2020 Financial Statements

For the year ended March 31, 2020

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 Kevin Uebelein]

Kevin Uebelein
Chief Executive Officer

[Original signed by Diva Chinniah]

Diva Chinniah
Vice President, Finance and Controller

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, 2020, 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, 2020, 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 28, 2020
Edmonton, Alberta

Statement of Financial Position

As at March 31, *(Thousands of Canadian dollars)*	**2020**	**2019**
Financial assets		
Cash and cash equivalents (Note 5)	$ 77,661	$ 101,125
Accounts receivable	8,364	17,429
Other assets	2,416	2,416
	88,441	120,970
Liabilities		
Accounts payable and accrued liabilities	11,132	9,525
Accrued employment liabilities (Note 6)	85,220	117,852
Advance from the Province of Alberta (Note 7)	58,349	58,349
Pension liabilities (Note 8)	4,287	3,946
Deferred lease inducement (Note 15)	1,911	2,299
	160,899	191,971
Net debt	(72,458)	(71,001)
Non-financial assets		
Tangible capital assets (Note 9)	66,978	65,387
Prepaid expenses	9,127	9,261
	76,105	74,648
Net assets (Note 10)	$ 3,647	$ 3,647

Contractual obligations (Note 15)

The accompanying notes are part of these financial statements.

Approved by the Board:

[Original signed by Richard Bird]

Richard Bird
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)*	**2020**	**2020**	**2019**
	Budget		**Restated**
	(Note 16)		**(Note 19)**
Revenue			
Cost recoveries	$ 482,215	$ 582,840	$ 523,321
Interest income	-	1,193	1,044
Total revenue	482,215	584,033	524,365
Expenses			
Third-party investment management fees (Note 11)	208,876	214,408	196,933
Third-party performance fees (Note 11)	67,249	177,797	111,624
Third-party other fees (Note 11)	16,771	22,606	21,487
Salaries, wages and benefits	115,797	93,833	129,731
Business technology and data services	29,416	31,656	26,654
Amortization of tangible capital assets (Note 9)	16,394	16,539	14,547
Contract and professional services	8,764	10,534	7,704
Rent	7,896	8,012	7,189
Administrative expenses	10,122	7,484	7,438
Interest	930	1,164	1,058
Total expenses	482,215	584,033	524,365
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)*	**2020 Budget (Note 16)**	**2020**	**2019**
Annual surplus	$ -	$ -	$ -
Acquisition of tangible capital assets (Note 9)	(19,736)	(18,259)	(12,160)
Write-downs of tangible capital assets (Note 9)	-	129	-
Amortization of tangible capital assets (Note 9)	16,394	16,539	14,547
Change in prepaid expenses	-	134	(2,164)
Decrease in net debt in the year	(3,342)	(1,457)	223
Net debt at beginning of year	(71,001)	(71,001)	(71,224)
Net debt at end of year	$ (74,343)	$ (72,458)	$ (71,001)

The accompanying notes are part of these financial statements.

Statement of Cash Flows

For the year ended March 31, *(Thousands of Canadian dollars)*	**2020**	**2019**
Operating transactions		
Annual surplus	$ -	$ -
Non-cash items:		
Amortization of tangible capital assets (Note 9)	16,539	14,547
Write-downs of tangible capital assets (Note 9)	129	-
Amortization of deferred lease inducement (Note 15)	(388)	1,126
Change in pension liabilities	341	220
	16,621	15,893
Decrease (Increase) in accounts receivable	9,065	(750)
Decrease (Increase) in prepaid expenses	134	(2,164)
Increase in accounts payable and accrued liabilities	1,607	2,967
(Decrease) Increase in accrued employment liabilities	(32,632)	14,863
Cash (applied to) provided by operating transactions	(5,205)	30,809
Capital transactions		
Acquisition of tangible capital assets (Note 9)	(18,259)	(12,160)
Cash applied to capital transactions	(18,259)	(12,160)
Financing transactions		
Repayment of advance from the Province of Alberta	-	-
Cash applied to financing transactions	-	-
(Decrease) Increase in cash and cash equivalents	(23,464)	18,649
Cash and cash equivalents at beginning of year	101,125	82,476
Cash and cash equivalents at end of year	$ 77,661	$ 101,125
Supplementary information		
Cash used for interest	$ 987	$ 874

The accompanying notes are part of these financial statements.

Notes to the Financial Statements

For the year ended March 31, 2020 (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 Corporation 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 approximately $110.0 billion (2019: $115.2 billion) at March 31, 2020, see Note 12. These assets are invested in segregated investments owned by the client 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 companies 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 operating expenses and capital expenditures 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 $214,408 (2019: $196,933), third-party performance fees, which are recorded as $177,797 (2019: $111,624), and pension liabilities, which are recorded as $4,287 (2019: $3,946) 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. The pension liabilities are based on key assumptions that could impact the reported liability. Refer to Note 8 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. The indirect charges are primarily allocated based on assets under management and head count.

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 Corporation 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.

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 11.

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

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 (2020 and 2019: $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 vacations 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.

f) Non-Financial Assets

Non-financial assets are acquired, constructed or developed assets that 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 the tangible capital assets, is amortized on a straight-line basis over their estimated useful lives as follows:

Computer systems hardware and software	5 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 $129 (2019: $nil) are accounted for as expenses in the Statement of Operations.

Prepaid Expenses

Prepaid expenses are recognized at cost and amortized based on the terms of the agreement.

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.

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, 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 Long-Term Incentive Plan (LTIP) and a Restricted Fund Unit Plan (RFU). The potential end value of these grants, if and when vested, fluctuate over the vesting period based on achievement of certain performance factors and are expensed as salaries, wages and benefits over the vesting period of the awards. The liability for the grants are remeasured at each reporting period based on changes in the intrinsic values of the grants, 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 the grants, 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 noon 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, 2021)

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, 2022)

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.

Note 5 Cash and Cash Equivalents

Cash and cash equivalents consist of:

As at March 31, *(Thousands of Canadian dollars)*		**2020**		**2019**
Deposit in Consolidated Cash Investment Trust Fund	$	77,073	$	100,767
US bank account		49		67
Great British Pounds bank account		539		291
	$	77,661	$	101,125

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, 2020, securities held by the Fund have a time-weighted return of 1.52% per annum (2019: 1.52% per annum).

Note 6 Accrued Employment Liabilities

As at March 31, *(Thousands of Canadian dollars)*	**2020**	**2019**
Annual incentive plan (a)	$ 35,093	$ 39,843
Long-term incentive plan (b)	46,832	73,734
Restricted fund unit incentive plan (c)	300	910
Accrued vacation, salaries and benefits	2,995	3,365
	$ 85,220	$ 117,852

a) Annual Incentive Plan

Variable pay per the Corporation's Annual Incentive Plan (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. Value-add is the net incremental return from active management. The Chief Executive Officer may also make limited discretionary awards.

Total expense related to the AIP for the year ended March 31, 2020 was $27,845 (2019: $33,278) which was recorded in salaries, wages and benefits.

b) Long-Term Incentive Plan

The Corporation provides retention incentives to certain employees through an LTIP and an RFU plan. The LTIP program provides the opportunity for a performance payment for generating superior average value-add over a four-year period. Officers and other key professionals of the Corporation receive LTIP grants effective January 1 of each year that vary 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 grants 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 grant based on cumulative performance under the four-year vesting period. The maximum amount could be paid if the average four-year value-added exceeds the average "stretch target" annually set by the Board. The stretch target for the 2020 calendar year is $1,003,000.

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

(Thousands of Canadian dollars)	**Target**	**Stretch Target**	**Value Add for Compensation Purposes**
2015	302,000	906,000	1,514,800
2016	251,500	754,500	225,500
2017	258,333	775,000	1,099,500
2018	267,667	803,000	939,500
2019	296,000	888,000	(522,100)
Total	$ 1,375,500	$ 4,126,500	$ 3,257,200

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. Strong performance in certain asset classes since the first grants were awarded have resulted in the potential for Special LTIP grants. A Special LTIP grant was awarded in the current year for $2,884 (2019: $5,492).

The accrued LTIP liability as at March 31, 2020 of $46,832 (2019: $73,734) reflects the current value of all outstanding LTIP grants, based on actual results to that date from the date they were awarded.

Information about total LTIP grants awarded and outstanding is as follows:

For the year ended March 31, *(Thousands of Canadian dollars)*		**2020**		**2019**
	Original (Notional) Value		Original (Notional) Value	
LTIP grants outstanding, beginning of year	$ 61,634	$ 73,734	$ 53,114	$ 63,488
Granted	14,297	-	17,024	279
Accrual	-	834	-	33,479
Forfeited	(3,294)	(2,464)	(775)	(1,037)
Paid	(8,461)	(25,272)	(7,729)	(22,475)
LTIP grants outstanding, end of year	$ 64,176	$ 46,832	$ 61,634	$ 73,734

The maximum potential obligation related to the LTIP as at March 31, 2020 was $192,528 (2019: $184,902). Total expense claw back related to the LTIP for the year ended March 31, 2020 was ($1,629) (2019: expense of $32,720), which was recorded in salaries, wages and benefits.

c) Restricted Fund Unit Incentive Plan

The RFU program is a supplementary compensation plan based on a notional investment in the total assets under administration, where the value fluctuates based on the total rate of return. Unlike the LTIP grants, rates of return relative to benchmark do not impact the value of the RFUs. 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.

The accrued RFU liability as at March 31, 2020 of $300 (2019: $910) reflects the current value of all outstanding RFU grants, based on actual results to that date from the date they were awarded.

Information about total RFU grants awarded and outstanding is as follows:

For the year ended March 31,		**2020**		**2019**
(Thousands of Canadian dollars)	Notional Value		Notional Value	
RFU grants outstanding, beginning of year	$ 907	$ 910	$ 1,019	$ 1,068
Granted	135	135	485	485
Accrual	-	65	-	56
Paid	(727)	(810)	(597)	(699)
RFU grants outstanding, end of year	$ 315	$ 300	$ 907	$ 910

Total expense related to the RFU plan for the year ended March 31, 2020 was $199 (2019: $541) which was recorded in salaries, wages and benefits.

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, 2020 (2019: $nil). As at March 31, 2020, the outstanding advance from the Province totaled $58,349 (2019: $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 1.69% (2019: 1.50%). Interest expense on the advance is $987 (2019: $874) and is included in the Statement of Operations. At March 31, 2020, the Corporation was in compliance with the terms of its revolving demand facility.

Note 8 Pension Liabilities

Information about the Corporation's SRP is as follows:

As at and for the year ended March 31, *(Thousands of Canadian dollars)*	**2020**	**2019**
Accrued retirement obligation		
Beginning of year	$ 7,754	$ 6,438
Current service cost	512	538
Interest cost	260	195
Benefits paid	(41)	(35)
Actuarial loss	1,346	618
End of year	9,831	7,754
Plan assets		
Fair value, beginning of year	3,282	2,851
Actual return on plan assets	(166)	48
Employer contributions	185	209
Employee contributions	185	209
Benefits paid	(41)	(35)
End of year	3,445	3,282
Funded status - plan deficit	(6,386)	(4,472)
Unamortized net actuarial loss	2,099	526
Reported liability	$ (4,287)	$ (3,946)
Current service cost	512	538
Interest cost	260	195
Expected return on plan assets	(109)	(85)
Amortization of net actuarial loss (gain)	48	(10)
Less: employee contributions	(185)	(209)
Total SRP expense	$ 526	$ 429

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, 2018. An extrapolation of the actuarial valuation dated December 31, 2018 was performed to March 31, 2020.

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

As at March 31,	2020	2019
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,	2020	2019
Annual discount rate	2.5%	3.2%
Annual salary increase - base	2.0%	2.0%
Expected long-term return on plan assets	4.9%	6.3%
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 $2,489 as at March 31, 2020 (2019: $1,933). A 1% increase in the salary scale assumption would result in an increase in the reported liability by $1,868 as at March 31, 2020 (2019: $1,338). A 1% increase in the inflation rate assumption would result in an increase in the reported liability by $987 as at March 31, 2020 (2019: $732).

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 $4,542 (2019: $5,791) for the year ended March 31, 2020 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, 2019, MEPP reported a surplus of $1,008,135 (2018: surplus of $670,700) and PSPP a surplus of $2,759,320 (2018: surplus of $519,218).

Note 9 Tangible Capital Assets

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

	Computer systems hardware and software	Leasehold improvements	Furniture and equipment	2020	2019
Cost					
Opening balance	$ 123,807	$ 14,719	$ 5,233	$ 143,759	$ 132,518
Additions	11,610	6,388	261	18,259	12,160
Disposals	-	(13,551)	-	(13,551)	(919)
Write downs	(129)	-	-	(129)	-
Closing balance	135,288	7,556	5,494	148,338	143,759
Accumulated amortization					
Opening balance	61,944	12,320	4,108	78,372	64,744
Amortization expense	14,439	1,550	550	16,539	14,547
Effect of disposals	-	(13,551)	-	(13,551)	(919)
Closing balance	76,383	319	4,658	81,360	78,372
Net book value at March 31	$ 58,905	$ 7,237	$ 836	$ 66,978	$ 65,387

Cost includes work-in-progress at March 31, 2020 totaling $4,465 (2019: $3,822) comprised of computer systems hardware and software.

Note 10 Net Assets

Net assets is made up as follows:

As at March 31, *(Thousands of Canadian dollars)*	**2020**	**2019**
Contributed surplus (a)	$ 3,647	$ 3,647
Share capital (b)	-	-
	$ 3,647	$ 3,647

a) Contributed Surplus

Contributed surplus of $3,647 (2019: $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 (2019: $nil).

Note 11 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 equity and private income pools. Third-party management fees may also vary by investment asset class. As of March 31, 2020, approximately 82% of assets under management are managed internally by the Corporation, and the remaining 18% 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.

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 above are asset administration, audit, compliance, valuation, and investment disposition and structuring costs incurred directly by the investment portfolios totaling $57,709 for the year ended March 31, 2020 (2019: $65,090) following changes in accounting policy for reporting third-party investment costs as disclosed in Note 19.

Note 12 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.

At March 31, 2020, assets under administration totaled approximately $110.0 billion (2019: $115.2 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)*	**2020**	**2019**
Pension plans	$ 72,695,533	$ 74,647,724
Ministry of Treasury Board and Finance		
General revenue and entity investment funds [1]	9,648,931	11,244,799
Endowment funds (including the Alberta Heritage Savings Trust Fund)	21,286,361	23,119,580
Insurance-related funds	3,079,146	3,028,061
Other government Ministry investment funds	3,253,631	3,191,366
	$ 109,963,602	$ 115,231,530

(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.

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

As at March 31, *(Thousands of Canadian dollars)*	**2020**	**2019**
Fixed income		
Fixed income [1]	$ 33,134,910	$ 36,374,619
Private mortgages	4,286,656	3,949,109
Private debt and loan	1,600,608	1,474,382
Inflation sensitive		
Real estate	14,904,422	16,099,581
Infrastructure and renewable resources	11,757,483	10,379,341
Real return bonds and commodities	744,619	765,526
Equities		
Public equities and absolute return strategies	36,507,680	41,519,387
Private equity and venture capital	4,938,013	4,483,728
Overlays	355,572	185,857
Other derivatives	1,733,639	-
	$ 109,963,602	$ 115,231,530

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

Note 13 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, 2020 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.

AIMCo'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.

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)*	**2020**	**2019 Restated (Note 19)**
Revenues		
Direct cost recoveries (1)(2)	$ 397,636	$ 297,457
Indirect cost recoveries (1)(2)	162,060	175,492
Interest income	1,193	1,044
	560,889	473,993
Expenses		
Interest on advance from the Province of Alberta	987	874
Contracted services (3)	1,129	897
Rent (4)	1,591	-
	3,707	1,771
Assets		
Accounts receivable (1)(2)	7,961	9,371
Liabilities		
Accounts payable	896	898
Advance from the Province of Alberta	58,349	58,349
	$ 59,245	$ 59,247

(1) Recovered from government funds, pension plans and other entities under common control.
(2) The comparative figures for the year ended March 31, 2019 have been restated following changes in accounting policy for reporting third-party investment costs described in Note 19.
(3) Transacted with the Ministry of Treasury Board and Finance and other entities.
(4) Rent paid on client owned property.

Note 14 Salaries and Benefits Disclosure

The Corporation has a pay for performance strategy that exists to attract, retain, and motivate top performers. Base salaries are market driven and variable compensation programs reward long-term value-add performance.

The following table presents total compensation of the directors and officers of the Corporation earned for the year ended March 31, 2020 in accordance with direction from the Ministry of Treasury Board and Finance.

For the year ended March 31, *(Thousands of Canadian dollars)*	**2020**						**2019**
	Base Salary[1]	**Incentive Plan** Annual[2]	**Incentive Plan** Long-Term[3]	**Other Cash Benefits**[4]	**Other Non-Cash Benefits**[5]	**Total**	Total
Chairman of the Board[6]	$ -	$ -	$ -	$ 114	$ -	$ 114	$ 112
Board Members[6]	-	-	-	537	-	537	543
Chief Executive Officer	500	1,272	1,129	-	75	2,976	3,443
Chief Investment Officer	425	950	1,501	-	73	2,949	3,552
EVP, Public Equities	300	222	468	-	58	1,048	1,933
EVP, Fixed Income	300	643	1,004	-	58	2,005	1,924
Chief Corporate & HR Officer	285	372	661	-	43	1,361	1,115
Chief Financial Officer	318	501	-	-	47	866	792
SVP, Operations[7]	-	-	-	-	-	-	781
Chief Legal Officer	260	288	335	1	48	932	757
Chief Risk Officer	275	307	341	-	43	966	866
Chief Client and Stakeholder Relations Officer	240	204	-	-	38	482	454

(1) Base salary consists of all regular pensionable base pay earned.
(2) Annual incentive plan is accrued based on goal attainment for the calendar year and paid in the subsequent period.
(3) Long-term incentive plan consists of amounts that became eligible for payment in the year and paid in a subsequent period.
(4) Other cash benefits consist of RFU amounts that became eligible for payment in the year and paid in a subsequent period, severance, lump sum payments, and any other direct cash remuneration.
(5) Other non-cash benefits consist of the Corporation's share of all employee benefits and contributions or payments made on behalf of employees, including pension, supplementary retirement plans, statutory contributions, and health plan coverage.
(6) The Board consisted of 10 independent members during fiscal 2019-20, including the Chairman whose compensation is disclosed separately.
(7) The SVP, Operations will be transitioning from AIMCo in April 2020, and effective September 2018 took on a non-Executive Committee member role. The amounts shown in the prior year are based on the full year.

LTIP grants are awarded at the start of each fiscal year. The resulting value, if any, is paid out after the end of a four-year vesting period and is based on long-term value-added performance. The tables below show the original (Notional) LTIP grants and estimated potential future payouts for each named executive. The future value of awards granted for 2017, 2018 and 2019 but not vested are estimated as at March 31, 2020 based on actual performance for calendar years 2017, 2018 and 2019 and pro forma multipliers of 1.0 (target) for future years. For awards granted in 2020, the future payout is estimated as at March 31, 2020 based on pro forma multipliers of 1.0 (target) for calendar year 2020 and all future years.

No amount is payable if performance is below a certain level or if the vesting and payment conditions pursuant to the plan are not met.

					Original (Notional) Grant Value
(Thousands of Canadian dollars)	**As at March 31, 2019**	**Granted in Year**	**Eligible for Payout in Year**	**Forfeited or Adjusted in Year**	**As at March 31, 2020**
Chief Executive Officer	$ 2,375	$ 875	$ (500)	$ -	$ 2,750
Chief Investment Officer	2,926	446	(665)	-	2,707
EVP, Public Equities	1,668	300	(350)	-	1,618
EVP, Fixed Income	1,863	540	(335)	-	2,068
Chief Corporate & HR Officer	913	143	(293)	-	763
Chief Financial Officer	228	140	-	-	368
Chief Legal Officer	538	117	(149)	-	506
Chief Risk Officer	660	179	(165)	-	674
Chief Client and Stakeholder Relations Officer	288	96	-	-	384

					Estimated Future Payout
(Thousands of Canadian dollars)	**As at March 31, 2019**	**Change in Estimated Future Payout in Year**	**Eligible for Payout in Year**	**Forfeited or Adjusted in Year**	**As at March 31, 2020**
Chief Executive Officer	$ 6,001	$ (958)	$ (1,129)	$ -	$ 3,914
Chief Investment Officer	7,341	(1,302)	(1,501)	-	4,538
EVP, Public Equities	3,354	(1,210)	(468)	-	1,676
EVP, Fixed Income	4,536	834	(1,004)	-	4,366
Chief Corporate & HR Officer	2,117	(42)	(661)	-	1,414
Chief Financial Officer	304	(4)	-	-	300
Chief Legal Officer	1,187	14	(335)	-	866
Chief Risk Officer	1,322	127	(341)	-	1,108
Chief Client and Stakeholder Relations Officer	519	(80)	-	-	439

RFU awards are granted on a discretionary basis to bridge the gap period between when an individual commences employment and when LTIP grants begin vesting. RFU awards have time horizons of one to three-year vesting periods.

Note 15 Contractual Obligations

Contractual obligations of $187,832 (2019: $165,824) 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. Estimated payment requirements for each of the next five years and thereafter are as follows:

As at March 31, *(Thousands of Canadian dollars)*		**2020**
2021	$	41,292
2022		23,345
2023		17,281
2024		11,502
2025		11,197
Thereafter		83,215
Total	$	187,832

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, 2020 is $1,911 (2019: $2,299).

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 for security purposes. This facility is utilized by the investment pools and at March 31, 2020 the balance outstanding against the facility is $59,025 (2019: $152,089).

Note 16 2019-2020 Budget

The Corporation's budget for the year ended March 31, 2020 was approved by the Board of Directors in the amount of $528,284 on November 16, 2018. Following changes in accounting policy for reporting third-party investment costs as disclosed in Note 19, third-party other fees budget was reduced by $46,069. The Corporation's revised budget is $482,215.

Note 17 Financial Risk Management

The Corporation has minimal exposure to credit risk, liquidity risk and foreign exchange risk due to the nature of our 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 our clients are established organizations that have a proven history of payment.

As at March 31, 2020, 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 our 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.

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 Great British Pounds denominated foreign currency in accounts payable and accrued liabilities as at March 31, 2020 is $2,112 (2019: $1,005) and $177 (2019: $66), respectively.

d) Interest Rate Risk

The Corporation is exposed to interest rate risk from our advance from the Province of Alberta. The sensitivity of the Corporation's operating surplus due to a 1% change in the interest rate is $583 (2019: $583).

Note 18 Comparative Figures

Certain comparative figures have been reclassified to conform to the current year's presentation. Impacts on the Statement of Operations are presented in Note 19, Restatement of Comparative Information.

Note 19 Restatements of Comparative Information

The comparative figures for the year ended March 31, 2019 have been restated following changes in accounting policy for reporting of third-party investment costs, also disclosed in Note 11 Third-party investment costs. This change had the effect of removing third-party investment operational costs, previously reported as part of third-party other fees, from AIMCo's Statement of Operations. Impacts on the Statement of Operations are presented as follows.

Revised Statement of Operations

For the year ended March 31, *(Thousands of Canadian dollars)*	**2019** Published	**2019** Reclasses[1]	**2019** Restatements	**2019** Revised
Revenue				
Cost recoveries	$ 588,411	$ -	$ (65,090)	$ 523,321
Interest income	1,044	-	-	1,044
Total revenue	589,455	-	(65,090)	524,365
Expenses				
Third-party investment management fees (Note 11)	198,763	(1,830)	-	196,933
Third-party performance fees (Note 11)	111,624	-	-	111,624
Third-party other fees (Note 11)	84,747	1,830	(65,090)	21,487
Salaries, wages and benefits	129,731	-	-	129,731
Business technology and data services	25,758	896	-	26,654
Amortization of tangible capital assets (Note 9)	14,547	-	-	14,547
Administrative expenses	8,334	(896)	-	7,438
Contract and professional services	7,704	-	-	7,704
Rent	7,189	-	-	7,189
Interest	1,058	-	-	1,058
Total expenses	589,455	-	(65,090)	524,365
Annual surplus	$ -	$ -	$ -	$ -

(1) Certain comparative figures have been reclassified to conform to the current year's presentation, as per Note 18.

Note 20 Approval of Financial Statements

These financial statements were approved by the Board of Directors on May 28, 2020.

Note 21 Subsequent Events

The COVID-19 outbreak was declared a global pandemic by the World Health Organization. This situation is dynamic with various cities and countries around the world responding in different ways to address the outbreak. As a result of the COVID-19 outbreak, global financial markets have experienced significant volatility. Given the extent of the crisis, it is difficult to estimate the ultimate impact or duration of the volatility on the investment portfolios administered by the Corporation.


AIMCo