

Alberta Heritage Savings Trust Fund

2025-26 Results and Overview – October 26, 2026
Standing Committee for the Alberta Heritage Savings Trust Fund

Presented by Heritage Fund Treasury Board and Finance:

- Aarnoud van Weelderen, Chief Executive Officer, Heritage Fund Opportunities Corp.
- Stephen Thompson, Assistant Deputy Minister, Treasury & Risk Management, Treasury Board & Finance



Overview

- History of the Heritage Fund
- 2025-26 Financial Results and Performance
- Alberta Heritage Endowments
- An update on the Heritage Fund Opportunities Corporation



**Alberta
Heritage
Funds**

Managed By
**Heritage Fund
Opportunities
Corporation**

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.

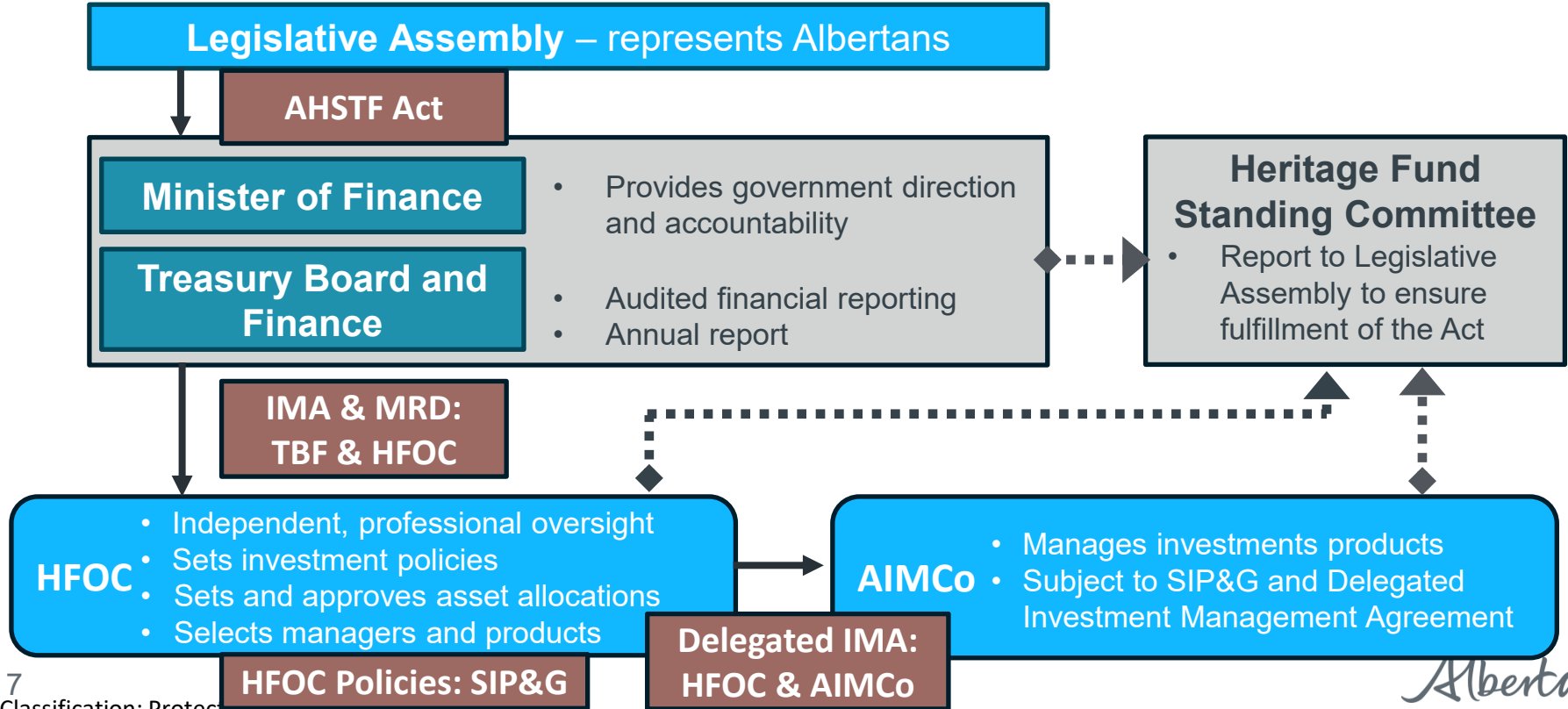


Allocated savings: Alberta's fiscal framework reserves a portion of any surplus cash for deposit into the Heritage Fund.



New investment: \$5.6 billion in new contributions since 2022-23, including \$2.8 billion deposited in 2025-26.

Mandate and Roles



Investment Approach



- Delegated to the Heritage Fund Opportunities Corp.
- Return expectations are reasonable and achievable.
- Risk is managed under a prudent investor framework, utilizing best-in-class risk processes and systems.
- Heritage Fund sets investment policy, asset allocation. Investment managers and investment products are selected, monitored and reviewed.
- Heritage Fund assets are primarily invested in diversified pools managed by AIMCo.

2025-26 Heritage Fund Results and Performance

2025-26 Financial Highlights



\$32.0 billion
Net financial assets



8.0%
net of fees

1-year return

8.2%
net of fees

5-year annualized return

7.7%
net of fees

10-year annualized return



\$2.4 billion

Net investment income

\$11.2 billion

Investment income retained
(since inception)

\$45.8 billion

Cumulative transfers
(since inception)



Growth Drivers (\$M)

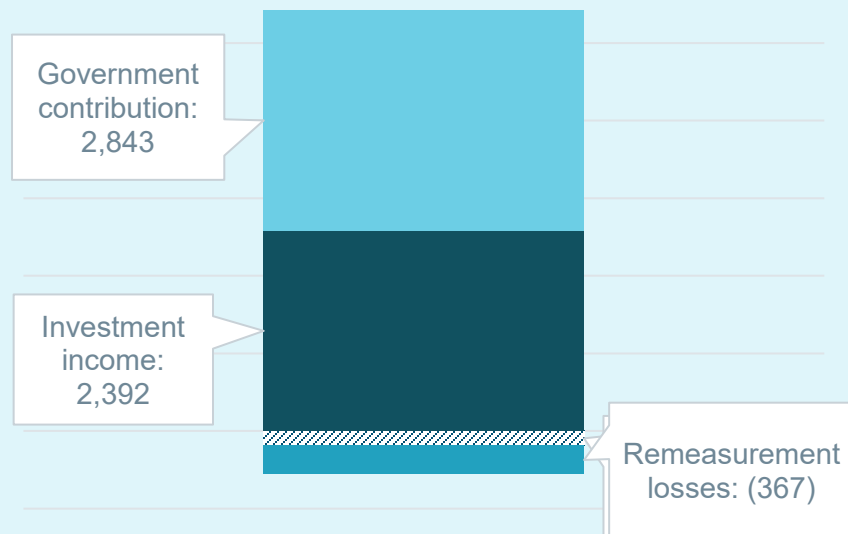
Change in Financial Assets

Net investment income	2,392
+ Transfer from General Revenue Fund	2,843
Retained surplus	5,235
– Remeasurement losses*	367
Increase in Heritage Fund financial assets	4,868

*A Remeasurement gain of \$346 mln in FYE25

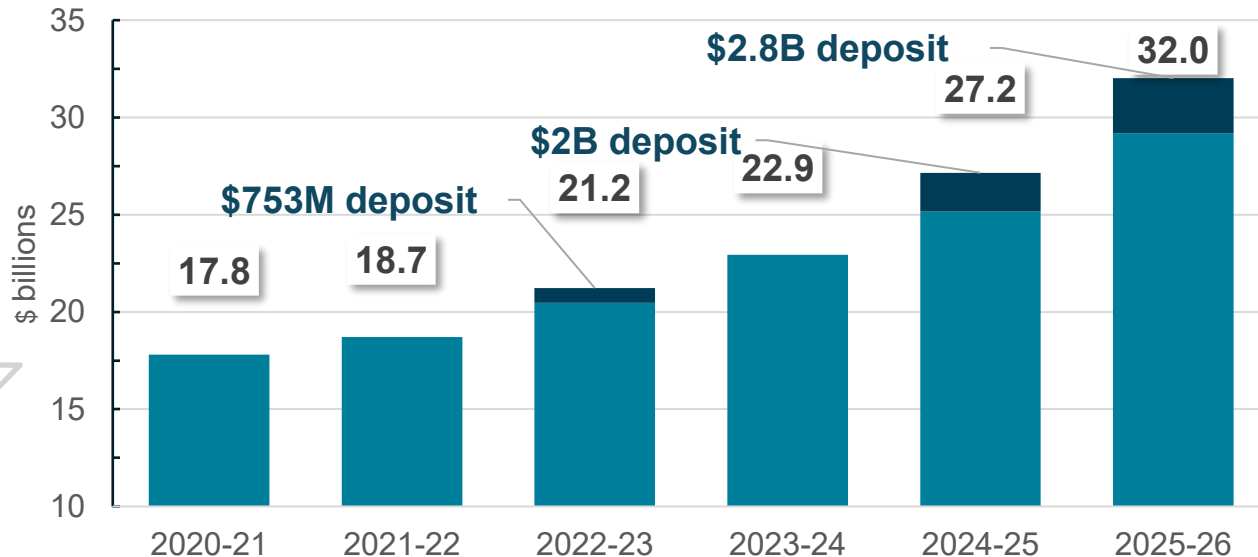
Fiscal Year Impact (\$M)

Net Financial Asset Growth



Consistent Heritage Fund Growth

The Heritage Fund has grown by more than \$14.2 billion in the last five years.



Fund assets reached a record \$32.0 billion in 2025-26, including a \$2.8 billion contribution.

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**

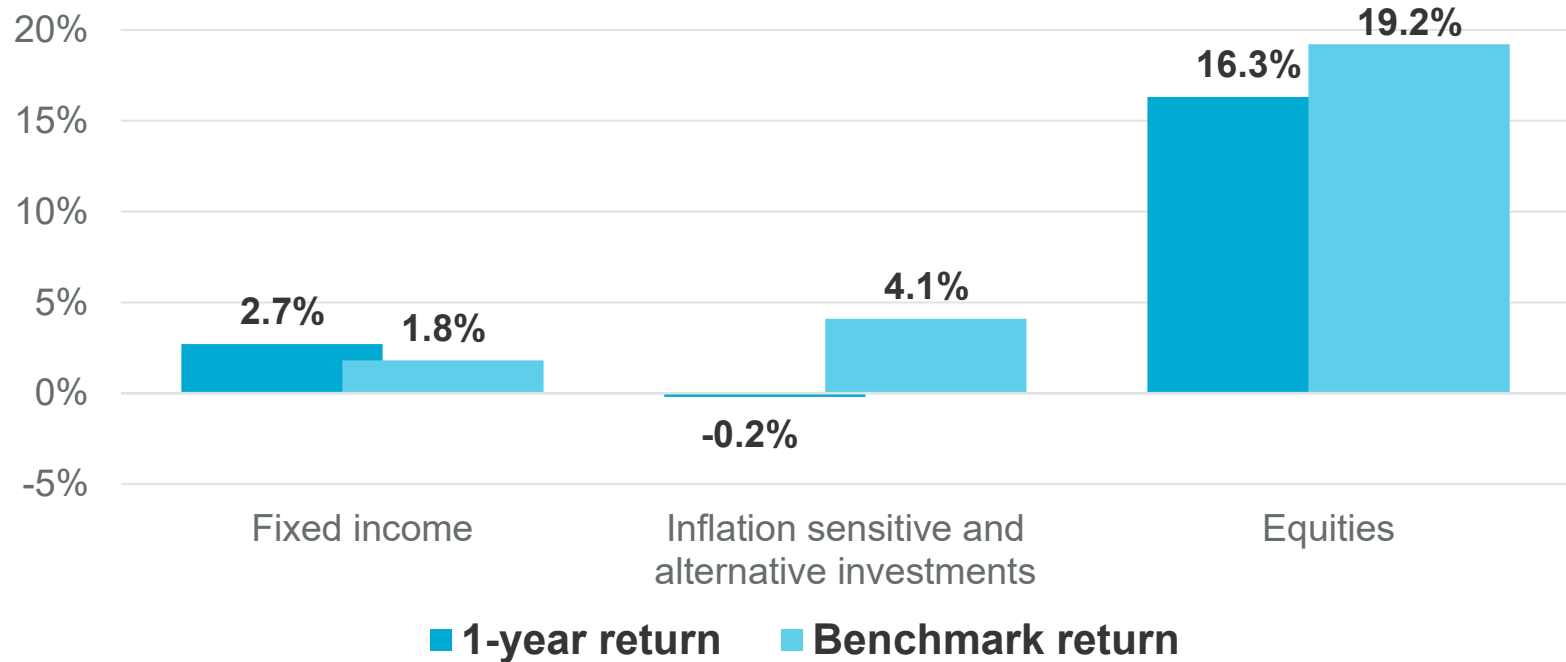
5-year period

Is active investment
management adding
value?

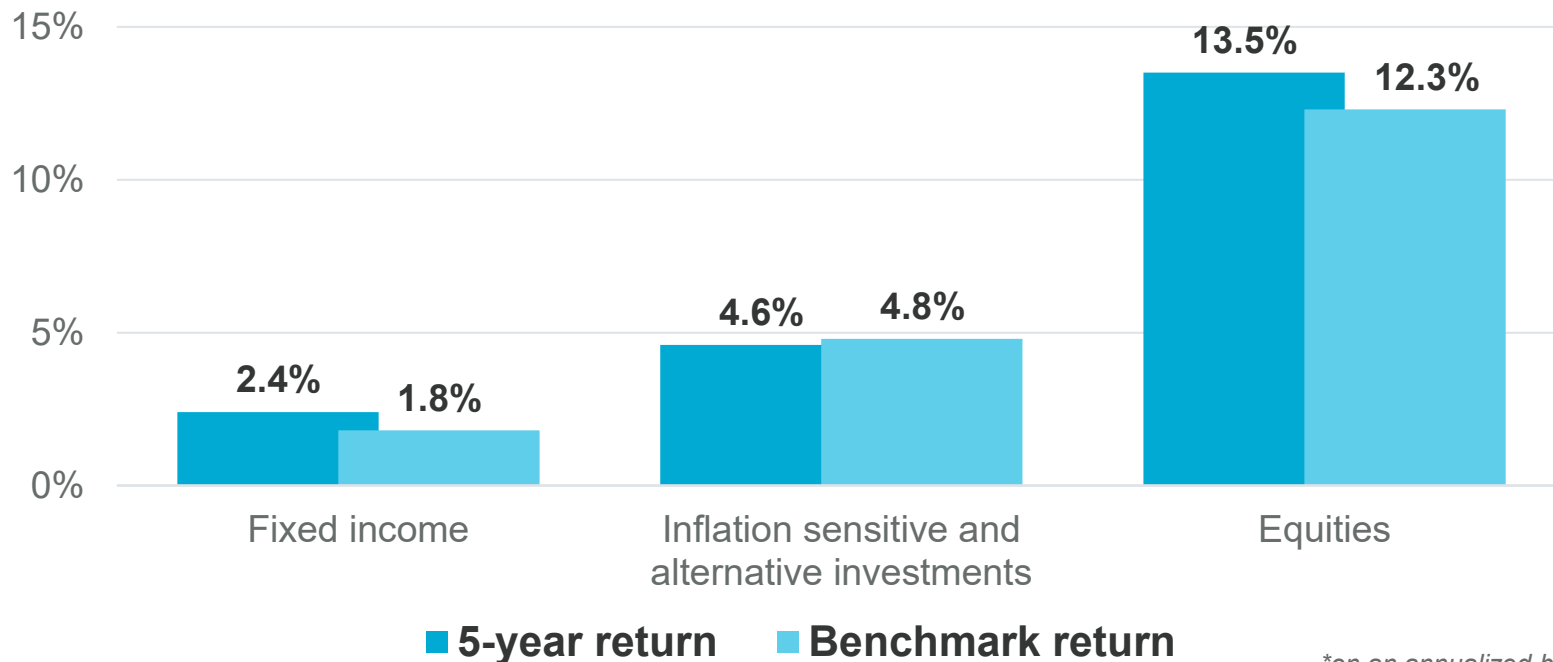
Asset Mix and Weightings

Asset Category	Target	March 2026	YoY Change	Policy Range
• Fixed income	27.5%	26.7%	+2.8%	15 - 45%
• Inflation sensitive and alternative investments	22.5%	23.9%	-5.9%	15 - 40%
• Equities	50.0%	49.0%	+3.0%	35 - 70%
• Strategic opportunities	-	0.4%	+0.1%	0 - 5%

Asset Returns vs. Benchmark (1-year term)

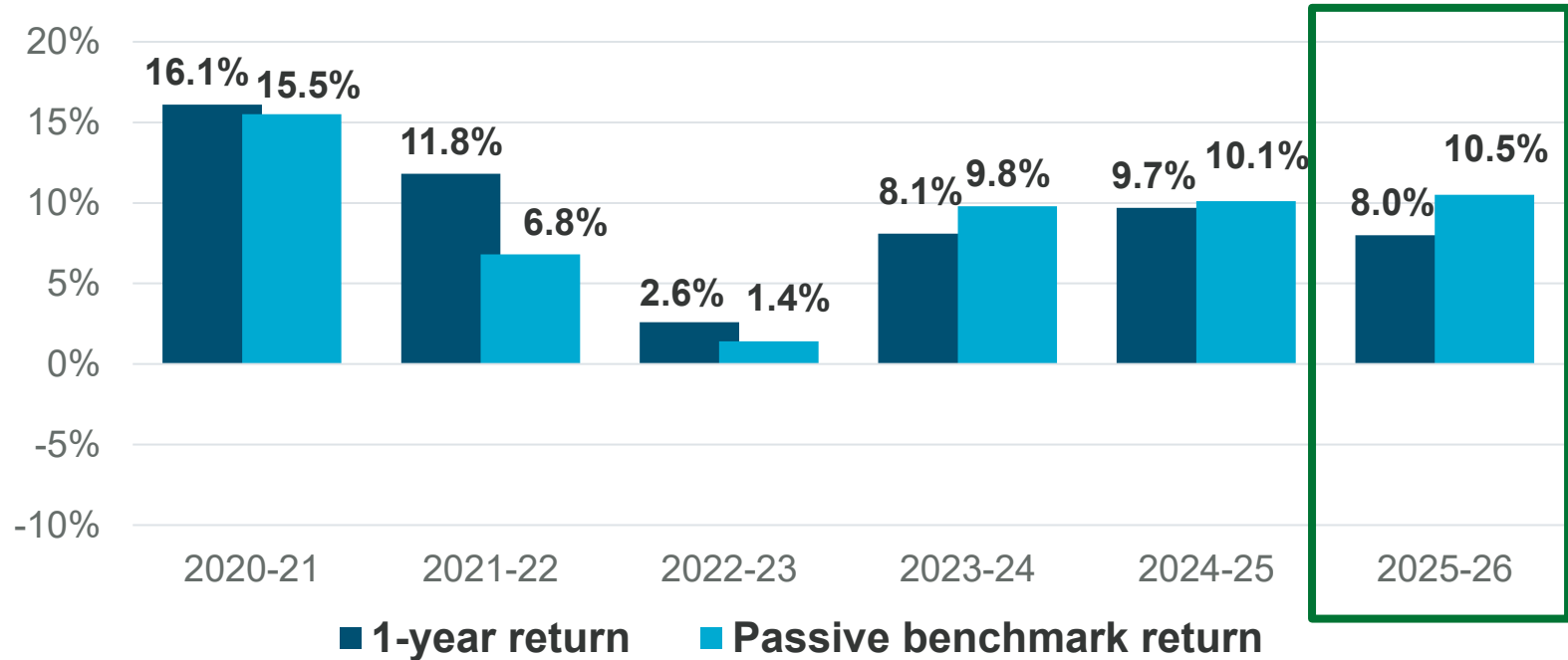


Asset Returns vs. Benchmark (5-year term*)

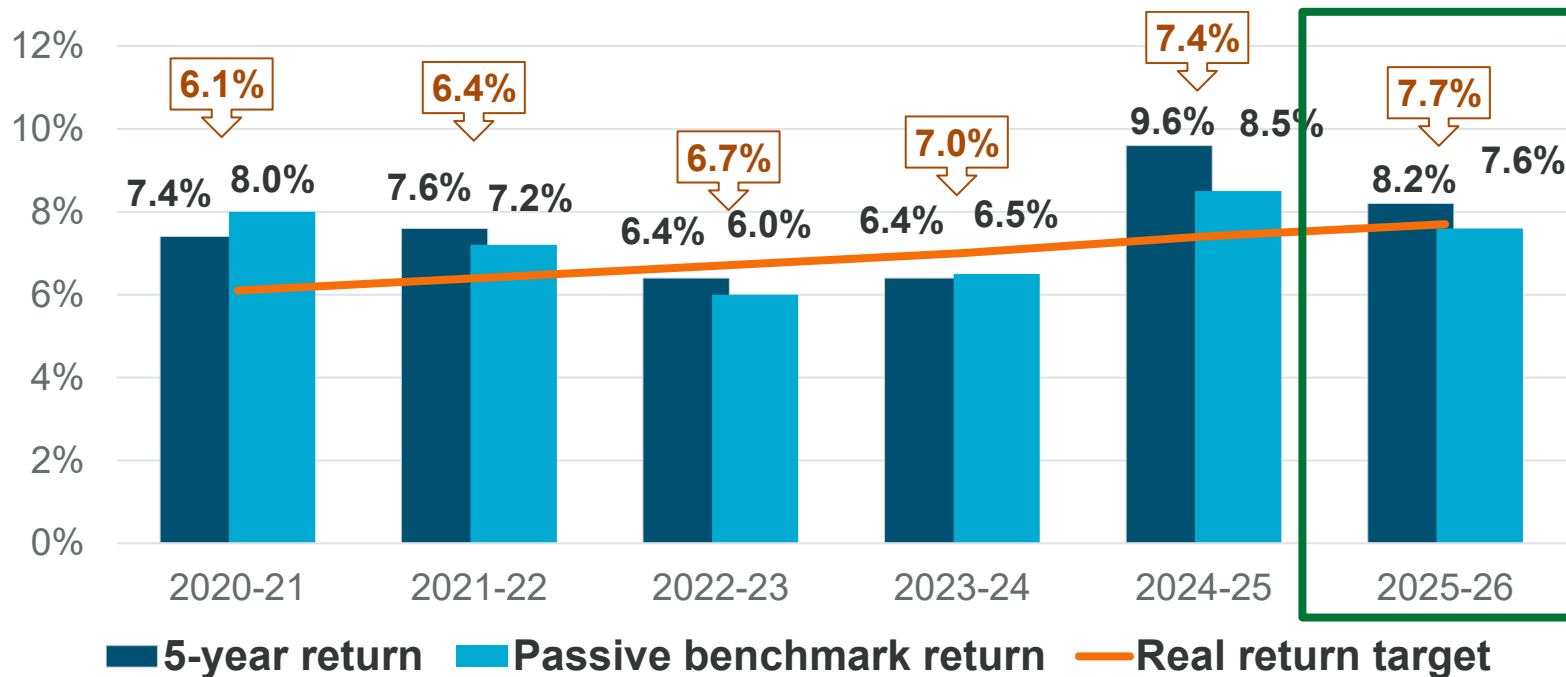


**on an annualized basis*

Total Fund Performance (annual periods)



Total Fund Performance (rolling 5-year periods*)

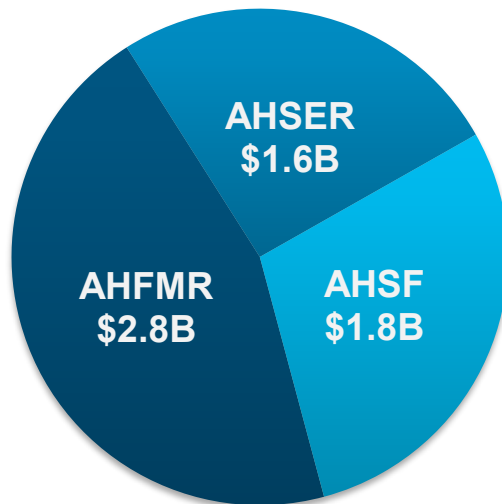


*on an annualized basis

Heritage Endowments

Endowment Fund Overview

- Public endowments partially funded by the Heritage Fund to benefit Albertans.
- Combined net asset value*: \$6.2 billion.
- Average payout/year*: ~\$140 million, 2%-3.4% of value.
- Total payout since inception*: \$3.8 billion.



- Alberta Heritage Foundation for Medical Research (AHFMR)
- Alberta Heritage Science and Engineering Research (AHSER)
- Alberta Heritage Scholarship Fund (AHSF)

**as of March 31, 2026*

Investing in Research, Innovation, Education

Endowment Fund	Purpose	Year Est.	Asset Value*	2025-26 Return	A/Ann. Payout	Total Payout
AB Heritage Foundation for Medical Research	Supports health and medical research; advancement of medical technologies.	1980	\$2.8 billion	9.0%	\$54 million	\$2.2 billion
AB Heritage Science and Engineering Research	Supports science and engineering capacity, discovery and technology commercialization.	2000	\$1.6 billion	8.9%	\$36 million	\$759 million
AB Heritage Scholarship	Provides funding to post-secondary students to enhance advanced education access.	1981	\$1.8 billion	8.7%	\$51 million	\$796 million

*Values as of March 31, 2026.

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

- Improving the Heritage Fund's long-term returns required structural and strategic change.
- The Premier has announced a target to grow the Heritage Fund to \$250 billion by 2050.
- The increasing complexity and scale of the Heritage Fund requires enhanced, specialized governance beyond traditional government oversight.
- Heritage Fund Opportunities Corporation (HFOC) was established in November 2024 to provide strong leadership and enhanced accountability to drive investment performance.

HFOC Governance and Design



- HFOC operates an independent provincial corporation at arm's-length from government.
- Policies and decisions of the HFOC Board must align with the *Alberta Heritage Savings Trust Fund Act*, the *TBF-HFOC Mandate and Roles Document*, and the *TBF-HFOC Investment Management Agreement*.
- HFOC is governed by a highly qualified and experienced board with both Alberta and international representation. The full board was appointed in December 2025. A CEO was appointed July 2026.

HFOC Growth Mandate and Performance

- The HFOC Board has been mandated to develop and approve:
 - An updated SIP&G for the Heritage Fund;
 - A new SIP&G for the three Heritage endowments; and
 - Investments, through Delegated Investment Management Agreements.
- A performance-driven global strategy will drive asset growth while maintaining prudent risk and efficiency:
 - Stewardship: active asset reviews, tracking progress using clearly defined benchmarks
 - Strategic clarity: maximize returns on a risk-adjusted basis, \$250 bln growth target
 - Global reach: engage with international sovereign wealth funds
 - Institutional design: staffing, processes
- Public reporting: audited regularly and shared publicly

Heritage Fund Asset Allocation

Asset class	Long-term target	Policy target	Minimum	Maximum	Mar 2026 %	Mar 2026 \$M
Fixed income	27.5%	—	15%	45%	26.7%	\$8,546
Money market	—	0.5%	0%	25%	1.2%	\$371
Universe bonds	—	19.5%	7.5%	35%	18.4%	\$5,901
Long bonds	—	—	0%	10%	—	—
Private mortgages	—	—	0%	10%	4%	\$1,289
Private debt and loan	—	—	0%	7.5%	3.1%	\$986
Inflation sensitive and alternatives	32.5%	—	15%	40%	23.9%	\$7,661
Real estate	—	20%	10%	20%	14%	\$4,497
Infrastructure	—	12.5%	5%	15%	8.1%	\$2,600
Renewable resources	—	—	0%	5%	1.8%	\$565
Real return bonds	—	—	0%	10%	—	—
Equities¹	50%	—	35%	70%	49%	\$15,687
Canadian	8%	—	5%	15%	6.4%	\$2,055
Global developed	29.5%	—	20%	65%	26.3%	\$8,422
Emerging markets	—	—	0%	10%	4.1%	\$1,322
Frontier markets	—	—	0%	5%	—	—
Private equity	10%	7.5%	0%	10%	6.1%	\$1,961
Overlays	0%	—	—	—	0.4%	\$117
Total	100%				100%	\$32,012

¹ Actual equities include Absolute Return Strategies (\$1,787M).

As at March 31, 2026

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