Alberta Heritage Savings Trust Fund

2024-25 Results and Overview – October 30, 2025

Standing Committee for the Alberta Heritage Savings Trust Fund

Presented by Treasury Board and Finance:

- Brittany Jones   Director, Investment Strategy
- Sheldon Wagner   Director, Investment Policy and Governance

Overview

- History of the Heritage Fund
- 2024-25 Financial Results and Performance
- Alberta Heritage Endowments
- Revitalization Through the Heritage Fund Opportunities Corporation

Heritage Fund

Classification: Protected A

History of the Heritage Fund

Where It All Began

The Heritage Fund was established in 1976 with three objectives:

- To strengthen and diversify the Alberta economy.
- To invest in projects that improve the quality of life in Alberta.
- To provide a source of investment income to cushion the impact of the inevitable decline in non-renewable resource revenues.

Early Highlights

- Initially 30% of non-renewable resource revenues were transferred to the Heritage Fund.
- 1987: Regular contributions ceased due to fiscal constraints.
- Limited growth: Fund earnings used to support government programs like health care, education and infrastructure.
- 1997: Legislative changes removed economic development and social investment directives; prioritized financial returns.
- 2006: Inflation-proofing becomes mandatory.

Renewed Commitment to Growth

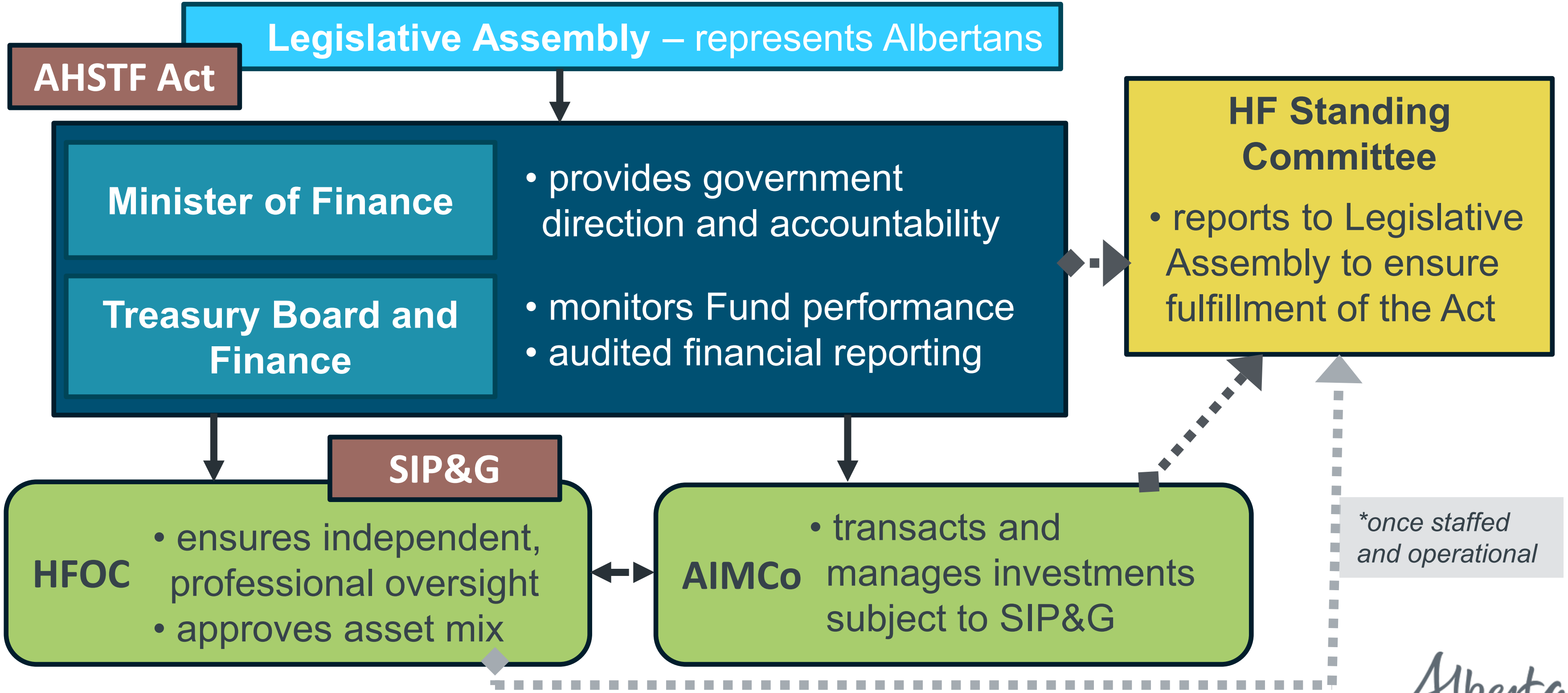
Plan for growth: A government commitment and strategic roadmap to grow the Heritage Fund to $250 billion by 2050.

Income retention: Legislation provides for 100% reinvestment of net earnings, unless otherwise approved by Treasury Board.

Allocated savings: Alberta's fiscal framework reserves a portion of any surplus cash for deposit into the Heritage Fund.

New investment: $2.75 billion in new contributions since 2023, with $2.8 billion allocated for the current fiscal year.

Mandate and Roles



Classification: Protected A

Investment Approach

- Heritage Fund assets are primarily invested in diversified pools managed by AIMCo.
- Return expectations are reasonable and achievable.
- Risk is managed under a prudent investor framework.
- Setting investment policy now delegated to the Heritage Fund Opportunities Corporation.

2024-25 Heritage Fund Results and Performance

2024-25 Financial Highlights

$27.2 billion
Net financial assets

9.7% net of fees
1-year return

9.6% net of fees
5-year annualized return

7.4% net of fees
10-year annualized return

$1.9 billion
Net investment income

$8.8 billion
Investment income retained (since inception)

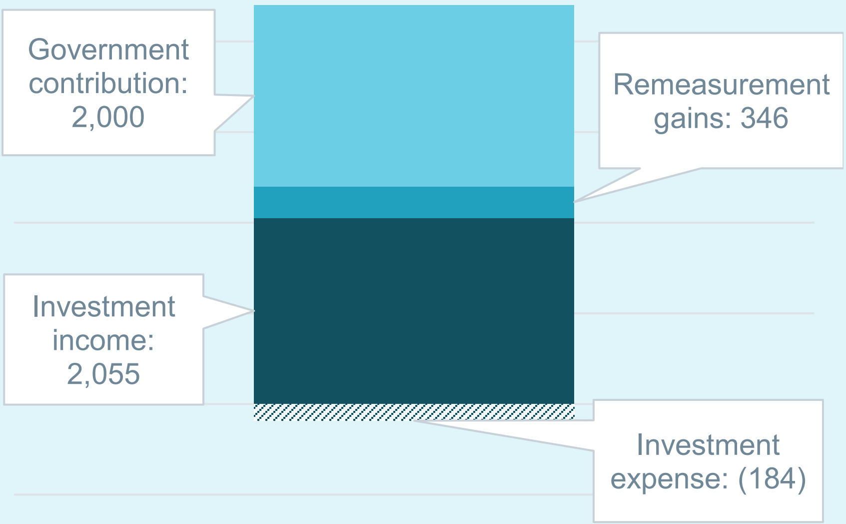
$45.8 billion
Cumulative transfers (since inception)

Growth Drivers ($M)

Change in Financial Assets	
Net investment income	1,871
+ Transfer from General Revenue Fund	2,000
Retained surplus	3,871
+ Remeasurement gains	346
Increase in Heritage Fund financial assets	4,217

Fiscal Year Impact ($M)

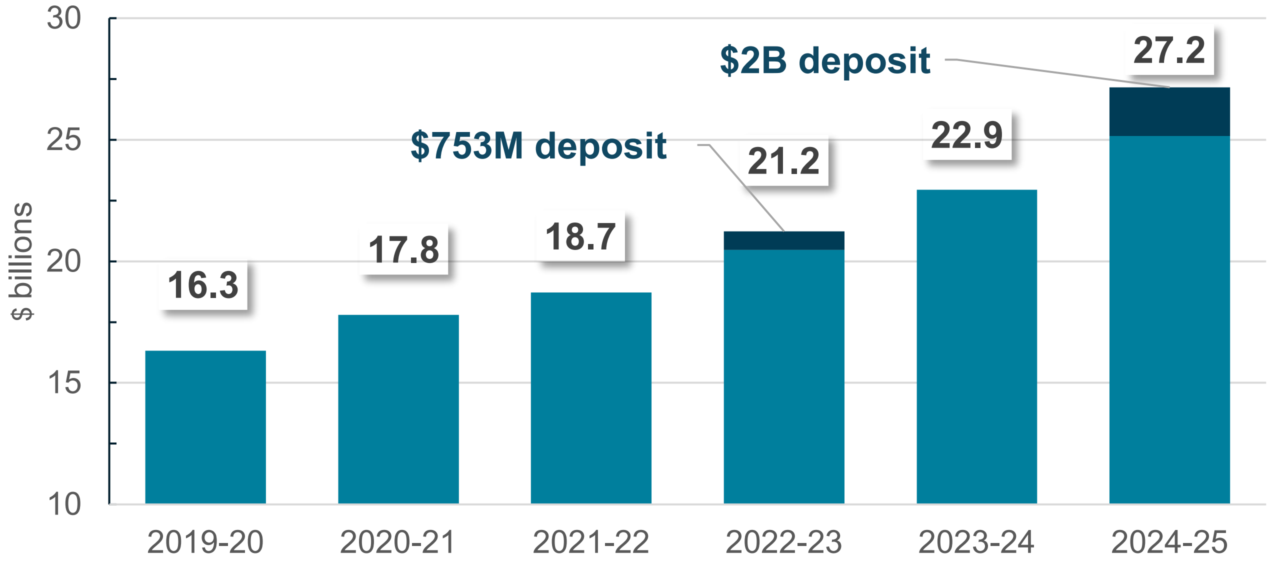
Net Financial Asset Growth



Classification: Protected A

Consistent Heritage Fund Growth

The Heritage Fund has grown by more than $10.8 billion in the last five years.



Fund assets expected to surpass $30 billion,
with an additional $2.8 billion contribution in 2025-26.

Measuring Performance

Real return target:
CPI +4.5%
5-year period

Is the Fund growing in real value, after inflation?

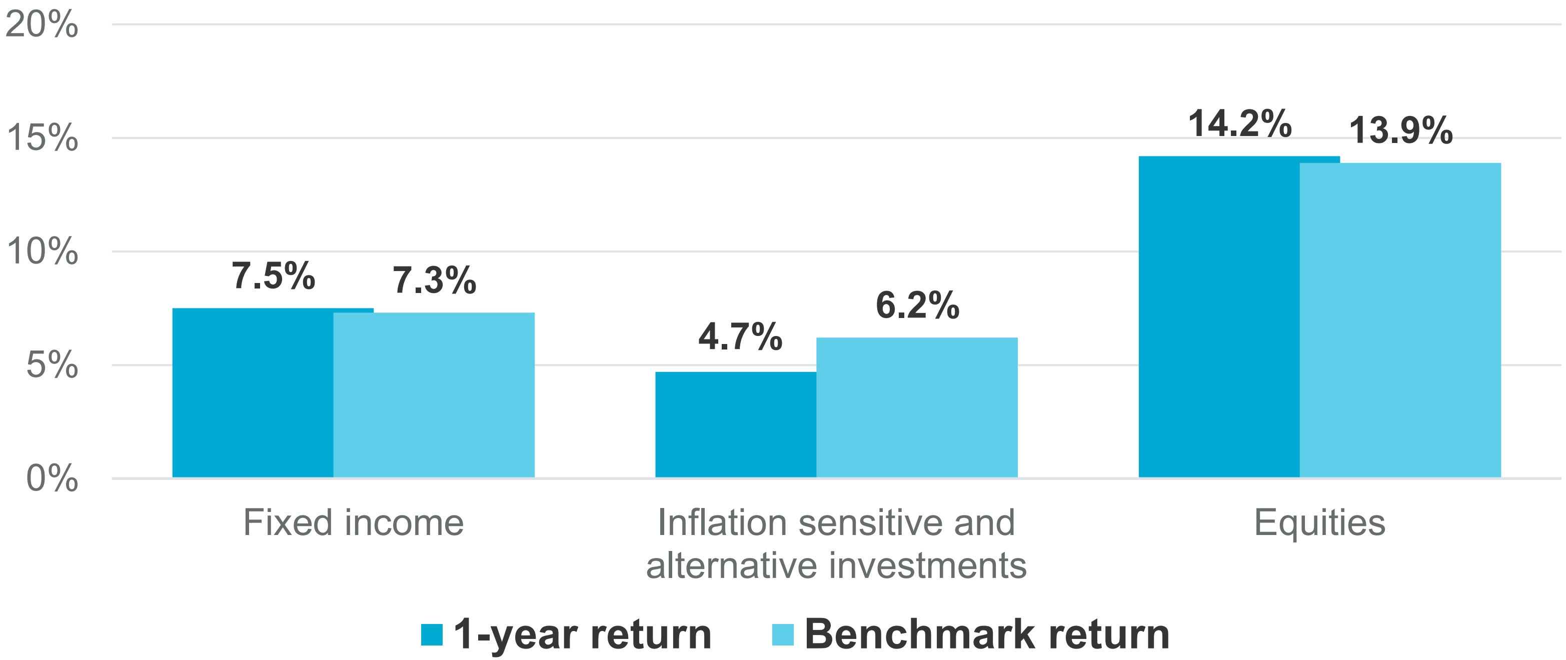
Active management target:
1% above passive benchmark
5-year period

Is active investment management adding value?

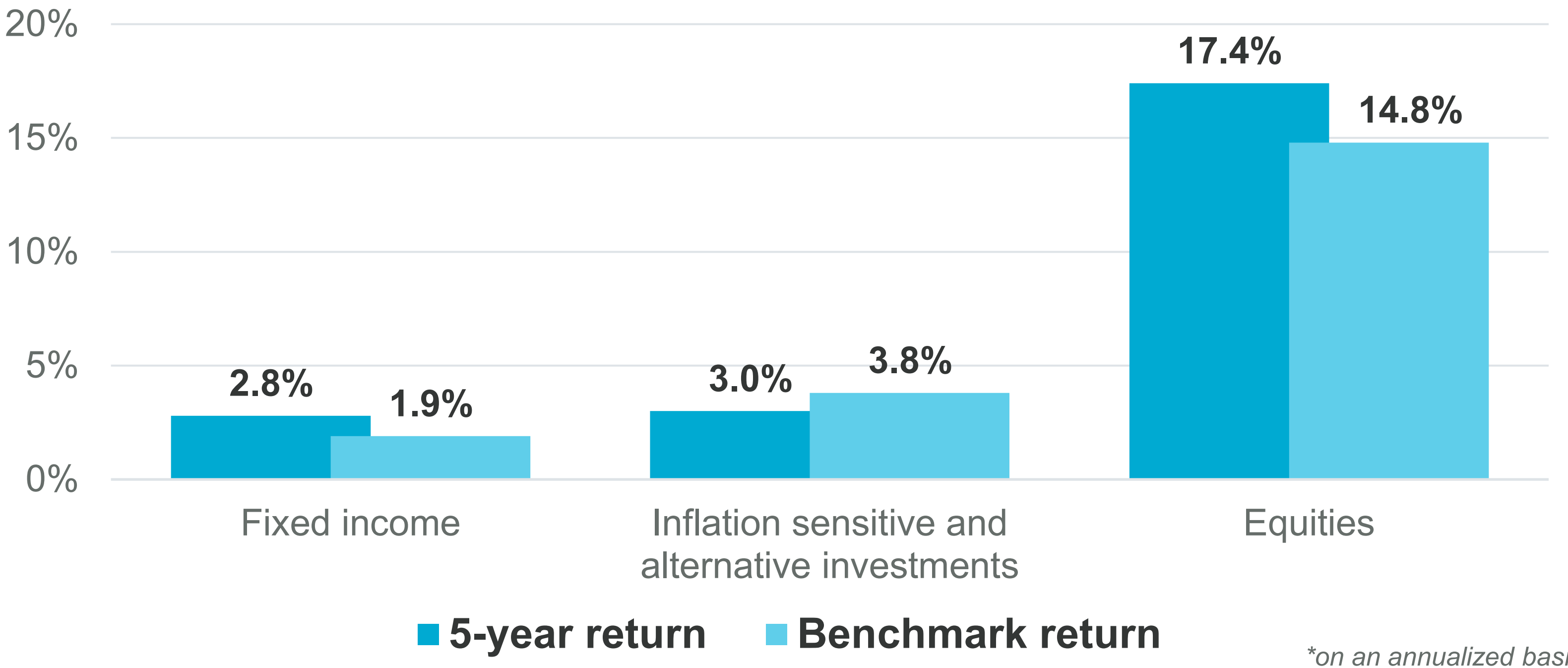
Asset Mix and Weightings

Asset Category	Target	March 2025	YoY Change	Policy Range
• Fixed income	20.0%	23.9%	+0.3%	15-45%
• Inflation sensitive and alternative investments	32.5%	29.8%	-0.5%	15-40%
• Equities	47.5%	46.0%	+0.2%	35-70%
• Strategic opportunities	-	0.3%	-	0-5%

Asset Returns vs. Benchmark (1-year term)

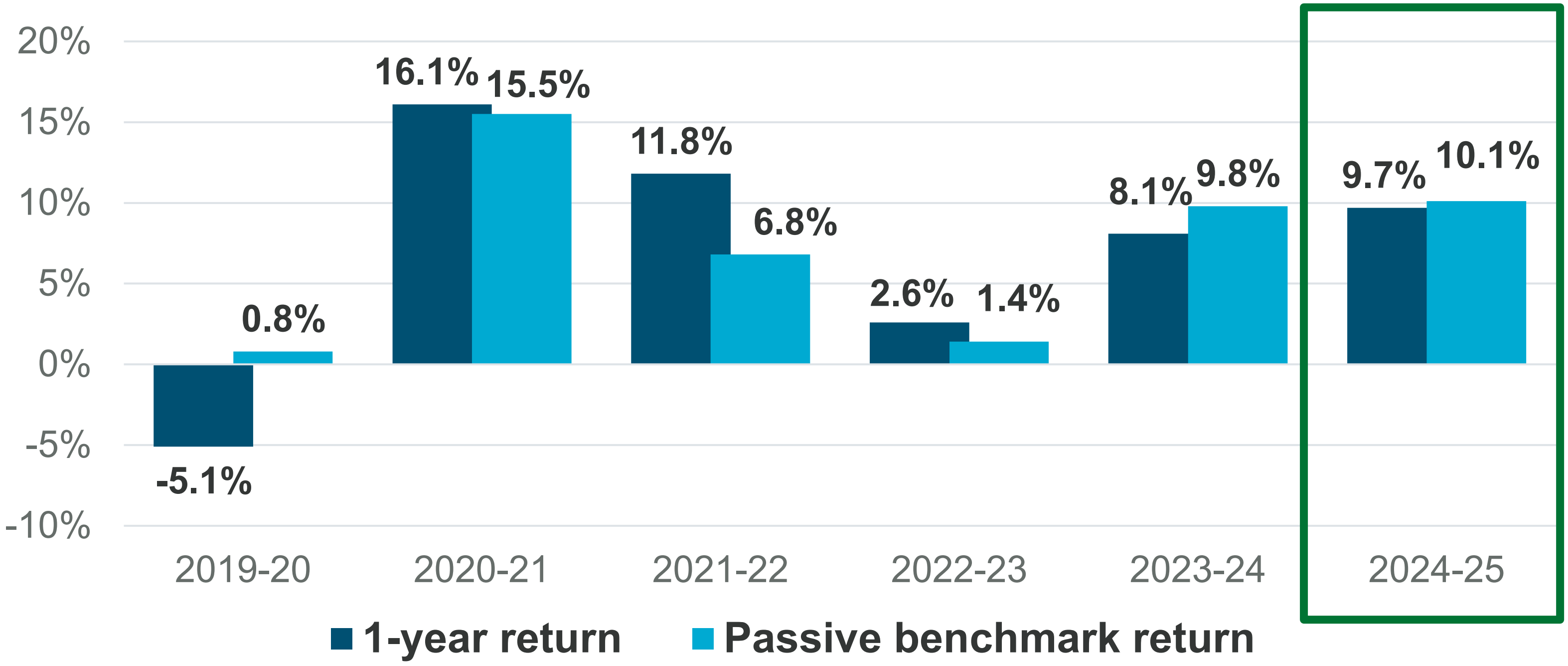


Asset Returns vs. Benchmark (5-year term*)



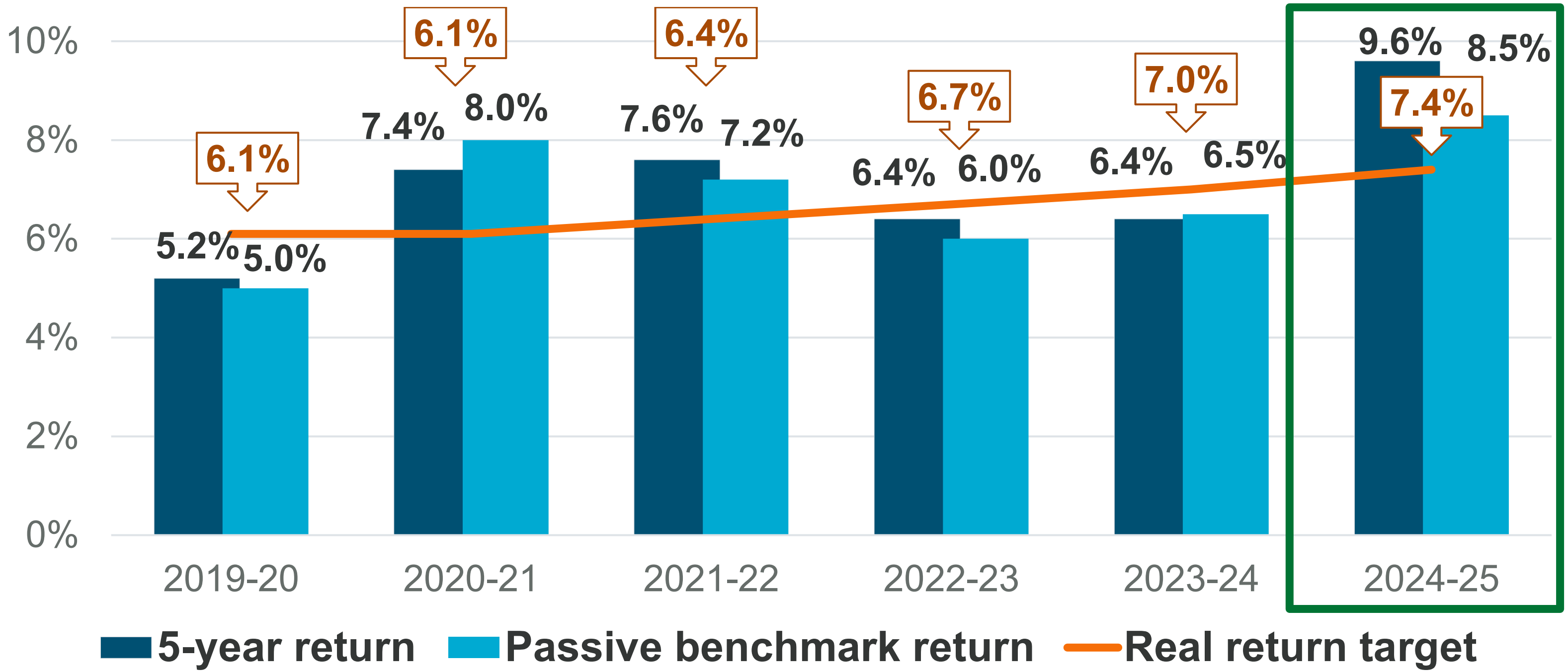
*on an annualized basis

Total Fund Performance (annual periods)



Classification: Protected A

Total Fund Performance (rolling 5-year periods*)

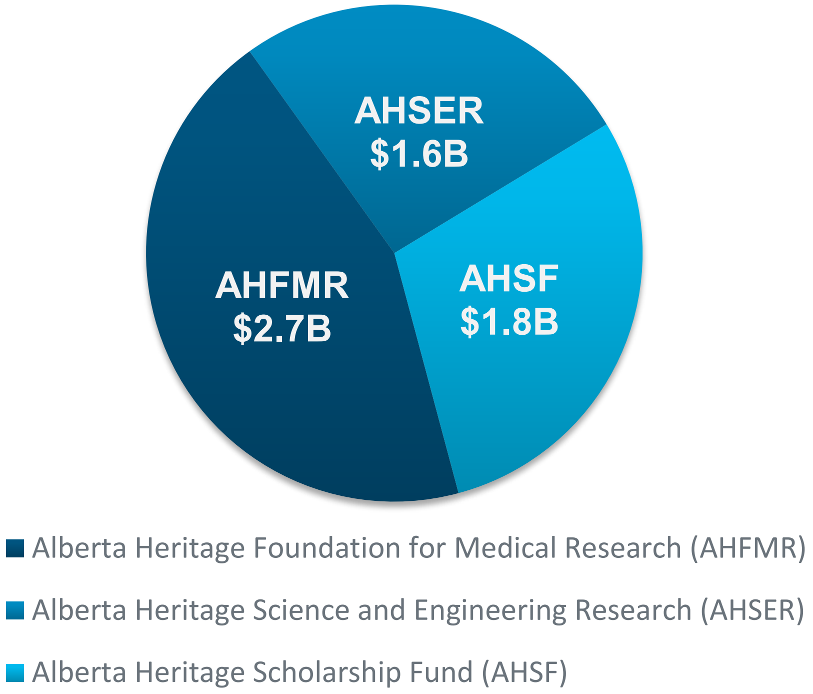


*on an annualized basis

Heritage Endowments

Endowment Fund Overview

- Combined net asset value today: $6.1 billion.
- Public endowments partially funded by the Heritage Fund to benefit Albertans.
- Average payout/year: $140 million (2%-3.5% of value).
- Total payout since inception: $3.6 billion.



Investing in Research, Innovation, Education

Endowment Fund	Purpose	Year Est.	Asset Value*	A/Ann. Payout	Total Payout
AB Heritage Foundation for Medical Research	Supports health and medical research; advancement of medical technologies.	1980	$2.7 billion	$55 million	$2.1 billion
AB Heritage Science and Engineering Research	Supports science and engineering capacity, discovery and technology commercialization.	2000	$1.6 billion	$36 million	$722 million
AB Heritage Scholarship	Provides funding to post-secondary students to enhance advanced education access.	1981	$1.8 billion	$51 million	$796 million

**as of August 31, 2025*

Providing Lasting Benefit for Albertans

Legal status: Heritage endowments are legally distinct from the Heritage Savings Trust Fund, but remain property of the Crown.

Oversight: Each fund is administered by its respective Minister, with transfers subject to formal review and approval process.

Disbursement rule: Annual limit of 4.5% of rolling 3-year average market value. Excess earnings are retained for growth.

Future vision: Continued investment in research, innovation and education improves outcomes for all Albertans.

Heritage Fund Opportunities Corporation

Revitalizing the Heritage Fund

- The Premier has announced a target to grow the Heritage Fund to $250 billion by 2050.
- Improving the Heritage Fund’s long-term returns requires structural and strategic change.
- The increasing complexity and scale of the Heritage Fund requires enhanced, specialized governance beyond traditional government oversight.
- Heritage Fund Opportunities Corporation (HFOC) provides strong leadership and enhanced accountability to drive improved investment performance.

HFOC Governance and Design

- HFOC operates an independent provincial corporation at arm’s-length from government.
- HFOC is governed by a highly qualified and experienced board with both Alberta and international representation.
- Policies and decisions of the HFOC Board must align with the *Alberta Heritage Savings Trust Fund Act.*

HFOC Growth Mandate and Performance

- The HFOC Board has been mandated to develop and approve an updated SIP&G for the Heritage Fund and the three Heritage endowments.
- A performance-driven global strategy will drive asset growth while maintaining prudent risk and efficiency.
- Success will be tracked using clearly-defined benchmarks and metrics to track progress toward the $250 billion growth target.
- Financial reporting will continue to be publicly disclosed and regularly audited.

Alberta Heritage Savings Trust Fund

2024-25 Results and Overview – October 30, 2025

Standing Committee for the Alberta Heritage Savings Trust Fund

Presented by Treasury Board and Finance:

- Brittany Jones Director, Investment Strategy
- Sheldon Wagner Director, Investment Policy and Governance