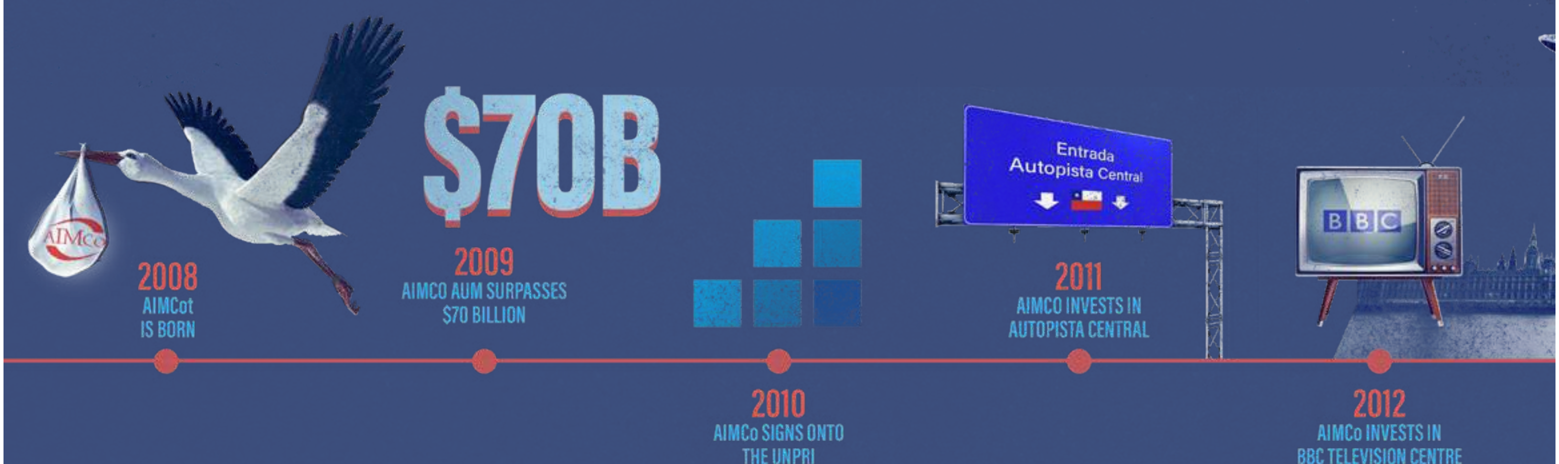
AIMCo
Alberta Investment Management Corp.

2017 ANNUAL REPORT

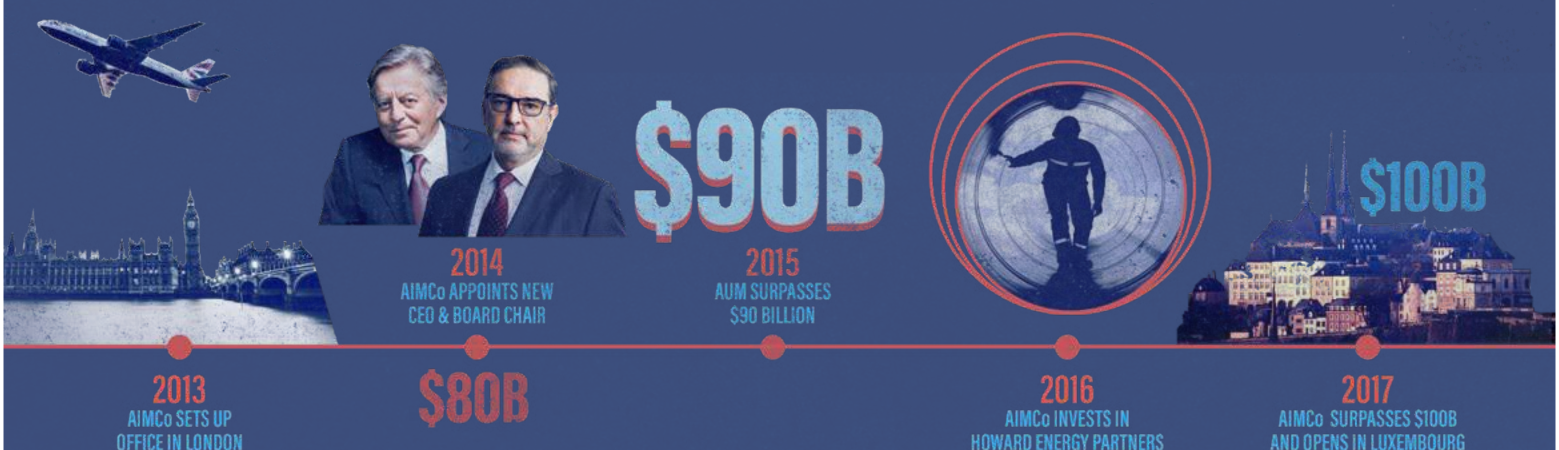
10GETHER

LOOKING BACK—MOVING FORWARD—ALWAYS WITH—ALWAYS FOR ALBERTA.



OVERVIEW

A REVIEW OF THE LAST YEAR, A CELEBRATION OF THE PAST 10 & A LOOK FORWARD TO THE FUTURE.



Our annual snapshot tells just a chapter of the AIMCo story, and as we reach the major milestone of 10 years in operation, a bigger narrative begins to emerge. Growing from the sandy soil of 2008 to a sophisticated, successful investment manager, our story still has so much to come. However, one thing remains constant - that we are always with, always for, Alberta.

HIGHLIGHTS FROM 2017

FOR CALENDAR YEAR ENDING DECEMBER 31, 2017

$1.1B
NET VALUE ADD

9.3%
TOTAL FUND
NET INVESTMENT RETURN

$8.9B
NET INVESTMENT INCOME

10.4%
BALANCED FUNDS
NET INVESTMENT RETURN

$103.7B
ASSETS UNDER MANAGEMENT

3.7%
GOVERNMENT & SPECIALTY FUNDS
NET INVESTMENT RETURN

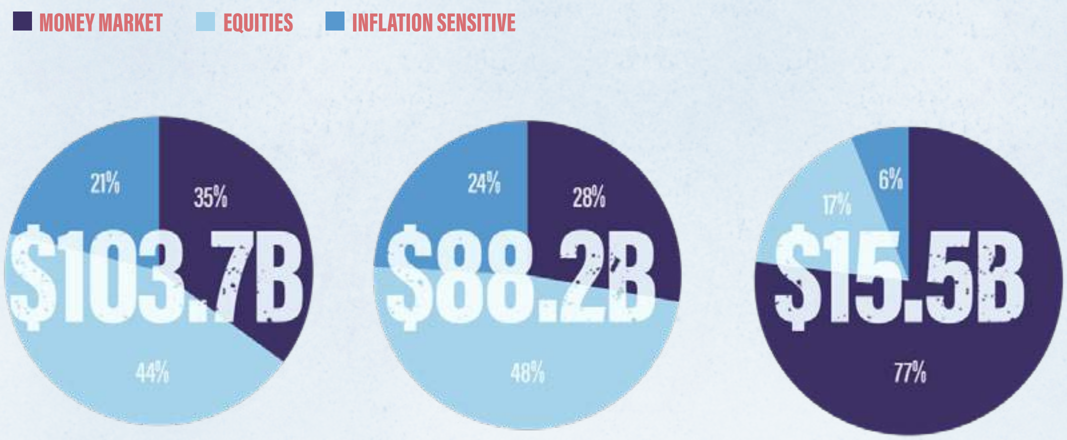
JUNE 2017

FROM PINCHER CREEK TO BRUSSELS

Rooted in Alberta but globally minded, AIMCo's investment teams have closed transactions around the world, from wind farms in Southern Alberta to genuinely unique shopping destinations in Europe.

ASSET MIX CHARTS

FOR CALENDAR YEAR ENDING DECEMBER 31, 2017

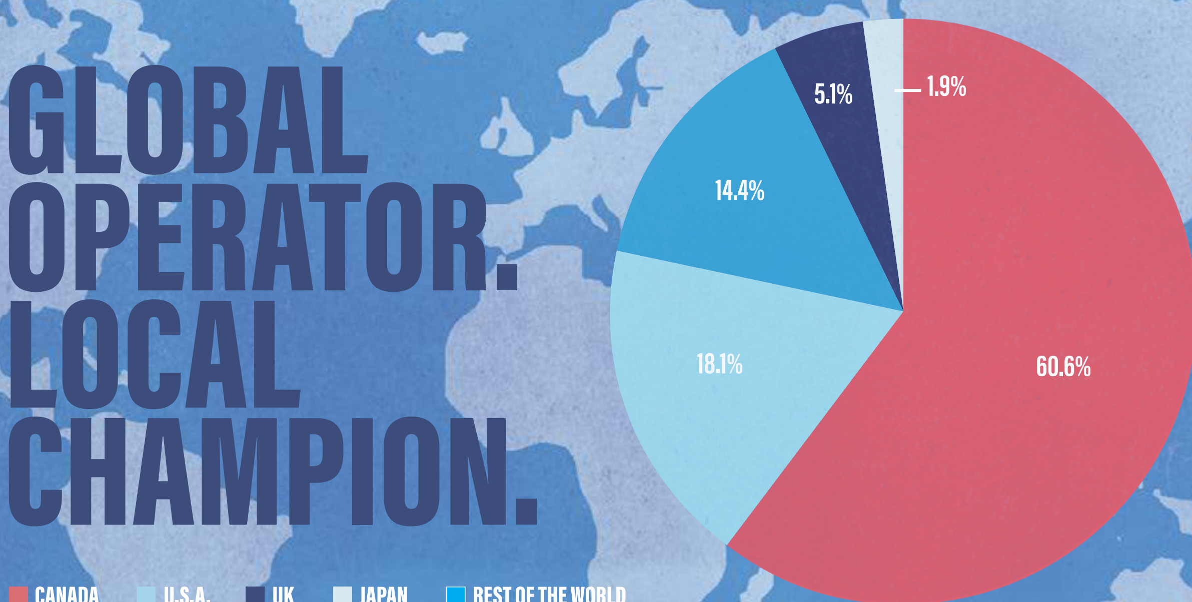


TOTAL AIMCO

BALANCED FUNDS

GOVERNMENT & SPECIALTY FUNDS

GLOBAL OPERATOR. LOCAL CHAMPION.



VISION

Enriching the lives of Albertans by building prosperity, security and opportunity across generations.

VALUES

EXCELLENCE

Dedicated to providing a superior client experience in every facet of our business.

TRANSPARENCY

Do what you say and say what you do – keep it simple.

HUMILITY

Learn as much from failure as you do from success.

INTEGRITY

Act in an ethical manner. Do what is right, not expedient.

COLLABORATION

One company, one team.

SINCE 2008

OUR CLIENTS REPRESENT ALL ALBERTANS

COMPANY OVERVIEW

AIMCo has been Alberta's investment manager for 10 years. A decade. Together we have celebrated successes and navigated challenges, all while growing both in size and expertise.

We've taken trips around the globe to bring the best of the best home. We've taken client service to new levels, offering value add beyond investment returns. We've worked hard to ensure we're world class when it comes to technology, risk, and strategy. And, we've built a team that includes some of the smartest, most innovative minds in the investment industry.

We are proud to serve our 32 pension and government fund clients as a Crown corporation, helping to ensure prosperity for 330,000 public sector employees, and all Albertans benefitting from the Alberta Heritage Savings Trust Fund.

With all of this under our belt, it's time to look forward to the next decade, and the many to follow, as we continue our mission to become a world-class investment manager that is always with, always for, Alberta.

Alberta Investment Management Corp.

2017 ANNUAL REPORT

CHAIR & CEO MESSAGE

ALBERTA INVESTMENT MANAGEMENT CORPORATION IS AN ORGANIZATION THAT ALL ALBERTANS CAN BE PROUD OF.

-RICHARD BIRD, EXECUTIVE BOARD CHAIR

A MESSAGE FROM THE CHAIR

Having recently passed the tenth anniversary of its establishment as the centre of excellence for management of Alberta's public sector pension and government funds, Alberta Investment Management Corporation is an organization that all Albertans can be proud of.

AIMCo manages more than $100 billion dollars on behalf of its clients, the pension plans of most public service employees at the provincial and municipal levels, as well as various provincial and municipal pools of capital, including the Alberta Heritage Savings Trust Fund. This is a very important responsibility and one which AIMCo is doing an exceptionally good job of fulfilling. You will read elsewhere in this annual report about the very favourable investment performance achieved both in 2017 and over the last five years. As a result of this performance many of our pension fund clients have achieved their highest funded ratio in decades, which has allowed them to decrease contribution rates for hundreds of thousands of public service employees and their government employers. Additionally, over the last five years the Heritage Fund has provided $8.6 billion dollars of investment income to support Alberta's priorities.

The board of directors looks closely at how AIMCo compares with other similar investment management organizations in Canada, the U.S. and around the world. We utilize the services of CEM, an independent investment performance analysis organization. AIMCo consistently ranks in the top quartile of our global peers on both investment performance and cost management. We belong to a small group of Canadian investment managers referred to as the "Maple Revolutionaries", studied and cited for their success.

How does this come to be that an investment manager in a Canadian province with a small population base can rank among the best in the world? Of course, a lot of it has to do with people.

AIMCo has been able to attract an enviable talent base of professionals from both within the province and beyond. We can see this directly and also in the determined attempts of other organizations to lure our people away. However, there is a more fundamental ingredient which underlies even our ability to attract good people, and that is scale. Were AIMCo only half its current size, we would not be able to afford the level of resourcing and expertise required to perform on par with the best in the world, nor would we be able to offer the career development opportunities that top professionals expect.

When you look at the Maple Revolutionaries, they are all close to $100 billion in assets under management, or more. Ontario, given its size and population base, can support several investment management organizations of this scale. Alberta achieves this scale by consolidating many separate pension funds and clients together for investment management services, and that has enabled our success.

In some ways I think of this home-made success story as a reflection of the spirit of Alberta – by working together creatively we can achieve things beyond what our size on the global stage would otherwise suggest.

A critical aspect of the AIMCo consolidated investment management services model is client relationships. Pooling the capital of many clients together to achieve scale does not mean that clients are all homogenous with respect to their needs and goals. AIMCo attaches a high priority to designing our investment management services to meet differentiated client objectives, and to working closely with clients to continuously respond to their needs and adapt to changes in those needs. This was my predecessor's top priority, and it remains mine, with the full support of our CEO, Kevin Uebelein, and his entire team.

As with our employees, AIMCo's size and global stature has enabled us to attract a high calibre board of directors from within Alberta and beyond. In 2017 we welcomed Sharon Sallows, former Principal at Ryegate Capital, and Sarah Raiss, former Executive Vice-President of Corporate Services at TransCanada Corporation. Unfortunately, Sarah had to resign for personal reasons earlier this year but her contribution, though brief, was valuable and appreciated.

2017

10 YEARS OF AIMCO

The celebration of our tenth anniversary in December of 2017 was a bittersweet moment.

It was wonderful to be joined by many prior members of the board of directors including those involved in the establishment of AIMCo; but it also marked the retirement of the last two of the original founding directors, Mac Van Wielingen, Board Chair, and Andrea Rosen, Governance Committee Chair. These two individuals have been incredibly dedicated to AIMCo and heavily instrumental in the success it has achieved. On behalf of all Albertans, we thank them deeply.

Looking forward, the future holds both opportunity and challenge. The investment arena is constantly evolving and approaches which worked well in past will need to be refined. Clients' needs are also changing and AIMCo's services will need to respond to those changes. The ingredients for success will be the same: scale, good people, and strong client relations. Those we have.

-Richard Bird,
EXECUTIVE BOARD CHAIR

A MESSAGE FROM THE CEO

At the end of 2017, AIMCo reached a significant milestone: we marked ten years as an independent Alberta Crown corporation. It's only appropriate that we acknowledge and celebrate the occasion. And yet, as an organization that wants to remain relentlessly focused on making its future, how much time should we take to think about our past?

As I write this note to accompany our annual report, I have given some thought on why celebrating milestones like our 10th birthday is indeed worthwhile. Certainly, an anniversary offers us a chance to reflect, at least for a moment, on the foundational elements of our creation, to thank our founders, and to recall the challenges and lessons we've already learned. Remembering and recognizing those trends will help us anticipate new challenges for the future.

Also, the pride and unity that a milestone anniversary inspires makes it an ideal time to ask people to think together about why AIMCo's work really matters, and how our work should be progressed into the future. This is a crucial building block for the best kind of strategic thinking.

And perhaps most important of all, it is a good moment to recommit to what should never change. AIMCo's work must always be consistent with our Guiding Principles, and especially with our Vision of Enriching the lives of Albertans by building prosperity, security and opportunity across generations.

I am pleased to report that during 2017, AIMCo's pursuit towards fulfilling that vision was, on whole, a successful one. Our Balanced Fund Clients collectively experienced a net return of 10.4%. This return was 1.3% higher than the passive benchmark return, representing strong value add performance by our investment teams and everyone that supports them. In dollar terms, AIMCo delivered $1.1 billion of aggregate value add to all our clients, across all strategies and assets. And it's always worth reminding the reader that in every case our return figures are reported net of all costs.

While we report to you annually, as truly long-term investors, we think in much longer time units. I am pleased to report that our five-year performance for clients, through December 2017 is a 10.3% return per annum, with 76 basis points of annualized net value add performance, representing more than $ 3.0 billion of aggregate value add.

Our performance has been strong, and underpinning that performance has been our ongoing work to assure sustainable performance by improving our skills and talent, and fostering a strong culture; a culture that respects our past, is driven for a successful future and is focused purely on our clients' needs.

To our clients: we aim to be organized in complete alignment with your objectives, focusing on maximizing investment returns, while being keenly aware of our responsibility to maintain a low cost structure.

On behalf of the dedicated AIMCo team that works each day on their behalf, I wish to extend my gratitude to the individuals comprising the boards and investment committees of our clients. I am also greatly appreciative of the deep commitment of AIMCo's own board of directors, and the work they do to ensure our organization maintains the high degree of governance and operational independence required to meet our mandate and objectives.

2017 AND BEYOND

FROM 10 TO 150

Whether an organization is celebrating its 10th or its 150th anniversary, it should not be a time for mere nostalgia, but a time to reinforce the needs and goals for the future. AIMCo remains fully committed to serving its clients and stakeholders, and we are grateful for the trust you have placed in us.

-Kevin Uebelein
CEO

2017 ANNUAL REPORT

OUR TEAM

EXECUTIVE TEAM

KEVIN UEBELEIN
CHIEF EXECUTIVE OFFICER

DALE MACMASTER
CHIEF INVESTMENT OFFICER

SANDRA LAU
EXECUTIVE VICE PRESIDENT, FIXED INCOME

PETER PONTIKES
EXECUTIVE VICE PRESIDENT, PUBLIC EQUITIES

ANGELA FONG
CHIEF CORPORATE & HUMAN RESOURCES OFFICER

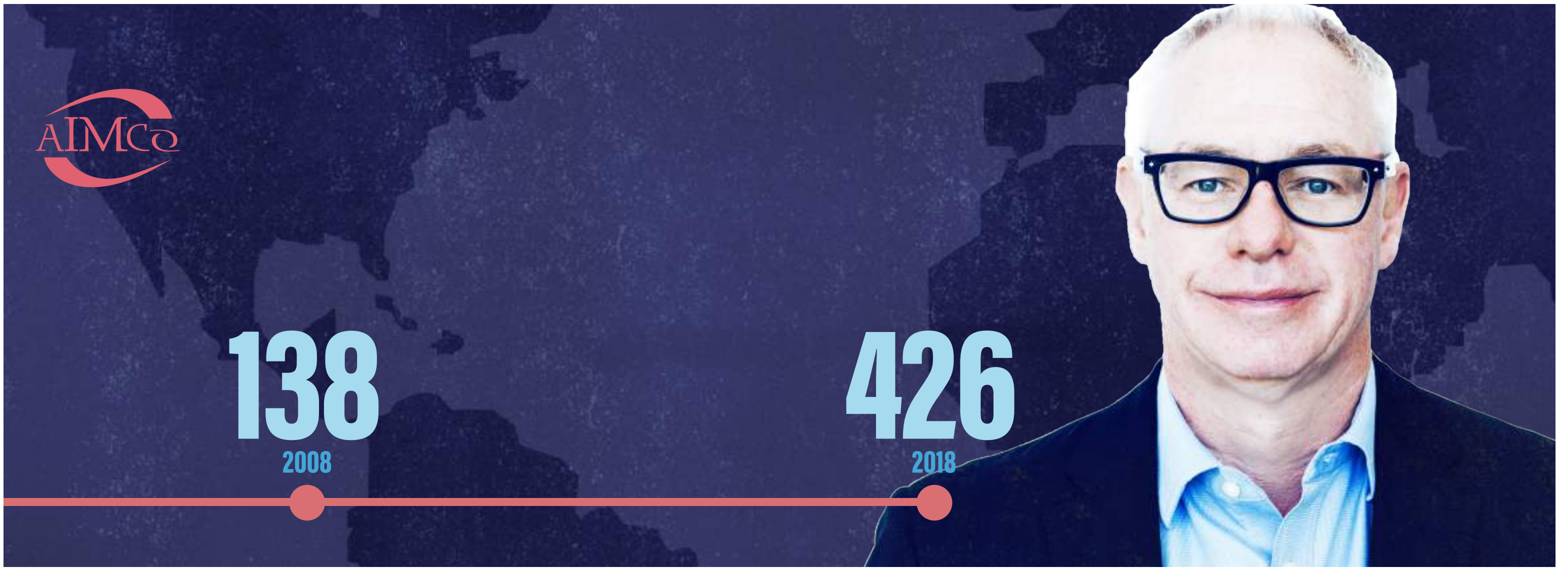
ROD GIRARD
CHIEF LEGAL OFFICER

ROBIN HEARD
CHIEF FINANCIAL OFFICER

REMCO VAN EEUWIJK
CHIEF RISK OFFICER

MICHAEL BAKER
SENIOR VICE PRESIDENT, INVESTMENT OPERATIONS

MARK PREFONTAINE
SENIOR VICE PRESIDENT, CLIENT RELATIONS



Whether in Edmonton, Toronto, London, or our newest office in Luxembourg, AIMCo's team of talented professionals is absolutely committed to delivering the best investment opportunities for our Alberta-based clients.

This global footprint enables us to attract experts in every discipline, keep pace with the sophistication of our platforms, and deliver returns using internal expertise, at substantially less cost than external managers. Although we've grown from just 138 to a team of over 400, many of our original team members are still with us, helping build the next generation of leaders within our organization.

AIMCo'S GLOBAL CITIZENS

KIM THOMPSON-SPRINGER

SENIOR MANAGER, PRIVATE INVESTMENT ASSETS, EDMONTON

"I joined AIMCo seven years ago and my responsibilities have continued to grow ever since. During that time, the private investment portfolio grew by more than double and with the growth of the assets under management came the growth of our team. I was by myself when I started, and I now have a team of five people reporting to me. At AIMCo, things are dynamic, evolving and never dull – no two days are ever the same. My background is engineering so naturally, I appreciate having a challenge to solve and there are always opportunities to put these skills to good use. Having the opportunity to work with high-quality, positive and innovative people that work together to overcome challenges is what keeps me motivated.

Whenever I visit the Toronto and London offices, I feel the same positive attitude and strong working relationships that exist in Edmonton. Each office has its own slightly unique culture built off the overarching culture and core values we all share. Integrity, promotion of diversity and embracing each other's cultures alongside valuing performance and execution are values that will continue to be important assets to us and to every client and institution we will interact with in the future.

"As we look to the future, we must not forget about our core – who we are – and to look for opportunities for continuous improvement"

At the end of the day, we are not here to serve ourselves but to maximize returns for our clients. I hope to see AIMCo continue to fulfill that role in an unparalleled way and I look forward to new opportunities to maintain and maximize that value as the private investment portfolio continues to grow."

KEVIN ROSEKE

HEAD OF LONDON OFFICE, DIRECTOR, PRIVATE INVESTMENTS

"I joined the Finance department in 2004 at the very beginning of AIMCo for an internship, and have watched the company transform into a more sophisticated investor and collect a long list of other accomplishments.

For me, my experience has always been very much on the international side. I spent my first ten years at AIMCo in Edmonton, but even then, I travelled frequently to Chile, Australia, India, New York and to London which brought me to the London office. The breadth of opportunities we look at as a global firm is fascinating and continues to feed my intellectual curiosity. I appreciate the opportunity to learn new markets and companies, always curious what new idea is around the corner.

I was one of the first two team members in London in 2014 and now, four years later, there are ten of us. It has been a challenging but fascinating journey to see it unfold. Other than having a lot less snow, the London office differs from the Edmonton office in that it feels like we are very small in a very big world. Establishing ourselves in one of the world's most vibrant financial markets has been essential to building our European portfolio, but it is also a city where we are less well known than in Canada, so we have to work harder to educate people and explain who we are.

"In ten years, I would expect our team to be even more diverse, with more languages spoken and more nationalities. Doing business when you can speak the local language provides great advantages: assessing risk, assessing people, and communicating quickly in order to find the best investments"

Now that we have proven we can launch offices in new countries and stay connected with the head office back home, I hope to see AIMCo becoming even more international than it is now. All of the changes and growth over the last decade make me wonder what great ideas are in the minds of AIMCo staff right now that will become reality in the next."

RABAH SADRUDDIN

ASSOCIATE PORTFOLIO MANAGER, PRIVATE FUNDS & ASSET MANAGEMENT, TORONTO

"I started with AIMCo in January of 2012 in Private Equity as an analyst in the Edmonton office, then moved to the Toronto office in 2016. When I came here, people were amazing. There were others who had made similar moves, so I had a lot of support. What gets me excited about working at AIMCo is that we are continuously trying to reach world class. It is a great vision that Kevin has for AIMCo and I love being part of that and playing a role in that vision.

Being in Edmonton, you are closer to other teams. In terms of day to day work, Toronto is a smaller office which is the biggest difference. However, you never feel like you are away from the headquarters because they provide us with a lot of support and everyone is a phone call away. There has also been a lot of growth since I came in, with only ten people back in 2012 and now over 20-25 people on the Toronto team. I think what is so unique about us is that our growth hasn't affected our culture. The culture has been consistent within each office, not only because it is coming from Kevin, but because everyone is doing their part to make sure it is maintained.

"We are always doing something new and trying to innovate, trying to get better returns, and be more crafty with what we do. This keeps us fresh, there is never a dull moment. It keeps you going because you are never bored of your work"

In the future, I hope to see AIMCo as a world class organization, earning the best returns. I think we have made amazing progress, especially considering we are still so young. We've done a great job to ensure we are well-represented whether it is Toronto or London and now Luxembourg."

BRAD COWBURN

ASSOCIATE GENERAL COUNSEL, LUXEMBOURG

"I started in the legal department as a transaction lawyer where a lot of my work involved working on real estate investments. As a number of our investments in real estate in the European Union are structured through Luxembourg, this lead me to move to Luxembourg on June 1, 2017 to set up AIMCo's fourth office. A year ago, I was by myself working on finding office space, managing office construction, furniture, IT set up, and getting people on board. Today, just one year later, the Luxembourg office has a total of five employees and we have plans to continue to grow our team further by the end of 2018.

While the language of living in another country has been a challenge for me, having local people on our team has helped. I am still working on European real estate transactions and being in the same time zone as people I am working with has made the process more convenient, makes for better collaboration and improves the day-to-day management and governance of our portfolio. At AIMCo, I get the opportunity to have my foot both in the business side and the legal side of things. Our investment professionals are excellent to work for and for somebody like me that loves investment transactions; there are so many interesting investments in which to be involved.

When I look back at when I started at AIMCo in January of 2010, I'm impressed by the growth of our processes and internal mechanisms to do successful investments, the scale, speed, and our ability to execute confidently and efficiently. While there is still room for improvement, we have made great strides that are worth recognizing as we celebrate our 10th year anniversary, and I look forward to what we will be capable of doing in another ten years."

2017 ANNUAL REPORT

GOVERNANCE & BOARD OF DIRECTORS

AIMCO IS A CROWN CORPORATION OF THE PROVINCE OF ALBERTA COMMITTED TO THE HIGHEST STANDARDS OF CORPORATE GOVERNANCE, INCLUDING A HIGHLY-QUALIFIED BOARD OF DIRECTORS.

In accordance with the Alberta Investment Management Corporation Act, the board of directors is responsible for overseeing the management of the business and affairs of AIMCo. All directors are duly appointed to the board by the Lieutenant Governor in Council. All directors are fully independent of management.

Directors are required by statute to act honestly and in good faith with a view to the best interests of the Corporation and, as such, are required to exercise due care, diligence and skill, and manage risk appropriately in their oversight of AIMCo.

In assessing board candidates and selecting nominees for the AIMCo Board, the Governance committee will consider diversity of skills, experience, geographic background, gender and age. Consistent with the AIMCo Board's commitment to gender diversity and greater representation of qualified women on boards, the board has a policy objective to achieve gender parity on the board.

BOARD OPERATIONS

The board of directors has established four standing committees, which assist the board in discharging its responsibilities. At every meeting of the board of directors, the board and all committees have in-camera sessions, without management attending.

AUDIT COMMITTEE

Tom Woods (Chair), Richard Bird, Phyllis Clark, Harold Roozen, and Helen Kearns.*

Financial reporting processes, development and implementation of internal audit and financial control policies, and compliance with said policies and applicable laws and regulations.

GOVERNANCE COMMITTEE

Sharon Sallows (Chair), Richard Bird, Ross Grieve, Jim Prieur and Tom Woods.*

Policies, processes and procedures that comprise AIMCo's corporate governance framework including overseeing terms of reference for the board of directors and each board committee, conducting board evaluations, and generally ensuring the principled, effective continuing operation of the board of directors.

INVESTMENT COMMITTEE

Jim Prieur (Chair) and Committee of the Whole

Investment activities, risk management and operations of AIMCo and votes on specific investment-related matters.

HUMAN RESOURCES AND COMPENSATION COMMITTEE

Ross Grieve (Chair), Richard Bird, Ken Kroner, Jim Prieur, Sharon Sallows, and Jay Vivian.*

Human resources strategy, philosophy and policies of the Corporation in alignment with corporate objectives, organizational structure, management development and succession, and compensation practices with the support of an external consultant accountable to Human Resources and Compensation Committee.

**As Chair of the board of directors, Richard Bird is a mandatory member of the Governance Committee, and a non-voting, ex-officio member of both the Audit and Human Resources Committees.*

BOARD DIVERSITY

AIMCo and its board of directors recognize and fully support the aims of diversity and inclusion. In assessing board candidates and selecting nominees for the board, the Governance Committee will consider diversity of skills, experience, geographic background and gender.

Consistent with the board's commitment to gender diversity and greater representation of qualified women on boards, in alignment with the aims of robust board governance, the board has a policy objective to achieve gender parity.

STANDARDS OF CONDUCT

The board of directors is committed to upholding the highest standards of corporate conduct across all levels of the organization.

A number of specific policies have been adopted by the board that outline acceptable standards of conduct for directors, including the Director Trading Policy and the Director Conflict of Interest Policy.

BOARD EVALUATION & ASSESSMENT

Each year, the directors complete a board self-evaluation questionnaire that is designed to aid in assessing their effectiveness as a board in key areas and suggestions for improvement. The Chair of the board facilitates this process.

MANDATE AND ROLES DOCUMENT

In addition to the legislation pertaining specifically to AIMCo, the organization's roles and responsibilities are clearly articulated in its Mandate and Roles Document (MRD). AIMCo's MRD was created collaboratively between the Minister of Finance and the AIMCo Board and came into force in September 2017.

The MRD provides transparency and codification of a set of commitments made by AIMCo and the Government of Alberta, confirming that AIMCo will continue to operate independently, will continue to have a diverse exceptionally board who together will satisfy requirements for specific competencies, and that the board recruitment and nomination process will align to the Alberta Public Agencies Governance Act and applicable policies established by the Government of Alberta.

CODE OF CONDUCT AND ETHICAL STANDARDS

AIMCo has established the Code of Conduct and Ethical Standards for officers and employees outlining the organization's expectations regarding conflicts of interest, gifts and entertainment, confidentiality and personal trading.

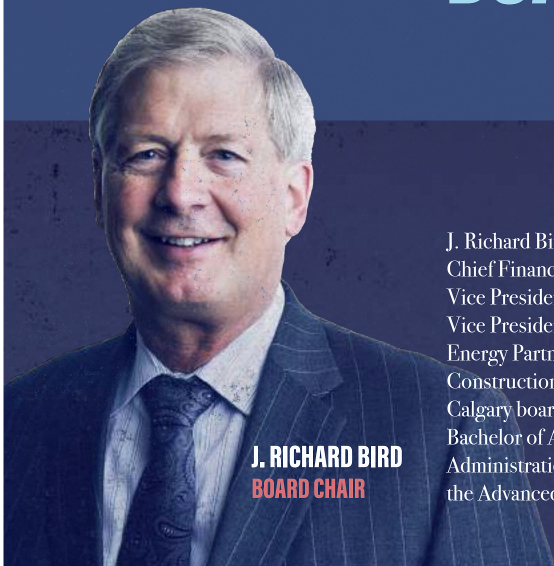
The Code applies to all AIMCo employees, including executive officers, and compliance with it is a condition of employment. All compliance exceptions, if any, are reported to the AIMCo board of directors Audit Committee and dealt with as appropriate.

CONFIDENTIAL REPORTING POLICY

In accordance with governance best practices and applicable law, AIMCo has an established Confidential Reporting policy and all AIMCo employees, service providers and clients may confidentially report any failure to comply with the Code of Conduct and Ethical Standards.

In 2017, AIMCo received three disclosures through the confidential reporting system. One disclosure was assessed and determined to be outside the scope of the Confidential Reporting Policy, but it was directed for further investigation under AIMCo's Respectful Workplace Policy. Two disclosures were investigated under the Confidential Reporting Policy. One such investigation produced no evidence or findings of wrongdoing. A second investigation produced evidence of misrepresentations made to AIMCo by a contractor. Following the investigation, AIMCo took corrective measures, including making changes to its procurement policies and procedures.

BOARD OF DIRECTORS



J. RICHARD BIRD
BOARD CHAIR

J. Richard Bird retired from Enbridge Inc. in early 2015, having served as Executive Vice President, Chief Financial Officer and Corporate Development, and various other roles, including: Executive Vice President Liquids Pipelines, Senior Vice President Corporate Planning and Development, and Vice President and Treasurer. Mr. Bird serves on the board of directors or Trustees of Enbridge Energy Partners L.P., Enbridge Pipelines Inc., Enbridge Income Fund Holdings Inc. and Bird Construction Company Inc. He is also a member of the Investment Committee of the University of Calgary board of Governors. Mr. Bird was named Canada's CFO of the Year for 2010. He holds a Bachelor of Arts degree from the University of Manitoba, and a Masters of Business Administration and PhD from the University of Toronto and has completed the Advanced Management Program at Harvard Business School.

Phyllis Clark served as the Vice-President (Finance and Administration) and Chief Financial Officer at the University of Alberta, from 2002 to 2016. Previously, she spent five years as Vice-President (Finance and Administration) at York University, and prior to that, she was Assistant Deputy Minister of Ontario's Management Board Secretariat. Between 1991 and 1992, Ms. Clark was the Province of Ontario's Chief Economist and Assistant Deputy Minister of Finance. Ms. Clark currently serves on the board of directors for the Bank of Canada, TEC Edmonton, and the Inuvialuit Investment Corporation. She also chairs the Edmonton Symphony and Concert Hall Foundation board. Ms. Clark was born in Lethbridge, Alberta, and graduated from the University of Toronto in 1970 with a Bachelor of Arts degree in Political Science and Economics. She went on to complete her Doctorial Candidacy and Master of Arts in Economics at the University of Michigan in 1973.

PHYLLIS M. CLARK

ROSS A. GRIEVE

Ross A. Grieve is the board vice chair of PCL Employee Holdings Ltd. and PCL Construction Holdings Ltd., the senior governing entities of the PCL family of companies. He served as president and chief executive officer of PCL from 1997 to October 31, 2009, and as chair from November 1, 2009 to 2016.

Recent awards include 2007 Junior Achievement of Northern Alberta and Northwest Territories Business Hall of Fame Inductee and the 2009 Canada's Outstanding CEO of the Year™ sponsored by the National Post, Deloitte and the Caldwell Partners. Ross is board Chair for Inn at the Forks Hotel in Winnipeg, Manitoba, and is on the board of Maggnum Ventures Inc., and Melcor Developments Ltd. He is an Advisory board Member for Kingsett Capital Canadian Real Estate Income Fund LP, and a member of the board of Governors of Junior Achievement of Northern Alberta and Northwest Territories. Ross earned a Bachelor of Science in Civil Engineering from the University of Manitoba in 1969.

BOARD OF DIRECTORS

HELEN M. KEARNS

Helen M. Kearns was named President and Chief Executive Officer of Bell Kearns & Associates Ltd. in February 2008. Previously Helen was President of NASDAQ Canada (2001-2004) and an officer of NASDAQ Inc. Prior to that, Helen worked at Richardson Greenshields of Canada Limited until 1995, eventually as Head of Institutional Sales and Trading, which included a seat on the Executive Committee.

Helen is a member of the Advisory board of Kingsett Canadian Real Estate Income Fund, and has previously served on the Advisory board of Kingsett Canadian Real Estate Income Fund as Lead Director, on the board of Ontario Teachers' Pension Plan and as Governor of the board of TSX for three terms.

In 2002, Ms. Kearns was recognized as the recipient of the John Molson School of Business Award of Distinction. She is also a recipient of the Montreal board of Trade Women of Distinction Award (2002) and was recognized by the Financial Post as one of the 100 Most Powerful Women in Canada (2004).

Dr. Kenneth (Ken) Kroner was most recently Senior Managing Director at BlackRock, where he was the global head of the Multi-Asset Strategies Group and the global head of Scientific Active Equities. These teams were responsible for managing several hundred billion in publicly-traded assets. He also served as a member of BlackRock's Global Executive Committee and Global Operating Committee.

Dr. Kroner's service with the firm began 1994 when he was also an associate professor of economics and finance at the University of Arizona. Dr. Kroner's research on forecasting volatility and asset returns has been widely published in both academic and practitioner journals.

Dr. Kroner earned a BA Honours degree in Mathematics and Economics from the University of Alberta in 1983 and a PhD in Economics from the University of California at San Diego in 1988.

KENNETH KRONER

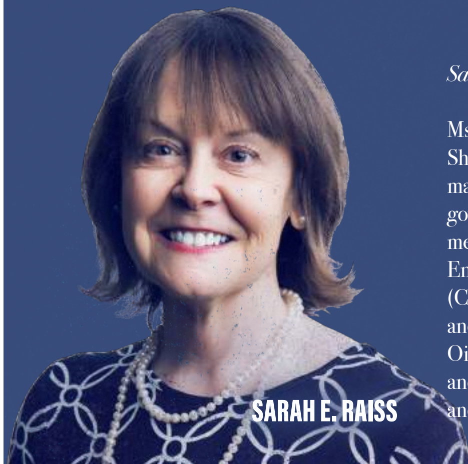
C. JAMES (JIM) PRIEUR
INVESTMENT COMMITTEE CHAIR

C. James Prieur served as Chief Executive Officer and director of CNO Financial Group, Inc. from 2006 until his retirement in 2011. Mr. Prieur began his career in 1979 at Sun Life Financial in Investments, and became corporate President and Chief Operating Officer in 1999.

He serves as Chair of the Risk Committee of the board of Manulife Financial Corporation and as Chair of the Compensation Committee of Ambac Financial Group, Inc., as well as the not-for-profit Music of the Baroque. In addition, he is a member of the President's Circle of the Chicago Council on Global Affairs, and The Pacific Council on International Policy.

Mr. Prieur is a Chartered Financial Analyst and holds an MBA from the Richard Ivey School at Western University and a Bachelor of Arts from the Royal Military College of Canada.

BOARD OF DIRECTORS



SARAH E. RAISS

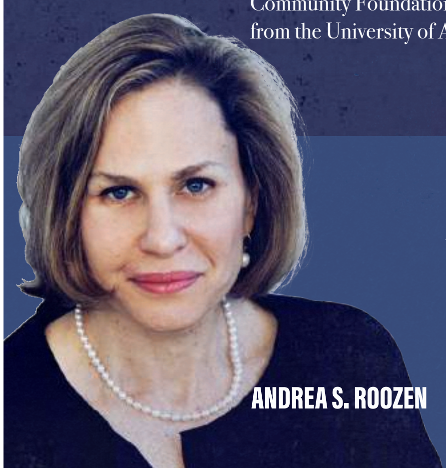
Sarah Raiss retired from the AIMCo board of directors effective January 26, 2018.

Ms. Raiss is the former Executive Vice-President of Corporate Services of TransCanada Corporation. She brings over 35 years of experience encompassing various board positions and executive and management positions in engineering, operations, strategy, merger & acquisition integration, governance, human resources, information technology, and marketing. Ms. Raiss is currently a member of the board of Loblaw Companies Ltd. (Governance and Pension Committee), Vermillion Energy Inc. (Chair of Governance & HR Committee, and member of HSE Committee), Ritchie Bros (Chair of Compensation Committee), Commercial Metals Co. (Chair of Compensation Committee, and member of Nominating & Corporate Governance). She is a former member of the Canadian Oil Sands Ltd. board (Chair of Corporate Governance & Compensation Committee, and member of Audit Committee). Ms. Raiss has a B.Sc. in Applied Mathematics and an MBA, both from the University of Michigan.

HAROLD A. ROOZEN

Harold A. Roozen is currently the Chairman and CEO of Rocor Holdings. Previously, Mr. Roozen was Executive Chairman and Founder of CCI Thermal Technologies (1992 – 2017). He is a member of the Business Council of Canada and a trustee of the University of Alberta Hospital Foundation.

Mr. Roozen was previously Chair of WIC Western International Communication Ltd., Chair of Canadian Communications Satellite Inc., and President of the Allarcom Group of privately held companies. His prior board experience includes Shaw Communications Inc. (TSX/NYSE) until January 2010, ZCL Composites from 2007 to 2017, Royal Host REIT (TSX) from 2005 to 2006, and the Edmonton Community Foundation from 2001 to 2005. Mr. Roozen has a Bachelor of Commerce degree from the University of Alberta in 1975, and an MBA from Queen's University in 1979.



ANDREA S. ROOZEN

Andrea S. Rosen retired from the AIMCo board of directors effective October 21, 2017, having served as Governance Committee Chair since its inception.

Ms. Rosen is the former Vice-Chair of TD Bank Financial Group and President of TD Canada Trust. She serves on the boards of Manulife Financial Inc., and Emera Inc. Ms. Rosen has an LLB from the Osgoode Hall Law School, an MBA from the Schulich School of Business, York University, and a BA magna cum laude from Yale University.

SHARON M. SALLOWS
GOVERNANCE COMMITTEE CHAIR

Sharon Sallows is currently a member of the board of directors of Home Capital Group Inc. (Chair of the Human Resources and Compensation Committee and member of the Governance Committee), a member of the board of Trustees of RioCan REIT (former Chair of the Investment Committee, Chair of the Human Resources and Compensation Committees, and a member of the Audit Committee), a member of the board of Trustees of Chartwell Retirement Communities REIT (member of the Investment, and Nominating, Compensation and Governance Committees), and a former member of the board of directors of the Ontario Teachers' Pension Plan (former Chair of HRCC and Governance Committees). Until 2009, Ms. Sallows was a principal of Ryegate Capital Corporation which engaged in merchant banking as well as the provision of financial and strategic advisory services to institutional and corporate clients. Ms. Sallows is a former Executive Vice President, Finance of MICC Properties Inc. and previously held various positions at the Bank of Montreal, including Senior Vice President, Real Estate, Corporate Banking. Ms. Sallows received a B.A. from Carleton University, a M.Sc. from the London School of Economics, a Ph.D. from The Wharton School, University of Pennsylvania and also holds the ICD.D designation.

BOARD OF DIRECTORS

MAC H. VAN WIELINGEN

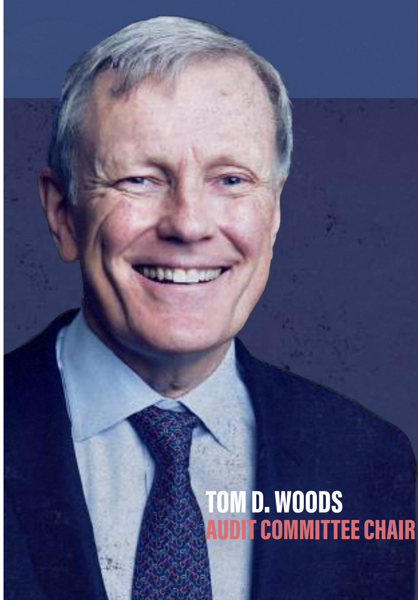
Mac H. Van Wielingen retired from the AIMCo board of directors on October 21, 2017, having served on the board since its inception and as Chair since 2014.

Mr. Van Wielingen is a founder and director of ARC Financial Corp. and a founder and former Chair of ARC Resources Ltd. He is also founder and Chairman of Viewpoint Group, a private family-owned company, as well as Chairman of Viewpoint Investment Partners, and President of Viewpoint Foundation, a private charitable foundation. In addition, he is a past director of numerous other companies within the Energy sector, and is active in various capacities in the community and the not-for-profit sector.

Mr. Van Wielingen is a co-founder and Chair of the Canadian Centre for Advanced Leadership at the Haskayne School of Business. He is an Honors' graduate of the Ivey School of Business in finance and has also studied post graduate economics at Harvard University.

ROBERT L. "JAY" VIVIAN, JR.

Robert L. "Jay" Vivian is the former Managing Director of the $100 billion IBM Retirement Funds system. Mr. Vivian is on the board of directors and Investment Committee of ICMA-RC, and is the founding Chair of the Investment Committee, a member of the board and the Executive Committee, and Corporate Secretary, of the Committee on Investment of Employee Benefit Assets, the $2 trillion trade group of U.S. corporate retirement funds. He is also on the Investment & Pension Subcommittee for the charity United Way Worldwide, and is a member and Governance Fellow of the National Association of Corporate Directors. He holds a Bachelor of Arts degree in Mathematics from Bowdoin College, a Masters of Business Administration from Harvard Business School, and a CFA® Charter from the CFA Institute.



TOM D. WOODS
AUDIT COMMITTEE CHAIR

Tom Woods spent his entire career with CIBC and Wood Gundy, the predecessor firm of CIBC World Markets. He started in Investment Banking, advising companies raising financing in the equity and debt capital markets as well as mergers and acquisitions, and later was Head of Canadian Corporate Banking, Chief Financial Officer, Chief Risk Officer, and retired in 2014 as Vice Chairman.

Mr. Woods also serves on the boards of Bank of America Corporation; the CIBC Children's Foundation; the board of Advisors of the Department of Mechanical and Industrial Engineering, University of Toronto; and Providence St. Joseph's St. Michael's Health Care (board Chair).

Mr. Woods has a Bachelor of Applied Science in Industrial Engineering from University of Toronto, and an MBA from Harvard Business School.

2017 ANNUAL REPORT

ASSETS UNDER MANAGEMENT

Each of AIMCo's clients operate within unique parameters and specific obligations. Our clients are responsible for establishing their respective investment policies and return targets. Our investment teams work with them to develop appropriate investment portfolios that consider the risk and return characteristics so they can meet those targets.

AIMCo ASSETS UNDER MANAGEMENT

BALANCED FUNDS

Balanced Funds combine asset allocation and active investment management to earn higher returns. Diversification plays an important role in maintaining a level of portfolio risk that is appropriate to the client, as these funds can traditionally include relatively more aggressive investment strategies, which may be implemented in a risk management framework.

PENSION PLANS

AIMCo manages the assets of seven public sector Pension Plans representing more than 330,000 Albertans. Collectively, these plans account for more than $65 billion of AIMCo's assets under management. We work closely with each plan to understand their financial position and to determine an investment approach that is appropriate to their requirements. We are proud of the role we play in supporting our Clients to fulfill the pension promise to their constituents.

ENDOWMENT FUNDS

AIMCo manages the assets of the Alberta Heritage Savings Trust Fund and a number of secondary endowment funds that have been spun off of the original endowment. A pioneer among sovereign wealth funds, these assets account for more than $23 billion of AIMCo's assets under management. Since their creation in 1976, $43.0 billion of the investment income generated by the Heritage Fund has funded critical infrastructure across the province, funded scholarships and funded medical research.

GOVERNMENT AND SPECIALTY FUNDS

Government & Specialty Funds tend to include larger amounts of operating capital, and therefore have a lower risk-tolerance to market fluctuations, and reduced risk relative to equities. These funds target short-term high-quality returns which can mean less volatility. Investments are primarily in fixed income assets and have a commensurately lower return expectation as a result.

SPECIAL PURPOSE GOVERNMENT FUNDS

AIMCo manages the assets of a number of Special Purpose Government Funds, primarily on behalf of provincial arms-length organizations, including the Agriculture Financial Services Corporation, Workers Compensation Board, Credit Union Deposit Guarantee Corporation and others. In total, these assets represent nearly $7.5 billion of assets under management at AIMCo. Each of these organizations aim to achieve a very specific mandate and we work closely with them to understand their needs and execute accordingly.

SHORT-TERM GOVERNMENT FUNDS

AIMCo manages a number of key government accounts used to fund the ongoing operations of the province. These funds amount to nearly $8 billion of AIMCo's assets under management and are invested in fixed income products for stability and preservation of capital to ensure that the funds are available when they are needed.

ASSETS UNDER MANAGEMENT

BY CLIENT TYPE AS OF DECEMBER 31, 2017

		ASSET CLASS [1]		
millions ($)	*Market Value*	*Money Market & Fixed Income*	*Equities [2]*	*Inflation Sensitive*
AIMCo TOTAL	**103,671**	35%	44%	21%
BALANCED FUNDS	**88,166**	28%	48%	24%
Endowment Funds	**23,166**	19%	46%	35%
Heritage Savings Trust	**18,741**	19%	45%	28%
Heritage Medical Research	**1,929**	19%	51%	30%
Heritage Scholarship Trust	**1,342**	20%	52%	27%
Heritage for Science and Engineering	**1,154**	20%	51%	29%
Pension Plans	**64,650**	31%	49%	20%
Local Authorities	**42,696**	34%	45%	21%
Public Service	**13,413**	22%	58%	20%
Management Employees	**5,036**	29%	56%	15%
Special Forces [3]	**2,997**	30%	54%	16%
Judges Supplementary Retirement	**205**	43%	41%	16%
Judges	**153**	35%	43%	22%
Management Supplementary Retirement	**150**	33%	50%	17%
Other Balanced Funds	**350**	48%	39%	13%
Long Term Disability Bargaining Unit	**279**	48%	39%	13%
Long Term Disability Management	**71**	47%	38%	15%
GOVERNMENT FUNDS & SPECIALTY FUNDS	**15,506**	77%	17%	6%
Government Funds	**7,978**	100%	0%	0%
Money Market Depositors [4]	**2,485**	100%	0%	0%
General Revenue	**5,308**	100%	0%	0%
Alberta Risk Management Fund	**71**	100%	0%	0%
Management Closed Pension Membership	**7**	100%	0%	0%
Alberta Municipal Services Corporation	**22**	100%	0%	0%
Alberta School Foundation Fund	**3**	100%	0%	0%
A.L.Sifton Estate	**0.5**	100%	0%	0%
Unclaimed Property Fund	**81**	100%	0%	0%
Specialty Funds	**7,528**	52%	35%	13%
Universities Academic	**3,784**	18%	67%	15%
Agriculture Crop Insurance	**2,390**	100%	0%	0%
Alberta Cancer Prevention Legacy	**433**	100%	0%	0%
Workers' Compensation Board	**403**	0%	0%	100%
Credit Union Deposit Guarantee	**340**	100%	0%	0%
Special Areas Long Term Account	**31**	100%	0%	0%
Alberta Securities Commission	**30**	68%	32%	0%
AIMCo Retirement Compensation Arrangement Fund	**1**	45%	55%	0%
City of Medicine Hat	**116**	40%	60%	0%

(1) Asset class weights are per AIMCo's categorization criteria.
(2) Equities include Canadian Equity, Global Equity, Global Small Cap Equity and Private Equity.
(3) Includes Special Foreces Index Pension Plan.
(4) Includes various government agencies, organizations, Crown corporations and other accounts.

AIMCo
Alberta Investment Management Corp.

2017 ANNUAL REPORT

INVESTMENT PERFORMANCE

IN AGGREGATE, AIMCO FUNDS ACHIEVED A NET RETURN OF 9.3% IN 2017.

AIMCo's Balanced Fund clients, which best represent the full suite of investment capability at AIMCo earned a net return of 10.4%, while Government & Specialty Funds earned a net return of 3.7%. These most recent return figures mark eight out of nine years of strong value add out-performance and are demonstrative of the team's ability to earn sustainable, top-quartile returns through a range of market conditions and over a long time horizon.

INVESTMENT PERFORMANCE

CALENDAR YEAR (NET OF FEES)

	2017	2016	2015	2014	2013
Rate of Return	9.3%	5.8%	9.1%	9.9%	12.5%
AIMCo Benchmark	8.1%	5.6%	7.2%	10.5%	11.6%
Return Relative to Benchmark	$1,100	$226	$1,515	($401)	$589

ASSET CLASS PERFORMANCE

AS OF DECEMBER 31, 2017

Asset Class	Market Value ($mm)	1 yr	2 yr	3 yr	4 yr	5 yr	2017	2016	2015	2014	2013
		ANNUALIZED NET RETURNS (%)					CALENDAR YEAR NET RETURNS (%)				
Total AIMCo Fund Aggregate[1]	**$103,671**	**9.3**	**7.6**	**8.1**	**8.5**	**9.3**	**9.3**	**5.8**	**9.0**	**9.9**	**12.5**
Benchmark		8.1	6.8	7.0	7.8	8.6	8.1	5.6	7.2	10.5	11.6
Balanced Funds Aggregate	$88,166	10.4	8.3	8.9	9.5	10.3	10.4	6.2	10.1	11.2	14.0
Benchmark		9.1	7.6	7.7	8.7	9.6	9.1	6.1	8.0	11.9	13.0
Government Funds Aggregate	$15,505	3.7	3.6	3.7	3.9	3.9	3.7	3.5	3.9	4.4	4.0
Benchmark		3.1	2.9	3.0	3.3	3.3	3.1	2.7	3.3	4.3	3.4
Money Market & Fixed Income[2]	**$36,305**	**2.8**	**2.4**	**2.8**	**4.3**	**3.2**	**2.8**	**2.0**	**3.6**	**8.9**	**(1.3)**
Benchmark		2.3	1.7	2.3	3.8	2.4	2.3	1.1	3.4	8.7	(3.0)
Money Market	$8,366	0.9	0.9	0.9	0.9	1.0	0.9	0.9	0.9	1.1	1.4
Benchmark		0.6	0.5	0.6	0.7	0.7	0.6	0.5	0.6	0.9	1.0
Universe Bonds	$11,399	3.3	3.3	3.6	5.1	4.2	3.3	3.4	4.1	9.8	0.6
Benchmark		2.5	2.1	2.6	4.1	3.0	2.5	1.7	3.5	8.8	(1.2)
Long Bonds	$7,509	7.6	5.0	4.7	8.1	5.3	7.6	2.4	4.1	18.8	(4.9)
Benchmark		6.5	3.9	4.1	7.4	4.3	6.5	1.3	4.5	17.9	(7.0)
Segregated Short Term Fixed Income[3]	$869	0.3	0.8	1.4	1.8	1.9	0.3	1.2	2.7	3.1	2.1
Segregated Long Term Fixed Income[4]	$2,421	0.1	0.7	1.3	1.6	1.6	0.1	1.2	2.5	2.7	1.7
Private Mortgages	$3,325	2.4	2.2	3.2	4.8	3.9	2.4	1.9	5.1	9.8	0.5
Benchmark		2.5	2.1	2.6	4.1	3.0	2.5	1.7	3.5	8.8	(1.2)
Private Debt and Loan Pool	$913	2.3	3.4	4.3	5.0	5.6	2.3	4.4	6.1	7.0	8.1
Benchmark		0.1	0.5	1.2	1.7	1.2	0.1	1.0	2.6	3.1	(0.5)
Real Return Bonds	$1,503	1.3	2.4	2.6	5.2	1.4	1.3	3.5	3.0	13.5	(12.5)
Benchmark		0.7	1.8	2.1	4.8	0.9	0.7	2.9	2.8	13.2	(13.1)
Inflation Sensitive[5]	**$22,135**	**9.3**	**7.6**	**8.8**	**8.5**	**8.9**	**9.3**	**5.9**	**11.4**	**7.5**	**10.6**
Benchmark		6.9	6.3	6.8	7.3	7.8	6.9	5.8	7.7	8.9	9.7
Real Estate	$13,569	9.0	6.8	7.4	7.7	8.6	9.0	4.6	8.7	8.8	12.2
Benchmark		7.0	6.4	7.0	7.0	7.8	7.0	5.8	8.0	7.1	10.9
Private Infrastructure	$6,508	9.2	9.4	11.6	10.3	8.8	9.2	9.6	16.0	6.5	2.9
Timberlands	$1,362	16.1	13.0	10.0	6.7	10.7	16.1	10.1	4.2	(2.8)	28.4
Benchmark		6.0	5.9	5.9	7.4	7.2	6.0	5.7	6.1	12.0	6.4
Equities	**$45,067**	**14.9**	**11.5**	**11.8**	**12.0**	**14.7**	**14.9**	**8.1**	**12.4**	**12.5**	**26.2**
Benchmark		13.9	11.3	10.9	11.3	14.2	13.9	8.7	10.2	12.6	26.6
Canadian Equity	$9,365	10.5	15.3	7.2	8.4	9.8	10.5	20.3	(7.4)	12.3	15.4
Benchmark		9.1	14.9	6.6	7.6	8.6	9.1	21.1	(8.3)	10.6	13.0
Global Equity[6]	$30,244	18.3	11.3	14.1	13.7	17.2	18.3	4.7	19.8	12.7	32.4
Benchmark		16.0	9.9	12.1	12.4	15.9	16.0	4.1	16.6	13.4	30.7
Global Small Cap Equity	$2,227	14.1	13.1	13.3	12.4	17.8	14.1	12.1	13.6	9.8	42.0
Benchmark		15.0	16.7	13.6	11.8	15.1	15.0	18.5	7.7	6.6	29.3
Private Equity	$3,230	0.0	0.6	4.6	6.4	6.4	0.0	1.2	13.0	11.9	6.7
Benchmark		8.0	7.9	10.9	11.5	15.2	8.0	7.7	17.1	13.5	31.1

[1] Includes tactical overlays of $164 million

[2] Includes government policy loans

[3] Includes investments held in the Sustainability and Credit Union Deposit Guarantee Fund

[4] Includes investments held in the Debt Retirement Account, Special Area Long-Term Account and Agriculture Crop Insurance portfolios

[5] Includes Innovative Investing and AIMCo Strategic Opportunities Pool market values and returns

[6] Includes Global Market Equity, LSH, Portable Alpha Global and Emerging Market Equity pool market values and returns

PERFORMANCE BENCHMARKS

Money Market and Fixed Income	BENCHMARK FOR YEAR ENDED DECEMBER 31, 2017 *Combination of benchmarks of the sub asset classes*
Money Market	FTSE TMX Canada 91-Day T-bill Index
Fixed Income Mid-Term	FTSE TMX Canada Universe Bond Total Return Index
Fixed Income Long-Term	FTSE TMX Canada Long-Term All Government Bond Total Return Index
Mortgages	FTSE TMX Canada Universe Bond Total Return Index
Real Return Bonds	FTSE TMX Canada Real Return Bond Total Return Index
Private Debt and Loan	FTSE TMX Canada Short-Term Overall Index
Segregated Assets - Short Term	FTSE TMX Canada 30-Day T-bill Index
Segregated Assets - Long Term	FTSE TMX Canada 91-Day T-bill Index, FTSE TMX Canada Short-Term Government Index , FTSE TMX Canada Mid-Term Government Index
Equities	*Combination of benchmarks of the sub asset classes*
Canadian Equity	S&P/TSX Composite Total Return Index
Global Equity	MSCI World Net Total Return Index
Global Minimum Variance	MSCI World Minimum Volatility Optimized in CAD Total Return Index
Emerging Markets Equity	MSCI Emerging Markets Net Total Return Index
Global Small Cap Equity	MSCI World Small Cap Net Total Return Index
Illiquid Markets	*Combination of benchmarks of the sub asset classes*
Private Equities	Total CPI 1 Month Lagged + 650 bps (5-year rolling average)
Real Estate	REALpac/IPD Canadian All Property Index – Large Institutional Subset
Infrastructure	Total CPI 1 Month Lagged + 450 bps (5-year rolling average)
Timberlands	Total CPI 1 Month Lagged + 450 bps (5-year rolling average)
AIMCo Strategic Opportunities	MSCI World Net Total Return Index
Innovative Investing	Total CPI 1 Month Lagged + 650 bps (5-year rolling average)

INVESTMENT FEATURES

MONEY MARKET & FIXED INCOME

$36.3 BILLION

MARKET VALUE

2.8%	2.3%	0.5%
2017 NET RETURN	2017 BENCHMARK RETURN	2017 VALUE ADD RETURN

FIXED INCOME

The objective of our fixed income portfolios is to provide AIMCo's clients with capital preservation, liquidity and superior risk-controlled return relative to benchmark.

Synchronized global growth was the theme of 2017. Economic growth improved in most countries around the world and the labour situation steadily improved in North America and Europe. Market attentions have moved away from extremely easy monetary policies and populism in 2015 and 2016, into monetary, fiscal and trade policies in 2017. As central banks started to withdraw stimulus, global yields increased and yield curves flattened with longer dated bonds outperforming shorter dated bonds. Credit spreads tightened in response to stronger equity market and GDP growth.

Against these backdrops, our Fixed Income and Money Market portfolios continued to do well in 2017.

Our Universe Bond pool returned 3.3% net of fees, outperforming its respective benchmark by 0.8%, while our Long Bond pool returned 7.6% net of fees, outperforming its benchmark by 1.1%.

Outperformance was driven by our short duration bias and strong performance from our fixed income relative value alpha strategy. Our team continued to take a cautious stance towards corporate credit, focusing on high-quality short maturity credit. Good performance was also noted in our other fixed income alternative strategies such as Fixed Income Private Placement, Repo, and Collateralized Loan Obligations (CLOs).

REAL RETURN BONDS

AIMCo's $1.5 billion Real Return Bond portfolio provides inflation protection for our clients. The majority of the portfolio is invested in Government of Canada real return bonds. For 2017, the portfolio generated a return of 1.3% net of fees, outperforming its benchmark by 0.6%.

MONEY MARKET

AIMCo's $8.4 billion Money Market portfolio is managed to add value over the benchmark through individual security selection and anticipation of cash flow requirements and interest rate movements. The largest concentrations held were in securities issued by large Canadian banks, provincial governments and AAA rated Canadian pension funds. We also hold high quality corporate and securitized credit as spreads are attractive and we expect these holdings will add value. During 2017, our Money Market fund returned 0.9% net of fees, outperforming the benchmark by 0.3%.

MORTGAGES

Our commercial mortgage portfolio of $3.3 billion provides a steady cash flow and premium return over government bonds aligned with the long-term objectives of our clients. The mortgage portfolio returns of 2.4% came in just below the benchmark for 2017, once again contributing a dependable and consistent cash flow and longer-term value-add in a year characterized by a flattening yield curve and widespread tightening of public market spreads across fixed income markets. A strong volume of over $800 million dollars in mortgage funding occurred in 2017 as the team continued to focus on core institutional-quality mortgage investments in major Canadian markets, combined with significant specialty strategy funding activity in select non-domestic markets providing premium risk-adjusted returns.

PRIVATE DEBT & LOAN

Our $0.9 billion portfolio of private debt and loan investments protect clients against a rise in interest rates and provides diversification benefits due to the negative correlation with traditional fixed income investments. The highly diversified portfolio is primarily composed of floating rate, senior secured loans extended to privately-held middle/ upper-middle market businesses located in North America and Europe. The private debt portfolio generated a 2.3% net return.

INVESTMENT FEATURES

REAL ESTATE

$13.6 BILLION

MARKET VALUE

9.0%	7.0%	2.0%
2017 NET RETURN	2017 BENCHMARK RETURN	2017 VALUE ADD RETURN

The $13.6 billion real estate portfolio is expected to produce long-run returns between those of public equities and fixed income. Asset valuations can be volatile, and income returns tend to be more stable. Core strategy assets are held for long term and comprise direct investments in quality office, retail, industrial and multi-unit residential properties located in Canada's major cities.

A portion of the Canadian portfolio is allocated to the "Build Core to Hold" development program, which currently has two residential rental projects and two industrial properties under construction. The Canadian real estate space markets are stable with supply and demand factors in balance in most of the major markets. Office space is seeing demand from the technology, media and financial sectors while the energy sector continues to exhibit weak demand. Quality market dominant retail centres continue to perform well by offering experiential shopping experiences despite the headwinds facing the broader sector. Rental rate growth is occurring in the industrial space as demand is exceeding supply at this time in the major markets. Immigration and housing affordability issues are increasing demand for new rental residential buildings.

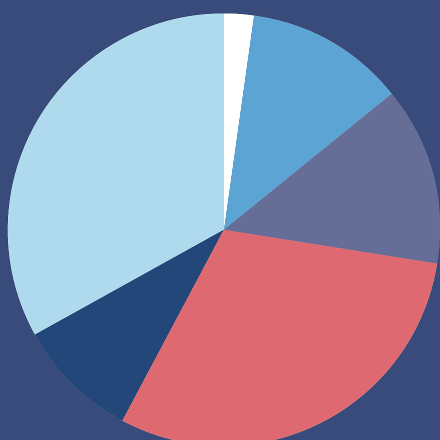
The foreign program's opportunistic investment approach of "Manufacturing Core to Sell" focuses on repositioning and creating properties to generate returns. Currently two industrial buildings and two residential projects are under development in the UK, and two office projects are underway in France. An area of growth in the year was the addition of a significant exposure to industrial logistics properties in the US, UK and France. The UK market has resumed trading activity although the continued BREXIT outcome uncertainty is delaying decision making and has consumers pulling back as reflected in a declining retail sales trend. European markets continue to strengthen as the economy's growth picks up. The US markets are very strong with all sectors seeing solid growth and transactional activity.

Overall the portfolio returned 9.0% net of fees in calendar year 2017, outperforming its benchmark by 2.0%. Canadian assets returned 8.5%, with the portfolio's overweight to industrial properties and increased exposure to the strong Toronto office market contributing to the out performance. The high 10.4% performance of the foreign portfolio was driven by solid valuation gains from the US holdings and several profitable dispositions in the UK and European portfolios.

TOP 5 REAL ESTATE HOLDINGS

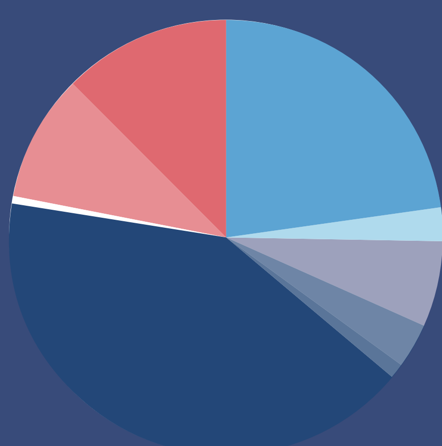
PROPERTY	SECTOR	CITY
Yorkdale Shopping Centre	RETAIL	TORONTO
Square One Shopping Centre	RETAIL	MISSISSAUGA
Scarborough Town Centre	RETAIL	TORONTO
Stoney Industrial	INDUSTRIAL	CALGARY
Scotia Plaza GS	OFFICE	TORONTO

INVESTMENT BY SECTOR



Retail	32.8%
Office	30.2%
Industrial	13.4%
Fund	11.9%
Residential	9.3%
Equity	2.4%

INVESTMENT BY GEOGRAPHY



Ontario	41.6%
Alberta	22.9%
U.S.A.	12.3%
UK	9.6%
Other Canada	6.1%
Europe	3.4%
British Columbia	2.6%
Mexico	1.0%
Quebec	0.5%

MARKET VALUE

INFRASTRUCTURE

$6.5 BILLION

MARKET VALUE

9.2%
2017 NET RETURN

6.0%
2017 BENCHMARK RETURN

3.2%
2017 VALUE ADD RETURN

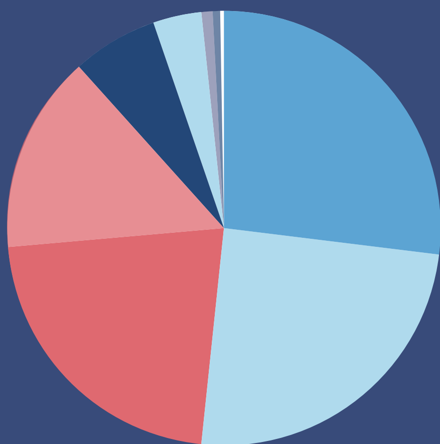
AIMCo infrastructure investments match long-term duration real return asset characteristics with inflation-indexed pension liabilities. The $6.5 billion portfolio consists primarily of diversified long-term equity positions in assets with regulated returns or long-term contracted revenues.

The portfolio returned 9.3% net of fees for the year, exceeding its benchmark by 3.3%. Strong positive contributors to performance included both solid asset level performance across a number of assets in the portfolio as well as overall valuation strength in the regulated utility space. Other factors contributing to performance included several opportunistic divestures through the year.

TOP 5 INFRASTRUCTURE HOLDINGS

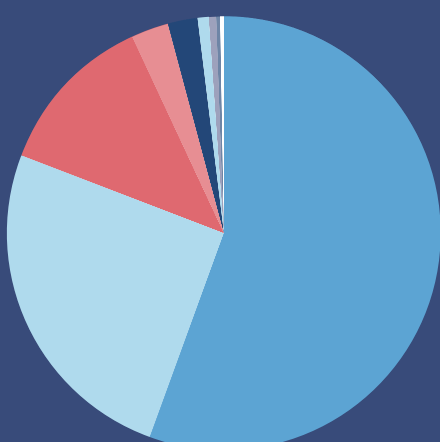
PROPERTY	SECTOR	COUNTRY
Howard Midstream Energy	PIPELINES & MIDSTREAM	U.S.A.
SAESA Group	INTEGRATED UTILITIES	CHILE
London City Airport	TRANSPORTATION	UK
Spower	RENEWABLE ENERGY	U.S.A.
Freeport	PIPELINES & MIDSTREAM	U.S.A.

INVESTMENT BY SECTOR



Pipelines & Midstream	27.0%
Transportation	24.8%
Integrated Utilities	22.0%
Renewable Energy	14.8%
Telecommunications	6.2%
Power Generation	3.6%
Other	1.0%
Waste Management	0.5%
Water	0.1%

INVESTMENT BY GEOGRAPHY



U.S.A.	55.7%
UK	25.3%
Chile	12.2%
Europe	2.6%
Australia	2.3%
Phillipines	0.8%
Canada	0.5%
China	0.2%
India	0.2%
Other	0.2%

MARKET VALUE

TIMBERLANDS

$1.4 BILLION

MARKET VALUE

16.1% 2017 NET RETURN

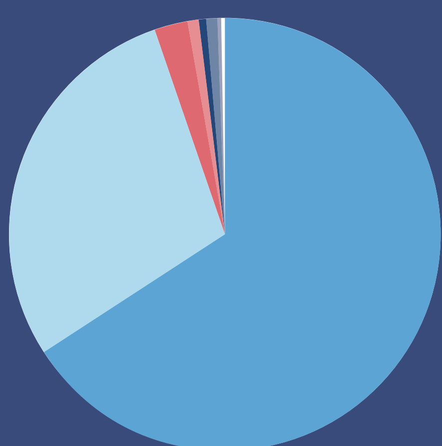
6.0% 2017 BENCHMARK RETURN

10.1% 2017 VALUE ADD RETURN

Timberland investments provide inflation hedging and a long-term duration match with client obligations. AIMCo manages $1.4 billion in timberland assets situated primarily in North America, Australia and New Zealand.

The AIMCo timberlands portfolio generated a 16.1% net return, exceeding its benchmark by 10.1% in 2017. Although performance was generally strong across the portfolio, the most significant contributor to performance was our largest investment in Australia which benefited from a combination of improving timber prices as well as successful execution of key operational improvements and repositioning.

INVESTMENT BY GEOGRAPHY



Australia	65.2%
Canada	28.8%
New Zealand	2.3%
Other	0.9%
Brazil	0.8%
U.S.A.	0.7%
Uruguay	0.6%
Guatemala	0.4%
Chile	0.3%

INVESTMENT FEATURES

EQUITIES

$45.1 BILLION

MARKET VALUE

14.9%	13.9%	1.0%
2017 NET RETURN	2017 BENCHMARK RETURN	2017 VALUE ADD RETURN

PUBLIC EQUITIES

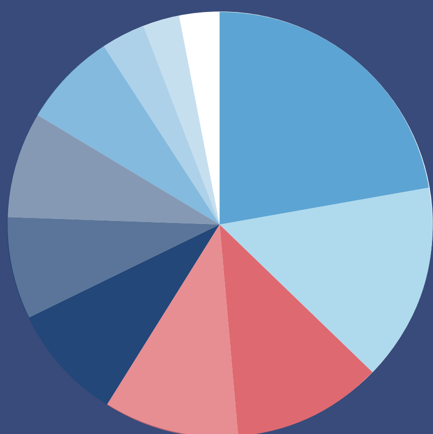
The Public Equities team manages $41.8 billion in public equity assets across domestic, global and emerging market portfolios. The underlying strategies that make up the public equity portfolio optimize allocations across a number of dimensions, including size, quality, risk, sector and regional exposures. The total public equity portfolio returned 16.2% net of fees in 2017.

Our Canadian Equity Master Pool returned 10.5% net of fees for the year, outperforming the TSX Composite Index by 1.4%. The Global Equity Master Pool earned 16.5% net of fees, outperforming its benchmark by 2.15%, while the Emerging Market Master Pool returned 30.4% net of fees, beating its benchmark by 2.14%. The global small cap equity portfolio earned 14.1% net of fees on the year, underperforming its benchmark by 0.9%, and the Global Minimum Variance portfolio returned 14.6% net of fees, outperforming its benchmark by 4.4%. In all pools, strong internal performance was augmented by solid security selection from external managers.

Early in 2017, the underlying equity strategies in the three major master pools were aggregated into one common "Global Alpha" strategy. This new structure continues to provide the Canadian, global, and emerging markets master pools with the appropriate country beta exposure outlined by client allocation decisions while, at the same time, allowing for a much more efficient allocation to the best risk adjusted sources of alpha return. The new structure allows for the release of geographic constraints, permitting the portfolios managers to allocate capital quickly and efficiently, on a risk adjusted basis.

The Public Equities portfolios continue to maintain exposure to a diversifying set of common style factors as well as asset selection and other idiosyncratic risks. The Public Equities team is continually seeking to develop and invest in new strategies that will provide consistent long-term returns and value added in order to help meet and/or exceed our clients' long-term needs and objectives.

INVESTMENT BY SECTOR



Financials	22.3%
Information Technology	15.1%
Consumer Discretionary	11.4%
Industrials	10.3%
Energy	8.8%
Materials	7.9%
Health Care	7.9%
Consumer Staples	7.2%
Telecommunication Services	3.3%
Real Estate	2.9%
Utilities	2.9%

CORE PRIVATE EQUITY

AIMCo invests in private equity to increase total fund returns while diversifying its overall portfolio. The $2.5 billion core private equity portfolio is invested in both private funds and directly into private companies, typically with our fund partners or other peer institutions.

AIMCo and its fund partners focus on businesses that generate stable free cash flow and are operated by strong management teams. Core private equity returned 0.0% in 2017 net of fees, underperforming its benchmark by 8.0%. The underperformance was due to declining returns from older funds, significant growth in new fund commitments where management fees are incurred before returns can be realized, and a lack of meaningful write-ups of direct investments. The 5-year return for the core program is 6.4%.

RELATIONSHIP INVESTING

Relationship investing is focused on situations where AIMCo can provide long-term capital that can complement a strong management team to improve a company's capital structure, underwrite an acquisition or improve a major line of business.

The $0.04 billion portfolio consists of larger, more illiquid public investments, private fund investments and private co-investments. The portfolio returned -15.7% net of fees for the year, 23.7% less than its benchmark. The underperformance was related to the performance of a South American fund, direct private investment assets and public market assets exposed to the energy sector.

VENTURE CAPITAL

Venture capital invests in emerging technology companies with differentiated and sustainable competitive advantages, which are well-positioned to benefit from positive industry trends.

The $0.7 billion portfolio is invested in both private funds and directly into private companies. The portfolio returned 1.5% net of fees for the year, 6.5% less than its benchmark. This underperformance was primarily due to some write-downs of portfolio company investments in cleantech offset somewhat by venture capital fund performance.

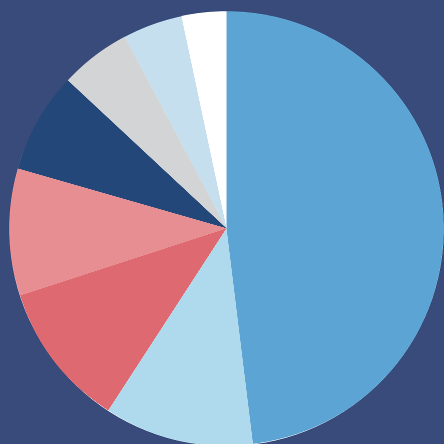
CORE PRIVATE EQUITY

TOP 5 HOLDINGS

ASSET	SECTOR	COUNTRY
VUE Entertainment	CONSUMER DISCRETIONARY	UK
ERM	BUSINESS SERVICES	UK
Hayward Industries	CONSUMER DISCRETIONARY	U.S.A.
Ladder Capital	FINANCIALS	U.S.A.
Alegens Technologies	HEALTH CARE	U.S.A.

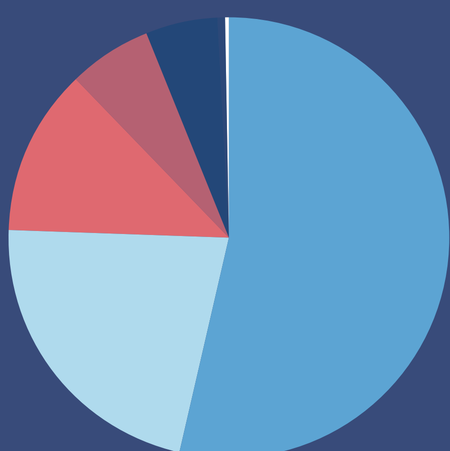
CORE PRIVATE EQUITY

INVESTMENT BY SECTOR



Consumer Discretionary	48.1%
Health Care	11.2%
Business Services	10.9%
Industrials	9.4%
Financials	7.5%
Other	5.3%
Information Technology	4.4%
Materials	3.2%

INVESTMENT BY GEOGRAPHY



U.S.A.	53.8%
Europe	21.9%
UK	12.1%
Canada	6.1%
Asia	5.4%
Latin America	0.6%

TACTICAL ASSET ALLOCATION

Tactical asset allocation activities focus on the overall global asset allocation and risk exposures of all of AIMCo's portfolios. It is an important tool that is holistically integrated into our investment platform to earn incremental value-added return for our clients and to make risk-mitigating portfolio adjustments, as required. AIMCo's Tactical Risk Allocation Committee monitors and oversees tactical asset allocation and investment strategy activities, including global portfolio risk exposures of our clients.

DERIVATIVES

AIMCo utilizes derivatives to quickly and cost-effectively implement asset and currency allocation strategies and to add value to market returns. As appropriate, AIMCo has utilized derivatives across all asset classes to hedge or express views. These positions are typically highly liquid, transparent and relatively easy to price and implement and allow us to economically take exposures.

AIMCo
Alberta Investment Management Corp.

2017 ANNUAL REPORT

COST OVERVIEW

COST OVERVIEW

AIMCo operates on a cost-recovery basis and all investment returns are reported net of fees and expenses. The corporation strives to maximize risk-adjusted returns for clients, based on their individual risk appetites. Accordingly, AIMCo seeks to be financially prudent in managing the costs of every asset class in which we invest. Total costs continue to reflect increasing assets under management and shifts over time to illiquid, higher cost - higher return assets.

AIMCo employs various tools to ensure that costs are well-managed. Annual budgets are approved by the corporation's board of directors and financial results against budget are monitored closely by management and reviewed by the Audit Committee of the board every quarter. Expenditure policies are in place to support effective cost management and opportunities to improve asset management efficiency are regularly sought out. Costs are also evaluated against peer plans through participation in global benchmarking comparisons.

The table below summarizes AIMCo's expenses incurred to manage the investments for our clients. This summary should be read in conjunction with the audited financial statements and accompanying notes for the year ended March 31, 2018. The Financial Statements have been prepared in accordance with Canadian Public Sector Accounting Standards.

$ MILLIONS, FOR THE YEARS ENDED	ACTUAL MARCH 31, 2018	BUDGET MARCH 31, 2018	ACTUAL MARCH 31, 2017
Revenue			
Cost Recoveries	$558.3	$476.6	$455.3
Interest Income	0.5	-	0.3
Total Revenue	**$558.8**	**$476.6**	**$455.6**
Expenses			
Third-party management fees	$176.7	$181.2	$155.4
Third-party pursuit costs	17.5	7.3	7.6
Third-party ongoing fees	71.7	77.0	70.5
Third-party costs	**265.9**	**265.5**	**233.5**
AIMCo operating costs excluding performance	**113.5**	**112.2**	**101.3**
Total costs before performance	**379.4**	**377.7**	**334.8**
Third-party performance costs	117.4	67.5	76.8
AIMCo performance costs	62.0	31.4	44.0
Performance costs	**179.4**	**98.9**	**120.8**
Total Expenses	**558.8**	**476.6**	**455.6**
Annual Surplus	**-**	**-**	**-**
Assets under management (“AUM”) at March 31	**$107,115**	**$91,950**	**$98,412**
Average AUM	**$102,763**	**$95,181**	**$93,693**
2017 Calendar year net return (%)	**9.3%**		**5.9%**
Value-add for calendar year	**$1,100**	**$258**	**$226**

AIMCo's total expenses consist of three main components: Third-Party costs which include payments to external fund managers and deal pursuit costs; AIMCo's operating costs such as personnel, rent, systems and technology, and other operating costs; and performance-based costs for both external fund managers and AIMCo staff for performance above pre-defined thresholds.

THIRD-PARTY COSTS

Third-party costs have increased, consistent with the growth in the investment portfolio. The increase in third-party management fees was driven by continued development of relationships and strategic commitments to external managers, and the strong returns generated by these external managers. The successful close of several direct and co-investment opportunities led to a year-over-year increase in third-party pursuit costs. Third-party ongoing fees, while remaining steady with the prior year, reflected growth of the portfolio offset by negotiated fee savings.

AIMCO OPERATING COSTS

The increase in operating costs over the prior year reflect the direct costs incurred on our sizeable internally-managed investment portfolio which represents 80% of our assets under management. The primary driver was higher personnel costs to support increased client demand for illiquid investments. Additional business technology staff were also required to develop and maintain the sophisticated investment systems necessary for internal management of assets. Finally, AIMCo incurred increased data costs due to usage rate inflation.

PERFORMANCE COSTS

Strong value add of approximately $1.1 billion for the calendar-year ended December 31, 2017, which exceeded our stretch target, resulted in higher AIMCo and third-party performance costs. Total calendar year return for 2017, net of all costs, was 9.3% overall. Performance costs are correlated with value add and return, with AIMCo performance costs also driven by long-term investment returns over four years.

Overall, AIMCo experienced a strong year, both in terms of investment performance and effective cost management. Total expenses of $559 million, or 54 cents per $100 of assets under management, exceeded budget by $82 million. This was almost entirely ($80 million) attributable to performance-related costs reflecting profit sharing on the $1.1 billion in value add between our clients, external investment partners, and AIMCo. Total costs before performance were within 1% of budget.

AIMCo
Alberta Investment Management Corp.

2017 ANNUAL REPORT

MARKET REVIEW AND INVESTMENT OUTLOOK

THE LAST DECADE IN REVIEW

In AIMCo's first 10 years, the 2008 Global Financial Crisis (GFC) of our first year and the ensuing global economic recession has defined the decade.

With hindsight, the storyboard for this crisis was in the writing in the late 2000s, as a gradual built-up of localized credit and housing risks led to the collapse of a fragile global financial system. Policymakers from the main G7 economies and China, in a concerted move, then kickstarted a rescue of the financial system via extremely loose monetary policy, denoted as quantitative easing (QE) along with more stringent rules for the banking system in the hope of preventing future crises. With the collapse to ultra-low interest rates, the first part of the last decade has seen markets witnessing an unprecedented thirst for yield. As a consequence of QE policies and aggressive fiscal stimulus, both the compensation provided for bearing market risk and volatility across asset classes have been declining. Furthermore, in certain markets, negative bond yields became a reality, and most financial assets became more expensive. Recently, riskier investment strategies, such as selling insurance against market crash, have spread into retail markets via the introduction of a plethora of exchange-traded products. The intended wealth effect created was felt first and foremost via asset prices. Asset price gains have outpaced household income growth across the world. The global economy ended up recovering, albeit at a subdued pace by historical norms. Hence, the environment of the second part of the last decade has been characterized by synchronized global growth, low inflation, and booming corporate profit. This has been termed a "Goldilocks" economic regime, leaving income earners lagging.

The last ten years has been an investor-friendly decade of returns. Total returns in the major global equity markets have hovered between the mid-single digits and the low double digits in Canadian dollar terms. Government bonds posted positive single digit returns and riskier parts of fixed income have seen total cumulative returns in the high single digits. Public markets gains have been even more significant in the last five years. Similarly, total returns have been near or above historical average in private asset markets globally, such as commercial real estate, infrastructure and private equity. Along the way, AIMCo successfully navigated tumultuous waters for its clients. Major risk events included a Eurozone sovereign crisis between 2010 and 2012, the bond "Taper Tantrum" of 2013, Middle East tensions interspersed with an oil price shock in 2015, the Brexit vote, rising populism and the prospect for trade protectionism. AIMCo, in the ten years to calendar year-end 2017 inclusive of the GFC, generated annualized total fund returns and value add returns of 6.75% and 0.49%, respectively.

INVESTMENT OUTLOOK

Looking ahead to the next decade, we believe the global economy has reached a turning point as the current economic climate has the hallmarks of being late in the business cycle. The post-GFC era economic drivers are no longer boosting global growth and inflation to the same extent as in previous years, and are potentially reverting course.

First, rising private debt levels and leverage could become a constraint on the economy across the globe should productivity fall short of consensus forecasts. Secondly, the global demographic dividend is waning at the same time that exclusion and inequality is leading to demands for a fairer economy. Lastly, global policy interest rates are expected to continue rising gradually from historical lows, with the associated removal of QE-induced market liquidity. QE was an experiment to begin with, and managing its unwinding will also be an experiment. This will take place as global investors might face peak global growth within the next two years and a higher likelihood of economic slowdown. Some would also argue that the global economy is as prone as previously to booms and busts cycles. This stems from the persisting policymakers' reaction to crises by injecting massive stimulus, preventing the creative destruction process from occurring naturally. From an investment standpoint, such future landscape could potentially offer less supportive market dynamics to sustain the above-average returns experienced across public and private asset classes in the last few years.

Focusing on the brighter side of the outlook, a number of positive, long-term supporting factors are pointing to balanced 10-year economic and investment prospects. The array of supporting factors goes from China pursuing its efforts in reducing domestic leverage, to structural reforms gathering pace both within the Eurozone and in key emerging economies, to the major central banks likely to approach normalizing monetary policy and the unwinding of their balance sheets cautiously with the global business cycle maturing. Furthermore, certain attractive future investment themes have also surfaced on the horizon. Those are propositions that could have such substantial impact, that when recognized will shift consumption, disrupt competition, or impact our lifestyle for a significant portion of the population. While it is often difficult to differentiate transitory fads and correcting imbalances from true trends, we believe that long-term investment opportunities will be underpinned by innovation across sectors. Some of the most compelling and dominating themes over the next decade will include healthcare and the longevity economy, energy efficiency, logistics in the context of the continued rise of the consumer in emerging markets, the increased penetration of information and computing technologies such as artificial intelligence and Big Data.

From an investment perspective, valuations of bonds, equities and other financial assets , although certainly elevated, are not extreme, taking into account low neutral interest rates, sustained excess liquidity, and low recession risks. That said, valuation levels are elevated by historical standards and reflect supportive global monetary conditions. For instance, price-to-earnings ratio of the U.S. S&P 500 Index is 21 times earnings while its long-term average is closer to 17 times earnings. Any revaluation of bonds, equities and credit should be near completion by now. The reduction in central bank stimulus over the next few years is likely to trigger a return to fundamentals, bouts of volatility and a gradual repricing across markets, conditions under which actively-managed strategies usually thrive. Assets under management in passive funds, which stood at 20% of aggregate investment fund as of June 2017 – up from 8% a decade earlier, could potentially see their share declining in such environment. This also implies that 10-year asset classes' returns are likely to be positive, but potentially more subdued versus the last decade. Interest rate increases will allow bond re-investment at higher yields over time and, accordingly, single-digit returns in core government bond and credit portfolios are expected. Opportunities will continue to be found in private credit and remaining selective in this sector, with a focus on quality credits, should reward investors. AIMCo also expects equity markets to continue delivering better annualized real returns relative to the fixed income spectrum in the long-term given the current fixed income yields. In private assets, key opportunities will lie in the realization of longer-term investment themes. But with elevated private real assets' valuations, a focus on solid operational plans will be critical to generate cash yields and returns through market cycles and evolving inflation pressures.

IN SUMMARY

It is AIMCo's view that the global economy growth momentum is set to moderate going forward accompanied by less buoyant global liquidity conditions.

In the medium-term, AIMCo will continue to position portfolios to weather a gradual monetary policy normalization and heightened market volatility. The next decade, however, should bring about a constructive environment from a value add perspective. Along with our patience, discipline and focus on capital preservation, AIMCo remains well-positioned to generate the long-term, cost-efficient total returns required for the benefit of Albertans.

2017 ANNUAL REPORT

RISK MANAGEMENT

AIMCo manages a broad range of risks for its clients. The most obvious are investment risks like market, credit and liquidity risk. But in managing these investment risks we also incur non-investment risks, such as operational and business risks, that are ultimately borne by our clients.

In managing these risks, AIMCo's goal is not to minimize risks, but to manage risks in accordance with our clients' risk appetite. We therefore strive to work proactively with our clients to help them understand the risks we incur on their behalf and articulate their risk appetite for each of these risks in a way that we can operationalize within AIMCo.

At AIMCo we have adopted the "three lines of defence" model to operationalize our risk management. In this widely-used model, the first line of defense is operational management, which is responsible for the day-to-day management of risks, including the establishment of controls. The Risk Management function, together with other functions, such as Compliance, forms the second line of defense, which supports operational management in implementing effective risk management practices and measures, monitors and reports risk-related information throughout the organization. Finally, the third line of defense is formed by Internal Audit, which provides independent assurance on the existence and effectiveness of controls.

In September 2016 AIMCo set out to become world class in a number of areas, including risk management. We formulated a three-pronged strategy to achieve that goal:

DATA & SYSTEMS

Timely, complete, and consistent data and powerful systems supporting methods and models to measure, analyze, monitor and report risks are a critical component of an effective risk management strategy. During 2017 we completed the implementation of an enterprise risk management (ERM) system started implementation of Factset, our new investment risk management system. In addition, we completed a pilot of an asset liability management system to help our clients set an optimal investment strategy to achieve their strategic goals.

PEOPLE & ORGANIZATION

The second prong of the strategy focuses on making sure we have the right mix of people with clear roles, responsibilities and structure to support AIMCo's executive committee, board, clients and operational management. In 2017 we completed the reorganization of the Risk Management function to fit the new strategy. We also continue to work on filling vacancies in the team and adding to the level of risk expertise.

MANDATE & GOVERNANCE

A clear mandate for Risk Management and the way it aligns and collaborates with the first line of defense is the third critical ingredient of a world class risk management. During 2017, the AIMCo Executive Committee agreed to a concrete plan to achieve this, especially with respect to the management of investment risks. The plan covers five initiatives that we plan to implement over the next two to three years:

- ERM will cover all types of risk that AIMCo manages for its clients, including investment risks.
- Product Risk Managers will become virtual members of the asset class investment teams through co-location, dual reporting lines, and early and complete access to information, thereby positioning them to become the trusted risk adviser for each asset class.
- Risk Management should, as much as reasonable, be the single source of all risk-related information that is required by the first line of defence as well as executive management, board and clients.
- Risk Management will assume responsibility for the development and maintenance of risk frameworks and policies, naturally in collaboration with the first line of defence.
- The advisory role of Risk Management in material changes in AIMCo's business, including the AIMCo's products, strategies, financial instruments, and material investments will be formalized.

All of this underscores that, as we celebrate AIMCo's achievements in its first decade, we also recognize that there will always be areas of for continued improvement, and investing in our risk management capabilities is one of those.

Alberta Investment Management Corp.

2017 ANNUAL REPORT

RESPONSIBLE INVESTMENT

AIMCo's approach to Responsible Investment (RI) is consistently guided by our core values, our fiduciary duty to clients and our long-term investment horizon. As a Principles for Responsible Investment (PRI) signatory, AIMCo is committed to considering environmental, social and governance (ESG) factors in our investment analysis and decision-making, to better capture risk-adjusted returns for our clients and to drive sustainable, long term growth. This is Doing Business the Right Way.

LOOKING BACK: THE LAST TEN YEARS

The business of responsible investment is a journey, rather than a destination. Since first signing on to the PRI in 2010, the governance of responsible investment at AIMCo has widened and deepened in scope. The overarching RI policy has been supplemented by asset class specific sustainability guidelines. RI is now its own department reporting directly to the Chief Investment Officer. The original five RI Pillars–Structure, Investment Process, Engagements, Advocacy & Collaboration and Reporting & Communications–remain firmly in place.

Early RI activities focused on public equities, proxy voting and investment exclusions, some advocacy and limited engagements. Today, RI activities include ESG portfolio analytics, screening, due diligence, monitoring, and much more reporting, with an increased focus on real assets, engagements in our key focus areas and considered advocacy. As a case in point, in 2017 AIMCo continued to engage with Canadian securities regulators and issuers to emphasize the importance of board diversity and the voluntary adoption of an annual advisory vote on executive compensation (say-on-pay), with promising results.

RI grew to five full time employees in 2018, enabling us to continue down the path of ESG integration across asset classes, engaging with companies and policy makers, and exercising leadership on key initiatives to improve corporate ESG disclosure and best sustainability practices.

INVESTMENT PROCESS

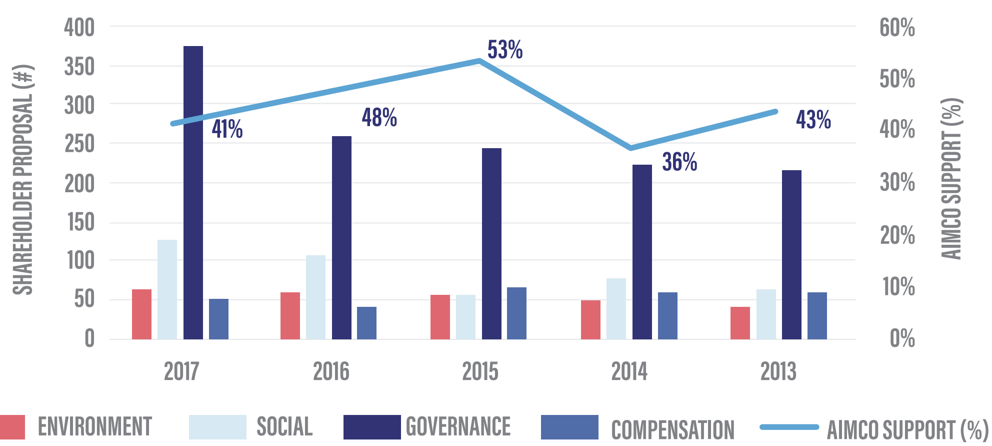
AIMCo's RI team demonstrates robust proxy voting processes, exercising shareholder voice on behalf of our clients. We co-filed our first-ever shareholder proposal in 2017, requesting a Canadian issuer to adopt say-on-pay, which was subsequently withdrawn when the issuer agreed to adopt say-on-pay. RI continues to conduct ESG due diligence for private equity, while real estate and infrastructure exhibited superior sustainability performance when benchmarked against peers in the annual 2017 GRESB assessment, with real estate maintaining its five 'Green Star' status for being a top 20% performer.

SPOTLIGHT ON PROXY VOTING

AIMCo, once again, experienced a steady increase in the sheer number of ballots and shareholder proposals year-over-year, reflecting our growing AUM as well as increased shareholder activism across global markets. We carefully evaluate each shareholder proposal (SHP) to determine whether it is reasonable, aligns with our proxy voting guidelines, adequately reflects shareholder concerns and enhances shareholder value. Last year, we supported 41% of the SHPs on the ballot.

Category	2017	2016	2015	2014	2013
Shareholder Proposals (SHP)	619	479	424	409	382
AIMCo Support SHP	41%	48%	53%	36%	43%
Vote Against Management	11%	14%	13%	16%	16%
Total Ballots	31,762	25,494	25,505	24,009	22,887

SHAREHOLDER PROPOSALS SUMMARY (2012-2017) BY ESG CATEGORY & % SUPPORT



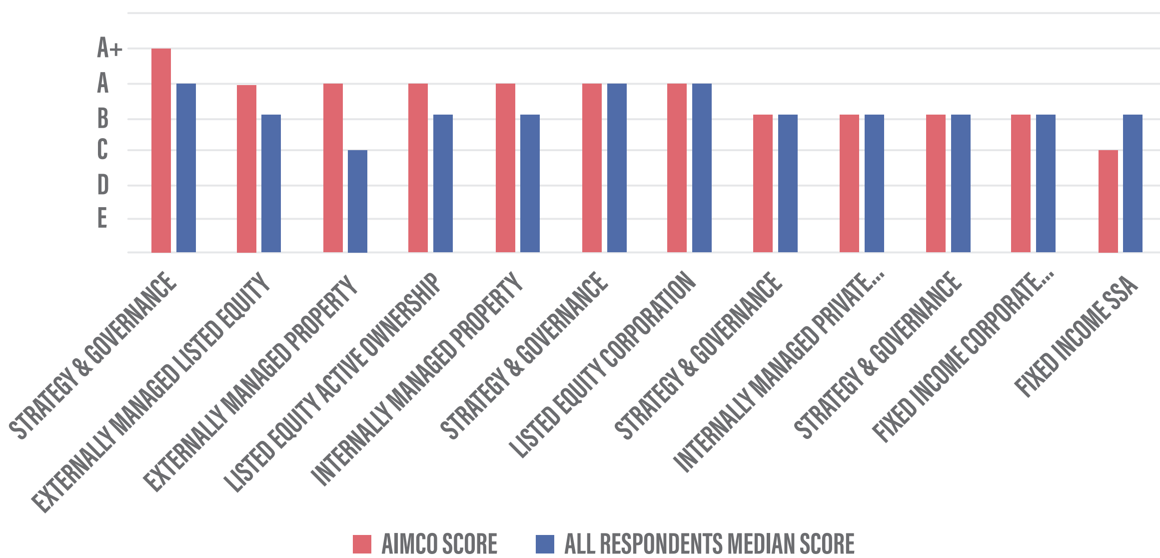
ENGAGEMENT PROCESS

By engaging with companies, AIMCo builds trusted relationships, fosters corporate accountability and promotes shareholder value. Our key ESG focus areas are climate change, worker safety across the supply chain, say-on-pay and women on boards. We champion a "voice over exit" approach, preferring to exercise voice and engage to effect positive change where possible, rather than divest.

In 2017, AIMCo focused on increasing both our individual and collaborative engagements, engaging with over 180 issuers. Key topics of discussion revolved around implementation of the FSB Task Force on Climate-related Financial Disclosures (TCFD) recommendations, worker safety, say-on-pay and improving board diversity.

REPORTING & COMMUNICATIONS

AIMCo strives to demonstrate transparency by regularly reporting on our RI activities. We report to our clients in-person, through quarterly reports, this AIMCo Annual Report, the Responsible Investment Report and on our website. As a PRI signatory, AIMCo reports on our RI activities annually through the PRI Reporting Framework. The resulting PRI Assessment Report benchmarks AIMCo's ESG performance relative to approximately 1,800 investor signatories with over USD$70 trillion AUM. Our PRI survey submissions, advocacy letters and proxy voting history and rationale are publicly disclosed on our website.



ADVOCACY & COLLABORATION

AIMCo participates in public policy dialogue within our ESG focus areas. We collaborate with like-minded peers on select advocacy initiatives, company engagements, consultations and public statements of support. In 2017, AIMCo supported the TCFD's final recommendations, the 30% Club Canada's statement of intent and reported on our commitments to the Coalition for Inclusive Capitalism. AIMCo is a member of several RI-related committees and working groups including the ICGN Shareholder Responsibility Committee, PIAC Investor Committee, PRI SDG and Methane Advisory Committees and the GRESB Infrastructure Advisory Board.

2018 AND BEYOND

LOOKING AHEAD: THE NEXT TEN YEARS

Increasingly, ESG factors are no longer considered to be non-financial and investors are being called upon to make decisions to positively influence not only their clients, but broader capital markets, the environment and society. Overall, the pace of change continues to accelerate as megatrends such as globalization and climate change take hold. Investors' ability to successfully navigate these changes, and the quality of data they pay attention to, will prove to be a key differentiator over time.

AIMCo's goal is to become a world-class responsible investor, and to discover new ways to support our value proposition to create sustainable, long-term value for our clients. We will continue our quest to advance the field of RI. We are well on our way, yet there is ever more to be done.

2017 ANNUAL REPORT

COMPENSATION DISCUSSION & ANALYSIS

HUMAN RESOURCES AND COMPENSATION COMMITTEE MANDATE

Our Vision, "Enriching the lives of Albertans by building prosperity, security and opportunity across generations", motivates and significantly informs our People Strategy. With $103.7 billion dollars of assets under management, we need investment, corporate and operations talent that will lead, engage and perform at a best-in-class level. We find this talent from both around the world and in our backyard. We invest in this talent once they join our team and we develop people such that internal career progression is real and possible at AIMCo. In 2017, 61 employees accepted a promotion or transfer to a new role within the organization. Our plan is working. We build for the future, we think long-term, and we strive to be world class in everything we do.

Our People Strategy includes a compensation system that enables us to recruit and retain this talent such that we can invest on behalf of the clients, for all Albertans.

The Human Resources and Compensation Committee (HRCC) holds a very important role in assisting AIMCo's Board in meeting its fiduciary and governance responsibility by:

- approving a long-term People Strategy;
- overseeing an effective executive succession planning program;
- establishing and assessing executive performance targets, reviewing them for achievement and modifying them as necessary to meet the aims of the organization;
- setting executive compensation principles and compensation design; and
- reviewing strategic initiatives that influence overall organizational health, culture, effectiveness, engagement, retention and sustained long-term performance.

DECISIONS AND INITIATIVES OF THE HUMAN RESOURCES AND COMPENSATION COMMITTEE

Key decisions and initiatives undertaken by HRCC in respect of 2017 included:

- The setting of both financial and non-financial performance objectives for the CEO and CEO executive direct reports and measuring achievement of these goals at the end of the year. At year end, HRCC completed a 360-review process for the CEO, a process that included all Board members, certain clients and all members of the executive team;
- Influencing strategy and planning as it relates to a number of compensation policies, both internal and some of which AIMCo was subject to through government regulation;
- Validating the compensation philosophy and policy for the organization, particularly as it relates to ensuring performance compensation links to long term investment goals;
- Recommending for approval the Annual Incentive Plan (AIP) pool amounts and payouts for eligible employees. Similarly, approving the Long-term Incentive Plan (LTIP) payouts (issued January 2014 and vested on December 31, 2017);
- Recommending for approval the 2018 Special Long-term Incentive Plan (SLTIP) grants based on the achievement, for selected individuals, of superior investment performance. These SLTIP grants have a four-year vesting period and will not mature until December 31, 2021;
- Reviewing and approving the outcome of a compensation plan review;
- Reviewing and recommending for approval, the investment, corporate and individual performance objectives of the executive team and ensuring alignment to AIMCo's longer term Vision and Strategy;
- Reviewing and providing input into AIMCo's long-term strategic plan;
- Reviewing, approving and monitoring various activities associated with AIMCo's long-term People Strategy, with particular emphasis on culture, organizational health and succession; and
- Reviewing, approving and monitoring various activities associated with other corporate functions within the Corporate & Human Resources portfolio.

EXECUTIVE COMPENSATION PHILOSOPHY

AIMCo is a globally recognized institutional investment manager responsible for managing $103.7 billion on behalf of 32 clients representing Alberta-based pensions, endowments and government funds. AIMCo's compensation program is critical to our ability to attract, retain and incentivize the talent we need to access private markets and high value-add public market strategies. The in-house talent and expertise necessary to deliver superior performance on a multi-client mandate is truly unique, and with this capability in-hand, we internally manage over 80% of AIMCo's assets under management. In addition to holding the expertise, internally managed assets are considerably more cost effective than traditional third-party management.

OUR COMPENSATION PHILOSOPHY

We align to the following compensation philosophy and principles:

ALIGNMENT WITH VISION

Our compensation program is aligned with our mandate and aim to be a world-class investment management organization. We invest globally and we source talent from around the world, competing not only regionally but beyond North America for investment management, risk management, investment operations and corporate leadership talent.

PAY BASED ON PERFORMANCE

Our compensation program is heavily weighted towards the achievement, or surpassing of, defined goals, with an appropriate emphasis on all measures of performance. This means assessing results in the following categories; total fund, asset class (where appropriate), corporate objectives and individual objectives. The largest part of executive compensation is variable, which means that it is tied directly to achievements in each of these areas. Executive performance is assessed annually by the CEO, while the HRCC and the Board review the CEO's performance. The Board is responsible for the approval of performance ratings for all Executives and the CEO. Performance-based compensation for the executive team (with the exception of one individual who was in an acting capacity as CFO), as a percentage of total direct compensation, is between approximately 47 to 72% if paid at target and 69 to 86% if paid at maximum. This means that a considerable amount of compensation for an executive can only be paid if performance is realized and sustained.

SUSTAINED, LONG-TERM PERFORMANCE

Our executive and investment management team are expected to be oriented to the long-term, to develop the human resource capabilities, infrastructure, systems and processes to achieve sustained long-term superior performance. We are continually planning and building for the future. The performance for the investment component of the Annual Incentive Plan (AIP) and the Long-Term Incentive Plan (LTIP) is measured over rolling four-year cycles. Performance of the Special Long-Term Incentive Plan (SLTIP) is assessed over an eight-year period: the first four years of performance determining if an SLTIP Grant may be earned, and the following four years determining to what value, if any, the SLTIP will be worth.

FAIRNESS BASED ON MARKET-COMPETITIVE CONTEXT

All employees are exercising a choice when they join AIMCo and in staying and contributing to our Vision. Retention of key employees is critical, and we are asking top performing talent to choose AIMCo as their employer for the long-term. A key factor in hiring and retention is the fairness of compensation because the best people available for any job will have alternatives. Therefore, we must be competitive with those alternatives. We regularly assess compensation for all positions against market comparables based upon independent expert advice. For the executive team, this independent expertise is through consultants who are engaged directly by our HRCC.

INCENTIVIZE SUCCESSFUL ACTIVE INVESTMENT MANAGEMENT

Performance based compensation relating to investment returns is driven by the value-add returns above relevant investment benchmarks, again over rolling four-year cycles. The concept is to reward for successful active management sustained over multiple years. Since 2009, AIMCo's total net investment returns have exceeded $58.0 billion, including $5.4 billion of net value-add, representing returns beyond that achievable through passive investing.

PERFORMANCE INCLUDES QUALITATIVE MEASURES

A meaningful component of the AIP relates to qualitative factors. This is captured in the corporate objectives, individual objectives and includes, for the executive team, the quality of relationships with clients and more generally, all stakeholders. Depending on the position and responsibilities, it also includes meeting objectives relating to infrastructure projects, communication initiatives, and creating and establishing high levels of employee engagement.

IMPACT OF PERFORMANCE RESULTS ON COMPENSATION

AIMCo's value-add calculations are net of external and internal costs.

A commitment to internal investment and asset management (as opposed to having a considerable portion of the assets managed by external investment managers) will increase total compensation expense, yet this approach remains considerably more cost effective for our clients. For the period since 2009, we have paid out approximately 4.8% of net value-add for all internal performance compensation. In contrast we pay approximately 16% of net value-add as performance fees to external managers.

Cost management is critical to AIMCo's ability to meet its mandate. AIMCo uses CEM Benchmarking Inc. for analyzing and comparing AIMCo's costs to that of its Canadian and International peers. CEM provides AIMCo with a comprehensive analysis of investment management costs and detailed comparisons with a customized peer group comprising the largest Canadian investment fund managers. Its global benchmarking database includes over 350 public and private sector funds and represents nearly $12 trillion in total assets. AIMCo continues to be reported as a relatively low-cost value-add provider of investment services for its clients.

AIMCo has demonstrated strong investment performance in recent years and has contributed approximately $5.4 billion dollars in net value-add since 2009. With a compensation philosophy and program that reinforces sustained long-term performance over a four-year period, this strong investment performance is reflected in the performance compensation paid out in 2018.

AIMCo's Long-Term Incentive Plan (LTIP) is in its sixth year of payout since implementation in 2009. Value-add performance over the 2014–2017 period is reflected in the LTIP rewards paid in 2018.

The HRCC believes that the compensation awarded for 2017 appropriately reflects both the long-term investment performance and the Board of Directors' assessment of how AIMCo's executive team performed against their corporate and individual objectives. This outcome reinforces the statement made earlier that AIMCo has a pay for performance philosophy heavily weighted to achieving specific and measurable deliverables.

USE OF EXTERNAL CONSULTANTS

To assist with the execution of compensation related responsibilities, HRCC works with an independent compensation advisor, Hugessen Consulting. Hugessen Consulting is retained by and directly accountable to the HRCC to advise and counsel on the market competitiveness and appropriateness of AIMCo's compensation policies and performance metrics. Hugessen is consulted on all material compensation structure decisions and the compensation framework associated with executives and senior leaders. Final decisions pertaining to executive compensation rest with HRCC and the Board.

Hugessen Consulting participated in the HRCC's discussion pertaining to year-end performance and subsequent compensation payments. It validated that the compensation outcomes aligned to market and the stated performance expectations of the organization

REFERENCE MARKET ANALYSIS

AIMCo regularly reviews its compensation practices to ensure alignment to the relevant industry and marketplace. Some of the compensation processes are as follows:

1 Annually, AIMCo participates in the following salary surveys which include executive positions:

INVESTMENT MANAGEMENT ROLES:

- The Investment Management Compensation Survey (IMCS) by Willis Towers Watson;
- The Canadian Investment Management Survey (CIMS) by Mercer Consulting;
- The Investment Management Survey by McLagan Consulting.

CORPORATE SERVICES ROLES:

- The Mercer General Industry Database (Canada) by Mercer Consulting;
- The General Industry Middle Management, Professional and Support Compensation Survey by Willis Towers Watson;
- The Canadian Salary Survey – Technical by Wynford Group (for Information Technology roles);

2 Once the survey results are available, AIMCo will position benchmarks from across the organization, at multiple levels, to evaluate pay trends, ensure alignment to compensation philosophy and ensure appropriateness to the position.

3 Survey market views are pulled from across Canada, the Alberta market, and our pension peers (investment managers for large sector public pension & endowment funds). Base salary, total cash compensation and total direct compensation levels (including LTIP and SLTIP) are reviewed to ensure all recommendations align with our compensation philosophy and policy statements.

4 When appropriate, AIMCo will undertake further reviews of compensation and may engage compensation consulting expertise throughout the process. Such a review took place in 2017 for all compensation bands.

COMPONENTS OF COMPENSATION

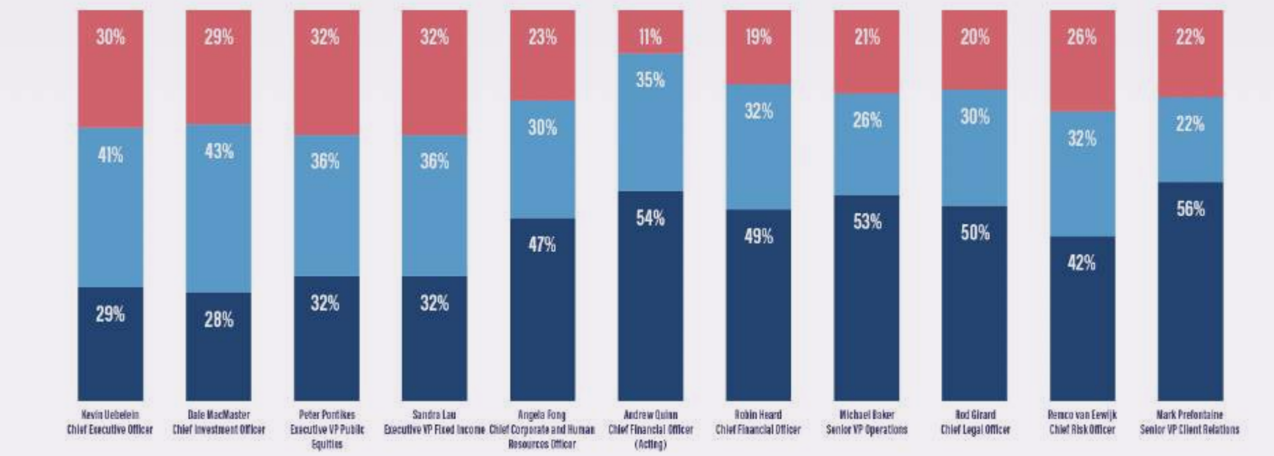
AIMCo regularly reviews its compensation practices to ensure alignment to the relevant industry and marketplace. Some of the compensation processes are as follows:

COMPONENT	PROGRAM INTENT	PLAN FUNDAMENTALS	VARIABILITY WITH PERFORMANCE
Base Salary	Compensates for the execution of core duties	Annual budget based upon external survey market data	Fixed (low variability)
Annual Incentive Plan (AIP)[1]	Annual plan that rewards superior investment performance and individual contributions	Payouts are capped at 2x target, based upon (1) value add investment performance over a four-year period, weighted to Total Fund, and Asset Class (where applicable), and (2) Individual performance aligned to the achievement of corporate objectives.	High Variability
Long-Term Incentive Plan (LTIP)[2]	Intended to reward superior and sustained investment performance, reinforcing long-term nature of investment strategy and providing retention for high performers	Payouts are capped at 3x target, based upon Total Fund returns and value add investment performance over a four-year period, weighted to Total Fund and Asset Class (where applicable).	High Variability
Special Long-Term Incentive Plan (SLTIP)[2]	Intended to reward for superior and sustained investment performance over and 8 year period	Consist of an additional conditional LTIP grant, made when uncapped investment performance over any LTIP period (four years) exceeds the cap of 3x. Once granted, the SLTIP has the same mechanics as the LTIP.	High Variability
Restricted Fund Units (RFU)[3]	To bridge "gap" period between commencement of employment and LTIP vesting or to selectively provide additional retention and/or long-term performance incentives, where deemed desirable to do so.	Vary depending upon circumstance	Low Variability

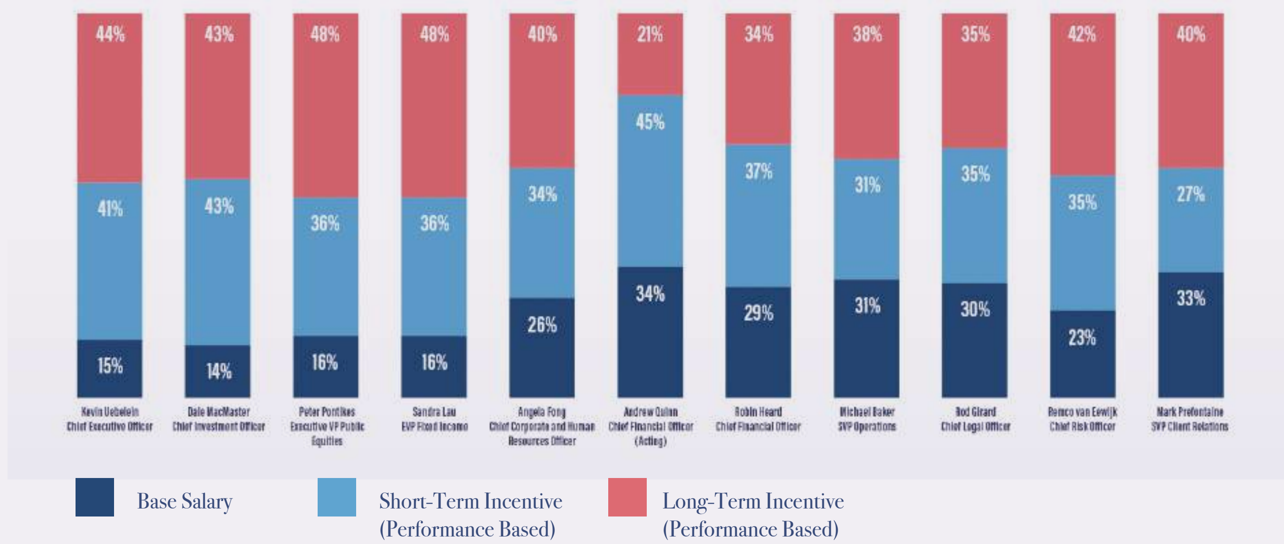
EXECUTIVE COMPENSATION

All executives have a significant component of their compensation tied to performance. For those specifically reported in this Annual Report, their mix of compensation (demonstrated at target and at maximum) is as follows:

EXECUTIVE TEAM (AT TARGET PERFORMANCE)



EXECUTIVE TEAM (AT MAXIMUM)



MIX OF COMPENSATION

BASE SALARY

Executive base salaries compensate for the execution of core duties. In determining the base compensation, certain variables such as ability, performance expectations, experience and market competitiveness are taken into consideration. In undertaking its compensation responsibilities, the HRCC relies upon relevant reference market data. This data includes, but is not limited to, other large Canadian pension funds for the benchmarking of compensation for all executive roles, with emphasis on investment related positions. Non-investment related executive roles will include such comparisons, as well as relevant market and geographic specific data.

PERFORMANCE-BASED COMPENSATION ELEMENTS

ANNUAL (SHORT-TERM) INCENTIVE PLAN (AIP)

All permanent employees participate in the AIP. AIP is comprised of two components: achievement against annual individual objectives and value-add investment performance over a four-year period. A third component for the executive team only adds achievement against corporate objectives. Target awards are set as a percentage of salary and each component of AIP comprises a percentage of this target to which a multiplier is applied. At the conclusion of the performance year, AIMCo will assess its value-add performance outcome against the intended value-add target, which results in an annual Performance Factor calculation. Note that the performance factor has an applied floor, and the AIP performance multiplier is capped at two times the target value.

Individual Performance: Personal objectives are set at the beginning of the year and align with the corporate strategy and goals of the organization. Performance against these objectives is measured and quantified as a performance multiplier ranging from 0.0 to 2.0 being applied to this component of AIP.

Four-Year Investment Performance: The value-add performance of AIMCo's Total Fund (and each asset class where relevant) compared to AIMCo investment benchmarks and averaged over a four-year rolling cycle (with a performance floor in place) results in the investment performance multiplier. The applied investment performance multiplier can range from 0.0 to 2.0 for this component of AIP.

Corporate Objective Performance: The HRCC recommends to the AIMCo Board the corporate objectives of the executive team. These corporate objectives are centered on AIMCo's Key Success Drivers of: Strategic Performance, Investment Performance, Client Satisfaction, Financial & Operational Performance and Doing Business the Right Way/ People. The Board determines the appropriate multiplier to apply based upon achievement of these objectives. The corporate objective multiplier can range from 0.0 to 2.0.

LONG-TERM INCENTIVE PLAN (LTIP)

The Long-Term Incentive Plan supports AIMCo's goal of superior and sustained performance and reinforces the long-term nature of investment strategy. The plan rewards value-add performance over the next four-years at the AIMCo Total Fund level and, in the case of investment professionals, at the asset class level (with a performance floor in place). The plan also provides a retention element for strong performers since they vest and payout at the end of a four-year cycle. Grants are issued to senior level employees.

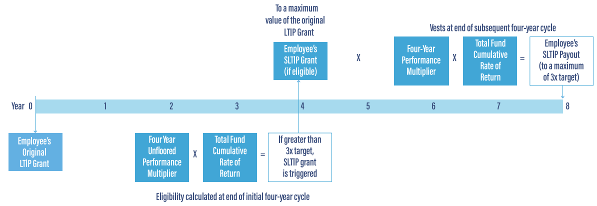
LTIP grants are set as a percentage of base salary and issued at the beginning of the calendar year. A multiplier, similar in nature to the investment performance multiplier for AIP, is applied at the end of the four-year vesting period. The award value is also increased or decreased based upon the cumulative rate of return of AIMCo's Total Fund for the period. Similar to the AIP plan, the performance factor has an applied floor.

Four-Year Investment Performance: The multiplier for AIMCo Total Fund is determined using the same methodology as the AIP Total Fund multiplier. For investment professionals managing a specific asset class, the multiplier is based on a 60% Total Fund and 40% Asset Class weighting.

AIMCo Total Fund Four-Year Cumulative Rate of Return: This amount will increase or decrease the potential LTIP payout. The payout is capped to a maximum of three times the original LTIP grant value.

SPECIAL LONG-TERM INCENTIVE PLAN (SLTIP)

At the end of an LTIP's four-year cycle, if the investment performance for the period has exceeded the corporation's stretch goals (three-times target), a Special Long-Term Incentive Plan grant is triggered. This additional SLTIP grant can be an amount up to a maximum of the original LTIP grant upon which it is based. Once granted, the SLTIP has exactly the same mechanics that determine payout value as the LTIP described above. Special LTIP grants reward for superior and sustained investment performance over an eight-year period – the first four years that establish if a grant will be triggered followed by four years that determine the grant's payout value. The timing and mechanics are illustrated below:



PERFORMANCE WEIGHTINGS UNDER AIP AND LTIP FOR NAMED EXECUTIVE OFFICERS

EXECUTIVE OFFICER	TYPE OF AWARD	INDIVIDUAL PERFORMANCE	AIMCo TOTAL FUND	ASSET CLASS	CORPORATE OBJECTIVES
Kevin Uebelein Chief Executive Officer	AIP LTIP	40% N/A	50% 100%	N/A N/A	10% N/A
Dale MacMaster Chief Investment Officer	AIP LTIP	30% N/A	60% 100%	N/A N/A	10% N/A
Peter Pontikes Executive VP Public Equities	AIP LTIP	30% N/A	30% 60%	30% 40%	10% N/A
Sandra Lau Executive VP Fixed Income	AIP LTIP	30% N/A	30% 60%	30% 40%	10% N/A
Angela Fong Chief Corporate and Human Resources Officer	AIP LTIP	30% N/A	60% 100%	N/A N/A	10% N/A
Robin Heard Chief Financial Officer	AIP LTIP	30% N/A	60% 100%	N/A N/A	10% N/A
Michael Baker Senior VP Investment Operations	AIP LTIP	30% N/A	60% 100%	N/A N/A	10% N/A
Rod Girard Chief Legal Officer	AIP LTIP	30% N/A	60% 100%	N/A N/A	10% N/A
Remco van Eeuwijk Chief Risk Officer	AIP LTIP	30% N/A	60% 100%	N/A N/A	10% N/A
Mark Prefontaine Senior VP Client Relations	AIP LTIP	30% N/A	60% 100%	N/A N/A	10% N/A

RESTRICTED FUND UNITS (RFU)

RFUs are a notional grant, the value of which fluctuates with the overall return of the AIMCo Total Fund. RFUs are granted on a case-by-case basis and are specially issued to bridge the period between commencement of employment and LTIP vesting or, in some cases, as necessary to hire executives who forfeited pending compensation commitments from previous employers.

PENSION

Eligible employees within AIMCo who commenced employment prior to July 1, 2008 (who at the time would have therefore worked for the Government of Alberta) participate in either the Management Employees Pension Plan or the Public Service Pension Plan (both of which are defined benefit pension plans), with some employees also eligible to participate in a supplementary retirement plan. All eligible employees hired after July 1, 2008 are required to participate in a defined contribution pension plan sponsored by AIMCo, with some employees also eligible to participate in a defined contribution supplementary retirement plan sponsored by AIMCo.

All plans require contributions by both the employee and AIMCo.

BENEFITS AND OTHER COMPENSATION

A broad range of market competitive benefits are provided to eligible employees, including health and dental coverage, short-term and long-term disability insurance, travel insurance, group life insurance, critical illness insurance, a health spending account, a learning and wellness benefit and subsidized public transit. In the case of the executives, annual medical assessments are mandatory.

2017 CORPORATE AND INVESTMENT PERFORMANCE RESULTS

Incentive compensation as detailed above is based on performance against predetermined individual annual objectives, corporate objectives, and sustained value-add investment performance against AIMCo investment benchmarks. Compensation details are disclosed for all named executive officers.

CORPORATE OBJECTIVE PERFORMANCE

The executive team establishes the corporate goals and objectives for the year. These are then reviewed and approved by the Board. Accountability for the achievement of each corporate objective rests with management. Each executive officer is responsible respectively for several underlying initiatives specific to their role in support of the objective. Similarly, individual objectives for all employees are aligned to and support the corporate objectives.

Based on the HRCC's review and recommendations, and the Board's assessment, management achieved the corporate objectives established for 2017, resulting in a performance rating of 135% out of a possible stretch performance rating of 200%. Highlights of AIMCo's achievements against its corporate objectives include:

- Ensuring AIMCo has measures in place to best facilitate Board education and transition, for both AIMCo's Board, and that of our clients, where transition occurred within 2017;
- To plan, strategically respond to, and be well positioned to address potential regulatory and legislative changes and to have meaningful involvement with the applicable stakeholder as regulatory discussions are tabled;
- For certain areas within our business, to continue to establish a record of best-in-class performance and ensure that we are benchmarking our capability against relevant organizations;
- To implement the programs identified through our organizational culture survey;
- To advance our profile, reputation and value as a strategic advisor to clients, shareholder and other key stakeholders;
- To have initiated our "Clients First 2.0" strategy in 2017, with particular emphasis on customized client service offerings and advisory capabilities;
- To continuously mature our investment partnerships to ensure maximum value and optimized investment strategy and delivery; and
- To continue to evolve our system capability and to maximize efficiency and decision making.

FOUR-YEAR INVESTMENT PERFORMANCE

The target value-add performance for 2017 was $258.3 million above benchmark and net of all external fees and operating expenses. Meeting this target would result in an investment performance factor of "1.0" for the year. AIMCo strives to achieve a stretch goal of three-times target each year. Incentive compensation payouts for 2017 reflect the AIMCo Total Fund performance over the four-year period beginning January 1, 2014, and ending December 31, 2017. The cumulative net value-add investment performance over this period for compensation purposes was $2.8 billion which resulted in a calculated Investment Performance Factor of 2.47 for 2014 to 2017. Performance Factors are capped at 2.00 for AIP purposes and 3.00 for LTIP purposes.

AIMCO TOTAL FUND PERFORMANCE, ACTUAL 2014 TO 2017 AND CUMULATIVE RESULTS

CALENDAR YEAR	Target Value-Add[1] ($ millions)	AIMCo Net Actual Value-Add[2] ($ millions)	Annual Investment Performance Factor[3]
Actual 2017	258.3	1,099.5	4.26
Actual 2016	251.5	225.5	0.90
Actual 2015	302.0	1,514.8	5.02
Actual 2014[4]	269.0	-81.5	-0.30
Cumulative - 4 year	1,080.9	2,758.3	4-Yr Avg 2.47

1 Target net Value-Add is above investment benchmark

2AIMCo net Value-Add is after operating costs and external management fees

3 Annual Investment Performance Factors are averaged over a four-year cycle to calculate the AIP performance multiplier

4 Historic Value-Add was adjusted to reflect the impact of changes in the valuation methodology in 2014 for certain insurance-related investments.

Asset class performance is a significant component of the investment professionals' compensation. Incentive compensation is based on the performance of individual asset classes for which they contribute in addition to a component that accounts for overall fund performance.

The investment performance of each asset class relative to target is summarized below.

ASSET CLASS PERFORMANCE, 2014 TO 2017

PERFORMANCE FACTORS	Actual 2014	Actual 2015	Actual 2016	Actual 2017	Four-Year Performance
Total Fund	Below Target	Exceeded Target	Below Target	Exceeded Target	Exceeded Target
Money Market & Fixed Income	Exceeded Target	Exceeded Target	Exceeded Target	Exceeded Target	Exceeded Target
Public Equity & Hedge Funds	Exceeded Target	Exceeded Target	Below Target	Exceeded Target	Exceeded Target
Global Tactical Asset Allocation	Below Target	Below Target	Exceeded Target	Exceeded Target	Exceeded Target
Real Estate	Exceeded Target	Exceeded Target	Below Target	Exceeded Target	Exceeded Target
Private Equity	Exceeded Target	Exceeded Target	Exceeded Target	Below Target	Exceeded Target
Infrastructure and Timber	Below Target	Exceeded Target	Exceeded Target	Exceeded Target	Exceeded Target
Private Debt and Loan	Exceeded Target	Exceeded Target	Exceeded Target	Exceeded Target	Exceeded Target
Private Mortgages	Exceeded Target	Exceeded Target	Below Target	Below Target	Exceeded Target

Investment performance over the past four years resulted in an AIP performance multiplier at the maximum of 2.0 for the Total Fund component and at the maximum of 2.0 for all asset class components where relevant, for the named executive officers. Investment performance over the past four years also resulted in an LTIP performance multiplier at the maximum of 3.0 for the named executive officers.

ADJUSTMENTS TO PERFORMANCE PAYMENTS OR FORFEITURE

The Chief Executive Officer has authority to adjust a performance payment for an executive, predominately relating to individual performance. Similarly, the Board of Directors, through HRCC, has the authority to amend and/or terminate both the performance compensation plans, or the awards provided to an individual in any given year. Measures are also in place to ensure forfeiture or recovery of previous payments in circumstances such as restatement of financial results.

SUMMARY COMPENSATION

The Summary Compensation table below shows the remuneration over the past three fiscal years for the named executive officers. Since incentive plan performance is measured using calendar years, the values for AIP and LTIP are shown in the fiscal year for which performance most closely aligns.

			INCENTIVE PLAN COMPENSATION ($)							
				FOUR YEAR INVESTMENT PERFORMANCE						
NAME AND POSITION	FISCAL YEAR	BASE [2]SALARY	AIP ANNUAL INDIVIDUAL [3]OBJECTIVES	AIP CORPORATE [3]OBJECTIVES	AIP INVESTMENT [3]COMPONENT	[4]LTIP	[5]RFU	PENSION [6]CONTRIBUTION	ALL OTHER [6]COMPENSATION	TOTAL COMPENSATION $
Kevin Uebelein[8] Chief Executive Officer	**2018**	**500,000**	**532,000**	**94,500**	**700,000**	**N/A**	**157,749**	**60,000**	**13,525**	**2,057,775**
	2017	500,000	532,000	91,000	700,000	N/A	144,287	60,000	30,949	2,058,236
	2016	500,000	490,000	94,500	700,000	N/A	136,313	40,000	10,523	1,971,335
Dale MacMaster Chief Investment Officer	**2018**	**425,000**	**355,725**	**86,062**	**765,000**	**1,745,700**		**60,828**	**12,140**	**3,450,455**
	2017	425,000	369,112	82,875	689,494	1,696,500		66,376	11,756	3,341,114
	2016	387,500	321,839	70,183	623,853	720,000		62,436	11,531	2,197,342
Peter Pontikes Executive VP Public Equities	**2018**	**300,000**	**191,070**	**44,550**	**396,000**	**932,100**		**44,828**	**13,213**	**1,921,762**
	2017	294,413	132,929	25,025	371,598	897,300		49,660	11,518	1,782,443
	2016	260,424	125,089	N/A	366,289	330,000		46,262	8,556	1,136,620
Sandra Lau Executive VP Fixed Income	**2018**	**300,000**	**191,070**	**44,550**	**396,000**	**902,100**		**44,828**	**13,062**	**1,891,610**
	2017	294,413	155,472	25,025	371,598	867,300		49,660	10,989	1,774,457
	2016	260,424	91,572	N/A	366,289	285,000		46,262	8,545	1,058,091
Angela Fong Chief Corporate and Human Resources Officer	**2018**	**285,310**	**111,271**	**25,036**	**222,542**	**342,300**		**30,243**	**8,326**	**1,025,027**
	2017	285,310	111,271	24,109	200,577	285,442		30,243	25,923	962,875
	2016	285,310	111,271	25,036	222,542	450,000		30,243	7,883	1,132,285
Andrew Quinn[9] Chief Financial Officer (Acting)	**2018**	**186,200**	**58,482**	**12,285**	**129,900**	**153,600**		**13,139**	**10,350**	**563,957**
	2017	165,901	22,983	N/A	36,341	128,678		14,616	8,157	376,676
Robin Heard[10] Chief Financial Officer	**2018**	**164,241**	**150,509**	**N/A**	**N/A**	**N/A**		**16,240**	**58,702**	**389,692**
Michael Baker Senior VP Operations	**2018**	**242,000**	**41,382**	**16,335**	**145,200**	**272,250**		**24,200**	**30,020**	**771,387**
	2017	242,000	46,827	15,730	135,745	206,847		24,200	10,758	682,107
	2016	242,000	51,909	16,335	145,200	230,625		22,175	10,836	719,080
Rod Girard[11] Chief Legal Officer	**2018**	**260,000**	**76,752**	**21,060**	**187,200**	**162,300**		**25,428**	**20,355**	**753,095**
	2017	244,902	62,188	14,040	136,304	139,372		22,476	18,578	637,860
	2016	180,250	49,316	N/A	86,520	157,500		17,304	20,167	511,057
Remco van Eeuwijk[12] Chief Risk Officer	**2018**	**275,000**	**88,481**	**27,844**	**247,500**	**N/A**	**170,177**	**28,033**	**10,954**	**847,930**
	2017	252,083	58,988	17,875	73,961	N/A	155,600	20,167	14,385	593,059
Mark Prefontaine[13] Senior VP Client Relations	**2018**	**240,000**	**47,232**	**12,960**	**115,200**	**N/A**		**19,200**	**62,957**	**497,549**
	2017	100,000	N/A	N/A	N/A	N/A		8,000	9,971	117,971

1 All amounts shown in the Summary Compensation table reflect compensation earned to the named executive in, or in respect of, the current fiscal year. Incentive compensation is paid in cash in the year following the year it is earned.

2 Base Salary consists of all regular pensionable base pay earned.

3 Annual Incentive Plan's Individual Objectives, Corporate Objectives, and Investment Component target awards are set as a percentage of salary to which a multiplier is applied. The multiplier is based on individual performance, corporate performance, and actual investment performance (AIMCo Total Fund and asset class where applicable) respectively for the period actively worked and cannot result in a payout greater than two times the target award. AIP is accrued based on goal attainment for the calendar year and paid in the subsequent period.

4 The amounts shown here reflect LTIP grants awarded at the beginning of 2014 and paid out after 2017 year-end, the value of which is determined based upon 4-year investment performance (2014-2017). A multiplier is applied to the grants based on investment performance (AIMCo Total Fund and asset class where applicable) as compared with specified benchmarks and the Total Fund's rate of return over the four-year performance period. LTIP payouts cannot exceed a maximum of three times the initial grant amount.

5 Restricted Fund Units are a grant, that fluctuates in value according to the AIMCo Total Fund performance. RFU's have time horizons of one-to-three years for vesting provisions.

6 AIMCo makes contributions to the defined benefit and defined contribution pension plans and related supplementary pension plans. Under the registered DC plan employees contribute up to 4% of annual eligible earnings and AIMCo contributes up to 8%, up to the maximum allowed under the Income Tax Act (Canada). Under the supplementary pension plan, the same contribution formula is applied to the eligible earnings in excess of the maximum eligible earnings under the registered plan.

Employees that transferred from AIMCo's predecessor organization were provided the option of maintaining membership in a defined benefit pension plan and the related supplementary pension plan. Both AIMCo and participating employees contribute to the funding of the plans.

An actuarial valuation for funding purposes is prepared at least every three years. The contributions of all plans are outlined in the Pension Plan Contributions table.

7 All other compensation consists of severance, lump sum payments, and the Corporation's share of all employee benefits and contributions or payments made on behalf of employees, statutory contributions, and health plan coverage.

8 The Chief Executive Officer, Kevin Uebelein, commenced employment with the Corporation on January 5, 2015. Any LTIP, if earned will begin vesting on December 31, 2018.

9 Andrew Quinn was appointed Acting Chief Financial Officer for the period October 28, 2016 through September 4, 2017. Amounts presented are for the incumbent for the full year.

10 The Chief Financial Officer, Robin Heard, commenced employment with the Corporation on September 5, 2017.

11 Rod Girard was appointed Chief Legal Officer on March 31, 2016.

12 The Chief Risk Officer, Remco van Eeuwijk, commenced employment with the Corporation on May 2, 2016.

13 The Senior VP Client Relations, Mark Prefontaine, commenced employment with the Corporation on November 1, 2016.

LONG-TERM INCENTIVE AWARDS AND ESTIMATED FUTURE PAYOUTS

LTIP awards are granted at the start of a calendar year and vest at the end of a four-year cycle. The table below shows for each named executive officer the LTIP and SLTIP granted but not yet vested, the maximum potential payout, along with the currently estimated future payout. The future payouts are estimated based on:

- Actual performance multipliers for 2015, 2016, and 2017, and pro forma multipliers of 1.0 (target) for future years.
- Actual AIMCo Total Fund rates of return for 2015, 2016, and 2017, and no assumed growth in future years.

LONG-TERM INCENTIVE AWARDS AND ESTIMATED FUTURE PAYOUTS

					ESTIMATED FUTURE PAYOUTS AT THE END OF YEARS				
NAME AND POSITION	YEAR OF GRANT	TYPE OF AWARD	AWARD TARGET VALUE	MAXIMUM VALUE AT TIME OF GRANT	2018	2019	2020	2021	TOTAL
Kevin Uebelein	**2018**	**LTIP**	**500,000**	**1,500,000**				**500,000**	**500,000**
Chief Executive Officer	2017	LTIP	500,000	1,500,000			991,650		991,650
	2016	LTIP	500,000	1,500,000		1,034,690			1,034,690
	2015	LTIP	500,000	1,500,000	1,5000				1,500,000
Dale MacMaster	**2018**	**LTIP**	**425,000**	**1,275,000**				**425,000**	**425,000**
Chief Investment Officer	**2018**	**SLTIP**	**342,438**	**1,027,314**				**342,438**	**342,438**
	2017	LTIP	425,000	1,275,000			842,903		842,903
	2017	SLTIP	269,677	809,031			534,851		534,851
	2016	LTIP	425,000	1,275,000		879,486			879,486
	2016	SLTIP	240,000	720,000		496,651			496,651
	2015	LTIP	375,000	1,125,000	1,125,000				1,125,000
	2015	SLTIP	238,500	715,500	715,500				715,500
Peter Pontikes	**2018**	**LTIP**	**300,000**	**900,000**				**300,000**	**300,000**
Executive VP Public Equities	**2018**	**SLTIP**	**199,238**	**597,714**				**199,238**	**199,238**
	2017	LTIP	300,000	900,000			591,087		591,087
	2017	SLTIP	96,424	289,272			189,983		189,983
	2016	LTIP	239,832	719,496		461,016			461,016
	2016	SLTIP	110,000	330,000		211,447			211,447
	2015	LTIP	218,000	654,000	654,000				654,000
	2015	SLTIP	100,000	300,000	300,000				300,000
Sandra Lau	**2018**	**LTIP**	**300,000**	**900,000**				**300,000**	**300,000**
Executive VP Fixed Income	**2018**	**SLTIP**	**210,700**	**632,100**				**210,700**	**210,700**
	2017	LTIP	300,000	900,000			627,212		627,212
	2017	SLTIP	199,100	597,300			416,260		416,260
	2016	LTIP	239,832	719,496		719,496			719,496
	2016	SLTIP	95,000	285,000		285,000			285,000
	2015	LTIP	218,000	654,000	654,000				654,000
	2015	SLTIP	90,000	270,000	270,000				270,000

continued on page 14

					ESTIMATED FUTURE PAYOUTS AT THE END OF YEARS				
NAME AND POSITION	YEAR OF GRANT	TYPE OF AWARD	AWARD TARGET VALUE	MAXIMUM VALUE AT TIME OF GRANT	2018	2019	2020	2021	TOTAL
Angela Fong Chief Corporate and Human Resources Officer	**2018**	**LTIP**	**142,655**	**427,965**				**142,655**	**142,655**
	2018	**SLTIP**	**49,417**	**148,251**				**49,417**	**49,417**
	2017	LTIP	142,655	427,965			282,928		282,928
	2016	LTIP	142,655	427,965		295,207			295,207
	2016	SLTIP	150,000	450,000		310,407			310,407
	2015	LTIP	142,700	428,100	428,100				428,100
Andrew Quinn[4] Chief Financial Officer (Acting)	**2018**	**LTIP**	**41,200**	**123,600**				**41,200**	**41,200**
	2018	**SLTIP**	**11,924**	**34,041**				**11,347**	**11,347**
	2017	LTIP	26,880	80,640			53,311		53,311
	2016	LTIP	26,880	80,640		55,625			55,625
	2016	SLTIP	30,000	90,000		62,081			62,081
	2015	LTIP	26,900	80,700	80,700				80,700
	2015	SLTIP	24,745	74,235	74,235				74,235
Robin Heard[5] Chief Financial Officer	**2018**	**LTIP**	**114,000**	**342,000**				**114,000**	**114,000**
Michael Baker Senior VP Operations	**2018**	**LTIP**	**96,800**	**290,400**				**96,800**	**96,800**
	2018	**SLTIP**	**41,924**	**125,772**				**41,924**	**41,924**
	2017	LTIP	96,800	290,400			191,984		191,984
	2016	LTIP	96,800	290,400		200,316			200,316
	2016	SLTIP	90,000	270,000		186,244			186,244
	2015	LTIP	96,800	290,400	290,400				290,400
Rod Girard Chief Legal Officer	**2018**	**LTIP**	**104,000**	**312,000**				**104,000**	**104,000**
	2018	**SLTIP**	**23,431**	**70,293**				**23,431**	**23,431**
	2017	LTIP	104,000	312,000			206,263		206,263
	2016	LTIP	96,000	288,000		198,660			198,660
	2016	SLTIP	52,500	157,500		108,642			108,642
	2015	LTIP	54,100	162,300	162,300				162,300
Remco van Eewijk[6] Chief Risk Officer	**2018**	**LTIP**	**165,000**	**495,000**				**165,000**	**165,000**
	2017	LTIP	165,000	495,000			327,245		327,245
	2017	RFI	147,000		170,117				170,117
	2016	LTIP	165,000	495,000		312,994			312,994
Mark Prefontaine[7] Senior VP Client Relations	**2018**	**LTIP**	**96,000**	**288,000**				**96,000**	**96,000**
	2017	LTIP	96,000	288,000			190,397		190,397

1 Represents the target value at the time of the grant; for LTIP and SLTIP, no award is payable if performance is below a certain level.

2 Represents the maximum value payable at the end of the four-year vesting period.

3 Estimated based on actual performance multipliers for calendar 2015, 2016 and 2017, and pro forma multipliers of one for future years; and Actual AIMCo Total Fund rates of return for calendar 2015, 2016 and 2017, and no assumed growth in future years.

4 Andrew Quinn was appointed Acting Chief Financial Officer for the period October 28, 2016 through September 4, 2017.

5 The Chief Financial Officer, Robin Heard, commenced employment with the Corporation on September 5, 2017.

6 The Chief Risk Officer, Remco van Eeuwijk, commenced employment with the Corporation on May 2, 2016.

7 The Senior VP Client Relations, Mark Prefontaine, commenced employment with the Corporation on November 1, 2016.

AIMCo's previous CEO, Leo de Bever was in the role until December 31, 2014. Per his termination agreement with AIMCo, he was entitled to and received a $375,000 Long-Term Incentive payout and a $375,000 Special Long-Term Incentive payout. These were granted at the beginning of 2014 and paid out after 2017 year-end. The payout value was determined based upon the normal four-year investment performance cycle (2014-2017).

PENSION PLANS

The named executive officers (below) participate in either the defined benefit or the defined contribution pension plans. All plans require contributions by both the employee and AIMCo. The table that follows shows the contributions for the named executive officers under their respective plans.

NAME AND POSITION	FISCAL YEAR	PLAN TYPE	EMPLOYER CONTRIBUTIONS ($)	EMPLOYEE CONTRIBUTIONS ($)
Kevin Uebelein[1] Chief Executive Officer	**2018**	Registered	17,487	8,743
	2018	Supplementary	42,513	21,257
	2017	Registered	17,340	8,670
	2017	Supplementary	42,660	21,330
	2016	Registered	17,195	8,598
	2016	Supplementary	22,805	11,402
Dale MacMaster[2] Chief Investment Officer	**2018**	Registered	25,129	18,700
	2018	Supplementary	35,700	35,700
	2017	Registered	30,511	18,535
	2017	Supplementary	35,865	35,865
	2016	Registered	30,991	18,155
	2016	Supplementary	31,445	31,445
Peter Pontikes[2] Executive VP Public Equities	**2018**	Registered	25,129	18,700
	2018	Supplementary	19,700	19,700
	2017	Registered	30,511	18,535
	2017	Supplementary	19,150	19,150
	2016	Registered	31,211	18,284
	2016	Supplementary	15,051	15,051
Sandra Lau[2] Executive VP Fixed Income	**2018**	Registered	25,129	18,700
	2018	Supplementary	19,700	19,700
	2017	Registered	30,511	18,535
	2017	Supplementary	19,150	19,150
	2016	Registered	31,211	18,284
	2016	Supplementary	15,051	15,051
Angela Fong[1] Chief Corporate and Human Resources Officer	**2018**	Registered	17,487	8,743
	2018	Supplementary	12,756	6,378
	2017	Registered	17,340	8,670
	2017	Supplementary	12,903	6,451
	2016	Registered	16,913	8,457
	2016	Supplementary	13,330	6,665

continued on page 17

NAME AND POSITION	FISCAL YEAR	PLAN TYPE	EMPLOYER CONTRIBUTIONS ($)	EMPLOYEE CONTRIBUTIONS ($)
Andrew Quinn[1, 3] Chief Financial Officer (Acting)	**2018**	Registered	16,240	8,120
	2018	Supplementary	0	0
	2017	Registered	14,616	7,308
	2017	Supplementary	0	0
Robin Heard[1, 4] Chief Financial Officer	**2018**	Registered	13,139	6,570
	2018	Supplementary	0	0
Michael Baker[1] Senior VP Operations	**2018**	Registered	17,487	8,743
	2018	Supplementary	6,713	3,357
	2017	Registered	17,340	8,670
	2017	Supplementary	6,860	3,430
	2016	Registered	16,913	8,457
	2016	Supplementary	5,262	2,631
Rod Girard[1] Chief Legal Officer	**2018**	Registered	17,487	8,743
	2018	Supplementary	7,942	3,971
	2017	Registered	18,935	9,467
	2017	Supplementary	3,541	1,771
	2016	Registered	16,913	8,457
	2016	Supplementary	391	195
Remco van Eewijk[1, 6] Chief Risk Officer	**2018**	Registered	17,487	8,743
	2018	Supplementary	10,546	5,273
	2017	Registered	20,167	10,083
	2017	Supplementary	0	0
Mark Prefontaine[1, 6] Senior VP Client Relations	**2018**	Registered	17,487	8,743
	2018	Supplementary	1,713	857
	2017	Registered	8,000	4,000
	2017	Supplementary	0	0

[1] Member of AIMCo's Defined Contribution and Supplementary Defined Contribution pension plans.

[2] Member of AIMCo's Defined Benefit and Supplementary Defined Benefit pension plans.

[3] Andrew Quinn was appointed Acting Chief Financial Officer for the period October 28, 2016 through September 4, 2017.

[4] The Chief Financial Officer, Robin Heard, commenced employment with the Corporation on September 5, 2017.

[5] The Chief Risk Officer, Remco van Eeuwijk, commenced employment with the Corporation on May 2, 2016.

[6] The Senior VP Client Relations, Mark Prefontaine, commenced employment with the Corporation on November 1, 2016.

BOARD ATTENDANCE

During fiscal 2017/18, the Board and each of its respective Committees held five regular meetings: two in Edmonton, two in Calgary, and one in Toronto. Additionally, seven special meetings were held via teleconference: one for the Governance Committee, two for the Audit Committee, and four by the Investment Committee.

The following table shows each director's attendance relative to the number of meetings held by the Board and Committees of which he or she was a member.

	BOARD OF DIRECTORS	AUDIT COMMITTEE	AUDIT COMMITTEE SPECIAL MEETINGS	GOVERNANCE COMMITTEE	GOVERNANCE COMMITTEE SPECIAL MEETINGS	HUMAN RESOURCES COMMITTEE	INVESTMENT COMMITTEE	INVESTMENT COMMITTEE SPECIAL MEETINGS
Bird, Richard	5/5	2/2	1/2	5/5	1/1	3/3	5/5	4/4
Clark, Phyllis	4/5	4/5	2/2	1/1	-	-	4/5	3/4
Grieve, Ross	4/5	-	-	4/5	1/1	4/5	4/5	3/4
Kearns, Helen	5/5	3/3	2/2	1/1	-	2/2	4/5	3/4
Kroner, Ken	5/5	-	-		-	5/5	5/5	4/4
Prieur, C. James (Jim)	5/5	-	-	5/5	1/1	5/5	5/5	1/4
Raiss, Sarah	3/3	-	-	3/3	1/1	2/2	4/4	2/2
Roozen, Harold	4/5	4/5	1/2	4/4	-	-	5/5	3/4
Rosen, Andrea	3/3	3/3	-	3/3	1/1	-	3/3	1/4
Sallows, Sharon	4/4	-	-	2/2	-	3/3	3/3	2/2
Van Wielingen, Mac	3/3	1/1	-	3/3	0/1	3/3	3/3	2/4
Vivian, Robert (Jay)	5/5	-	1/1	5/5	-	5/5	5/5	4/4
Woods, Tom	5/5	4/5	2/2	3/4	1/1	-	4/5	2/4

BOARD REMUNERATION

Directors' compensation is prescribed by provincial regulation. Board members receive annual retainers and meeting fees as described in the table below. The Board Chair, Vice Chair and committee Chairs receive additional retainers to recognize the incremental responsibility associated with those positions.

BOARD REMUNERATION - APRIL 1, 2017 TO MARCH 31, 2018

	BOARD OF DIRECTORS	AUDIT COMMITTEE	HR COMMITTEE	GOVERNANCE COMMITTEE	INVESTMENT COMMITTEE
Base Retainer (Annual)	$ 20,000.00	$ -	$ -	$ -	$ -
Chair Retainer (Annual)	$ 50,000.00	$ 10,000.00	$ 7,500.00	$ 7,500.00	$ 7,500.00
Vice Chair Retainer (Annual)	$ 10,000.00	$ -	$ -	$ -	$ -
Meeting Fees	$ 1,000.00	$ 1,000.00	$ 1,000.00	$ 1,000.00	$ 1,000.00

REMUNERATION TOTALS - APRIL 1, 2017 TO MARCH 31, 2018

	BASE RETAINER (ANNUAL)	CHAIR RETAINER (ANNUAL)	VICE CHAIR RETAINER (ANNUAL)	MEETING FEES ($1,000 PER MEETING)	TRAVEL REMUNERATION	TOTALS
Bird, Richard[1]	$ 20,000.00	$ 26,780.82	$ -	$ 26,000.00	$ 1,000.00	$ 73,780.82
Clark, Phyllis	$ 20,000.00	$ -	$ -	$ 18,000.00	$ -	$ 38,000.00
Grieve, Ross	$ 20,000.00	$ 7,500.00	$ -	$ 20,000.00	$ 1,000.00	$ 48,500.00
Kearns, Helen	$ 20,000.00	$ -	$ -	$ 21,000.00	$ 4,000.00	$ 45,000.00
Kroner, Kenneth	$ 20,000.00	$ -	$ -	$ 19,000.00	$ 4,750.00	$ 43,750.00
Prieur, C. James("Jim")	$ 20,000.00	$ 7,500.00	$ -	$ 22,000.00	$ 4,500.00	$ 54,000.00
Raiss, Sarah[2]	$ 5,315.07	$ 1,993.15	$ -	$ 15,000.00	$ 1,000.00	$ 23,308.22
Roozen, Harold	$ 20,000.00	$ -	$ -	$ 21,000.00	$ 2,000.00	$ 43,000.00
Rosen, Andrea[3]	$ 11,150.68	$ 4,181.51	$ -	$ 14,000.00	$ 1,000.00	$ 30,332.19
Sallows, Sharon[4]	$ 8,890.41	$ 1,315.07	$ -	$ 14,000.00	$ 4,500.00	$ 28,705.48
Van Wielingen, Mac[5]	$ 11,150.68	$ 27,876.71	$ -	$ 15,000.00	$ 1,000.00	$ 55,027.39
Vivian, Robert("Jay")	$ 20,000.00	$ -	$ -	$ 25,000.00	$ 9,812.50	$ 54,812.50
Woods, Tom	$ 20,000.00	$ 5,465.75	$ -	$ 21,000.00	$ 4,000.00	$ 50,465.75
Totals	$ 216,506.84	$ 82,613.01	$ -	$ 251,000.00	$ 38,562.50	$ 588,682.35

[1] Richard Bird was appointed as Chair of the AIMCo Board effective October 21, 2017. His Chair Retainer for the quarter ending December 31, 2017 was calculated on a pro-rata, per-diem basis.

[2] Sarah Raiss was appointed to the AIMCo Board, and as Chair of the Governance Committee, effective October 21, 2017. Her director and Chair retainers for the quarter ending December 31, 2017 were calculated on a pro-rata, per-diem basis. Ms. Raiss subsequently resigned from the AIMCo Board effective January 26, 2018; her retainers for that quarter were calculated in the same manner.

[3] Andrea Rosen retired from the AIMCo Board effective October 21, 2017. Her director and Chair retainers for the quarter ending December 31, 2017 were calculated on a pro-rata, per-diem basis.

[4] Sharon Sallows was appointed to the AIMCo Board effective October 21, 2017. Her retainer for the quarter ending December 31, 2017 was calculated on a pro-rata, per-diem basis. Ms. Sallows was subsequently appointed as Chair of the Governance Committee effective upon Ms. Raiss' resignation; her director and Chair retainers for that quarter were calculated in the same manner.

[5] Mac Van Wielingen retired from the AIMCo Board effective October 21, 2017. His director and Chair retainers for the quarter ending December 31, 2017 were calculated on a pro-rata, per-diem basis.

ALBERTA INVESTMENT MANAGEMENT CORPORATION

FINANCIAL STATEMENTS

For the year ended March 31, 2018

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 Robin Heard]

ROBIN HEARD
Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

Auditor General OF ALBERTA

To the Shareholder of Alberta Investment Management Corporation

Report on the Financial Statements

I have audited the accompanying financial statements of Alberta Investment Management Corporation, which comprise the statement of financial position as at March 31, 2018, and the statements of operations, change in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Alberta Investment Management Corporation as at March 31, 2018, and the results of its operations, its remeasurement gains and losses, its changes in net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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

Auditor General

June 1, 2018
Edmonton, Alberta

STATEMENT OF FINANCIAL POSITION

As at March 31, (Thousands of Canadian dollars)	2018	2017
FINANCIAL ASSETS		
Cash and cash equivalents (NOTE 6)	$ 82,476	$ 69,175
Accounts receivable	16,679	12,157
Other assets	2,416	2,416
	101,571	83,748
LIABILITIES		
Accounts payable and accrued liabilities	6,558	4,738
Accrued employment liabilities (NOTE 7)	102,989	83,333
Advance from the Province of Alberta (NOTE 8)	58,349	63,349
Pension liabilities (NOTE 9)	3,726	3,494
Deferred lease inducement (NOTE 16)	1,173	1,922
	172,795	156,836
NET DEBT	(71,224)	(73,088)
NON-FINANCIAL ASSETS		
Tangible capital assets (NOTE 10)	67,774	70,713
Prepaid expenses	7,097	6,022
	74,871	76,735
NET ASSETS (NOTE 11)	$ 3,647	$ 3,647

Contractual obligations (NOTE 16)

The accompanying notes are part of these financial statements.

[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)	2018 Budget (NOTE 17)	2018	2017
REVENUE			
Cost recoveries	$ 476,594	$ 558,312	$ 455,236
Interest income		518	327
Total revenue	476,594	558,830	455,563
EXPENSES			
Third-party investment management fees (NOTE 12)	181,185	176,703	155,325
Third-party performance fees (NOTE 12)	67,457	117,430	76,845
Third-party asset administration, legal, and other (NOTE 12)	84,352	89,186	78,111
Salaries, wages and benefits	87,857	120,604	95,361
Data, subscriptions and maintenance services	20,969	20,478	17,513
Amortization of tangible capital assets (NOTE 10)	13,953	13,381	13,387
Administrative expenses	6,994	7,623	6,918
Contract and professional services	6,111	6,413	5,282
Rent	7,188	6,280	6,299
Interest	528	732	522
Total expenses	476,594	558,830	455,563
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)	2018 Budget (NOTE 17)	2018	2017
Annual surplus	$ -	$ -	$ -
Acquisition of tangible capital assets (NOTE 10)	(11,272)	(10,442)	(6,850)
Amortization of tangible capital assets (NOTE 10)	13,953	13,381	13,387
Loss on disposal of tangible capital assets	-	-	3
Change in prepaid expenses	-	(1,075)	(813)
DECREASE IN NET DEBT IN THE YEAR	2,681	1,864	5,727
NET DEBT AT BEGINNING OF YEAR	(73,088)	(73,088)	(78,815)
NET DEBT AT END OF YEAR	$ (70,407)	$ (71,224)	$ (73,088)

The accompanying notes are part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended March 31, (Thousands of Canadian dollars)	2018	2017
OPERATING TRANSACTIONS		
Annual surplus	$ -	$ -
Non-cash items:		
Amortization of tangible capital assets (NOTE 10)	13,381	13,387
Amortization of deferred lease inducement	(749)	(749)
Loss on disposal of tangible capital assets	-	3
Change in pension liabilities	232	246
	12,864	12,887
(Increase) in accounts receivable	(4,522)	(384)
(Increase) in prepaid expenses	(1,075)	(813)
Increase in accounts payable and accrued liabilities	1,820	522
Increase in accrued employment liabilities	19,656	5,756
Cash provided by operating transactions	28,743	17,968
CAPITAL TRANSACTIONS		
Acquisition of tangible capital assets (NOTE 10)	(10,442)	(6,850)
Cash applied to capital transactions	(10,442)	(6,850)
FINANCING TRANSACTIONS		
Repayment of advance from the Province of Alberta	(5,000)	(3,000)
Cash applied to financing transactions	(5,000)	(3,000)
INCREASE IN CASH AND CASH EQUIVALENTS	13,301	8,118
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	69,175	61,057
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 82,476	$ 69,175
SUPPLEMENTARY INFORMATION		
Cash used for interest	$ 521	$ 359

The accompanying notes are part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2018
(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 Corporations 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 approximately $107.1 billion (2017: $98.4 billion) at March 31, 2018, see Note 13. 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 Province of Alberta is the registered owner of the shares for the purpose of managing specific investments. As the Corporation has no beneficial interest in these 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 NEW ACCOUNTING PRONOUNCEMENTS

On April 1, 2017, the Corporation has prospectively adopted Canadian Public Sector Accounting Standards ("PSAS") Handbook Sections PS 2200 "Related Party Disclosures", PS 3420 "Inter-Entity Transactions", PS 3210 "Assets", PS 3320 "Contingent Assets" and PS 3380 "Contractual Rights".

PS 2200 defines a related party and establishes disclosures required for related party transactions. PS 3420 establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. These accounting changes did not have any impact on the Corporation's financial statements other than additional related party disclosures in Note 14.

PS 3210 provides guidance for applying the definition of assets set out in the Financial Statement Concepts, Section PS 1000, and establishes general disclosure standards for assets. PS 3320 defines and establishes disclosure standards on contingent assets. PS 3380 defines and establishes disclosure standards on contractual rights. These disclosure changes had no impact on the Corporation's financial statements.

NOTE 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements have been prepared by management in accordance with 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 $176,703 (2017: $155,325), third-party performance fees, which are recorded as $117,430 (2017: $76,845), and pension liabilities, which are recorded as $3,726 (2017: $3,494) 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 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. 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 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.

C) EXPENSES

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

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 (2018 and 2017: $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 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 information 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 are accounted for as expenses in the Statement of Operations (2018 and 2017: $nil).

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 5 FUTURE ACCOUNTING CHANGES

The Public Sector Accounting Board issued the following accounting standard:

PS 3430 Restructuring Transactions (effective April 1, 2018)
This standard provides guidance on how to account for and report restructuring transactions by both transferors and recipients of assets and/or liabilities, together with related program or operating responsibilities. Management is currently assessing the impact of this standard on the financial statements.

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.

NOTE 6 CASH AND CASH EQUIVALENTS

CASH AND CASH EQUIVALENTS CONSIST OF:

as at March 31, (Thousands of Canadian dollars)	**2018**	**2017**
Deposit in Consolidated Cash Investment Trust Fund	$ 82,308	$ 68,440
US bank account	67	67
Great British Pounds bank account	101	668
	$ 82,476	$ 69,175

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, 2018, securities held by the Fund have a time-weighted return of 1.03% per annum (2017: 0.86% per annum).

NOTE 7 ACCRUED EMPLOYMENT LIABILITIES

as at March 31, (Thousands of Canadian dollars)	**2018**	**2017**
Annual incentive plan (a)	$ 35,194	$ 28,142
Long-term incentive plan (b)	63,488	52,247
Restricted fund unit incentive plan (c)	1,068	1,406
Accrued vacation, salaries and benefits	3,239	1,538
	$ 102,989	$ 83,333

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, 2018 was $29,887 (2017: $23,652) 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. Senior management 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 2018 calendar year is $803,000.

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(1)
2013	266,667	800,000	427,000
2014	269,000	807,000	(82,000)
2015	302,000	906,000	1,514,800
2016	251,500	754,500	225,500
2017	258,333	775,000	1,099,500
Total	$ 1,347,500	$ 4,042,500	$ 3,184,800

(1) Historic value-add was adjusted to reflect the impact of changes in the valuation methodology in 2014 for certain insurance-related investments. Value-add for periods prior to 2014 declined as a result. This adjustment was for compensation purposes only.

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 $3,883 (2017: $1,546).

The accrued LTIP liability as at March 31, 2018 of $63,488 (2017: $52,247) reflects the current value of all LTIP, 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)	2018				2017			
		Original (Notional) Value				Original (Notional) Value		
LTIP grants outstanding, beginning of year	$	48,078	$	52,247	$	43,128	$	46,887
Granted		14,469		237		11,661		187
Accrual		-		35,009		-		21,828
Forfeited		(2,045)		(3,706)		(1,973)		(2,751)
Paid		(7,388)		(20,299)		(4,738)		(13,904)
LTIP grants outstanding, end of year	$	53,114	$	63,488	$	48,078	$	52,247

The maximum potential obligation related to the LTIP as at March 31, 2018 was $159,402 (2017: $144,234). Total expense related to the LTIP for the year ended March 31, 2018 was $31,570 (2017: $19,264), 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, 2018 of $1,068 (2017: $1,406) reflects the current value of all RFUs, 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, (Thousands of Canadian dollars)	2018				2017			
		Notional Value				Notional Value		
RFU grants outstanding, beginning of year	$	1,778	$	1,406	$	1,847	$	477
Granted		25		7		56		35
Accrual		-		496		-		1,030
Paid		(784)		(842)		(125)		(136)
RFU grants outstanding, end of year	$	1,019	$	1,067	$	1,778	$	1,406

Total expense related to the RFU plan for the year ended March 31, 2018 was $503 (2016: $1,066) which was recorded in salaries, wages and benefits.

NOTE 8 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, 2018 (2017: $nil). As at March 31, 2018, the outstanding advance from the Province totaled $58,349 (2017: $63,349).

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 0.87% (2017: 0.56%). Interest expense on the advance is $521 (2017: $359) and is included in the Statement of Operations. At March 31, 2018, the Corporation was in compliance with the terms of its revolving demand facility.

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)	2018	2017
ACCRUED RETIREMENT OBLIGATION		
Beginning of year	$ 5,946	$ 4,529
Current service cost	546	580
Interest cost	172	135
Benefits paid	(31)	(28)
Actuarial (gain) loss	(195)	730
End of year	6,438	5,946
PLAN ASSETS		
Fair value, beginning of year	2,229	1,794
Actual return on plan assets	215	85
Employer contributions	219	189
Employee contributions	219	189
Benefits paid	(31)	(28)
End of year	2,851	2,229
Funded status - plan deficit	(3,587)	(3,717)
Unamortized net actuarial (gain) loss	(139)	223
Reported liability	$ (3,726)	$ (3,494)
Current service cost	546	580
Interest cost	172	135
Expected return on plan assets	(64)	(52)
Net actuarial loss (gain) amortization	16	(39)
Less: employee contributions	(219)	(189)
Total SRP expense	$ 451	$ 435

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, 2015. An extrapolation of the actuarial valuation dated December 31, 2015 was performed to March 31, 2018.

APPROXIMATE ASSET ALLOCATIONS, BY ASSET CATEGORY, OF THE CORPORATION'S DEFINED BENEFIT PENSION PLAN ASSETS WERE AS FOLLOWS:

as at March 31,	2018	2017
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,	2018	2017
Annual discount rate	2.8%	2.7%
Annual salary increase - base	2.0%	2.0%
Expected long-term return on plan assets	5.6%	5.3%
Inflation rate	2.0%	2.0%

The reported liability of the SRP is significantly impacted by these assumptions. A 1% increase or decrease in the discount rate would decrease or increase the reported liability by $1,625 as at March 31, 2018 (2017: $1,519). A 1% increase or decrease in the rate of salary increases would increase or decrease the reported liability by $1,478 as at March 31, 2018 (2017: $1,399). A 1% increase or decrease in the inflation rate would increase or decrease the reported liability by $626 as at March 31, 2018 (2017: $585).

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 $6,093 (2017: $4,597) for the year ended March 31, 2018 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, 2017, MEPP reported a surplus of $866,006 (2016: surplus of $402,033) and PSPP a surplus of $1,275,843 (2016: surplus of $302,975).

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	2018	2017
COST					
Opening balance	$ 103,959	$ 13,467	$ 4,650	$ 122,076	$ 115,312
Additions	10,208	113	121	10,442	6,850
Disposals	-	-	-	-	(86)
Closing balance	114,167	13,580	4,771	132,518	122,076
ACCUMULATED AMORTIZATION					
Opening balance	38,968	9,253	3,142	51,363	38,059
Amortization expense	11,455	1,456	470	13,381	13,387
Effect of disposals	-	-	-	-	(83)
Closing balance	50,423	10,709	3,612	64,744	51,363
Net book value at March 31	$ 63,744	$ 2,871	$ 1,159	$ 67,774	$ 70,713

Cost includes work-in-progress at March 31, 2018 totaling $4,056 (2017 - $313) comprised of computer systems hardware and software.

NOTE 11 NET ASSETS

Net assets are made up as follows:

as at March 31, (Thousands of Canadian dollars)	2018	2017
Contributed surplus (a)	$ 3,647	$ 3,647
Share capital (b)	-	-
Accumulated surplus	-	-
	$ 3,647	$ 3,647

A) CONTRIBUTED SURPLUS

Contributed surplus of $3,647 (2017: $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 (2017: $nil).

NOTE 12 THIRD-PARTY INVESTMENT COSTS

Third-party investment costs include third-party investment management and performance-based fees, as well as asset administration, legal and other expenses incurred on behalf of the Corporation's clients.

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, 2018, approximately 80% of assets under management are managed internally by the Corporation, and the remaining 20% 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 asset administration, legal and other expenses are incurred directly by the Corporation's investment portfolios and include fees for the following services: asset custody and administration, audit, compliance and valuation, and investment acquisition, disposition and structuring.

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.

At March 31, 2018, assets under administration totalled approximately $107.1 billion (2017: $98.4 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)	**2018**	**2017**
Pension plans	$ 69,234,771	$ 63,012,934
Ministry of Treasury Board and Finance		
General revenue and entity investment funds(1)	9,471,436	6,782,646
Endowment funds *(including the Alberta Heritage Savings Trust Fund)*	22,047,275	22,562,476
Insurance-related funds	3,245,299	2,916,374
Other government Ministry investment funds	3,115,869	3,137,906
	$ 107,114,650	$ 98,412,336

(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)	2018	2017
FIXED INCOME		
Fixed income[1]	$ 35,269,548	$ 28,718,617
Private mortgages	3,298,205	3,077,602
Private debt and loan	928,777	798,096
INFLATION SENSITIVE		
Real estate	13,944,218	12,589,786
Infrastructure and timber	8,101,618	6,793,237
Real return bonds and commodities	953,473	2,152,258
EQUITIES		
Public equities and absolute return strategies	40,374,540	39,937,952
Private equity and venture capital	4,068,523	4,169,538
Overlays	175,748	175,250
	$ 107,114,650	$ 98,412,336

(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 other 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, 2018 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)	**2018**	**2017**
REVENUES		
Direct cost recoveries(1)	$ 369,503	$ 302,270
Indirect cost recoveries(1)	169,093	139,690
Interest income	518	327
	539,114	442,287
EXPENSES		
Interest on advance from the Province of Alberta	521	359
Contracted services(2)	851	743
	1,372	1,102
ASSETS		
Accounts receivable(1)	15,988	11,682
LIABILITIES		
Accounts payable	41	9
Advance from the Province of Alberta	58,349	63,349
	$ 58,390	$ 63,358

(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 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 senior management of the Corporation earned for the year ended March 31, 2018 in accordance with direction from the Ministry of Treasury Board and Finance.

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

		INCENTIVE PLAN					
	BASE SALARY(1)	ANNUAL(2)	LONG-TERM(3)	OTHER CASH BENEFITS(4)	OTHER NON-CASH BENEFITS(5)	2018 Total	2017 Total
Chairman of the Board(6) (7)	$ -	$ -	$ -	$ 95	$ -	$ 95	$ 98
Board Members(6)	-	-	-	494	-	494	533
Chief Executive Officer	500	1,327	-	158	74	2,059	2,058
Chief Investment Officer	425	1,207	1,746	-	73	3,451	3,342
EVP, Private Markets(8)	14	-	-	-	15	29	2,038
EVP, Public Equities	300	632	932	-	58	1,922	1,782
EVP, Fixed Income	300	632	902	-	58	1,892	1,774
Chief Corporate & HR Officer	285	359	342	-	39	1,025	963
Chief Financial Officer (Acting)(9)	186	201	154	1	23	565	377
Chief Financial Officer(10)	164	151	-	50	25	390	208
SVP, Operations	242	203	272	-	54	771	682
Chief Legal Officer	260	285	162	1	45	753	638
Chief Risk Officer(11)	275	364	-	170	39	848	593
SVP, Client Relations(12)	240	175	-	50	32	497	118

(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 between 10 and 11 independent members during fiscal 2017-18, including the Chairman whose compensation is disclosed separately.

(7) Two individuals occupied this position at different times during fiscal 2017-18. The incumbent was appointed Chairman on October 21, 2017. Amounts shown are for both the current and previous incumbent while they occupied the position.

(8) The incumbent left the Corporation on April 12, 2017.

(9) The incumbent was Acting Chief Financial Officer from October 28, 2016 to September 4, 2017. Currently, the incumbent is Director, Finance. Amounts are shown for the entire year.

(10) The incumbent commenced employment with the Corporation on September 5, 2017.

(11) The incumbent commenced employment with the Corporation on May 2, 2016.

(12) The incumbent commenced employment with the Corporation on November 1, 2016.

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 2015, 2016 and 2017 but not vested are estimated as at March 31, 2018 based on actual performance for calendar years 2015, 2016 and 2017 and pro forma multipliers of 1.0 (target) for future years. For awards granted in 2018, the future payout is estimated as at March 31, 2018 based on pro forma multipliers of 1.0 (target) for calendar year 2018 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, 2017	GRANTED IN YEAR	ELIGIBLE FOR PAYOUT IN YEAR	FORFEITED OR ADJUSTED IN YEAR	As at March 31, 2018
Chief Executive Officer	$ 1,500	$ 500	$ -	$ -	$ 2,000
Chief Investment Officer	2,555	767	(582)	-	2,740
EVP, Private Markets[1]	1,334	-	-	(1,334)	-
EVP, Public Equities	1,375	499	(311)	-	1,563
EVP, Fixed Income	1,443	511	(301)	-	1,653
Chief Corporate & HR Officer	692	192	(114)	-	770
Chief Financial Officer (Acting)[2]	187	53	(51)	-	189
Chief Financial Officer[3]	-	114	-	-	114
SVP, Operations	477	139	(97)	-	519
Chief Legal Officer	361	127	(54)	-	434
Chief Risk Officer	330	165	-	-	495
SVP, Client Relations	96	96	-	-	192

(Thousands of Canadian dollars)	Estimated Future Payout				
	AS AT MARCH 31, 2017	CHANGE IN ESTIMATED FUTURE PAYOUT IN YEAR	ELIGIBLE FOR PAYOUT IN YEAR	FORFEITED OR ADJUSTED IN YEAR	As at March 31, 2018
Chief Executive Officer	$ 2,157	$ 1,869	$ -	$ -	$ 4,026
Chief Investment Officer	4,354	2,754	(1,746)	-	5,362
EVP, Private Markets	2,697	-	-	(2,697)	-
EVP, Public Equities(1)	2,269	1,571	(932)	-	2,908
EVP, Fixed Income	3,000	1,384	(902)	-	3,482
Chief Corporate & HR Officer	1,010	841	(342)	-	1,509
Chief Financial Officer (Acting)(2)	311	221	(154)	-	378
Chief Financial Officer(3)	-	114	-	-	114
SVP, Operations	688	592	(272)	-	1,008
Chief Legal Officer	487	479	(162)	-	804
Chief Risk Officer	321	484	-	-	805
SVP, Client Relations	96	190	-	-	286

(1) The incumbent left the Corporation on April 12, 2017.

(2) The incumbent was Acting Chief Financial Officer from October 28, 2016 to September 4, 2017.

(3) The incumbent commenced employment with the Corporation on September 5, 2017.

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. The following table shows the RFU grants and estimated future payouts for each named executive.

(Thousands of Canadian dollars)	Original (Notional) Value				
	AS AT MARCH 31, 2017	GRANTED IN YEAR	ELIGIBLE FOR PAYOUT IN YEAR	FORFEITED OR ADJUSTED IN YEAR	As at March 31, 2018
Chief Executive Officer	$ 125	$ -	$ (125)	$ -	$ -
Chief Risk Officer	294	-	(147)	-	147

(Thousands of Canadian dollars)	Estimated Future Payout				
	AS AT MARCH 31, 2017	CHANGE IN ESTIMATED FUTURE PAYOUT IN YEAR	ELIGIBLE FOR PAYOUT IN YEAR	FORFEITED OR ADJUSTED IN YEAR	As at March 31, 2018
Chief Executive Officer	$ 145	$ 13	$ (158)	$ -	$ -
Chief Risk Officer	311	29	(170)	-	170

NOTE 16 CONTRACTUAL OBLIGATIONS

Contractual obligations of $77,627 (2017: $36,057) 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)*	**2018**
2019	$ 29,208
2020	21,785
2021	13,605
2022	6,743
2023	2,913
Thereafter	3,373
Total	$ 77,627

The Corporation entered into a lease agreement commencing January 1, 2010, for 10 years, with two optional renewal periods of five years each. As part of the lease agreement, the Corporation received a lease inducement of $6,768 which has been recognized as a reduction in lease expense over the 10-year term of the lease.

The Corporation also 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.

During the year ended March 31, 2018, the Corporation entered into a lease agreement commencing February 26, 2018 for 10 years.

The total deferred lease inducement as at March 31, 2018 is $1,173 (2017: $1,922).

Pursuant to Order in Council 23/2008, the Province of Alberta 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, 2018 the balance outstanding against the facility is $190,754 (2017: $250,708).

NOTE 17 2017-2018 BUDGET

The Corporation's budget for the year ended March 31, 2018 was approved by the Board of Directors on December 1, 2016.

NOTE 18 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, 2018, 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, 2018 is $1,022 (2017: $1,245) and $67 (2017: $24), 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 (2017: $633).

NOTE 19 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors on June 1, 2018.