FINANCIAL STATEMENTS

ALBERTA INVESTMENT MANAGEMENT CORPORATION

Financial Statements

For the year ended March 31, 2022

Management's Responsibility for Financial Reporting

The financial statements of Alberta Investment Management Corporation (the Corporation) have been prepared by management and approved by the Board of Directors. The financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards and within the framework of significant accounting policies summarized in the notes to the financial statements.

Management is responsible for the integrity and fairness of the financial statements. The financial statements include certain amounts which, by necessity, are based on the judgment and best estimates of management. In the opinion of management, the financial statements have been properly prepared and present fairly the financial position, results of operations, change in net debt and cash flows of the Corporation.

The Board of Directors is responsible for overseeing management in the performance of its financial reporting duties.

The Board of Directors is assisted in discharging this responsibility by the Audit Committee, which consists of directors who are neither officers nor employees of the Corporation. The Audit Committee meets regularly with management and external auditors to review the scope and findings of audits and to satisfy itself that its responsibility has been properly discharged. The Audit Committee has reviewed the financial statements and has recommended their approval by the Board of Directors.

The Corporation has developed and implemented systems of internal control and supporting procedures which have been designed to provide reasonable assurance that assets are protected; transactions are properly authorized, executed and recorded; and the financial statements are free from material misstatement. The internal control framework includes the employee Code of Conduct and Ethical Standards, internal compliance monitoring, the selection and training of qualified employees, and the communication of policies and guidelines throughout the Corporation.

The Office of the Auditor General of Alberta has examined the financial statements and prepared an Independent Auditor's Report, which is presented in the financial statements.

[Original signed by Evan Siddall]

EVAN SIDDALL
Chief Executive Officer

[Original signed by Paul Langill]

PAUL LANGILL
Chief Financial Officer

Independent Auditor's Report

Auditor General OF ALBERTA

To the Shareholder of Alberta Investment Management Corporation

Report on the Financial Statements

Opinion

I have audited the financial statements of Alberta Investment Management Corporation (the Corporation), which comprise the statement of financial position as at March 31, 2022, and the statements of operations, change in net debt, 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 Corporation as at March 31, 2022, and the results of its operations, its changes in net debt, 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 Corporation 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 Corporation'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 Corporation'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 Corporation'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 Corporation'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 Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

May 30, 2022
Edmonton, Alberta

Statement of Financial Position

As at March 31, *(Thousands of Canadian dollars)*		**2022**		**2021**
Financial assets				
Cash and cash equivalents (Note 5)	$	148,899	$	53,964
Accounts receivable		31,956		24,653
Other assets		2,416		2,416
		183,271		81,033
Liabilities				
Accounts payable and accrued liabilities		16,071		9,677
Accrued employment liabilities (Note 6)		161,340		74,671
Advance from the Province of Alberta (Note 7)		58,349		58,349
Pension liabilities (Note 9)		5,307		4,813
Deferred lease inducement (Note 16)		1,594		1,752
		242,661		149,262
Net debt		(59,390)		(68,229)
Non-financial assets				
Tangible capital assets (Note 10)		51,922		60,697
Prepaid expenses		11,115		11,179
		63,037		71,876
Net assets (Note 11)	$	3,647	$	3,647

Contractual obligations (Note 16)

Contingent liabilities (Note 17)

The accompanying notes are part of these financial statements.

Approved by the Board:

[Original signed by Mark Wiseman]

Mark Wiseman
Board Chair

[Original signed by Tom Woods]

Tom Woods
Audit Committee Chair

Statement of Operations

For the year ended March 31, *(Thousands of Canadian dollars)*	**2022**	**2022**	**2021**
	Budget (Note 18)		
Revenue			
Cost recoveries	$ 713,614	$ 1,073,631	$ 748,375
Interest income	-	210	147
Total revenue	713,614	1,073,841	748,522
Expenses			
Third-party performance fees (Note 12)	108,888	406,671	313,059
Third-party investment management fees (Note 12)	370,231	336,789	229,935
Third-party other fees (Note 12)	29,102	13,739	16,926
Salaries, wages and benefits	118,616	227,949	115,449
Business technology and data services	39,188	36,552	32,732
Amortization of tangible capital assets (Note 10)	18,526	19,357	17,151
Contract and professional services	9,843	17,211	9,373
Rent	9,858	9,487	8,858
Administrative expenses	8,652	5,641	4,750
Interest	710	445	289
Total expenses	713,614	1,073,841	748,522
Annual surplus	$ -	$ -	$ -

The accompanying notes are part of these financial statements.

Statement of Change in Net Debt

For the year ended March 31, *(Thousands of Canadian dollars)*	2022 Budget (Note 18)	2022	2021
Annual surplus	$ -	$ -	$ -
Acquisition of tangible capital assets (Note 10)	(13,990)	(10,582)	(10,963)
Write-downs of tangible capital assets (Note 10)	-	-	93
Amortization of tangible capital assets (Note 10)	18,526	19,357	17,151
Change in prepaid expenses	-	64	(2,052)
Decrease in net debt in the year	4,536	8,839	4,229
Net debt at beginning of year	(68,229)	(68,229)	(72,458)
Net debt at end of year	$ (63,693)	$ (59,390)	$ (68,229)

The accompanying notes are part of these financial statements.

Statement of Cash Flows

For the year ended March 31, *(Thousands of Canadian dollars)*	**2022**	**2021**
Operating transactions		
Annual surplus	$ -	$ -
Non-cash items:		
Amortization of tangible capital assets (Note 10)	19,357	17,151
Write-downs of tangible capital assets (Note 10)	-	93
Amortization of deferred lease inducement (Note 16)	(158)	(159)
Change in pension liabilities (Note 9)	494	526
	19,693	17,611
Increase in accounts receivable	(7,303)	(16,289)
Decrease (Increase) in prepaid expenses	64	(2,052)
Increase (Decrease) in accounts payable and accrued liabilities	6,394	(1,455)
Increase (Decrease) in accrued employment liabilities	86,669	(10,549)
Cash provided by (applied to) operating transactions	105,517	(12,734)
Capital transactions		
Acquisition of tangible capital assets (Note 10)	(10,582)	(10,963)
Cash applied to capital transactions	(10,582)	(10,963)
Financing transactions		
Debt retirements (Note 8)	(955,000)	-
Debt issues (Note 8)	955,000	-
Cash applied to financing transactions	-	-
Increase (Decrease) in cash and cash equivalents	94,935	(23,697)
Cash and cash equivalents at beginning of year	53,964	77,661
Cash and cash equivalents at end of year	$ 148,899	$ 53,964
Supplementary information		
Cash used for interest	$ 242	$ 125

The accompanying notes are part of these financial statements.

Notes to the Financial Statements

For the year ended March 31, 2022 (Thousands of Canadian dollars, except where otherwise noted)

NOTE 1 AUTHORITY

Alberta Investment Management Corporation (the Corporation) is an agent of the Crown in right of Alberta and operates under the authority of the *Alberta Investment Management Corporation Act*, Chapter A-26.5. Under the Act, the Corporation is established as a Crown Corporation governed by a Board of Directors appointed by the Lieutenant Governor in Council. The issued share of the Corporation is owned by the Crown, and accordingly the Corporation is exempt from federal and provincial income taxes under the *Income Tax Act*.

NOTE 2 NATURE OF OPERATIONS

The purpose of the Corporation is to provide investment management services in accordance with the *Alberta Investment Management Corporations Act*, primarily to the Province of Alberta and certain public-sector pension plans. The Corporation forms part of Alberta's Ministry of Treasury Board and Finance for which the President of Treasury Board and Minister of Finance is responsible. The Corporation was formed January 1, 2008.

The Corporation has assets under administration of $162.2 billion (2021: $129.9 billion) at March 31, 2022, see Note 13. These assets are invested in segregated investments owned by clients or aggregated in one or more pooled investment portfolios managed by the Corporation. Some of these assets are managed by third-party investment managers selected and monitored by the Corporation in order to achieve greater diversification, as well as to access external expertise and specialized knowledge. The segregated assets and the assets within the pooled investment portfolios are not consolidated in the financial statements of the Corporation. The Corporation makes investments on behalf of its clients and may also establish entities in which the Corporation is the registered owner of the shares for the purpose of managing specific investments. As the Corporation has no share in the expected benefits or the risk of loss in the entities, they are not consolidated in the Corporation's financial statements.

The Corporation recovers all expenses on a cost-recovery basis. The Corporation's Board of Directors may approve recoveries greater than costs to maintain or increase the Corporation's general reserve, although they have not done so in the past.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards (PSAS) and include the following significant accounting policies:

a) Measurement Uncertainty

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount. Third-party investment management fees, which are recorded as $336,789 (2021: $229,935), third-party performance fees, which are recorded as $406,671 (2021: $313,059), accrued employment liabilities, which are recorded as $161,340 (2021: $74,671) and pension liabilities, which are recorded as $5,307 (2021: $4,813) in these financial statements, are subject to measurement uncertainty. Third-party investment costs include estimates of management and performance fees that are based upon specified rates and commitment levels in the investment management agreements. Accrued employment liabilities include estimates of performance compensation that are tied to asset class and total fund value-add performance and absolute balanced fund performance. Value-add performance is the net incremental return over defined benchmarks from active management. Absolute balanced fund performance reflects the overall rate of return on clients' balanced portfolio of assets. The pension liabilities are based on key assumptions that could impact the reported liability. Refer to Note 9 for a description of the key assumptions and how a change in the assumptions can impact the reported pension liabilities.

Estimates and assumptions are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Actual results may differ from these estimates.

b) Revenue Recognition

All revenues are reported on the accrual basis of accounting. Cost recovery revenue is recognized on the recovery of direct costs related to management of government funds, pension plans, and other investments, and on the recovery of indirect costs representing each government fund, pension plan, and pooled fund's respective share of the Corporation's operating costs.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

b) Revenue Recognition (continued)

The indirect costs are charged based on direct cost drivers, assets under management and headcount.

Cost recovery revenue is accrued and billed on a monthly basis as the related costs are incurred and investment management services are provided.

Under the *Alberta Investment Management Corporations Act*, the Corporation may establish and maintain one or more Reserve Funds with the ability to recover charges in excess of direct and indirect costs. No Reserve Funds have been established to date.

c) Expenses

Expenses are reported on an accrual basis and the cost of all goods consumed and services received during the year is expensed.

Third-party investment costs include third-party investment management and performance-based fees, as well as other expenses incurred on behalf of the Corporation's clients, also disclosed in Note 12.

Interest expense is comprised primarily of debt servicing costs on the advance from the Province of Alberta and credit facility debt.

d) Financial Assets

Financial assets are the Corporation's financial claims on external organizations and individuals.

Cash and Cash Equivalents
Cash and cash equivalents are recognized at cost, which is equivalent to their fair value, and include short-term and mid-term liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. The Corporation has access to these investments with no restrictions.

Accounts Receivable
Accounts receivable are unsecured, non-interest bearing and are recognized at the lower of cost or net recoverable value. Provision for doubtful accounts are made to reflect accounts receivable at the lower of cost and net recoverable value, when collectability and risk of loss exists. Changes in doubtful accounts are recognized in administrative expenses in the Statement of Operations (2022 and 2021: $nil).

Other Assets
Other assets are valued at the lower of cost and net recoverable value.

e) Liabilities

Liabilities are recorded at cost to the extent that they represent present obligations as a result of past events and transactions occurring prior to the end of the fiscal year, the settlement of which is expected to result in the future sacrifice of economic benefits. They are recognized when there is an appropriate basis of measurement and management can reasonably estimate the amount.

Liabilities also include:

- all financial claims payable by the Corporation at year-end;
- accrued employee vacation entitlements and other benefits;
- deferred lease inducement; and
- contingent liabilities where future liabilities are likely.

Advance from the Province of Alberta and pension liabilities are recognized at amortized cost.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

f) Non-Financial Assets

Non-financial assets are acquired, constructed or developed and do not normally provide resources to discharge existing liabilities, but instead:

(a) are normally employed to deliver services;
(b) may be consumed in the normal course of operations; and
(c) are not for sale in the normal course of operations.

Non-financial assets are limited to tangible capital assets and prepaid expenses.

Tangible Capital Assets
Tangible capital assets are recognized at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Computer systems hardware and software development costs, including labour and materials, and costs for design, development, testing and implementation, are capitalized when the related business systems are expected to be of continuing benefit to the Corporation.

Work in progress, which includes development of operating systems, is not amortized until after a project is complete (or substantially complete) and the asset is put into service.

The cost, less residual value, of tangible capital assets, is amortized on a straight-line basis over their estimated useful lives as follows:

Computer systems hardware and software	5 to 10 years
Furniture and equipment	10 years
Leasehold improvements	Lesser of the useful life of the asset and the term of the lease

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Corporation's ability to provide services or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The write-downs of $nil (2021: $93) are accounted for as expenses in the Statement of Operations.

Prepaid Expenses
Prepaid expenses are recorded at cost and recognized over the terms of the agreements.

g) Valuation of Financial Assets and Liabilities

All financial assets and liabilities are measured at cost or amortized cost. The Corporation does not own any financial instruments designated in the fair value category and as such a Statement of Remeasurement Gains and Losses has not been included in the financial statements.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are reported in the Statement of Operations.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

The Corporation does not own any derivative financial instruments.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

h) Employment Benefits

The Corporation participates in multi-employer defined benefit plans that meet the accounting requirements for treatment as defined contribution plans. The Corporation also participates in defined contribution pension plans. Employer contributions are expensed as incurred.

On January 1, 2010, the Corporation established a new Supplementary Retirement Plan (SRP) for those individuals required to withdraw from the existing SRP for Public Service Managers. This pension plan is accounted for using the projected-benefits method pro-rated on service to account for the cost of the defined benefit pension plan. Pension costs are based on management's best estimate of expected plan investment performance, discount rate, salary escalation, inflation and retirement age of employees. The discount rate used to determine the accrued benefit obligation is based on rates of return of assets currently held by the Plan. Plan assets are valued at fair value for the purpose of calculating the expected return on plan assets. Past service costs from plan amendments are amortized on a straight-line basis over the average remaining service life of employees active at the date of amendments. Net actuarial gains or losses and transitional obligations are amortized on a straight-line basis over the average remaining service life of active employees. Valuation allowances are calculated such that accrued benefit assets are limited to amounts that can be realized in the future by applying any plan surplus against future contributions.

The Corporation provides retention incentives to certain employees through a Corporate Incentive Plan (CIP), a Long-Term Incentive Plan (LTIP), and a Restricted Fund Unit Plan (RFU). The potential end value of these awards, if and when vested, fluctuate over the vesting period based on investment returns, corporate, team and individual measures, as applicable, and are expensed as salaries, wages, and benefits over the vesting period. The liability for the awards are remeasured at each reporting period based on changes in the values of the awards, such that the cumulative amount of the liability will equal the potential payout at that date. Any gains or losses on remeasurement are reported in the Statement of Operations. For any forfeiture of awards, the accrued compensation cost will be adjusted by decreasing salaries, wages and benefits expense in the period of forfeiture.

i) Foreign Currency

Assets and liabilities denominated in foreign currency are translated at the year-end rate of exchange. Exchange differences on transactions are included in the determination of net operating results. Foreign currency transactions are translated into their Canadian dollar equivalents using the Bank of Canada exchange rate prevailing at the transaction dates.

NOTE 4 FUTURE ACCOUNTING CHANGES

The Public Sector Accounting Board issued the following accounting standards:

PS 3280 Asset Retirement Obligations (effective April 1, 2022)
This standard provides guidance on how to account for and report a liability for retirement of a tangible capital asset. Management is currently assessing the impact of this standard on the financial statements.

PS 3400 Revenue (effective April 1, 2023)
This standard provides guidance on how to account and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations and transactions that do not have performance obligations. Management is currently assessing the impact of this standard on the financial statements.

PSG-8 Purchased intangibles (effective April 1, 2023)
This new guideline explains the scope of the intangibles allowed to be recognized in financial statements given the removal of the recognition prohibition relating to purchased intangibles in Section PS 1000. Management is currently assessing the impact of this guideline on the financial statements.

PS 3160 Public Private Partnerships (effective April 1, 2023)
This standard provides guidance on how to account for public private partnerships between public and private sector entities, where the public sector entity procures infrastructure using a private sector partner. Management is currently assessing the impact of this guideline on the financial statements.

NOTE 5 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

As at March 31, *(Thousands of Canadian dollars)*		**2022**		**2021**
Deposit in Consolidated Cash Investment Trust Fund	$	147,897	$	53,819
US bank account		59		63
British Pound Sterling bank account		943		82
	$	148,899	$	53,964

The Consolidated Cash Investment Trust Fund is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is comprised of high quality short-term and mid-term fixed income securities with a maximum term-to-maturity of three years. As at March 31, 2022, securities held by the Fund have a time-weighted return of 0.21% per annum (2021: 0.42% per annum).

NOTE 6 ACCRUED EMPLOYMENT LIABILITIES

As at March 31, *(Thousands of Canadian dollars)*		**2022**		**2021**
Corporate incentive plan (a)	$	17,266	$	-
Annual incentive plan (b)		40,963		32,725
Long-term incentive plan (c)		87,954		34,844
Restricted fund unit incentive plan (d)		3,777		334
Accrued vacation, salaries and benefits (e)		11,380		6,768
	$	161,340	$	74,671

a) Corporate Incentive Plan

Effective January 1, 2022, the Corporation introduced a new CIP. The CIP measures performance at the total fund, asset class, corporate, team and individual levels, incorporating a combination of quantitative and qualitative objectives. The annual incentive is paid in the year following the end of the performance period and, for senior positions, a portion is required to be deferred. The deferred portion is notionally reinvested in the balanced fund and paid in three equal payments that vest over 24-month, 36-month and 45-month periods following the start of the performance period for which the incentive award was calculated. Each payment is calculated as the initial value of the deferred amount for the specified period plus the compound rate of return of the balanced fund over the vesting period.

The CIP includes accruals for the annual incentive and mandatory deferred portions over the vesting periods. Total expense related to the CIP for the year ended March 31, 2022 was $17,266 (2021: $nil) which was recorded in salaries, wages and benefits.

b) Annual Incentive Plan

With the introduction of the CIP effective January 1, 2022, the Corporation's Annual Incentive Plan (AIP) was discontinued at the end of the 2021 calendar year. The AIP is accrued based on goal attainment for the calendar year and paid in the subsequent year. Payments are tied to asset class and total fund value-add and include a component for achievement of annual individual objectives. The Chief Executive Officer may also make limited discretionary awards. Total expense related to the AIP for the year ended March 31, 2022 was $41,352 (2021: $26,785) which was recorded in salaries, wages and benefits.

c) Long-Term Incentive Plan

The LTIP program provides the opportunity for a performance payment for generating superior average value add over a four year period. With the introduction of the CIP effective January 1, 2022, no new grants will be awarded under the LTIP. Prior to calendar 2022, certain officers and other key professionals of the Corporation received LTIP grants effective January 1 of each

NOTE 6 ACCRUED EMPLOYMENT LIABILITIES (continued)

c) Long-Term Incentive Plan (continued)

year that varied in size with their level of responsibility and quality of past performance and vest at the end of the fourth calendar period subsequent to the grant date. In the majority of situations, employees must be actively working for the Corporation on the date of payment. LTIP awards have an initial cash value of zero. When they vest after four years and providing all vesting and plan conditions have been met by the employee, they will pay between zero and three times the size of the award based on performance over the four-year vesting period. The maximum amount could be paid if the average four-year value-add exceeds the average "stretch target" annually set by the Board.

Information about the target, stretch target, and actual results achieved for the last four calendar years is as follows:

(Thousands of Canadian dollars)

	Target	Stretch Target	Value Add (Loss) for Compensation Purposes
2018	267,667	803,000	939,500
2019	296,000	888,000	(522,100)
2020	334,500	1,003,000	(5,488,750)
2021	325,000	974,000	7,749,082

If the average four-year value-add exceeds the average stretch target annually set by the Board, employees have the potential to receive a Special LTIP grant at the vesting date. This Special LTIP grant, which cannot exceed the original grant, has a new four-year vesting period and is subject to the same parameters and plan conditions as regular LTIP grants.

With the transition to CIP effective January 1, 2022, the value of all outstanding LTIP grants as at March 31, 2022 were determined using actual results for calendar years 2018 through 2021, and using calculation methods approved by the Board for future calendar years 2022 through 2024. The accrued LTIP liability as at March 31, 2022 of $87,954 (2021: $34,844) reflects the LTIP values as determined above, and the value will continue to accrue over the vesting period of the awards. Based on using calculation methods approved by the Board, the maximum potential obligation related to the LTIP as at March 31, 2022 was $133,714 (2021: $190,206). Total expenses related to the LTIP for the year ended March 31, 2022 was $72,626 (2021: $13,000) which was recorded in salaries, wages and benefits.

Information about total LTIPs awarded and outstanding is as follows:

For the year ended March 31, *(Thousands of Canadian dollars)*

	2022		2021	
	Original (Notional) Value		Original (Notional) Value	
LTIP grants outstanding, beginning of year	$ 63,402	$ 34,844	$ 64,176	$ 46,832
Awarded	-	-	13,712	874
Accrual	-	83,706	-	12,577
Forfeited	(5,042)	(8,923)	(4,118)	(451)
Reclassified to termination benefits (Note 6e)	(742)	(2,157)	-	-
Paid	(9,964)	(19,516)	(10,368)	(24,988)
LTIP grants outstanding, end of year	$ 47,654	$ 87,954	$ 63,402	$ 34,844

NOTE 6 ACCRUED EMPLOYMENT LIABILITIES (continued)

d) Restricted Fund Unit Incentive Plan

The RFU incentive plan program is a supplementary compensation plan based on a notional investment in the total fund, where the value fluctuates based on the rate of return of the total fund over the vesting period. RFUs have time horizons of one to three years for vesting provisions. Employees must be on staff as of the payment date in order to be eligible to receive any vested payments.

With the transition to CIP effective January 1, 2022, RFUs with an aggregate notional value of $16,592 were awarded to holders of LTIP grants that met the performance threshold for a Special LTIP award using actual results for calendar years 2018 through 2021, and using calculation methods approved by the Board for future calendar years 2022 through 2024. The RFUs were issued on January 1, 2022 and portions vest in one, two and three years.

The accrued RFU liability as at March 31, 2022 of $3,777 (2021: $334) reflects the current value of all outstanding RFU awards, based on actual results to that date from the date they were awarded.

Information about total RFUs awarded and outstanding is as follows:

For the year ended March 31, *(Thousands of Canadian dollars)*

	2022		2021	
	Notional Value		Notional Value	
RFU grants outstanding, beginning of year	$ 737	$ 334	$ 315	$ 300
Awarded	17,399	3,478	565	135
Accrual	-	214	-	59
Paid	(192)	(249)	(143)	(160)
RFU grants outstanding, end of year	$ 17,944	$ 3,777	$ 737	$ 334

Total expense related to the RFU plan for the year ended March 31, 2022 was $3,692 (2021: $194) which was recorded in salaries, wages and benefits.

e) Accrued Vacation, Salaries and Benefits

Accrued vacation, salaries and benefits includes termination benefits of $6,883 related to the Corporation's organization restructure in December 2021. Total termination benefit expenses related to this organization restructure for the year ended March 31, 2022 was $7,908.

NOTE 7 ADVANCE FROM THE PROVINCE OF ALBERTA

Pursuant to Order in Council 219/2012 and in accordance with the loan advance agreement, the Corporation has not received advances from the Province of Alberta for the year ended March 31, 2022 (2021: $nil). As at March 31, 2022, the outstanding advance from the Province totaled $58,349 (2021: $58,349).

The advance is a revolving demand credit facility up to a maximum of $70,000. The advance is repayable within six months of demand by the Province and is interest bearing at a rate equal to the Province's one-month borrowing rate of 0.18% (2021: 0.21%). Interest expense on the advance is $103 (2021: $125) and is included in the Statement of Operations. At March 31, 2022, the Corporation was in compliance with the terms of its revolving demand facility.

NOTE 8 DEBT

In connection with the transition of certain assets from a client to AIMCo management, the Corporation established an unsecured credit facility up to a maximum of $1,012,000 on September 29, 2021 with a maturity date of October 8, 2021 and is interest bearing at the Canadian dollar offered rate for the interest period plus 40 basis points. Total debt of $955,000 was issued between September 29, 2021 and October 1, 2021 with retirement of the debt on October 7, 2021. Interest expense on the debt is $139 (2021: $nil) and is included in the Statement of Operations.

NOTE 9 PENSION LIABILITIES

Information about the Corporation's SRP is as follows:

As at and for the year ended March 31, *(Thousands of Canadian dollars)*	**2022**	**2021**
Accrued retirement obligation		
Beginning of year	$ 10,963	$ 9,831
Current service cost	332	430
Interest cost	242	250
Benefits paid	(115)	(76)
Actuarial (gain) loss	(512)	528
End of year	10,910	10,963
Plan assets		
Fair value, beginning of year	4,077	3,445
Actual return on plan assets	101	450
Employer contributions	90	129
Employee contributions	90	129
Benefits paid	(115)	(76)
End of year	4,243	4,077
Funded status - plan deficit	(6,667)	(6,886)
Unamortized net actuarial loss	1,360	2,073
Reported liability	$ (5,307)	$ (4,813)
Current service cost	332	430
Interest cost	242	250
Expected return on plan assets	(88)	(87)
Amortization of net actuarial loss	188	191
Less: employee contributions	(90)	(129)
Total SRP expense	$ 584	$ 655

The measurement date for the plan assets and the accrued retirement obligation for the Corporation's defined benefit pension plan is March 31. Actuarial valuations are performed at least every three years to determine the actuarial present value of the accrued retirement obligation. An actuarial valuation for funding purposes was prepared as of December 31, 2021. An extrapolation of the actuarial valuation dated December 31, 2021 was performed to March 31, 2022.

NOTE 9 PENSION LIABILITIES (continued)

Approximate asset allocations, by asset category, of the Corporation's defined benefit pension plan assets were as follows:

As at March 31,	2022	2021
Equity securities	55%	55%
Debt securities	44%	44%
Other	1%	1%

The following table presents key assumptions applicable to the SRP:

As at March 31,	2022	2021
Annual discount rate	2.1%	2.2%
Annual salary increase - base	2.0%	2.0%
Expected long-term return on plan assets	4.3%	4.3%
Inflation rate	2.0%	2.0%

The reported liability of the SRP is significantly impacted by these assumptions. A 1% decrease in the discount rate assumption would result in an increase in the reported liability by $2,690 as at March 31, 2022 (2021: $2,729). A 1% increase in the salary scale assumption would result in an increase in the reported liability by $861 as at March 31, 2022 (2021: $2,165). A 1% increase in the inflation rate assumption would result in an increase in the reported liability by $1,244 as at March 31, 2022 (2021: $1,044).

Pension and Disability Plans

The Corporation participates in two multi-employer public sector pension plans, the Management Employees Pension Plan (MEPP) and the Public Service Pension Plan (PSPP). The Corporation also participates in a defined contribution pension plan and a defined contribution supplementary retirement plan, established for employees hired after the formation of the Corporation on January 1, 2008.

The Corporation's expense for the pension and disability plans was equivalent to the annual contributions of $6,869 (2021: $5,620) for the year ended March 31, 2022 which was recorded in salaries, wages and benefits.

The Corporation accounts for multi-employer pension plans on a defined contribution basis. The Corporation is not responsible for future funding of the plan deficit other than through contribution increases.

The Corporation does not have sufficient plan information on the MEPP/PSPP to follow the standards for defined benefit accounting, and therefore follows the standards for defined contribution accounting. Accordingly, pension expense recognized for the MEPP/PSPP is comprised of employer contributions to the plan that are required for its employees during the year, which are calculated based on actuarially pre-determined amounts that are expected to provide the plan's future benefits.

At December 31, 2021, MEPP reported a surplus of $1,348,160 (2020: surplus of $809,850) and PSPP a surplus of $4,588,479 (2020: surplus of $2,223,582).

NOTE 10 TANGIBLE CAPITAL ASSETS

For the year ended March 31, *(Thousands of Canadian dollars)*

	Computer systems hardware and software	Leasehold improvements	Furniture and equipment	2022	2021
Cost					
Opening balance	$ 144,040	$ 7,556	$ 5,503	157,099	$ 148,338
Additions	10,571	11	-	10,582	10,963
Disposals	(251)	(36)	-	(287)	(2,109)
Write downs	-	-	-	-	(93)
Closing balance	154,360	7,531	5,503	167,394	157,099
Accumulated amortization					
Opening balance	90,660	871	4,871	96,402	81,360
Amortization expense	18,622	552	183	19,357	17,151
Effect of disposals	(251)	(36)	-	(287)	(2,109)
Closing balance	109,031	1,387	5,054	115,472	96,402
Net book value at March 31	$ 45,329	$ 6,144	$ 449	$ 51,922	$ 60,697

Cost includes work-in-progress at March 31, 2022 totaling $1,975 (2021: $4,255) comprised of computer systems hardware and software.

NOTE 11 NET ASSETS

Net assets is made up as follows:

As at March 31, *(Thousands of Canadian dollars)*	2022	2021
Contributed surplus (a)	$ 3,647	$ 3,647
Share capital (b)	-	-
	$ 3,647	$ 3,647

a) Contributed Surplus

Contributed surplus of $3,647 (2021: $3,647) represents equity received by the Ministry of Treasury Board and Finance in exchange for the transfer of the net book value of capital assets to the Corporation on January 1, 2008.

b) Share Capital

The share capital of the Corporation consists of one share owned by the Crown in the right of Alberta recorded at $nil (2021: $nil).

NOTE 12 THIRD-PARTY INVESTMENT COSTS

Fees charged by third-party managers include regular management fees as well as performance/incentive-based fees. Third-party investment management fees are based on a percentage of net assets under management at fair value and committed amounts in the case of private investment pools. Third-party investment management fees may also vary by investment asset class. As of March 31, 2022, approximately 69% of assets under management are managed internally by the Corporation, and the remaining 31% through third-party investment managers. Third-party performance fees vary from year to year, and when compared to budgeted amounts, as these fees are directly correlated with investment performance. Higher investment returns generally result in higher third-party performance fees. These fees include significant estimates and are subject to measurement uncertainty. Actual results could differ from these estimates. These costs are incurred directly by the Corporation's investment portfolios.

Third-party other fees are incurred directly by the Corporation's investment portfolios and include fees for asset custody and investment acquisition. Not included in the third-party investment costs are asset administration, audit, compliance, valuation, and investment disposition and structuring costs incurred directly by the investment portfolios totaling $64,491 for the year ended March 31, 2022 (2021: $56,129).

NOTE 13 ASSETS UNDER ADMINISTRATION

The Corporation provides investment management services on behalf of certain Province of Alberta endowment funds, other government funds and certain public sector pension plans.

Measurement uncertainty exists in the valuation of private investments, hedge funds, real estate and renewable resource investments. Uncertainty arises because the estimated fair values of private investments, hedge funds, real estate and renewable resource investments may differ significantly from the values that would have been used had a ready market existed for these investments.

At March 31, 2022, assets under administration totaled $162.2 billion (2021: $129.9 billion), at market value. These assets were administered on behalf of the following clients of the Corporation:

As at March 31, *(Thousands of Canadian dollars)*	**2022**	**2021**
Pension plans	$ 112,062,863	$ 89,683,454
Ministry of Treasury Board and Finance		
General revenue and entity investment funds [1]	9,384,801	7,587,597
Endowment funds (including the Alberta Heritage Savings Trust Fund)	25,407,728	23,362,505
Insurance-related funds	13,360,292	6,747,120
Other Government Ministry investment funds	1,955,497	2,481,034
	$ 162,171,181	$ 129,861,710

(1) General Revenue Fund Policy loans have been excluded as they are managed by the Ministry of Treasury Board and Finance.

The Corporation manages the majority of these investments through pooled investment funds. However, some investments are managed by third party investment managers selected and monitored by the Corporation in order to achieve greater diversification, access to external expertise, and specialized knowledge. Investments are made in accordance with the investment policies established and approved by the clients.

NOTE 13 ASSETS UNDER ADMINISTRATION (continued)

Investments administered by the Corporation were held in the following asset classes:

As at March 31, *(Thousands of Canadian dollars)*	**2022**	**2021**
Fixed income		
Fixed income [1]	$ 37,495,713	$ 35,552,542
Private mortgages	4,161,694	4,152,526
Private debt and loan	4,884,074	2,726,084
Inflation sensitive		
Real estate	21,539,165	17,661,351
Infrastructure and renewable resources	17,225,651	13,069,821
Real return bonds and commodities	1,616,894	1,623,897
Equities		
Public equities and absolute return strategies	63,458,179	46,793,321
Private equity and venture capital	11,503,925	8,047,985
Overlays	285,886	234,183
	$ 162,171,181	$ 129,861,710

(1) General Revenue Fund Policy loans have been excluded as they are managed by the Ministry of Treasury Board and Finance.

NOTE 14 RELATED PARTY TRANSACTIONS

Related parties are the government funds, pension plans, and entities under common control of the Province of Alberta for which the Corporation provides investment management services. Related parties also include key management personnel, close family members of those individuals, and entities that those individuals or their close family members may have significant control over (Key Management Personnel and their Close Family Members).

During the year ended March 31, 2022 and the prior year, there were no transactions between the Corporation and Key Management Personnel and their Close Family Members, that did not take place at fair market value.

The Corporation's direct and indirect cost recoveries revenue for the investment management services the Corporation provides do not include a profit margin. As a result, these revenues are not at fair market value.

NOTE 14 RELATED PARTY TRANSACTIONS (continued)

The Corporation had the following transactions with related parties recorded at the exchange amount which is the amount of consideration agreed upon between the related parties:

For the year ended March 31, *(Thousands of Canadian dollars)*		**2022**		**2021**
Revenues				
Direct cost recoveries (1)	$	225,194	$	181,166
Indirect cost recoveries (1)		97,172		63,599
Interest income		210		147
		322,576		244,912
Expenses				
Interest on advance from the Province of Alberta		33		43
Contracted services(2)		327		473
		360		516
Assets				
Accounts receivable (1)		10,162		6,244
Liabilities				
Accounts payable		301		437
Advance from the Province of Alberta		58,349		58,349
	$	58,650	$	58,786

(1) Recovered from government funds, pension plans and other entities under common control.
(2) Transacted with the Ministry of Treasury Board and Finance and other entities.

NOTE 15 SALARIES AND BENEFITS DISCLOSURE

The Corporation has included certain required disclosures in the Compensation Discussion & Analysis section of the 2021 Annual Report relating to the Board of Directors' compensation and an audited compensation section relating to key management personnel compensation.

NOTE 16 CONTRACTUAL OBLIGATIONS

Contractual obligations of $203,076 (2021: $181,672) are obligations to others that will become liabilities in the future when the terms of those contracts or agreements are met. The Corporation has entered into various agreements with minimum annual commitments for office space and other contracted services. The obligations exclude third-party investment costs incurred directly by the Corporation's investment portfolios. Estimated payment requirements for each of the next five years and thereafter are as follows:

As at March 31, *(Thousands of Canadian dollars)*		**2022**
2023	$	36,747
2024		26,197
2025		25,141
2026		24,174
2027		21,447
Thereafter		69,370
Total	$	203,076

NOTE 16 CONTRACTUAL OBLIGATIONS (continued)

The Corporation entered into a lease agreement commencing April 30, 2013, for nine years, with an option to renew for a further six years. Included in this agreement is a lease inducement of $300 to be recognized as a reduction in lease expense over the nine-year term of the lease.

The Corporation also entered into a lease agreement commencing February 26, 2018 for 10 years.

The Corporation entered into a lease agreement commencing January 1, 2020, for 15 years, with two optional renewal periods of five years each. As part of the lease agreement, the Corporation received a lease inducement of $1,875 which will be recognized as a reduction in lease expense over the 15-year term of the lease.

The total deferred lease inducement as at March 31, 2022 is $1,594 (2021: $1,752).

Pursuant to Order in Council 23/2008, the Corporation has made available a facility to access up to a maximum of $300,000 for letters of credit. This facility is utilized by the investment pools and at March 31, 2022 the balance outstanding against the facility is $64,790 (2021: $87,612).

NOTE 17 CONTINGENT LIABILITIES

Certain clients have commenced arbitration proceedings against AIMCo and the Province of Alberta, alleging that AIMCo breached Investment Management Agreements in connection with portfolio investment losses incurred from a volatility trading strategy in calendar 2020. The aggregate of damages sought is $1,333,500, plus interest and costs. The outcome of the arbitration and any potential liability is not determinable. AIMCo intends to defend these claims vigorously.

NOTE 18 2022 BUDGET

The Corporation's budget for the year ended March 31, 2022 was approved by the Board of Directors in the amount of $713,614 on December 2, 2020.

NOTE 19 FINANCIAL RISK MANAGEMENT

The Corporation has minimal exposure to credit risk, liquidity risk and foreign exchange risk due to the nature of its operations.

a) Credit Risk

Counterparty credit risk is the risk of loss arising from the failure of a counterparty to fully honour its financial obligations with the Corporation. The credit quality of financial assets is generally assessed by reference to external credit ratings. Credit risk can also lead to losses when issuers and debtors are downgraded by credit rating agencies usually leading to a fall in the fair value of the counterparty's obligations. Credit risk exposure for financial instruments is measured by the positive fair value of the contractual obligations with counterparties. The fair value of all investments is directly or indirectly impacted by credit risk to some degree. The Corporation is exposed to minimal credit risk as all of its clients are established organizations that have a proven history of payment.

As at March 31, 2022, the total carrying amount in accounts receivable balance is current.

b) Liquidity Risk

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting obligations associated with its financial liabilities. The Corporation has limited exposure to liquidity risk as it recovers all operating expenses and capital expenditures from its clients on a cost-recovery basis.

Liquidity risk exposure is managed through regular recovery of all operating costs on a monthly basis. Further, the Corporation's Board of Directors may approve recoveries greater than costs to maintain or increase the Corporation's general reserve, in the event additional funding is needed.

NOTE 19 FINANCIAL RISK MANAGEMENT (continued)

c) Foreign Exchange Risk

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. The Corporation has limited exposure to foreign exchange risk as amounts are payable and paid in a timely manner.

The carrying amount of the Corporation's US and British Pound Sterling denominated foreign currency in accounts payable and accrued liabilities as at March 31, 2022 is $5,556 (2021: $1,765) and $356 (2021: $576), respectively.

d) Interest Rate Risk

The Corporation is exposed to interest rate risk from the advance from the Province of Alberta. The sensitivity of the Corporation's expenses due to a 1% change in the interest rate is $583 (2021: $583).

NOTE 20 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors on May 30, 2022.

AIMCo