Alberta Heritage Savings Trust Fund

2021–22 Annual Report

Heritage Fund

Alberta

Alberta Heritage Savings Trust Fund Annual Report 2021-22
Published June 2022
ISBN 978-1-4601-5445-8
ISSN 1708-4075

Highlights

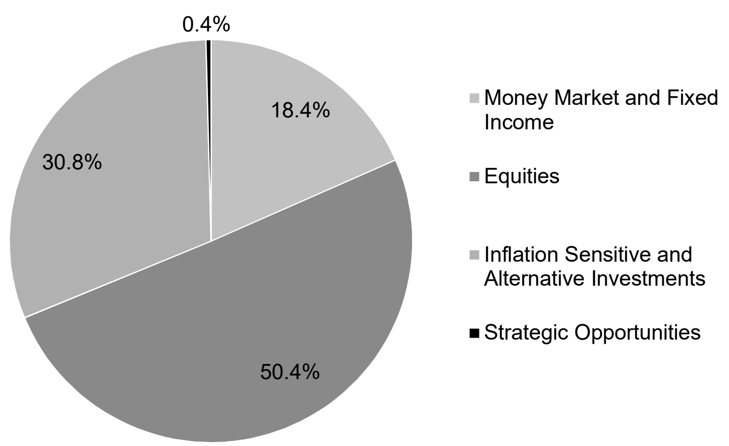
11.8% (net of fees)

1 year rate of return

$20.0 billion

Fair value of investable assets

ASSET MIX AS OF MARCH 31, 2022



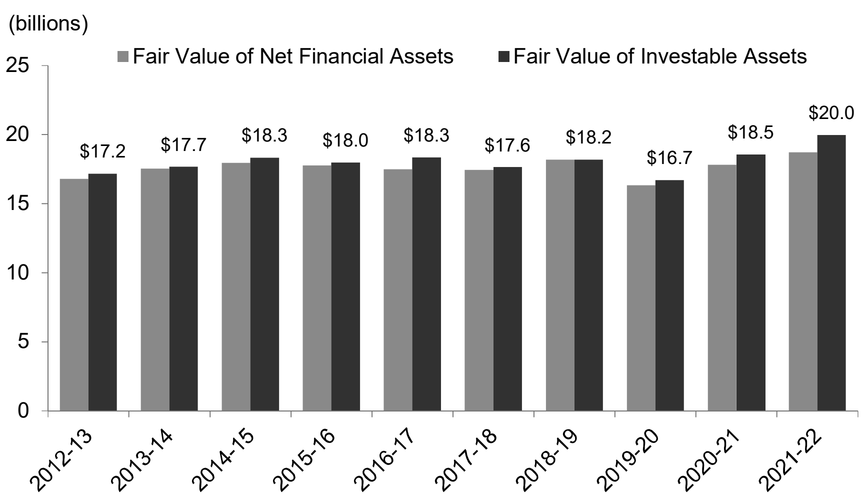
7.6% net of fees

5 year annualized rate of return

$1,247 million

Investment income to be transferred to general revenue fund

FINANCIAL POSITION AT FISCAL YEAR END



$705 million

Investment income retained for inflation-proofing

$43.3 billion

Cumulative income transfers since inception

Contents

Message from the President of Treasury Board and Minister of Finance

Over the 2021-22 fiscal year, the fair value of the investable assets of the Alberta Heritage Savings Trust Fund reached its highest reported valuation to-date, almost $20 billion. This was due to the strong performance of global markets over the year, as well as maintaining a patient and prudent management approach, focused on preserving the Fund over the long-term. The Fund generated a strong return of 11.8 per cent despite economic challenges presented in the fourth fiscal quarter. The Fund is globally diversified and well positioned to withstand challenging times.

The Alberta Heritage Savings Trust Fund will continue to be a vital asset as Alberta works to grow our economy and invest for future generations. For more than four decades, the Fund has supported important programs, services and infrastructure that Albertans rely on. The government is focused on ensuring that this Fund, a source of pride and security in Alberta, continues to benefit those who live here.

As the President of Treasury Board and Minister of Finance, I am determined to increase Alberta's global competitiveness, support job creation, and ensure the most efficient use of government resources and taxpayer dollars. The government's investment mandate for the Alberta Heritage Savings Trust Fund will continue to balance risk and return, maintaining a focus on long-term success.

[Original signed by Jason Nixon]

President of Treasury Board and Minister of Finance

About the Heritage Fund

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

What is the Heritage Fund?

The Alberta Heritage Savings Trust Fund (the "Heritage Fund" or "Fund") is Alberta's primary long-term savings vehicle. It holds a diversified portfolio of investments for the benefit of current and future generations of Albertans.

When was the Heritage Fund established?

The Heritage Fund was established in 1976. Initially, 30 per cent of Alberta's non-renewable resource revenues were deposited into the Fund every year. As difficult financial times hit in the 1980's, it was decided to reduce this percentage to 15 per cent of non-renewable resource revenues in 1982. Regular deposits into the Fund ceased in 1987.

What is the objective when investing in the Heritage Fund?

The preamble to the *Alberta Heritage Savings Trust Fund Act* (the "Act") states that the mission of the Heritage Fund is to provide prudent stewardship of the savings from Alberta's non-renewable resources by providing the greatest financial returns on those savings for current and future generations of Albertan's.

The Act specifies that the objective of the investments held within the Heritage Fund is to maximize long-term financial returns. The Act also specifies that the investments of the Fund must adhere to investment and lending policies, standards and procedures that a reasonable and prudent person would apply in respect of a portfolio of investments to avoid undue risk of loss and obtain a reasonable return.

What happens to the income earned in the Heritage Fund?

The investment income earned by the Heritage Fund is included in the government's financial statements as a part of government's investment income. The Act specifies that all of the Fund's income must be transferred to the General Revenue Fund (the "GRF") less an amount retained to protect the Fund's real value from inflation. The amount retained is the product of the accumulated operating surplus of the Heritage Fund as of March 31 of the previous fiscal year, multiplied by the percentage increase, if any, for that fiscal year in the Alberta Consumer Price Index. As inflation increases, the amount retained in the Fund also increases. If the change in the consumer price index is negative, the amount retained for inflation-proofing will be zero.

During the 2021-22 fiscal year, the Heritage Fund generated $2,128 million in gross investment income. Investment expenses were $176 million, or 0.9 per cent of every dollar invested. The accumulated operating surplus at the end of last fiscal year was $16,389 million, and the change in the Alberta Consumer Price Index was 4.3 per cent. The net surplus retained for inflation-proofing for the year is $705 million. Income to be transferred to the GRF for the 2021-22 fiscal year is $1,247 million.

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

Since inception, the income transfers from the Fund total $43.3 billion and a total of $5.1 billion has been retained by the fund for inflation proofing.

What is the Heritage Fund worth today?

The market (or fair) value of all assets invested in the Heritage Fund as of March 31, 2022 was $19,962 million. This is an increase of $1,416 million during the fiscal year. After deducting the amount of income due to the GRF, the net financial assets of the Fund are valued at $18,715 million as of March 31, 2022. This is an increase of $912 million compared to the start of the fiscal year.

Who is responsible for the Heritage Fund?

The President of Treasury Board and Minister of Finance is responsible for the Fund. The Department of Treasury Board and Finance supports the Minister in developing the Fund's long-term strategy, investment policy and monitoring investment performance. The Alberta Investment Management Corporation is responsible for investing the Fund's assets according to the Fund's investment policy. The President of Treasury Board and Minister of Finance reports the performance of the Fund to Albertans on a quarterly and annual basis. As required by the Act, the Standing Committee on the Alberta Heritage Savings Trust Fund reviews quarterly reports and approves the annual report.

Are the Heritage Fund's investments secure?

Yes, the investments that are held within the Heritage Fund are secure. The Heritage Fund is invested in a globally diversified mix of asset classes. The Fund holds liquid investments such as fixed income and equities that fluctuate with daily market movements, and also holds real assets that are not valued as frequently but help to protect against inflation. The design of the asset mix is important to managing the total risk of the Fund, as each component works together to achieve a desired total portfolio return.

How has the Heritage Fund performed?

Investment performance for the Heritage Fund is assessed over the long-term, as short-term fluctuations may not tell the full story. This was evident during the market losses caused by the COVID-19 pandemic that began in March 2020. Despite the short-term turbulence, over the past 10 years, the Fund has earned an average annual return of 9.3 per cent and the value of investable assets in the Fund grew from $17.2 billion to $20.0 billion. Investment income transferred and payable to the GRF over this period was $13.3 billion, or roughly $1.3 billion per year.

Heritage Fund governance

The Fund operates under the authority of the *Alberta Heritage Savings Trust Fund Act* (the "Act"). The Act's preamble establishes the mission of the Fund, which is "… to provide prudent stewardship of the savings from Alberta's non-renewable resources by providing the greatest financial returns on those savings for current and future generations of Albertans."

The President of Treasury Board and Minister of Finance (the "Minister") is responsible for holding, managing and investing the Fund in accordance with the Act. Section 3 of the Act requires that "... investments of the Fund must be made with the objective of maximizing long-term financial returns." Section 3 also requires that "… the Minister shall adhere to investment and lending policies, standards and procedures that a reasonable and prudent person would apply in respect of a portfolio of investments to avoid undue risk of loss and obtain a reasonable return that will enable the Heritage Fund to meet its objectives."

The Minister is supported by the Department of Treasury Board and Finance and the Alberta Investment Management Corporation ("AIMCo") in carrying out the responsibilities set out in the Act. The Department provides support by developing and evaluating potential investment policies and asset allocations for the Fund, monitoring the investment performance of the Fund and preparing annual and quarterly reports for the Fund. AIMCo is responsible for managing the investments of the Fund in accordance with the Fund's Statement of Investment Policies and Goals.

The Act also established a multi-party standing committee of the Legislative Assembly. Under the Act, the Standing Committee on the Alberta Heritage Savings Trust Fund is responsible for reviewing quarterly reports and approving the annual report for the Fund. It is also required to review the performance of the Fund on an annual basis and provide a report to the Legislature as to whether the Fund's mission is being fulfilled.

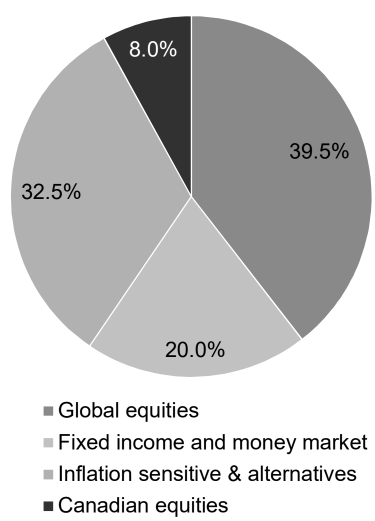
Portfolio construction

- Proper construction of the Fund's investment portfolio is an essential component in achieving its objective of maximizing long-term earnings and managing its risk. Among other things, the Statement of Investment Policies and Goals establishes what asset classes the Fund is invested in and what proportion is allowable for each asset class. The allocation of assets is critical, as it is the largest determinant of long-term earnings for any investment portfolio.
- The Fund's current target asset allocation is to have 20.0 per cent of the portfolio invested in fixed income investments, 32.5 per cent invested in inflation sensitive and alternative assets and 47.5 per cent in equity investments. The investment policy has allowable deviations from the targets that provide the asset manager discretion to use their expertise to help the Fund outperform its target return.
- Fixed income investments have lower risks and returns when compared to other asset classes and help to stabilize the Fund's year-over-year returns. This asset class is dominated by investment in publicly traded bonds. Investments in private debt, loans and mortgages provide additional diversification and return opportunities within this asset class.
- Alternative investments include real estate, renewable resources and infrastructure assets. Returns on these assets are expected to perform well in inflationary environments, with revenue streams that are closely correlated with inflation. Alternative investments have low levels of liquidity as they are not typically publicly traded assets. With a mandate of maximizing long-term returns, the Fund is able to invest in assets that are intended to be held for extended periods of time. Alternative investments tend to have higher returns and greater risk than fixed income but have lower risks and returns when compared to equity investments.
- Equity investments have the greatest potential for high returns and are subject to different risks than the other two broad asset classes. The equity portfolio consists of a mix of global, Canadian and emerging market equities, with a majority of the focus on global diversification. A global focus provides access to a greater number of opportunities and lower risk due to additional diversification. This focus has benefitted the Fund in the last ten years, as global equities have generally outperformed Canadian equities.
- The Fund also makes investments in private companies that have strong growth potential. These investments are expected to earn a higher return than public equities but, as with inflation sensitive and alternative investments, private equities are less liquid and are often held for extended periods of time and may not realize gains in the initial years. The 2021-22 fiscal year is a positive example of how this asset class can make meaningful contributions to the Fund over time.

Return targets

- The Fund has two return targets: a real return target and an active management target.
- The real return target helps to evaluate whether the Fund's asset allocation is able to produce appropriate real returns over time. The target is to earn a return that is equal to or greater than an average return of 4.5 per cent plus inflation over a five-year period.
- The active management target helps to evaluate the investment manager's value added performance over time. Active management of the Fund creates additional risk with additional return potential; therefore, the Fund's target is that actual returns will be at least one per cent higher than the returns of a passive managed portfolio over a rolling five-year period.

LONG-TERM TARGET POLICY ASSET MIX



The 2021-22 fiscal year in review

For most of this fiscal year, the effects of the pandemic continued to play out in the background. Many of the significant new market events occurred in the last fiscal quarter of this year. Russia's invasion of Ukraine, inflation concerns with accompanying central bank rate hikes and China's zero COVID policy all lowered market returns. Even with some market disruption in the last quarter, the Fund has performed well over the full fiscal year.

The largest and most significant impact in the fixed income market has been rising interest rates. Rising interest rates produce lower fixed income market values, which prevented positive performance in the Fund's fixed income holdings this year. Despite having negative returns, the fixed income segment of the Fund beat its policy benchmark by 1.1 per cent.

The Fund's equity asset class performed well in the 2021-22 fiscal year, earning an 18.4 per cent return despite the market disruptions that occurred in the final quarter of the year. Overall, there is still a welcome positive performance from the Fund's equity side. Private equity saw outsized returns this fiscal year and the entire Equities asset class managed to be the largest return contributor.

Inflation sensitive and alternative assets have characteristics that allow them to perform well in inflationary environments, and returned 15.0% over the fiscal year. These assets are typically held for the long-term, appreciate in value, and also produce cash flows that adapt to a changing economic environment. Real estate, infrastructure and renewable resources all produced double digit returns over the fiscal year.

Investment income

The Fund generated gross earnings of $2,128 million, translating to net income of $1,952 million, after investment expenses of $176 million. Gross investment earnings were $948 million higher than estimated in *Budget 2021*. The difference between the budget estimate and actual income produced is due to stronger than anticipated markets in general, and an exceptional year of value added by the investment manager through active management.

Equity investments produced earnings of $1,585 million during 2021-22, an increase of $405 million, or 34.3% over the previous year. This was primarily driven by sales of holdings in private equity and income generated from global assets within the public equities portfolio.

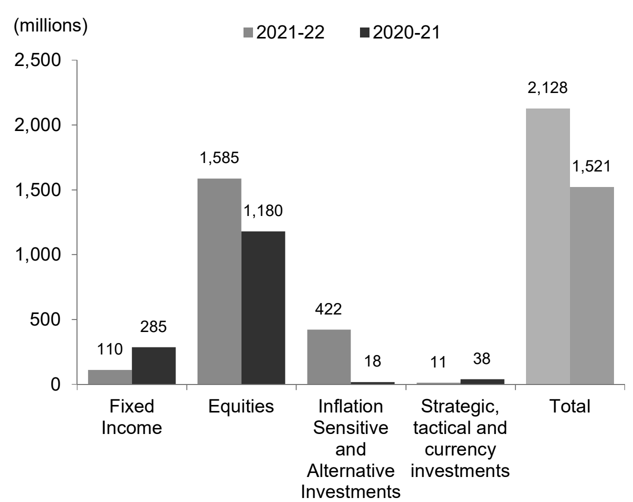
Fixed income investments produced little income during the year as the low interest rate environment that has persisted since the start of the COVID-19 pandemic continued to result in lower yields. The low rate environment began to change in the second half of the fiscal year, as central banks began to raise rates in response to rising inflation. The increase in interest rates caused market values to fall which caused reduced income.

Inflation sensitive and alternative investments provided $422 million in earnings, far surpassing the $18 million earned the prior year. This asset class is an important part of the portfolio construction as it can produce consistent income over the long-term. Last fiscal year was an exception to this, in large part due to the lockdowns associated with the pandemic.

Real assets such as movie theatres, airports, and shopping malls were forced to close and did not generate cash-flows that would be expected during the course of ordinary operations. As the world eases back into some form of normalcy, the income expectations for this asset class are expected to return to normal.

Strategic investments, which allow the asset manager to take advantage of difficult to classify opportunities to add value, contributed earnings of $11 million during 2021-22.

INVESTMENT INCOME BY ASSET CLASS

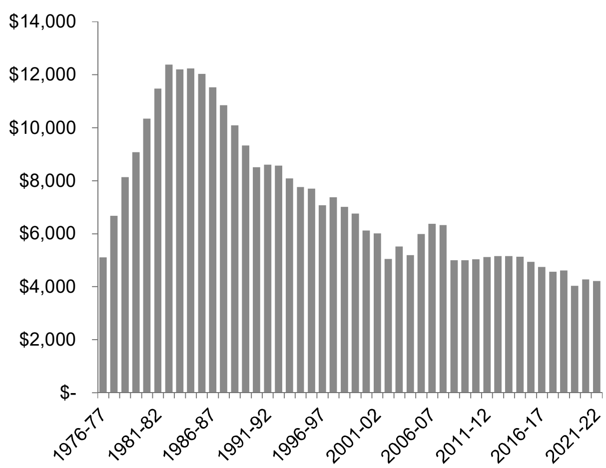


Transfers and inflation

Income transfers from the Fund to the General Revenue Fund began in 1982-83 and since then, $43.3 billion of investment earnings have been transferred. Since 2005, earnings of $5.1 billion have been retained in the Fund for inflation proofing.

The Fund's per capita market value has declined significantly since peaking in 1983 when the value of the Fund was about $12,380 per Albertan. At of the end of 2021, the market value is approximately $4,200 per Albertan. This decline has been caused by three main factors. First, deposits into the Fund were decreased early in 1982 and eliminated in 1987. Second, most of the Fund's earnings have been transferred out of the Fund and into the General Revenue Fund. Third, Alberta's population has more than doubled since 1976, growing from approximately 1.9 million people to over 4.4 million people.

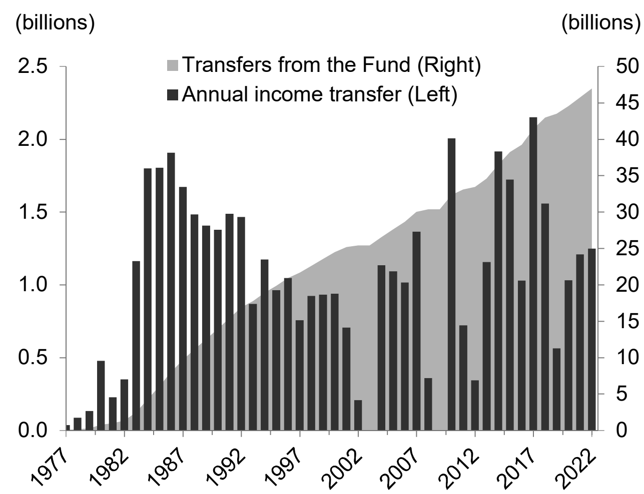
MARKET VALUE INFLATION ADJUSTED PER CAPITA
(2022 dollars)



Since the Fund was established in 1976, it has received deposits of approximately $12.0 billion from non-renewable resource revenues and $3.9 billion from budget surpluses in 2005-06 to 2007-08.

The Fund has been used to pay for capital projects, to seed other endowments and for government priorities through transfers to the General Revenue Fund. Between 1976 and 1995, $3.5 billion was used to pay for both capital projects and transfers of just over $600 million to other Provincial endowment funds.

INCOME AND CUMULATIVE TRANSFER TO GRF



Investment expenses

The Fund's investment expenses were $176 million during the 2021-22 fiscal year, $9 million higher than the previous year. The increase in fees was due to performance fees that resulted from the strong, value added returns produced during the year.

INVESTMENT EXPENSES

(millions)	2022	2021
Total investment expenses	$176	$167
Increase/decrease in average investments	9.2%	1.0%
Investment expense per dollar invested	0.9%	0.9%

Asset mix

The Fund has a target asset mix of 20% fixed income, 32.5% inflation sensitive and alternative investments and 47.5% in equities. The Fund was slightly underweight fixed income and inflation sensitive assets, resulting in an overweight in equities at year end. The most significant change during the year were investments in private equity: investments in private equity increased from 8.7% last fiscal year to 9.4% this fiscal year. This increase resulted from increased values of existing assets and an increase in commitments from the Fund to private equity.

ASSET MIX (LONG-TERM TARGET ASSET MIX)

	Target	March 2022	March 2021	Policy Range
Money Market and Fixed Income	**20.0%**	**18.4%**	**18.7%**	**15-45%**
Deposits and short-term		0.4%	0.5%	0-25%
Bonds and mortgages		18.0%	18.2%	10-35%
Inflation Sensitive and Alternative Investments	**32.5%**	**30.9%**	**30.5%**	**15-40%**
Real estate		19.2%	19.1%	10-20%
Infrastructure		9.2%	9.0%	5-15%
Renewable resources		2.5%	2.4%	0-5%
Equities	**47.5%**	**50.3%**	**50.3%**	**35-70%**
Canadian		8.9%	8.4%	5-15%
Global developed		28.5%	28.7%	20-65%
Emerging markets		3.5%	4.5%	0-10%
Private		9.4%	8.7%	0-10%
Strategic opportunities	**0.0%**	**0.4%**	**0.5%**	**0-5%**

Investment performance

Performance over the fiscal year was strong, as the Fund earned a market value return of 11.8 per cent, outperforming the passive benchmark return by 5.2 per cent.

Over the past five years, the Fund has earned an annualized return of 7.6 per cent, and over the last ten years it has earned 9.3 per cent, surpassing the passive policy benchmark by 40 basis points and 60 basis points, respectively.

The Fund has a target to earn a real return of 4.5 per cent over a five year period; in other words, a return that is 4.5 per cent higher than inflation over five years. The five year return is heavily influenced by the portfolio construction of the Fund. The measure is used to determine if the Fund's asset mix, in combination with market returns, is sufficient to earn the target real return of 4.5 per cent. Average inflation was 1.9 per cent over the period, making the target return 6.4 per cent. The Fund's annualized return over the same five years was 7.6 per cent . Over the last five years, the construction of the portfolio and market returns added 1.2 per cent in value over the real return target.

Over a rolling five-year period, it is expected that the investment manager add 100 basis points, or one per cent, of value above the return that the Fund would have earned if what passively invested. The passive benchmark return over the last five years, making the return from actively managing the portfolio was 0.4 per cent, 0.6 per cent below the target.

TOTAL FUND PERFORMANCE

	2021-22	2020-21	5 Year	10 Year
Fund rate of return	**11.8**	**16.1**	**7.6**	**9.3**
Real return target - CPI + 4.5	7.0	6.3	6.4	6.2
Fund return against real return target	**4.8**	**9.8**	**1.2**	**3.1**
Passive benchmark return	6.6	15.5	7.2	8.7
Active management return (target 100 bps)	**5.2**	**0.6**	**0.4**	**0.6**

ASSET CLASS RETURN VERSUS BENCHMARK AS OF MARCH 31, 2022

	1 Year Return	1 Year Benchmark Return	5 Year Return	5 Year Benchmark Return
Money Market and Fixed Income	**-2.2**	**-3.3**	**2.8**	**2.0**
Deposits and short-term	0.3	-4.5	1.1	1.6
Bonds and mortgages	-2.3	-3.3	2.8	2.0
Inflation Sensitive and Alternative Investments	**15.0**	**9.3**	**6.0**	**6.0**
Real estate	16.1	10.6	4.9	5.7
Infrastructure	12.1	7.0	6.6	6.4
Renewable resources	17.9	7.0	12.4	6.4
Equities	**18.4**	**9.4**	**10.4**	**10.0**
Canadian	21.3	20.2	9.0	10.3
Global developed	9.3	6.6	9.5	10.2
Emerging markets	-8.7	6.6	3.9	10.2
Private	37.1	9.0	14.8	8.4
Strategic Opportunities	**-9.8**	**6.6**	**5.4**	**10.2**

Equities

Equities continued with the upward trajectory that began in April 2020 for the majority of this fiscal year. However, the last fiscal quarter proved difficult for this asset class. The war in Ukraine, supply chain issues, and inflation were a few of the headline concerns that caused volatility in the market and investor confidence began to wain. Despite the challenges, the asset class was able to generate returns of 18.4 per cent, outperforming the policy benchmark by 9.0 per cent. The value of the investments in the equities asset class were higher by $729 million this fiscal year, increasing to approximately $10.0 billion, or 50.4% of the total portfolio. This was primarily because of the strong returns earned by private equities and global developed equities as well as a slight overweight to the asset class based on return expectations. Over the past five years, equity investments have earned an annualized return of 10.4 per cent, 0.4 per cent higher than the benchmark return. Over the last 10 years, the asset class produced returns of 12.2 per cent, 0.3 per cent higher than the benchmark.

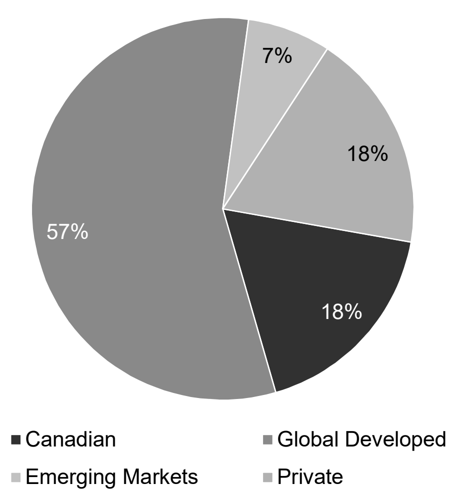
The Fund's Canadian equity holdings were not immune to the economic challenges presented in the last fiscal quarter, but given the strong resource base in Canada, some sectors such as energy have performed very well. The Canadian equities asset class earned a return of 21.3 per cent during the year, outperforming the benchmark return of 20.2 per cent by 1.1 per cent. From an active management standpoint, this marks the second year in a row that returns have exceeded the benchmark and is a positive trend for the Fund. Over five years, Canadian equities have returned 9.0 per cent, which is 1.3 per cent lower than the 10.3 per cent return on the benchmark.

The global developed equity portfolio posted a 9.3 per cent return for the fiscal year, surpassing the benchmark return of 6.6 per cent by 2.7 per cent. In the last five years, the return on global equities has been 9.5 per cent, 0.7 per cent lower than the benchmark return of 10.2 per cent.

Global non-developed or emerging markets will always tend to carry more sensitivity to economic shifts, both positive and negative. Over the fiscal year, global non-developed equities detracted from overall performance, with a return of negative 8.7 per cent. The outlook for this asset class is muted given the current economic landscape and the portfolio weights have been reduced accordingly.

The private equity portfolio is comprised of a variety of domestic and foreign investments that include providing capital for expansions and acquisitions, management buyouts, turnaround financing, project financing and leverage reductions. The private equity portfolio has had the strongest equity class performance over the past several quarters and earned a return of 37.1 per cent for the fiscal year, 28.1 per cent higher than the benchmark return of 9.0 per cent. Private equities have produced a return of 14.8 per cent in the last five years, 6.4 per cent higher than the 8.4 per cent return on its benchmark.

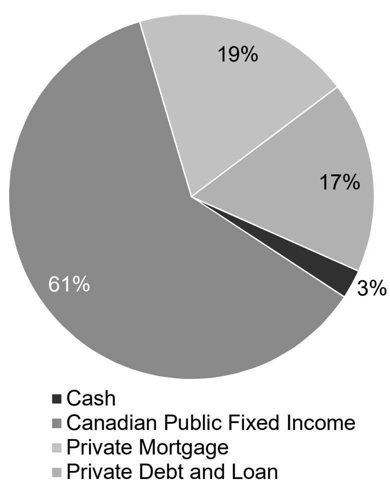
EQUITIES



Fixed income

Fixed income assets provide value to the Fund by holding high quality liquid assets that generate investment income through interest payments. Returns tend to be stable over time, however, the last two years have not been typical for this asset class. Early in the pandemic, the market witnessed a series of aggressive central bank rate decreases. As rates fell, the value of fixed income holdings increased. What goes down eventually comes back up, and the central banks have now begun a series of rate hikes, brought on by a desire to tame inflation concerns. These increases have caused the value of fixed income investments to decline. Performance within this asset class is expected to be challenged in the coming quarters as further interest rate hikes are likely but periods of uncertainty also present opportunities.

FIXED INCOME



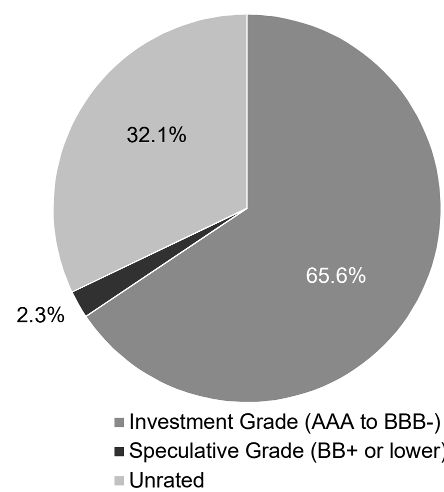
The Fund held $3.7 billion of fixed income investments as of March 31, 2022, an increase of $221 million over the end of the previous year. Fixed income investments are primarily held in publicly traded bonds. The Fund also has investments in private mortgages and private debt. During the fiscal year, the fixed income portfolio had a negative 2.2 per cent return, 1.1 per cent higher than the return on its benchmark. Over the last five years, the Fund's fixed income investment return was 2.8 per cent, outperforming the benchmark return of 2.0 per cent by 0.8 per cent.

The bond portfolio is mostly composed of high quality government and corporate bonds. These assets have been impacted by rising interest rates, and had a return of negative 4.7 per cent return for the fiscal year, 0.2 per cent lower than the negative 4.5 per cent return on the benchmark. The five-year return on bond investments of 2.2 per cent is 0.6 per cent higher the benchmark return of 1.6 per cent.

Private mortgage investments are included in the portfolio to diversify credit exposure and increase yields. During the last five years, private mortgages have earned a return of 3.9 per cent, outperforming the benchmark return of 2.5 per cent by 1.4 per cent.

Investments in private debt and loans consists of specialty loans and financing for corporations that do not meet the requirements of other financing structures and methods. These investments also provide opportunities to diversify the portfolio while taking advantage of substantially higher credit spreads compared to publicly traded bonds. The private debt and loans asset class tends to carry more floating rate investments, which in a rising rate environment results in positive returns. In 2021-22, private debt and loans earned a return of 8.7 per cent which was 6.0 per cent higher than the benchmark returns. The private debt and loan portfolio has produced returns of 5.3 per cent over the past five years, 2.2 per cent higher than the benchmark return of 3.1 per cent.

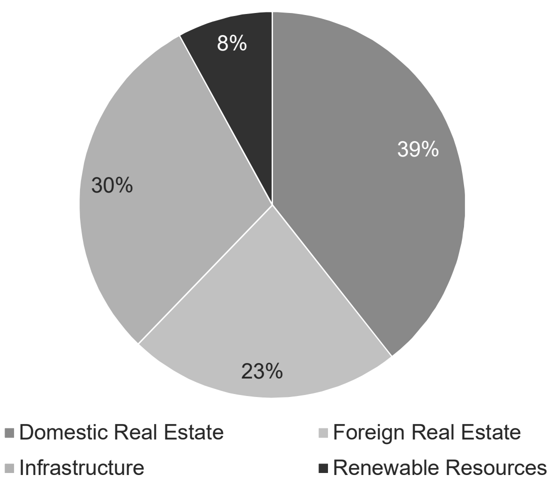
RATINGS



Inflation sensitive and alternative investments

Inflation sensitive and alternative assets are expected to appreciate in value over time, and provide an inflation adjusted income stream to the Fund. These assets also improve the risk and return profile of the Fund due to the diversifying effects that they have when combined with equities and fixed income. Inflation fears typically have a negative impact on value, as the purchasing power of an investment loses value over time.

INFLATION SENSITIVE



At the end of the fiscal year, $6.1 billion of the Fund was invested in this asset class, a $491 million increase from the end of the previous year. This portfolio had a much better year than last year, with strong returns in each subclass of this asset class.

Real estate investments had a strong return during the year, mostly due to the low interest rates driving demand up and rebound from the previous lows due to the pandemic. Real estate investments had a return of 16.1 per cent during the year compared to a return on the real estate benchmark of positive 10.6 per cent. During the last five years, the real estate portfolio has produced returns of 4.9 per cent. This return is 0.8 per cent lower than the five-year benchmark return of 5.7 per cent. The pandemic and issues with office space is a concern for the portfolio in the short term, but the outlook for this asset class continuous to be positive and an important part of the Fund's portfolio construction.

The return on the Fund's renewable resource investments was 17.9 per cent while the benchmark return was 7.0 per cent, an outperformance of 10.9 per cent. The returns over five years continue to compare very well to the benchmark, as actual returns over five years were 12.4 per cent, 6.0 per cent higher than the benchmark return of 6.4 per cent. This is one of the highest income yielding investments in the Fund.

Infrastructure investments include transportation and logistics assets (for example, toll roads and rail), power and energy investments (for example, power generation and transmission as well as pipelines) and utilities (for example, water, wastewater and natural gas networks). Similar to other investments in this asset class, the global economic rebound was favorable for these assets and a trend of positive returns has ensued. During the year, these investments returned 12.1 per cent, outperforming the benchmark return of 7.0 per cent by 5.1 per cent. Over the past five years, infrastructure investments have earned a return of 6.6 per cent, 0.2 per cent higher than the benchmark return of 6.4 per cent.

Currency exposure

The Fund invests in a globally diversified portfolio but a majority of its assets remain denominated in Canadian dollars. Canadian dollar investments amounted to 62.3 per cent of the Fund at March 31, 2022, which is 0.8 per cent higher than last year. The remainder of the assets are invested in over 30 other currencies, including U.S. dollars, Euros, Japanese yen, and British pounds. The Fund's largest foreign currency exposure is to the U.S. dollar at 23.1 per cent.

CURRENCY EXPOSURE
As at March 31, 2022

Currency	2021-22	2020-21
Canadian Dollar	62.3%	61.5%
U.S. Dollar	23.1%	20.3%
Euro	4.6%	5.5%
Japanese Yen	1.8%	2.2%
British Pound	3.4%	3.8%
Other	4.8%	6.8%
Total	**100.0%**	**100.0%**

Alberta exposure

The Fund has roughly $1.3 billion invested in Alberta, including various properties located in Alberta and securities issued by public companies headquartered in the province. Sector exposures primarily include real estate, oil and gas, renewable energy and agriculture. These investments do not include businesses that have a significant economic presence in Alberta but are headquartered elsewhere.

ALBERTA EXPOSURE
As at March 31, 2022

Asset class	Market value (millions)
Fixed Income	$338.92
Mortgages	$77.79
Equity	$411.90
Private Equity	$1.46
Real Estate	$489.33
Total	**$1,319.40**

Top investment holdings

TOP 10 DOMESTIC REAL ESTATE HOLDINGS
As at March 31, 2022

Property	Sector	Location	$ Millions
Yorkdale Shopping Centre	Retail	Ontario	$388.3
Square One Shopping Centre	Retail	Ontario	$178.9
Scotia Plaza	Office	Ontario	$166.5
TD Greystone RE Fund	Fund	Canada	$140.6
Urbacon DC7	Industrial	Ontario	$103.1
Scarborough Town Centre	Retail	Ontario	$91.1
Edmonton Tower	Office	Alberta	$69.1
CF Richmond Centre	Retail	BC	$68.5
Eighth Avenue Place	Office	Alberta	$68.1
Urbacon DC2	Industrial	Ontario	$64.4
Total			**$1,338.6**

TOP 10 FOREIGN REAL ESTATE HOLDINGS
As at March 31, 2022

Property	Sector	Region	$ Millions
Alpine AUR Fund	Industrial	UK	$85.2
Ultrabox Logistics UK	Retail	Europe	$83.9
Docks Bruxsel	Industrial	Europe	$79.3
BORO - Meridian Co-Invest	Office	USA	$79.1
WPT Industrial Reit - Restricted	Office	USA	$60.1
EVOQ Los Angeles	Office	USA	$52.7
Techworld Co-Invest	Office	Europe	$51.9
Whitewood TV City	Office	UK	$45.2
Starrett-Lehigh	Office	USA	$40.7
Energy Square	Office	USA	$38.7
Total			**$616.8**

TOP INFRASTRUCTURE HOLDINGS
As at March 31, 2022

Company	Sector	Geography	$ Millions
Puget Energy Inc.	Integrated Utilities	United States	$269.7
SAESA Group	Integrated Utilities	Chile	$247.3
sPower	Renewable Energy	United States	$219.9
Porterbrook	Transportation	United Kingdom	$216.0
Howard Midstream Energy	Pipelines & Midstream	United States	$147.5
London City Airport	Transportation	United Kingdom	$132.1
Macquarie Asia Infrastructure Fund II	Fund	Asia	$108.9
Broadcast Australia	Communication	Australia	$107.6
Howard Midstream Energy II	Pipelines & Midstream	United States	$94.0
Catalyst Invest Co LLC	Pipelines & Midstream	United States	$60.2
Total			**$1,603.1**

TOP RENEWABLE RESOURCE HOLDINGS
As at March 31, 2022

Holding	Geography	$ Millions
Forestry Investment Trust	Australia	$446.2
Australia New Zealand Forest Fund	Australia and New Zealand	$110.2
Global Timber Investors 8	Australia, New Zealand, and Latin America	$30.1
Shasta Cascade Timberlands Co Inv	United States	$4.2
Bonnefield Canadian Farmland LP IV	Canada	$3.7
Hancock Timberland and Farmland LP	United States	$1.7
BTG Pactual PNW TF IV LLC	United States	$1.2
Total		**$597.1**

TOP 10 CANADIAN PUBLIC EQUITY HOLDINGS

As at March 31, 2022

Holding	Weight (%)	$ Millions
Royal Bank of Canada	5.9%	$104.4
Toronto-Dominion Bank/The	4.5%	$80.2
Enbridge Inc	3.3%	$58.0
TC Energy Corp	3.1%	$55.5
Canadian National Railway Co	3.0%	$52.7
Bank of Nova Scotia/The	2.7%	$48.0
Shopify Inc	2.5%	$44.7
Canadian Pacific Railway Ltd	2.5%	$44.5
Brookfield Asset Management Inc	2.5%	$44.4
Barrick Gold Corp	2.3%	$41.7
Total	**32.3%**	**$574.0**

TOP 10 GLOBAL PUBLIC EQUITY HOLDINGS

As at March 31, 2022

Name	Weight (%)	$ Millions
Apple Inc.	4.7%	$255.6
Microsoft Corp.	2.3%	$208.9
Amazon.com Inc.	1.8%	$142.9
Alphabet INC-CL C	1.7%	$90.2
Alphabet INC-CL A	1.0%	$76.5
Tesla Inc.	1.0%	$70.1
Nvidia Corp.	0.9%	$61.2
Berkshire Hathaway Inc-CL B	0.8%	$60.8
Meta Platforms Inc-Class A	0.8%	$50.0
Visa Inc-Class A shares	0.8%	$49.7
Total	**15.9%**	**$1,065.9**

TOP 10 PRIVATE EQUITY HOLDINGS

As at March 31, 2022

Name	Sector
Permira VI	Fund
Schustermann & Borenstein	Consumer Discretionary
Hayward Industries Inc	Consumer Discretionary
HGGC Fund III	Fund
Genstar Capital Partners VIII BL LP	Fund
ThomaBravo XIII	Fund
Genstar Capital Partners (Co-Invest)	Fund
New Mountain Partners V	Fund
Centerbridge Capital Partners III CP	Fund
CCMP III Fund	Fund

Historical summary of operations

May 19, 1976 to March 31, 2022

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

Fiscal year	Net income (loss)[1]	Transfers to the Fund: Resource revenue allocation	Transfers to the Fund: Deposits	Transfers to the Fund: Advanced education endowment[2]	Transfers from the Fund: Investment income transfers[3]	Transfers from the Fund: Capital project expenditures	Transfers from the Fund: Other transfers	Fund equity (at cost)	Income retained for inflation proofing
1976-77	88	2,120	-	-	-	(36)	-	2,172	-
1977-78	194	931	-	-	-	(87)	-	3,210	-
1978-79	294	1,059	-	-	-	(132)	-	4,431	-
1979-80	343	1,332	-	-	-	(478)	-	5,628	-
1980-81	724	1,445	-	-	-	(227)	-	7,570	-
1981-82	1,007	1,434	-	-	-	(349)	-	9,662	-
1982-83	1,482	1,370	-	-	(867)	(296)	-	11,351	-
1983-84	1,467	720	-	-	(1,469)	(330)	-	11,739	-
1984-85	1,575	736	-	-	(1,575)	(228)	-	12,247	-
1985-86	1,667	685	-	-	(1,667)	(240)	-	12,692	-
1986-87	1,445	217	-	-	(1,445)	(227)	-	12,682	-
1987-88	1,353	-	-	-	(1,353)	(129)	-	12,553	-
1988-89	1,252	-	-	-	(1,252)	(155)	-	12,398	-
1989-90	1,244	-	-	-	(1,244)	(134)	-	12,264	-
1990-91	1,337	-	-	-	(1,337)	(150)	-	12,114	-
1991-92	1,382	-	-	-	(1,382)	(84)	-	12,030	-
1992-93	785	-	-	-	(785)	(84)	-	11,946	-
1993-94	1,103	-	-	-	(1,103)	(71)	-	11,875	-
1994-95	914	-	-	-	(914)	(49)	-	11,826	-
1995-96	1,046	-	-	-	(1,046)	-	-	11,826	-
1996-97	932	-	-	-	(756)	-	-	12,002	176
1997-98	947	-	-	-	(922)	-	-	12,027	25
1998-99	932	-	-	-	(932)	-	-	12,027	-
1999-00	1,169	-	-	-	(939)	-	-	12,257	230
2000-01	706	-	-	-	(706)	-	-	12,257	-
2001-02	206	-	-	-	(206)	-	-	12,257	-
2002-03	(894)	-	-	-	-	-	-	11,363	-
2003-04	1,133	-	-	-	(1,133)	-	-	11,363	-
2004-05	1,092	-	-	-	(1,092)	-	-	11,363	-

Fiscal year	Net income (loss)[1]	Transfers to the Fund: Resource revenue allocation	Deposits	Advanced education endowment[2]	Transfers from the Fund: Investment income transfers[3]	Capital project expenditures	Other transfers	Fund equity (at cost)	Income retained for inflation proofing
2005-06	1,397	-	1,000	750	(1,015)	-	-	13,495	382
2006-07	1,648	-	1,000	250	(1,365)	-	-	15,028	283
2007-08	824	-	918	-	(358)	-	-	16,412	466
2008-09	(2,574)	-	-	-	-	-	-	13,838	-
2009-10	2,006	-	-	-	(2,006)	-	-	13,838	-
2010-11	1,080	-	-	-	(720)	-	-	14,198	360
2011-12	798	-	-	-	(344)	-	-	14,652	454
2012-13	1,316	-	-	-	(1,155)	-	-	14,813	161
2013-14	2,109	-	-	-	(1,916)	-	-	15,006	193
2014-15	1,678	-	-	-	(1,468)	-	(255)	14,961	210
2015-16	1,238	-	-	-	(1,029)	-	-	15,170	209
2016-17	2,333	-	-	-	(2,151)	-	-	15,352	182
2017-18	1,787	-	-	-	(1,557)	-	-	15,582	230
2018-19	937	-	-	-	(563)	-	-	15,956	374
2019-20	1,318	-	-	-	(1,031)	-	-	16,243	287
2020-21	1,354	-	-	-	(1,208)	-	-	16,389	146
2021-22	1,952	-	-	-	(1,247)	-	-	17,094	705
Totals	48,126	**12,049**	**2,918**	**1,000**	**(43,258)**	**(3,486)**	**(255)**	**17,094**	**5,073**

1. The income of the Fund and its assets and liabilities, net of consolidation adjustments, is included in the consolidated financial statements of the President of Treasury Board and Minister of Finance and the Government of Alberta
2. The Access to the Future Act, which was rescinded in 2019, allowed for a maximum of $3 billion to be transferred into the Fund to support the advanced education endowment.
3. In accordance with section 8(2) of the *Alberta Heritage Savings Trust Fund Act*, the net income of the Fund, less any amount retained in the Fund to protect its value from inflation, shall be transferred to the General Revenue Fund, annually in a manner determined by the President of Treasury Board and Minister of Finance.

Annual Financial Statements

Alberta Heritage Savings Trust Fund
March 31, 2022

Auditor General
OF ALBERTA

Independent Auditor's Report

To the President of Treasury Board and Minister of Finance

Report on the Financial Statements

Opinion

I have audited the financial statements of Alberta Heritage Savings Trust Fund (the Fund), which comprise the statement of financial position as at March 31, 2022, and the statements of operations and accumulated surplus, remeasurement gains and losses, change in net financial assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2022, and the results of its operations, its remeasurement gains and losses, its changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for opinion

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

Other information

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

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

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

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

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

June 8, 2022
Edmonton, Alberta

Statement of Financial Position
As at March 31, 2022

(in millions)

	2022	2021
Financial assets		
Investments (Note 3)	$ 19,962	$ 18,546
Receivable from sale of investments	-	13
	19,962	18,559
Liabilities		
Due to the General Revenue Fund	1,247	742
Payable from purchase of investments	-	14
	1,247	756
Net financial assets	$ 18,715	$ 17,803
Net financial assets (Note 5)		
Accumulated operating surplus	$ 17,094	$ 16,389
Accumulated remeasurement gains	1,621	1,414
	$ 18,715	$ 17,803

Statement of Change in Net Financial Assets
Year Ended March 31, 2022

(in millions)

	2022		2021
	Budget	Actual	Actual
Net surplus retained in the Fund	$ 279	$ 705	$ 146
Net remeasurement gains		207	1,329
Increase in net financial assets		**912**	**1,475**
Net financial assets, beginning of year		17,803	16,328
Net financial assets, end of year		$ 18,715	$ 17,803

The accompanying notes are part of these financial statements.

Statement of Operations and Accumulated Surplus

Year Ended March 31, 2022

(in millions)

	2022		2021
	Budget	Actual	Actual
Investment income (Note 6)	$ 1,180	$ 2,128	$ 1,521
Investment expenses (Note 7)	(107)	(176)	(167)
Net income from operations	1,073	1,952	1,354
Transfers to the General Revenue Fund (Note 5b)	(794)	(1,247)	(1,208)
Net surplus retained in the Fund (Note 5b)	**$ 279**	**705**	**146**
Accumulated operating surplus, beginning of year		16,389	16,243
Accumulated operating surplus, end of year		$ 17,094	$ 16,389

Statement of Remeasurement Gains and Losses

Year Ended March 31, 2022

(in millions)

	2022	2021
Unrealized gains on investments	$ 463	$ 1,307
Less: Amounts reclassified to the Statement of Operations - realized (gains) losses on investments	(256)	22
Net remeasurement gains	**207**	**1,329**
Accumulated remeasurement gains, beginning of year	1,414	85
Accumulated remeasurement gains, end of year	$ 1,621	$ 1,414

The accompanying notes are part of these financial statements.

Statement of Cash Flows
Year Ended March 31, 2022

(in millions)

	2022	2021
Operating transactions		
Net income from operations	$ 1,952	$ 1,354
Non-cash items included in net income	(256)	22
	1,696	1,376
Decrease (increase) in accounts receivable	13	(13)
(Decrease) increase in accounts payable	(14)	14
Cash provided by operating transactions	1,695	1,377
Investing transactions		
Proceeds from disposals, repayments and redemptions of investments	2,530	2,809
Purchase of investments	(3,489)	(3,313)
Cash applied to investing transactions	(959)	(504)
Transfers		
Transfers to the General Revenue Fund	(1,247)	(1,208)
Increase in amounts due to the General Revenue Fund	505	368
Cash applied to transfers	(742)	(840)
(Decrease) increase in cash	(6)	33
Cash at beginning of year	101	68
Cash at end of year	$ 95	$ 101
Consisting of Deposits in the Consolidated Cash Investment Trust Fund (CCITF) *	$ 95	$ 101

* The CCITF is a highly-liquid, short term money market pooled fund consisting primarily (100%) of securities with maturities of less than one year.

The accompanying notes are part of these financial statements.

Notes to the Financial Statements

March 31, 2022

NOTE 1 AUTHORITY AND MISSION

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

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

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

a) VALUATION OF INVESTMENTS

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

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

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

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

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

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

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

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

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

Impairment in the value of investments is assessed on a periodic basis. If an impairment deemed other-than-temporary is identified, the cost of the investment is written down to its realizable value. Any impairment losses are included in income on the statement of operations and accumulated surplus. A write-down of a portfolio investment to reflect a loss in value is not reversed for a subsequent increase in value.

b) INVESTMENT INCOME

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

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

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

c) INVESTMENT EXPENSES

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

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

d) REMEASUREMENT GAINS AND LOSSES

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

e) MEASUREMENT UNCERTAINTY

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

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

f) TRANSFERS TO THE GENERAL REVENUE FUND (GRF)

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

NOTE 3 INVESTMENTS (in millions)

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

	Fair Value Hierarchy [(a)]			
Asset class	Level 2	Level 3	**2022**	**2021**
Interest-bearing securities				
Deposits in CCITF	$ 95	$ -	$ 95	$ 101
Bonds, mortgages and private debt	2,255	1,336	3,591	3,364
	2,350	1,336	3,686	3,465
Equities				
Canadian	1,784	-	1,784	1,555
Global developed	5,451	244	5,695	5,315
Emerging markets	709	-	709	833
Private	-	1,866	1,866	1,622
	7,944	2,110	10,054	9,325
Inflation sensitive				
Real estate	-	3,823	3,823	3,543
Infrastructure	-	1,832	1,832	1,662
Renewable resources	-	490	490	449
	-	6,145	6,145	5,654
Strategic, tactical and currency investments *	17	60	77	102
Total Fair Value of Investments	$ 10,311	$ 9,651	$ 19,962	$ 18,546

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

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

- ***Level 1*** - fair value is based on quoted prices in an active market. Although the pools may ultimately hold publicly traded listed equity investments, the pool units themselves are not listed in an active market and therefore cannot be classified as Level 1 for fair value hierarchy purposes. Pool units classified by the Fund as Level 2 may contain investments that might otherwise be classified as Level 1.
- ***Level 2*** - fair value is estimated using valuation techniques that make use of market-observable inputs other than quoted market prices. This level includes pool units that hold public equities, debt securities and derivative contracts totalling $10,311 (2021: $9,649).
- ***Level 3*** - fair value is estimated using inputs based on non-observable market data. This level includes pool units that hold private mortgages, hedge funds, private equities and all inflation sensitive investments totalling $9,651 (2021: $8,897).

NOTE 3 INVESTMENTS (in millions) CONTINUED

Reconciliation of Level 3 Investments

	2022	2021
Balance, beginning of period	$ 8,897	$ 8,880
Unrealized gains (losses)	664	(199)
Purchases of Level 3 pooled fund units	1,522	1,204
Sale of Level 3 pooled fund units	(1,432)	(988)
Balance, end of period	$ 9,651	$ 8,897

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

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

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

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

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

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

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

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

NOTE 4 INVESTMENT RISK MANAGEMENT (in millions)

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

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

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

Asset Class	Target Policy Asset Mix	Actual Asset Mix 2022		Actual Asset Mix 2021	
Interest-bearing securities	15 - 45%	$ 3,686	18.4%	$ 3,465	18.7%
Equities	35 - 70%	10,054	50.4%	9,325	50.3%
Inflation sensitive	15 - 40%	6,145	30.8%	5,654	30.5%
Strategic, tactical and currency investments	(a)	77	0.4%	102	0.5%
		$ 19,962	100.0%	$ 18,546	100.0%

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

NOTE 4 INVESTMENT RISK MANAGEMENT (in millions) CONTINUED

a) Credit Risk

i) Debt securities

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

The table below summarizes the Fund's investment in debt securities by credit rating at March 31, 2022:

Credit rating	2022	2021
Investment Grade (AAA to BBB-)	65.6%	61.1%
Speculative Grade (BB+ or lower)	2.3%	2.7%
Unrated	32.1%	36.2%
	100.0%	100.0%

ii) Counterparty default risk - derivative contracts

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

NOTE 4 INVESTMENT RISK MANAGEMENT (in millions) CONTINUED

iii) Security lending risk

To generate additional income, the pools participate in a securities-lending program. Under this program, the custodian may lend investments held in the pools to eligible third parties for short periods. At March 31, 2022, the Fund's share of securities loaned under this program is $300 (2021: $322) and collateral held totals $321 (2021: $344). Securities borrowers are required to provide the collateral to assure the performance of redelivery obligations. Collateral may take the form of cash, other investments or bankers' acceptances and bankers' deposit notes. All collateralization, by the borrower, must be in excess of 100% of investments loaned.

b) Foreign currency risk

The Fund is exposed to foreign currency risk associated with the underlying securities held in the pools that are denominated in currencies other than the Canadian dollar. Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The fair value of investments denominated in foreign currencies is translated into Canadian dollars using the reporting date exchange rate. As a result, fluctuations in the relative value of the Canadian dollar against these foreign currencies can result in a positive or negative effect on the fair value of investments. Approximately 38% (2021: 39%) of the Fund's investments, or $7,531 (2021: $7,273), are denominated in currencies other than the Canadian dollar, with the largest foreign currency exposure being to the US dollar, 23% (2021: 21%) and the Euro, 5% (2021: 6%).

If the value of the Canadian dollar increased by 10% against all other currencies, and all other variables are held constant, the potential loss in fair value to the Fund would be approximately 3.8% of total investments (2021: 3.9%).

The following table summarizes the Fund's exposure to foreign currency investments held in the pools at March 31, 2022:

	2022		2021	
Currency [a]	**Fair Value**	**Sensitivity**	**Fair Value**	**Sensitivity**
U.S. dollar	$ 4,600	$ (460)	$ 3,881	$ (388)
Euro	915	(92)	1,048	(105)
British pound sterling	689	(69)	696	(69)
Japanese yen	364	(36)	397	(40)
Other foreign currency	963	(96)	1,251	(125)
Total foreign currency investments	$ 7,531	$ (753)	$ 7,273	$ (727)

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

c) Interest rate risk

The Fund is exposed to interest rate risk associated with the underlying interest-bearing securities held in the pools managed by AIMCo. Interest rate risk relates to the possibility that the fair value of investments will change due to future fluctuations in market interest rates. In general, investment returns from bonds and mortgages are sensitive to changes in the level of interest rates, with longer term interest bearing securities being more sensitive to interest rate changes than shorter-term bonds. If interest rates increased by 1%, and all other variables are held constant, the potential loss in fair value to the Fund would be approximately 1.0% of total investments (2021: 1.0%).

NOTE 4 INVESTMENT RISK MANAGEMENT (in millions) CONTINUED

d) Price risk

Price risk relates to the possibility that pool units will change in fair value due to future fluctuations in market prices of equities held in the pools caused by factors specific to an individual equity investment or other factors affecting all equities traded in the market. The Fund is exposed to price risk associated with the underlying equity investments held in the pools managed by AIMCo. If equity market indices (S&P/TSX, S&P500, S&P1500 and MSCI ACWI and their sectors) declined by 10%, and all other variables are held constant, the potential loss in fair value to the Fund would be approximately 5.1% of total investments (2021: 5.9%). Changes in fair value of investments are recognized in the statement of remeasurement gains and losses.

e) Liquidity risk

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

f) Use of Derivative Financial Instruments in Pooled Investment Funds

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

		Fund's Indirect Share	
By counterparty	Number of counterparties	2022	2021
Contracts in net favourable position (current credit exposure)	176	$ 291	$ 286
Contracts in net unfavourable position	9	(111)	(107)
Net fair value of derivative contracts	185	$ 180	$ 179

i) Current credit exposure: The current credit exposure is limited to the amount of loss that would occur if all counterparties to contracts in a net favourable position totaling $291 (2021: $286) were to default at once.
ii) Cash settlements: Receivables or payables with counterparties are usually settled in cash every three months.
iii) Contract notional amounts: The fair value of receivables (receive leg) and payables (pay leg) and the exchange of cash flows with counterparties in pooled funds are based on a rate or price applied to a notional amount specified in the derivative contract. The notional amount itself is not invested, received or exchanged with the counterparty and is not indicative of the credit risk associated with the contract. Notional amounts are not assets or liabilities and do not change the asset mix reported in Note 3. Accordingly, there is no accounting policy for their recognition in the statement of financial position.

	Fund's Indirect Share	
Types of derivatives used in pools	2022	2021
Equity-based derivatives	$ 93	$ 65
Foreign currency derivatives	59	103
Interest rate derivatives	23	6
Credit risk derivatives	5	5
Net fair value of derivative contracts	$ 180	$ 179

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

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

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

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

v) At March 31, 2022, deposits in futures contracts margin accounts totaled $84 (2021: $71). Cash and non-cash collateral for derivative contracts pledged and received, respectively, totaled $129 (2021: $140) and $nil (2021: $nil).

NOTE 5 NET FINANCIAL ASSETS (in millions)

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

	Cumulative since 1976	
	2022	2021
Accumulated net income	$ 48,126	$ 46,174
Transfers to the Fund		
Resource Revenue (1976-1987)	12,049	12,049
Access to the Future [a]	1,000	1,000
Voted Payments	2,918	2,918
	15,967	15,967
Amounts retained in (transferred from) the Fund		
Section 8 transfers [b]		
Income	(48,331)	(46,379)
Amount Retained in the Fund	5,073	4,368
	(43,258)	(42,011)
Capital Expenditures (1976-1995) [c]	(3,486)	(3,486)
Other Statutory Transfers [d]	(255)	(255)
	(46,999)	(45,752)
Accumulated surplus from operations	17,094	16,389
Accumulated remeasurement gains	1,621	1,414
Carrying value of net financial assets	$ 18,715	$ 17,803

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

[b] During the period, the Fund earned net income of $1,952, of which $705 was retained in the Fund and $1,247 is payable to the GRF. Section 8 of the Act states that the net income of the Heritage Fund, less any amount retained in the Fund, in accordance with section 11 of the Act, must be transferred to the GRF in a manner determined by the President of Treasury Board and Minister of Finance. The amount to be retained in the Fund for inflation proofing is determined by multiplying the accumulated operating surplus of the Fund from the prior fiscal year end by the percentage increase in the Alberta Consumer Price Index (Alberta CPI) for the year, calculated as the percentage increase in the average monthly Alberta CPI for the two previous fiscal years. In accordance with section 11(2), if the Alberta CPI is a negative number, that negative number shall be treated as if it were zero. The Alberta CPI increase for the year was 4.3% (2021: 0.9%).

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

[d] Transfers of $200 to the Alberta Heritage Scholarship Fund, $3 to the Agriculture and Food Innovation Account, and $52 to the Access to the Future Fund were made from the Fund in 2015.

NOTE 6 INVESTMENT INCOME (in millions)

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

	2022	2021
Interest-bearing securities	$ 110	$ 285
Equities		
Canadian	327	260
Global	701	867
Private	557	53
	1,585	1,180
Inflation sensitive		
Real estate	237	6
Infrastructure	136	37
Renewable resources	49	(25)
	422	18
Strategic, tactical and currency investments	11	38
	$ 2,128	$ 1,521

The investment income includes realized gains and losses from disposal of pool units totalling $255 (2021: ($25)) and from directly held foreign exchange contracts totalling $1 (2021: $3). Income distributions from the pools total $1,872 (2021: $1,543).

Income earned in pooled investment funds is distributed to the Fund daily based on the Fund's pro rata share of units issued by the pool. Income earned by the pools is determined on an accrual basis and includes interest, dividends, security lending income, realized gains and losses on sale of securities determined on an average cost basis, income and expense on derivative contracts and writedowns of securities held in pools which are indicative of a loss in value that is other than temporary. Other-than-temporary losses included in investment income in the statement of operations and accumulated surplus were $79 (2021: $371). Because the investments are accounted for on a fair value basis, the recording of other-than-temporary losses through the statement of operations does not affect the performance of the fund.

NOTE 7 INVESTMENT EXPENSES (in millions)

	2022	2021
Amount charged by AIMCo for: [(a)]		
Investment costs	$ 86	$ 86
Performance based fees	90	81
Total investment expenses	$ 176	$ 167
Increase in expenses	5.4%	9.2%
Increase in average investments under management	9.2%	1.0%
Increase in value of investments attributed to AIMCo	5.2%	0.6%
Investment expense as a percent of dollar invested	0.9%	0.9%

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

Includes $114 thousand (2021: $114 thousand) charged to the Fund by Alberta Treasury Board and Finance for investment accounting and reporting services.

NOTE 8 INVESTMENT PERFORMANCE (net of investment expenses)

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

			Average Annualized Return	
Time-weighted rates of return, at fair value [a]	**2022**	**2021**	**5 years** [d]	**10 years**
Net return on investments [b]	11.8%	16.1%	7.6%	9.3%
Policy benchmark return [b]	6.6%	15.5%	7.2%	8.7%
Value added by AIMCo [c]	5.2%	0.6%	0.4%	0.6%

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

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

(c) In the SIP&G, the Ministry of Treasury Board and Finance expects that the investments held by the Fund will return 1% above the policy benchmark over a rolling five-year period.

(d) In accordance with the SIP&G, over a five-year period, it is expected that the policy portfolio will earn an average return of 4.5%, adjusted for inflation, based on the Canadian Consumer Price Index. At the reporting date, the CPI + 450 annualized, five-year rolling average, was 6.4%.

NOTE 9 FINANCIAL STATEMENTS

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