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Who keeps track of the Fund and how well it does?

A

The Heritage Fund falls under the responsibility of the Minister of Revenue.

The Fund is carefully and professionally managed by a combination of managers from within government and from external agencies. These experts are drawn from the best in the field to manage the Fund with the goal of getting the best return on investment without undue risk.

The Standing Committee on the Alberta Heritage Savings Trust Fund is an all-party committee that reviews and approves the business plan and annual report of the Fund. The Standing Committee receives regular reports on the performance of the Fund and conducts an annual public meeting to update Albertans on the management of the Fund and to solicit input from Albertans.

The financial statements of the Heritage Fund are audited by the Auditor General of Alberta.

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I remember the Heritage Fund making loans to other provinces. What happened with those loans?

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Between 1977 and 1982, six provinces borrowed a total of \$1.9 billion from the Heritage Fund - Manitoba, Quebec, Newfoundland, New Brunswick, Nova Scotia and Prince Edward Island. All of the loans were repaid on time and in full.

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Who do I contact if I have questions about the Alberta Heritage Savings Trust Fund?

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Mail:

Alberta Heritage Savings Trust Fund
Room 426, 9515 – 107 Street
Edmonton, Alberta T5K 2C3

Phone:

(780) 427-1350

(To be connected toll-free in Alberta to any Alberta government office, dial 310-0000 followed by the area code and phone number of the office you wish to reach)

Email:

www.albertaconnects.gov.ab.ca

Website:

www.albertaheritagefund.com

Alberta Heritage Savings Trust Fund Standing Committee Membership

Chair:

Drew Hutton, MLA, Edmonton Glenora

Deputy Chair:

Richard Magnus, MLA, Calgary North Hill

Members:

Bill Bonner, MLA, Edmonton Glengarry

Dave Broda, MLA, Redwater

Debby Carlson, MLA, Edmonton Ellerslie

Mel Knight, MLA, Grande Prairie-Smoky

Rob Loughheed, MLA, Clover Bar-Fort Saskatchewan

Richard Marz, MLA, Olds-Didsbury-Three Hills

George VanderBurg, MLA, Whitecourt-Ste. Anne



Heritage Fund



Alberta Heritage Savings Trust Fund

2003-04

Learn more about your
\$12 billion
Heritage Fund



www.albertaheritagefund.com

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What is the Alberta Heritage Savings Trust Fund?

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The Alberta Heritage Savings Trust Fund was created in 1976 when the provincial economy was doing very well and the government was receiving a lot of royalties from high oil prices. Premier Lougheed and the government decided to set aside a portion of this money for future generations of Albertans, specifically, when Alberta's non-renewable resources run out.

The Heritage Fund was unique then and it still is. No other province has such a Fund.

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Is it still worthwhile having a Heritage Fund?

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Absolutely. In fact, over the past 27 years, the Fund has earned more than \$25 billion, which has improved the quality of life in Alberta.

No other province has a Heritage Fund. No other province has a fund they can count on to build a long-term legacy for the future. The Heritage Fund is an important part of Alberta's strong fiscal framework and has helped Alberta achieve the highest credit rating possible.

Today, the Heritage Fund operates as an Endowment Fund that is invested to maximize long-term financial returns. The net investment income that the Fund earns each year is transferred to the province's main operating fund, the General Revenue Fund, and is used to support priorities like health care, education, tax reductions and debt repayment.

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What is the Heritage Fund's mission?

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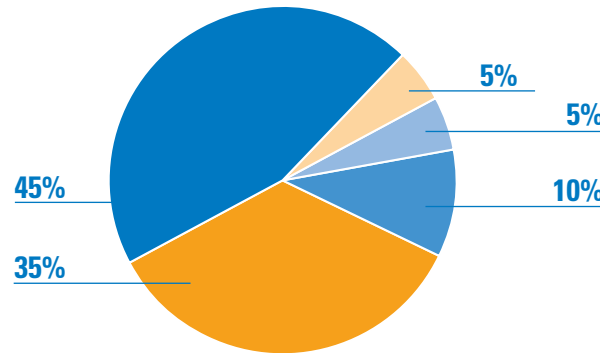
The Fund's mission is: "To provide prudent stewardship of the savings from Alberta's non-renewable resources by providing the greatest financial returns on those savings for current and future generations of Albertans."

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How is the Fund invested?

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The Heritage Fund is managed and invested to provide the greatest financial returns over the long-term. The Fund currently has investments in bonds, mortgages, stocks and real estate. These investments are held in different markets around the world including Canada, the United States, Europe, Australia, Asia and the Far East. The Fund's policy investment asset mix for 2003-04 is illustrated below:



- Public Equities (45%)
- Fixed Income (35%)
- Real Estate (10%)
- Absolute Return Strategies (5%)
- Private Equities (5%)

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Is this investment strategy the best one for the Fund?

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Yes, at this time the current investment strategy is the right strategy for the Heritage Fund. It is a balanced plan based on two important concepts: diversification to manage risk, and a long-term planning horizon to earn greater returns.

The Fund's diverse portfolio is designed to manage the ups and downs of the markets. The government doesn't, as the expression goes, "put all its eggs in one basket."

In addition, the Heritage Fund is invested to earn returns over the longer term. Some losses may occur in the short-term, with the understanding that greater returns in the long run will more than compensate for any short-term declines. The Heritage Fund has a significant commitment to equities because, over the long-term equities earn higher returns. For example, \$100 invested in the stock market in 1925, would be worth about \$170,000 today. The same amount, if invested in a bond in 1925, would only be worth about \$6,000 today.

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How much is the Heritage Fund worth?

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As of June 30, 2003, the fair value of the Alberta Heritage Savings Trust Fund was \$11.7 billion.

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What happens to the money the Fund earns from its investments?

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The investment income earned by the Fund is transferred to the province's main operating fund, the General Revenue Fund to help pay for priorities like health care, education, tax reductions and to help pay down the provincial debt.