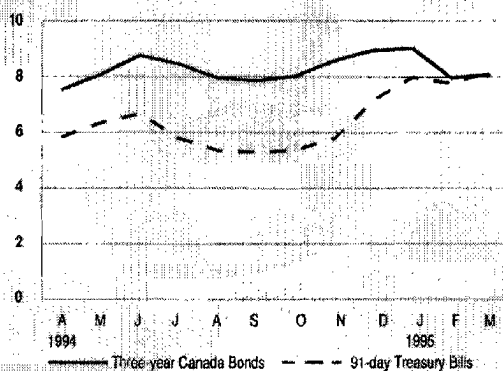
Despite a low rate of inflation, Canadian short-term interest rates increased during the last half of the year. This was partly due to increases in US short-term interest rates which influenced the direction and magnitude of Canadian interest rates. US rates increased throughout most of the fiscal year as the Federal Reserve Board raised interest rates in order to slow the growth in the economy. In Canada, high government debt and deficit levels fueled pessimism in the Canadian currency and bond markets, applying further upward pressure on interest rates.

The Canadian-US dollar exchange rate was steady for the first five months of 1994-95, averaging US 72.4 cents. The exchange rate then increased steadily, averaging US 74.1 cents in October before tumbling to an average of US 70.8 cents in January. The exchange rate finished the fiscal year at US 71.5 cents (as at March 31, 1995).

### 5 YIELDS ON THREE-YEAR CANADA BONDS AND 91-DAY TREASURY BILLS

*Both medium- and short-term rates dipped in the middle part of the year but rose in the latter part of the year. The spread between medium- and short-term rates had narrowed considerably by year-end.*

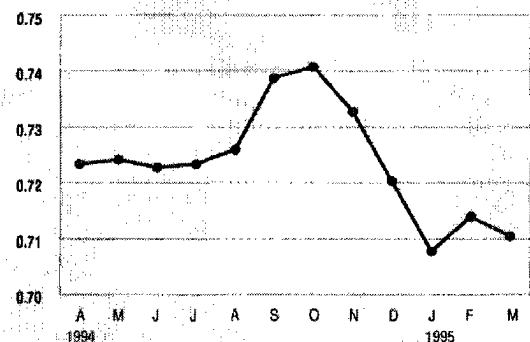
Yield in Percent



### 6 THE CANADIAN DOLLAR (APRIL 1994 TO MARCH 1995)

*The value of the Canadian dollar slid in the second half of the fiscal year.*

U.S. Cents per Canadian Dollar, Average for the Month



Short-term interest rate fluctuations mainly affect the income earned in the Cash and Marketable Securities portfolio as it has the most exposure to these rates. This portfolio is a large part of the Fund, therefore changes in short-term interest rates have the largest immediate impact on income earned by the Fund.

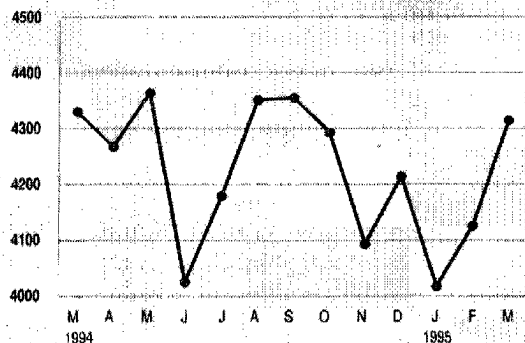


Short-term interest rates also affect the income earned in the Commercial Investment Division, although to a much lesser extent than in the Cash and Marketable Securities portfolio. When a stock is sold in the Commercial Investment Division, the income resulting from the capital gain and the book value of the stock stays in the Division as cash. Until it is reinvested in equities, the cash is invested in short-term money market securities, such as Government of Canada Treasury Bills.

## 7 TSE 300 COMPOSITE INDEX

*The Canadian stock market, as measured by the TSE 300 index, was relatively volatile over the past year.*

*Closing Index Value at End of Month*



The Canadian stock market, as measured by the Toronto Stock Exchange (TSE 300 Composite Index), was volatile during 1994-95. The index declined significantly in June 1994, followed by an equally impressive recovery from July to August. The market then fell from October 1994 to January 1995, but recovered by the end of March 1995 to approximately the same level it had started the year.

The TSE 300 index of Canadian equities earned a return of 2.0% in 1994-95. In the United States, the S&P 500 stock index averaged 17.3% (in Canadian dollars), while equities in Europe and the Pacific Basin averaged approximately 11.9% and 4.2%, respectively.

Reflecting the market conditions described above, investment returns, as measured by ScotiaMcLeod's indices, were 6.0% on 91-day treasury bills, 6.9% on short-term bonds (one-year terms), and 6.0% on long-term bonds.

## CASH AND MARKETABLE SECURITIES

### Highlights

- ◆ *Approximately \$6.8 billion of the Heritage Fund is invested in Cash and Marketable Securities.*
- ◆ *Increased by \$739 million during 1994-95.*
- ◆ *Earned \$418 million in income, a market value return of 6.5%.*

The main objective of the Cash and Marketable Securities portfolio is to invest funds not immediately required by the other divisions and to provide a liquidity pool of funds for these divisions. In addition, the portfolio is used to provide liquidity and financing flexibility to the province's borrowing program.

The Cash and Marketable Securities portfolio is the largest component of the Fund. Of the Heritage Fund's \$11.9 billion of financial assets at March 31, 1995, \$6.8 billion, or 57%, were in this portfolio. Cash and Marketable Securities increased by \$739 million during 1994-95. This increase was due to maturities, repayments and disposals in other divisions.

In 1994-95, the Cash and Marketable Securities portfolio contributed \$418 million, or 46% of the Heritage Fund's investment income. This compares with \$325 million, or 29% of the Heritage Fund's investment income in 1993-94.

The rate of new investment in other divisions of the Heritage Fund has slowed dramatically over the past several years. For example, lending to provincial Crown corporations was reduced and has now stopped, and no new project investments have been made for several years. Many of the investments the Heritage Fund made in previous years have either matured, been repaid or

# MARKET INVESTMENTS

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were sold. As the Heritage Fund receives large amounts of cash from these sales and repayments and since it does not make new policy investments (consistent with the government's policy of getting out of the business of being in business), the size of the Cash and Marketable Securities portfolio has increased dramatically.

Given the Heritage Fund review, the objective has been to protect the Fund's capital and position the Fund for future change. As a result, the most prudent investments are Canadian fixed income securities such as treasury bills, promissory notes, mortgage-backed securities and government and corporate bonds with maturities up to five years.

## INVESTMENTS

The portfolio invests in two fixed income market segments: short-term money market securities and mid-term securities.

### *Short-term Securities*

Short-term securities have a term to maturity of less than one year. This portion of the portfolio provides liquidity to the Fund and also enhances the province's debt management program by providing flexibility in managing borrowings. Liquidity refers to the ease with which the security can be sold at or near its market value, and is related to the size of the outstanding balance of the security and whether or not there is sufficient regular, ongoing trading activity so that the value could be realized in the market.

Changes in interest rates are quickly reflected in the cash income from these securities. This is because on average, these securities mature and are replaced with new securities approximately every 3 months. Because of the

short duration of these securities, the market value of the short-term portfolio is expected to approximate cost. As shown in Table 8, the total value of short-term investments at March 31, 1995, was \$3.9 billion, or 57% of the Cash and Marketable Securities portfolio.

Of the \$3.9 billion of short-term securities held at March 31, 1995, \$1,516 million was loaned to Alberta, compared to \$1,969 million one year earlier. When the province borrows from the Fund, it pays market rates of interest to the Heritage Fund rather than to banks or other investors. Short-term securities of third parties are maintained to meet both the Heritage Fund's liquidity requirements and the province's liability management liquidity requirements.

### *Mid-term Securities*

Mid-term securities have a term to maturity of between one and five years. These securities generally earn higher rates of interest than short-term securities. Changes in mid-term interest rates have a less immediate effect on the cash income from the mid-term portion of the portfolio because it holds securities with the interest rates locked-in for an average of approximately two years.

However, as interest rates increase, fixed income securities decrease in market value. The mid-term portfolio is recorded at the lower of cost or market value. At March 31, 1995, the market value of the mid-term portfolio was \$53.9 million below cost. This compares with a market value of \$53.1 million below cost at March 31, 1994.

As shown in Table 8, the book value of mid-term cash and marketable securities investments was \$3.0 billion, or 43% of the total portfolio.

# MARKET INVESTMENTS



## 8 SUMMARY OF CASH AND MARKETABLE SECURITIES PORTFOLIO<sup>1</sup> AS AT MARCH 31, 1995

Securities	At Cost					
	Short-term		Mid-term		Total	
	(\$Mil)	(%)	(\$Mil)	(%)	(\$Mil)	(%)
Cash and Cash Equivalents <sup>2</sup>	68	1.0	0	0.0	68	1.0
Government Securities <sup>3</sup>						
Alberta	1,516	22.2	138	2.0	1,654	24.2
Other Governments	1,436	21.1	2,247	32.9	3,683	54.0
Corporate Securities	846	12.4	570	8.4	1,416	20.8
Total	3,866	56.7	2,955	43.3	6,821	100.0
Average Term to Maturity (years)	0.22		2.33		1.13	
Modified Duration (years)	0.20		1.98		0.97	

<sup>1</sup> Reported on a remaining term to maturity basis.

<sup>2</sup> Includes deposits in Consolidated Cash Investment Trust Fund.

<sup>3</sup> Includes government guaranteed securities.



## 9 Prudent Management and Investment Practices

Policies for the management and administration of the assets of the Heritage Fund are founded on the principles of separation of duties and checks and balancing of all investment activity. Day-to-day transactions in the equity, bond and money markets are only done in the Cash and Marketable Securities portfolio and the Commercial Investment Division as investments in other divisions are usually held until maturity.

There are two separate areas in Alberta Treasury that are involved in the day-to-day investment activity of the Heritage Fund. The Investment Management Division is responsible for managing the investments in the Cash and Marketable Securities portfolio and Commercial Investment Division.

The Banking and Cash Management Division is responsible for record keeping, reporting, control monitoring and settlements.

Once a decision has been made to invest in a chosen security, the Investment Management Division contracts with a dealer to purchase it. Before the transaction can be settled, both the dealer and the investment area in Treasury independently write orders, or "tickets", that are sent to the settlements area in the Banking and Cash Management Division. Only if both orders match will the settlements area in Treasury instruct the province's custodian (a chartered bank) to settle the purchase. If a trade order is not consistent with the policy on approved dealers and issuers, the

settlements area will not settle the trade. Settlement of a purchase involves paying cash for a security; settlement of a sale involves receiving cash for a security.

The custodian holds the marketable securities owned by the Heritage Fund in either an electronic or physical form. The custodian's holdings are reconciled with the settlement area's internal reports and any discrepancies are followed up. The custodian is only authorized to settle against specific money limits and specific securities. All settled transactions are reconciled to cash movements daily. The custodian reports all its settlements separately to the settlements area.

# MARKET INVESTMENTS



## RATES OF RETURN

For the fiscal year ended March 31, 1995, the Cash and Marketable Securities portfolio earned a market rate of return of 6.5%. This compares with a market rate of return of 4.9% in 1994. The higher return in 1995 over 1994 is due to the general increase in Canadian interest rates in 1994-95.

### 10 RETURNS OF THE CASH AND MARKETABLE SECURITIES PORTFOLIO

Periods Ending 31-Mar-95	Cash & Marketable Securities Total Return (Market Value)		ScotiaMcLeod Market Indices	
	Short-term (%)	Mid-term (%)	91-day T-bills (%)	Short-bond (%)
1-Year	6.2	7.3	6.0	6.9
3-Years	5.9	7.6	5.9	8.3
5-Years	8.0	10.0	7.9	11.0
10-Years	9.1	10.9	9.0	10.3

Market indices have been chosen that provide a point of reference for the returns of the short- and mid-term portions of the Cash and Marketable Securities portfolio. The short-term portion of the portfolio had a market return of 6.2% in 1995 compared with a return of 4.5% in 1994. The ScotiaMcLeod 91-Day Canadian Treasury Bills index rate of return was 6.0% in 1995.

The mid-term portion of the Cash and Marketable Securities portfolio had a market rate of return of 7.3% for the fiscal year ended March 31, 1995. This compares with a market return of 5.3% in 1994. The ScotiaMcLeod Short-bond index return was 6.9% in 1995.

### 11 RETURNS IN 1994-95

*Investment returns in the Cash and Marketable Securities portfolio were higher than the comparable market indices on short-term money market securities and its mid-term bonds.*

#### Cash and Marketable Securities Portfolio

#### Rates of Return

Short-term marketable securities (duration: 0.20 years)	6.2%	
ScotiaMcLeod 91-day T-bills index	6.0%	
Mid-term bonds (duration: 1.98 years)	7.3%	
ScotiaMcLeod Short-bond index (duration: 2.6 years)	6.9%	





Rates of return measure total proceeds<sup>1</sup> received per dollar initially invested. The definition of total proceeds depends on whether one is calculating book value rates of return or market value rates of return. There are two rate of return measures: the internal rate of return (also called the "dollar-weighted" return) and the time-weighted rate of return. Both are expressed as average annual rates over the period in question. While the two measures are closely related, there are differences between the two which must be recognized.

The internal rate of return is the average rate earned by each and every dollar invested during the period. This rate is influenced not only by the movements in financial markets and decisions made by portfolio managers, but also by the timing and the size of the cash inflows and outflows and the beginning and ending book or market values. Since the internal rate of return

weights the final overall return by the size of the investment and the timing and size of cash flows in each subperiod, the method produces inappropriate results if the purpose is to compare the performance of two funds. For that purpose, the investment industry standard is to use time-weighted rates of return.

The investment industry uses time-weighted rates of return when comparing the returns of funds with other funds or indices (indices do not have cash inflows and outflows). Time-weighted rate of return considers the period-by-period returns without regard to the cash contributions to and withdrawals from the Fund during the period. Its measure is designed to eliminate the effect that the timing of cash flows has on the internal rate of return, since the pattern of cashflows vary significantly among funds.

The market value rates of return in this annual report are time-weighted rates of return.

When comparing the return on the Heritage Fund to the cost of the province's debt, it makes sense to use book values calculated on an internal rate of return basis, since the financial statements of the province and the Heritage Fund are based on book values. The cost of the province's debt is calculated similarly to an internal rate of return measure.

<sup>1</sup> Total proceeds for book value rates of return = "money in the bank" which comes from cash interest and dividend payments and realized capital gains or losses from selling the investment, plus accounting adjustments.

Total proceeds for market value rates of return = "money in the bank" plus paper profits or losses (unrealized capital gains or losses).

# MARKET INVESTMENTS



## COMMERCIAL INVESTMENT DIVISION

### Highlights

- *Market value increased by \$47 million during the year, and now stands at \$660 million (book value of \$439 million).*
- *Generated \$32.4 million in income.*
- *Total market return of 6.8%.*

The Commercial Investment Division was established in 1982 as a means to diversify the investments of the Heritage Fund. The Division has an emphasis on Canadian equity (stock) investments with the balance of investments in money market securities. The Division grows by the amount of net investment income earned on its investments.

Investment in stocks helps diversify the investments of the Heritage Fund since money market and bond portfolio returns generally have low or even negative correlations with stock returns. Correlation measures the degree to which returns on two types of assets (e.g., stocks and treasury bills) tend to move together or move separately over time. A zero correlation means the assets do not move together at all, while a negative correlation means that when one asset's returns are up, the other asset's returns will be down. Portfolios with assets that have low or negative return correlations will provide more stable returns because, while some assets may perform poorly, other portfolio assets will perform better, thereby reducing overall portfolio risk.

In addition to the diversification benefits, another advantage of holding a stock portfolio is that, over a long-term investment horizon, stocks are expected to provide a higher return than fixed income securities.

### 13 COMMERCIAL INVESTMENT DIVISION - ASSET ALLOCATION (MARKET VALUE)

*The money market portion of the Division has increased to 33% of the Division's investments as equity investments are sold and reinvested in short-term money market securities.*

Percent of Market Value

March 31, 1995



Money Market Securities 32.9%

Canadian Equities 67.1%

### 14 CANADIAN EQUITIES BY SECTOR

*A broadly diversified equity portfolio.*

Percent of Market Value



Paper and Forest Products 4.0%

Communications and Media 4.1%

Merchandising 5.6%

Conglomerates 6.8%

Consumer Products 9.8%

Utilities 9.8%

Metals and Minerals 11.2%

Oil and Gas 12.0%

Gold and Silver 12.2%

Industrial Products 14.7%

Other 9.8%

Total 100.0%

# MARKET INVESTMENTS



## INVESTMENTS

The Division's investments consist of Canadian equities and money market securities.

### Canadian Equities

The equity portfolio is invested in a broad range of Canadian companies which are traded (bought and sold) on the Toronto Stock Exchange (TSE). The investments are managed on a "passive" basis meaning that securities are purchased roughly in proportion to an existing market index such as the TSE 100 composite index (a subset of the TSE 300 index). While the Division cannot own bank stocks and does not invest in small companies or real estate companies, the rate of return on the Canadian equities portfolio should approximate the returns earned by "investing" in the TSE 100 index. At March 31, 1995, the market value of the equity portfolio was \$442.8 million compared to a book value of \$221.7 million. During the year, the equity portfolio earned \$10.2 million in dividends and \$11.4 million in realized capital gains.

### Money Market Securities

The proportion of money market securities has increased as the Division's equity investments are sold and reinvested in money market securities. The build-up in money market securities was taken as a precaution to a downturn in the Canadian stock market and because of the uncertainty about the future direction of the Heritage Fund. The portfolio contributed \$10.8 million in interest income in 1994-95 and had a market value of \$217.4 million at March 31, 1995 (the market values of short-term marketable securities such as these are estimated to approximate cost).

## RATES OF RETURN

For the fiscal year ended March 31, 1995, the Commercial Investment Division earned an overall market rate of return of 6.8%. This compares with a market rate of return of 18.8% in 1993-94. The lower return in 1994-95 compared to 1993-94 is mainly due to the exceptional year that the stock markets had in 1993-94.

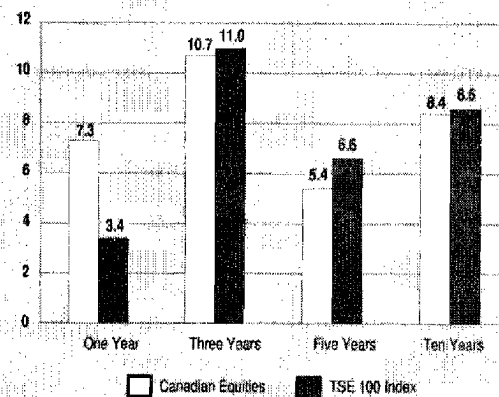
Market indices have been chosen that provide a point of reference for the returns of the Canadian equity and money market portions of the Commercial Investment Division.

## 15 RETURNS OF COMMERCIAL INVESTMENT DIVISION

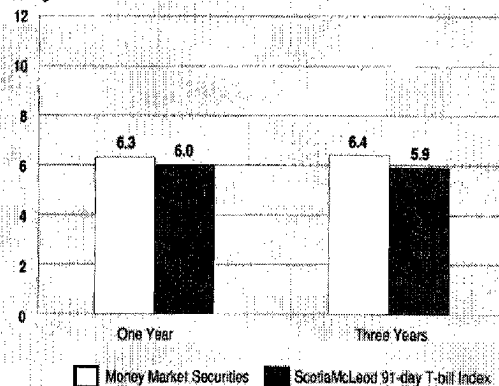
*In fiscal 1995, the equity portfolio returns were higher than the index by a significant margin due to its higher weighting of larger companies which performed relatively well in an otherwise volatile market. Money market returns edged the returns on the index during a period when interest rates were generally increasing.*

### Commercial Investment Division (Rates of Return)

#### Canadian Equities



#### Money Market Securities\*



\* Five-year and ten-year data not available

In fiscal 1995, the returns on the Division's equity portfolio were 7.3%, compared to the TSE 100 index which earned 3.4%. The higher return compared to the TSE 100 was mainly due to the higher weighting of stocks of larger companies in the Division's equity portfolio relative to the TSE 100. These stocks performed relatively better than stocks in smaller-sized companies during the 1994-95 fiscal year.

# MARKET INVESTMENTS

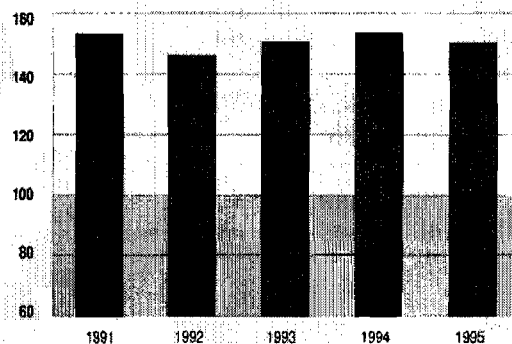


The money market portfolio returned 6.3% compared to the ScotiaMcLeod 91-day Treasury Bills index which returned 6.0%. The higher return earned by the portfolio was due to some of its investments being in higher yielding securities such as bankers' acceptances, in addition to its treasury bill holdings.

## 16 COMMERCIAL INVESTMENT DIVISION - MARKET VALUE VS BOOK VALUE

*Market value has exceeded book (cost) value by over 40% the past five years due to the high market value of the Division's stock portfolio.*

*Total market value of Division assets as a percentage of book value* *Fiscal Year-End*



## 17 Securities Lending

Securities lending involves lending a security (e.g., a common stock or a bond certificate) to an approved financial institution (e.g., a bank or investment dealer) generally for several days for a fee. Securities from the Heritage Fund's Cash and Marketable Securities portfolio and the Commercial Investment Division are used for this purpose.

Financial institutions borrow securities for many different

reasons. These include managing financial risk and increasing the ability to trade in certain securities. Standardized systems have been developed to make this process profitable for both the security lender and borrower. Alberta has contracted with a chartered bank to manage its securities lending activities. Under this contract, the bank assesses security borrowers, ensures that they provide sufficient

collateral and agrees to absorb all losses should there be a default.

The fees earned from securities lending are set competitively in the marketplace. In 1994-95, the Heritage Fund earned \$0.73 million from securities lending, including \$0.58 million in the Cash and Marketable Securities portfolio and \$0.15 million in the Commercial Investment Division.



# POLICY INVESTMENTS

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## *CAPITAL PROJECTS DIVISION*

### **VENCAP EQUITIES ALBERTA LTD.**

Vencap was launched in 1983 with a \$44 million public share and convertible debenture issue and a \$200 million participating loan from the Heritage Fund. Vencap is Canada's second largest publicly traded venture capital company and is listed on the Alberta Stock Exchange. The company's investment focus is on potential high growth, profitable companies whose business operations will significantly benefit Alberta's economic development.

Vencap invests in a broad range of industries and in companies at various stages of development — seed, start-up, early stage, expansion and later stage situations.

In 1994-95, \$24.8 million was invested and committed to six new and 15 existing venture investments. Investments were made in fields such as advanced material technology, consumer products and retail. The corporation's venture portfolio consisted of 37 companies in which net venture investments totalled \$109.3 million at March 31, 1995. The remaining \$168 million of Vencap's assets were invested in marketable securities.

The Heritage Fund is entitled to receive a portion, currently 50%, of Vencap's pre-tax net income. In 1994-95 this income, based on nine months of actual results to December 31, 1994, was forecast at \$3 million, up from \$0.4 million in 1993-94. Subsequent to the

completion of financial statements in this report, Vencap reported its 1994-95 net income at \$1.5 million. The Heritage Fund received participating income of \$1.2 million which included an adjustment to last year's income.

The Heritage Fund's \$200 million loan to Vencap is repayable in amounts of \$1,000 in each of the years 1995 to 2002, inclusive, in amounts of \$15 million in each of the years 2003 to 2012, inclusive, with a final payment of \$50 million in 2013.

On August 15, 1995, the province exercised an option to purchase one special share of Vencap for \$1, giving the province 20% of the voting rights of the company. The province still retains a share purchase option that would allow it to acquire up to an additional 3,999,999 shares of Vencap. If the share purchase option is exercised, the Heritage Fund would own approximately 31% of the common shares of the company.

In accordance with the recommendation of the Select Standing Committee, the province is seeking to exit from this investment.

#### Investment

- in 1994-95: nil
- at March 31, 1995: \$136 million



## CANADA INVESTMENT DIVISION

### Highlights

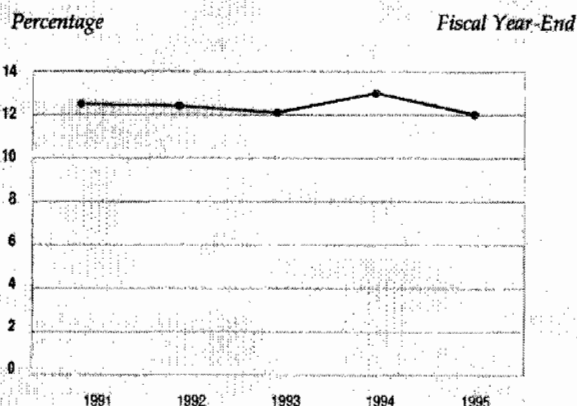
- ◆ Returned \$127 million of income in 1994-95.
- ◆ The book value of the Division was \$918 million at March 31, 1995 down from \$1,069 million at March 31, 1994.
- ◆ Earned a book value rate of return of 11.9% — the highest of all the divisions.

Investments in the Canada Investment Division were approved by the Investment Committee (Cabinet) and were limited to debentures issued by the federal government (or its agencies) or provincial governments (and their agencies). Six provinces — Manitoba, Quebec, Newfoundland, New Brunswick, Nova Scotia, and Prince Edward Island — or their agencies borrowed money from the Canada Investment Division during the period 1977-82. All investments were made at market rates of interest determined by the rate at which the most credit-worthy province could borrow at the time the debentures were issued. In March 1982, lending was suspended indefinitely to ensure that funds were available to meet priority needs in Alberta.

Interest rates on the debentures currently held in the Canada Investment Division range from 9.5% to 13.875%. During 1994-95, the Division earned a book value rate of return of 11.9% down from 13.0% earned in the previous year. Book value rates of return rather than market value rates of return are used to measure the results of Canada Investment Division investments because the investments are held for the long-term and are not part of a managed portfolio.

### 18 CANADA INVESTMENT DIVISION - BOOK VALUE RATES OF RETURN

Consistently providing a high rate of return for the Heritage Fund.



Some of the debentures in the Canada Investment Division contain a feature that allows the borrower to pay them out early. If a borrower decides to do this, in most instances, a premium over the face value of the debenture is paid to the Fund. During 1994-95, the provinces of New Brunswick and Nova Scotia as well as the Nova Scotia Power Corporation exercised their redemption options and repaid debentures early at a premium.

During 1994-95, \$127 million was received by the Heritage Fund in the form of interest and premiums on early redemptions. Every year all interest payments have been received in full and on time. From 1977 to March 31, 1995, \$2,860 million of interest and premiums on early redemptions has been received by the Fund.

These debentures had a market value of \$997 million compared to book value of \$918 million at March 31, 1995.

#### Investment:

- in 1994-95: nil
- at March 31, 1995: \$918 million

# POLICY INVESTMENTS



## 19 Canada Investment Division Investments at March 31, 1995 (in \$ millions)

Province/Provincial Agency	Par	Cost	Coupon Rate (%)	Maturity Date
Province of New Brunswick	47.0	47.0	9.5	Dec 1997 <sup>a</sup>
Province of New Brunswick	75.0	74.6	11.9	Aug 2000 <sup>a</sup>
	<b>122.0</b>	<b>121.6</b>	<b>11.0<sup>b</sup></b>	
New Brunswick Electric Power Commission	35.0	34.8	11.9	Aug 2000 <sup>a</sup>
New Brunswick Electric Power Commission	50.0	49.6	11.3	Jan 2005 <sup>a</sup>
	<b>85.0</b>	<b>84.4</b>	<b>11.5<sup>b</sup></b>	
	<b>207.0</b>	<b>206.0</b>	<b>11.2<sup>b</sup></b>	
Province of Newfoundland	50.0	49.9	10.0	Mar 1998 <sup>a</sup>
Newfoundland and Labrador Hydro	75.0	74.5	11.3	Dec 1999 <sup>a</sup>
Newfoundland and Labrador Hydro	75.0	74.9	13.4	Jan 2001 <sup>a</sup>
	<b>150.0</b>	<b>149.4</b>	<b>12.3<sup>b</sup></b>	
Newfoundland Municipal Financing Corp.	25.0	24.8	11.3	Dec 1999 <sup>a</sup>
Newfoundland Municipal Financing Corp.	35.0	35.0	13.4	Jan 2001 <sup>a</sup>
	<b>60.0</b>	<b>59.8</b>	<b>12.5<sup>b</sup></b>	
	<b>260.0</b>	<b>259.1</b>	<b>11.9<sup>b</sup></b>	
Province of Nova Scotia	85.0	84.5	13.4	Dec 2000 <sup>a</sup>
Nova Scotia Municipal Finance Corp.	6.3	6.2	11.3	Jan 1996 - Jan 2000
Nova Scotia Municipal Finance Corp.	7.5	7.5	13.4	Dec 1995 - Dec 2000
	<b>13.8</b>	<b>13.7</b>	<b>12.4<sup>b</sup></b>	
	<b>98.8</b>	<b>98.2</b>	<b>13.3<sup>b</sup></b>	
Province of Prince Edward Island	9.0	8.9	13.5	Mar 2000 <sup>a</sup>
Province of Prince Edward Island	20.0	19.9	13.4	Jan 2001 <sup>a</sup>
Province of Prince Edward Island	20.0	19.8	13.9	Apr 2001 <sup>a</sup>
	<b>49.0</b>	<b>48.6</b>	<b>13.6<sup>b</sup></b>	
Hydro-Quebec	200.0	196.0	11.0	Oct 2004 <sup>a</sup>
Hydro-Quebec	110.0	110.0	11.8	July 2005 <sup>a</sup>
	<b>310.0</b>	<b>306.0</b>	<b>11.3<sup>b</sup></b>	
<b>Total</b>	<b>924.8</b>	<b>917.9</b>	<b>11.8<sup>b</sup></b>	

<sup>a</sup> Can be redeemed prior to maturity by the issuer.

<sup>b</sup> Weighted average.



## ALBERTA INVESTMENT DIVISION

### ECONOMIC CLIMATE

Alberta's economy enjoyed real growth in 1994 of 4.4%, compared to 4.6% for the Canadian economy. As in 1993, Alberta's economic growth was due mainly to strong exports to the US and the rest of Canada. The competitiveness of Alberta's industries in US markets is due partly to the decline in the Canadian dollar against the US dollar since early 1992.

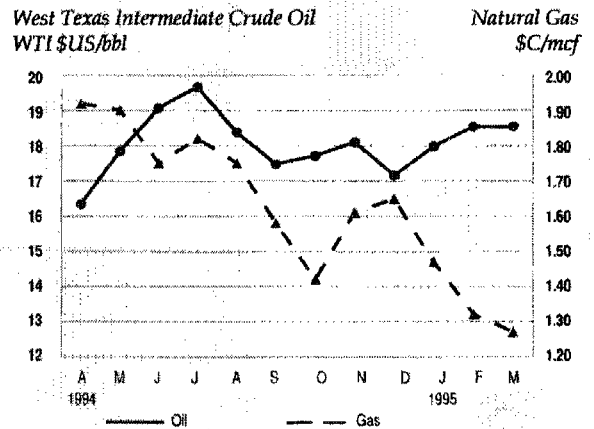
The price of oil rose sharply during the first four months of 1994-95, from an average of \$16.33 a barrel in April to an average of \$19.66 a barrel in July. This increase was short-lived as the price of oil slipped back during the next few months and finally, after a steady increase from December to February, leveled off to average \$18.55 a barrel in March.

The price of natural gas decreased during the year from averaging Cdn. \$1.92 per mcf in April 1994 to averaging Cdn. \$1.27 per mcf in March 1995.

The income received by the Heritage Fund from its investment in Syncrude depends in part on the price of oil and the Canadian-US dollar exchange rate. The oil produced by Syncrude is sold at prices based on US dollars so a lower Canadian-US dollar exchange rate increases the income earned from this investment. Stronger oil prices and a low exchange rate in 1994-95

### 20 NATURAL GAS AND OIL PRICES (APRIL 1994 TO MARCH 1995)

*The price of natural gas slid during 1994-95, while the oil price rose early in the year and then declined moderately over the rest of the year to average \$18.55 a barrel in March 1995.*



both contributed to the high income received by the Fund from Syncrude.

The Alberta Investment Division also holds shares in NOVA Corporation and a convertible debenture issued by TransCanada PipeLines Limited.





## Highlights

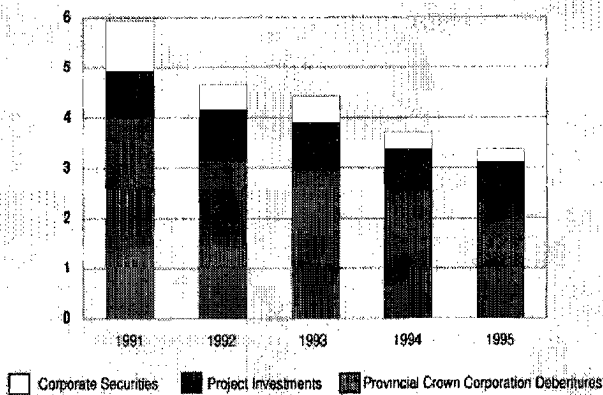
- ◆ Returned \$332 million in income.
- ◆ The book value of the Division was \$3,373 million at March 31, 1995, down from \$3,706 million at March 31, 1994.
- ◆ Earned a book value rate of return of 9.2%.
- ◆ Sold 6 million NOVA Corporation shares for a profit of \$16.5 million.

The Alberta Investment Division has made investments in provincial Crown corporations, corporate securities and in project investments.

### 21 ALBERTA INVESTMENT DIVISION (BOOK VALUE)

*Provincial Crown corporation debentures have declined by about \$1.7 billion since 1991.*

Billions of Dollars Fiscal Year-End



Four provincial Crown corporations, Alberta Social Housing Corporation (ASHC), Agriculture Financial Services Corporation (AFSC), Alberta Opportunity Company (AOC) and the Alberta Municipal Financing Corporation (AMFC), have borrowed from the Heritage

Fund at market interest rates. Heritage Fund investments in provincial Crown corporation debentures totalled \$2.3 billion at March 31, 1995, a decrease of \$228 million over 1993-94 due to debenture repayments. The majority of the repayments were made by ASHC. As it continues to dispose of assets not required for its social housing objectives, ASHC has been using the proceeds to prepay its debentures issued to the Heritage Fund. In 1994-95, these repayments totalled \$146 million.

No corporation has ever missed a payment of principal or interest to the Heritage Fund. Like other income from the Heritage Fund, the interest income from provincial Crown corporation debentures is transferred to the province's General Revenue Fund for budgetary purposes. ASHC, AFSC and AOC each receive grants from the General Revenue Fund to enable them to deliver their programs for social housing, farmers and small businesses at less than their cost.

Effective April 1994, the Heritage Fund is no longer providing financing of provincial Crown corporation requirements. The Crown corporations are meeting their financing requirements by having the province borrow in the financial markets on their behalf.

Alberta Investment Division's investment in corporate securities totalled \$263 million at March 31, 1995. In August 1994, the Heritage Fund exercised its option to convert its \$150 million NOVA Corporation Adjustable Rate Convertible Debenture into common shares. The debenture was converted into 14 million common shares at the conversion price of \$10.70 per share. The Fund then sold 6 million of these shares for \$78.7 million, resulting in a profit of \$16.5 million. This profit contributed to the province's surplus and reduced debt. The Alberta Investment Division also holds TransCanada PipeLines convertible subordinated debentures and Canadian Western Bank common shares.

At March 31, 1995, investments in projects totalled \$776 million. Project investments were made to help strengthen and diversify the economy of Alberta. However, in keeping with "getting out of the business of being in business", the Alberta Investment Division has sold a number of projects, including 5% of its participating interest in Syncrude in December 1993. In February 1995, the province also sold its 24.17% interest in the Lloydminster Bi-provincial Upgrader. In July 1995, the province announced the sale of its entire



remaining 11.74% interest in Syncrude to Torch Energy Advisors Inc., subject to certain conditions. During 1994-95, the province made no new investments in projects.

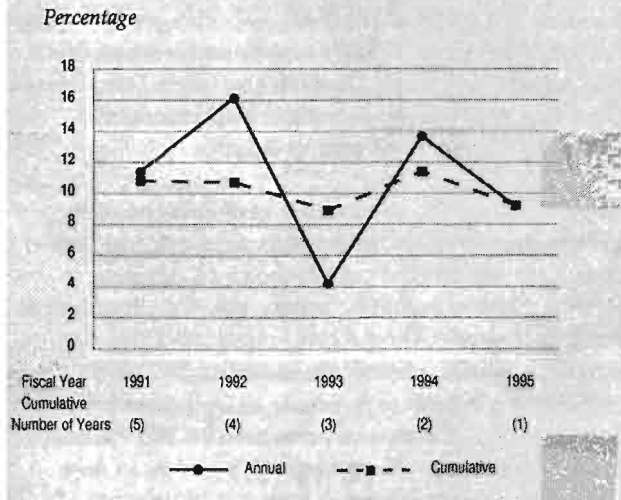
In 1994-95, \$332 million or 36% of the Heritage Fund's total investment income was earned from Alberta Investment Division investments. Of this, \$253 million or 76% was earned from investments in provincial Crown corporations.

During 1994-95, the book value rate of return on Alberta Investment Division's assets was 9.2% compared to 13.7% in 1993-94. The lower return is due to the one-time gain of \$273 million on the sale of its shares in Alberta Energy Company (AEC) in 1993-94.

Book value rather than market value rates of return are used to measure the results of Alberta Investment Division investments because the investments are held for the long-term and most of the securities are not traded on public markets.

**22 ALBERTA INVESTMENT DIVISION**  
- BOOK VALUE RATES OF RETURN

*Returns have been volatile in the past five years due to project investment write-downs and gains on sale of AEC and TELUS shares. Cumulatively, returns have averaged 11%.*



## PROVINCIAL CROWN CORPORATIONS

### ALBERTA OPPORTUNITY COMPANY

Alberta Opportunity Company (AOC) provides loans, guarantees, financial and management assistance to small Alberta businesses. The Company is an alternative source of financing to Alberta businesses which are unable to obtain funding on reasonable terms and conditions from conventional lenders.

In 1994-95, the Company made 409 direct loans and guarantees, totalling \$29.7 million, funded by borrowing from the province's General Revenue Fund.

During 1994-95, AOC repaid \$27.5 million of its debentures held by the Heritage Fund.

At March 31, 1995, AOC had seven debentures outstanding. Interest rates on these debentures range between 7.05% and 11.28%, with maturities between 1997 and 2001.

Investment:

- in 1994-95: nil
- at March 31, 1995: \$78 million

### AGRICULTURE FINANCIAL SERVICES CORPORATION

The lending division of the Agriculture Financial Services Corporation (AFSC) offers loans, loan guarantees and business analysis services to farmers and the food processing and agribusiness sector.

Programs and services for farm businesses are designed to help them develop as profitable, self-supporting enterprises. Program features include long term loans at fixed interest rates. Interest incentives are available for eligible beginning farmers. AFSC also serves customers who process or sell agricultural products or service and supply the agriculture industry. Programs are designed to assist new or expanding businesses to develop profitable operations.

In 1994-95, the Corporation committed \$66.6 million in direct farm loans. Loans totalling \$10.2 million were provided to agribusinesses.

# POLICY INVESTMENTS



AFSC did not borrow from the Heritage Fund in 1994-95. The Corporation met its financing requirements from loan repayments and sales of farm properties.

The Heritage Fund held 56 AFSC debentures at March 31, 1995. Interest rates on these debentures range between 7.37% and 11.83% and are reset every five years. The debentures mature between 2001 and 2013.

**Investment:**

- in 1994-95: nil
- at March 31, 1995: \$894 million

## ALBERTA MUNICIPAL FINANCING CORPORATION

Loans provided by this Corporation are an economical source of long-term financing for Alberta's municipalities, school systems and hospital districts. These loans carry an Alberta government interest rate rather than higher rates these borrowers would pay if they borrowed on their own. By making loans at the lowest possible cost to local governments, Alberta Municipal Financing Corporation (AMFC) has encouraged progress and growth in many communities.

At March 31, 1995, three AMFC debentures were held by the Heritage Fund. Interest rates on these debentures range from 11.70% to 13.45% with maturities in 1999 and 2000.

**Investment:**

- in 1994-95: nil
- at March 31, 1995: \$140 million

## ALBERTA SOCIAL HOUSING CORPORATION

Effective July 1, 1994, under the provisions of the Alberta Housing Act, the Alberta Social Housing Corporation (ASHC) became the successor to the Alberta Mortgage and Housing Corporation. ASHC's focus is on social housing: the needs of the disabled, those with special needs, senior citizens and low-income families.

The Corporation continues to sell land, real estate and mortgages which do not meet its social housing objectives. The proceeds from these transactions are used primarily to repay debt held by the Heritage Fund. Including regularly scheduled repayments as well as early repayments, \$146.4 million of principal was returned to

the Heritage Fund in 1994-95. At March 31, 1995, \$64 million of ASHC properties remained to be sold.

The Heritage Fund held 69 ASHC debentures at March 31, 1995. Interest rates on these debentures range between 7.73% and 18.05%, with maturities between 1999 and 2019.

**Investment:**

- in 1994-95: nil
- at March 31, 1995: \$1,221 million

## CORPORATE SECURITIES

### NOVA CORPORATION

NOVA Corporation is a world-wide natural gas services and petrochemicals company, with its headquarters in Calgary. Its activities include operating an extensive network of natural gas pipelines, manufacturing and marketing petrochemicals and plastics and marketing natural gas. NOVA's assets total more than \$8.3 billion.

In August 1994, the Heritage Fund converted its \$150 million, 6.25% adjustable rate convertible debenture of NOVA into 14 million NOVA common shares at the conversion price of \$10.70 per share. Under the terms of the debentures, NOVA was able to repay the debentures at face value.

Immediately after the conversion, the Heritage Fund sold six million common shares for \$78.7 million, resulting in a \$16.5 million capital gain.

In 1994, NOVA's net income increased to \$575 million, compared to \$191 million in 1993. These improved earnings resulted in NOVA's common share value rising to \$12.375 at March 31, 1995, from \$10.00 at March 31, 1994. The market value of the 10.8 million common shares held by the Heritage Fund was \$133.9 million (\$112.3 million book value) at March 31, 1995.

In total, the Fund earned approximately \$22 million from its investment in NOVA in 1994-95.

**Investment:**

- in 1994-95: nil
- at March 31, 1995: \$112 million



## **TRANSCANADA PIPELINES LIMITED (TCPL)**

TCPL is a Canadian-based public company headquartered in Calgary, with assets of more than \$9 billion. It is one of North America's leading transporters and marketers of natural gas. Its main pipeline system begins near Empress, Alberta, crosses Saskatchewan, Manitoba and Ontario, and terminates near Montreal, Quebec. TCPL is affiliated with three Canadian and three American pipelines, giving the company access to four of North America's major gas markets. The company has complementary businesses in gas marketing, power generation, gas liquids extraction and gas storage.

The Heritage Fund holds a \$150 million, 10.426% convertible subordinated debenture of TCPL maturing in December 2001. The debenture is convertible into TCPL common shares prior to redemption or maturity at a conversion price of \$23.041. The debenture is non-redeemable prior to June 20, 1995. Between June 20, 1995 and December 20, 1996 it is redeemable if, during the 20 consecutive trading days after notice of redemption is first given, the weighted average price per common share is not less than 125% of the conversion price. After December 20, 1996, the debenture is redeemable at any time at the option of TCPL. TCPL common shares closed at \$17.125 per share on March 31, 1995, down from \$18.50 on March 31, 1994. The estimated market value of the convertible debenture at March 31, 1995, was \$155 million.

In 1994-95, the Fund earned \$15.6 million of interest income from this investment.

### **Investment:**

- in 1994-95: nil
- at March 31, 1995: \$150 million

## **CANADIAN WESTERN BANK**

The Canadian Western Bank (CWB) is a Schedule I bank that was formed on April 29, 1988. It was created by the amalgamation of the Bank of Alberta with Western & Pacific Bank of Canada. The Bank's head office is in Edmonton and branches operate in all four western provinces. CWB has a network of over 100 independent deposit agents located throughout Canada. The Bank's assets totalled \$1.3 billion at January 31, 1995.

In December 1994, CWB amalgamated with North West Trust Company. This amalgamation significantly increased assets as well as net interest income. The Bank's 1994 consolidated net income of \$5.0 million was double that of 1993. The market price of the Bank's shares increased to \$10.50 at March 31, 1995, from \$8.00 the previous year.

The Heritage Fund holds 160,000 CWB common shares, with a book value of \$720,000 and a market value of \$1,680,000 at March 31, 1995.

In 1994-95, dividend income from CWB was \$16,000.

### **Investment:**

- in 1994-95: nil
- at March 31, 1995: \$0.7 million

## **PROJECT INVESTMENTS**

### **ALBERTA-PACIFIC FOREST INDUSTRIES (AL-PAC)**

The Al-Pac project is a joint venture between Crestbrook Forest Industries Ltd. (40%), MC Forest Investment Inc. (35%) and Kanzaki Paper Canada Inc. (25%) formed for the construction and operation of a kraft pulp mill northeast of Athabasca. The pulp mill is now fully operational with final completion in February, 1995. The total approximate cost of the pulp mill was \$1.3 billion. The pulp mill generates about 1,100 mill and woodland jobs. Total annual pulp production capacity is 514,000 tonnes, 90% of which is hardwood pulp and 10% softwood pulp.

The Heritage Fund's investment is in debentures which are secured by the project assets but are subject to the prior charge of the senior lenders to the joint venturers. Cash advanced on this loan to March 31, 1995, totalled \$249.3 million. The principal amounts of the debentures are repayable in five equal annual payments commencing 2006. The interest rate on the debentures is 9.203%. Starting March 1995, this interest rate will be reset every five years to the Alberta 20-year borrowing rate. Prior to March 1997, interest is accrued and capitalized and after that date is payable to the extent of available project cash flow. To March 31, 1995, \$63 million of interest had been accrued and capitalized. This included \$27 million

# POLICY INVESTMENTS

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which the Heritage Fund earned from its investment in Al-Pac in 1994-95.

Investment:

- in 1994-95: \$32 million (\$5 million cash advance, \$27 million capitalized interest)
- at March 31, 1995: \$313 million

## PRINCE RUPERT GRAIN TERMINAL

The Prince Rupert Grain Terminal is a grain handling port facility on the west coast. It is owned and operated by Ridley Grain Ltd., a consortium of six major western Canadian grain companies. The original design throughput capacity of the elevator was 3.5 million tonnes per annum. Capital improvements since start-up have increased throughput capacity to well over 5 million tonnes per annum.

The Heritage Fund's investment is in the form of first mortgage bonds with an 11% interest rate. The \$106.3 million investment funded part of the total \$290 million construction cost of the facility. Financing was also provided by members of the consortium (\$58.1 million) and Alberta's General Revenue Fund (\$125.2 million).

The Heritage Fund investment provided for interest to be capitalized during construction. At the end of construction, the investment was \$134 million (\$106.3 million principal and \$27.7 million capitalized interest). Repayment of the investment is from available cash flow generated by the terminal. For four years after construction, cash flow was insufficient for full interest payments and \$34.3 million of interest was accrued and capitalized but not recorded on the Heritage Fund books. The Heritage Fund receives interest on both the principal outstanding and this capitalized interest. From the remaining cash flow the Heritage Fund is entitled to up to \$4.3 million per year of principal repayment. Unpaid principal is due by 2015.

In 1994-95, Ridley Grain Ltd. made a full interest payment of \$17.6 million. It also made a \$2.2 million principal payment on the Heritage Fund's first mortgage bonds.

Investment:

- in 1994-95: nil
- at March 31, 1995: \$119 million

## MILLAR WESTERN PULP LTD.

In 1987, the Heritage Fund provided a \$120 million loan to Millar Western Pulp Ltd. as part of the construction financing for the \$204 million pulp mill. The pulp mill is located at Whitecourt and produces high-yield, chlorine-free pulp from both softwood (pine and spruce) and hardwood (aspen). The pulp is marketed in many applications to customers world-wide. The mill has an annual capacity of 250,000 tonnes of pulp and employs about 140 people in its ongoing operations.

In order to enable Millar Western Pulp Ltd. to obtain additional bank financing, a financial restructuring of the company was negotiated effective June 1994, between the company, its banker and the province. Millar Western Pulp Ltd. formed a new subsidiary, Millar Western Pulp (Whitecourt) Ltd. All the assets and liabilities of Millar Western Pulp Ltd. were transferred to the subsidiary, except for a \$6 million shareholder loan, \$90 million of principal, and all accrued interest on the Heritage Fund loan.

The \$30 million loan assumed by the subsidiary is interest free and secured by a debenture registered against mill assets, ranking behind the prior charge of the bank. This loan has no maturity date and repayment is based on certain events, including annual available cash flow after the bank term debt has been repaid. At the time of the restructuring in 1994, the carrying value of this loan was adjusted to \$20.6 million, the present value of the anticipated loan repayments.

The \$90 million portion of the original Heritage Fund loan remained with Millar Western Pulp Ltd. The loan is secured by a loan debenture and an assignment of 60% of the shares in Millar Western Pulp (Whitecourt) Ltd. Interest accrues at 10% compounded annually. Repayment of this loan is from cash flow received by Millar Western Pulp Ltd. until the year 2004, at which time all outstanding principal and accrued interest is due and payable in full. As the amount and timing of recovery on the Millar Western Pulp Ltd. loan is uncertain, it has been written down to zero.

In 1994-95, as in past years, no principal or interest payments were received from this investment and no income was recorded as earned.



Investment:

- in 1994-95: nil
- at March 31, 1995: \$21 million

## SYNCRUDE

The Syncrude Project is the world's largest oil sands operation. It produces almost 11% of Canada's total crude oil production levels which makes Syncrude the nation's largest single source of crude oil. Syncrude's total production of synthetic crude oil in 1994-95 was 69.2 million barrels, an increase of 3.3% over 1993-94 production totals.

The Heritage Fund is an 11.74% joint venture participant in the Project. The Heritage Fund receives its share of oil production and is responsible for its share of production and costs.

The Heritage Fund's income from Syncrude was \$41.9 million in 1994-95, up from \$22.0 million in 1993-94. The increase was a result of favorable crude oil prices and production volumes, reduced production costs and a lower Canadian-U.S. dollar exchange rate. Also, an extraordinary gain of \$11 million was realized during the year due to the settlement of a major lawsuit. In total, the Heritage Fund has received income of \$697 million from Syncrude since production began in 1978.

In July 1995, the Province announced the sale of its entire 11.74% interest in Syncrude to Torch Energy Advisors Inc., subject to certain conditions.

Investment:

- (net) in 1994-95: \$(17) million
- at March 31, 1995: \$324 million

## LLOYDMINSTER BI-PROVINCIAL UPGRADER

On February 11, 1995, Alberta sold its 24.17% interest in the Lloydminster Bi-provincial Upgrader for \$32.02 million to Husky Oil Ltd. and the Government of Saskatchewan. At the same time, Canada also sold its entire 31.67% interest for a price similar to Alberta's sale price on a percentage ownership basis. The cost of purchasing Alberta's and Canada's equity was borne by Husky and Saskatchewan in order to increase their equity positions to 50% each. The sale was based on a terms of agreement reached on July 29, 1994, between the four joint venture parties, namely the Governments of Alberta, Saskatchewan and Canada and Husky Oil Ltd.

\$12.69 million was returned to the Heritage Fund and \$19.33 million was repaid to 540540 Alberta Ltd. (the special purpose company that funded Alberta's share of project operating shortfalls). In total, Alberta contributed \$404.14 million towards capital costs (including cost overruns) through the Heritage Fund and \$19.33 million to fund operating shortfalls through 540540 Alberta Ltd. Alberta has no further obligation to the project or ongoing liability for the operation of the Upgrader and is indemnified by Husky and Saskatchewan from any environmental liabilities.

In addition to the \$32.02 million in cash, the province also received an "Upside Interest" to share in future revenues. If the price differential between feedstock and synthetic crude is above certain thresholds (\$6.50/bbl in 1994 dollars), Alberta will receive additional cash based on current levels of production. This Upside Interest continues for 20 years to ensure Alberta receives additional value from the project in any upside conditions. No value has been attributed to the Upside Interest on the General Revenue Fund financial statements given the uncertainty of the differential and the currently low differential of \$3.50/bbl.

Investment:

- (net) in 1994-95: \$(43) million
- at March 31, 1995: nil

# CAPITAL PROJECTS DIVISION

## SPENDING SUMMARY



The Capital Projects Division spent money on projects that will provide long-term economic or social benefits to the people of Alberta. These projects generally do not yield a financial return to the Heritage Fund. However, they improve the present and future quality of life in Alberta. No funds will be spent from this division beyond March 31, 1995.

The projects listed below are not included in the assets of the Heritage Fund.

### PROJECTS

Responsible Department	Period/Spending	Description of Program
<b>Advanced Education and Career Development</b>		
Alberta Heritage Scholarship Fund	1981-1982: \$100 million	The endowment provides about \$12.5 million annually. They support scholarship and award programs designed to stimulate the pursuit of excellence. To date, over \$136 million has been awarded to over 97,000 Albertans. The market value of the Fund at March 31, 1995, was \$224 million.
Clinical Research Building	1989: \$18 million	Located at the University of Alberta, this facility consists of five bays of laboratory modules and provides clinical research space for various medical disciplines.
Library Development	1979-1983: \$9 million	This project funded the acquisition of over 600,000 library books, periodicals and non-print resources for library collections in all 15 Alberta public colleges and universities.
<b>Agriculture, Food and Rural Development</b>		
Farming for the Future	1978-1995: \$77 million	The program provided financial assistance for agricultural research and demonstration projects. It supported projects aimed at improving agricultural marketing and production, food processing, and soil and water conservation. In 1994-95, 98 research projects and 87 demonstrations were conducted.
Food Processing Development Centre	1984-1987: \$9 million	Located in Leduc, the Centre helps food processors develop new or improved products and processes through the application of new technology.
Grazing Reserves Enhancement	1977-1995: \$54 million	The program follows up the successful Grazing Reserves Development Program. It redeveloped 55,000 hectares (136,000 acres) of pasture on 21 grazing reserves where brush is regrowing. The

# CAPITAL PROJECTS DIVISION

## SPENDING SUMMARY



Responsible Department	Period/Spending	Description of Program
Irrigation Rehabilitation and Expansion	1976-1995: \$404 million	improved pastures will provide grazing for approximately 20,000 additional head of livestock. Wildlife habitat was enhanced through careful planning of the redevelopment areas.  Assistance was provided to the 13 Irrigation Districts to plan, rehabilitate and expand their water distribution networks to manage water resources more effectively and efficiently.  During 1994-95, 23 kilometres of canal were lined with buried membrane. 70 kilometres of pipelines, 15 kilometres of earth canals and 8 kilometres of open drains were rehabilitated. In the 1994 crop season, a total of 504,663 hectares (1,247,022 acres) were serviced by the 13 Irrigation Districts.
Private Irrigation Development Assistance	1989-1995: \$1.7 million	This program provided up to 50 percent of the capital costs for moving water from a natural supply to private land for irrigation. This program was available to producers outside of the areas serviced by the 13 Irrigation Districts.  During its sixth year, the program contributed to 12 new projects involving 457 hectares (1,130 acres) of new irrigation in the province. A total of 112 projects irrigating 5,429 hectares (13,416 acres) have been developed under the program.
Rail Hopper Cars	1980-1982: \$54 million	As part of its commitment to agriculture, the government acquired 1,000 hopper cars to increase the grain carrying capacity of the railway system.

### Community Development

Municipal Recreation/ Tourism Areas	1986-1992: \$14 million	The program provided grants to rural communities for the development and upgrading of outdoor recreation facilities to improve local recreation opportunities and increase tourism.
Urban Park Development	1979-1995: \$132 million	Phase I of the program, which ended in 1987, provided \$87 million to develop urban park systems. Parks were developed in Lethbridge, Lloydminster, Medicine Hat, Red Deer, and Grande Prairie.



# CAPITAL PROJECTS DIVISION

## SPENDING SUMMARY



Responsible Department	Period/Spending	Description of Program
		Phase II was announced in 1989. It provided \$44.2 million over six years for the development of urban park systems. Airdrie, Calgary, Camrose, Edmonton, Fort McMurray, Fort Saskatchewan, Leduc, Spruce Grove, St. Albert, Wetaskiwin and the County of Strathcona have received funding under the program.

### Economic Development and Tourism

Alberta Heritage Foundation for Medical Research Endowment Fund	1979-1980: \$300 million	The Foundation devotes about \$28 million annually from the fund's investment earnings to an exceptional awards and grants program. The program supports a critical mass of world class career medical scientists in Alberta. An aggressive technology commercialization program is beginning to translate medical research into successful commercial ventures. The market value of the Foundation's investments was \$682 million at March 31, 1995.
Electronics Test Centre	1985-1987: \$6 million	This Edmonton facility tests and certifies electronic products and provides manufacturers with product evaluation and technical support.
Individual Line Service	1987-1991: \$221 million	Individual telephone line service was provided to 115,500 rural Albertans. The program also refunded monthly exchange circuit surcharges to the 26,000 rural subscribers who acquired private lines before the program began.
Microchip Design and Fabrication Facilities	1985-1987: \$8 million	The Alberta Microelectronic Centre helps transfer microelectronic technology to industry.

### Education

Alberta Heritage Learning Resources	1978-1981: \$9 million	This project resulted in the development and publication of six sets of materials for use in Alberta schools. All emphasized the history, geography, and the social and natural environment of Canada, particularly western Canada.
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# CAPITAL PROJECTS DIVISION

## SPENDING SUMMARY



Responsible Department	Period/Spending	Description of Program
<b>Energy</b>		
Alberta Oil Sands Technology and Research Authority (AOSTRA)	1976-1990: \$419 million	The Authority promotes research and development of environmentally acceptable technological methods for the economic recovery of oil sands bitumen, heavy oil and enhanced conventional oil.
Renewable Energy Research	1989-1994: \$3 million	<p>The Alberta Office of Renewable Energy Technology promoted development and demonstration of renewable energy technologies in the Pincher Creek/Crowsnest Pass area.</p> <p>Eleven projects received financial support, with the largest being a 2.4 MW hydroelectric power system and two wind farms. The program terminated as scheduled on March 31, 1994.</p>
<b>Environmental Protection</b>		
Fish Creek Provincial Park (Development)	1984-1987: \$17 million	This 1,330 hectare (3,300 acre) day-use park in south Calgary offers a wide variety of recreational activities. These include a swimming and skating lake, an equestrian centre, amphitheatres, picnic areas and historical sites.
Kananaskis Country Recreation Development	1978-1988: \$225 million	This 405,000 hectare (one million acre) project provides year round recreational enjoyment for Albertans and visitors. More than 1,500 kilometres of trails offer hiking, cross-country skiing, biking, horseback riding, snowmobiling, and off-road vehicle driving. Facilities include golf courses, campgrounds and interpretive amphitheatres. Other special features include William Watson Lodge, providing accommodation designed for persons with disabilities, and the Canmore Nordic Centre, which hosts national and international sporting events.
Land Reclamation	1976-1994: \$44 million	<p>This program reclaimed land disturbed as a result of human activity which was not governed at the time of disturbance by the Land Surface Conservation and Reclamation Act. From 1976 to 1994, over 1,500 projects were completed on municipal or Crown land including abandoned garbage dumps, sewage lagoons, gravel pits and mines.</p> <p>Research projects concerned with improving land reclamation methods were also funded, with</p>

# CAPITAL PROJECTS DIVISION

## SPENDING SUMMARY



Responsible Department	Period/Spending	Description of Program
		participation by industry. This program was terminated as scheduled on March 31, 1994.
Lesser Slave Lake Outlet	1979-1984: \$3 million	The outlet stabilized lake levels and reduced flooding in the communities and agricultural lands surrounding Lesser Slave Lake.
Maintaining Our Forests	1979-1987: \$25 million	The money spent helped replace coniferous landbase lost to industrial expansion or damaged by fire. Under this project, approximately 45,000 hectares (111,000 acres) were reforested with seedlings.
Paddle River Basin Development	1979-1987: \$42 million	This project addressed flooding problems in the Paddle River Basin and provided an assured water supply for the area.
Pine Ridge Reforestation Nursery Enhancement (Alberta Reforestation Nursery)	1990-1994: \$23 million	The Nursery was completed in 1984-85 and extensively improved from 1990-1993. It provides high quality seed service and seedlings for government and industry reforestation activities. The expansion increased gross seedling capacity from 24.5 million to 33.5 million per year.
Water Management Systems Improvement	1977-1995: \$558 million	This project supported the rehabilitation, upgrading or replacement of water storage and delivery systems. Its objective was to provide an assured water supply for irrigation, domestic, municipal and industrial water needs, water-based recreation facilities and wildlife enhancement.

### Health

Alberta Family Life and Substance Abuse Foundation	1991-1994: \$3 million	The Foundation's purpose was to strengthen Alberta families through funding to support the discovery and application of new knowledge about substance abuse. The Foundation was discontinued at the end of 1993-94.
Applied Cancer Research	1977-1995: \$55 million	Through its support to clinical and applied research, this program has established Alberta as a centre of excellence in cancer research and treatment. In 1994-95, 28 projects were funded. They will provide direct improvements to patient care.
Applied Heart Disease Research	1976-1982: \$29 million	The funds provided assisted in the development of cardiac care programs at the University of Alberta Hospital and the Royal Alexandra Hospital in Edmonton, and the Calgary General Hospital.

# CAPITAL PROJECTS DIVISION

## SPENDING SUMMARY



Responsible Department	Period/Spending	Description of Program
<b>Labour</b>		
Occupational Health and Safety Research and Education	in 1981-1995: \$12 million	Fourteen projects were funded in 1994-95. They helped improve workplace health and safety through research, education and conferences.
<b>Public Works, Supply and Services</b>		
Alberta Children's Provincial General Hospital	1976-1984: \$40 million	The children's health centre in Calgary focuses on the total health of its young patients. Both basic and complex medical and surgical services are provided to in-patients and out-patients through over 30 speciality clinics.
Capital City Recreation Park	1976-1991: \$44 million	This 1,250 hectare (3,000 acre) park in Edmonton joins 14 river valley parks by bridges and 55 kilometres of bicycle and hiking paths. Facilities include a family recreation centre, picnic and nature areas, fountains, a fish pond, and golf course. The province reimbursed Edmonton for the lands purchased for the park. Four parcels of provincially owned land located within the park boundary remain to be transferred to Edmonton.
Fish Creek Provincial Park (Land)	1976-1983: \$27 million	Land for this provincial park in Calgary was purchased over several years to provide one of Canada's finest urban provincial parks.
Tom Baker Cancer Centre and Special Services Facility	1981-1984: \$93 million	Located at the Foothills Medical Centre in Calgary, the Centre provides diagnostic, chemotherapy, radiation therapy and psychosocial support to cancer patients.
Walter C. Mackenzie Health Sciences Centre	1982-1990: \$391 million	Located at the University of Alberta in Edmonton, this 171,700 square metre ultra modern health sciences centre integrates health care, teaching and research. This facility supports leading edge programs such as heart and lung transplants.
<b>Transportation and Utilities</b>		
Airport Terminal Buildings	1979-1984: \$16 million	Funding was provided to construct airport terminals in 18 communities around the province to improve access to these areas.

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# FINANCIAL STATEMENTS

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## AUDITOR'S REPORT

To the Provincial Treasurer

I have audited the balance sheet of the Alberta Heritage Savings Trust Fund as at March 31, 1995 and the statements of income, transfers, amounts expended and fund equity and changes in financial position for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 1995 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

*Peter Valentini*

FCA  
Auditor General

Edmonton, Alberta  
June 2, 1995

# FINANCIAL STATEMENTS



## BALANCE SHEET

March 31, 1995 (in \$ thousands)

	1995	1994
<b>Assets:</b>		
Cash and marketable securities, Schedule 1	6,768,099	6,028,870
Accrued interest and accounts receivable	260,559	526,537
Due from the General Revenue Fund	—	32,661
Canada Investment Division investments, Schedule 2	917,894	1,068,628
Alberta Investment Division investments, Schedule 3	3,372,736	3,706,541
Commercial Investment Division investments, Schedule 4	439,153	399,507
Capital Projects Division investments, Schedule 5	136,241	131,647
	<u>11,894,682</u>	<u>11,894,391</u>
<b>Liabilities and fund equity:</b>		
Liabilities:		
Accounts payable	28,470	19,552
Due to the General Revenue Fund	40,700	—
Fund equity	11,825,512	11,874,839
	<u>11,894,682</u>	<u>11,894,391</u>

The accompanying notes and schedules are part of these financial statements.

# FINANCIAL STATEMENTS



## STATEMENT OF INCOME, TRANSFERS, AMOUNTS EXPENDED AND FUND EQUITY

For the Year Ended March 31, 1995 (in \$ thousands)

	1995	1994
<i>Income:</i>		
Investment income before the undernoted	926,343	857,374
Net gain on disposals of investments	31,628	317,156
Write down of investments	(43,000)	(70,225)
Net investment income	914,971	1,104,305
Administrative expenses (Note 3)	1,194	835
Net income (Note 4)	913,777	1,103,470
<i>Transfers:</i>		
Transfers to the General Revenue Fund	913,777	1,103,470
	—	—
<i>Capital Projects Division amounts expended (Schedule 6):</i>		
Agriculture and economic development	26,479	34,348
Environment and resource conservation	16,386	18,006
Recreation and culture	4,000	14,057
Health	2,716	4,175
Previous year capital expenditure refunds	(254)	(75)
	49,327	70,511
Net decrease in fund equity	(49,327)	(70,511)
Fund equity at beginning of year	11,874,839	11,945,350
Fund equity at end of year	11,825,512	11,874,839



# FINANCIAL STATEMENTS



## STATEMENT OF CHANGES IN FINANCIAL POSITION

For the Year Ended March 31, 1995 (in \$ thousands)

	1995	1994
<b>Operating transactions:</b>		
Net income	913,777	1,103,470
Non-cash items included in net income	(4,391)	(256,409)
	909,386	847,061
Decrease (increase) in receivables	298,639	(9,130)
Increase in payables	49,618	13,414
Cash provided by operating transactions	1,257,643	851,345
<b>Investing transactions:</b>		
Proceeds from disposals, repayments and redemptions of investments:		
Canada Investment Division	155,313	109,660
Alberta Investment Division	502,003	1,205,244
Commercial Investment Division	493,262	209,834
Capital Projects Division	1	1
Investments:		
Alberta Investment Division	(194,469)	(288,791)
Commercial Investment Division	(511,420)	(223,132)
Cash provided by investing transactions	444,690	1,012,816
<b>Transfers and amounts expended:</b>		
Transfers to the General Revenue Fund	(913,777)	(1,103,470)
Capital Projects Division amounts expended	(49,327)	(70,511)
Cash applied to transfers and amounts expended	(963,104)	(1,173,981)
<b>Increase in cash and marketable securities</b>	<b>739,229</b>	<b>690,180</b>
<b>Cash and marketable securities at beginning of year</b>	<b>6,028,870</b>	<b>5,338,690</b>
<b>Cash and marketable securities at end of year</b>	<b>6,768,099</b>	<b>6,028,870</b>

# FINANCIAL STATEMENTS



## NOTES TO THE FINANCIAL STATEMENTS

March 31, 1995

### Note 1 Authority and Financial Structure

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The Alberta Heritage Savings Trust Fund operates under the authority of the Alberta Heritage Savings Trust Fund Act (the Act), Chapter A-27, Revised Statutes of Alberta 1980, as amended.

Pursuant to section 4(2) of the Act, which came into force in September 1982, all of the net income of the Fund is transferred to the General Revenue Fund. In total, the Fund has transferred \$16,268,922,000 to the General Revenue Fund from 1982 to 1995. Net income from the inception of the Fund in 1976 to August 1982 totalling \$3,262,247,000 has been retained by the Fund.

Under the authority of "Special Acts" and section 5(1) of the Act, non-renewable resource revenue totalling \$12,049,325,000 was transferred from the General Revenue Fund to the Fund, from the inception of the Fund in 1976, to March 31, 1987.

### Note 2 Summary of Significant Accounting Policies and Reporting Practices

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These financial statements are prepared in accordance with generally accepted accounting principles. The accounting policies of significance to the Fund are as follows:

- (a) Securities included in the Canada Investment Division, the Alberta Investment Division, and the Commercial Investment Division are valued at cost. Cost includes the amount of applicable amortization of discount or premium using the straight-line method over the life of the securities.
- (b) The participation in joint ventures, included in the Alberta Investment Division, is accounted for on the equity basis.
- (c) Investments in loans, included in the Alberta Investment Division and the Capital Projects Division, are reported at their face value discounted by the amount of concessions (see Schedule 3 Note d and Schedule 5 Note b). The amount of the discount is amortized to investment income over the term of the loan, except when the collectability of either the principal or interest related to the loan transaction is not reasonably assured.
- (d) Bonds, bond coupons and residuals, mortgage-backed and asset-backed securities and mid-term money market securities included in marketable securities are valued at cost or market value, whichever is lower, on an aggregate basis. Short-term money market securities are valued at cost. Cost includes the amount of applicable amortization of discount or premium using the straight-line method over the life of the securities.
- (e) The cost of disposals is determined on the average cost basis. Gains and losses arising as a result of disposals and any change in the provision to adjust the cost of marketable securities to the lower of cost or market value, on an aggregate basis, are included in the determination of net investment income.
- (f) Investment income is recorded on the accrual basis where there is reasonable assurance as to its measurement and collectability.

# FINANCIAL STATEMENTS



## Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

- (g) Where there has been a loss in value of an investment that is other than a temporary decline, the investment is written down to recognize the loss. The written down value is deemed to be the new cost.
- (h) Foreign currency transactions are translated into Canadian dollars using average rates of exchange, except for hedged foreign currency transactions which are translated at rates of exchange established by the terms of the forward exchange contracts. Exchange differences on unhedged transactions are included in the determination of investment income.
- (i) Capital Projects Division amounts expended represent the cost of goods and services acquired during the year and amounts expended or accrued in accordance with the conditions of approved grant programs, including capital acquisitions, amounts expended on capital projects and grants for capital purposes (see Schedule 6 Note a).

## Note 3 Administrative Expenses

	1995	1994
Expenses paid directly from the Fund pursuant to section 11(1) of the Alberta Heritage Savings Trust Fund Act	\$ 447,000	\$ 86,000
Other administrative expenses estimated and charged to the Fund pursuant to section 11(2) of the Alberta Heritage Savings Trust Fund Act	747,000	749,000
	<u>\$ 1,194,000</u>	<u>\$ 835,000</u>

Administrative expenses estimated at \$275,000 for the year ended March 31, 1995 (1994 \$772,000) relating to investments in joint ventures are not included in other administrative expenses but are reflected in results of operations of the projects for the year.

# FINANCIAL STATEMENTS



## Note 4 Comparison of Planned and Actual Results

A budget of the Fund's net income was included in the Budget '94. A more comprehensive budget of the Fund's net income, which was prepared by management, has been included in these financial statements for comparison with the actual figures.

	1995		1994	
	Budget	Actual	Budget	Actual
Cash and marketable securities (a)	\$ 373,300,000	\$ 417,941,000	\$ 378,000,000	\$ 325,290,000
Canada Investment				
Division investments	126,500,000	126,531,000	138,100,000	137,390,000
Alberta Investment				
Division investments (b)	304,100,000	331,978,000	654,400,000	570,626,000
Commercial Investment				
Division investments	23,500,000	32,380,000	24,600,000	61,781,000
Capital Projects				
Division investments	8,600,000	6,141,000	9,000,000	9,218,000
Administrative expenses	( 1,000,000 )	( 1,194,000 )	( 1,000,000 )	( 835,000 )
Net income	<u>\$ 835,000,000</u>	<u>\$ 913,777,000</u>	<u>\$ 1,203,100,000</u>	<u>\$ 1,103,470,000</u>

- (a) Actual includes \$102,996,000 (1994 \$120,798,000) income from investments in Province of Alberta funds and agencies.
- (b) Actual includes \$252,936,000 (1994 \$291,454,000) income from investments in Province of Alberta agencies.

## Note 5 Comparative Figures

Certain 1994 figures have been reclassified to conform to 1995 presentation.

## Note 6 Approval of Financial Statements

These financial statements were approved by management.

# FINANCIAL STATEMENTS



## CASH AND MARKETABLE SECURITIES

## SCHEDULE 1

March 31, 1995 (in \$ thousands)

	1995		1994	
	Cost	Market Value	Cost	Market Value
<b>Bonds (a):</b>				
Government of Canada, direct and guaranteed	993,874	974,678	988,911	967,286
Provincial:				
Alberta, direct and guaranteed	209,571	205,149	299,100	293,512
Other, direct and guaranteed	373,774	367,649	480,592	472,847
Municipal	9,763	10,005	15,411	15,814
Foreign governments, guaranteed	8,074	8,035	8,107	8,158
Corporate	269,287	265,569	254,136	251,521
	<b>1,864,343</b>	<b>1,831,085</b>	<b>2,046,257</b>	<b>2,009,138</b>
<b>Bond coupons and residuals:</b>				
Government of Canada, direct	40,852	40,859	29,993	29,992
Province of Alberta, direct	4,771	4,688	4,483	4,421
Other provinces, guaranteed	2,897	2,898	2,646	2,716
	<b>48,520</b>	<b>48,445</b>	<b>37,122</b>	<b>37,129</b>
<b>Mortgage-backed and asset-backed securities:</b>				
Government of Canada, guaranteed	1,001,340	986,511	673,431	668,794
Other	122,229	119,643	28,777	27,335
	<b>1,123,569</b>	<b>1,106,154</b>	<b>702,208</b>	<b>696,129</b>
<b>Mid-term money market securities:</b>				
Promissory notes:				
Province of Alberta, direct	—	—	45,200	43,890
Other	340,958	337,971	260,110	250,360
Certificates of deposit and guaranteed investment certificates	9,992	9,844	224,183	225,266
Bankers' acceptances	—	—	12,500	12,603
	<b>350,950</b>	<b>347,815</b>	<b>541,993</b>	<b>532,119</b>

# FINANCIAL STATEMENTS



## SCHEDULE 1 (CONTINUED)

	1995		1994	
	Cost	Market Value	Cost	Market Value
<b>Short-term money market securities (b):</b>				
Treasury bills:				
Government of Canada	959,008	959,008	127,703	127,703
Province of Alberta	54,645	54,645	9,868	9,868
Other provinces	142,519	142,519	57,712	57,712
Promissory notes:				
Province of Alberta	1,392,806	1,392,806	1,898,921	1,898,921
Other	103,859	103,859	172,035	172,035
Bearer deposit notes	222,769	222,769	117,901	117,901
Bankers' acceptances	476,397	476,397	219,534	219,534
Call loans	—	—	65,000	65,000
Certificates of deposit and guaranteed investment certificates	15,000	15,000	—	—
	<u>3,367,003</u>	<u>3,367,003</u>	<u>2,668,674</u>	<u>2,668,674</u>
<b>Deposits in the Consolidated Cash Investment Trust Fund</b>	<u>67,597</u>	<u>67,597</u>	<u>85,681</u>	<u>85,681</u>
	<u><u>6,821,982</u></u>	<u><u>6,768,099</u></u>	<u><u>6,081,935</u></u>	<u><u>6,028,870</u></u>

(a) At March 31, 1995 certain securities were loaned to certain borrowers. The loans were secured by marketable securities. During the term of the loans, the Fund retains the right to receive income on the securities loaned, in addition to the fee earned.

(b) The market value of short-term money market securities is estimated to approximate cost.

# FINANCIAL STATEMENTS



## CANADA INVESTMENT DIVISION INVESTMENTS

## SCHEDULE 2

March 31, 1995 (in \$ thousands)

	1995		1994	
	Cost	Market Value	Cost	Market Value
<b>Debentures (a):</b>				
Province of New Brunswick New Brunswick Electric Power Commission	121,563	124,832	146,339	154,717
Province of Newfoundland Newfoundland and Labrador Hydro	49,930	50,532	49,906	52,050
149,381	163,894	149,253	170,887	
Newfoundland Municipal Financing Corporation	59,784	67,498	59,739	70,510
Province of Nova Scotia Nova Scotia Municipal Finance Corporation	84,487	96,847	158,987	182,886
13,723	15,019	16,212	18,317	
Nova Scotia Power Corporation	—	—	49,726	51,380
Province of Prince Edward Island	48,628	55,341	48,564	62,166
Hydro-Quebec	305,978	333,235	305,557	344,075
	<b>917,894</b>	<b>997,449</b>	<b>1,068,628</b>	<b>1,201,413</b>

- (a) Debentures bear interest at rates of 9.50% to 13.875% with maturity dates from December 19, 1995 to July 15, 2005. Certain debentures are redeemable prior to maturity at the option of the issuer. In general, other debentures are redeemable by a single payment of the full principal sum on maturity.

The debentures are priced using appropriate interest rate premiums over similar Government of Canada benchmark bonds trading in the market. Callable bonds are priced to the early call date.

# FINANCIAL STATEMENTS



## ALBERTA INVESTMENT DIVISION INVESTMENTS

## SCHEDULE 3

March 31, 1995 (in \$ thousands)

	1995		1994	
	Cost	Market Value	Cost	Market Value
<b>Provincial corporation debentures (a):</b>				
Agriculture Financial Services Corporation	894,285	915,502	948,786	1,000,454
Alberta Social Housing Corporation	1,220,627	1,335,760	1,366,978	1,543,636
Alberta Municipal Financing Corporation	140,000	162,009	140,000	168,383
Alberta Opportunity Company	78,397	79,284	105,868	109,684
<b>Corporate debentures:</b>				
NOVA Corporation of Alberta Ltd. Adjustable rate convertible subordinated debentures	—	—	150,000	142,000
TransCanada PipeLines Limited 10.426% convertible subordinated debentures (b)	150,000	155,000	150,000	162,000
<b>Common shares:</b>				
Canadian Western Bank	720	1,680	720	1,280
NOVA Corporation of Alberta Ltd.	112,283	133,928	24,533	28,037
	<u>2,596,312</u>	<u>2,783,163</u>	<u>2,886,885</u>	<u>3,155,474</u>
<b>Corporate debentures and loans for which no market values are available:</b>				
Alberta Pacific Pulp Mill Project				
Variable rate debentures (c):				
Crestbrook Forest Industries Ltd.	125,144		112,323	
Kanzaki Paper Canada Inc.	78,054		70,100	
MC Forest Investment Inc.	109,304		98,035	
Millar Western Pulp Ltd. Loans (d)	20,600		20,600	
Ridley Grain Ltd. 11% participating first mortgage bonds (e)	119,090		121,329	



# FINANCIAL STATEMENTS



## SCHEDULE 3 (CONTINUED)

	1995		1994	
	Cost	Market Value	Cost	Market Value
<b>Participation in joint ventures:</b>				
Lloydminster Bi-provincial Upgrader Project (f)	—		56,100	
Syncrude Project (g)	<u>324,232</u>		<u>341,169</u>	
	<u>776,424</u>		<u>819,656</u>	
	<u><u>3,372,736</u></u>		<u><u>3,706,541</u></u>	

- (a) Provincial corporation debentures bear interest at rates of 7.05% to 18.05% with maturity dates from March 28, 1997 to March 15, 2019. Interest rates on Alberta Municipal Financing Corporation debentures are fixed to maturity and redemption is by a single payment of the full principal sum on maturity. In general the interest rates on the other provincial corporation debentures are fixed for a five year period only and repayment is by annual instalments of the principal sum over the life of the debenture. The Provincial Treasurer may permit all or part of the debentures to be redeemed by the issuer prior to maturity without penalty. During the year, debentures amounting to \$115,615,000 (1994 \$243,767,000) were redeemed prior to maturity.

The Fund's investment in provincial corporation debentures is summarized hereunder:

	1995	1994
Balance at beginning of year	\$2,561,632,000	\$2,943,031,000
Investments:		
Alberta Social Housing Corporation	—	15,000,000
Alberta Opportunity Company	—	10,000,000
Disposals, repayments and redemptions:		
Alberta Social Housing Corporation	(146,351,000)	(309,412,000)
Agriculture Financial Services Corporation	(54,501,000)	(64,493,000)
Alberta Opportunity Company	(27,471,000)	(32,494,000)
Balance at end of year	<u><u>\$2,333,309,000</u></u>	<u><u>\$2,561,632,000</u></u>

Market values for Provincial corporation debentures are based on the net present value of future cash flows. Each individual cash flow payment is discounted at a rate which matches the term of the cash flow payment and is adjusted for a yield premium to reflect several factors. These include a liquidity premium to reflect the fact that if the debentures are sold, there will be a



## SCHEDULE 3 (CONTINUED)

limited pool of these securities trading in the market, and that the debentures are guaranteed by the Province but are not direct issues of the Province; a premium for the periodic interest reset feature where applicable; and a factor to reflect the prepayment and blended payment structure of the debentures.

- (b) The debentures are convertible at the Fund's option into common shares of the company, at a conversion price of \$23.041 per share. The debentures are redeemable at any time after June 20, 1995, in whole or in part, at the option of the company, at par plus accrued interest, subject to certain conditions. The debentures mature on December 20, 2001.
- (c) Under the terms of the debentures, prior to March 1, 1997, interest is accrued and capitalized semi-annually at the rate of 9.203% per annum. After that date interest is accrued at the same rate and paid monthly to the extent of the available cash flow. The rate will be adjusted on March 1, 2000 and every five years after that date to the Alberta 20 year Canadian dollar borrowing rate applicable on the date of adjustment. The debentures mature on November 30, 2010 and are repayable in five equal annual instalments commencing February 28, 2006. Total capitalized interest amounts to \$63,190,000 at March 31, 1995 (1994 \$36,316,000).
- (d) The Fund provided a \$120 million loan to Millar Western Pulp Ltd. In June 1994, \$30 million of the original loan was assumed by Millar Western Pulp (Whitecourt) Ltd., a subsidiary of Millar Western Pulp Ltd.

The \$120 million loan was originally provided to Millar Western Pulp Ltd. based on cash flow projections which indicated that the effective interest rate on the loan was lower than the Province's average cost of borrowings. This difference in interest rates constituted a form of financial assistance provided to the company. To reflect the value of the financial assistance provided, the recorded amount of the loan on the date of advance was reduced by a discount.

The \$30 million loan assumed by Millar Western Pulp (Whitecourt) Ltd. is non-interest bearing and is secured by a debenture providing second charge against mill assets. The loan is repayable under certain conditions. The main conditions include the transfers, sale or disposition of all or a portion of company shares, any sale of material assets of Whitecourt, or disposition of debt held by the chartered bank other than by normal loan repayments. The loan is subject to the prior claim of all bank debt. The carrying value of the loan has been adjusted to \$20.6 million, which is the present value of the anticipated loan repayments.

The remaining \$90 million loan to Millar Western Pulp Ltd. is secured by a loan debenture and an assignment of 60% of the shares in Millar Western Pulp (Whitecourt) Ltd. The loan earns interest at 10% compounded annually. These amounts will be repayable from the sale of shares of Millar Western Pulp (Whitecourt) Ltd. or from dividends or other distributions paid by Millar Western Pulp (Whitecourt) Ltd. to Millar Western Pulp Ltd. Income from the loan will be recognized to the extent that interest is received.

Collection of the \$90 million loan and related interest owing by Millar Western Pulp Ltd. is considered uncertain and the loan has been written down to \$Nil to recognize the loss in value.

- (e) Under the terms of the bond, prior to July 31, 1985, interest on the bonds has been capitalized and compounded annually; thereafter interest is compounded semi-annually and payable annually and any shortfall is to be capitalized. The principal, including capitalized interest, is repayable on or before July 31, 2015. Unrecorded capitalized interest amounts to \$34,337,000 at March 31, 1995 (1994 \$34,337,000). Income from the bonds is recognized to the extent that interest is received.

# FINANCIAL STATEMENTS



## SCHEDULE 3 (CONTINUED)

- (f) In July 1994, the Province agreed to terms for the sale of its 24.17% interest in the Bi-provincial Upgrader to Husky Oil Operations Ltd. and CIC Industrial Interests Inc. (CIC). The sale price for the Province's interest was \$32.02 million. Of this \$32.02 million, \$19.333 million has been allocated to 540540 Alberta Ltd. to recover advances it made for the Province's share of operating shortfalls which have a prior claim to cash flow. The remaining \$12.687 million has been allocated to the Fund.

The Fund's participation in the project is summarized hereunder:

	1995	1994
Balance at beginning of year	\$ 56,100,000	\$ 74,781,000
Equity contributions	1,587,000	8,690,000
Net loss for the year and write down	(45,000,000 )	(27,371,000 )
Proceeds from sale	(12,687,000 )	—
Balance at end of year	\$ —	\$ 56,100,000

- (g) Authorization has been given to pay from the Fund the Province's share of construction and operating costs incurred under the Syncrude Project Ownership and Management Agreement. As a 11.74% participant in the project, the Fund is, as lessee, entitled to its proportionate share of all substances produced subject to the liabilities to the Province of Alberta, as lessor, in accordance with the Alberta Crown Agreement.

The Fund's participation in the project is summarized hereunder:

	1995	1994
Balance at beginning of year	\$ 341,169,000	\$ 499,313,000
Advances	160,838,000	170,512,000
Sale of 5% interest	—	( 149,970,000 )
Repayments	( 219,644,000 )	( 200,693,000 )
Net profit for the year	41,869,000	22,007,000
Balance at end of year	\$ 324,232,000	\$ 341,169,000

Subsequent to the year end, the Province agreed to sell all of its interest in the Syncrude Project. The sale is subject to the following conditions:

- (i) the execution of a Purchase and Sale Agreement and Closing of the Sale between the Province and the Purchaser, and
- (ii) the confirmation of "consents" from existing Syncrude owners to release the Province from all ongoing and future liabilities and obligations pertaining to Syncrude.

# FINANCIAL STATEMENTS



## COMMERCIAL INVESTMENT DIVISION INVESTMENTS

## SCHEDULE 4

March 31, 1995 (in \$ thousands)

	1995		1994	
	Cost	Market Value	Cost	Market Value
<b>Canadian equities (a):</b>				
Common shares and rights (b):				
Communications and media	7,787	18,116	10,468	29,810
Conglomerates	14,258	30,083	14,258	30,637
Consumer products	13,797	43,325	13,798	39,262
Financial services	8,541	13,841	10,052	19,225
Gold and silver	21,982	53,930	24,581	56,902
Industrial products	31,086	65,189	31,086	56,990
Merchandising	11,751	24,608	11,751	24,191
Metals and minerals	25,596	49,429	25,596	44,428
Oil and gas	30,426	53,149	30,426	48,178
Paper and forest products	9,004	17,860	9,004	17,429
Pipelines	11,348	17,670	11,348	18,662
Transportation and environmental services	6,784	12,316	6,784	9,529
Utilities	29,382	43,241	29,382	46,227
Preferred shares:				
Financial services	—	—	3,705	4,469
	<b>221,742</b>	<b>442,757</b>	<b>232,239</b>	<b>445,939</b>
<b>Bonds, bond coupons and residuals</b>				
Government of Canada, direct	8,189	8,194	28,422	28,284
<b>Short-term money market securities (c):</b>				
Treasury bills				
Government of Canada	79,294	79,294	94,414	94,414
Province of Alberta	9,947	9,947	—	—
Provincial	11,080	11,080	18,043	18,043
Bankers' acceptances	40,067	40,067	26,389	26,389
Bearer deposit notes	49,112	49,112	—	—
Promissory notes	19,722	19,722	—	—
	<b>439,153</b>	<b>660,173</b>	<b>399,507</b>	<b>613,069</b>

(a) The industrial classifications are those used by the Toronto Stock Exchange.

(b) At March 31, 1995 certain securities were loaned to certain borrowers. The loans were secured by marketable securities. During the term of the loans, the Fund retains the right to receive income on the securities loaned, in addition to the fee earned.

(c) The market value of short-term marketable securities is estimated to approximate cost.

# FINANCIAL STATEMENTS



## CAPITAL PROJECTS DIVISION INVESTMENTS

## SCHEDULE 5

March 31, 1995 (in \$ thousands)

Department/Project	1995	1994
<b>Economic Development and Tourism</b>		
Venture Capital Financing -		
Vencap Equities Alberta Ltd. (a)	199,989	199,990
Unamortized discount on loan (b)	( 63,748)	( 68,343)
	<u>136,241</u>	<u>131,647</u>

- (a) The outstanding balance of the loan to Vencap Equities Alberta Ltd. (Vencap) is repayable in instalments of \$1,000 in each of the years 1995 to 2002, inclusive, in instalments of \$15,000,000 in each of the years 2003 to 2012, inclusive, and a final instalment of \$49,981,000 in 2013. In the current year interest on the participating debenture securing the loan amounts to 50% (1994 50%) of the defined net income of Vencap. This percentage reduces as the loan is repaid. For 20 years following full repayment of the loan, the Fund will receive 10% of the defined net income of Vencap.

As further consideration for the loan the Province has been granted an option to purchase up to 4,000,000 special shares at \$1 each, exclusive to the Province, convertible into common shares of Vencap. The purchase option expires on the later of the repayment of the loan and the redemption or conversion of the convertible debentures, on which later date the 20% voting rights attaching to each and all of the special shares cease.

- (b) The loan was provided to Vencap at an interest rate which was lower than the Province's cost of borrowings when the loan was advanced. This difference in interest rates constituted a form of financial assistance provided to Vencap. To reflect the value of the financial assistance provided, the recorded amount of the loan on the date of advance has been reduced by a discount. The discount is amortized to investment income over the term of the loan.

# FINANCIAL STATEMENTS



## CAPITAL PROJECTS DIVISION AMOUNTS EXPENDED

## SCHEDULE 6

March 31, 1995 (in \$ thousands)

Department/Project	Accumulated Amounts Expended at Beginning of Year	1994-95		Previous Years' Capital Expenditure Refunds	Accumulated Amounts Expended at End of Year
		Budget	Amounts Expended		
<b>Advanced Education and Career Development</b>					
Alberta Heritage Scholarship Fund	100,000	—	—	—	100,000
Clinical Research Building	17,632	—	—	—	17,632
Library Development	9,000	—	—	—	9,000
<b>Agriculture, Food and Rural Development</b>					
Farming for the Future	72,455	4,800	4,800	(56)	77,199
Food Processing Development Centre	9,013	—	—	—	9,013
Grazing Reserves Enhancement	50,704	3,712	3,543	—	54,247
Irrigation Rehabilitation and Expansion	386,442	18,000	18,000	—	404,442
Private Irrigation Development Assistance	1,612	250	136	—	1,748
Rail Hopper Cars	53,589	—	—	—	53,589
<b>Community Development</b>					
Municipal Recreation/Tourism Areas	13,800	—	—	—	13,800
Urban Park Development	127,638	4,000	4,000	—	131,638
<b>Economic Development and Tourism</b>					
Alberta Heritage Foundation for Medical Research Endowment Fund	300,000	—	—	—	300,000
Electronics Test Centre	6,175	—	—	—	6,175
Individual Line Service	221,127	—	—	—	221,127
Microchip Design and Fabrication Facilities	7,750	—	—	—	7,750
<b>Education</b>					
Alberta Heritage Learning Resources	9,222	—	—	—	9,222
<b>Energy</b>					
Alberta Oil Sands Technology and Research Authority	418,700	—	—	—	418,700
Renewable Energy Research	2,823	—	—	—	2,823

# FINANCIAL STATEMENTS



## SCHEDULE 6 (CONTINUED)

Department/Project	Accumulated Amounts Expended at Beginning of Year	1994-95			Accumulated Amounts Expended at End of Year
		Budget	Amounts Expended	Previous Years' Capital Expenditure Refunds	
<b>Environmental Protection</b>					
Fish Creek Provincial Park (Development)	16,859	—	—	—	16,859
Kananaskis Country Recreation Development	224,728	—	—	—	224,728
Land Reclamation	44,418	—	—	—	44,418
Lesser Slave Lake Outlet	2,889	—	—	—	2,889
Maintaining Our Forests	24,960	—	—	—	24,960
Paddle River Basin Development	41,781	—	—	—	41,781
Pine Ridge Reforestation Nursery Enhancement	23,339	—	—	—	23,339
Water Management Systems Improvement	541,487	16,300	16,386	(16)	557,857
<b>Health</b>					
Alberta Family Life and Substance Abuse Foundation	2,969	—	—	(169)	2,800
Applied Cancer Research	51,948	2,800	2,565	—	54,513
Applied Heart Disease Research	29,341	—	—	—	29,341
<b>Labour</b>					
Occupational Health and Safety Research and Education	12,104	750	151	(13)	12,242
<b>Public Works, Supply and Services</b>					
Alberta Children's Provincial General Hospital	40,477	—	—	—	40,477
Capital City Recreation Park	44,008	—	—	—	44,008
Fish Creek Provincial Park (Land)	27,107	—	—	—	27,107
Tom Baker Cancer Centre and Special Services Facility	93,204	—	—	—	93,204
Walter C. Mackenzie Health Sciences Centre	391,073	—	—	—	391,073
<b>Transportation and Utilities</b>					
Airport Terminal Buildings	16,359	—	—	—	16,359
	3,436,733	50,612	49,581	(254)	3,486,060

(a) Capital Projects Division Amounts Expended represent the aggregate net amount expended and not recoverable by the Fund from November 4, 1976 to March 31, 1995 under the authority of "Appropriation Acts" passed pursuant to section 6(2)(a) of the Alberta Heritage Savings Trust Fund Act. For the purposes of section 6 of the Alberta Heritage Savings Trust Fund Act, the accumulated amounts expended are deemed to be assets of the Trust Fund with a value equal to accumulated expenditure.

The budget figures were included in the 1994-95 Estimates (Alberta Heritage Savings Trust Fund Capital Projects Division).

No "Appropriation Act" pursuant to section 6(2)(a) of the Alberta Heritage Savings Trust Fund Act has been planned for 1995-96 and subsequent years.

# AUDITOR'S REPORT ON INVESTMENT RETURNS

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To the Provincial Treasurer

I have audited the Statement of Market Value Investment Returns of Cash and Marketable Securities and of the Commercial Investment Division of the Alberta Heritage Savings Trust Fund for the year ended March 31, 1995. This statement is the responsibility of the Fund's management. My responsibility is to express an opinion on this statement based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation.

In my opinion, this statement presents fairly, in all material respects, the investment returns of the Cash and Marketable Securities and of the Commercial Investment Division of the Fund for the year ended March 31, 1995 in accordance with the disclosed basis of accounting as described in Note 2 to the statement.

*Peter Valentine*

FCA  
Auditor General

Edmonton, Alberta  
September 15, 1995



# AUDITOR'S REPORT ON INVESTMENT RETURNS



## STATEMENT OF MARKET VALUE INVESTMENT RETURNS OF CASH AND MARKETABLE SECURITIES AND OF THE COMMERCIAL INVESTMENT DIVISION

For the Year Ended March 31, 1995

	One Year
<b>Cash and Marketable Securities</b>	
Short-term (less than 1 year)	6.2%
Mid-term (1-5 years)	7.3%
Total Return	6.5%
<b>Commercial Investment Division</b>	
Money market	6.3%
Equities	7.3%
Total Return	6.8%

The accompanying notes are part of this statement.

## NOTES TO THE STATEMENT OF MARKET VALUE INVESTMENT RETURNS OF CASH AND MARKETABLE SECURITIES AND OF THE COMMERCIAL INVESTMENT DIVISION

For the Year Ended March 31, 1995

### Note 1 Authority and Purpose

The Alberta Heritage Savings Trust Fund operates under the authority of the Alberta Heritage Savings Trust Fund Act (the Act), Chapter A-27, Revised Statutes of Alberta 1980, as amended.

The funds invested in cash and marketable securities and Canadian equities are comprised of readily marketable instruments. Therefore, returns can be calculated on the basis of market value.

The objectives of the remaining divisions include requirements such as the need to achieve policy objectives. Further, the investments are held for the long-term and most are not traded on public markets.

### Note 2 Significant Accounting Policy

Rates of return have been calculated at market value using the time-weighted method. The rate of return on investment measures the total proceeds received from an investment per dollar initially invested. Total proceeds include cash distributions (interest and dividend payments) and capital gains or losses (realized and unrealized) for market value rates of return. The investment industry uses time-weighted rates of return when comparing the returns of funds with other funds or indices. The time-weighted rate of return considers the period-by-period returns without regard to the cash contributions to and withdrawals from the Fund during the period.



In this section of the annual report are five tables which provide some additional statistical information on aspects of the Heritage Fund.

## **INCOME VARIANCE — ACTUAL TO BUDGET 1994-95**

Included is information on the variation of budgeted income for 1994-95 compared to actual Heritage Fund income for 1994-95, and the explanations for this variance. Information is presented by division.

## **COMPARISON OF BOOK AND MARKET VALUES OF HERITAGE FUND INVESTMENTS**

This table compares the book value of the Fund's financial assets with available market values at March 31, 1995. Market values for securities which are actively traded (bought and sold) are based on March 31, 1995, closing prices. Market values were calculated by independent pricing sources and Canadian investment dealers. No attempt has been made to derive market values for project investments, which would have required extensive analysis and due diligence.

The debentures in the Canada Investment Division are priced using appropriate interest rate premiums over similar Government of Canada benchmark bonds trading in the market. Callable bonds are priced to the early call date.

Market values for provincial Crown corporation debentures in the Alberta Investment Division are based on the net present value of future cash flows. Each individual cash flow payment is discounted at a rate which matches the term of the cash flow payment and is adjusted for a yield premium to reflect several factors such as liquidity and the prepayment and blended payment structure of the debentures.

## **ALBERTA INVESTMENT DIVISION — SUMMARY OF INVESTMENT TRANSACTIONS**

This table shows, in a detailed fashion, the amount of purchases, write-downs, disposals, repayments and redemptions for each investment in the Alberta Investment Division (based on cost).

## **COMMERCIAL INVESTMENT DIVISION — SUMMARY OF INVESTMENT TRANSACTIONS**

This table shows, in a detailed fashion, the amount of purchases, write-downs, disposals, repayments and redemptions for each investment in the Commercial Investment Division (based on cost). Market value as at March 31, 1995, is also shown for each major investment category for comparison purposes.

## **ANNUALIZED RATES OF RETURN**

This table shows 1, 3, 5 and 10-year annualized book value rates of return for the Heritage Fund for all divisions as well as the Cash and Marketable Securities portfolio. The book value rates of return include investments in joint ventures (Syncrude, Bi-provincial Upgrader and OSLO) as well as Al-Pac, Millar Western and Ridley Grain. Returns include applicable write-downs.



**23 INCOME VARIANCE -  
ACTUAL TO BUDGET 1994-95**

## ALBERTA INVESTMENT DIVISION

Income in the Alberta Investment Division differed from that forecasted in the budget for the following reasons:

- As a result of higher oil prices and a lower exchange rate, Syncrude income was significantly higher than budgeted. The Heritage Fund also received a one-time extraordinary gain resulting from the settlement of a major lawsuit.
- Conversion of the NOVA debenture into common shares in August 1994 and the subsequent sale of a portion of those shares resulted in a capital gain of \$16.5 million for the Heritage Fund. The conversion was not anticipated at the time of the budget.
- Offsetting the higher income from NOVA and Syncrude was the Lloydminster Bi-provincial Upgrader sale which was also unanticipated at the time of the budget. At the time of the sale in July 1994 the investment was written-down by \$43 million and had incurred operating losses of \$2 million. Because the sale was unanticipated, the write-down was not reflected in the budget.

## COMMERCIAL INVESTMENT DIVISION

In anticipation of poor performance in the equity markets and uncertainty with respect to the Heritage Fund review, the Commercial Investment Division increased its holdings in short-term fixed income securities throughout the year to levels higher than estimated at the time of the budget. This had the effect of increasing interest income to levels higher than budgeted. The higher interest income was partially offset by foregone dividend income arising from the fact that the division held fewer equities.

## CASH AND MARKETABLE SECURITIES

Interest rates in 1994-95 were higher than those assumed at the time of the budget and consequently actual income in the Cash and Marketable Securities portfolio was higher than expected. For example, Budget '94 forecasted Alberta three-month Treasury Bills to average 4.63% during 1994-95, but the actual average for the year was 6.46%.

<i>(in \$ millions)</i>	1994-95 Budget	1994-95 Actual	Variance
Alberta Investment Division			
NOVA	11	22	11
Syncrude	0	42	42
Bi-provincial Upgrader	(7)	(45)	(38)
Other	300	313	13
	<b>304</b>	<b>332</b>	<b>28</b>
Canada Investment Division	<b>127</b>	<b>127</b>	—
Commercial Investment Division			
Interest and Dividend Income	15	21	6
Realized Capital Gains	8	11	3
	<b>23</b>	<b>32</b>	<b>9</b>
Capital Projects Division (Vencap)	9	6	(3)
Cash and Marketable Securities	373	418	45
Administration Expenses	(1)	(1)	—
<b>TOTAL</b>	<b>835</b>	<b>914</b>	<b>79</b>



**24 Comparison of Book and Market Values  
of Heritage Fund Investments  
at March 31, 1995 (in \$ millions)**

Financial Assets	Book Value	Market Value
<b>Cash and Marketable Securities</b>		
Mid-term securities	3,333 <sup>a</sup>	3,333
Short-term money market securities	3,435	3,435
<b>Total Cash and Marketable Securities</b>	<b>6,768</b>	<b>6,768</b>
<b>Canada Investment Division</b>	<b>918</b>	<b>997</b>
<b>Commercial Investment Division</b>	<b>439</b>	<b>660</b>
<b>Alberta Investment Division</b>		
<b>Provincial Crown Corporation Debentures</b>		
Agriculture Financial Services Corporation	894	915
Alberta Social Housing Corporation	1,221	1,336
Alberta Municipal Financing Corporation	140	162
Alberta Opportunity Company	78	79
<b>Corporate Securities</b>		
TransCanada PipeLines Limited convertible subordinated debentures	150	155
Canadian Western Bank common shares	1	2
NOVA Corporation common shares	112	134
<b>Alberta Investment Division Assets Above</b>	<b>2,596</b>	<b>2,783</b>
<b>Total for which Market Values are Available</b>	<b>10,721</b>	<b>11,208</b>
<b>Remaining Investments Book Value<sup>b</sup></b>	<b>913</b>	<b>913</b>
<b>Accrued Interest and Accounts Receivable</b>	<b>261</b>	<b>261</b>
<b>Total</b>	<b>11,895</b>	<b>12,382</b>

<sup>a</sup> The mid-term portion of Cash and Marketable Securities is recorded at the lower of cost or market value. At March 31, 1995, the market value of the mid-term portion was \$53.9 million below cost.

<sup>b</sup> No market values are available for the remaining investments: Alberta Pacific Pulp Mill project, Millar Western Pulp Ltd., Ridley Grain Ltd. (Prince Rupert), Syncrude project and Vencap Equities Alberta Ltd.



**25 Alberta Investment Division**  
**Summary of Investment Transactions for**  
**the year ended March 31, 1995 (in \$ millions)**

	Cost March 31, 1994	Purchases	Write-down	Disposals, Repayments and Redemptions	Cost March 31, 1995
<b>Investments in Provincial Crown Corporations:</b>					
Agriculture Financial Services Corporation Debentures	948.8	—	—	54.5	894.3
Alberta Social Housing Corporation Debentures	1,367.0	—	—	146.4	1,220.6
Alberta Municipal Financing Corporation Debentures	140.0	—	—	—	140.0
Alberta Opportunity Company Debentures	105.9	—	—	27.5	78.4
<b>Total Provincial Crown Corporations</b>	<b>2,561.7<sup>a</sup></b>	<b>—</b>	<b>—</b>	<b>228.4</b>	<b>2,333.3</b>
<b>Other Alberta Investment</b>					
<b>Division Investments:</b>					
<b>Alberta-Pacific Pulp Mill Project</b>					
Variable rate debentures, Nov. 30, 2010					
Crestbrook Forest Industries Ltd.	112.3	12.8	—	—	125.1
Kanzaki Paper Canada Inc.	70.1	8.0	—	—	78.1
MC Forest Investment Inc.	98.0	11.3	—	—	109.3
Millar Western Pulp Ltd.					
Participating debenture, Oct. 31, 2004	20.6	—	—	—	20.6
NOVA Corporation					
Adjustable rate convertible subordinated debentures, 6.25% Feb. 15, 2008					
	150.0	(150.0)	—	—	—
Ridley Grain Ltd.					
Debenture, 11% July 31, 2015	121.3	—	—	2.2	119.1
TransCanada PipeLines Limited					
Convertible debenture, 10.426% Dec. 20, 2001					
	150.0	—	—	—	150.0
Canada Western Bank					
Common shares	0.7	—	—	—	0.7
NOVA Corporation					
Common shares	24.5	150.0	—	62.2	112.3
Participation in Lloydminster					
Bi-provincial Upgrader Project	56.1	1.6	43.0	14.7	—
Participation in Syncrude Project	341.2	160.8	—	177.8	324.2
<b>Total</b>	<b>3,706.5</b>	<b>194.5</b>	<b>43.0</b>	<b>485.3</b>	<b>3,372.7</b>

<sup>a</sup> Does not match financial statements due to rounding.



**26 Commercial Investment Division**  
**Summary of Investment Transactions for**  
**the year ended March 31, 1995 (in \$ millions)**

	Cost March 31, 1994	Purchases	Amortization	Disposals, Repayments and Redemptions	Cost March 31, 1995	Market Value March 31, 1995
Common and preferred shares	232.2	2.5	—	13.0	221.7	442.8
Short-term money market securities	138.8	432.2	8.5	370.3	209.2	209.2
Bonds, bond coupons and residuals	28.5 <sup>a</sup>	76.8	1.5	98.6	8.2	8.2
<b>Total</b>	<b>399.5</b>	<b>511.5</b>	<b>10.0</b>	<b>481.9</b>	<b>439.1</b>	<b>660.2</b>

<sup>a</sup> Does not match financial statements due to rounding.

**27 Annualized Book Value Rates of Return**  
**(percentage, years ending March 31, 1995)**

Annualized Time-weighted Returns Based on Book Values	10 Years	5 Years	3 Years	1 Year
Alberta Investment Division				
Provincial Crown Corporations and Corporate Securities	13.4	14.1	13.1	10.5
Project Investments <sup>a</sup>	2.4	(0.4)	(3.7)	5.5
Total Alberta Investment Division	11.5	10.8	8.9	9.2
Canada Investment Division	12.6	12.4	12.3	11.9
Commercial Investment Division	8.4	7.2	8.9	8.4
Capital Projects Division - Vencap	9.9	6.7	6.6	4.3
Cash and Marketable Securities	9.7	9.5	7.5	6.8
<b>Total Returns</b>	<b>11.1</b>	<b>10.3</b>	<b>8.6</b>	<b>8.0</b>

<sup>a</sup> Includes investments in joint ventures (Syncrude, Bi-provincial Upgrader and OSLO) as well as Al-Pac, Millar Western and Ridley Grain. Returns include applicable write-downs.

# DETAILED LIST OF INVESTMENTS

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**CASH AND MARKETABLE SECURITIES**  
**AS AT MARCH 31, 1995**

Note: Subtotals and totals may not agree to financial statements due to rounding.

Description	Security Type	Interest Rate	Maturity Date	Par Value	Book Value	Market Value
<b>Bonds</b>						
Government of Canada, Direct and Guaranteed	Accrual Bond		01-Jul-99	1,740,662.60	1,740,662.60	1,740,662.60
Conduit Mortgage Obligations	Euro Bond	6.625	12-Aug-98	7,000,000.00	6,928,206.59	6,619,375.00
Export Development Corporation	Bond	7.500	10-Mar-98	6,600,000.00	6,800,308.74	6,486,612.00
Federal Business Development Bank	Bond	11.250	01-Apr-95	10,000,000.00	10,001,096.35	9,999,500.00
Government of Canada	Bond	10.500	01-Jun-95	35,000,000.00	35,173,817.58	35,138,250.00
Government of Canada	Bond	10.250	01-Mar-96	15,700,000.00	15,990,889.60	15,965,330.00
Government of Canada	Bond	8.250	01-Nov-95	44,000,000.00	44,537,228.90	43,982,400.00
Government of Canada	Bond	9.250	15-May-97	42,200,000.00	43,484,737.85	43,183,260.00
Government of Canada	Bond	9.250	01-May-96	144,160,000.00	146,109,779.49	145,832,256.00
Government of Canada	Bond	8.750	01-Jun-96	50,000,000.00	51,853,482.38	50,350,000.00
Government of Canada	Bond	8.250	01-Mar-97	172,700,000.00	178,734,432.54	173,356,260.00
Government of Canada	Bond	9.750	01-Oct-97	75,800,000.00	80,813,280.55	78,665,240.00
Government of Canada	Bond	10.750	15-Mar-98	10,000,000.00	11,141,494.83	10,680,000.00
Government of Canada	Bond	9.500	01-Oct-98	15,000,000.00	16,730,778.55	15,612,000.00
Government of Canada	Bond	10.250	01-Dec-98	10,000,000.00	11,521,168.41	10,648,000.00
Government of Canada	Bond	9.250	01-Oct-96	99,330,000.00	102,269,949.73	100,959,012.00
Government of Canada	Bond	6.250	01-Feb-98	23,000,000.00	21,950,489.51	21,958,100.00
Government of Canada	Bond	6.500	01-Aug-96	130,700,000.00	130,974,427.41	128,125,210.00
Government of Canada	Bond	6.500	01-Sep-98	63,000,000.00	60,651,616.05	60,039,000.00
Government of Canada	Bond	5.750	01-Mar-99	5,000,000.00	4,966,271.46	4,595,750.00
Petro Canada Hibernia	Bond	6.125	15-Dec-98	11,500,000.00	11,500,000.00	10,741,000.00
				972,430,662.60	993,874,119.13	974,677,217.60
<b>Provincial</b>						
Alberta, Direct and Guaranteed	Euro Bond	10.625	14-Feb-96	40,900,000.00	42,325,252.78	41,590,187.50
Government of Alberta	Bond	9.750	08-May-98	16,500,000.00	17,768,186.71	17,209,500.00
Government of Alberta	Bond	7.750	04-Feb-98	12,000,000.00	12,423,028.39	11,883,000.00
Government of Alberta	Bond	5.750	03-Sep-96	23,500,000.00	22,866,646.66	22,783,485.00
Government of Alberta	Bond	6.400	16-Sep-96	25,000,000.00	25,118,861.85	24,397,750.00
Alberta Government Telephones Commission	Bond	9.750	26-Mar-96	28,300,000.00	29,160,358.37	28,727,330.00
Alberta Government Telephones Commission	Bond	9.000	15-Jan-97	20,000,000.00	20,498,360.07	20,320,000.00
Alberta Government Telephones Commission	Bond	9.500	08-Jul-97	32,112,000.00	33,906,889.83	33,035,220.00
Alberta Government Telephones Commission	Bond	9.600	07-Jul-98	5,000,000.00	5,503,797.51	5,202,500.00
				203,312,000.00	209,571,382.17	205,148,972.50



**CASH AND MARKETABLE SECURITIES**  
As at MARCH 31, 1995 (CONTINUED)

Description	Security Type	Interest Rate	Maturity Date	Par Value	Book Value	Market Value
Other, Direct and Guaranteed						
Hydro-Quebec	Bond	8.375	15-Sep-97	16,000,000.00	16,016,568.35	15,941,280.00
Hydro-Quebec	Euro Bond	11.000	09-Feb-99	5,000,000.00	5,573,194.21	5,309,375.00
Ontario Hydro	Bond	10.000	14-Jan-96	10,000,000.00	10,360,281.47	10,130,200.00
Ontario Hydro	Euro Bond	10.875	29-Mar-99	5,000,000.00	5,257,591.32	5,334,375.00
Province of British Columbia	Bond	11.000	20-Jun-95	18,500,000.00	18,638,113.07	18,613,775.00
Province of British Columbia	Euro Bond	10.000	03-Jun-96	44,000,000.00	45,302,207.18	44,715,000.00
Province of British Columbia	Euro Bond	9.250	06-May-97	16,500,000.00	17,167,609.03	16,737,187.50
Province of British Columbia	Euro Bond	10.000	09-Oct-98	23,400,000.00	25,053,866.68	24,336,000.00
Province of Manitoba	Bond	11.500	15-May-95	9,000,000.00	9,029,219.50	9,053,100.00
Province of Manitoba	Bond	9.250	21-May-97	12,000,000.00	12,168,352.65	12,252,000.00
Province of Manitoba	Bond	7.000	19-Apr-99	10,000,000.00	9,911,408.36	9,530,000.00
Province of Ontario	Euro Bond	10.250	04-Apr-96	7,000,000.00	7,313,598.36	7,113,750.00
Province of Ontario	Bond	10.750	01-May-96	13,000,000.00	13,422,506.74	13,338,000.00
Province of Ontario	Euro Bond	10.000	30-Sep-96	86,086,000.00	89,363,089.53	87,700,112.50
Province of Ontario	Bond	10.250	03-Oct-96	20,600,000.00	21,540,843.01	21,176,800.00
Province of Ontario	Euro Bond	10.250	19-Apr-98	2,000,000.00	2,068,921.23	2,081,250.00
Province of Ontario	Euro Bond	10.625	15-Jul-98	4,000,000.00	4,405,193.67	4,207,500.00
Province of Quebec	Euro Bond	10.500	30-Nov-98	9,000,000.00	9,850,136.26	9,388,125.00
Province of Saskatchewan	Bond	10.750	21-Feb-96	1,600,000.00	1,657,197.78	1,632,880.00
Province of Saskatchewan	Bond	9.750	16-Apr-96	28,587,000.00	29,311,281.78	29,030,098.50
Province of Saskatchewan	Bond	9.000	17-Sep-96	8,000,000.00	8,113,210.64	8,086,000.00
Province of Saskatchewan	Retractable Bond	9.000	11-Dec-96	4,400,000.00	4,552,397.15	4,446,552.00
Province of Saskatchewan	Bond	8.125	04-Feb-97	7,500,000.00	7,697,038.64	7,494,375.00
				361,173,000.00	373,773,826.61	367,647,735.50
Municipal						
British Columbia Municipal						
Financing Corporation	Bond	10.000	30-Jul-97	4,880,000.00	5,197,112.25	5,065,781.60
Hamilton Wentworth Ontario						
Regional Municipal	Bond	14.500	02-Nov-95	530,000.00	544,005.84	548,550.00
Hamilton Wentworth Ontario						
Regional Municipal	Bond	14.500	02-Nov-96	608,000.00	648,865.40	662,720.00
Edmonton, Alberta	Retractable Bond	10.250	01-Mar-98	3,450,000.00	3,373,378.57	3,727,900.23
				9,468,000.00	9,763,362.06	10,004,951.83

**CASH AND MARKETABLE SECURITIES**  
**AS AT MARCH 31, 1995 (CONTINUED)**

Description	Security Type	Interest Rate	Maturity Date	Par Value	Book Value	Market Value
Foreign Governments, Guaranteed						
Electric Power Development Company	Euro Bond	8.750	11-Jun-97	8,000,000.00	8,073,863.05	8,035,000.00
Corporate						
Alberta Energy Company	Bond	10.500	30-Jun-96	6,400,000.00	6,575,183.00	6,561,248.00
Alcan Aluminum Ltd.	Bond	12.450	07-Nov-97	14,830,000.00	15,910,124.29	16,105,824.90
BC Telecom Inc.	Bond	7.250	15-Jul-98	29,400,000.00	29,181,207.06	28,471,548.00
BCE Inc.	Bond	9.000	28-Aug-97	11,400,000.00	12,079,631.07	11,574,933.00
BCE Inc.	Euro Bond	10.375	28-Jun-96	30,000,000.00	30,984,010.27	30,562,500.00
Bell Canada	Euro Bond	8.875	25-Jul-97	21,347,000.00	21,815,106.17	21,387,025.63
Caisse Centrale	Euro Bond	8.750	11-Dec-96	5,000,000.00	5,268,800.00	5,000,000.00
Canada Trustco Mortgage Company	Bond	9.000	02-Apr-97	5,000,000.00	4,969,877.99	5,043,750.00
Canada Trustco Mortgage Company	Euro Bond	10.375	16-Oct-96	5,500,000.00	5,727,099.46	5,620,312.50
Canadian Imperial Bank of Commerce	Bond	11.850	23-Aug-95	10,000,000.00	10,371,197.41	10,125,000.00
Canadian Occidental Petroleum	Bond	8.400	30-Jan-97	9,000,000.00	9,235,130.69	8,987,895.00
Canadian Pacific Securities	Bond	10.500	02-Aug-96	9,634,000.00	10,050,640.27	9,889,252.83
Consumer Gas Company	Bond	7.550	15-Dec-97	4,000,000.00	4,147,478.64	3,927,760.00
IBM Canada Limited	Euro Bond	13.500	23-May-95	7,500,000.00	7,500,979.70	7,541,266.37
IBM Canada Limited	Euro Bond	10.000	11-Sep-96	5,000,000.00	5,107,092.77	5,068,750.00
Inasco Limited	Bond	11.850	15-Feb-96	5,520,000.00	5,562,608.48	5,684,744.40
Inasco Limited	Bond	10.500	20-Nov-96	4,500,000.00	4,704,870.42	4,643,392.50
Maritime Telephone and Telegraph	Bond	9.250	15-Jan-96	3,000,000.00	3,011,909.39	3,021,045.00
Mobile Oil Canada	Euro Bond	9.000	02-May-97	18,464,000.00	18,985,561.69	18,579,400.00
Montreal Trustco	Euro Bond	10.750	20-Feb-98	5,000,000.00	5,275,965.15	5,215,625.00
Norwest Financial	Euro Bond	6.250	21-Dec-98	10,000,000.00	9,425,714.54	9,311,000.00
Nova Gas Transmission Ltd.	Bond	17.750	15-Feb-97	533,000.00	582,081.67	586,769.04
Proviso Inc.	Bond	9.800	06-Jan-97	2,500,000.00	2,498,317.30	2,512,950.00
Sears Canada Incorporated	Bond	11.750	05-Dec-95	5,000,000.00	4,996,592.44	5,093,075.00
Societe Quebec D'association D'eau	Euro Bond	11.625	28-Dec-95	3,000,000.00	3,043,442.67	3,056,250.00
Thomson Corporation	Bond	10.150	15-Aug-96	11,000,000.00	11,276,561.20	11,278,135.00
Torstar Corporation	Bond	8.800	24-Mar-97	13,000,000.00	13,319,743.57	13,090,155.00
TransAlta Utilities Corporation	Bond	8.700	20-Dec-96	5,000,000.00	4,991,381.67	5,031,250.00
Westcoast Energy Inc.	Bond	11.300	24-Nov-97	2,450,000.00	2,688,926.90	2,598,984.50
				262,978,000.00	269,287,235.88	265,569,841.67
				1,817,361,662.60	1,864,343,788.90	1,831,083,719.10

**CASH AND MARKETABLE SECURITIES  
AS AT MARCH 31, 1995 (CONTINUED)**

Description	Security Type	Interest Rate	Maturity Date	Par Value	Book Value	Market Value
<b>Bond Coupons and Residuals</b>						
Government of Canada, Direct						
Government of Canada	Residual		01-Jun-95	20,000,000.00	19,745,383.83	19,725,000.00
Government of Canada	Residual		15-Sep-95	10,000,000.00	9,637,565.88	9,625,000.00
Government of Canada	Coupon		01-Dec-98	15,500,000.00	11,468,605.00	11,508,750.00
				45,500,000.00	40,851,554.71	40,858,750.00
<b>Province of Alberta, Direct</b>						
Government of Alberta	Residual		15-Jan-96	5,000,000.00	4,771,239.41	4,687,500.00
<b>Other Provinces, Guaranteed</b>						
Ontario Hydro	Residual		16-Jun-95	2,950,000.00	2,896,992.23	2,898,375.00
				53,450,000.00	48,519,786.35	48,444,625.00
<b>Mortgage-Backed and Asset-Backed Securities</b>						
Government of Canada, Guaranteed						
MBS-Acquisition Corporation	Fixed Rate Mortgage Backed Security	7.434	01-Oct-97	36,209,000.00	35,819,539.15	35,414,212.45
MBS-Bank of Montreal	Fixed Rate Mortgage Backed Security	10.250	01-Apr-95	4,836,908.57	4,836,973.85	4,821,457.07
MBS-Bank of Nova Scotia	Fixed Rate Mortgage Backed Security	6.125	01-Nov-95	1,013,154.88	1,008,409.09	997,082.39
MBS-Bank of Nova Scotia	Fixed Rate Mortgage Backed Security	10.500	01-Feb-96	4,881,495.35	4,942,793.20	4,945,158.84
MBS-Bank of Nova Scotia	Fixed Rate Mortgage Backed Security	6.000	01-Mar-96	9,844,640.80	9,769,104.05	9,615,732.23
MBS-Bank of Nova Scotia	Fixed Rate Mortgage Backed Security	9.500	01-Apr-96	4,854,435.55	4,878,913.28	4,889,877.78
MBS-Bank of Nova Scotia	Fixed Rate Mortgage Backed Security	9.625	01-May-96	4,928,962.90	4,909,239.60	4,975,200.52
MBS-Bank of Nova Scotia	Fixed Rate Mortgage Backed Security	6.000	01-May-96	562,207.32	554,255.75	547,190.59
MBS-Bank of Nova Scotia	Fixed Rate Mortgage Backed Security	6.375	01-Jun-96	988,967.65	978,216.55	964,809.64
MBS-Bank of Nova Scotia	Fixed Rate Mortgage Backed Security	6.000	01-Jul-96	1,888,740.23	1,867,249.36	1,831,751.65
MBS-Bank of Nova Scotia	Fixed Rate Mortgage Backed Security	5.500	01-Oct-96	2,276,552.47	2,238,070.14	2,181,809.41
MBS-Bank of Nova Scotia	Fixed Rate Mortgage Backed Security	8.250	01-Mar-97	2,267,710.69	2,251,117.88	2,258,063.17
MBS-Bank of Nova Scotia	Fixed Rate Mortgage Backed Security	7.875	01-Mar-97	15,714,539.68	15,514,306.21	15,549,977.02
MBS-Bank of Nova Scotia	Fixed Rate Mortgage Backed Security	5.500	01-Mar-97	2,678,826.60	2,641,374.16	2,542,067.95
MBS-Bank of Nova Scotia	Fixed Rate Mortgage Backed Security	8.500	01-May-97	1,581,390.03	1,560,573.00	1,582,169.97
MBS-Bank of Nova Scotia	Fixed Rate Mortgage Backed Security	8.750	01-May-97	1,084,884.85	1,074,802.36	1,090,032.63
MBS-Bank of Nova Scotia	Fixed Rate Mortgage Backed Security	7.125	01-May-97	2,987,496.00	2,922,712.29	2,913,571.91
MBS-Bank of Nova Scotia	Fixed Rate Mortgage Backed Security	7.875	01-Jul-97	1,478,956.68	1,457,140.06	1,462,511.42
MBS-Bank of Nova Scotia	Fixed Rate Mortgage Backed Security	7.000	01-Jul-97	9,973,800.00	9,624,426.95	9,689,377.15
MBS-Bank of Nova Scotia	Fixed Rate Mortgage Backed Security	7.125	01-Aug-97	738,215.73	723,439.15	718,912.87
MBS-Bank of Nova Scotia	Fixed Rate Mortgage Backed Security	7.250	01-Sep-97	1,895,911.20	1,833,623.15	1,848,163.81
MBS-Bank of Nova Scotia	Fixed Rate Mortgage Backed Security	6.500	01-Sep-97	10,810,023.18	10,539,417.52	10,381,289.01

**CASH AND MARKETABLE SECURITIES**  
**AS AT MARCH 31, 1995 (CONTINUED)**

Description	Security Type	Interest Rate	Maturity Date	Par Value	Book Value	Market Value
MBS-Bank of Nova Scotia	Fixed Rate Mortgage Backed Security	7.500	01-Oct-97	728,614.46	711,489.76	713,644.64
MBS-Bank of Nova Scotia	Fixed Rate Mortgage Backed Security	6.375	01-Oct-97	764,186.31	742,034.61	730,588.17
MBS-Bank of Nova Scotia	Fixed Rate Mortgage Backed Security	6.750	01-Nov-97	486,400.05	473,618.55	468,131.30
MBS-Bank of Nova Scotia	Fixed Rate Mortgage Backed Security	6.375	01-Nov-97	1,010,403.75	986,205.13	963,680.76
MBS-Bank of Nova Scotia	Fixed Rate Mortgage Backed Security	7.000	01-Dec-97	1,998,070.00	1,896,765.26	1,931,379.22
MBS-Bank of Nova Scotia	Fixed Rate Mortgage Backed Security	7.000	01-Jan-98	2,318,085.47	2,262,755.57	2,238,818.77
MBS-Bank of Nova Scotia	Fixed Rate Mortgage Backed Security	7.000	01-Feb-98	21,014,239.17	20,596,002.23	20,274,655.63
MBS-Bank of Nova Scotia	Fixed Rate Mortgage Backed Security	6.875	01-Apr-98	1,228,039.07	1,206,398.06	1,178,930.15
MBS-Bank of Nova Scotia	Fixed Rate Mortgage Backed Security	6.875	01-May-98	1,423,591.18	1,397,677.11	1,365,127.99
MBS-Bank of Nova Scotia	Fixed Rate Mortgage Backed Security	6.875	01-Jun-98	1,187,709.74	1,163,126.95	1,137,344.79
MBS-Bank of Nova Scotia	Fixed Rate Mortgage Backed Security	6.625	01-Jul-98	2,869,947.07	2,808,481.54	2,725,803.69
MBS-Bank of Nova Scotia	Fixed Rate Mortgage Backed Security	6.000	01-Aug-98	494,967.93	478,462.26	460,883.40
MBS-Bank of Nova Scotia	Fixed Rate Mortgage Backed Security	6.250	01-Oct-98	29,723,992.50	28,900,430.48	27,794,842.97
MBS-Bank of Nova Scotia	Fixed Rate Mortgage Backed Security	8.000	01-Oct-99	299,503.20	287,990.01	292,828.89
MBS-CIBC Mortgage Corporation	Fixed Rate Mortgage Backed Security	10.750	01-Jan-96	4,881,076.20	4,866,387.57	4,944,346.66
MBS-CIBC Mortgage Corporation	Fixed Rate Mortgage Backed Security	9.375	01-Apr-96	1,944,172.24	1,995,780.63	1,956,121.90
MBS-CIBC Mortgage Corporation	Fixed Rate Mortgage Backed Security	6.375	01-Jul-96	9,863,384.00	9,858,749.53	9,608,453.99
MBS-CIBC Mortgage Corporation	Fixed Rate Mortgage Backed Security	5.750	01-Aug-96	39,423,381.00	38,927,507.06	38,048,470.87
MBS-CIBC Mortgage Corporation	Fixed Rate Mortgage Backed Security	5.500	01-Sep-96	4,928,220.45	4,884,363.43	4,731,797.85
MBS-CIBC Mortgage Corporation	Fixed Rate Mortgage Backed Security	4.750	01-Dec-96	19,740,579.00	19,477,965.88	18,619,973.45
MBS-CIBC Mortgage Corporation	Fixed Rate Mortgage Backed Security	7.750	01-Feb-97	5,934,548.51	5,773,590.10	5,861,083.55
MBS-CIBC Mortgage Corporation	Fixed Rate Mortgage Backed Security	8.500	01-Mar-97	8,877,777.12	8,828,987.39	8,877,659.05
MBS-CIBC Mortgage Corporation	Fixed Rate Mortgage Backed Security	6.875	01-Apr-97	1,990,007.60	1,933,343.69	1,933,292.38
MBS-CIBC Mortgage Corporation	Fixed Rate Mortgage Backed Security	8.625	01-May-97	3,868,437.68	3,922,005.50	3,878,974.92
MBS-CIBC Mortgage Corporation	Fixed Rate Mortgage Backed Security	8.250	01-Jul-97	5,592,234.26	5,490,136.69	5,570,689.06
MBS-CIBC Mortgage Corporation	Fixed Rate Mortgage Backed Security	6.875	01-Sep-97	7,182,424.52	7,198,304.72	6,945,522.30
MBS-CIBC Mortgage Corporation	Fixed Rate Mortgage Backed Security	7.000	01-Sep-97	4,824,806.35	4,800,801.18	4,683,024.11
MBS-CIBC Mortgage Corporation	Fixed Rate Mortgage Backed Security	7.750	01-Dec-97	3,954,252.64	3,904,796.82	3,890,584.82
MBS-CIBC Mortgage Corporation	Fixed Rate Mortgage Backed Security	7.625	01-Jan-98	7,102,511.24	7,091,737.87	6,963,896.50
MBS-CIBC Mortgage Corporation	Fixed Rate Mortgage Backed Security	8.500	01-Jan-98	11,238,387.94	10,917,773.39	11,250,279.28
MBS-CIBC Mortgage Corporation	Fixed Rate Mortgage Backed Security	7.500	01-Feb-98	2,965,704.81	2,926,982.74	2,897,150.47
MBS-CIBC Mortgage Corporation	Fixed Rate Mortgage Backed Security	7.500	01-Mar-98	5,096,726.77	5,037,298.33	4,978,214.62
MBS-CIBC Mortgage Corporation	Fixed Rate Mortgage Backed Security	7.000	01-Mar-98	7,408,206.90	7,328,328.93	7,140,358.73
MBS-CIBC Mortgage Corporation	Fixed Rate Mortgage Backed Security	7.625	01-Mar-98	4,000,000.00	3,906,767.46	3,906,680.00
MBS-CIBC Mortgage Corporation	Fixed Rate Mortgage Backed Security	7.000	01-Jun-98	2,968,781.49	2,918,115.45	2,852,794.76
MBS-CIBC Mortgage Corporation	Fixed Rate Mortgage Backed Security	6.875	01-Jul-98	13,460,327.98	12,893,535.99	12,875,968.03
MBS-Conduit Mortgage Obligations Incorporated	Fixed Rate Mortgage Backed Security	4.950	01-Jul-99	22,678,980.98	20,942,981.97	20,927,936.86
MBS-Conduit Mortgage Obligations Incorporated	Fixed Rate Mortgage Backed Security	6.250	01-Oct-99	5,000,000.00	4,696,982.39	4,581,450.00
MBS-Conduit Mortgage Obligations Incorporated	Fixed Rate Mortgage Backed Security	8.250	01-May-98	4,500,000.00	4,433,861.97	4,459,725.00

**CASH AND MARKETABLE SECURITIES  
AS AT MARCH 31, 1995 (CONTINUED)**

Description	Security Type	Interest Rate	Maturity Date	Par Value	Book Value	Market Value
MBS-Conduit Mortgage Obligations Incorporated	Fixed Rate Mortgage Backed Security	6.250	01-Sep-98	13,000,000.00	12,768,992.03	12,344,800.00
MBS-Conduit Mortgage Obligations Incorporated	Fixed Rate Mortgage Backed Security	6.400	01-May-99	18,500,000.00	18,430,855.75	17,091,780.00
MBS-Global Exempt Certificate Obligations	Fixed Rate Mortgage Backed Security	6.250	01-Dec-98	22,000,000.00	21,509,162.12	20,576,600.00
MBS-Global Exempt Certificate Obligations	Fixed Rate Mortgage Backed Security	6.800	01-Oct-97	8,217,307.70	8,062,020.71	7,978,184.05
MBS-Global Exempt Certificate Obligations	Fixed Rate Mortgage Backed Security	7.400	01-Dec-97	5,000,000.00	4,890,826.88	4,879,500.00
MBS-Family Trust	Fixed Rate Mortgage Backed Security	7.750	01-Jun-97	4,454,792.99	4,336,562.18	4,384,401.47
MBS-Peducie Desjardin	Fixed Rate Mortgage Backed Security	7.125	01-Apr-98	4,555,679.60	4,512,372.74	4,401,146.85
MBS-First Line Trust Company	Fixed Rate Mortgage Backed Security	11.750	01-Jun-95	2,265,169.90	2,274,924.44	2,264,228.72
MBS-First Line Trust Company	Fixed Rate Mortgage Backed Security	11.125	01-Nov-95	6,724,951.32	6,811,016.95	6,775,846.42
MBS-First Line Trust Company	Fixed Rate Mortgage Backed Security	9.625	01-Apr-96	4,931,759.95	5,014,269.91	4,972,790.71
MBS-First Line Trust Company	Fixed Rate Mortgage Backed Security	9.750	01-May-96	2,451,117.90	2,498,149.62	2,477,146.57
MBS-First Line Trust Company	Fixed Rate Mortgage Backed Security	7.375	01-Jan-97	3,934,014.44	3,853,220.56	3,863,236.41
MBS-First Line Trust Company	Fixed Rate Mortgage Backed Security	7.500	01-Oct-97	4,959,150.65	4,969,857.50	4,857,174.15
MBS-First Line Trust Company	Fixed Rate Mortgage Backed Security	7.750	01-Feb-98	9,885,925.90	9,815,058.25	9,717,119.76
MBS-First Line Trust Company	Fixed Rate Mortgage Backed Security	7.000	01-Mar-98	17,778,068.00	17,474,756.94	17,135,376.62
MBS-First Line Trust Company	Fixed Rate Mortgage Backed Security	7.125	01-May-98	11,858,978.45	11,655,468.22	11,445,870.93
MBS-First Line Trust Company	Fixed Rate Mortgage Backed Security	6.875	01-Jul-98	4,948,047.55	4,668,645.79	4,733,276.56
MBS-Household Trust	Fixed Rate Mortgage Backed Security	7.250	01-Jul-98	8,970,696.70	8,903,768.66	8,678,101.28
MBS-Household Trust	Fixed Rate Mortgage Backed Security	6.125	01-Jan-99	4,779,716.90	4,440,733.60	4,446,042.00
MBS-London Life	Fixed Rate Mortgage Backed Security	8.375	01-May-97	7,144,510.12	7,123,640.01	7,107,170.05
MBS-London Life	Fixed Rate Mortgage Backed Security	7.750	01-Jun-97	3,664,029.75	3,679,233.38	3,606,953.33
MBS-London Life	Fixed Rate Mortgage Backed Security	5.750	01-Jun-97	9,820,300.00	9,375,331.02	9,329,427.39
MBS-London Life	Fixed Rate Mortgage Backed Security	8.250	01-Jul-97	10,728,994.87	10,693,209.81	10,650,857.75
MBS-London Life	Fixed Rate Mortgage Backed Security	7.750	01-Jul-97	2,960,418.00	2,928,138.47	2,914,367.22
MBS-London Life	Fixed Rate Mortgage Backed Security	6.750	01-Oct-97	4,172,502.10	4,039,245.19	4,018,760.84
MBS-London Life	Fixed Rate Mortgage Backed Security	7.750	01-Dec-97	9,567,578.97	9,245,735.92	9,392,836.71
MBS-London Life	Fixed Rate Mortgage Backed Security	7.875	01-Feb-98	3,545,043.60	3,488,903.35	3,486,260.04
MBS-London Life	Fixed Rate Mortgage Backed Security	7.750	01-Mar-98	8,627,394.00	8,584,759.75	8,461,729.92
MBS-London Life	Fixed Rate Mortgage Backed Security	7.625	01-Apr-98	7,711,851.19	7,377,463.13	7,532,997.94
MBS-London Life	Fixed Rate Mortgage Backed Security	7.625	01-Jun-98	8,732,565.30	8,434,886.89	8,521,236.35
MBS-London Life	Fixed Rate Mortgage Backed Security	7.375	01-Jun-99	17,632,814.88	17,022,337.10	16,929,351.97
MBS-Manufacturers Life Insurance Company	Fixed Rate Mortgage Backed Security	8.500	01-May-97	5,924,832.72	6,107,750.99	5,927,749.52
MBS-Multiple Retirement Services Trust	Fixed Rate Mortgage Backed Security	6.250	01-May-99	5,387,888.00	5,074,754.04	5,008,640.49
MBS-National Bank	Fixed Rate Mortgage Backed Security	7.250	01-Jun-97	4,674,224.78	4,587,844.19	4,568,469.98
MBS-National Bank	Fixed Rate Mortgage Backed Security	7.000	01-Jul-97	4,570,858.95	4,454,502.99	4,434,222.72
MBS-National Bank	Fixed Rate Mortgage Backed Security	7.375	01-Sep-97	4,626,113.46	4,564,595.96	4,518,232.96
MBS-National Bank	Fixed Rate Mortgage Backed Security	8.125	01-Oct-97	6,344,938.40	6,296,184.65	6,279,469.42

**CASH AND MARKETABLE SECURITIES**  
**AS AT MARCH 31, 1995 (CONTINUED)**

Description	Security Type	Interest Rate	Maturity Date	Par Value	Book Value	Market Value
MBS-National Bank	Fixed Rate Mortgage Backed Security	8.000	01-Oct-97	32,422,331.90	32,140,635.04	32,010,824.42
MBS-National Bank	Fixed Rate Mortgage Backed Security	7.500	01-Nov-97	6,904,148.16	6,845,866.88	6,742,421.25
MBS-National Trust Company	Fixed Rate Mortgage Backed Security	11.000	01-Apr-95	1,849,901.35	1,849,885.23	1,844,023.66
MBS-Peoples Trust Company	Fixed Rate Mortgage Backed Security	11.000	01-Jun-95	2,940,231.48	2,950,883.64	2,941,832.14
MBS-Peoples Trust Company	Fixed Rate Mortgage Backed Security	9.875	01-Sep-96	2,423,162.20	2,436,786.74	2,458,617.67
MBS-Peoples Trust Company	Fixed Rate Mortgage Backed Security	9.875	01-Sep-96	2,455,000.62	2,470,543.72	2,493,172.20
MBS-Peoples Trust Company	Fixed Rate Mortgage Backed Security	7.875	01-Aug-97	8,312,784.86	8,341,434.32	8,204,625.55
MBS-Peoples Trust Company	Fixed Rate Mortgage Backed Security	7.750	01-Feb-98	16,568,566.28	16,677,973.27	16,263,818.98
MBS-Peoples Trust Company	Fixed Rate Mortgage Backed Security	7.375	01-May-98	4,119,147.65	4,223,188.97	4,000,306.12
MBS-Peoples Trust Company	Fixed Rate Mortgage Backed Security	6.500	01-Oct-98	24,609,748.89	24,739,010.30	23,182,897.80
MBS-Peoples Trust Company	Fixed Rate Mortgage Backed Security	6.375	01-Apr-99	14,855,033.40	13,943,134.64	13,782,352.92
MBS-Royal Bank of Canada	Fixed Rate Mortgage Backed Security	11.000	01-Apr-95	2,522,207.95	2,522,169.09	2,514,194.14
MBS-Royal Bank of Canada	Fixed Rate Mortgage Backed Security	9.000	01-Aug-95	9,786,280.00	9,722,559.69	9,767,421.84
MBS-Royal Bank of Canada	Fixed Rate Mortgage Backed Security	7.875	01-Jan-97	5,848,818.96	6,032,745.26	5,789,074.44
MBS-Royal Bank of Canada	Fixed Rate Mortgage Backed Security	7.250	01-Feb-98	4,897,186.55	4,815,370.51	4,755,163.24
MBS-Royal Trust Corporation	Fixed Rate Mortgage Backed Security	9.000	01-Mar-97	16,428,616.64	16,441,292.48	16,493,026.67
MBS-Royal Trust Corporation	Fixed Rate Mortgage Backed Security	8.625	01-Apr-97	7,229,344.10	7,224,135.58	7,220,158.50
MBS-Royal Trust Corporation	Fixed Rate Mortgage Backed Security	7.250	01-Oct-97	16,293,945.20	15,986,830.25	15,848,617.01
MBS-Security Home Mortgage	Fixed Rate Mortgage Backed Security	8.750	01-Jan-98	4,172,320.46	4,178,328.60	4,179,040.40
MBS-Security Home Mortgage	Fixed Rate Mortgage Backed Security	6.250	01-Apr-99	5,124,168.40	4,901,951.34	4,751,624.45
MBS-Security Home Mortgage	Fixed Rate Mortgage Backed Security	6.500	01-Apr-99	1,824,318.62	1,737,460.16	1,707,859.04
MBS-Shoppers Trust	Fixed Rate Mortgage Backed Security	9.625	01-Aug-96	5,581,580.53	5,598,892.40	5,641,736.57
MBS-Structure MBS Inc.	Fixed Rate Mortgage Backed Security	6.875	01-Jun-98	5,000,000.00	4,964,703.33	4,769,050.00
MBS-Structure MBS Inc.	Fixed Rate Mortgage Backed Security	6.875	01-Jun-98	5,000,000.00	4,976,106.75	4,770,050.00
MBS-Structure MBS Inc.	Fixed Rate Mortgage Backed Security	6.375	01-Nov-98	23,000,000.00	22,865,784.97	21,548,700.00
MBS-Structure MBS Inc.	Fixed Rate Mortgage Backed Security	7.250	01-Jul-97	37,754,704.26	36,892,486.06	36,946,376.04
MBS-Sunlife Trust	Fixed Rate Mortgage Backed Security	7.875	01-Dec-97	10,000,000.00	9,887,229.02	9,871,500.00
MBS-Toronto Dominion Bank	Fixed Rate Mortgage Backed Security	7.875	01-Apr-98	5,675,781.27	5,584,824.65	5,596,144.38
MBS-Toronto Dominion Bank	Fixed Rate Mortgage Backed Security	10.500	01-Apr-95	1,944,166.58	1,944,143.92	1,937,967.02
MBS-Toronto Dominion Bank	Fixed Rate Mortgage Backed Security	11.375	01-Sep-95	3,369,466.37	3,403,659.37	3,395,772.13
MBS-Toronto Dominion Bank	Fixed Rate Mortgage Backed Security	10.750	01-Jan-96	4,893,636.80	4,879,058.13	4,957,099.93
MBS-Toronto Dominion Bank	Fixed Rate Mortgage Backed Security	6.375	01-May-96	4,926,757.50	4,888,438.16	4,813,691.86
MBS-Toronto Dominion Bank	Fixed Rate Mortgage Backed Security	9.625	01-Jun-96	8,661,867.49	8,956,579.50	8,750,338.94
MBS-Toronto Dominion Bank	Fixed Rate Mortgage Backed Security	8.125	01-Jan-97	4,786,323.35	4,953,441.63	4,756,153.72
MBS-Toronto Dominion Bank	Fixed Rate Mortgage Backed Security	6.875	01-Sep-97	1,869,457.61	1,850,502.83	1,807,801.96
MBS-Toronto Dominion Bank	Fixed Rate Mortgage Backed Security	7.000	01-Nov-97	5,908,978.98	5,799,910.94	5,718,248.37
MBS-Toronto Dominion Bank	Fixed Rate Mortgage Backed Security	7.875	01-Dec-97	6,928,074.97	7,018,832.97	6,836,351.41
MBS-Toronto Dominion Bank	Fixed Rate Mortgage Backed Security	7.125	01-Apr-98	1,319,254.58	1,304,277.49	1,274,491.95
MBS-Toronto Dominion Bank	Fixed Rate Mortgage Backed Security	7.375	01-May-98	1,621,309.29	1,600,976.61	1,575,357.49
MBS-Westminster Trust	Fixed Rate Mortgage Backed Security	6.125	01-Jan-99	3,221,331.33	3,004,300.33	2,999,823.57
				1,016,571,691.36	1,001,339,735.41	986,510,613.89

**CASH AND MARKETABLE SECURITIES  
AS AT MARCH 31, 1995 (CONTINUED)**

Description	Security Type	Interest Rate	Maturity Date	Par Value	Book Value	Market Value
<b>Other</b>						
ABS-ACE II Trust	Fixed Rate Mortgage Backed Security	5.300	01-Sep-98	18,645,521.20	18,432,757.63	17,926,363.45
ABS-ACE III Trust	Fixed Rate Mortgage Backed Security	8.550	01-Jun-99	10,000,000.00	10,000,000.00	9,974,600.00
ABS-ACE Trust	Fixed Rate Mortgage Backed Security	7.000	01-Jul-98	11,493,697.65	11,493,697.65	11,284,857.16
ABS-ARC Trust	Fixed Rate Mortgage Backed Security	7.240	01-Jan-97	3,395,050.00	3,395,050.00	3,346,874.24
ABS-AUTO I Trust	Fixed Rate Mortgage Backed Security	8.350	01-Mar-96	2,403,800.00	2,403,800.00	2,393,920.38
ABS-Bombardier	Floating Rate Note	8.506	15-Jul-97	10,000,000.00	10,000,000.00	10,000,000.00
ABS-Conventional Mortgage Conduit Inc.	Fixed Rate Mortgage Backed Security	5.400	01-Oct-98	16,769,493.87	16,484,726.36	15,828,725.26
ABS-Conventional Mortgage Conduit Inc.	Fixed Rate Mortgage Backed Security	6.550	01-Oct-98	10,000,000.00	9,971,918.43	9,457,000.00
ABS-Fairview Trust	Fixed Rate Mortgage Backed Security	8.300	01-Dec-99	10,000,000.00	9,973,174.37	9,918,200.00
ABS-FLEET II Trust	Fixed Rate Mortgage Backed Security	7.650	01-Mar-97	8,594,548.99	8,625,417.57	8,508,775.40
ABS-FLEET III Trust	Fixed Rate Mortgage Backed Security	6.890	01-Sep-97	7,334,200.00	7,334,200.00	7,190,229.65
ABS-FLEET Trust	Fixed Rate Mortgage Backed Security	8.100	01-Apr-96	1,560,566.10	1,565,410.93	1,552,154.65
ABS-Lease Equipment Asset	Interest Bearing Note	5.360	15-Dec-95	4,000,000.00	4,000,000.00	3,916,480.00
Securitization Trust	Interest Bearing Note	5.570	15-Jun-96	6,000,000.00	6,000,000.00	5,809,200.00
ABS-Lease Equipment Asset	Fixed Rate Mortgage Backed Security	9.000	01-Sep-95	786,794.40	784,760.46	784,740.87
ABS-Iti Trust	Fixed Rate Mortgage Backed Security	7.950	01-Aug-96	1,764,353.20	1,764,353.20	1,750,944.12
ABS-Iti Trust	Fixed Rate Mortgage Backed Security	7.950	01-Aug-96	1,764,353.20	1,764,353.20	1,750,944.12
				122,748,025.41	122,229,266.60	119,643,065.18
				1,139,319,716.77	1,123,569,002.01	1,106,153,679.07
<b>Mid-term Money Market Securities</b>						
<b>Promissory Notes</b>						
<b>Other</b>						
Bank of Nova Scotia	Interest Bearing Note	7.550	02-Nov-95	11,850,000.00	12,018,148.87	11,790,750.00
Bank of Nova Scotia	Interest Bearing Note	8.400	22-Jul-96	2,800,000.00	2,811,362.33	2,796,500.00
Bank of Nova Scotia	Interest Bearing Note	8.200	26-Jul-96	9,300,000.00	9,315,565.99	9,265,125.00
Bank of Nova Scotia	Interest Bearing Note	8.100	30-Oct-97	36,000,000.00	36,406,465.84	35,790,000.00
Bank of Nova Scotia - Mortgage	Interest Bearing Note	7.520	23-Jun-95	5,000,000.00	5,000,000.00	4,987,500.00
Bank of Nova Scotia - Mortgage	Interest Bearing Note	7.850	24-Jun-96	5,000,000.00	5,000,000.00	4,962,500.00
Bank of Nova Scotia - Mortgage	Interest Bearing Note	7.850	03-Jul-96	5,000,000.00	4,997,874.70	4,962,500.00
Bank of Nova Scotia - Mortgage	Interest Bearing Note	6.250	03-Sep-96	10,000,000.00	9,994,855.99	9,725,000.00
Bank of Nova Scotia - Mortgage	Interest Bearing Note	9.250	18-Sep-96	3,000,000.00	3,065,697.89	3,030,015.00
Bank of Nova Scotia - Mortgage	Interest Bearing Note	9.650	02-Oct-96	3,000,000.00	3,083,192.73	3,048,750.00
Bank of Nova Scotia - Mortgage	Interest Bearing Note	8.800	04-Dec-96	8,706,000.00	8,706,373.68	8,804,687.50
Bank of Nova Scotia - Mortgage	Interest Bearing Note	7.650	17-Jul-97	10,000,000.00	9,998,161.87	9,850,000.00
Canada Eldor Inc.	Interest Bearing Note	6.250	18-Aug-95	10,000,000.00	9,997,954.26	9,912,500.00
Canada Trustco Mortgage Company	Interest Bearing Note	9.000	02-Apr-97	5,000,000.00	4,971,700.02	5,043,750.00

**CASH AND MARKETABLE SECURITIES**  
**AS AT MARCH 31, 1995 (CONTINUED)**

Description	Security Type	Interest Rate	Maturity Date	Par Value	Book Value	Market Value
Canada Trustco Mortgage Company	Interest Bearing Note	8.750	10-Jun-97	5,000,000.00	4,992,312.93	5,018,750.00
Canadian Auto Receivable Securitization	Interest Bearing Note	9.350	01-May-95	5,000,000.00	5,000,000.00	5,004,500.00
Canadian Auto Receivable Securitization	Interest Bearing Note	6.770	01-Sep-95	7,500,000.00	7,500,000.00	7,444,200.00
Canadian Auto Receivable Securitization	Interest Bearing Note	7.540	15-Sep-95	10,000,000.00	10,000,000.00	9,952,300.00
Canadian Auto Receivable Securitization	Interest Bearing Note	7.480	01-Nov-95	15,000,000.00	15,000,000.00	14,911,950.00
Canadian Auto Receivable Securitization	Interest Bearing Note	7.040	01-Mar-96	2,150,000.00	2,180,069.96	2,123,555.00
Canadian Auto Receivable Securitization	Interest Bearing Note	7.650	01-Nov-96	6,150,000.00	6,226,414.80	6,079,890.00
Canadian Credit Card Master Trust	Interest Bearing Note	8.450	15-Feb-98	10,000,000.00	9,988,839.14	9,971,823.29
Canadian Imperial Bank of Commerce	Interest Bearing Note	9.000	05-Nov-96	10,000,000.00	10,025,590.42	10,075,000.00
Canadian Imperial Bank of Commerce	Interest Bearing Note	8.200	15-Apr-98	10,000,000.00	10,323,992.05	9,950,250.00
Ford Credit Canada	Interest Bearing Note	8.740	15-Sep-97	5,000,000.00	4,995,242.52	5,012,500.00
Ford Credit Canada	Interest Bearing Note	9.100	11-Aug-99	5,000,000.00	5,026,904.81	5,043,750.00
General Motors Acceptance Canada	Interest Bearing Note	5.850	16-Dec-96	5,000,000.00	5,023,165.47	4,793,750.00
General Motors Acceptance Canada	Interest Bearing Note	9.000	23-Dec-96	4,900,000.00	4,864,487.78	4,691,750.00
Household Financial	Interest Bearing Note	6.800	09-Sep-96	5,000,000.00	4,997,350.40	4,875,000.00
Ontario Hydro	Floating Rate Note	8.284	16-Mar-99	50,000,000.00	49,717,542.53	49,755,000.00
Ontario Hydro	Interest Bearing Note	7.950	29-Jul-96	15,000,000.00	15,227,944.90	14,932,500.00
Petro Canada	Interest Bearing Note	9.375	24-Jun-97	8,000,000.00	8,343,405.71	8,140,000.00
Province of British Columbia	Interest Bearing Note	7.490	19-Jun-95	9,000,000.00	9,000,000.00	8,977,410.00
Roylease	Interest Bearing Note	9.850	12-Aug-96	1,000,000.00	1,021,819.65	1,016,250.00
Roylease	Interest Bearing Note	9.750	27-Aug-96	6,400,000.00	6,535,260.38	6,524,554.52
Toronto Dominion Mortgage Company	Interest Bearing Note	8.625	30-Jan-97	5,000,000.00	5,000,000.00	5,018,750.00
Toronto Dominion Mortgage Company	Interest Bearing Note	8.700	10-Feb-97	2,000,000.00	2,000,000.00	2,010,000.00
Toronto Dominion Mortgage Company	Interest Bearing Note	8.710	10-Mar-97	3,000,000.00	3,000,000.00	3,018,750.00
TransAlta Utilities Corporation	Interest Bearing Note	7.500	18-Nov-96	9,830,000.00	9,600,309.31	9,719,412.50
				339,630,000.00	340,958,006.93	337,971,172.81
Certificates of Deposit and Guaranteed Investment Certificates						
Caisse Centrale	Certificate of Deposit	7.000	20-Aug-96	5,000,000.00	4,995,826.93	4,887,500.00
National Bank of Canada	Certificate of Deposit	8.000	07-Nov-96	5,000,000.00	4,996,386.46	4,956,250.00
				10,000,000.00	9,992,213.39	9,843,750.00
				349,630,000.00	350,950,220.32	347,814,922.81



**CASH AND MARKETABLE SECURITIES**  
**AS AT MARCH 31, 1995 (CONTINUED)**

Description	Security Type	Interest Rate	Maturity Date	Par Value	Book Value	Market Value
<b>Short-term Money Market Securities</b>						
Treasury Bills						
Government of Canada	Treasury Bill		06-Apr-95	25,000,000.00	24,976,199.63	24,976,199.63
Government of Canada	Treasury Bill		13-Apr-95	25,000,000.00	24,944,578.57	24,944,578.57
Government of Canada	Treasury Bill		20-Apr-95	75,000,000.00	74,733,648.35	74,733,648.35
Government of Canada	Treasury Bill		27-Apr-95	5,000,000.00	4,978,451.92	4,978,451.92
Government of Canada	Treasury Bill		04-May-95	40,000,000.00	39,721,004.76	39,721,004.76
Government of Canada	Treasury Bill		11-May-95	5,000,000.00	4,966,118.68	4,966,118.68
Government of Canada	Treasury Bill		18-May-95	90,000,000.00	89,142,109.17	89,142,109.17
Government of Canada	Treasury Bill		01-Jun-95	25,000,000.00	24,669,253.85	24,669,253.85
Government of Canada	Treasury Bill		08-Jun-95	5,000,000.00	4,940,402.20	4,940,402.20
Government of Canada	Treasury Bill		15-Jun-95	225,000,000.00	221,421,276.92	221,421,276.92
Government of Canada	Treasury Bill		06-Jul-95	10,000,000.00	9,787,959.81	9,787,959.81
Government of Canada	Treasury Bill		13-Jul-95	20,000,000.00	19,547,087.32	19,547,087.32
Government of Canada	Treasury Bill		20-Jul-95	30,000,000.00	29,286,367.58	29,286,367.58
Government of Canada	Treasury Bill		27-Jul-95	10,000,000.00	9,743,825.81	9,743,825.81
Government of Canada	Treasury Bill		03-Aug-95	30,000,000.00	29,202,176.19	29,202,176.19
Government of Canada	Treasury Bill		10-Aug-95	65,000,000.00	63,167,843.06	63,167,843.06
Government of Canada	Treasury Bill		17-Aug-95	55,000,000.00	53,366,291.76	53,366,291.76
Government of Canada	Treasury Bill		24-Aug-95	30,000,000.00	29,056,341.97	29,056,341.97
Government of Canada	Treasury Bill		31-Aug-95	55,000,000.00	53,241,298.63	53,241,298.63
Government of Canada	Treasury Bill		07-Sep-95	20,000,000.00	19,297,944.75	19,297,944.75
Government of Canada	Treasury Bill		14-Sep-95	35,000,000.00	33,750,298.63	33,750,298.63
Government of Canada	Treasury Bill		21-Sep-95	10,000,000.00	9,625,087.36	9,625,087.36
Government of Canada	Treasury Bill		28-Sep-95	50,000,000.00	48,039,382.14	48,039,382.14
Government of Canada	Treasury Bill		11-Jan-96	10,000,000.00	9,375,126.05	9,375,126.05
Government of Canada	Treasury Bill		25-Jan-96	30,000,000.00	28,027,997.77	28,027,997.77
				980,000,000.00	959,008,072.88	959,008,072.88
<b>Province of Alberta</b>						
Government of Alberta	Treasury Bill		05-Apr-95	15,000,000.00	14,988,385.99	14,988,385.99
Government of Alberta	Treasury Bill		03-May-95	5,000,000.00	4,964,026.37	4,964,026.37
Government of Alberta	Treasury Bill		05-Apr-95	10,000,000.00	9,989,072.46	9,989,072.46
Government of Alberta	Treasury Bill		10-May-95	10,000,000.00	9,917,252.75	9,917,252.75
Government of Alberta	Treasury Bill		17-May-95	5,000,000.00	4,950,107.69	4,950,107.69
Government of Alberta	Treasury Bill		14-Jun-95	10,000,000.00	9,835,659.34	9,835,659.34
				55,000,000.00	54,644,504.60	54,644,504.60

**CASH AND MARKETABLE SECURITIES**  
**AS AT MARCH 31, 1995 (CONTINUED)**

Description	Security Type	Interest Rate	Maturity Date	Par Value	Book Value	Market Value
<b>Other Provinces</b>						
Province of Manitoba	Treasury Bill		14-Jun-95	20,000,000.00	19,669,835.16	19,669,835.16
Province of Manitoba	Treasury Bill		21-Jun-95	10,000,000.00	9,819,059.34	9,819,059.34
Province of New Brunswick	Treasury Bill		18-Apr-95	25,000,000.00	24,917,059.50	24,917,059.50
Province of New Brunswick	Treasury Bill		30-May-95	10,000,000.00	9,874,197.80	9,874,197.80
Province of New Brunswick	Treasury Bill		08-Aug-95	5,000,000.00	4,862,500.00	4,862,500.00
Province of Ontario	Treasury Bill		16-May-95	17,000,000.00	16,831,628.64	16,831,628.64
Province of Ontario	Treasury Bill		14-Jun-95	19,650,000.00	19,326,260.85	19,326,260.85
Province of Ontario	Treasury Bill		21-Jun-95	28,000,000.00	27,493,221.98	27,493,221.98
Province of Ontario	Treasury Bill		08-Aug-95	10,000,000.00	9,724,857.14	9,724,857.14
				144,650,000.00	142,518,620.41	142,518,620.41
<b>Promissory Notes</b>						
Province of Alberta						
Alberta Treasury Branches	Discount Note		05-Jul-95	4,000,000.00	3,915,789.47	3,915,789.47
Government of Alberta	Discount Note		03-Apr-95	10,000,000.00	9,993,378.00	9,993,378.00
Government of Alberta	Discount Note		04-Apr-95	200,000,000.00	199,851,911.11	199,851,911.11
Government of Alberta	Discount Note		03-May-95	300,000,000.00	297,865,516.48	297,865,516.48
Government of Alberta	Discount Note		03-May-95	35,000,000.00	34,747,296.15	34,747,296.15
Government of Alberta	Discount Note		17-May-95	100,000,000.00	99,002,153.85	99,002,153.85
Government of Alberta	Discount Note		29-May-95	200,000,000.00	197,481,802.20	197,481,802.20
Government of Alberta	Discount Note		01-Jun-95	300,000,000.00	296,083,891.30	296,083,891.30
Government of Alberta	Discount Note		06-Jun-95	100,000,000.00	98,486,978.02	98,486,978.02
Government of Alberta	Discount Note		15-Jun-95	150,000,000.00	147,479,472.53	147,479,472.53
				1,399,000,000.00	1,384,908,189.11	1,384,908,189.11
<b>Other</b>						
AGT Limited*	Discount Note		30-May-95	8,000,000.00	7,897,706.67	7,897,706.67
Alcatel Alsthom	Discount Commercial Paper		02-May-95	5,000,000.00	4,965,571.76	4,965,571.76
Alcatel Alsthom	Discount Note		17-May-95	20,000,000.00	19,797,952.81	19,797,952.81
BC Telecom Inc.	Discount Note		15-May-95	10,000,000.00	9,903,275.28	9,903,275.28
Ford Credit Canada	Discount Note		20-Jun-95	5,000,000.00	4,910,195.65	4,910,195.65
Ontario Hydro	Discount Note		10-Apr-95	15,000,000.00	14,967,246.58	14,967,246.58
Ontario Hydro	Discount Note		12-May-95	6,000,000.00	5,945,419.09	5,945,419.09
Ontario Hydro	Discount Note		23-May-95	10,000,000.00	9,882,983.15	9,882,983.15
Ontario Hydro	Discount Note		01-Jun-95	13,000,000.00	12,828,987.83	12,828,987.83
Province of British Columbia	Discount Note		05-Jun-95	6,000,000.00	5,911,620.00	5,911,620.00
Province of British Columbia	Discount Note		19-Jun-95	15,000,000.00	14,745,123.96	14,745,123.96
				113,000,000.00	111,756,083.78	111,846,083.78

\* Included in the Province of Alberta, Promissory Note category in the financial statements.

**CASH AND MARKETABLE SECURITIES  
AS AT MARCH 31, 1995 (CONTINUED)**

Description	Security Type	Interest Rate	Maturity Date	Par Value	Book Value	Market Value
Bearer Deposit Notes						
Bank of Nova Scotia	Bearer Deposit Note		10-Apr-95	25,000,000.00	24,953,722.22	24,953,722.22
Bank of Nova Scotia	Bearer Deposit Note		11-Apr-95	25,000,000.00	24,949,109.89	24,949,109.89
Bank of Nova Scotia	Bearer Deposit Note		27-Apr-95	25,000,000.00	24,852,400.00	24,852,400.00
Bank of Nova Scotia	Bearer Deposit Note		28-Apr-95	10,000,000.00	9,938,750.00	9,938,750.00
Bank of Nova Scotia	Bearer Deposit Note		04-May-95	25,000,000.00	24,815,266.67	24,815,266.67
Bank of Nova Scotia	Bearer Deposit Note		15-May-95	10,000,000.00	9,903,730.34	9,903,730.34
Bank of Nova Scotia	Bearer Deposit Note		15-Jun-95	20,000,000.00	19,662,489.16	19,662,489.16
Bank of Nova Scotia	Bearer Deposit Note		19-Jun-95	10,000,000.00	9,823,472.53	9,823,472.53
Bank of Nova Scotia	Bearer Deposit Note		22-Jun-95	25,000,000.00	24,542,396.28	24,542,396.28
Credit Lyonnais Canada	Bearer Deposit Note		23-May-95	10,000,000.00	9,885,327.27	9,885,327.27
Hong Kong Bank of Canada	Bearer Deposit Note		16-May-95	15,000,000.00	14,850,806.67	14,850,806.67
Hong Kong Bank of Canada	Bearer Deposit Note		17-May-95	5,000,000.00	4,949,370.56	4,949,370.56
Hong Kong Bank of Canada	Bearer Deposit Note		15-Jun-95	5,000,000.00	4,915,655.67	4,915,655.67
Hong Kong Bank of Canada	Bearer Deposit Note		21-Jun-95	15,000,000.00	14,726,057.61	14,726,057.61
				225,000,000.00	222,768,554.87	222,768,554.87
Bankers' Acceptances						
Bank of America Canada	Banker's Acceptance		23-May-95	15,000,000.00	14,826,877.06	14,826,877.06
Bank of America Canada	Banker's Acceptance		24-May-95	5,000,000.00	4,942,239.29	4,942,239.29
Bank of Montreal	Banker's Acceptance		10-Apr-95	4,200,000.00	4,193,148.00	4,193,148.00
Bank of Montreal	Banker's Acceptance		27-Apr-95	5,000,000.00	4,970,630.00	4,970,630.00
Bank of Montreal	Banker's Acceptance		01-May-95	10,000,000.00	9,932,583.52	9,932,583.52
Bank of Montreal	Banker's Acceptance		05-May-95	6,500,000.00	6,450,447.66	6,450,447.66
Bank of Montreal	Banker's Acceptance		02-Jun-95	2,500,000.00	2,466,586.29	2,466,586.29
Bank of Nova Scotia	Banker's Acceptance		01-May-95	5,600,000.00	5,562,155.20	5,562,155.20
Bank of Nova Scotia	Banker's Acceptance		30-May-95	20,000,000.00	19,746,133.33	19,746,133.33
Bank of Nova Scotia	Banker's Acceptance		05-Jun-95	10,000,000.00	9,852,325.00	9,852,325.00
Bank of Nova Scotia	Banker's Acceptance		08-Aug-95	3,000,000.00	2,916,865.00	2,916,865.00
Bank of Nova Scotia	Banker's Acceptance		10-Apr-95	10,000,000.00	9,981,333.33	9,981,333.33
Bank of Nova Scotia	Banker's Acceptance		27-Apr-95	2,500,000.00	2,485,135.00	2,485,135.00
Banque Nationale de Paris Canada	Banker's Acceptance		08-May-95	10,300,000.00	10,214,724.77	10,214,724.77
Banque Nationale de Paris Canada	Banker's Acceptance		01-Jun-95	11,200,000.00	11,043,594.67	11,043,594.67
Barclays Bank of Canada	Banker's Acceptance		07-Sep-95	5,000,000.00	4,824,764.04	4,824,764.04
Barclays Bank of Canada	Banker's Acceptance		10-Apr-95	19,600,000.00	19,563,836.92	19,563,836.92
Canadian Imperial Bank of Commerce	Banker's Acceptance		25-Apr-95	10,000,000.00	9,945,558.82	9,945,558.82
Canadian Imperial Bank of Commerce	Banker's Acceptance		05-May-95	15,400,000.00	15,283,493.08	15,283,493.08
Canadian Imperial Bank of Commerce	Banker's Acceptance		11-May-95	14,400,000.00	14,271,944.28	14,271,944.28
Canadian Imperial Bank of Commerce	Banker's Acceptance		23-May-95	10,000,000.00	9,885,145.88	9,885,145.88
Canadian Imperial Bank of Commerce	Banker's Acceptance		24-May-95	16,500,000.00	16,312,785.18	16,312,785.18
Canadian Imperial Bank of Commerce	Banker's Acceptance		31-May-95	6,500,000.00	6,412,736.96	6,412,736.96

**CASH AND MARKETABLE SECURITIES**  
**AS AT MARCH 31, 1995 (CONTINUED)**

Description	Security Type	Interest Rate	Maturity Date	Par Value	Book Value	Market Value
Canadian Imperial Bank of Commerce	Banker's Acceptance		01-Jun-95	10,000,000.00	9,868,452.17	9,868,452.17
Canadian Imperial Bank of Commerce	Banker's Acceptance		05-Jun-95	13,000,000.00	12,809,563.45	12,809,563.45
Canadian Imperial Bank of Commerce	Banker's Acceptance		06-Jun-95	5,000,000.00	4,925,767.05	4,925,767.05
Canadian Imperial Bank of Commerce	Banker's Acceptance		20-Jun-95	35,300,000.00	34,667,748.32	34,667,748.32
Canadian Imperial Bank of Commerce	Banker's Acceptance		08-Aug-95	2,500,000.00	2,430,720.83	2,430,720.83
Hong Kong Bank of Canada	Banker's Acceptance		01-Jun-95	6,400,000.00	6,310,720.00	6,310,720.00
National Bank of Canada	Banker's Acceptance		25-Apr-95	5,000,000.00	4,972,647.06	4,972,647.06
National Bank of Canada	Banker's Acceptance		12-May-95	6,000,000.00	5,945,672.73	5,945,672.73
National Bank of Canada	Banker's Acceptance		31-May-95	5,000,000.00	4,935,112.09	4,935,112.09
National Bank of Canada	Banker's Acceptance		19-Jun-95	4,000,000.00	3,929,283.52	3,929,283.52
National Bank of Canada	Banker's Acceptance		08-Aug-95	500,000.00	486,144.17	486,144.17
Royal Bank of Canada	Banker's Acceptance		04-Aug-95	20,000,000.00	19,852,208.51	19,852,208.51
Royal Bank of Canada	Banker's Acceptance		11-May-95	5,000,000.00	4,955,817.11	4,955,817.11
Royal Bank of Canada	Banker's Acceptance		18-May-95	5,500,000.00	5,442,433.33	5,442,433.33
Royal Bank of Canada	Banker's Acceptance		29-May-95	6,800,000.00	6,712,556.64	6,712,556.64
Royal Bank of Canada	Banker's Acceptance		01-Jun-95	23,400,000.00	23,090,084.37	23,090,084.37
Royal Bank of Canada	Banker's Acceptance		07-Jun-95	10,000,000.00	9,849,330.34	9,849,330.34
Royal Bank of Canada	Banker's Acceptance		08-Jun-95	5,000,000.00	4,922,962.64	4,922,962.64
Royal Bank of Canada	Banker's Acceptance		08-Aug-95	2,800,000.00	2,722,407.33	2,722,407.33
Societe Generale Canada	Banker's Acceptance		24-Apr-95	38,000,000.00	37,799,376.21	37,799,376.21
Societe Generale Canada	Banker's Acceptance		26-Apr-95	4,500,000.00	4,474,911.65	4,474,911.65
Societe Generale Canada	Banker's Acceptance		03-May-95	4,000,000.00	3,971,604.65	3,971,604.65
Societe Generale Canada	Banker's Acceptance		11-May-95	5,000,000.00	4,957,932.58	4,957,932.58
Toronto Dominion Bank	Banker's Acceptance		11-May-95	8,000,000.00	7,929,307.37	7,929,307.37
Toronto Dominion Bank	Banker's Acceptance		30-May-95	5,100,000.00	5,033,333.26	5,033,333.26
Toronto Dominion Bank	Banker's Acceptance		09-Jun-95	6,000,000.00	5,907,000.00	5,907,000.00
Toronto Dominion Bank	Banker's Acceptance		13-Jul-95	7,800,000.00	7,633,857.47	7,633,857.47
Toronto Dominion Bank	Banker's Acceptance		25-Jul-95	5,000,000.00	4,873,313.39	4,873,313.39
Toronto Dominion Bank	Banker's Acceptance		08-Aug-95	1,200,000.00	1,166,746.00	1,166,746.00
Toronto Dominion Bank	Banker's Acceptance		30-Aug-95	5,000,000.00	4,940,400.00	4,940,400.00
Toronto Dominion Bank	Banker's Acceptance		12-Oct-95	3,000,000.00	2,894,860.27	2,894,860.27
				482,000,000.00	476,397,317.79	476,397,317.79
Certificates of Deposits and Guaranteed Investment Certificates						
Royal Bank of Canada	Term Deposit	7.875	03-Apr-95	15,000,000.00	15,000,000.00	15,000,000.00
				3,413,650,000.00	3,367,001,342.44	3,367,001,342.44
Deposits in the Consolidated Cash Investment Trust Fund (CCITF)						
				67,597,000.00	67,597,000.00	67,597,000.00
				6,841,008,379.37	6,821,981,140.02	6,768,095,288.42

**CANADA INVESTMENT DIVISION INVESTMENTS**  
**AS AT MARCH 31, 1995**

Note: Subtotals and totals may not agree to financial statements due to rounding.

Description	Security Type	Interest Rate	Maturity Date	Par Value	Book Value	Market Value
<b>Debtentures</b>						
Province of New Brunswick	Bond	9.500	15-Dec-97	47,000,000.00	46,968,223.87	47,258,500.00
Province of New Brunswick	Bond	11.875	25-Aug-00	75,000,000.00	74,594,647.87	77,573,852.74
				122,000,000.00	121,562,871.74	124,832,352.74
New Brunswick Electric Power Commission	Bond	11.875	25-Aug-00	35,000,000.00	34,810,834.27	36,201,131.28
New Brunswick Electric Power Commission	Bond	11.250	10-Jan-05	50,000,000.00	49,608,725.95	54,050,000.00
Province of Newfoundland	Bond	10.000	15-Mar-98	85,000,000.00	84,419,560.22	90,251,131.28
Newfoundland and Labrador Hydro	Bond	11.250	15-Dec-99	50,000,000.00	49,929,740.60	50,532,500.00
Newfoundland and Labrador Hydro	Bond	13.375	30-Jan-01	75,000,000.00	74,455,869.40	78,988,500.00
				150,000,000.00	149,381,442.72	163,893,616.44
Newfoundland Municipal Financing Corporation	Bond	11.250	15-Dec-99	25,000,000.00	24,818,623.08	26,328,750.00
Newfoundland Municipal Financing Corporation	Bond	13.375	30-Jan-01	35,000,000.00	34,965,268.43	41,168,750.00
				60,000,000.00	59,783,891.51	67,497,500.00
Province of Nova Scotia	Bond	13.375	29-Dec-00	85,000,000.00	84,486,833.50	96,846,923.52
Nova Scotia Municipal Finance Corporation	Bond	13.375	19-Dec-95	1,250,000.00	1,249,598.93	1,292,187.50
Nova Scotia Municipal Finance Corporation	Bond	11.250	04-Jan-96	1,250,000.00	1,248,921.67	1,275,000.00
Nova Scotia Municipal Finance Corporation	Bond	13.375	19-Dec-96	1,250,000.00	1,249,078.52	1,348,437.50
Nova Scotia Municipal Finance Corporation	Bond	11.250	04-Jan-97	1,250,000.00	1,247,603.83	1,307,812.50
Nova Scotia Municipal Finance Corporation	Bond	13.375	19-Dec-97	1,250,000.00	1,248,605.39	1,398,437.50
Nova Scotia Municipal Finance Corporation	Bond	11.250	04-Jan-98	1,250,000.00	1,246,389.25	1,335,937.50
Nova Scotia Municipal Finance Corporation	Bond	13.375	19-Dec-98	1,250,000.00	1,248,172.15	1,426,562.50
Nova Scotia Municipal Finance Corporation	Bond	11.250	04-Jan-99	1,250,000.00	1,245,263.13	1,348,437.50
Nova Scotia Municipal Finance Corporation	Bond	13.375	19-Dec-99	1,250,000.00	1,247,784.66	1,453,125.00
Nova Scotia Municipal Finance Corporation	Bond	11.250	04-Jan-00	1,250,000.00	1,244,231.90	1,356,875.00
Nova Scotia Municipal Finance Corporation	Bond	13.375	19-Dec-00	1,250,000.00	1,247,418.85	1,476,562.50
				13,750,000.00	13,723,068.28	15,019,375.00

**CANADA INVESTMENT DIVISION INVESTMENTS**  
AS AT MARCH 31, 1995 (CONTINUED)

Description	Security Type	Interest Rate	Maturity Date	Par Value	Book Value	Market Value
Province of Prince Edward Island	Bond	13.875	23-Apr-96	20,000,000.00	19,828,983.14	24,563,561.64
Province of Prince Edward Island	Bond	13.500	28-Mar-00	9,000,000.00	8,932,578.06	10,107,000.00
Province of Prince Edward Island	Bond	13.375	15-Jan-01	20,000,000.00	19,866,681.93	20,670,000.00
				49,000,000.00	48,628,243.13	55,340,561.64
Hydro-Quebec	Bond	11.000	15-Oct-04	200,000,000.00	195,978,010.07	211,850,000.00
Hydro-Quebec	Bond	11.750	15-Jul-05	110,000,000.00	110,000,000.00	121,385,000.00
				310,000,000.00	305,978,010.07	333,235,000.00
				924,750,000.00	917,893,661.77	997,448,960.62

**CAPITAL PROJECTS DIVISION INVESTMENTS**  
AS AT MARCH 31, 1995

Description	Security Type	Interest Rate	Maturity Date	Par Value	Book Value
Vencap Equities Alberta Ltd.	Participating Debenenture		30-Jun-13	199,989,000.00	136,240,747.06

**ALBERTA INVESTMENT DIVISION INVESTMENTS**  
**As at March 31, 1995**

Note: Subtotals and totals may not agree to financial statements due to rounding.

Description	Security Type	Interest Rate	Maturity Date	Par Value	Book Value	Market Value
<b>Provincial Corporation Debentures</b>						
Agriculture Financial Services Corporation	Bond	10.140	01-Sep-01	73,240,769.34	73,240,769.34	74,843,277.37
Agriculture Financial Services Corporation	Bond	9.370	31-Mar-02	2,367,082.63	2,367,082.63	2,403,914.44
Agriculture Financial Services Corporation	Bond	10.150	31-Mar-04	6,500,000.00	6,500,000.00	6,863,805.00
Agriculture Financial Services Corporation	Bond	9.630	31-Mar-04	37,500,000.00	37,500,000.00	38,829,375.00
Agriculture Financial Services Corporation	Bond	10.150	31-Mar-04	25,000,000.00	25,000,000.00	26,399,250.00
Agriculture Financial Services Corporation	Bond	10.350	01-May-04	12,100,000.00	12,100,000.00	12,814,142.00
Agriculture Financial Services Corporation	Bond	9.220	01-Sep-04	11,000,000.00	11,000,000.00	11,234,080.00
Agriculture Financial Services Corporation	Bond	9.030	01-Mar-05	11,000,000.00	11,000,000.00	11,170,830.00
Agriculture Financial Services Corporation	Bond	11.140	01-Jun-05	8,850,000.00	8,850,000.00	9,097,269.00
Agriculture Financial Services Corporation	Bond	11.010	01-Aug-05	14,750,000.00	14,750,000.00	15,210,495.00
Agriculture Financial Services Corporation	Bond	11.830	01-Oct-05	14,750,000.00	14,750,000.00	15,314,040.00
Agriculture Financial Services Corporation	Bond	11.210	01-Dec-05	8,850,000.00	8,850,000.00	9,190,813.50
Agriculture Financial Services Corporation	Bond	10.650	01-Feb-06	8,850,000.00	8,850,000.00	9,183,733.50
Agriculture Financial Services Corporation	Bond	10.490	01-Mar-06	14,750,000.00	14,750,000.00	15,302,092.50
Agriculture Financial Services Corporation	Bond	10.420	31-Mar-06	17,700,000.00	17,700,000.00	18,375,609.00
Agriculture Financial Services Corporation	Bond	10.370	01-May-06	9,450,000.00	9,450,000.00	9,796,059.00
Agriculture Financial Services Corporation	Bond	10.840	01-Jul-06	8,190,000.00	8,190,000.00	8,548,803.90
Agriculture Financial Services Corporation	Bond	10.610	01-Aug-06	13,860,000.00	13,860,000.00	14,449,604.40
Agriculture Financial Services Corporation	Bond	10.390	01-Sep-06	6,300,000.00	6,300,000.00	6,554,394.00
Agriculture Financial Services Corporation	Bond	10.170	23-Sep-06	10,710,000.00	10,710,000.00	11,120,835.60
Agriculture Financial Services Corporation	Bond	9.920	01-Oct-06	11,970,000.00	11,970,000.00	12,396,969.90
Agriculture Financial Services Corporation	Bond	9.640	01-Nov-06	11,340,000.00	11,340,000.00	11,706,962.40
Agriculture Financial Services Corporation	Bond	9.790	01-Dec-06	10,710,000.00	10,710,000.00	11,083,779.00
Agriculture Financial Services Corporation	Bond	9.460	04-Jan-07	7,560,000.00	7,560,000.00	7,790,277.60
Agriculture Financial Services Corporation	Bond	9.600	01-Feb-07	11,970,000.00	11,970,000.00	12,365,967.60
Agriculture Financial Services Corporation	Bond	9.610	01-Mar-07	18,900,000.00	18,900,000.00	19,533,339.00
Agriculture Financial Services Corporation	Bond	9.930	01-Apr-07	12,730,000.00	12,730,000.00	13,207,756.90
Agriculture Financial Services Corporation	Bond	9.400	30-Jun-07	13,400,000.00	13,400,000.00	13,792,352.00
Agriculture Financial Services Corporation	Bond	8.740	01-Aug-07	12,060,000.00	12,060,000.00	12,265,381.80
Agriculture Financial Services Corporation	Bond	8.670	01-Sep-07	7,370,000.00	7,370,000.00	7,479,813.00
Agriculture Financial Services Corporation	Bond	9.040	23-Sep-07	22,110,000.00	22,110,000.00	22,604,158.50
Agriculture Financial Services Corporation	Bond	8.880	01-Nov-07	10,050,000.00	10,050,000.00	10,242,558.00
Agriculture Financial Services Corporation	Bond	9.300	01-Dec-07	7,370,000.00	7,370,000.00	7,577,170.70
Agriculture Financial Services Corporation	Bond	9.090	04-Jan-08	14,070,000.00	14,070,000.00	14,400,785.70
Agriculture Financial Services Corporation	Bond	9.160	01-Feb-08	8,710,000.00	8,710,000.00	8,929,056.50
Agriculture Financial Services Corporation	Bond	8.770	01-Mar-08	18,090,000.00	18,090,000.00	18,373,651.20
Agriculture Financial Services Corporation	Bond	8.820	01-May-08	2,130,000.00	2,130,000.00	2,163,824.40
Agriculture Financial Services Corporation	Bond	8.750	01-Jun-08	9,230,000.00	9,230,000.00	9,356,358.70
Agriculture Financial Services Corporation	Bond	8.560	04-Jul-08	10,650,000.00	10,650,000.00	10,743,507.00
Agriculture Financial Services Corporation	Bond	8.350	01-Aug-08	17,750,000.00	17,750,000.00	17,803,782.50

**ALBERTA INVESTMENT DIVISION INVESTMENTS**  
As at MARCH 31, 1995 (CONTINUED)

Description	Security Type	Interest Rate	Maturity Date	Par Value	Book Value	Market Value
Agriculture Financial Services Corporation	Bond	7.970	01-Sep-08	25,560,000.00	25,560,000.00	25,355,520.00
Agriculture Financial Services Corporation	Bond	7.370	01-Feb-09	10,650,000.00	10,650,000.00	10,337,635.50
Agriculture Financial Services Corporation	Bond	7.990	01-Mar-09	34,080,000.00	34,080,000.00	33,676,152.00
Agriculture Financial Services Corporation	Bond	7.930	01-Mar-09	40,939,506.05	40,939,506.05	39,724,012.12
Agriculture Financial Services Corporation	Bond	9.760	04-Jul-09	22,500,000.00	22,500,000.00	23,419,125.00
Agriculture Financial Services Corporation	Bond	9.840	01-Aug-09	12,750,000.00	12,750,000.00	13,307,047.50
Agriculture Financial Services Corporation	Bond	9.410	01-Oct-09	13,500,000.00	13,500,000.00	13,907,970.00
Agriculture Financial Services Corporation	Bond	9.620	01-Nov-09	4,500,000.00	4,500,000.00	4,667,490.00
Agriculture Financial Services Corporation	Bond	9.550	01-Dec-09	7,500,000.00	7,500,000.00	7,761,675.00
Agriculture Financial Services Corporation	Bond	9.030	01-Mar-10	12,000,000.00	12,000,000.00	12,200,520.00
Agriculture Financial Services Corporation	Bond	11.010	01-Aug-10	13,260,000.00	13,260,000.00	13,704,077.40
Agriculture Financial Services Corporation	Bond	11.340	01-Sep-10	26,520,000.00	26,520,000.00	27,466,764.00
Agriculture Financial Services Corporation	Bond	10.370	01-Mar-11	36,957,938.07	36,957,938.07	37,337,865.67
Agriculture Financial Services Corporation	Bond	10.630	23-Mar-11	45,240,000.00	45,240,000.00	47,107,054.80
Agriculture Financial Services Corporation	Bond	8.670	01-Sep-12	21,840,000.00	21,840,000.00	22,188,348.00
Agriculture Financial Services Corporation	Bond	8.820	23-Mar-13	12,600,000.00	12,600,000.00	12,820,248.00
				894,285,296.09	894,285,296.09	915,501,380.60
Alberta Social Housing Corporation	Bond	10.410	01-Apr-99	23,471,128.02	23,471,128.02	24,021,291.26
Alberta Social Housing Corporation	Bond	8.640	15-Jun-03	33,716,434.63	33,716,434.63	33,781,844.51
Alberta Social Housing Corporation	Bond	9.450	01-Apr-06	17,864,064.02	17,864,064.02	18,355,326.03
Alberta Social Housing Corporation	Bond	9.450	01-Apr-06	17,864,064.02	17,864,064.02	18,355,326.03
Alberta Social Housing Corporation	Bond	9.450	01-Apr-06	17,864,064.02	17,864,064.02	18,355,326.03
Alberta Social Housing Corporation	Bond	9.450	01-Apr-06	17,864,064.02	17,864,064.02	18,355,326.03
Alberta Social Housing Corporation	Bond	10.170	30-Aug-06	3,666,462.09	3,666,462.09	3,898,805.79
Alberta Social Housing Corporation	Bond	10.140	30-Aug-06	7,325,321.88	7,325,321.88	7,778,319.79
Alberta Social Housing Corporation	Bond	9.900	01-Dec-06	7,263,814.53	7,263,814.53	7,631,508.82
Alberta Social Housing Corporation	Bond	9.100	15-Jan-07	35,255,473.75	35,255,473.75	35,592,868.63
Alberta Social Housing Corporation	Bond	9.470	15-Jun-07	32,248,042.39	32,248,042.39	32,670,814.23
Alberta Social Housing Corporation	Bond	9.190	15-Jul-07	19,626,756.56	19,626,756.56	19,870,520.88
Alberta Social Housing Corporation	Bond	9.350	15-Aug-07	11,145,971.33	11,145,971.33	11,348,495.12
Alberta Social Housing Corporation	Bond	9.300	01-Nov-07	8,085,319.18	8,085,319.18	8,236,757.21
Alberta Social Housing Corporation	Bond	9.300	15-Dec-07	22,253,172.24	22,253,172.24	22,673,089.60
Alberta Social Housing Corporation	Bond	9.400	01-Feb-08	18,608,799.60	18,608,799.60	19,068,436.95
Alberta Social Housing Corporation	Bond	9.750	01-Jun-08	11,717,614.00	11,717,614.00	12,223,814.92
Alberta Social Housing Corporation	Bond	7.980	15-Nov-08	17,365,621.30	17,365,621.30	16,924,360.86
Alberta Social Housing Corporation	Bond	9.700	01-Dec-08	19,499,613.73	19,499,613.73	20,298,902.90
Alberta Social Housing Corporation	Bond	10.150	15-Feb-09	11,857,521.54	11,857,521.54	12,670,947.52
Alberta Social Housing Corporation	Bond	10.800	01-Dec-09	16,577,779.28	16,577,779.28	18,391,222.56
Alberta Social Housing Corporation	Bond	11.850	01-Feb-10	16,980,146.65	16,980,146.65	20,016,876.08
Alberta Social Housing Corporation	Bond	11.830	01-Oct-10	17,761,285.76	17,761,285.76	18,014,561.69



**ALBERTA INVESTMENT DIVISION INVESTMENTS**  
**AS AT MARCH 31, 1995 (CONTINUED)**

Description	Security Type	Interest Rate	Maturity Date	Par Value	Book Value	Market Value
Alberta Social Housing Corporation	Bond	13.670	15-Oct-10	17,928,418.40	17,928,418.40	23,433,159.99
Alberta Social Housing Corporation	Bond	13.760	01-Dec-10	26,929,004.91	26,929,004.91	35,434,800.40
Alberta Social Housing Corporation	Bond	10.880	02-Jan-11	8,750,226.18	8,750,226.18	8,861,791.56
Alberta Social Housing Corporation	Bond	14.200	04-Mar-11	27,101,344.63	27,101,344.63	36,670,829.42
Alberta Social Housing Corporation	Bond	10.390	01-Apr-11	4,385,603.51	4,385,603.51	4,437,748.34
Alberta Social Housing Corporation	Bond	16.730	01-Jun-11	28,274,196.74	28,274,196.74	43,612,100.25
Alberta Social Housing Corporation	Bond	10.840	02-Jul-11	4,410,209.43	4,410,209.43	4,503,176.64
Alberta Social Housing Corporation	Bond	16.870	04-Aug-11	28,308,225.31	28,308,225.31	44,091,759.41
Alberta Social Housing Corporation	Bond	10.200	20-Sep-11	33,624,938.56	33,624,938.56	34,115,190.16
Alberta Social Housing Corporation	Bond	10.200	20-Sep-11	2,802,078.21	2,802,078.21	2,842,932.51
Alberta Social Housing Corporation	Bond	18.050	28-Sep-11	28,570,682.97	28,570,682.97	47,295,051.47
Alberta Social Housing Corporation	Bond	9.920	01-Oct-11	4,433,813.79	4,433,813.79	4,479,570.75
Alberta Social Housing Corporation	Bond	9.860	01-Nov-11	9,428,244.72	9,428,244.72	9,527,147.01
Alberta Social Housing Corporation	Bond	15.710	07-Dec-11	28,006,021.21	28,006,021.21	41,334,366.76
Alberta Social Housing Corporation	Bond	9.520	02-Jan-12	2,644,614.28	2,644,614.28	2,658,842.30
Alberta Social Housing Corporation	Bond	16.370	19-Jan-12	37,578,251.17	37,578,251.17	57,525,162.67
Alberta Social Housing Corporation	Bond	9.670	02-Mar-12	12,711,982.39	12,711,982.39	12,824,864.79
Alberta Social Housing Corporation	Bond	9.360	02-Jul-12	1,786,391.46	1,786,391.46	1,793,108.20
Alberta Social Housing Corporation	Bond	9.360	02-Jul-12	4,465,978.67	4,465,978.67	4,482,770.84
Alberta Social Housing Corporation	Bond	8.740	05-Aug-12	44,398,926.49	44,398,926.49	43,950,053.34
Alberta Social Housing Corporation	Bond	9.060	01-Oct-12	1,824,443.48	1,824,443.48	1,819,645.19
Alberta Social Housing Corporation	Bond	9.230	29-Nov-12	44,710,205.91	44,710,205.91	44,756,704.52
Alberta Social Housing Corporation	Bond	9.090	04-Jan-13	16,425,935.88	16,425,935.88	16,393,248.27
Alberta Social Housing Corporation	Bond	9.130	19-Jan-13	44,373,017.83	44,373,017.83	44,287,377.91
Alberta Social Housing Corporation	Bond	8.590	15-Mar-13	28,744,422.21	28,744,422.21	28,345,162.19
Alberta Social Housing Corporation	Bond	8.920	18-Mar-13	35,435,958.30	35,435,958.30	35,175,504.01
Alberta Social Housing Corporation	Bond	8.830	31-Mar-13	3,627,204.56	3,627,204.56	3,596,228.23
Alberta Social Housing Corporation	Bond	8.760	12-May-13	44,856,081.34	44,856,081.34	44,347,861.94
Alberta Social Housing Corporation	Bond	8.150	18-Aug-13	45,021,870.08	45,021,870.08	43,718,937.16
Alberta Social Housing Corporation	Bond	8.210	03-Oct-13	3,708,804.25	3,708,804.25	3,609,222.86
Alberta Social Housing Corporation	Bond	8.040	28-Nov-13	45,253,717.33	45,253,717.33	43,719,163.78
Alberta Social Housing Corporation	Bond	7.750	03-Jan-14	2,775,585.73	2,775,585.73	2,656,180.03
Alberta Social Housing Corporation	Bond	8.690	31-Mar-14	3,716,578.61	3,716,578.61	3,660,495.44
Alberta Social Housing Corporation	Bond	9.590	15-Dec-14	11,289,859.67	11,289,859.67	11,467,449.16
Alberta Social Housing Corporation	Bond	9.450	02-Jan-15	4,700,830.71	4,700,830.71	4,751,740.71
Alberta Social Housing Corporation	Bond	8.960	29-Mar-15	18,563,173.28	18,563,173.28	18,406,685.73
Alberta Social Housing Corporation	Bond	8.960	30-Mar-15	4,746,134.01	4,746,134.01	4,706,124.10
Alberta Social Housing Corporation	Bond	11.800	01-Oct-15	6,754,209.36	6,754,209.36	6,828,978.46
Alberta Social Housing Corporation	Bond	10.740	02-Jan-16	6,712,972.86	6,712,972.86	6,760,702.10
Alberta Social Housing Corporation	Bond	10.640	25-Mar-16	16,292,765.02	16,292,765.02	16,453,411.68
Alberta Social Housing Corporation	Bond	10.200	20-Sep-16	962,226.32	962,226.32	971,502.18
Alberta Social Housing Corporation	Bond	10.200	20-Sep-16	12,508,942.04	12,508,942.04	12,629,528.24

**ALBERTA INVESTMENT DIVISION INVESTMENTS**  
**AS AT MARCH 31, 1995 (CONTINUED)**

Description	Security Type	Interest Rate	Maturity Date	Par Value	Book Value	Market Value
Alberta Social Housing Corporation	Bond	9.720	02-Mar-17	10,144,424.36	10,144,424.36	10,181,958.73
Alberta Social Housing Corporation	Bond	9.100	15-Jan-18	16,598,650.95	16,598,650.95	16,441,295.74
Alberta Social Housing Corporation	Bond	8.770	31-Mar-18	13,652,674.20	13,652,674.20	13,408,973.97
Alberta Social Housing Corporation	Bond	8.170	15-Mar-19	14,804,695.88	14,804,695.88	14,221,094.77
				1,220,627,071.74	1,220,627,071.74	1,335,760,346.35
Alberta Municipal Financing Corporation	Bond	11.700	01-Nov-99	70,000,000.00	70,000,000.00	77,372,525.00
Alberta Municipal Financing Corporation	Bond	13.450	03-Mar-00	35,000,000.00	35,000,000.00	41,808,932.00
Alberta Municipal Financing Corporation	Bond	13.200	15-Aug-00	35,000,000.00	35,000,000.00	41,827,625.00
				140,000,000.00	140,000,000.00	162,009,082.00
Alberta Opportunity Company	Bond	10.240	28-Mar-97	7,568,547.26	7,568,547.26	8,136,263.99
Alberta Opportunity Company	Bond	11.280	31-Mar-97	16,861,437.69	16,861,437.69	17,450,744.94
Alberta Opportunity Company	Bond	10.290	15-Dec-97	2,354,966.37	2,354,966.37	2,418,597.56
Alberta Opportunity Company	Bond	10.070	28-Feb-99	2,985,008.40	2,985,008.40	3,086,797.19
Alberta Opportunity Company	Bond	7.050	31-Mar-99	8,267,128.50	8,267,128.50	8,042,923.98
Alberta Opportunity Company	Bond	9.280	30-Mar-00	16,252,831.46	16,252,831.46	16,593,165.75
Alberta Opportunity Company	Bond	7.710	31-Mar-01	24,107,452.58	24,107,452.58	23,555,632.99
				78,397,372.26	78,397,372.26	79,284,126.40
				2,333,309,740.09	2,333,309,740.09	2,492,554,935.35
<b>Corporate Debentures</b>						
TransCanada PipeLines Limited	Convertible Bond	10.426	20-Dec-01	150,000,000.00	150,000,000.00	155,000,000.00
<b>Common Shares</b>						
Canadian Western Bank	160,000 Common Shares				720,000.00	1,680,000.00
Nova Corporation of Alberta Ltd.	10,822,429 Common Shares				112,282,705.14	133,927,558.88
				2,483,309,740.09	2,596,312,445.23	2,783,162,494.23

**X ALBERTA INVESTMENT DIVISION INVESTMENTS  
AS AT MARCH 31, 1995 (CONTINUED)**

Description	Security Type	Interest Rate	Maturity Date	Par Value	Book Value	Market Value
<b>Corporate Debentures and Loans for Which No Market Values are Available</b>						
Alberta Pacific Pulp Mill Project						
Crestbrook Forest Industries Ltd.	Bond	9.203	30-Nov-10	125,143,842.99	125,143,842.99	
Kanzaki Paper Canada Inc.	Bond	9.203	30-Nov-10	78,053,708.61	78,053,708.61	
MC Forest Investment Inc.	Bond	9.203	30-Nov-10	109,303,682.69	109,303,682.69	
				312,501,234.29	312,501,234.29	
Millar Western Pulp Project						
Millar Western Pulp Ltd.	Bond	10.000	31-Oct-04	90,000,000.00	0.00	
Millar Western Pulp (Whitcourt) Ltd.	Bond			30,000,000.00	20,600,000.00	
				120,000,000.00	20,600,000.00	
Ridley Grain Ltd.						
Syncrude	Bond	11.000	31-Jul-15	119,090,064.53	119,090,064.53	
	Joint-venture Interest			324,232,000.00	324,232,000.00	
				443,322,064.53	443,322,064.53	
				875,823,298.82	776,423,298.82	
				\$3,359,133,038.91	\$3,372,735,744.05	\$2,783,162,494.23

**COMMERCIAL INVESTMENT DIVISION INVESTMENTS**  
**AS AT MARCH 31, 1995**

Note: Subtotals and totals may not agree to financial statements due to rounding.

Description	Security Type	Maturity Date	Par Value	Book Value	Market Value
<b>Canadian Equities</b>					
Common Share and Rights					
Communications and Media					
Hollinger Inc.	52,600 Common		231,451.43	231,451.43	664,075.00
Quebecor Inc.	92,800 Class B Subordinated Voting		1,179,676.62	1,179,676.62	1,844,400.00
Southern Inc.	272,200 Common		2,634,294.93	2,634,294.93	4,014,950.00
Thomson Corporation	648,529 Common		3,741,692.24	3,741,692.24	11,592,455.88
			7,787,115.22	7,787,115.22	18,115,880.88
<b>Conglomerates</b>					
Brascan Limited	194,800 Class A Common		2,063,397.80	2,063,397.80	3,701,200.00
Canadian Pacific Limited	603,725 Common		7,631,943.25	7,631,943.25	12,602,759.38
Horsham Corporation	375,800 Subordinated Voting		3,467,740.89	3,467,740.89	7,328,100.00
Power Corporation of Canada	335,100 Subordinated Voting		1,094,572.78	1,094,572.78	6,450,675.00
			14,257,654.72	14,257,654.72	30,082,734.38
<b>Consumer Products</b>					
Ault Foods Limited	50,000 Common		231,859.77	231,859.77	875,000.00
Dominion Textile Inc.	214,000 Common		1,819,000.00	1,819,000.00	1,872,500.00
Imasco Limited	249,800 Common		4,602,010.55	4,602,010.55	11,147,325.00
Labatt, John Limited	226,900 Common		1,357,159.25	1,357,159.25	4,708,175.00
Maple Leaf Foods Inc.	227,813 Common		1,169,590.20	1,169,590.20	3,360,241.75
Molson Companies Limited	189,050 Class A Non Voting		1,692,189.72	1,692,189.72	3,781,000.00
Molson Companies Limited	7,350 Class B Common		89,561.13	89,561.13	145,675.00
Seagrams Limited	392,900 Common		2,836,042.06	2,836,042.06	17,434,937.50
			13,797,412.68	13,797,412.68	43,324,854.25
<b>Financial Services</b>					
London Insurance Group Inc.	80,000 Common		1,745,706.64	1,745,706.64	1,940,000.00
MNT Ltd.	300,000 Capital Shares		2,212,500.00	2,212,500.00	4,068,500.00
Mackenzie Financial Corporation	217,300 Common		1,479,375.30	1,479,375.30	1,765,562.50
National Trustco Inc.	137,800 Common		1,144,140.45	1,144,140.45	2,652,650.00
Power Financial Corporation	106,700 Common		1,959,466.75	1,959,466.75	3,414,400.00
			8,541,189.14	8,541,189.14	13,841,112.50

**COMMERCIAL INVESTMENT DIVISION INVESTMENTS**  
**AS AT MARCH 31, 1995 (CONTINUED)**

Description	Security Type	Interest Rate	Maturity Date	Par Value	Book Value	Market Value
<b>Gold and Silver</b>						
American Barrick Resources Corporation	525,767 Common				7,962,220.43	18,270,403.25
Cambior Inc.	51,900 Common				499,537.50	836,887.50
Echo Bay Mines Ltd.	423,800 Common				2,353,512.80	6,198,075.00
Hemlo Gold Mines Inc.	281,000 Common				3,686,727.71	4,004,250.00
Placer Dome Inc.	500,637 Common				6,212,348.37	16,959,078.38
Teck Corp.	324,300 Class B Subordinated Voting				1,267,640.37	7,661,587.50
		21,981,987.18				53,930,281.63
<b>Industrial Products</b>						
Bombardier Incorporated	390,600 Class B Subordinated Voting				2,650,759.74	10,546,200.00
CAE Inc.	616,300 Common				1,843,882.29	5,007,437.50
CO-Steel Inc.	71,400 Common				1,216,804.84	1,892,100.00
Dofasco Inc.	305,200 Common				4,077,122.93	5,417,300.00
Du Pont Canada Inc.	35,400 Class A Common				501,854.00	654,900.00
IPSCO Inc.	119,900 Common				2,158,100.22	2,877,600.00
Moore Corporation Limited	303,400 Common				5,685,448.87	8,191,800.00
Northern Telecom Limited	286,300 Common				3,872,107.34	15,173,900.00
Nova Corporation of Alberta	1,032,060 Common				7,310,594.64	12,771,742.50
Sherritt Inc.	68,700 Common				500,250.00	925,462.50
Stelco Inc.	230,700 Class A Convertible				1,268,850.00	1,730,250.00
		31,085,774.87				65,188,692.50
<b>Merchandising</b>						
Canadian Tire Limited	350,650 Class A Non Voting				3,761,139.22	4,821,437.50
Firning Ltd.	152,900 Common				1,902,028.21	2,981,550.00
Hudsons Bay Company	69,240 Common				1,031,056.14	1,930,065.00
Loblaw Companies Limited	73,700 Common				1,547,141.99	1,897,775.00
Loewen Group Inc., The	63,000 Common				999,724.50	2,417,625.00
Oshawa Group Limited	234,400 Class A Non Voting				1,130,894.57	4,688,000.00
Sears Canada Inc.	47,600 Common				326,105.61	362,950.00
Weston, George Limited	128,100 Common				1,052,444.12	5,508,300.00
		11,750,534.36				24,607,702.50
<b>Metals and Minerals</b>						
Alcan Aluminum Ltd.	465,600 Common				7,082,611.59	17,285,400.00
Cominco Limited	243,489 Common				3,364,006.77	5,843,736.00
Inco Ltd.	283,000 Common				4,882,197.06	11,001,625.00
Noranda Inc.	396,200 Common				6,903,533.93	9,459,275.00
Rio Algoni Limited	232,400 Common				3,363,303.99	5,839,050.00
		25,595,653.34				49,429,086.00

**COMMERCIAL INVESTMENT DIVISION INVESTMENTS**  
AS AT MARCH 31, 1995 (CONTINUED)

Description	Security Type	Interest Rate	Maturity Date	Par Value	Book Value	Market Value
<b>Oil and Gas</b>						
Canadian Occidental Petroleum	234,900 Common				3,067,107.54	8,632,575.00
Imperial Oil Limited	182,100 Common				5,960,207.31	9,059,475.00
Norcen Energy Resources Limited	286,700 Common				3,862,765.87	5,017,250.00
PanCanadian Petroleum Limited	106,900 Common				2,085,500.39	4,703,600.00
Ranger Oil Limited	430,500 Common				3,207,484.42	4,035,937.50
Renaissance Energy Limited	259,300 Common				3,807,285.64	7,584,525.00
Shell Canada Limited	135,600 Class A Common				2,638,865.47	5,678,250.00
Talisman Energy Inc.	334,139 Common				5,796,465.90	8,437,009.75
					30,425,682.54	53,148,622.25
<b>Paper and Forest Products</b>						
Avenor Incorporated	99,500 Common				1,422,305.52	2,848,187.50
Cantor Corporation	41,212 Common				499,950.00	623,331.50
Domtar Inc.	363,010 Common				1,745,316.40	4,219,991.25
Fletcher Challenge Canada Limited	164,937 Class A Common				1,544,039.43	3,298,740.00
Macmillian Bloedel Limited	381,677 Common				3,792,528.78	6,870,186.00
					9,004,140.13	17,860,436.25
<b>Pipelines</b>						
IPL Energy Inc.	127,900 Common				1,943,090.25	3,868,975.00
TransCanada PipeLines Limited	478,600 Common				6,499,577.97	8,554,975.00
Westcoast Energy Inc.	251,300 Common				2,905,380.31	5,245,887.50
					11,348,048.53	17,669,837.50
<b>Transportation and Environmental Services</b>						
Air Canada	500,000 Common				2,000,000.00	3,312,500.00
Laidlaw Inc.	726,000 Class B Non Voting				4,683,327.39	8,893,500.00
PWA Corporation	201,000 Warrant				26,751.80	23,115.00
PWA Corporation	201,000 Common				73,748.20	86,430.00
					6,783,827.39	12,315,545.00

**COMMERCIAL INVESTMENT DIVISION INVESTMENTS**  
**AS AT MARCH 31, 1995 (CONTINUED)**

Description	Security Type	Interest Rate	Maturity Date	Par Value	Book Value	Market Value
<b>Utilities</b>						
ATCO Limited	15,600 Class I Non Voting				136,712.95	247,650.00
ATCO Limited	9,000 Class II Voting				70,705.44	142,625.00
BCE Inc.	275,900 Common				7,455,202.93	11,932,675.00
BC Gas Inc.	131,300 Common				2,097,485.85	1,821,787.50
BC Telecom Inc.	290,300 Common				2,695,871.88	6,967,200.00
Canadian Utilities Limited	102,600 Class B				2,047,287.47	2,321,325.00
Canadian Utilities Limited	130,116 Class A Non Voting				1,850,834.29	2,960,139.00
Maritime Telephone and Telegraph	109,100 Common				1,920,831.32	2,236,550.00
Telus Corporation	451,900 Common				5,675,080.32	7,569,325.00
TransAlta Utilities Corporation	498,550 Common				5,432,112.01	7,042,018.75
					29,382,124.46	43,241,295.25
<b>Bonds, Bond Coupons and Residuals</b>						
Government of Canada, direct					221,741,144.56	442,756,080.89
Government of Canada	Residual		01-Jun-95	8,308,000.00	8,189,527.92	8,193,765.00
<b>Short-term Money Market Securities</b>						
Treasury Bills						
Government of Canada						
Government of Canada	Treasury Bill		13-Apr-95	10,000,000.00	9,979,185.71	9,979,185.71
Government of Canada	Treasury Bill		20-Apr-95	30,000,000.00	29,894,076.92	29,894,076.92
Government of Canada	Treasury Bill		11-May-95	5,000,000.00	4,966,006.04	4,966,006.04
Government of Canada	Treasury Bill		01-Jun-95	20,000,000.00	19,726,953.01	19,726,953.01
Government of Canada	Treasury Bill		15-Jun-95	10,000,000.00	9,829,642.25	9,829,642.25
Government of Canada	Treasury Bill		29-Jun-95	5,000,000.00	4,897,761.15	4,897,761.15
				80,000,000.00	79,293,625.08	79,293,625.08
<b>Province of Alberta</b>						
Government of Alberta	Treasury Bill		03-May-95	10,000,000.00	9,946,746.70	9,946,746.70
<b>Provincial</b>						
Province of Ontario	Treasury Bill		09-May-95	11,175,000.00	11,080,554.16	11,080,554.16

**COMMERCIAL INVESTMENT DIVISION INVESTMENTS**  
**AS AT MARCH 31, 1995 (CONTINUED)**

Description	Security Type	Interest Rate	Maturity Date	Par Value	Book Value	Market Value
Bankers' Acceptances						
Canadian Imperial Bank of Commerce	Banker's Acceptance		04-May-95	5,000,000.00	4,964,102.33	4,964,102.33
Canadian Imperial Bank of Commerce	Banker's Acceptance		13-Jun-95	5,000,000.00	4,918,234.07	4,918,234.07
Canadian Imperial Bank of Commerce	Banker's Acceptance		19-Jun-95	10,000,000.00	9,823,912.09	9,823,912.09
Canadian Imperial Bank of Commerce	Banker's Acceptance		22-Jun-95	8,000,000.00	7,852,916.28	7,852,916.28
Canadian Imperial Bank of Commerce	Banker's Acceptance		27-Jun-95	7,700,000.00	7,550,257.85	7,550,257.85
Toronto Dominion Bank	Banker's Acceptance		10-May-95	5,000,000.00	4,957,274.73	4,957,274.73
				40,700,000.00	40,066,697.35	40,066,697.35
Bearer Deposit Notes						
Bank of Nova Scotia	Bearer Deposit Note		19-Jun-95	25,000,000.00	24,558,681.32	24,558,681.32
Bank of Nova Scotia	Bearer Deposit Note		20-Jun-95	25,000,000.00	24,553,179.35	24,553,179.35
				50,000,000.00	49,111,860.67	49,111,860.67
Promissory Notes						
Ontario Hydro	Discount Note		01-Jun-95	20,000,000.00	19,722,328.57	19,722,328.57
				211,875,000.00	217,411,340.45	217,411,577.53
				\$211,875,000.00	\$439,152,485.01	\$660,171,658.42



# GLOSSARY

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## ***Accrued Interest***

Interest income that has been earned but not yet paid in cash.

## ***Asset Allocation***

The process of selecting an appropriate mix of investments from various asset classes (e.g., equities or fixed income). For most portfolios, the asset mix is the single most important determinant of performance.

## ***Bond***

A financial instrument showing a debt where the issuer promises to pay interest and repay the principal by the maturity date.

## ***Book Value***

The value of an item as reported in financial statements.

## ***Capital Gain***

The market value of an asset beyond its book value or purchase price. If an asset is bought for \$50 and sold for \$75, the realized capital gain (profit) is \$25.

## ***Consolidated Financial Statements***

The "total" financial statements which eliminate transactions between different parts of the government, and therefore provide a record of all government dealings with third parties such as individuals, corporations or other governments.

## ***Debenture***

A financial instrument which is very much like a bond.

## ***Diversification***

A way of spreading risk by spreading investments among different types, i.e., stocks, bonds, or real estate. Individual investments can be diversified as well. Stocks can be diversified by investments in different industries. Bonds can be diversified by varying length of maturity.

## ***External Asset/ External Debt***

External assets are claims which the Province of Alberta has against third party individuals, corporations and governments. External debts are the claims these entities have against the Province of Alberta. These are the assets and debts which are listed in the province's consolidated financial statements.

## ***Fixed Income Securities***

Interest-bearing investments such as bonds or debentures and money market investments such as treasury bills and discount notes (see "Bond", "Debenture" and "Money Market").

## ***Fund (or Regulated Fund)***

Alberta has many different funds which serve different purposes. Each is like a separate bank account. Examples of provincial funds are the Heritage Fund, the General Revenue Fund and the Public Sector Pension Plan Funds.

## ***General Revenue Fund (GRF)***

The central operating account for the Province of Alberta. It is where most of the revenues received by the province are deposited and from where most expenditures are made.

# GLOSSARY

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## ***Generally Accepted Accounting Principles (GAAP)***

These are accounting guidelines, formulated by the CICA's (Canadian Institute of Chartered Accountants) Accounting Standards Committee, that govern how businesses report their financial statements to the public.

They are the principles under which the financial statements of the Heritage Fund and other provincial funds are prepared. These principles help ensure fair presentation of the financial affairs of the province.

## ***Income***

The return from an investment. Can be derived from interest, dividends or appreciation in the value of the asset.

## ***Internal Assets/ Internal Holdings***

Financial claims outstanding between two of the Provinces' entities. These assets and debts are eliminated in the consolidated financial statements.

## ***Investment Portfolios***

A pool of securities held as an investment. Holdings of a diverse group of assets by an individual company.

## ***Liquidity***

Describes the ease in which assets can be turned into cash. A high level of liquidity means the province has access to ample cash for its current liabilities.

## ***Market Values***

Price for which a person could buy or sell a security.

## ***mcf***

Million cubic feet.

## ***Marketable Security***

Another name for an investment that may be sold any time the investor wishes. Hence, these securities afford a high degree of liquidity.

## ***Mid-term Investment***

A fixed income investment that matures in one to five years from the date of acquisition.

## ***Modified Duration***

A measure of price volatility of fixed income securities (i.e., bonds). It is the weighted average term-to-maturity of the security's cash flows (i.e., interest and principal). The greater the duration of a bond, the greater its percentage price volatility.

## ***Money Market Security***

A fixed income security that matures within one year from the date of acquisition.

## ***Net Income***

The amount of earnings remaining after deducting expenses.

## ***Nominal Value***

A measure of value that does not account for the effect of inflation.

## ***Par Value***

A value set as the face amount of a security, typically expressed as multiples of \$100 or \$1,000. Bondholders receive par value for their bonds on maturity.

# GLOSSARY

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***Portfolio***

The collection of investment securities or a type of investment security held by an investor.

***Preferred Stock***

A class of stock that carries some form of preference to income or assets over common stock.

***Provincial Crown Corporations***

Special purpose companies which carry out government programs. Provincial Crown corporations are used because the nature of the programs are different than those delivered through government departments. The provincial Crown corporations discussed in this report generally offer financial services on a partial or full cost-recovery basis. Alberta Opportunity Company and the Alberta Social Housing Corporation are examples of Alberta provincial Crown corporations.

***Rate of Return***

A financial ratio relating income as a percentage of total assets.

***Real Value***

A measure of value after accounting for inflation. It is equal to the nominal value less an amount for inflation.

***Realized/ Unrealized***

Terms generally used to describe capital gains or losses. A gain or loss is realized when an asset is sold; prior to sale the gain or loss is unrealized and it is only a potential gain or loss.

***Redeemable***

Stocks or bonds that are repayable on a certain date or dates prior to maturity.

***Securities Lending***

Securities lending involves lending a security (e.g., a common stock or a bond certificate) to an approved financial institution (e.g., a bank or investment dealer) generally for several days for a fee. Securities from the Heritage Fund's Cash and Marketable Securities portfolio and the Commercial Investment Division are used for this purpose.

***Security***

Any investment instrument such as a bond, common stock, deed of trust on property, or any evidence of indebtedness or equity.

***Short-term Investment***

An investment with a maturity date of less than one year. Similar to money market investments.

***Subordinated***

A liability which is ranked below another liability in order of priority for payment.

***Term-to-maturity***

The number of years left until the bond matures.

***TSE 100***

Toronto Stock Exchange 100 Composite Index. A market-weighted composite of 100 actively traded stocks.

***Volatility***

In financial matters, volatility of returns is the measurement used to define risk. The greater the volatility, the higher the risk.



**MEMBERS OF THE ALBERTA HERITAGE SAVINGS TRUST FUND  
INVESTMENT COMMITTEE**

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Honourable J. Dinning  
Honourable S. McClellan  
Honourable P. Black  
Honourable S. West  
Honourable M. Cardinal

Honourable H. Jonson  
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Honourable R. Fischer  
Honourable M. Smith

**MEMBERS OF THE SELECT STANDING COMMITTEE ON  
THE ALBERTA HERITAGE SAVINGS TRUST FUND**

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Lethbridge - West

**DEPUTY CHAIRMAN**

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**MEMBERS**

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Calgary - Shaw

P. Sekulic  
Edmonton - Manning

S. Chadi  
Edmonton - Roper

M. Hlady  
Calgary - Mountain View

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Vegreville - Viking

D. Dalla-Longa  
Calgary - West

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Edmonton - Whitemud

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Stony Plain

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Calgary - Fish Creek