



Alberta Heritage Savings Trust Fund

2025–26 Annual Report

Alberta Heritage Savings Trust Fund Annual Report 2025-2026 | Treasury Board and Finance, Government of Alberta

ISBN 978-1-4601-6548-5

ISSN 1708-4075

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The URL associated with this publication is <https://open.alberta.ca/publications/0702-9721>



Highlights

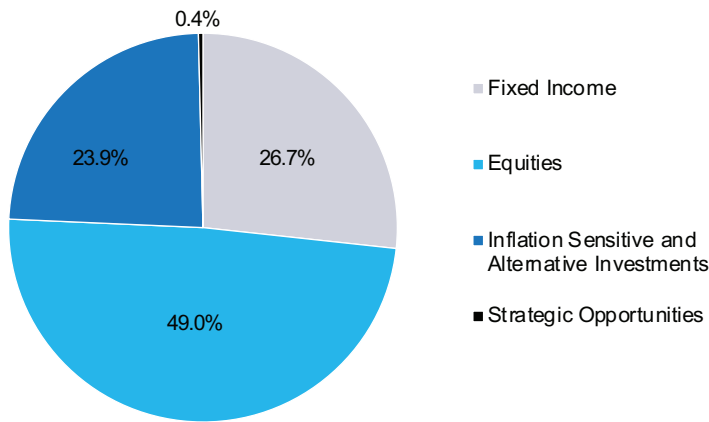
8.0%

Fiscal year return (net of fees)

\$32.0 billion

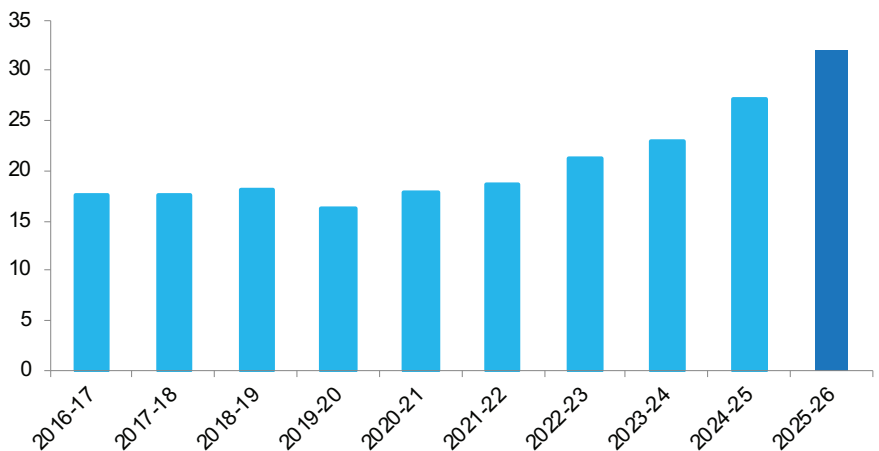
Net financial assets

ASSET MIX AS AT MARCH 31, 2026



FAIR VALUE OF NET FINANCIAL ASSETS AT MARCH 31, 2026

(\$ billions)



8.2%

Five-year annualized rate of return (net of fees)

7.7%

Ten-year annualized rate of return (net of fees)

\$2.4 billion

Fiscal year net income from operations

\$11.2 billion

Cumulative investment income retained in the Fund since inception

\$45.8 billion

Cumulative transfers to the General Revenue Fund since inception

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Message from the President of Treasury Board and Minister of Finance

The Alberta Heritage Savings Trust Fund grew to \$32 billion in 2025-26, an increase of \$4.9 billion over the previous fiscal year. This includes \$2.8 billion we contributed to the Heritage Fund in July 2025 using surplus cash from the 2024-25 fiscal year. This is the largest the Fund has ever been since its inception in 1976.

In today's rapidly changing world economy, Alberta must be prepared to withstand external shocks. Building a stable economic future has never been more important. Through thoughtful planning and decisive action, the Heritage Fund has grown by 80 per cent in the past five years. With continued retention and compounding of earnings, along with new investments when the province has surplus cash, the Fund is on track to reach the government's target of \$35 billion by 2027 and \$250 billion by 2050.

In January 2025, our government launched a new roadmap to grow the Heritage Fund and strengthen Alberta's long-term economic growth and fiscal stability. This plan sets out a path to increase the Fund's value to \$250 billion by 2050 through strategic investments, global partnerships and strong governance, ultimately creating a sustainable source of funding for the public services and infrastructure required by a growing province.

Central to the plan is the leadership of the Heritage Fund Opportunities Corporation. The corporation will modernize the Heritage Fund's management and help Alberta access global investment opportunities to create meaningful wealth and prosperity.

The Heritage Fund is being built with the future in mind, grounded in Alberta values and shaped by the distinct character of our province. By strengthening savings today, we are better positioned to shield future generations from economic uncertainty. While the past year has delivered solid gains and reinforced the Heritage Fund's value, our work continues. Through disciplined decision-making that balances strong returns with prudent risk management, the Heritage Fund will remain a cornerstone of Alberta's long-term financial security for generations to come.

[Original signed by Honourable Jason Nixon]

Honourable Jason Nixon
President of Treasury Board and Minister of Finance

About the Alberta Heritage Savings Trust Fund

The Alberta Heritage Savings Trust Fund (the “Heritage Fund” or “Fund”) is Alberta’s long-term savings and investment fund, established in 1976 under Premier Peter Lougheed. Created to transform a portion of the province’s non-renewable resource wealth into a lasting financial asset, the Fund supports fiscal stability, helps reduce reliance on volatile resource revenues, and generates long-term value for current and future generations of Albertans.

The Heritage Fund operates under the authority of the *Alberta Heritage Savings Trust Fund Act* (the “Act”). Under the Act, the President of Treasury Board and Minister of Finance is responsible for the Fund’s assets, which are to be invested to maximize long-term financial returns. The Act requires that the Heritage Fund be managed prudently to avoid undue risk of loss while earning reasonable returns necessary to achieve the Fund’s objectives.

The oversight and management of the Heritage Fund have evolved over time to support its long-term growth and sustainability, while maintaining strong stewardship and accountability.

Timeline and History of the Heritage Fund

1976-77

The Heritage Fund is launched with a \$1.5 billion investment. Legislation directs 30 per cent of non-renewable resource revenues to the Fund annually.

1982-83

The annual non-renewable resource revenue allocation is reduced to 15 per cent from 30 per cent.

1987-88

Regular non-renewable revenue transfers to the Heritage Fund cease.

1995-96

A province-wide survey reveals overwhelming public support for maintaining the Heritage Fund’s focus on generating long-term financial returns. This feedback is used to inform future investment strategy.

1997-98

Legislative amendments refocus the Heritage Fund on its long-term financial mandate by removing existing economic development and social investment directives. A Standing Committee of the Legislative Assembly is established to provide public oversight and accountability.

2005-06

Mandatory inflation proofing is introduced to preserve the Heritage Fund’s real value over time by requiring a portion of investment income to be reinvested to offset inflation.

2007-08

Management of the Heritage Fund’s investments is transferred to the Alberta Investment Management Corporation (AIMCo), effective January 1, 2008.

2016-17

The Alberta Growth Mandate is introduced to allocate a portion of the Heritage Fund’s investments to Alberta-based opportunities.

2020-21

The Alberta Growth Mandate is discontinued. Investment decisions continue to prioritize financial performance, without a prescribed allocation to Alberta-based investments.

2022-23

Provincial legislation is amended to require that all net investment income be retained and reinvested in the Heritage Fund, unless otherwise authorized by Treasury Board.

2023-24

The Government of Alberta announces a long-term goal to grow the Heritage Fund to \$250 billion by 2050.

2024-25

The Government of Alberta releases a roadmap for the Heritage Fund which outlines a renewed approach to governance, portfolio construction, and investment management. The Heritage Fund Opportunities Corporation is established to oversee and strategically grow the Heritage Fund’s assets, and a \$2 billion contribution from surplus government cash accelerates the Fund’s expansion.

Revitalizing the Heritage Fund in 2025-26

The Heritage Fund was established to preserve a portion of Alberta's non-renewable resource wealth, improve the quality of life for Albertans, and strengthen and diversify the provincial economy. In 2025-26, the provincial government continued advancing these objectives through initiatives designed to improve the Fund's governance, modernize its investment framework, and encourage more robust asset growth.

The Heritage Fund delivered another year of strong investment performance. The Fund returned 8.0 per cent in 2025-26, net of fees, and grew to \$32.0 billion. This represents an increase of \$4.9 billion from the previous fiscal year and marks the highest value for the Fund since being established in 1976. The Fund received an additional \$2.8 billion in surplus government cash from the 2024-25 fiscal year, and 100 per cent of net earnings were retained and reinvested. These measures align with the Government of Alberta's intention to grow the Heritage Fund to \$35 billion by 2027 and \$250 billion by 2050.

Implementation of the Heritage Fund roadmap, released in January 2025, continued. The Ministry of Treasury Board and Finance continued to support the Heritage Fund Opportunities Corporation (HFOC) in its role as the functional owner of the Heritage Fund's assets. This included the phased transfer of select investment oversight responsibilities, as well as ongoing assistance in developing HFOC's capacity, organizational structure, policy framework, and transactional and reporting systems necessary for full operational readiness.

A key governance milestone was reached in December 2025 with the appointment of HFOC's full Board of Directors, further deepening its expertise and reinforcing the corporation's independence.

HFOC continued to modernize the Heritage Fund's investment strategy, focusing on opportunities to optimize global asset allocation and enhance risk-adjusted returns in collaboration with Alberta Investment Management Corporation (AIMCo). A comprehensive review and update of the Heritage Fund's Statement of Investment Policies and Goals (the "SIP&G") remains a priority to further strengthen the Fund portfolio, support prudent diversification, and improve investment outcomes while creating long-term value in a cost-effective manner.

The Heritage Fund achieved many of its key investment objectives during the year, and exceeded both its real and relative performance benchmarks over the most recent five-year period.

The Heritage Fund Portfolio

Income and Net Transfers from the Heritage Fund

For many years, the Heritage Fund has supported Alberta's fiscal and capital priorities, contributing billions of dollars in investment earnings to help pay for essential services such as healthcare, education, and infrastructure, as well as to seed public endowments. While these transfers have moderated the Fund's rate of growth over time, they have played a significant role in supporting Alberta's finances.

When it was first established, the Heritage Fund was capitalized through allocations of non-renewable resource revenue. A total of \$12 billion was deposited during the Fund's first eleven years, followed by an additional \$3.9 billion between 2005-06 and 2007-08.

Between 1976 and 1995, and in 2015, a total of \$3.7 billion in capital project and targeted program transfers were made from the Fund. These transfers supported the creation of the Alberta Heritage Foundation for Medical Research and the Alberta Heritage Scholarship Fund, as well as initiatives such as Alberta's Agriculture and Food Innovation Program.

Additional investment income transfers from the Heritage Fund to the provincial government began in 1982-83. Since then, \$42 billion has been transferred to general revenues.

The requirement to inflation proof the Heritage Fund was introduced in 2005-06 following repayment of Alberta's accumulated debt in the prior year. No additional income transfers have occurred since legislative amendments were made in 2021-22 to require Treasury Board approval for withdrawals from the Fund after inflation proofing.

Since its inception, more than \$11.2 billion in investment income has been retained within the Heritage Fund. In addition, over the past four years, \$5.6 billion has been deposited into the Fund under the province's fiscal framework.

Per Capita Market Value

Recent government policy changes and additional funding have reversed a prolonged decline in the Heritage Fund's value on a per capita basis, even as Alberta's population has continued to grow.

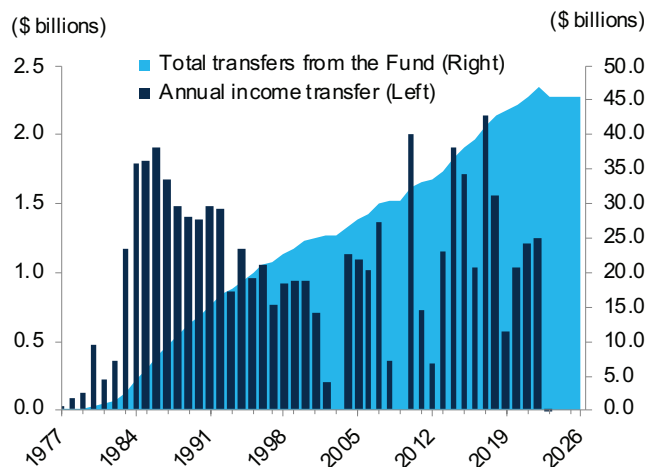
As of March 31, 2026, the Heritage Fund's value exceeded \$6,300 per Albertan, reflecting the positive impact of continued saving and reinvestment within the Fund.

Alberta Exposure

As of fiscal year-end, the Heritage Fund reported \$2.1 billion invested in Alberta, representing 4.8 per cent of the total portfolio. This includes real estate holdings located in the province and securities issued by companies headquartered in Alberta. It does not include businesses with significant economic activity in the province that are headquartered elsewhere.

The Heritage Fund's SIP&G does not currently specify a target or policy range for Alberta-based investments. Consistent with its mandate to maximize long-term financial returns, the Fund is globally diversified.

INCOME AND NET TRANSFERS FROM THE FUND



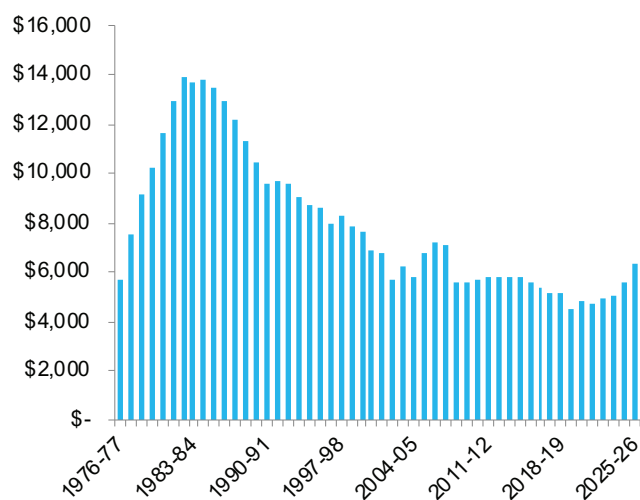
ALBERTA EXPOSURE

As at March 31, 2026

Asset class	Market value (millions)
Fixed Income	\$908
Mortgages	\$116
Equity	\$582
Private Equity	\$0
Real Estate	\$537
Total	\$2,143

MARKET VALUE INFLATION ADJUSTED PER CAPITA

(2025 dollars)



Portfolio Construction

Investment Policy

The Heritage Fund operates within an extensive investment policy framework that guides how assets are invested and performance is measured. Established by the SIP&G and approved by the President of Treasury Board and Minister of Finance, the framework sets out the Heritage Fund's investment goals, permitted asset classes, target asset mix, risk parameters, and performance benchmarks. Together, these elements guide long-term investment decisions and ensure the Fund continues to be aligned with its mandate.

Throughout the fiscal year, the Heritage Fund's asset allocation remained within all approved policy ranges and limits in accordance with the SIP&G.

Portfolio Structure

The Heritage Fund portfolio is diversified across four primary asset classes, each contributing to the Fund's long-term objectives by providing a combination of income generation, capital appreciation, inflation protection, and risk mitigation:

- Fixed income and interest-bearing securities, including deposits, government and corporate bonds, mortgages, and private credit.
- Equities, including those publicly traded in Canadian, global developed, and emerging markets, as well as private equity investments.
- Inflation sensitive and alternative investments, including infrastructure, real estate, renewable resources, and energy opportunity assets.
- Complementary strategies, including tactical, strategic, and currency positions intended to enhance portfolio returns and support active management outcomes.

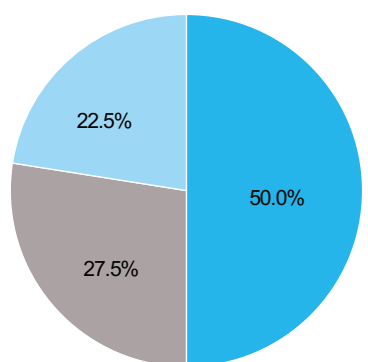
The Heritage Fund's investments are managed through a series of pooled investment vehicles. This structure enables efficient implementation of the Fund's investment strategy, supports broad diversification across asset types and markets, and provides economies of scale.

Performance Objectives

The Heritage Fund's performance is measured using clearly defined objectives that support accountability, financial discipline, and consistency with the Fund's legislated purpose. Performance is assessed on a rolling five-year basis to reflect results across full market cycles and is evaluated against two primary targets:

- **Real return objective:** Measures the Fund's ability to generate long-term real growth above inflation, consistent with its asset mix and risk profile. The target is to earn 4.5 per cent (450 basis points) above Canadian inflation, as measured by the Consumer Price Index (CPI), net of investment expenses. This objective indicates whether the Heritage Fund is preserving and increasing purchasing power over time.
- **Relative return objective:** Measures the value added through active investment management by comparing actual portfolio performance to a passive benchmark with a similar asset mix and risk profile. The target is to exceed the benchmark by 1 per cent (100 basis points), net of investment expenses, to provide an indication of the effectiveness of active investment decisions.

LONG-TERM TARGET POLICY ASSET MIX



- Equities
- Fixed Income
- Inflation Sensitive and Alternatives

ASSET MIX

	Target	March 2026	March 2025	Policy Range
Fixed income	27.5%	26.7%	23.9%	15-45%
Deposits and short-term securities		1.2%	4.1%	0-25%
Bonds, mortgages and private debt		25.5%	19.8%	7.5-35%
Inflation sensitive and alternative investments	22.5%	23.9%	29.8%	15-40%
Real estate		14.0%	16.9%	6-16%
Infrastructure		8.1%	10.5%	5-19%
Renewable resources		1.8%	2.4%	0-5%
Equities	50.0%	49.0%	46.0%	35-70%
Canadian	6.0%	6.5%	7.8%	5-15%
Global developed	38.0%	32.3%	26.8%	20-65%
Emerging markets		4.1%	3.1%	0-10%
Private	6.0%	6.1%	8.3%	0-10%
Strategic, tactical and currency investments	0.0%	0.4%	0.3%	0-5%

The 2025-26 Fiscal Year in Review

Market Environment

The 2025-26 fiscal year was marked by economic uncertainty and geopolitical instability. Renewed conflict in the Middle East pushed energy prices higher late in the year following a period of relative weakness. Fluctuations in commodity prices, and ongoing trade and tariff concerns, added further uncertainty around inflation, monetary policy, and investor sentiment.

Global equity markets generally advanced, albeit with elevated levels of volatility for most of the year. Gains were supported by resilient corporate earnings, leadership from large-cap technology and artificial intelligence-related sectors, and moderating inflation across many advanced economies.

Central banks, including the Bank of Canada, maintained a cautious policy stance as they balanced moderating inflation against persistent inflationary risks and some signs of slowing growth. Bond markets benefited from relatively attractive starting yields and opportunities across government bonds, investment-grade credit, and high-yield credit, while fluctuations in major currencies—particularly the U.S. dollar and euro—affected the Canadian-dollar (CAD) value of international fixed income holdings and contributed to return variability.

Impacts to inflation sensitive and alternative asset classes were mixed. While moderating inflation supported valuations in long-duration, rate-sensitive sectors such as regulated utilities, pipelines, and renewable infrastructure, uncertainty around the medium-term growth outlook weighed on more cyclical sectors such as real estate and consumer discretionary assets. Nevertheless, capital continued to flow toward structural growth themes, including energy security, digital infrastructure, artificial intelligence enablement, and supply chain modernization.

Key Financial Results

The Heritage Fund exceeded both of its long-term performance objectives for the five-year period ended March 31, 2026. The Fund generated a five-year annualized return of 8.2 per cent, surpassing its real return target of 7.7 per cent by 0.5 percentage points.

The Fund also exceeded its relative return target of 7.6 per cent over the same period, outperforming the benchmark by 0.6 percentage points and demonstrating value added through active investment management.

Investment Income by Asset Class

Total investment income represents earnings generated across all asset classes within the Heritage Fund portfolio. During the fiscal year, the Fund generated \$2.5 billion in investment income, compared with \$2.1 billion in the prior year. On a net operating basis, investment income was \$2.4 billion, up from \$1.9 billion in 2024-25.

Fixed income and interest-bearing securities generated \$346 million in income. These investments are more conservative in nature and typically provide stable, predictable returns.

Equities were the largest contributor to investment income, generating \$2.0 billion during the fiscal year, including \$498 million from Canadian equities, \$1.4 billion from global developed market equities, and \$166 million from private equity investments. Equities contribute to the Heritage Fund portfolio through a combination of capital appreciation and income generation.

Inflation sensitive and alternative investments earned \$174 million in income, led by infrastructure assets, which contributed \$122 million. These investments typically generate stable cash flows over long durations.

Remeasurement Gains and Losses

The Heritage Fund recorded net remeasurement losses of \$367 million in 2025-26, compared with net remeasurement gains of \$346 million in the previous fiscal year. Remeasurement gains and losses reflect changes in the fair value of investments, including both realized gains and losses on dispositions, and unrealized changes in the value of assets held at year-end.

Investment Expenses

The Heritage Fund's total investment expenses increased by 2.7 per cent to \$189 million in 2025-26, from \$184 million in the prior year. However, as a percentage of the Fund's average market value, these expenses decreased to 0.66 per cent from 0.73 per cent on a year-over-year basis.

Under the existing Investment Management Agreement, the Heritage Fund is allocated its proportionate share of AIMCo's operating and investment management costs on a cost recovery basis.

TOTAL FUND PERFORMANCE

	2025-26	2024-25	5 Year	10 Year
Fund rate of return	8.0	9.7	8.2	7.7
Real return target - CPI + 4.5			7.7	6.9
Fund return against real return target			0.5	0.8
Passive benchmark return	10.5	10.1	7.6	7.8
Active management return	(2.5)	(0.4)	0.6	(0.1)

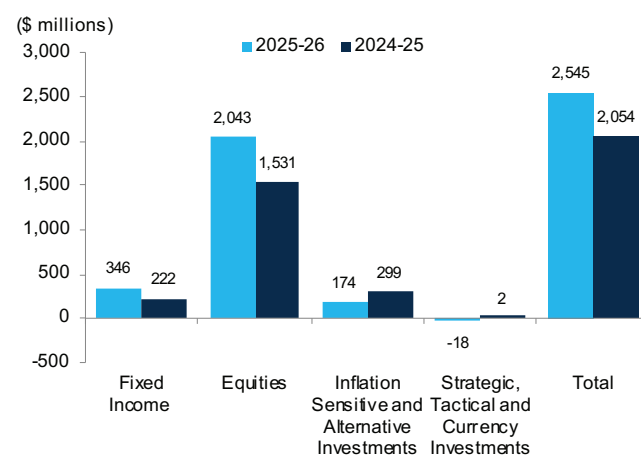
ASSET CLASS RETURN VERSUS BENCHMARK

	1 Year Return	1 Year Benchmark Return	5 Year Return	5 Year Benchmark Return
Fixed income	2.7	1.8	2.4	1.8
Deposits and short-term	2.8	2.5	3.1	0.7
Bonds, mortgages and private debt	2.7	1.7	2.5	1.9
Inflation sensitive and alternative	-0.2	4.1	4.6	4.8
Real estate	-2.1	1.2	1.4	2.6
Infrastructure	4.1	8.1	8.7	7.7
Renewable resources	-4.9	8.1	9.3	7.7
Equities	16.3	19.2	13.5	12.3
Canadian	28.6	34.8	14.4	15.2
Global developed	17.0	15.3	14.3	11.6
Emerging markets	27.8	25.6	7.1	13.6
Private	0.9	17.3	13.5	11.4
Strategic opportunities	-5.4	15.3	-4.7	11.6

INVESTMENT EXPENSES

(millions)	2025-26	2024-25
Total investment expenses	\$189	\$184
Increase in average investment expenses	2.7%	7.0%

INVESTMENT INCOME BY ASSET CLASS



Investment Performance by Asset Class

Fixed Income and Interest-Bearing Securities

As of March 31, 2026, fixed income and interest-bearing securities represented 26.7 per cent of the Heritage Fund portfolio. Comprised of a diverse mix of public and private credit, this asset class plays an important role in preserving capital, reducing portfolio volatility, maintaining liquidity, and generating stable income across varying market conditions.

During the fiscal year, fixed income and interest-bearing securities returned 2.7 per cent, exceeding the composite benchmark return of 1.8 per cent. Over five years, these assets generated an annualized return of 2.4 per cent, compared with 1.8 per cent for the benchmark.

Short-Term Investments

Short-term investments, or cash equivalents, accounted for 1.2 per cent of the Heritage Fund portfolio and are included in the Money Market Pool. These assets provide exposure to highly liquid, short-duration credit markets, supporting liquidity needs while generating income on excess cash balances.

For the fiscal year, short-term investments returned 2.8 per cent, outperforming the FTSE Canada 30 Day T-Bill Index benchmark of 2.5 per cent. Over five years, this segment delivered an annualized return of 3.1 per cent, compared with 0.7 per cent for the benchmark.

Universe Bonds

The Universe Fixed Income Pool represented 18.4 per cent of the Heritage Fund portfolio, providing actively managed exposure to Canadian fixed income markets, with a selective allocation to global bonds. Holdings include federal, provincial, and corporate bonds across a range of maturities.

In 2025-26, this segment returned 1.3 per cent, compared with 0.8 per cent for the FTSE Canada Universe Bond Total Return Index. Over five years, these assets generated an annualized return of 1.0 per cent, compared with 0.7 per cent for the benchmark.

Mortgages

The Private Mortgage Pool provides exposure to high-quality commercial real estate loans that generate stable income. The investment strategy seeks to enhance returns relative to traditional public fixed income with a comparable level of risk.

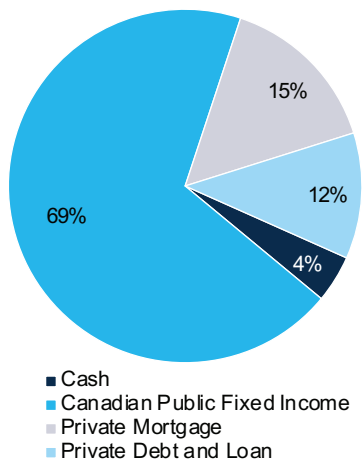
Mortgage holdings accounted for 4.0 per cent of the Heritage Fund portfolio at fiscal year-end. In 2025-26, these investments returned 4.0 per cent, outperforming the composite benchmark (60 per cent FTSE Canada Short-Term Overall Bond Index and 40 per cent FTSE Canada Mid-Term Overall Bond Index, plus 50 basis points), which returned 2.6 per cent. Over five years, the mortgage segment generated an annualized return of 3.0 per cent, compared with 2.2 per cent for the benchmark.

Private Credit

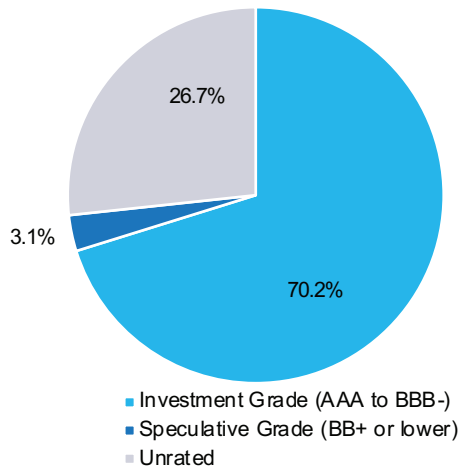
The Private Debt and Loan Pool provides exposure to global private credit markets through direct lending, syndicated loans, and asset-backed financing. The investment strategy seeks enhanced yields through floating-rate structures while benefiting from lower correlation to public debt markets.

Private credit represented 3.1 per cent of the Heritage Fund portfolio as of March 31, 2026. This segment returned 6.3 per cent in 2025-26, exceeding its composite benchmark (50% S&P/LSTA Leveraged Loan Index ("LLI") + 50% S&P European Leveraged Loan Index ("ELLI") + 0.25% (CAD hedged)), which returned 3.0 per cent. Over five years, private credit generated an annualized return of 7.9 per cent, compared with 5.1 per cent for the benchmark.

FIXED INCOME



LONG-TERM CREDIT RATINGS



Equities

Equities are the primary driver of the Heritage Fund's long-term growth strategy. As of March 31, 2026, public and private equity investments represented 49.0 per cent of the Fund portfolio. Managed through a combination of internal and external mandates, this asset class includes broad exposure to global markets, with diversification across geography, sector, and investment style. The investment strategy combines quantitative and fundamental approaches, and maintains corporate exposures in more than forty-five countries.

In 2025-26, the total equity portfolio returned 16.3 per cent, compared with 19.2 per cent for the composite benchmark. Over five years, equities generated an annualized return of 13.5 per cent, compared with 12.3 per cent for the benchmark. As in the prior fiscal year, this asset class was the largest contributor to the overall investment income and capital growth of the Heritage Fund.

Canadian Equities

The Canadian Equities Master Pool provides actively managed exposure to publicly traded Canadian companies using a multi-strategy approach designed to identify and exploit market inefficiencies.

Canadian equities represented 6.5 per cent of the Heritage Fund portfolio and are benchmarked against the S&P/TSX Capped Composite Total Return Index. In 2025-26, this segment returned 28.6 per cent, compared with 34.8 per cent for the benchmark. Over five years, Canadian equities generated 14.4 per cent annually, falling below the benchmark of 15.2 per cent.

Global Developed Market Equities

The Global Equities Master Pool provides exposure to developed markets across North America, Europe, and Asia-Pacific. The investment strategy combines fundamental and systematic approaches, and includes complementary hedge fund strategies to enhance diversification.

Global developed market equities accounted for 32.3 per cent of the Heritage Fund portfolio and are benchmarked against the MSCI World Net Total Return Index. This segment returned 17.0 per cent in 2025-26, outperforming the benchmark of 15.3 per cent. Over five years, global developed market equities generated 14.3 per cent annually, compared with 11.6 per cent for the benchmark.

Emerging Market Equities

The Emerging Markets Consolidation Pool provides exposure to developing economies through AIMCo-managed strategies and specialized external investment managers.

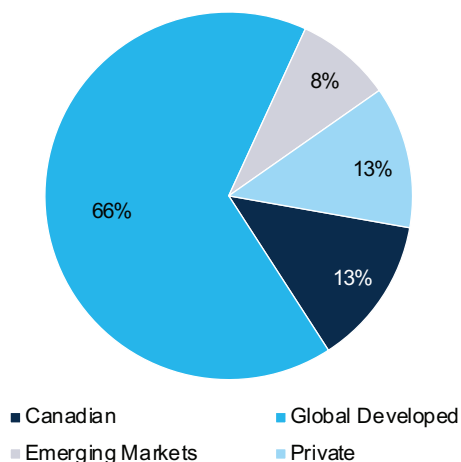
Emerging market equities represented 4.1 per cent of the Heritage Fund portfolio and are benchmarked against the MSCI Emerging Markets Net Total Return Index. In 2025-26, this segment returned 27.8 per cent, exceeding the benchmark of 25.6 per cent. Over five years, emerging market equities generated 7.1 per cent annually, compared with 13.6 per cent for the benchmark.

Private Equity

The Private Equity Product provides exposure to global private markets through large- and middle-market buyout funds diversified across multiple sectors, primarily in North America and Europe.

Private equity represented 6.1 per cent of the Heritage Fund portfolio and is benchmarked against the MSCI World Net Total Return Index plus 2 per cent. In 2025-26, this segment returned 0.9 per cent, compared with 17.3 per cent for the benchmark. Over five years, private equity generated 13.5 per cent annually, exceeding the benchmark of 11.4 per cent.

EQUITIES



TOP 10 GLOBAL PUBLIC EQUITY HOLDINGS

As at March 31, 2026

Name	Weight (%)	Market value (millions)
NVIDIA Corporation	4.9%	\$51.1
Apple Inc.	2.3%	\$43.8
Alphabet Inc.	1.8%	\$41.4
Microsoft Corporation	1.7%	\$34.8
Amazon.Com, Inc.	1.0%	\$27.0
Broadcom Inc.	1.0%	\$17.6
Meta Platforms, Inc.	0.9%	\$15.7
Tesla, Inc.	0.8%	\$10.2
JPMorgan Chase & Co.	0.8%	\$8.7
ASML Holding N.V.	0.8%	\$8.4
Total	16.0%	\$258.7

TOP 10 CANADIAN PUBLIC EQUITY HOLDINGS

As at March 31, 2026

Holding	Weight (%)	Market value (millions)
Royal Bank of Canada	6.9%	\$141.8
Toronto-Dominion Bank	5.0%	\$101.5
Agnico Eagle Mines Limited	4.5%	\$93.0
Brookfield Corporation	3.7%	\$75.5
Shopify Inc.	3.2%	\$65.7
Suncor Energy Inc.	3.1%	\$64.2
Bank of Montreal	3.0%	\$61.0
Bank of Nova Scotia	2.7%	\$55.7
Canadian Pacific Kansas City Limited	2.5%	\$51.3
Canadian Natural Resources Limited	2.3%	\$47.0
Total	36.9%	\$756.7

TOP 10 PRIVATE EQUITY HOLDINGS

As at March 31, 2026

Name	Weight (%)	Market value (millions)
Schustermann & Borenstein	7.7%	\$150.7
BGIS	3.7%	\$72.2
Fortitude	2.9%	\$56.4
Proofpoint	2.4%	\$47.4
Davies Group Ltd	2.0%	\$39.3
Monotype	1.9%	\$37.9
Ring	1.8%	\$35.5
Alter Domus	1.8%	\$34.4
Realpage	1.7%	\$33.4
Belron	1.7%	\$33.3
Total	27.6%	\$540.5

Inflation Sensitive and Alternative Investments

As of March 31, 2026, inflation sensitive and alternative investments represented 23.9 per cent of the Heritage Fund portfolio. This asset class includes infrastructure, real estate, renewable resources, and energy opportunities, and is designed to enhance diversification while helping preserve purchasing power during periods of higher inflation.

In 2025-26, these assets returned -0.2 per cent, compared with the composite benchmark of 4.1 per cent. Over five years, inflation sensitive and alternative investments generated 4.6 per cent annually, slightly below the benchmark of 4.8 per cent.

Real Estate

The real estate segment, which is comprised of the Private Real Estate Pool and Foreign Real Estate Pool, provides exposure to domestic and international property markets through direct and joint venture investments across a range of property types and geographies.

Domestic holdings include high-quality office, retail, industrial, and multi-residential properties in major Canadian urban centers. International investments span Europe, the United States, and Mexico through direct positions and co-investments.

Real estate represented 14.0 per cent of the Heritage Fund portfolio and is benchmarked against the MSCI/REALpac Canadian All Property Index - Large Institutional Subset and the MSCI Global Quarterly Property Index, before fees. In 2025-26, real estate returned -2.1 per cent, compared with 1.2 per cent for the benchmark. Over five years, these investments generated 1.4 per cent annually, compared with 2.6 per cent for the benchmark.

Infrastructure

The Private Infrastructure Pool provides exposure to essential real assets with long-duration, inflation-linked cash flows, including utilities, energy networks (generation, transmission, and distribution systems, and pipelines), and transportation infrastructure such as toll roads, airports, and seaports. Investments are primarily made through direct and co-investment structures which provide operating control and/or certain governance rights.

Infrastructure represented 8.1 per cent of the Heritage Fund portfolio and is benchmarked against Canadian CPI plus 4.5 per cent for the relevant period. In 2025-26, this segment returned 4.1 per cent, compared with a benchmark of 8.1 per cent. Over five years, infrastructure investments generated 8.7 per cent annually, exceeding the benchmark of 7.7 per cent.

Renewable Resources

The Renewable Resources Pool includes timberland and agricultural investments that provide inflation protection, long-duration cash flows, and low correlation to public equities. The investment strategy is global and implemented through direct investments and external investment managers.

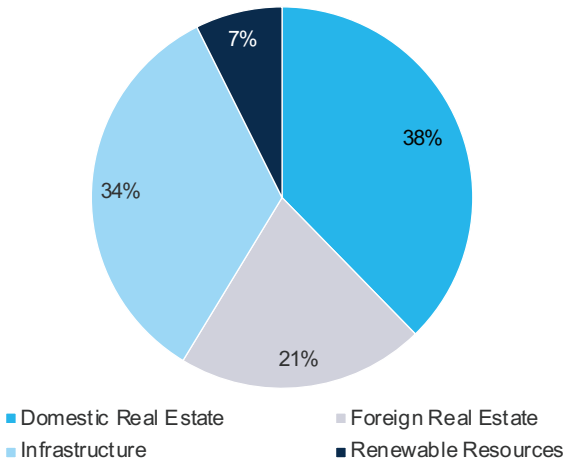
Renewable resources represented 1.8 per cent of the Heritage Fund portfolio and are benchmarked against Canadian CPI plus 4.5 per cent for the relevant period. In 2025-26, this segment returned -4.9 per cent, compared with a benchmark of 8.1 per cent. Over five years, these investments generated 9.3 per cent annually, exceeding the benchmark of 7.7 per cent.

Energy Opportunities

The Energy Opportunities Pool is a small allocation that provides exposure to decarbonization and energy transition opportunities through fund commitments and select co-investments.

This segment represented less than 0.1 per cent of the Heritage Fund portfolio and is benchmarked against the MSCI World Net Total Return Index (CAD). In 2025-26, this segment returned -4.6 per cent, compared with 15.3 per cent for the benchmark. This pool is still in ramp-up and performance will start to become more meaningful over the coming years as the underlying funds call capital to carry out investment opportunities.

INFLATION-SENSITIVE



TOP 10 DOMESTIC REAL ESTATE HOLDINGS

As at March 31, 2026

Property	Sector	Weight (%)	Market value (millions)
Yorkdale Shopping Centre	Retail	14.9%	\$429.8
Square One Shopping Centre	Retail	6.7%	\$192.7
Scotia Plaza	Office	5.8%	\$168.8
Urbacoon DC7	Alternative	4.1%	\$117.0
Bloor Dufferin	Residential	3.2%	\$91.6
Scarborough Town Centre	Retail	3.1%	\$90.1
88 Queen Street East	Residential	3.0%	\$86.9
TD Greystone RE Fund	Diversified Fund	2.9%	\$82.4
Eighth Avenue Place	Office	2.4%	\$68.9
CF Richmond Centre	Retail	2.4%	\$68.3
Total		48.5%	\$1,396.5

TOP 10 FOREIGN REAL ESTATE

As at March 31, 2026

Property	Sector	Weight (%)	Market value (millions)
Alpine AUR Fund	Diversified Fund	5.3%	86.1
Ultrabox Logistics UK	Industrial	2.8%	45.4
Docks Brussels	Retail	2.7%	42.9
Gateway Central-West	Office	2.6%	41.6
Waypoint	Residential	2.4%	38.9
Sigma Capital Group	Residential	2.3%	37.4
Quad Nine Elms	Office	2.1%	33.0
BORO - Meridian Co-Invest	Office	2.0%	31.4
Nework Paris	Office	1.9%	30.5
Whitewood TV City	Office	1.8%	28.5
Total		25.9%	\$415.7

TOP 10 RENEWABLE RESOURCE HOLDINGS

As at March 31, 2026

Holding	Weight (%)	Market value (millions)
Forestry Investment Trust (FIT)	78.4%	\$465.8
ANZFF - Taswood Estate	8.3%	\$49.1
ANZFF - Penola Plantations	4.5%	\$27.0
ANZFF - Timberlink Australia Pty Ltd.	3.1%	\$18.3
GT18 - Australian Bluegum Plantations	2.3%	\$13.8
Shasta Cascade	1.0%	\$6.1
ANZFF - Border Plantations	0.7%	\$3.9
GT18 - Chaklum	0.4%	\$2.4
Hancock Timberland & Farmland Fund LP	0.3%	\$1.9
Bonnefield Canadian Farmland LP IV - Newell	0.2%	\$1.1
Total	99.2%	\$589.4

TOP 10 INFRASTRUCTURE HOLDINGS

As at March 31, 2026

Company	Weight (%)	Market value (millions)
SAESA Group	17.1%	444.4
Howard Energy Partners	17.0%	442.4
Ace	11.6%	300.6
Porterbrook	10.1%	261.3
Puget	8.9%	232.5
Cando	7.7%	200.1
Ausnet	3.9%	101.6
Switch	2.5%	63.9
Boldyn Networks	2.0%	51.3
Atlantic Aviation	1.6%	41.5
Total	82.4%	\$2,139.6

Tactical, Strategic and Currency Investments

As of March 31, 2026, tactical, strategic and currency investments represented 0.4 per cent of the Heritage Fund portfolio. This category includes a small number of investments and portfolio management activities used to support the Fund’s overall investment strategy. These positions may be used to manage foreign currency exposure, adjust portfolio positioning, or address specific investment opportunities and risks as market conditions evolve.

In 2025-26, tactical, strategic and currency investments returned -5.4 per cent. Over five years, the category generated -4.7 per cent annually. Given the small size of this allocation, its primary purpose is to support the management of the broader Heritage Fund portfolio rather than serve as a significant source of returns.

Foreign Currency Exposure

The Heritage Fund portfolio is globally diversified, although the majority of its assets are denominated in Canadian dollars. As of March 31, 2026, Canadian dollar-denominated investments accounted for 52.9 per cent of the Heritage Fund portfolio, a decrease of 3.8 percentage points from the prior year.

The remainder of the Fund is invested across more than thirty other currencies, including the euro, Japanese yen, British pound, and others. The U.S. dollar represents the largest single foreign currency exposure at 31.1 per cent of total assets.

FOREIGN CURRENCY EXPOSURE

As at March 31, 2026

Currency	2025-26	2024-25
U.S. Dollar	66.1%	63.3%
Euro	11.8%	13.7%
British Pound	5.9%	8.3%
Japanese Yen	4.5%	3.3%
Other	11.7%	11.4%
Total	100.0%	100.0%



Closing Remarks

The 2025-26 fiscal year was marked by continued growth and renewal for the Alberta Heritage Savings Trust Fund, with invested assets reaching a record \$32.0 billion. The Fund delivered strong investment performance and exceeded its five-year return objectives, supported by disciplined portfolio management and execution, and sound asset allocation decisions, given prevailing market fundamentals.

The year also saw continued strengthening of the Heritage Fund's governance framework and building of capacity to support future growth. Now in its second year, the Heritage Fund Opportunities Corporation continued to develop its role in building the Fund's strategic direction, stewardship, and accountability.

Together with a significant contribution of new government funding in 2025-26, and the ongoing retention and reinvestment of all net investment income, the Heritage Fund remains on track to achieve its interim value target of \$35 billion by 2027 and its long-term goal of \$250 billion by 2050.

The Heritage Fund's core mandate remains unchanged: to preserve and grow provincial wealth for the benefit of all Albertans. The achievements of the past year reflect the Government of Alberta's continued commitment to the Heritage Fund, and the Fund's foundational role in supporting the province's fiscal strength, financial stability, and future prosperity.

Historical Summary of Operations

May 19, 1976 to March 31, 2026

(See Note 7 to the Financial Statements)

(in \$ millions)

Fiscal year	Net income (loss) ¹	Transfers to the Fund			Transfers from the Fund			Fund equity (at cost)	Income retained
		Resource revenue allocation	Deposits ⁴	Advanced education endowment ²	Investment income transfers ³	Capital project expenditures	Other transfers ⁵		
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	-
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

Fiscal year	Net income (loss) ¹	Transfers to the Fund			Transfers from the Fund			Fund equity (at cost)	Income retained
		Resource revenue allocation	Deposits ⁴	Advanced education endowment ²	Investment income transfers ³	Capital project expenditures	Other transfers ⁵		
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
2022-23	(114)	-	753	-	1,247	-	-	18,980	-
2023-24	1,892	-	-	-	-	-	-	20,872	1,892
2024-25	1,871	-	2,000	-	-	-	-	24,743	1,871
2025-26	2,392	-	2,843	-	-	-	-	29,978	2,392
Totals	54,167	12,049	8,514	1,000	(42,011)	(3,486)	(255)	29,978	11,228

1. The income of the Fund and its assets and liabilities, net of consolidation adjustments, is included in the consolidated financial statements of the Ministry of Treasury Board and Finance and the Government of Alberta
2. 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.
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 maintain its value from inflation, shall be transferred to the General Revenue Fund (GRF), annually in a manner determined by the Minister of Finance. During the year, Bill 10 (*Financial Statutes Amendment Act, 2023*) amended Section 8 of the Act to require Treasury Board approval for any income transfers, after inflation proofing, from the Fund to the GRF beginning in 2021-22. The income transfer amount of \$1,247 previously accrued for 2021-22 was eliminated on the new legislation taking effect.
4. In accordance with Bill 12, *Appropriation (Supplementary Supply) Act 2023*, a contribution of \$753 to the Fund was authorized in 2022-23, and subsequently disbursed from the GRF in 2023-24.
5. 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.



Annual Financial Statements

Alberta Heritage Savings Trust Fund
March 31, 2026

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, 2026, 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, 2026, 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 Phillip D. Peters FCPA, FCA, KC]

Phillip D. Peters FCPA, FCA, KC
Auditor General of Alberta

June 10, 2026
Edmonton, Alberta

Statement of Financial Position

As at March 31, 2026

(in millions)

	2026	2025
Financial assets		
Cash (Note 4)	\$ -	\$ 2,001
Investments (Note 5)	32,025	25,157
	32,025	27,158
Liabilities		
Accounts payable	-	1
Net financial assets	\$ 32,025	\$ 27,157
Net financial assets (Note 7)		
Accumulated operating surplus	\$ 29,978	\$ 24,743
Accumulated remeasurement gains	2,047	2,414
	\$ 32,025	\$ 27,157

Statement of Change in Net Financial Assets

Year Ended March 31, 2026

(in millions)

	2026 Budget	2026 Actual	2025 Actual
Net surplus retained in the Fund	\$ 944	\$ 5,235	\$ 3,871
Net remeasurement (losses) gains		(367)	346
Increase in net financial assets		4,868	4,217
Net financial assets, beginning of year		27,157	22,940
Net financial assets, end of year		\$ 32,025	\$ 27,157

The accompanying notes are part of these financial statements.

Statement of Operations and Accumulated Surplus

Year Ended March 31, 2026

(in millions)

	2026	2026	2025
	Budget	Actual	Actual
Investment income (Note 8)	\$ 1,129	\$ 2,545	\$ 2,054
Interest income	-	36	1
Investment expenses (Note 9)	(185)	(189)	(184)
Net income from operations	944	2,392	1,871
Transfers from the General Revenue Fund (Note 2f)	-	2,843	2,000
Net surplus retained in the Fund (Note 7)	944	5,235	3,871
Accumulated operating surplus, beginning of year		24,743	20,872
Accumulated operating surplus, end of year		\$ 29,978	\$ 24,743

Statement of Remeasurement Gains and Losses

Year Ended March 31, 2026

(in millions)

	2026	2025
Unrealized (losses) gains on investments	\$ (208)	\$ 412
Less: Amounts reclassified to the Statement of Operations - realized gains on investments	(159)	(66)
Net remeasurement (losses) gains	(367)	346
Accumulated remeasurement gains, beginning of year	2,414	2,068
Accumulated remeasurement gains, end of year	\$ 2,047	\$ 2,414

The accompanying notes are part of these financial statements.

Statement of Cash Flows

Year Ended March 31, 2026

(in millions)

	2026	2025
Operating transactions		
Net income from operations	\$ 2,392	\$ 1,871
Non-cash items - realized gains	(159)	(66)
	2,233	1,805
(Decrease) increase in accounts payable	(1)	1
Transfers from the General Revenue Fund	2,843	2,000
Cash provided by operating transactions	5,075	3,806
Investing transactions		
Proceeds from disposals, repayments and redemptions of investments	7,003	2,927
Purchase of investments	(15,105)	(4,715)
Cash applied to investing transactions	(8,102)	(1,788)
(Decrease) increase in cash	(3,027)	2,018
Cash at beginning of year	3,027	1,009
Cash at end of year	\$ -	\$ 3,027
Cash at end of year		
Deposits in the Consolidated Liquidity Solution	\$ -	\$ 2,001
Demand deposits (Note 5b)	-	1,026
	\$ -	\$ 3,027

Notes to the Financial Statements

March 31, 2026

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.”

The Heritage Fund Opportunities Corporation (HFOC) has been established to enhance the Fund’s oversight framework, reflecting the complexity of managing a globally diversified, multi-asset portfolio. The independent HFOC board has been delegated the authority to review and revise the Fund’s Statement of Investment Policy and Goals (SIP&G) to strengthen investment outcomes and operational governance, in alignment with the Fund’s stated purpose and mandate.

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 5, 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 6.

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 5b). 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.

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 8). 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 9). 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 year-end over the cost of the pool units. Changes in accumulated remeasurement gains and losses are recognized in the statement of remeasurement gains and losses. Changes in accumulated remeasurement gains and losses during the 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 (see Note 5).

f) TRANSFERS FROM/TO THE GENERAL REVENUE FUND (GRF)

In 2022-23, Section 11.7 of the *Sustainable Fiscal Planning and Reporting Act* was enacted, allowing the President of Treasury Board and Minister of Finance to allocate surplus cash of the General Revenue Fund generated for a fiscal year to the Alberta Fund (an account within the GRF), provided that at least 50% of the surplus for that year has been applied to debt repayment (or all of the debt due in that fiscal year has been repaid using the surplus if the amount of debt due that year was less than 50% of the surplus cash). With Treasury Board approval, amounts allocated from the Alberta Fund may be transferred to the Fund.

Also in 2022-23, Section 8 of the Act was amended, eliminating the requirement for annual net income to be transferred out of the Fund to the GRF. Transfer of income from the Fund, less amounts retained for inflation proofing (see Note 7(b)), will require approval from Treasury Board. Such transfers, should they be approved, must be completed by the following fiscal year end.

NOTE 3 FUTURE ACCOUNTING CHANGES

On April 1, 2026, the Fund will adopt the following new conceptual framework and accounting standard approved by the Public Sector Accounting Board:

The Conceptual Framework for Financial Reporting in the Public Sector

The Conceptual Framework is the foundation for public sector financial reporting standard setting. It replaces the conceptual aspects of Section PS 1000 Financial Statement Concepts and Section PS 1100 Financial Statement Objectives. The conceptual framework highlights considerations fundamental for the consistent application of accounting issues in the absence of specific standards.

PS 1202 Financial Statement Presentation

Section PS 1202 sets out general and specific requirements for the presentation of information in general purpose financial statements. The financial statement presentation principles are based on the concepts within the Conceptual Framework.

Management is currently assessing the impact of the conceptual framework and the standard on the Fund's financial statements.

NOTE 4 CASH

Cash includes demand deposits in the Consolidated Liquidity Solution (CLS). A CLS participant is paid interest on a monthly basis on their cash balance at an interest rate based on a 12 week rolling average of the Province's 3 month cost of borrowing.

NOTE 5 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. Effective February 2, 2026, the Fund adopted an updated SIP&G. The revisions, approved by the HFOC board under its delegated authority, update the Fund's long-term policy targets (see Note 6).

Asset class	Fair Value Hierarchy ^(a)		2026	2025
	Level 2	Level 3		
Interest-bearing securities				
Deposits and short-term securities	\$ 371	\$ -	\$ 371	\$ 1,026
Bonds, mortgages and private debt	5,911	2,274	8,185	4,988
	6,282	2,274	8,556	6,014
Equities				
Canadian	2,055	-	2,055	1,959
Global developed	10,209	140	10,349	6,739
Emerging markets	1,322	-	1,322	784
Private	-	1,961	1,961	2,087
	13,586	2,101	15,687	11,569
Inflation sensitive and alternative investments				
Real estate	-	4,497	4,497	4,259
Infrastructure	-	2,600	2,600	2,647
Renewable resources	-	565	565	595
	-	7,662	7,662	7,501
Strategic, tactical and currency investments *	4	116	120	73
Total fair value of investments	\$ 19,872	\$ 12,153	\$ 32,025	\$ 25,157

* 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 6).

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 \$19,872 (2025: \$13,295).
- **Level 3** - fair value is estimated using inputs based on non-observable market data. This level includes pool units that hold private mortgages, private debt and loans, hedge funds, private equities and all inflation sensitive and alternative investments totalling \$12,153 (2025: \$11,862).

Reconciliation of Level 3 Investments

	2026	2025
Balance, beginning of year	\$ 11,862	\$ 11,168
Realized (gains) losses	(46)	46
Unrealized (losses) gains	(259)	142
Purchases of Level 3 pooled fund units	1,357	2,069
Sale of Level 3 pooled fund units	(761)	(1,563)
Balance, end of year	\$ 12,153	\$ 11,862

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:** Deposits and short-term securities include demand deposits of \$nil (2025: \$1,026) and short term securities of \$371 (2025: \$nil). Short-term securities are money market instruments issued for terms of less than one year and are measured at fair value, which approximates their cost given their short-term nature. 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 and alternative 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 provide 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 6g). 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. Futures contracts are valued based on quoted market prices. 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.

c) Liability Exposure

The Fund is indirectly exposed to liabilities held within the pools, the carrying value of which is a component in the determination of net fair value of investments within the pools. These liabilities are used primarily for general liquidity, risk management and active management purposes and include, but are not limited to, mortgages, lines of credit, derivative counterparty liabilities and repurchase agreements.

Repurchase agreements are short-term agreements to sell securities held in the Fund in order to buy them back at a slightly higher price at a later time. The proceeds from the sale may be used to purchase other fixed income securities. The party selling the repurchase agreement is effectively borrowing, and the other party is lending. The lender is credited the implicit interest in the yield and price difference between the securities sold to be repurchased and the securities acquired from the sale proceeds. The securities sold under repurchase agreements are accounted for as collateralized form of borrowing. The Fund's exposure to repurchase agreement liabilities at March 31, 2026, was approximately \$3,501 (2025: \$1,660). All repurchase agreements are fully collateralized by the borrowers.

NOTE 6 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 President of Treasury Board and Minister of 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, a rebalancing policy with target ranges on each asset class, diversification within each asset class, and quality constraints on credit instruments. Forward foreign exchange contracts may be used to manage currency exposure in connection with securities purchased in a foreign currency (see Note 6b).

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 Asset Policy Mix	Long Term Policy*	Actual Asset Mix			
			2026		2025	
Interest-bearing securities	15 - 45%	27.5%	\$ 8,556	26.7%	\$ 6,014	23.9%
Equities	35 - 70%	50.0%	15,687	49.0%	11,569	46.0%
Inflation sensitive and alternative investments	15 - 40%	22.5%	7,662	23.9%	7,501	29.8%
Strategic, tactical and currency investments	(a)		120	0.4%	73	0.3%
		100.0%	\$ 32,025	100.0%	\$ 25,157	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.

*During 2025-26, the Fund's long-term policy targets were revised on December 1, 2025 and February 2, 2026. The long-term policy targets prior to each revision were as follows:

Prior to December 1, 2025 • Interest-bearing securities – 20% • Equities – 47.5% • Inflation-sensitive & alternative investments – 32.5%.
Prior to February 2, 2026 • Interest-bearing securities – 24.5% • Equities – 48.5% • Inflation-sensitive & alternative investments – 27%

a) Credit Risk

i) Debt securities

The Fund is exposed to various risks associated with debt securities held in the pools managed by AIMCo. Counterparty default risk is the risk of loss arising from the failure of an issuer to fully honour its financial obligations. Downgrade risk can generate losses when issuers are downgraded by credit rating agencies, leading to a fall in the fair value of the debt obligations. Credit spread risk is the potential for changes in present value of an asset due to an increase in the credit spread of the debt security. Credit spreads may increase due to concerns with the individual issue or with the broader credit market, decreasing the present value of the security. If credit spreads widened by 1%, and all other variables are held constant, the potential loss in fair value of the Fund would be approximately 1.1% of total investments (2025: 0.8%).

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. The majority of investments in debt securities have credit ratings considered to be investment grade.

Unrated debt securities consist primarily of private mortgages and private debt and loan placements.

The table below summarizes the Fund's investment in debt securities by credit rating at March 31, 2026:

Credit Rating	2026	2025
Investment Grade (AAA to BBB-)	70.2%	61.8%
Speculative Grade (BB+ or lower)	3.1%	3.8%
Unrated	26.7%	34.4%
	100.0%	100.0%

ii) Counterparty credit 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 6g). 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.

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, 2026, the Fund's share of securities loaned under this program is \$376 (2025: \$370) and collateral held totals \$401 (2025: \$389). Securities borrowers are required to provide the collateral to assure the performance of redelivery obligations. Collateral may take the form of cash, high quality bonds, 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 47.1% (2025: 43.3%) of the Fund's investments, or \$15,079 (2025: \$10,902), are denominated in currencies other than the Canadian dollar, with the largest foreign currency exposure being to the US dollar, 31.1% (2025: 27.4%) and the Euro, 5.5% (2025: 5.9%).

If the value of the Canadian dollar were to increase by 10% against all other currencies, and all other variables are held constant, the potential loss in fair value of the Fund would be approximately 4.7% of total investments (2025: 4.3%). This change would also result in a potential loss in investment income over the next 12 months, based on investments held as at the reporting date, of approximately \$2 (2025: \$16).

The following table summarizes the Fund's exposure to foreign currency investments held in the pools at March 31, 2026:

Currency ^(a)	2026		2025	
	Fair Value	Sensitivity	Fair Value	Sensitivity
U.S. dollar	\$ 9,961	\$ (996)	\$ 6,903	\$ (690)
Euro	1,773	(177)	1,493	(149)
British pound sterling	894	(89)	908	(91)
Japanese yen	686	(69)	363	(36)
Other foreign currency	1,765	(177)	1,235	(124)
Total foreign currency investments	\$ 15,079	\$ (1,508)	\$ 10,902	\$ (1,090)

^(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

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Fund is exposed to interest rate risk associated with the underlying interest-bearing securities held in the pools managed by AIMCo. In general, the fair value of bonds and mortgages are sensitive to changes in the level of interest rates, which will impact returns if the securities are sold prior to maturity. A rise in interest rates will typically mean a drop in fair value (and vice versa), with longer term interest bearing securities being more sensitive to interest rate changes than shorter-term bonds. If interest rates were to increase by 1%, and all other variables are held constant, the potential loss in fair value of the Fund would be approximately 1.4% of total investments (2025: 0.9%). This change would also result in a potential gain in investment income over the next 12 months, based on investments held as at the reporting date, of approximately \$13 (2025: \$10).

d) Price Risk

Price risk is the risk that one or more of the markets where a product invests will decline in value. The value of the product may decline due to changes in general market conditions, economic trends or due to factors that affect a particular company or group of companies. Price risk is influenced by the geopolitical environment, economic conditions and changes in the regulatory environment. Both products and their benchmarks are impacted by price risk.

The Fund is exposed to price risk associated with the underlying equity investments held in the pools managed by AIMCo. Price risk is managed through diversification of asset class allocations and security selection within equity products. If equity market indices declined by 10%, and all other variables are held constant, the potential loss in fair value of the Fund would be approximately 6.2% of total investments (2025: 6.1%). This change would also result in a potential loss in investment income over the next 12 months, based on investments held as at the reporting date, of approximately \$364 (2025: \$247).

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 payables related to purchase of pool units and those liabilities outlined in Note 5c).

Liquidity risk is monitored by AIMCo using a Stressed Liquidity Coverage Ratio (SLCR) measure, which considers the ratio of liquidity supply to liquidity demand in an extreme liquidity scenario (defined as the 3-month period during the Global Financial Crisis immediately following the collapse of Lehman Brothers). A SLCR greater than 100% means that all liquidity demand under the stress scenario can be met, whereas a SLCR less than 100% means that liquidity demands under the stress scenario cannot be met.

f) Total Portfolio Risk

Investment risk is managed on a total portfolio basis and monitored daily by AIMCo. A 1-in-20 year downside Value-at-Risk (VaR) measure is used for the overall portfolio, supported by an Expected Tail Loss (ETL) measure to capture the risk of more extreme tail losses. In addition, active management risk (i.e. the risk of underperformance relative to the total portfolio benchmark) is monitored using a 1-in-20 downside Active Value-at-Risk (aVaR) measure. The SIP&G sets out the limits within which these measures should operate.

g) 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.

By counterparty	Number of counterparties	Fund's Indirect Share	
		2026	2025
Contracts in net favourable position (current credit exposure)	176	\$ 61	\$ 36
Contracts in net unfavourable position	15	(380)	(263)
Net fair value of derivative contracts	191	\$ (319)	\$ (227)

- 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 totalling \$61 (2025: \$36) were to default at once.
- ii) Settlements: Derivative settlements, in the forms of cash or securities, are made in accordance with the respective derivative contracts; mark-to-market movements on these derivatives result in the regular pledging and receiving of collateral.
- 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 5. Accordingly, there is no accounting policy for their recognition in the statement of financial position.

Types of derivatives used in pools	Fund's Indirect Share	
	2026	2025
Equity-based derivatives	\$ (235)	\$ (80)
Foreign currency derivatives	(54)	(121)
Interest rate derivatives	(32)	(27)
Credit risk derivatives	2	1
Net fair value of derivative contracts	\$ (319)	\$ (227)

- 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, 2026, deposits in futures contracts margin accounts totaled \$72 (2025: \$29). Cash and non-cash collateral for derivative contracts pledged and received, respectively, totalled \$675 (2025: \$308) and \$nil (2025: \$nil).
- vi) All derivative products are subject to AIMCo's internal governance.

NOTE 7 **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	
	2026	2025
Accumulated net income	\$ 54,167	\$ 51,775
Transfers to the Fund		
Resource Revenue (1976-1987)	12,049	12,049
Access to the Future ^(a)	1,000	1,000
Voted Payments ^(e)	3,671	3,671
Alberta Fund (Note 2f)	4,843	2,000
	21,563	18,720
Amounts retained in (transferred from) the Fund		
Section 8 transfers ^(b)		
Income	(53,239)	(50,847)
Amount Retained in the Fund	11,228	8,836
	(42,011)	(42,011)
Capital Expenditures (1976-1995) ^(c)	(3,486)	(3,486)
Other Statutory Transfers ^(d)	(255)	(255)
	(45,752)	(45,752)
Accumulated surplus from operations	29,978	24,743
Accumulated rereasurement gains	2,047	2,414
Carrying value of net financial assets	\$ 32,025	\$ 27,157

(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 2022-23, Bill 10 (*Financial Statutes Amendment Act, 2023*) amended Section 8 of the Act to require Treasury Board approval for any income transfers, after inflation proofing, from the Fund to the GRF beginning in 2021-22. The income transfer amount of \$1,247 previously accrued for 2021-22 was recovered on the new legislation taking effect.

Previously Section 8 of the Act stated 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.

(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.

(e) In accordance with Bill 12, *Appropriation (Supplementary Supply) Act 2023*, a contribution of \$753 to the Fund was authorized in 2022-23, and subsequently disbursed from the GRF in 2023-24.

NOTE 8 INVESTMENT INCOME (in millions)

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

	2026	2025
Interest-bearing securities	\$ 346	\$ 222
Equities		
Canadian	498	193
Global	1,379	1,126
Private	166	212
	2,043	1,531
Inflation sensitive and alternative investments		
Real estate	48	18
Infrastructure	122	270
Renewable resources	4	11
	174	299
Strategic, tactical and currency investments	(18)	2
	\$ 2,545	\$ 2,054

The investment income includes realized gains from disposal of pool units totalling \$159 (2025: \$67) and from directly held foreign exchange contracts totalling \$nil (2025: \$(1)). Income distributions from the pools total \$2,386 (2025: \$1,988).

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 \$141 (2025: \$234). 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 9 INVESTMENT EXPENSES (in millions)

	2026	2025
Amount charged by AIMCo for: ^(a)		
Investment costs	\$ 124	\$ 126
Performance based fees	60	54
	184	180
Amount charged by HFOC for: ^(b)		
Operating costs	2	-
Amount charged by PNYX Group SA for:		
Investment consulting services	3	4
Total investment expenses	\$ 189	\$ 184

- (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 (2025: \$114 thousand) charged to the Fund by Alberta Treasury Board and Finance for investment accounting and reporting services.

- (b) Operating costs are charged by HFOC on a cost recovery basis, pursuant to the Investment Management Agreement signed between HFOC and the Province of Alberta on November 7, 2024.

NOTE 10 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)	2026	2025	5 years ^(d)	10 years
Net return on investments ^(b)	8.0%	9.7%	8.2%	7.7%
Policy benchmark return ^(b)	10.5%	10.1%	7.6%	7.8%
Value (lost) / added by AIMCo ^(c)	(2.5%)	(0.4%)	0.6%	(0.1%)

- (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.

- (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 basis points annualized, five-year rolling average, was 7.7%.

NOTE 11 COMPARATIVE FIGURES

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

NOTE 12 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.