YOUR FUTURE IS OUR EVERY DAY

Delivering lasting value for our clients

2018 ANNUAL REPORT

AIMCo

Every day, AIMCo carries the responsibility and privilege of being Alberta's investment manager. There are 31 pension, endowment and government funds that demand excellence. More than 368,000 public sector employees and pensioners count on us to help ensure their future prosperity. Every single Albertan has a stake in the Alberta Heritage Savings Trust Fund and we have an obligation to grow it.

These duties drive us to deliver high-quality investment management services with an eye on long-term performance. Our talented team is motivated today by the promise of the rewards our clients will reap in the future.

2018 Highlights

$108.2B
ASSETS UNDER MANAGEMENT

$940M
NET VALUE ADD

$2.4B
NET INVESTMENT INCOME

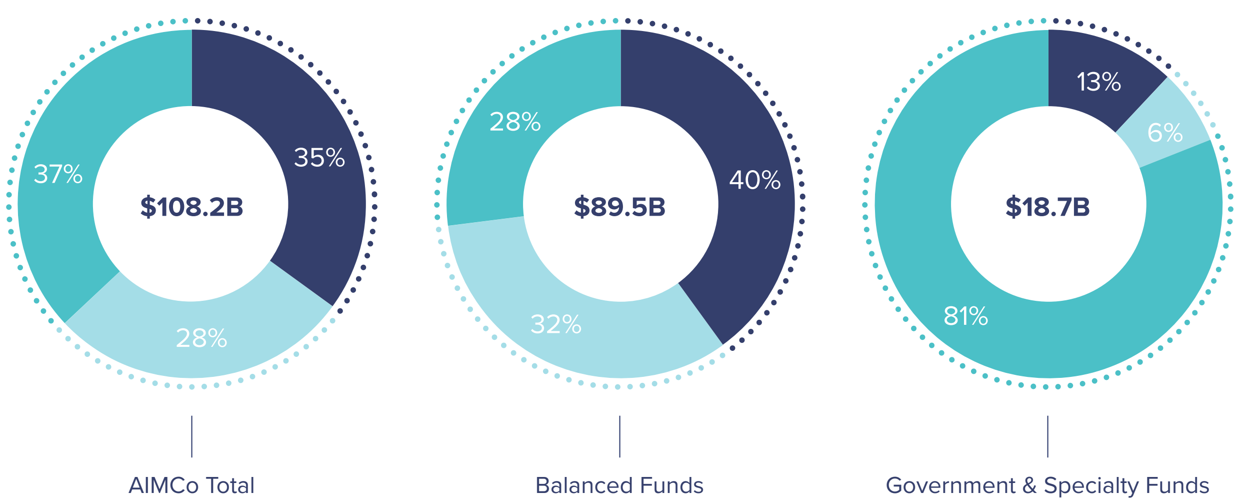
2.3%
TOTAL AIMCO NET INVESTMENT RETURN

2.5%
BALANCED FUNDS NET INVESTMENT RETURN

1.3%
GOVERNMENT & SPECIALTY FUNDS NET INVESTMENT RETURN

Asset Mix

For calendar year ending December 31, 2018

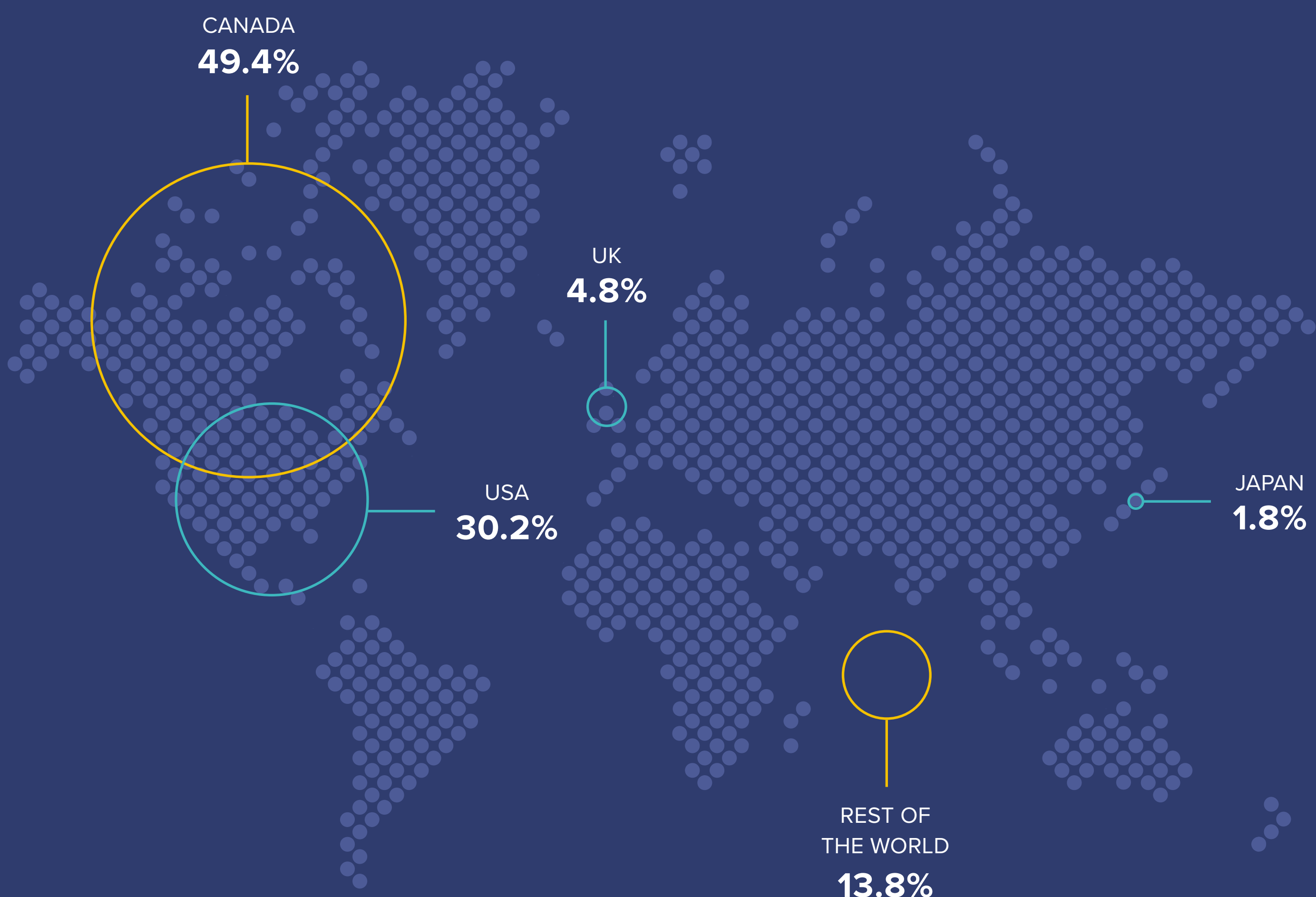


Money Market & Fixed Income
Money Market, Fixed Income, Mortgages, Real Return Bonds, Private Debt & Loan

Public Equities

Illiquid Markets
Infrastructure, Real Estate, Renewable Resources, Private Equity

AIMCo is a global investor that seeks out the best investment opportunities for our Alberta-based clients — in foreign markets or our own backyard.



Vision

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

Values

Excellence

Transparency

Humility

Integrity

Collaboration

Chair Message

AIMCo manages more than $108 billion of investment assets on behalf of Albertans. Our clients include most of Alberta's public sector pension plans and the Alberta Heritage Savings Trust Fund. AIMCo is the largest financial institution headquartered in Alberta and 90% of our 450 employees are based here.

AIMCo is a homegrown Alberta success story with investment returns consistently ranked in the top quartile of our global peers by CEM, the industry's independent performance measurement service. Our cost performance is also ranked in the best quartile.

In 2018 AIMCo added an additional year to our track record of consistent excellent performance. Our aggregate return premium was 1.0% above benchmark contributing $940 million of value added to our clients' portfolios over and above what would have resulted from a passive strategy of investing in the benchmark indexes. This result reflects exceptionally strong performance in our illiquid asset classes – Infrastructure, Real Estate and Private Equity – assets for which AIMCo has developed strong capabilities in recent years.

Our board of directors is very pleased that AIMCo has been able to provide this world-class performance to Albertans, especially at a time when bright spots in the Alberta economy have been few. We are proud of our executive leadership and employees who have achieved this success.

For Alberta to have its own world-class financial institution is remarkable. We have a relatively small population base and neither Edmonton nor Calgary is a major financial centre. The investment management business is heavily driven by the scale of assets being managed. With more than $100 billion of assets under management comes a level of cost effectiveness, the ability to attract and develop specialized expertise, access to opportunities and other advantages not available to a smaller organization. AIMCo's broad and stable client base enables a patient long-term investment strategy, another significant advantage.

AIMCo owes these advantages to the foresight of its founders who pooled together, under one dedicated investment management team, the assets of the Heritage Fund and several large public sector pension funds along with numerous smaller funds. This provided the scale and stability required to support a world-class investment management centre of excellence here in Alberta.

Looking forward, AIMCo's management and board are putting in significant time planning how we can continue to deliver high quality investment management services and top quartile performance to our clients while at the same time achieving closer alignment with the unique circumstances, pension liabilities and funding status of each individual client. The environment in which AIMCo operates is continuously changing, most recently as a result of new public pension fund governance reforms enacted by the prior government. The strategies that have been successful to date will not necessarily be sufficient to ensure that Albertans continue to enjoy the benefits of having a world-class financial institution based in our province. The task of our management and board is to adapt to these changes to ensure that AIMCo's global stature is sustained.

On a final note, AIMCo is very fortunate in having been able to attract a high calibre board of directors from within Alberta, and beyond. During 2018 we were joined by Jackie Sheppard, former Executive Vice President Corporate and Legal Affairs at Talisman Energy and current Chair of Emera. Harold Roozen, who joined in 2011, retired from the board in June, with our deep appreciation for his service.

While the composition of our board's membership will naturally evolve, I am proud to serve alongside colleagues who are unified in ensuring AIMCo remains an organization most capable of meeting the objectives of our clients and of all Albertans.

J. RICHARD BIRD
CHAIR, BOARD OF DIRECTORS

CEO Message

When someone suggested 'Your future is our every day' as the theme for this report, I was initially lukewarm. It struck me as being perhaps a bit too cute. But over the next few days, mulling over options for our annual report, the charms of this tag line continued to grow on me. It was concise, pithy, and — most importantly — it conveyed an essential truth about what AIMCo does and how we think. As a function of the valued relationship we have with our clients, we make it our business every day to focus on the long-term financial security of hundreds of thousands of Albertans. We try hard to make sure every single decision we make is rooted in that long-term objective. As a consequence of our efforts, those hundreds of thousands of Albertans who rely on us can, in turn, focus more of their attention on their own important roles within our province. Together, we rely on each other's specific expertise and dedication, and Alberta is stronger for it.

It is a privilege to play this important role within the Alberta ecosystem, but also a daunting one, and 2018 presented us with many challenges. The market tumult that closed out the year was one of the worst corrections in equity markets since 2008. It is the impact of years of daily, prudent decisions that position our clients' portfolios to withstand market shocks like these, and to do so while preserving the performance required to meet our clients' needs.

AIMCo's investment performance in 2018 demonstrated the value of a well-diversified portfolio, realizing strong value add from investments made years, or even decades ago. Active management by AIMCo's investment teams contributed nearly a full third of value add received by AIMCo's Balanced Fund Clients, which earned a net investment return of 2.5%, outperforming their benchmark return by 1.1% for the year. Illiquid investments, particularly Infrastructure, Renewable Resources, and Real Estate, exhibited strong outperformance, while public market investments, particularly Public Equities, were negatively impacted by the significant market volatility that closed out the year.

For the five years ending December 31, 2018, AIMCo's clients earned an annualized return of 7.2%, besting our benchmark for the same period by over 70 basis points per annum.

Earning strong investment returns for our clients — particularly amidst challenging market conditions — is important, but 2018 also saw three of AIMCo's largest clients earn something just as valuable, their independence. The Local Authorities Pension Plan, Public Service Pension Plan, and Special Forces Pension Plan were each awarded joint governance status ensuring their sponsors were granted full responsibility for the viability of their plans. It is a privilege to support our clients through this momentous change.

In many ways we measure our success by the ability of our clients to meet their objectives, and we are committed to continuing to work with each of our clients to strengthen relationships and build trust. We are grateful to have the opportunity to build strong connections with each of our clients to understand their aims and provide a level of service that ensures they are met.

We continue to build a truly exceptional global investment management business and I want to take a moment to thank every one of our employees for making that a reality. On their behalf I would also like to thank the steady hand of our board of directors for the guidance and latitude that allows us to really excel at our business. In a business that never rests, I look forward to continuing our work together to meet the needs of our clients.

KEVIN UEBELEIN
CHIEF EXECUTIVE OFFICER

OUR TEAM

450 employees work out of AIMCo's four offices, with headquarters in Edmonton. The team of talented professionals is committed to delivering excellence for our clients. Our global footprint allows us to attract top talent eager to work in a collaborative and dynamic environment.

450
employees

We are proud to be one of Alberta's Top Employers.

Executive Team

KEVIN UEBELEIN
CHIEF EXECUTIVE
OFFICER

DALE MACMASTER
CHIEF INVESTMENT
OFFICER

REMCO VAN EEUWIJK
CHIEF RISK
OFFICER

SANDRA LAU
EXECUTIVE VICE PRESIDENT,
FIXED INCOME

PETER PONTIKES
EXECUTIVE VICE PRESIDENT,
PUBLIC EQUITIES

ANGELA FONG
CHIEF CORPORATE
OFFICER

ROD GIRARD
CHIEF LEGAL
OFFICER

ROBIN HEARD
CHIEF FINANCIAL
OFFICER

MARK PREFONTAINE
CHIEF CLIENT & STAKEHOLDER
RELATIONS OFFICER

CEO Award Winners

2018 CEO Award for Leadership

MARK CORMIER
DIRECTOR, PRIVATE FUNDS & ASSET MANAGEMENT

Anyone who's had the good fortune of working under a great leader knows the value of being given opportunities to learn and contribute. It's that type of leadership that seems to come naturally to Mark. He has a reputation for making sure everyone is brought in on important conversations.

"We make better investment decisions when everybody has an opportunity to participate, the younger members of the team will be the next generation of leaders at AIMCo. Helping them get more experience making important decisions today, will ultimately benefit our clients in the years to come."

2018 CEO Award for Commitment & Dependability

YING DENG
SENIOR ANALYST, PRIVATE DEBT & LOAN

AIMCo's business can be complex and demanding. Thankfully we have people like Ying to make sure we are consistently delivering excellence for our clients. Ying is known for her dedication in her role providing analytical and operational expertise to the Private Debt & Loan team. It's not uncommon for her to be awake in the wee hours of the morning to make sure fundings are properly processed. Her team is spread between three different offices — Edmonton, Toronto and London — but she is undeterred by time zones or distance.

"I like the challenges it presents as we explore and implement new investment products. I also enjoy the way I can take ownership of my work."

2018 CEO Award for Creativity & Innovation

MAHECOR DIENG
MANAGER, DATA EFFICIENCIES

Mahecor is at the forefront of AIMCo's efforts to harness the power of automation and artificial intelligence to find efficiencies and opportunities to advance our business strategies. Along with his team of data scientists, he has made quick headway in automating manual tasks. His efforts have helped save countless hours per week, freeing up his colleagues to focus on more meaningful work. Staying on top of technological developments and trends is a priority for Mahecor, but it's the day-to-day problem solving that really motivates him.

"I enjoy coming to work every day because I feel like my ideas are well-received. I like the challenge of finding solutions to complex problems and being a part of an organization that is committed to innovation."



2018 CEO Award for Leadership

ANDREA MANZARA
SENIOR MANAGER,
BUSINESS TECHNOLOGY
OPERATIONS

It was a busy year for Andrea's team, with plenty of work on improving operational efficiencies and challenging situations including a power outage. She was recognized for managing all the demands that came at her with integrity, sound judgement, and an extra special ability to keep the team's well-being top of mind. Andrea's leadership philosophy is simple:

"Treat people the way I want to be treated. Realistically we are in it together. If we can't succeed as a whole, nobody succeeds."

2018 CEO Award for Community Service

DÉNES NÉMETH
DIRECTOR, CORPORATE
COMMUNICATION

Since its earliest days, AIMCo has strived to build a strong sense of community. When Dénes came to AIMCo in 2010, many of the individuals joining the organization came from abroad, and often with their families. As the holiday season approached, we sought to build our own traditions, so nine years ago Dénes organized AIMCo's first Children's Christmas Party, complete with Santa and carefully chosen gifts. It's a family affair with his wife and two daughters in on the shopping, and a community of AIMCo elves who help wrap and move gifts to make sure things go off perfectly. His motivation is pretty simple:

"The event's become a family favourite and I love seeing the kids so excited. Plus, it never hurts to get into Santa's good books right before Christmas."

2018 CEO Award for Core Values

ASHTON RUDANEC
ACTING MANAGER,
EMPLOYEE ENGAGEMENT

Ashton remembers hearing AIMCo's core values — excellence, transparency, humility, integrity, and collaboration — when she joined the organization in 2017.

Fast forward to 2018 and it's no surprise to see Ashton recognized for living those values through her work with the Responsible Investment Team. Described as having a natural ability to lead, Ashton is always ready to take on new projects at AIMCo and in the community. She feels fortunate to effect change in areas she's passionate about — gender equality and sustainability.

"Our values are very relevant to our business, and they are traits I've alway attempted to embody"

OUR CLIENTS

Assets Under Management

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

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 are implemented in a risk management framework.

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 $22.5 billion of AIMCo's assets under management. Since its creation in 1976, $43.5 billion of the investment income generated by the Heritage Fund has been put towards priorities like health care and education.

PENSION PLANS

AIMCo manages the assets of seven public sector Pension Plans representing more than 368,000 Albertans. Collectively, these plans account for more than $66 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.

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 $7.7 billion of assets under management at AIMCo. Each of these organizations aims 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 more than $10.9 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 for the year ended December 31, 2018

($millions)	Market Value	Asset Class[1] Money Market & Fixed Income	Equities[2]	Inflation Sensitive
AIMCo Total	**108,205**	37%	39%	24%
Balanced Funds	**89,549**	28%	44%	28%
Endowment Funds	**22,525**	19%	43%	38%
Heritage Savings Trust	**18,031**	19%	42%	39%
Heritage Medical Research	**1,972**	19%	48%	33%
Heritage Scholarship Trust	**1,341**	20%	49%	32%
Heritage for Science and Engineering	**1,181**	20%	48%	32%
Pension Plans	**66,690**	31%	44%	25%
Local Authorities	**44,421**	33%	41%	26%
Public Service	**13,677**	22%	54%	24%
Management Employees	**5,057**	27%	50%	23%
Special Forces	**3,024**	31%	49%	20%
Judges Supplementary Retirement	**207**	43%	37%	20%
Judges	**152**	35%	37%	28%
Management Supplementary Retirement	**152**	34%	46%	20%
Other Balanced Funds	**334**	49%	35%	16%
Long Term Disability Bargaining Unit	**270**	49%	36%	15%
Long Term Disability Management	**64**	48%	34%	18%
GOVERNMENT FUNDS & SPECIALTY FUNDS	**18,656**	81%	13%	6%
Government Funds	**10,916**	100%	0%	0%
Cash Reserve Account[3]	**5,006**	100%	0%	0%
Money Market Depositors[4]	**3,011**	100%	0%	0%
General Revenue	**2,654**	100%	0%	0%
Unclaimed Property Fund	**92**	100%	0%	0%
Alberta Municipal Services Corporation	**73**	100%	0%	0%
Alberta Risk Management Fund	**69**	100%	0%	0%
Management Closed Pension Membership	**7**	100%	0%	0%
Alberta School Foundation Fund	**3**	100%	0%	0%
A.L.Sifton Estate	**0.5**	100%	0%	0%
Specialty Funds	**7,740**	53%	32%	15%
Universities Academic	**3,752**	18%	64%	18%
Agriculture Crop Insurance	**2,538**	100%	0%	0%
Workers' Compensation Board	**446**	0%	0%	100%
Alberta Cancer Prevention Legacy	**429**	100%	0%	0%
Credit Union Deposit Guarantee	**360**	100%	0%	0%
City of Medicine Hat	**137**	42%	58%	0%
Alberta Securities Commission	**45**	71%	29%	0%
Special Areas Long Term Account	**31**	100%	0%	0%
AIMCo Retirement Compensation Arrangement Fund	**2**	46%	54%	0%

1. Asset class weights are per AIMCo's categorization criteria. 2. Includes Canadian Equity, Global Equity, Global Small Cap Equity and Private Equity
3. Inception date of Cash Reserve Account is March 1, 2018. 4. Includes various government agencies, organizations, Crown corporations and other accounts.

INVESTMENT PERFORMANCE

Q&A with Dale MacMaster, Chief Investment Officer

How did 2018 play out for investors?

Equity market investors experienced the worst year in a decade as the threat of higher interest rates and a collection of other factors had equity prices slide close to 20% from the market high to the trough. Close to 90% of liquid asset classes had a negative total return on an annual basis.

The first bout of volatility struck in February, as fears of inflation and potential trade wars spooked investors. After a summer bounce, signs of an economic slowdown emerged, and investors began to fear that a recession might be on the horizon. Once again, equities began a slide that continued into December exacerbated by thin markets and tax loss selling.

How did this challenging landscape affect AIMCo's investments?

While most of AIMCo's portfolios outperformed their benchmarks, the public equities portfolios failed to surpass their benchmarks for the first time in several years. This was an unusual event as the quality and value tilt in the portfolios would normally help the portfolios outperform in a falling equity market.

In terms of performance, what were the bright spots?

Fixed income as well as all the illiquid asset classes delivered strong absolute returns in 2018. This was a welcome and timely outcome as the healthy returns in these portfolios offset the negative returns from equities, allowing clients to achieve a modest positive return thus underscoring the importance of a diversified asset mix in client portfolios. AIMCo was pleased to add significant value over benchmarks in 2018 adding 30-40% of the total return that clients experienced.

The performance in real estate, infrastructure, timberland and private equity was amongst the highest in years. 2018 showed that a larger weight of the private assets in the portfolio can have a meaningful and positive impact on outcomes.

What are your expectations for the coming year?

Looking ahead, we remain constructive on global growth for 2019. Under normal circumstances we would expect inflation to show signs of rising especially with unemployment rates so low. However, inflation has remained low longer than most economists expected. Perhaps demographics and technology are having a dampening effect. With central banks now backing away from further rate increases, the possibility remains that this extended cycle may last a couple more years.

The prospect of accommodative monetary policy coupled with improving economic data from China, prompted a relief rally for risky assets in the early part of 2019. A successful resolution of trade issues between the U.S. and China could provide a further lift to equities.

If the "Goldilocks" environment persists we should see listed assets eke out modest returns. The illiquid assets continue to enjoy strong investor interest and the benign interest rate forecast should provide support for modest valuation increases. As usual, plenty of risks abound including geopolitical risks arising from South America and North Korean sabre rattling, the potential for trade wars and the rise of populism, credit problems in private debt or a sudden unexpected jump in inflation.

From a strategic perspective, what approach is AIMCo taking?

We believe that global economic growth is moderating and should settle around potential growth in most geographies, accompanied by relatively stable inflation conditions.

We favour a modest overweight to equities and an underweight to bonds. With clients at or near their targets for illiquid assets we will continue to invest and overweight the private assets as we believe that they will continue to generate attractive risk adjusted returns over the listed assets. As we contemplate new strategies, our clients' evolving funded status and evolving asset mix requirements combined with market trends and opportunities will be foremost in our thinking.

The tilt to Asian and emerging markets, select exploration of innovative artificial intelligence or machine learning-driven investment processes, the flexible use of leverage and nurturing the next generation of talent within the product teams are a few examples of how AIMCo will pursue future success for our clients.

If there is one single message to convey, it is that we remain fixed on generating solid long-term returns for our clients. If the current market trends continue, then our clients should be rewarded with attractive risk-adjusted returns. In the case of further market volatility, we will be well positioned to take advantage of opportunities that exist for long-term, patient capital.

In aggregate, AIMCo funds achieved a net return of 2.3% in 2018. AIMCo's Balanced Fund clients, many of which capitalize on AIMCo's full suite of investment capabilities, earned a net return of 2.5%, while Government & Specialty Funds earned a net return of 1.3%.

INVESTMENT PERFORMANCE

	2018	2017	2016	2015	2014
Total AIMCo	2.3%	9.3%	5.8%	9.1%	9.9%
Benchmark	1.3%	8.1%	5.6%	7.2%	10.5%
Net Value Add (millions)	$940	$1,100	$226	$1,515	($401)

**All results are net of fees*

Asset Class Performance

For the year ended December 31, 2018

Asset Class	Market Value ($mm)	Annualized Net Returns (%)					Calendar Year Net Returns (%)				
		1 yr	2 yr	3 yr	4 yr	5 yr	2018	2017	2016	2015	2014
Total AIMCo Fund Aggregate[1]	**$ 108,205**	**2.3**	**5.7**	**5.8**	**6.6**	**7.2**	**2.3**	**9.3**	**5.8**	**9.1**	**9.9**
Benchmark		1.3	4.7	5.0	5.5	6.5	1.3	8.1	5.6	7.2	10.5
Balanced Funds Aggregate	$ 89,549	2.5	6.3	6.3	7.2	8.0	2.5	10.4	6.2	10.1	11.2
Benchmark		1.4	5.2	5.5	6.1	7.2	1.4	9.1	6.1	8.0	11.9
Government Funds Aggregate	$ 18,656	1.3	2.5	2.8	3.1	3.4	1.3	3.7	3.5	3.9	4.4
Benchmark		1.2	2.1	2.3	2.5	2.9	1.2	3.1	2.7	3.3	4.3
Public Markets (value add relative AIMCo Benchmarks)											
Aggregate Public Investments	**$ 77,975**	**(1.3)**	**4.1**	**4.7**	**5.6**	**6.5**	**(1.3)**	**9.7**	**6.1**	**8.1**	**10.4**
Benchmark		(0.8)	3.7	4.3	4.8	6.0	(0.8)	8.5	5.4	6.6	10.7
Money Market and Fixed Income[2]	**$ 39,573**	**1.7**	**2.3**	**2.2**	**2.6**	**3.8**	**1.7**	**2.8**	**2.0**	**3.6**	**8.9**
Benchmark		1.2	1.7	1.5	2.0	3.3	1.2	2.3	1.1	3.4	8.7
Money Market[3]	$ 3,804	1.6	1.3	1.1	1.1	1.1	1.6	0.9	0.9	0.9	1.2
Benchmark		1.4	1.0	0.8	0.8	0.8	1.4	0.6	0.5	0.6	0.9
Fixed Income Mid-Term	$ 14,805	2.5	2.8	2.8	3.2	4.5	2.5	3.1	2.9	4.5	9.8
Universe Bonds	$ 11,158	1.9	2.6	2.8	3.2	4.5	1.9	3.3	3.4	4.1	9.8
Mortgages	$ 3,647	4.7	3.5	3.0	3.5	4.7	4.7	2.4	1.9	5.1	9.8
Benchmark		1.4	2.0	1.9	2.3	3.5	1.4	2.5	1.7	3.5	8.8
Fixed Income Long-Term	$ 7,691	0.9	4.2	3.6	3.7	6.6	0.9	7.6	2.4	4.1	18.8
Benchmark		0.5	3.5	2.7	3.2	6.0	0.5	6.5	1.3	4.5	17.9
Private Debt and Loan	$ 1,550	4.0	3.2	3.6	4.2	4.8	4.0	2.3	4.4	6.1	7.0
Benchmark		1.9	1.0	1.0	1.4	1.7	1.9	0.1	1.0	2.6	3.1
Real Return Bonds	$ 815	0.1	0.7	1.6	2.0	4.2	0.1	1.3	3.5	3.0	13.5
Benchmark		(0.0)	0.3	1.2	1.6	3.8	(0.0)	0.7	2.9	2.8	13.2
Segregated Assets - Short Term	$ 7,660	1.4	1.1	1.0	0.9	1.0	1.4	0.8	0.8	0.7	1.1
Benchmark		1.3	1.0	0.8	0.7	0.8	1.3	0.6	0.5	0.6	0.9
Segregated Assets - Long Term	$ 3,457	1.9	1.0	1.1	1.5	1.8	1.9	0.2	1.2	2.7	3.0
Benchmark		2.0	0.8	0.7	1.1	1.4	2.0	(0.3)	0.4	2.5	2.7
Public Equities[4]	**$ 38,081**	**(4.6)**	**5.3**	**6.4**	**7.9**	**8.8**	**(4.6)**	**16.2**	**8.7**	**12.3**	**12.5**
Benchmark		(3.1)	5.3	6.4	7.2	8.2	(3.1)	14.4	8.7	9.4	12.6
Canadian Equities	$ 8,442	(10.1)	(0.3)	6.1	2.6	4.5	(10.1)	10.5	20.3	(7.4)	12.3
Benchmark		(8.9)	(0.3)	6.4	2.5	4.1	(8.9)	9.1	21.1	(8.3)	10.6
Global Equities	$ 21,517	(1.8)	7.0	6.1	9.9	10.5	(1.8)	16.5	4.4	21.9	13.0
Benchmark		(0.5)	6.7	5.7	8.9	9.9	(0.5)	14.4	3.8	18.9	14.4
Global Minimum Variance	$ 1,495	0.6	7.4	7.6			0.6	14.6	8.1		
Benchmark		4.2	7.2	7.0			4.2	10.2	6.7		
Emerging Market Equities	$ 4,559	(8.2)	9.4	9.2	8.4	8.8	(8.2)	30.4	8.7	6.2	10.4
Benchmark		(6.9)	9.3	8.6	6.9	6.9	(6.9)	28.3	7.3	2.0	6.6
Global Small Cap Equities	$ 2,069	(7.2)	2.9	5.9	7.8	8.2	(7.2)	14.1	12.1	13.6	9.8
Benchmark		(6.1)	3.9	8.6	8.3	8.0	(6.1)	15.0	18.5	7.7	6.6
Illiquid Markets	**$ 30,230**	**12.8**	**10.4**	**8.6**	**9.4**	**9.2**	**12.8**	**8.0**	**5.2**	**11.7**	**8.4**
Benchmark		8.0	7.5	7.1	7.6	8.1	8.0	7.0	6.1	9.4	9.8
Private Equity[5]	$ 3,659	14.7	7.1	5.1	7.0	8.0	14.7	(0.0)	1.2	13.0	11.9
Benchmark		8.2	8.1	8.0	10.2	10.8	8.2	8.0	7.7	17.1	13.5
Real Estate	$ 16,038	12.2	10.6	8.6	8.6	8.6	12.2	9.0	4.6	8.7	8.8
Benchmark		9.5	8.2	7.4	7.6	7.5	9.5	7.0	5.8	8.0	7.1
Infrastructure	$ 8,106	13.7	11.4	10.8	12.1	11.0	13.7	9.2	9.6	16.0	6.5
Benchmark		6.2	6.1	6.0	6.0	7.2	6.2	6.0	5.7	6.1	12.1
Renewable Resources	$ 1,753	15.0	15.5	13.7	11.2	8.3	15.0	16.1	10.1	4.2	(2.8)
Benchmark		6.2	6.1	6.0	6.0	7.2	6.2	6.0	5.7	6.1	12.1
AIMCo Strategic Opportunities Pool	$ 637	(2.2)	1.4	(0.4)	9.3	10.6	(2.2)	5.2	(3.9)	44.4	16.2
Benchmark		(0.5)	6.7	5.7	8.9	9.9	(0.5)	14.4	3.8	18.9	14.4
NACON Canadian Holdings	$ 36	(30.5)	(16.8)	4.6	(6.7)	(5.0)	(30.5)	(0.4)	65.6	(33.8)	1.8
Benchmark		(9.7)	(1.1)	5.6	1.7	3.4	(9.7)	8.4	20.3	(9.0)	10.7

1. Includes Tactical Asset Allocation Overlays Market Value of $357 million 2. Money Market and Fixed Income Total Market Value includes -$209 million of notional exposure of this asset class. This is composed of cash and synthetic cash from AIMCo's Tactical Overlay Program, plus notional Fixed Income exposure. 3. Money Market Total Market Value does not include cash held by AIMCo investment pools. 4. Public Equities Total Ending Market Value does not include Tactical & Overlay Program notional exposures in this asset class. 5. Private Equity include Core Private Equities, Relationship Investing and Venture Capital.

Performance Benchmarks

	BENCHMARK For the year ended December 31, 2018
MONEY MARKET & FIXED INCOME	*Combination of benchmarks of the sub asset classes*
Money Market	FTSE Canada 91-Day T-bill Index
Fixed Income Mid-Term	FTSE Canada Universe Bond Total Return Index
Fixed Income Long-Term	FTSE Canada Long-Term All Government Bond Total Return Index
Mortgages	FTSE Canada Universe Bond Total Return Index
Real Return Bonds	FTSE Canada Real Return Bond Total Return Index
Private Debt and Loan	FTSE Canada Short-Term Overall Index
Segregated Assets - Short Term	FTSE Canada 30-Day T-bill Index
Segregated Assets - Long Term	FTSE Canada 91-Day T-bill Index FTSE Canada Short-Term Government Index FTSE Canada Mid-Term Government Index
EQUITIES	*Combination of benchmarks of the sub asset classes*
Canadian Equities	S&P/TSX Composite Total Return Index
Global Equities	MSCI World Net Total Return Index
Global Minimum Variance	MSCI World Minimum Volatility Optimized in CAD Total Return Index
Emerging Markets Equities	MSCI Emerging Markets Net Total Return Index
Global Small Cap Equities	MSCI World Small Cap Net Total Return Index
ILLIQUID MARKETS	*Combination of benchmarks of the sub asset classes*
Private Equity	Total CPI 1 Month Lagged + 650 bps (5-year rolling average)
Real Estate, Canadian	REALpac/IPD Canadian All Property Index – Large Institutional Subset
Real Estate, Foreign[1]	MSCI Global Region Property Index
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)
TACTICAL ASSET ALLOCATION OVERLAYS	**N/A**

1. Prior to January 9, 2018 Foreign Real Estate was REALpac/IPD Canadian All Property Index – Large Institutional Subset

Asset Class Overviews

Money Market & Fixed Income

$39.6B

MARKET VALUE

1.7%

NET RETURN

1.2%

2018 BENCHMARK RETURN

0.5%

2018 VALUE ADD RETURN

MONEY MARKET

AIMCo manages several Money Market portfolios valued at $3.8 billion. The main pooled portfolio, Consolidated Cash Investment Trust Fund (CCITF), 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. This fund also held high quality corporate and securitized credit. During 2018, CCITF earned 1.6%, outperforming the benchmark by 0.2%.

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.

The unwinding of crisis-era global monetary policies continued in 2018. Markets and monetary policies collided in a volatile year. Hawkish language from central banks, higher interest rates, a flatter yield curve, and concerns about policy mistakes led to risk assets selling off significantly in the last quarter of 2018.

Our core Fixed Income portfolios continued to deliver strong relative return and high information ratio performance to our clients in 2018. Our Universe Bond portfolio returned 1.9%, outperforming its benchmark by 0.5%, while our Long Bond portfolio returned 0.9%, outperforming its benchmark by 0.4%.

2018 was a volatile year in the fixed income rates market due to the macroeconomic and political backdrop. Careful portfolio and strategy construction were key to our success. With the view of directional interest rates being a low conviction and high volatility call, our Fixed Income team focused on non-directional, relative value interest rates opportunities, which contributed positively to our performance. Despite a challenging credit market, our focus on high quality, short maturity credit, allowed us to mitigate negative mark-to-market from credit spread widening, while generating strong carry. Over the year, we also increased our allocation to private placements as a substitute for corporate credit, and for yield enhancement and diversification purposes.

REAL RETURN BONDS

AIMCo's Real Return Bond $0.8 billion portfolio provides inflation protection for our clients. The majority of the portfolio is invested in Government of Canada real return bonds. For 2018, the portfolio generated a return of 0.1%, outperforming its benchmark by 0.1%.

MORTGAGES

Our commercial mortgage portfolio of $3.6 billion provides a steady cash flow and premium return over government bonds aligned with the long-term objectives of our clients.

The mortgage portfolio's 4.7% return exceeded the benchmark by 3.3%, a strong annual result that once again contributed to a dependable and consistent cash flow and long-term value add.

A strong volume of some $650 million dollars in mortgage funding occurred in 2018 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.

Additionally, the specialty strategy committed to several substantial construction loans in major U.S. markets in 2018, facilitating a steady and considerable deployment of funds going forward.

PRIVATE DEBT & LOAN

Our $1.6 billion portfolio of private debt and loan investments protects 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 portfolio generated a 4.0% return, outperforming its benchmark by 2.1%.

Public Equities

$38.1B

MARKET VALUE

-4.6%

NET RETURN

-3.1%

2018 BENCHMARK RETURN

-1.5%

2018 VALUE ADD RETURN

The Public Equities team manages $38.1 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 -4.6% in 2018, underperforming its benchmark by 1.5%.

Equity markets around the world were hit with concerns over a trade war between the United States and China over the last quarter of 2018, as well as concerns that the U.S. Federal Reserve would continue to tighten monetary policy and cause both an economic and corporate earnings recession.

Our portfolios were not immune to these concerns. All portfolios suffered from poor absolute and relative performance last year. Our Canadian Equities Master Pool returned -10.1% for the year, underperforming the S&P/TSX Composite Index by 1.2%. The Global Equities Master Pool returned -1.8%, underperforming its benchmark by 1.3%, while the Emerging Markets Master Pool returned -8.2%, underperforming its benchmark by 1.3%. The Global Equity Small Cap portfolio returned -7.2%, underperforming its benchmark by 1.1%, and the Global Minimum Variance portfolio returned 0.6%, underperforming its benchmark by 3.6%.

The poor relative performance arose from our tilt to value-oriented strategies across both our internally-managed and externally-managed strategies, as well as across our quantitative and security selection strategies.

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 add in order to help meet or exceed our clients' objectives.

INVESTMENT BY SECTOR

Financials	21.5%
Information Technology	12.9%
Industrials	10.1%
Consumer Discretionary	9.5%
Health Care	9.2%
Energy	8.4%
Telecommunication Services	8.3%
Materials	7.2%
Consumer Staples	6.5%
Utilities	3.5%
Real Estate	2.9%

Real Estate

$16.0B

MARKET VALUE

12.2%

NET RETURN

9.5%

2018 BENCHMARK RETURN

2.7%

2018 VALUE ADD RETURN

The $16 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 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 four residential rental projects and five industrial properties under construction. Canadian real estate space markets are reasonably 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 in the major markets and housing affordability issues in the largest markets are increasing demand for new rental residential buildings.

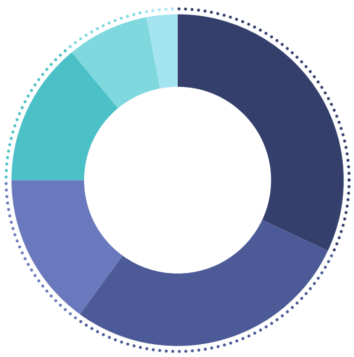
The foreign program's opportunistic investment approach of "Manufacturing Core to Sell" focuses on repositioning and creating properties to generate returns. Development of new office and industrial projects continues in the U.S. and France. U.K. office properties had a good year of leasing performance despite the economic turmoil. Exposure to the European retail property market was expanded through the acquisition of Docks Bruxsel Shopping Center in Belgium. The U.S. residential value add program completed four additional acquisitions. U.S. markets are strong with all sectors seeing stable growth and transactional activity.

Overall, the portfolio returned 12.2% in 2018, outperforming its benchmark by 2.7%. Canadian assets returned 11.4%, with the portfolio's overweight to industrial properties and significant contributions from three Toronto area property types — office, retail and industrial. The 14.1% performance of the foreign portfolio was driven by valuation gains from the U.S. and U.K. holdings, along with several profitable dispositions.

TOP 5 REAL ESTATE HOLDINGS

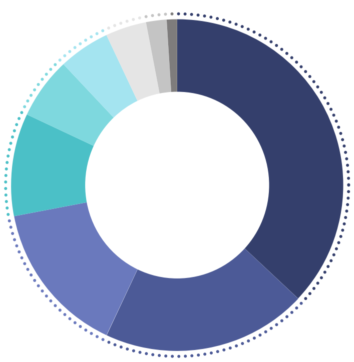
Property	Sector	City
Yorkdale Shopping Centre	Retail	Toronto
Square One Shopping Centre	Retail	Mississauga
Scarborough Town Centre	Retail	Scarborough
Scotia Plaza	Office	Toronto
CF Richmond Centre	Retail	Richmond

INVESTMENT BY SECTOR



Office	**32.0%**
Retail	**28.6%**
Industrial	**15.1%**
Residential	**14.0%**
Fund	**7.8%**
Equity	**2.5%**

INVESTMENT BY GEOGRAPHY



Ontario	**38.4%**
Alberta	**20.1%**
U.S.	**14.9%**
U.K.	**10.3%**
Europe	**6.2%**
Other Canada	**4.5%**
British Columbia	**4.3%**
Mexico	**0.8%**
Quebec	**0.5%**

Infrastructure

$8.1B

MARKET VALUE

13.7%

NET RETURN

6.2%

2018 BENCHMARK RETURN

7.5%

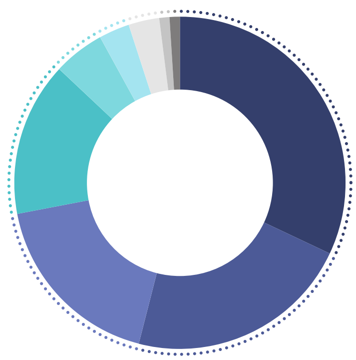
2018 VALUE ADD RETURN

AIMCo infrastructure investments are made in real assets that typically provide an essential service which, over the long-term, generate stable, inflation-linked cashflows. The $8.1 billion portfolio consists primarily of diversified long-term equity positions in assets with high barriers to entry, regulated returns or long-term contracted revenues. The portfolio returned 13.7% for 2018, exceeding its benchmark by 7.5%. Strong positive contributors to performance included several energy-related infrastructure assets reflecting strong asset level performance as well as overall strength in infrastructure valuations. Of note was the impact of a partial divesture of 49% of the operating portfolio of sPower which was sold to two new partners at a premium to our carrying value.

TOP 5 INFRASTRUCTURE HOLDINGS

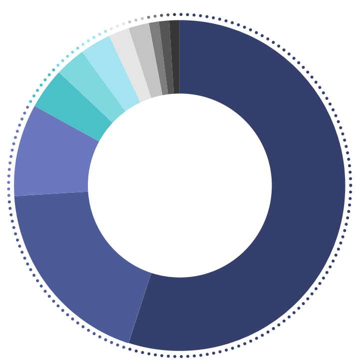
Company	Sector	Geography
Howard Midstream Energy	Pipelines & Midstream	United States
sPower	Renewable Energy	United States
SAESA Group	Integrated Utilities	Chile
London City Airport	Transportation	United Kingdom
Freeport	Pipelines & Midstream	United States

INVESTMENT BY SECTOR



Pipelines & Midstream	**33.2%**
Transportation	**23.6%**
Integrated Utilities	**19.5%**
Renewable Energy	**15.2%**
Telecommunications	**5.3%**
Water	**1.4%**
Power Generation	**1.3%**
Other	**0.3%**
Waste Management	**0.2%**

INVESTMENT BY GEOGRAPHY



U.S.	**58.0%**
U.K.	**21.4%**
Chile	**10.6%**
Europe	**2.6%**
India	**2.4%**
Australia	**2.1%**
Brazil	**1.1%**
Philippines	**0.7%**
China	**0.4%**
Canada	**0.4%**
Singapore	**0.3%**

Renewable Resources

$1.8B

MARKET VALUE

15.0%

NET RETURN

6.2%

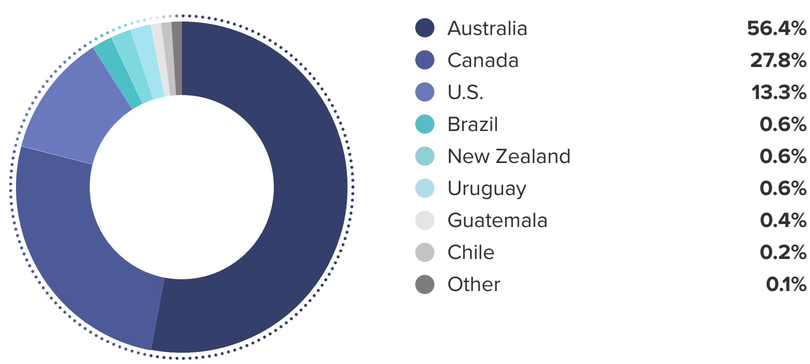
2018 BENCHMARK RETURN

8.8%

2018 VALUE ADD RETURN

The Renewable Resources portfolio includes timberland and agricultural investments that provide inflation hedging and a long-term duration match with client obligations. AIMCo manages $1.8 billion in timberland and agricultural assets situated primarily in North America and Australia. For 2018, these assets generated a 15.0% return, exceeding the portfolio's benchmark by more than 8.8%. The most significant contributor to performance was the Forestry Investment Trust which successfully executed key operational improvements and benefitted from strong timber prices.

INVESTMENT BY GEOGRAPHY



Private Equity

$3.7B

MARKET VALUE

14.7%

NET RETURN

8.2%

2018 BENCHMARK RETURN

6.5%

2018 VALUE ADD RETURN

AIMCo's $3.7 billion private equity portfolio earned an aggregate net return of 14.7% outperforming its benchmark by 6.5%. The portfolio is comprised of three primary strategies – core private equity, relationship investing and venture capital.

CORE PRIVATE EQUITY

The $3 billion core private equity portfolio generated a return of approximately 20% in 2018, 11.8% above benchmark. On a four-year annualized basis, the asset class delivered returns of 13.3%, or 3.1% above benchmark.The team continued to execute on the strategy of committing to top-quartile private equity funds, investing alongside our fund partners and other like-minded pools of capital, and actively managing the overall portfolio. Performance this year was supported by increases in the value of both our private equity fund portfolio as well as the direct investments portfolio, further validating the merits of the refined strategy. Private equity is a long-term asset class, and AIMCo will continue to steadily grow the program as part of the overall diversification of investments.

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 $0.7 billion portfolio consists of larger, more illiquid public investments, private fund investments and private co-investments. The portfolio returned -3.4% for the year, 2.9% below benchmark. Though several South American direct private investments saw strong returns in 2018, this was more than offset by the underperformance of a significant fund investment as well as the continued headwinds faced by 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 $0.5 billion portfolio is invested in both private funds and directly into private companies. The portfolio returned -7.7% for the year, 15.9% less than its benchmark. This underperformance was primarily due to a decline in value of portfolio company investments in cleantech, partially offset by strong returns in the venture capital fund portfolio.

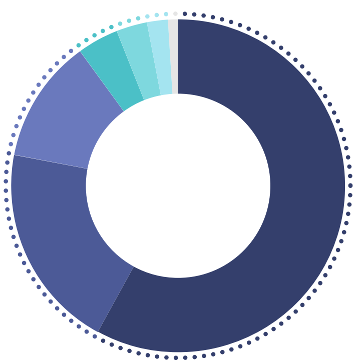
TOP 5 HOLDINGS

Asset	Sector	Country
Vue Entertainment	Consumer Discretionary	United Kingdom
Hayward Industries	Consumer Discretionary	United States
ERM	Business Services	United Kingdom
CCMP III	Fund	United States
New Mountain IV	Fund	United States

INVESTMENT BY SECTOR

Sector	%
Consumer Discretionary	47.5%
Business Services	13.7%
Industrials	12.0%
Information Technology	10.2%
Health Care	7.4%
Materials	3.4%
Financials	2.6%
Consumer Staples	1.4%
Fund of Funds	1.2%
Telecommunication Services	0.3%
Energy	0.2%
Environmental Services	0.1%

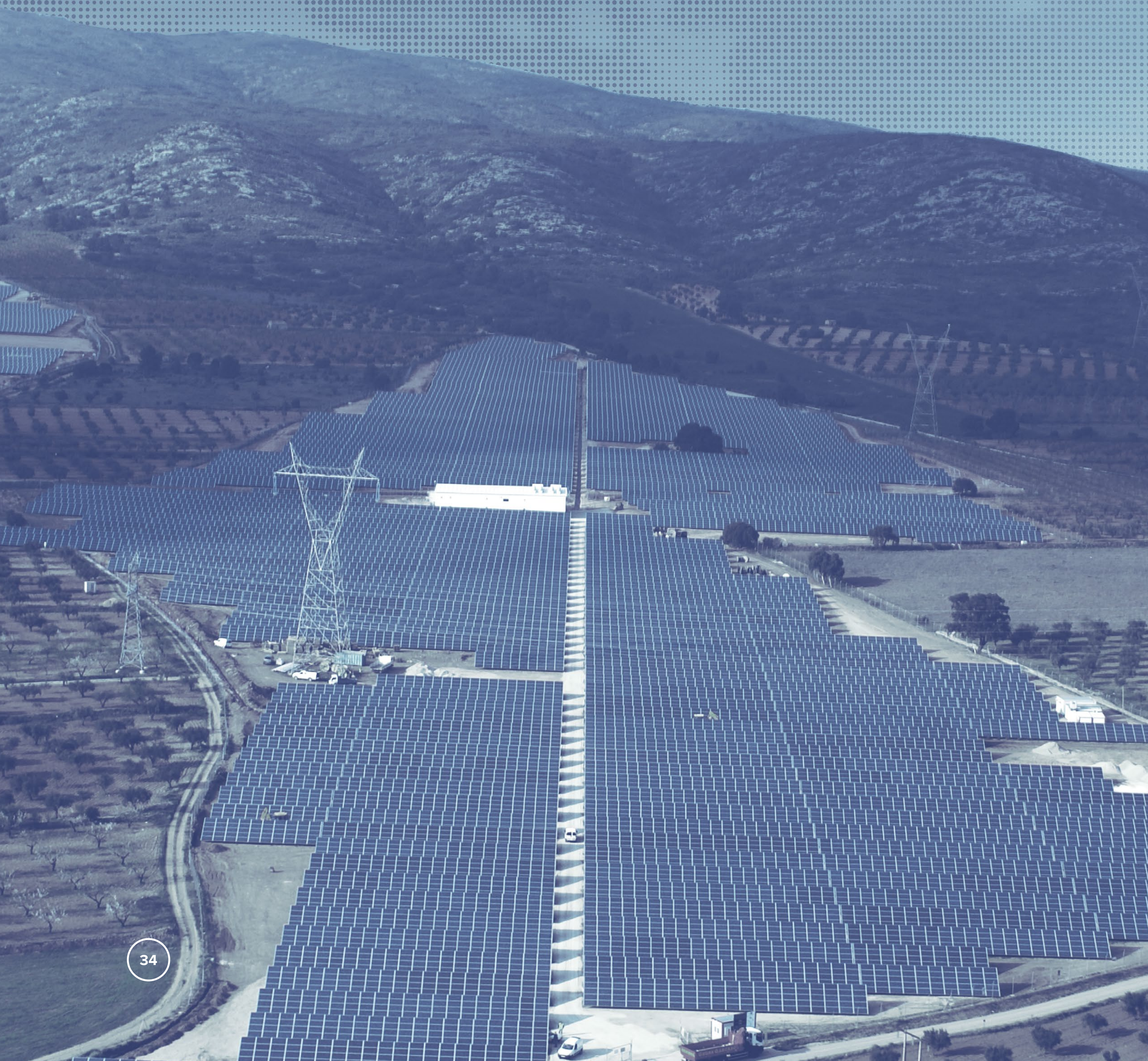
INVESTMENT BY GEOGRAPHY



Geography	%
U.S.	59.4%
Europe	21.7%
U.K.	12.3%
Asia	4.2%
Canada	1.3%
Latin America	0.7%
North America	0.4%

INVESTMENT HIGHLIGHTS

AIMCo acquired a majority stake in Eolia Renovables, a leading independent power producer in Spain's renewable energy sector.



AIMCo and IG4 Capital, a private equity firm, entered into an agreement to invest in **Iguá Saneamento**, a water and sewage service holding company in Brazil.

A number of Canadian Institutional Investment Managers, including AIMCo, agreed to affiliate **TimberWest** and **Island Timberlands** allowing for shared facilities and corporate services.

AIMCo increased its stake in **Puget Sound Energy**, Washington State's largest utility.

AIMCo acquired the **Edmonton Tower**, a 27-storey, LEED-Gold office tower situated in ICE District, a mixed-use sports and entertainment project.

The redevelopment of AIMCo-owned **HSBC Bank Place** in downtown Edmonton got underway. Once complete in 2019, it will be AIMCo's new headquarters.

AIMCo formed a joint venture with WPT Industrial Real Estate Investment Trust and Canada Pension Plan Investment Board to invest in a diversified mix of strategic U.S. logistics markets.

The real estate team added **Docks Bruxsel,** Brussels' newest urban shopping centre, to its portfolio.

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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 also borne by our clients.

In managing these risks, AIMCo's goal is not to eliminate risks, but to manage risks in accordance with our clients' risk appetites. 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 in the financial services industry, 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. It supports the first line in designing and implementing effective risk management practices and controls. It measures, monitors and reports risk-related information to internal and external stakeholders. 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 2018 we progressed the implementation of FactSet Portfolio Analytics, our new investment risk management system, in accordance with our plan. We completed implementation for the Public Equities asset class at the end of Q1 2019 and aim to have all other asset classes, as well as client portfolios, implemented by the end of 2019.

In addition, after a successful pilot in 2017, we started the implementation of the Ortec GLASS asset-liability management system in 2018. On the one hand, this system will enable us to deepen our understanding of our clients' goals and how we can optimize our products and strategies to achieve those goals. On the other hand, this system will help us quantify and analyze the risks to our clients' strategic goals (e.g. contribution risk, funding risk) and advise our clients on their risk appetites, tolerance, and investment strategy design.

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.

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 world-class risk management. At the end of 2017, AIMCo's executive committee agreed to a concrete five-pronged plan to achieve this, especially with respect to the management of investment risks. The most notable achievements in 2018 with respect to the implementation of this plan was the co-location of the Product Risk Managers with each of the asset class investment teams, including the formal implementation of a dotted line to the asset class investment teams. Significant progress was also made in transferring the responsibility and accountability for existing risk management policies from Investments and the Management Investment Committee to Risk Management and the Investment Risk Committee.

RESPONSIBLE INVESTMENT

AIMCo's approach to Responsible Investment (RI) is guided by our fiduciary duty to clients, our core values and a long-term investment horizon. As a Principles for Responsible Investment (PRI) signatory since 2010, AIMCo has committed to considering environmental, social and governance (ESG) factors across investment processes, to foster sustainable, long-term growth while capturing risk-adjusted returns.

The scope of responsible investment at AIMCo continues to widen and deepen across asset classes. RI activities include proxy voting to exercise shareholder voice, conducting ESG screening, portfolio analytics and due diligence, tracking external managers' ESG performance, co-ordinating sustainability reporting and conducting targeted engagements and advocacy.

Investment Process

During the 2018 reporting year RI conducted ESG due diligence for five direct private equity assets and seven funds spanning public equities, private equity and real estate, totaling roughly $1.5 billion in assets under management. The RI team collaborated with Business Technology to create an in-house dashboard to allow us to track ESG performance for public equities' externally managed funds and portfolios. Real estate and infrastructure continue to exhibit superior sustainability performance in the annual 2018 GRESB assessment, with real estate maintaining its top 20% performer five 'Green Star' status. AIMCo was recognized as a 2018 Leader by the Responsible Asset Allocator Initiative.

Spotlight on Proxy Voting

AIMCo's RI team carefully evaluates each voting ballot item and shareholder proposal to determine whether it is reasonable, aligns with our proxy voting guidelines, reflects shareholder concerns and enhances shareholder value. In 2018 we refreshed our proxy voting guidelines for board diversity. We now recommend voting against nominating committee chairs for developed country issuers with fewer than 20% women on the board and/or with no stated commitments to achieve gender diversity. The table that follows demonstrates our five-year voting history for shareholder proposals, votes against management, meetings and total ballot items. We do not always support management, and in 2018 supported almost half of all shareholder proposals.

YEAR-OVER-YEAR (2014-2018) PROXY VOTING COMPARISON

Category	2018	2017	2016	2015	2014
Shareholder Proposals (SHP)	453	619	479	424	409
AIMCo Support SHP	49%	41%	48%	53%	36%
Vote Against Management	10%	11%	14%	13%	16%
Meetings	3,042	2,966	2,517	2,451	2,340
Total Ballots Items	31,127	31,762	25,494	25,505	24,009

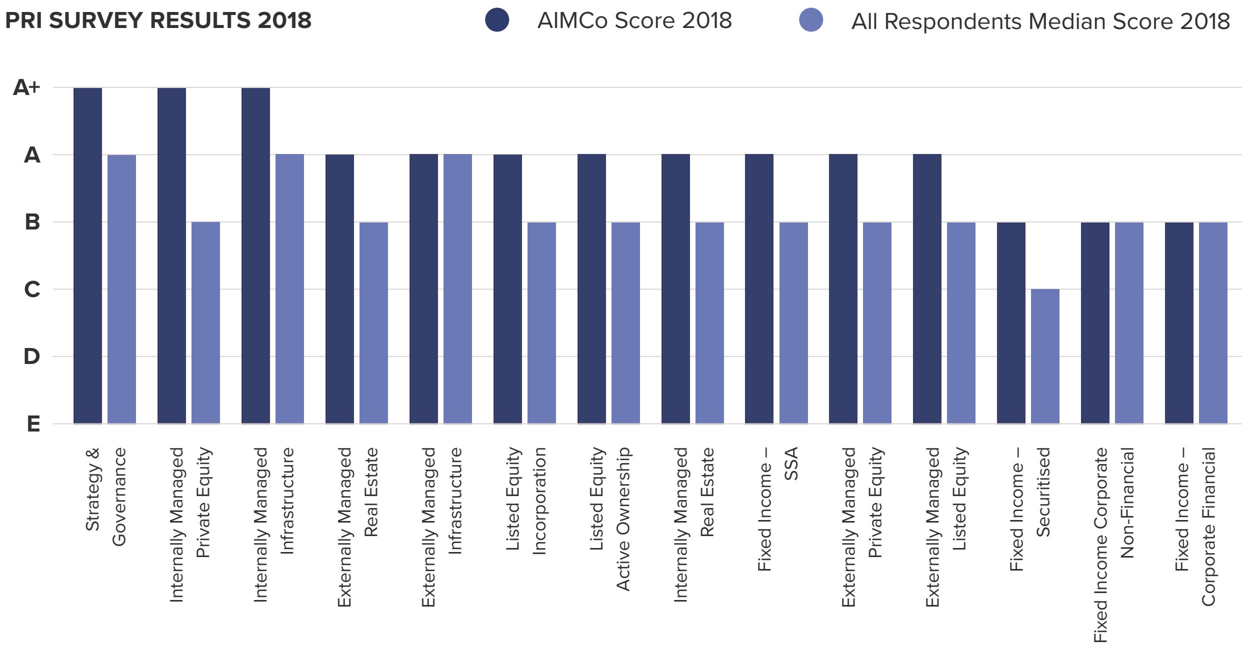
Engagement Process

By engaging with companies, AIMCo builds trusted relationships, fosters corporate accountability and promotes shareholder value. We champion a "voice over exit" approach, preferring to engage to effect positive change where possible. In 2018, AIMCo engaged with issuers on various ESG topics including board diversity, adopting an annual say-on-pay vote, data security, and the firm's plan to address climate change and climate related disclosures, with mostly positive results. As a result of a collaborative engagement with peers, seven firms agreed to adopt say-on-pay in 2018. AIMCo initially co-filed three shareholder proposals requesting issuers adopt say-on-pay, and then withdrew two proposals after the issuers in question agreed to adopt say-on-pay, a most successful outcome.

Reporting & Communications

AIMCo strives to demonstrate transparency by regularly reporting on our RI activities. As a PRI signatory, we report on our RI activities annually through the PRI Reporting Framework which benchmarks AIMCo's ESG performance relative to 2,000 PRI signatories with over USD$84 trillion in assets under management. Our PRI survey submissions, advocacy letters and proxy voting history with voting rationale are all publicly disclosed on our website.

PRI Assessment



Advocacy & Collaboration

AIMCo participates in public policy dialogue as befitting an institutional investor and collaborates with like-minded peers on select advocacy initiatives and consultations.

In 2018 AIMCo joined the G7 Investor Leadership Network which is attempting to advance three G7 objectives:

- to enhance expertise in infrastructure financing and development in emerging and frontier economies
- to create opportunities for women in finance worldwide
- to speed up investors' efforts to disclose climate data aligned with the Financial Stability Board's Task Force for Climate related Financial Disclosures framework.

AIMCo retains membership on the Canadian Coalition of Good Governance Board, the GRESB Infrastructure Advisory Board, International Corporate Governance Network Shareholder Responsibility Committee, Pension Investment Association of Canada Investor Committee, and several PRI advisory committees and working groups.

WANT TO LEARN MORE ABOUT RESPONSIBLE INVESTING AT AIMCO?

Read our 2018 RI report at: aimco.alberta.ca/RI2018

Feature: **The AIMCo Foundation for Financial Education**

In October of 2018 we celebrated the launch of the AIMCo Foundation for Financial Education. The employee-led initiative is rooted in a desire to build community and volunteer our time to help people experience the empowerment that comes from being financially literate and stable.

The registered charity will provide grants to organizations delivering financial programs or services, along with scholarships to students at post-secondary institutions offering formal finance education in Alberta.

AIMCo team members have embraced fundraising efforts and stepped up for committees to carefully evaluate funding proposals to determine where we can make the biggest impact.

LEARN MORE AT AIMCOFOUNDATION.CA

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.

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

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

Who: Tom Woods (Chair), Richard Bird*, Phyllis Clark, Helen Kearns, Jackie Sheppard

GOVERNANCE COMMITTEE

Responsible for: 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, board recruitment, conducting board evaluations, and generally ensuring the principled, effective continuing operation of the board of directors.

Who: Sharon Sallows (Chair), Richard Bird*, Ross Grieve, Jim Prieur, Tom Woods

INVESTMENT COMMITTEE

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

Who: Jim Prieur (Chair) and Committee of the Whole

HUMAN RESOURCES AND COMPENSATION COMMITTEE

Responsible for: 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.

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

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.

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 provide suggestions for improvement. The chair of the board facilitates this process.

Mandate & 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 agreement 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 and appropriately qualified 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 2018, AIMCo received one disclosure through the confidential reporting system. This disclosure alleged inaccurate internal reporting of metrics related to certain operational matters unconnected with investment operations or financial reporting. The substance of the report was identified and addressed by both policy changes and disciplinary action months prior to the receipt of the confidential report, though the disclosure was nonetheless investigated under the Confidential Reporting Policy to confirm that there were no additional elements of misconduct which require attention. Our investigation confirmed that the matter had been appropriately addressed prior to receipt of the confidential report and no further remedial action was taken.

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 of Bird Construction Company Inc. and is 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 M. CLARK

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. She was the Chair of the Audit Committee for the Bank of Canada for four years.

Ms. Clark currently chairs the Board of Directors for the Royal Canadian Mint, is Audit Chair for TEC Edmonton, and serves on the Board of Directors for 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.

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.

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) F. KRONER
HUMAN RESOURCES AND COMPENSATION COMMITTEE CHAIR

Dr. Kenneth F. Kroner (Ken) is CEO of Pluribus Labs, a new systematic investment manager that utilizes a unique exposure-driven investment process to create innovative investment solutions for its clients.

Ken is recently retired from BlackRock. As a Senior Managing Director at BlackRock, he was global head of Multi-Asset Strategies and global head of Scientific Active Equities. These teams were responsible for several hundred billion dollars of active investment strategies. Ken also served as a member of BlackRock's Global Executive Committee and BlackRock's Global Operating Committee. Previously, Ken was an associate professor of economics and finance at the University of Arizona.

Ken serves or has served on various academic boards, foundation boards and academic journal editorial boards. His research on forecasting volatility and asset returns has been widely published in both academic and practitioner journals. He earned a BA degree in mathematics and economics from the University of Alberta and a PhD in economics from the University of California at San Diego.

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.

HAROLD A. ROOZEN

Harold Roozen retired from the AIMCo board of directors effective June 30, 2018.

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.

SHARON H. 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.

M. JACQUELINE (JACKIE) SHEPPARD

Jackie Sheppard was appointed to the AIMCo board of directors effective July 1, 2018.

Jackie Sheppard is the former Executive Vice President, Corporate and Legal of Talisman Energy Inc. Ms. Sheppard is Chair and Director of Emera Energy Inc. She has been an Emera Director since February 2009 and became Chair of the Board in May 2014. She served as the inaugural Chair of the Research and Development corporation of the Province of Newfoundland and Labrador, a Provincial Crown Corporation, until June 2014. She is founder and Lead Director of Black Swan Energy Inc., an Alberta upstream energy company that is private equity financed. She is also a Director of Seven Generations Energy Ltd., a publicly traded energy company focused on Canadian natural gas development. She was a Director of Cairn Energy PLC, a publicly traded U.K.-based international upstream company, until retiring from that board at the end of 2018.

Ms. Sheppard is a Rhodes Scholar, having received an Honours Jurisprudence, Bachelor of Arts and Master of Arts from Oxford University. She earned a Bachelor of Laws degree (Honours) from McGill University, and a Bachelor of Arts degree from Memorial University of Newfoundland.

ROBERT L. "JAY" VIVIAN, JR.

Robert L. "Jay" Vivian is the retired Managing Director of the $100 billion IBM Retirement Funds system. Mr. Vivian is a member and Governance Fellow of the National Association of Corporate Directors, and the founding Chair of the Investment Committee, a member of the Board and Executive Committee, and Corporate Secretary, of the Committee on the 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 the Investment Advisory Board of Rebalance 360, a small low-cost investment advisor.

He holds a Bachelorof 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 serves as Chair of Hydro One, and 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 Unity Health Toronto (Board Chair).

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

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 more than $108 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 2018, 75 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 2018 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 board members, clients and 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 2015 and vested on December 31, 2018);
- Recommending for approval the 2019 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, 2022;
- 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 $108 billion on behalf of 31 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

1. Alignment with Vision

2. Pay Based on Performance

3. Sustained, Long-Term Performance

4. Fairness Based on Market-Competitive Context

5. Incentivize Successful Active Investment Management

6. Performance Includes Qualitative Measures

We align to the following compensation philosophy and principles:

1. ALIGNMENT WITH VISION

Our compensation program is aligned with our mandate and aims to be a world-class investment management organization that is best able to serve the needs of our clients. 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.

2. PAY BASED ON PERFORMANCE

Our compensation program is heavily weighted towards the achievement, or surpassing, of defined goals and targets, with an appropriate emphasis on all measures of performance. This means assessing results in the following categories; investment objectives, both total fund and asset class (where appropriate), corporate objectives, and individual objectives. Investment objectives are measured against value add targets above AIMCo's asset class and composite benchmarks and are approved by the board. 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 as a percentage of total direct compensation, is between approximately 44 to 76% if paid at target and 67 to 89% 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.

3. 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.

4. 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.

5. 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 $60.4 billion, including $6.3 billion of net value add, representing returns beyond that achievable through passive investing.

6. 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 5% 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 low-cost value add provider of investment services for its clients.

AIMCo has demonstrated strong investment performance in recent years and has contributed approximately $6.3 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 2019.

AIMCo's Long-Term Incentive Plan (LTIP) is in its seventh year of payout since implementation in 2009. Value add performance over the 2015–2018 period is reflected in the LTIP rewards paid in 2019.

The HRCC believes that the compensation awarded for 2018 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 AIMCo's 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, the services of which are acquired through a competitive tender process for a three-year engagement. Following its most recent competition, Hugessen Consulting was retained by and is 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 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 – Technica*l 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.

Components of Core Compensation

The following shows all of the core elements of AIMCo's Compensation Program.

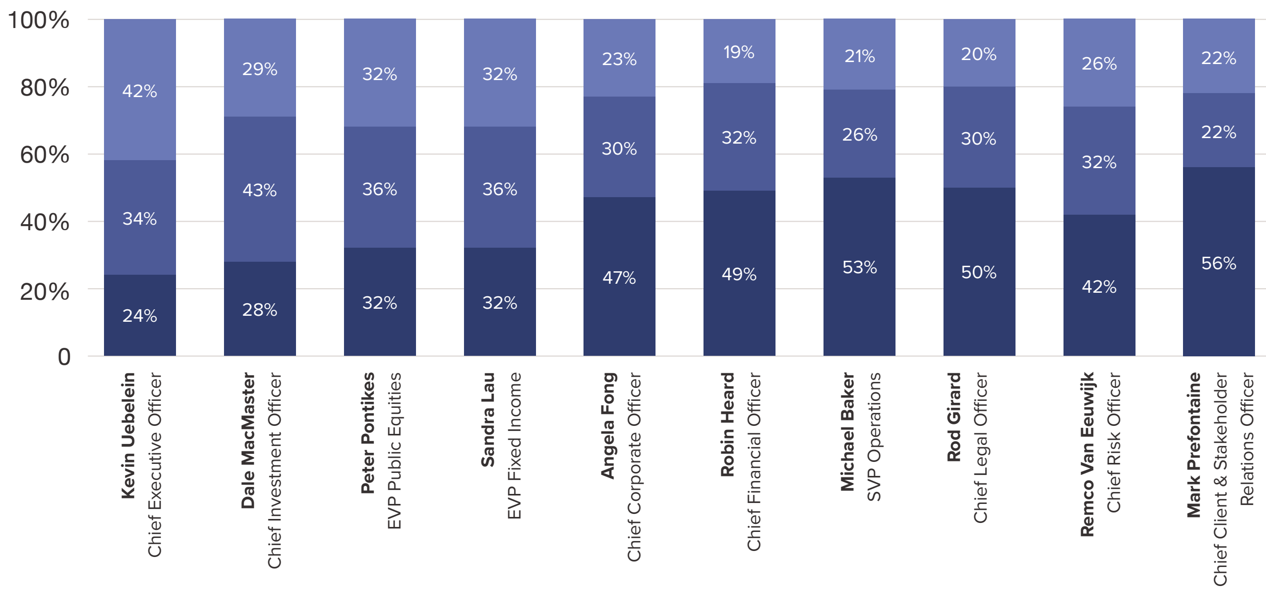
COMPONENT	PROGRAM INTENT	PLAN FUNDAMENTALS	VARIABILITY WITH PERFORMANCE
Base Salary	Compensates for the execution of core duties	Annual budget based upon external survey market data	Fixed (low variability)
Annual Incentive Plan (AIP)[1]	Annual plan that rewards superior investment performance and individual 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 an eight-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

1. Applies to all non-unionized employees
2. Where applicable
3. Granted on a case-by-case basis only

Executive Compensation

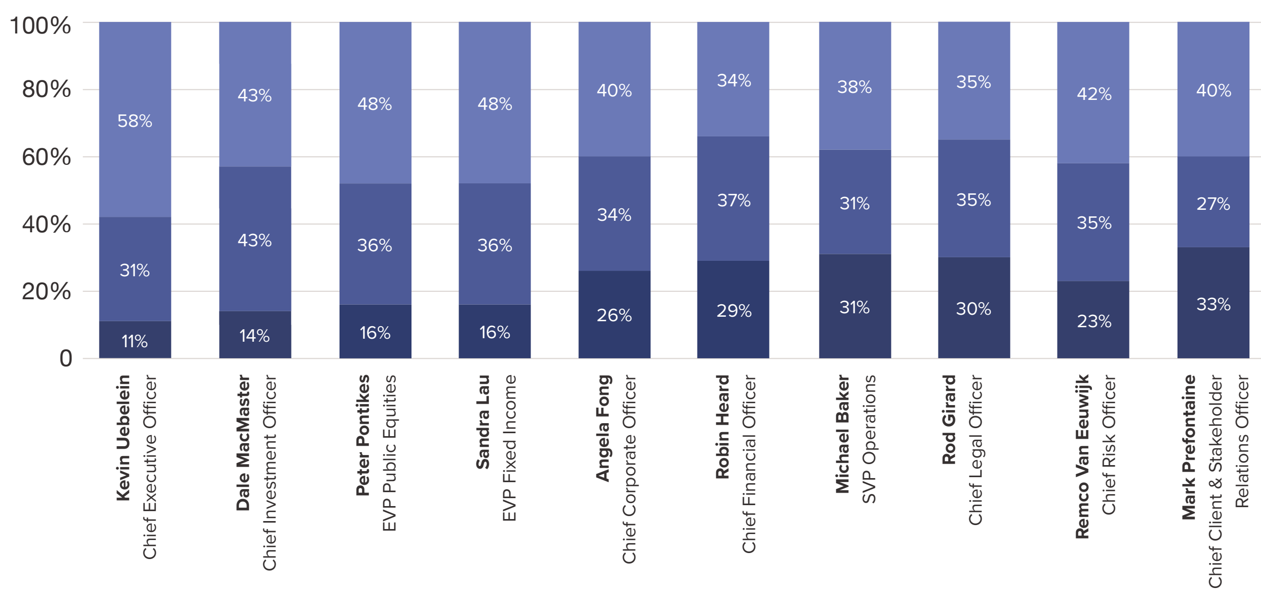
All executives have a significant component of their compensation tied to performance. For those specifically reported in this Annual Report, their mix of compensation (demonstrated at target and at maximum) is as follows:

EXECUTIVE TEAM (AT TARGET PERFORMANCE)



Base Salary **Short-Term Incentive (performance based)** **Long-Term Incentive (performance based)**

EXECUTIVE TEAM (AT MAXIMUM)



Base Salary **Short-Term Incentive (performance based)** **Long-Term Incentive (performance based)**

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 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 >	Employee's AIP Target	x	Weight of Individual Performance	x	Individual Performance Multiplier (0–2)
			+		
FOUR-YEAR INVESTMENT PERFORMANCE >	Employee's AIP Target	x	Weight of Four-year Investment Performance	x	Four-year Performance Multiplier (0–2)
			+		
CORPORATE OBJECTIVES >	Employee's AIP Target	x	Weight of Corporate Objectives	x	Corporate Objectives Multiplier (0–2)
			=		
			Employee's AIP Payout (to a maximum of 2 x target)		

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 centred 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.

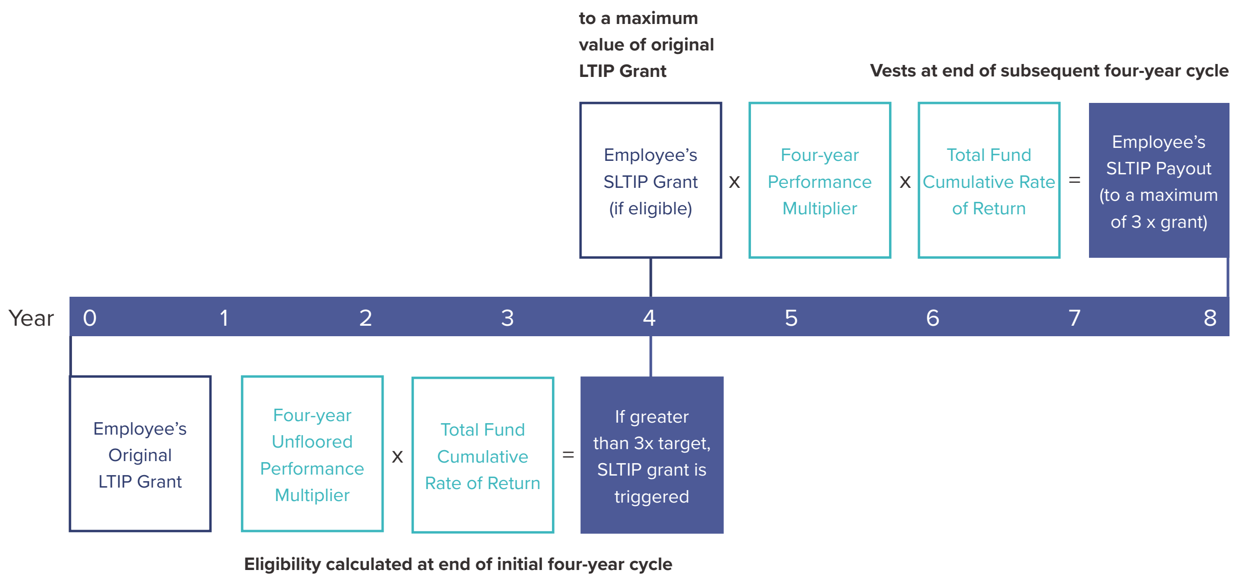
Employee's LTIP Grant	x	Four-year Performance Multiplier	x	Total Fund Cumulative Rate of Return	=	LTIP Payout (to a maximum of 3 x grant)

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

	Type of Award	Individual Performance	AIMCo Total Fund	Asset Class	Corporate Objectives
Kevin Uebelein	AIP	40%	50%	N/A	10%
Chief Executive Officer	LTIP	N/A	100%	N/A	N/A
Dale MacMaster	AIP	30%	60%	N/A	10%
Chief Investment Officer	LTIP	N/A	100%	N/A	N/A
Peter Pontikes	AIP	30%	30%	30%	10%
Executive VP Public Equities	LTIP	N/A	60%	40%	N/A
Sandra Lau	AIP	30%	30%	30%	10%
Executive VP Fixed Income	LTIP	N/A	60%	40%	N/A
Angela Fong	AIP	30%	60%	N/A	10%
Chief Corporate Officer	LTIP	N/A	100%	N/A	N/A
Robin Heard	AIP	30%	60%	N/A	10%
Chief Financial Officer	LTIP	N/A	100%	N/A	N/A
Michael Baker	AIP	30%	60%	N/A	10%
Senior VP Operations	LTIP	N/A	100%	N/A	N/A
Rod Girard	AIP	30%	60%	N/A	10%
Chief Legal Officer	LTIP	N/A	100%	N/A	N/A
Remco van Eeuwijk	AIP	30%	60%	N/A	10%
Chief Risk Officer	LTIP	N/A	100%	N/A	N/A
Mark Prefontaine	AIP	30%	60%	N/A	10%
Chief Client & Stakeholder Relations Officer	LTIP	N/A	100%	N/A	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.

2018 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 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 2018, resulting in a performance rating of 145% out of a possible stretch performance rating of 200%. AIMCo's corporate objectives were relating to the following priorities:

- Continued commitment to our "Clients First" initiatives, including the development of a suite of advisory services that align to clients' needs today, and will continue to evolve as their needs change.
- Advancement of our long-term investment strategy, taking fully into account the specific needs and requirements of our clients, as well as the full range of investment opportunities in the marketplace.
- Further implement our investment risk governance and strategy as well as the required infrastructure to support this strategy.
- Continue to evolve AIMCo's People Strategy, focusing on talent development and succession planning, in addition to advancing our aspirational culture-focused initiatives.
- Optimizing and enabling business as it relates to daily financial information and procedures.
- Maturing our Data Management strategy, one that leverages a scalable architecture, and enables well-informed decisions through the provision of purposeful, timely, accurate and consistent data.

Four-Year Investment Performance

The target value add performance for 2018 was $267.7 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 2018 reflect the AIMCo Total Fund performance over the four-year period beginning January 1, 2015, and ending December 31, 2018. The cumulative net value add investment performance over this period for compensation purposes was $3.8 billion which resulted in a calculated Investment Performance Factor of 3.42 for 2015 to 2018. Performance Factors are capped at 2.00 for AIP purposes and 3.00 for LTIP purposes.

AIMCO TOTAL FUND PERFORMANCE, ACTUAL 2015 TO 2018 AND CUMULATIVE RESULTS

Calendar Year	Target Value Add[1] ($ millions)	AIMCo Net Actual Value Add[2] ($ millions)	Annual Investment Performance Factor[3]
Actual 2018	267.7	939.5	3.51
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
Cumulative - 4 years (2015-2018)	1,079.5	3,779.3	4-Yr Avg 3.42

1. Target net Value Add is above investment benchmark
2. AIMCo 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

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, 2015 TO 2018

Performance Factors	Actual 2015	Actual 2016	Actual 2017	Actual 2018	Four-Year Performance
Total Fund	Exceeded Target	Below Target	Exceeded Target	Exceeded Target	Exceeded Target
Money Market & Fixed Income	Exceeded Target	Exceeded Target	Exceeded Target	Exceeded Target	Exceeded Target
Public Equities	Exceeded Target	Below Target	Exceeded Target	Below Target	Exceeded Target
Global Tactical Asset Allocation	Below Target	Exceeded Target	Exceeded Target	Below Target	Exceeded Target
Real Estate	Exceeded Target	Below Target	Exceeded Target	Exceeded Target	Exceeded Target
Private Equity[(1)]	Exceeded Target	Exceeded Target	Below Target	Exceeded Target	Exceeded Target
Infrastructure & Renewable Resources	Exceeded Target	Exceeded Target	Exceeded Target	Exceeded Target	Exceeded Target
Private Debt & Loan	Exceeded Target	Exceeded Target	Exceeded Target	Exceeded Target	Exceeded Target
Private Mortgages	Exceeded Target	Below Target	Below Target	Exceeded Target	Exceeded Target

1. Asset class performance for private equity reflects the relative performance of the core private equity strategy and does not include legacy relationship investing and venture capital strategies.

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 annual and long-term performance compensation plans, or forfeit 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.

SUMMARY COMPENSATION[1]

			Incentive Plan Compensation ($)							
					Four-year Investment Performance					
	Fiscal Year	Base Salary[2]	AIP Annual Individual Objectives[3]	AIP Corporate Objectives[3]	AIP Investment Component[3]	LTIP[4]	RFU[5]	Pension Contribution[6]	All Other Compensation[7]	Total Compensation($)
Kevin Uebelein[8]	**2019**	**500,000**	**560,000**	**101,500**	**700,000**	**1,500,000**		**68,000**	**13,851**	**3,443,351**
Chief Executive	2018	500,000	532,000	94,500	700,000	N/A	157,749	60,000	13,525	2,057,775
Officer	2017	500,000	532,000	91,000	700,000	N/A	144,287	60,000	30,949	2,058,236
Dale MacMaster	**2019**	**425,000**	**355,725**	**92,437**	**765,000**	**1,840,500**		**60,923**	**12,599**	**3,552,184**
Chief Investment	2018	425,000	355,725	86,062	765,000	1,745,700		60,828	12,140	3,450,455
Officer	2017	425,000	369,112	82,875	689,494	1,696,500		66,376	11,756	3,341,114
Peter Pontikes	**2019**	**300,000**	**177,210**	**47,850**	**396,000**	**954,000**		**44,922**	**13,388**	**1,933,370**
Executive VP	2018	300,000	191,070	44,550	396,000	932,100		44,828	13,213	1,921,762
Public Equities	2017	294,413	132,929	25,025	371,598	897,300		49,660	11,518	1,782,443
Sandra Lau	**2019**	**300,000**	**198,000**	**47,850**	**396,000**	**924,000**		**44,922**	**13,407**	**1,924,179**
Executive VP	2018	300,000	191,070	44,550	396,000	902,100		44,828	13,062	1,891,610
Fixed Income	2017	294,413	155,472	25,025	371,598	867,300		49,660	10,989	1,774,457
Angela Fong	**2019**	**285,310**	**111,271**	**26,890**	**222,542**	**428,100**		**30,243**	**11,037**	**1,115,393**
Chief Corporate	2018	285,310	111,271	25,036	222,542	342,300		30,243	8,326	1,025,027
Officer	2017	285,310	111,271	24,109	200,577	285,442		30,243	25,923	962,875
Robin Heard[9]	**2019**	**285,000**	**215,839**	**26,861**	**222,300**	**N/A**		**28,820**	**12,985**	**791,806**
Chief Financial Officer	2018	164,241	150,509	N/A	N/A	N/A		16,240	58,702	389,692
Michael Baker	**2019**	**242,000**	**56,225**	**10,235**	**145,200**	**290,400**		**24,200**	**12,511**	**780,771**
Senior VP	2018	242,000	41,382	16,335	145,200	272,250		24,200	30,020	771,387
Operations	2017	242,000	46,827	15,730	135,745	206,847		24,200	10,758	682,107
Rod Girard	**2019**	**260,000**	**76,752**	**22,620**	**187,200**	**162,300**		**27,040**	**21,066**	**756,978**
Chief Legal	2018	260,000	76,752	21,060	187,200	162,300		25,428	20,355	753,095
Officer	2017	244,902	62,188	14,040	136,304	139,372		22,476	18,578	637,860
Remco van Eeuwijk[10]	**2019**	**275,000**	**97,144**	**29,906**	**247,500**	**N/A**	**173,962**	**30,250**	**11,968**	**865,731**
Chief Risk	2018	275,000	88,481	27,844	247,500	N/A	170,117	28,033	10,954	847,930
Officer	2017	252,083	58,988	17,875	73,961	N/A	155,600	20,167	14,385	593,059
Mark Prefontaine[11]	**2019**	**240,000**	**47,232**	**13,920**	**115,200**	**N/A**		**23,040**	**14,854**	**454,246**
Chief Client &	2018	240,000	47,232	12,960	115,200	N/A		19,200	62,957	497,549
& Stakeholder	2017	100,000	N/A	N/A	N/A	N/A		8,000	9,971	117,971
Relations Officer										

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 2015 and paid out after 2018 year-end, the value of which is determined based upon 4-year investment performance (2015-2018). 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. LTIP began vesting on December 31, 2018.
9. The Chief Financial Officer, Robin Heard, commenced employment with the corporation on September 5, 2017.
10. The Chief Risk Officer, Remco van Eeuwijk, commenced employment with the corporation on May 2, 2016
11. The Chief Client & Stakeholder Relations Officer, 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 2016, 2017, and 2018, and pro forma multipliers of 1.0 (target) for future years.
- Actual AIMCo Total Fund rates of return for 2016, 2017, and 2018, and no assumed growth in future years.

LONG-TERM INCENTIVE AWARDS AND ESTIMATED FUTURE PAYOUTS

Name and Position	Year of Grant	Type of Award	Award Target Value[1]	Maximum Value at Time of Grant[2]	Estimated Future Payouts at the End of Years[3]: 2019	2020	2021	2022	Total
Kevin Uebelein	**2019**	**LTIP**	**875,000**	**2,625,000**				**875,000**	**875,000**
Chief Executive	2018	LTIP	500,000	1,500,000			832,077		832,077
Office	2017	LTIP	500,000	1,500,000		1,364,767			1,364,767
	2016	LTIP	500,000	1,500,000	1,429,296				1,429,296
Dale MacMaster	**2019**	**LTIP**	**425,000**	**1,275,000**				**425,000**	**425,000**
Chief Investment	**2019**	**SLTIP**	**375,000**	**1,125,000**				**375,000**	**375,000**
Officer	2018	LTIP	425,000	1,275,000			707,265		707,265
	2018	SLTIP	342,438	1,027,314			569,869		569,869
	2017	LTIP	425,000	1,275,000		1,160,052			1,160,052
	2017	SLTIP	269,677	809,031		736,093			736,093
	2016	LTIP	425,000	1,275,000	1,214,901				1,214,901
	2016	SLTIP	240,000	720,000	686,062				686,062
Peter Pontikes	**2019**	**LTIP**	**300,000**	**900,000**				**300,000**	**300,000**
Executive VP	**2019**	**SLTIP**	**122,908**	**368,724**				**122,908**	**122,908**
Public Equities	2018	LTIP	300,000	900,000			330,226		330,226
	2018	SLTIP	199,238	597,714			219,312		219,312
	2017	LTIP	300,000	900,000		630,079			630,079
	2017	SLTIP	96,424	289,272		202,516			202,516
	2016	LTIP	239,832	719,496	493,126				493,126
	2016	SLTIP	110,000	330,000	226,174				226,174
Sandra Lau	**2019**	**LTIP**	**300,000**	**900,000**				**300,000**	**300,000**
Executive VP	**2019**	**SLTIP**	**218,000**	**654,000**				**218,000**	**218,000**
Fixed Income	2018	LTIP	300,000	900,000			511,085		511,085
	2018	SLTIP	210,700	632,100			358,952		358,952
	2017	LTIP	300,000	900,000		864,753			864,753
	2017	SLTIP	199,100	597,300		573,908			573,908
	2016	LTIP	239,832	719,496	719,496				719,496
	2016	SLTIP	95,000	285,000	285,000				285,000

LONG-TERM INCENTIVE AWARDS AND ESTIMATED FUTURE PAYOUTS (CONTINUED)

Name and Position	Year of Grant	Type of Award	Award Target Value[1]	Maximum Value at Time of Grant[2]	Estimated Future Payouts at the End of Years[3]: 2019	2020	2021	2022	Total
Angela Fong	**2019**	**LTIP**	**142,655**	**427,965**				**142,655**	**142,655**
Chief Corporate	**2019**	**SLTIP**	**142,700**	**428,100**				**142,700**	**142,700**
Officer	2018	LTIP	142,655	427,965			237,400		237,400
	2018	SLTIP	49,417	148,251			82,237		82,237
	2017	LTIP	142,655	427,965		389,382			389,382
	2016	LTIP	142,655	427,965	407,792				407,792
	2016	SLTIP	150,000	450,000	428,789				428,789
Robin Heard[4]	**2019**	**LTIP**	**114,000**	**342,000**				**114,000**	**114,000**
Chief Financial Officer	2018	LTIP	114,000	342,000			189,714		189,714
Michael Baker	**2019**	**LTIP**							**0**
Senior VP	**2019**	**SLTIP**							**0**
Operations	2018	LTIP	96,800	290,400			161,090		161,090
	2018	SLTIP	41,924	125,772			69,768		69,768
	2017	LTIP	96,800	290,400		264,219			264,219
	2016	LTIP	96,800	290,400	276,712				276,712
	2016	SLTIP	90,000	270,000	257,273				257,273
Rod Girard	**2019**	**LTIP**	**104,000**	**312,000**				**104,000**	**104,000**
Chief Legal Officer	**2019**	**SLTIP**	**54,100**	**162,300**				**54,100**	**54,100**
	2018	LTIP	104,000	312,000			173,072		173,072
	2018	SLTIP	23,431	70,293			38,993		38,993
	2017	LTIP	104,000	312,000		283,872			283,872
	2016	LTIP	96,000	288,000	274,425				274,425
	2016	SLTIP	52,500	157,500	150,076				150,076
Remco van Eeuwijk	**2019**	**LTIP**	**165,000**	**495,000**				**165,000**	**165,000**
Chief Risk Officer	2018	LTIP	165,000	495,000			274,585		274,585
	2017	LTIP	165,000	495,000		450,373			450,373
	2016	LTIP	165,000	495,000	432,362				432,362
Mark Prefontaine[5]	**2019**	**LTIP**	**96,000**	**288,000**				**96,000**	**96,000**
Chief Client	2018	LTIP	96,000	288,000			159,759		159,759
& Stakeholder Relations Officer	2017	LTIP	96,000	288,000		262,035			262,035

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 2016, 2017 and 2018, and pro forma multipliers of one for future years; and Actual AIMCo Total Fund rates of return for calendar 2016, 2017 and 2018, and no assumed growth in future years.
4. The Chief Financial Officer, Robin Heard, commenced employment with the Corporation on September 5, 2017, receiving his first LTIP grant in 2018.
5. The Chief Client & Stakeholder Relations Officer, Mark Prefontaine, commenced employment with the Corporation on November 1, 2016, receiving his first LTIP grant in 2017.

Pension Plans

The named executive officers 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.

PENSION PLANS

Name and Position	Fiscal Year	Plan Type	Employer Contributions ($)	Employee Contributions ($)
Kevin Uebelein[(1)]	**2019**	**Registered**	**17,487**	**8,743**
Chief Executive Officer	**2019**	**Supplementary**	**50,513**	**25,257**
	2018	Registered	17,487	8,743
	2018	Supplementary	42,513	21,257
	2017	Registered	17,340	8,670
	2017	Supplementary	42,660	21,330
Dale MacMaster[(2)]	**2019**	**Registered**	**25,497**	**18,974**
Chief Investment Officer	**2019**	**Supplementary**	**35,426**	**35,426**
	2018	Registered	25,129	18,700
	2018	Supplementary	35,700	35,700
	2017	Registered	30,511	18,535
	2017	Supplementary	35,865	35,865
Peter Pontikes[(2)]	**2019**	**Registered**	**25,497**	**18,974**
Executive VP Public Equities	**2019**	**Supplementary**	**19,426**	**19,426**
	2018	Registered	25,129	18,700
	2018	Supplementary	19,700	19,700
	2017	Registered	30,511	18,535
	2017	Supplementary	19,150	19,150
Sandra Lau[(2)]	**2019**	**Registered**	**25,497**	**18,974**
Executive VP Fixed Income	**2019**	**Supplementary**	**19,426**	**19,426**
	2018	Registered	25,129	18,700
	2018	Supplementary	19,700	19,700
	2017	Registered	30,511	18,535
	2017	Supplementary	19,150	19,150
Angela Fong[(1)]	**2019**	**Registered**	**17,487**	**8,743**
Chief Corporate Officer	**2019**	**Supplementary**	**12,756**	**6,378**
	2018	Registered	17,487	8,743
	2018	Supplementary	12,756	6,378
	2017	Registered	17,340	8,670
	2017	Supplementary	12,903	6,451
Robin Heard[(1)(3)]	**2019**	**Registered**	**17,487**	**8,743**
Chief Financial Officer	**2019**	**Supplementary**	**11,334**	**5,667**
	2018	Registered	13,139	6,570
	2018	Supplementary	0	0

PENSION PLANS (CONTINUED)

Name and Position	Fiscal Year	Plan Type	Employer Contributions ($)	Employee Contributions ($)
Michael Baker[1]	**2019**	**Registered**	**17,487**	**8,743**
Senior VP Operations	**2019**	**Supplementary**	**6,713**	**3,357**
	2018	Registered	17,487	8,743
	2018	Supplementary	6,713	3,357
	2017	Registered	17,340	8,670
	2017	Supplementary	6,860	3,430
Rod Girard[1]	**2019**	**Registered**	**17,487**	**8,743**
Chief Legal Officer	**2019**	**Supplementary**	**9,553**	**4,777**
	2018	Registered	17,487	8,743
	2018	Supplementary	7,942	3,971
	2017	Registered	18,935	9,467
	2017	Supplementary	3,541	1,771
Remco van Eeuwijk[1]	**2019**	**Registered**	**17,487**	**8,743**
Chief Risk Officer	**2019**	**Supplementary**	**12,763**	**6,382**
	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]	**2019**	**Registered**	**17,487**	**8,743**
Chief Client & Stakeholder	**2019**	**Supplementary**	**5,553**	**2,777**
Relations Officer	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. The Chief Financial Officer, Robin Heard, commenced employment with the Corporation on September 5, 2017.

Board Attendance

During fiscal 2018/19, 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 In-Camera Sessions	Board of Directors Meetings	Board of Directors Special Meetings	Audit Committee	Audit Committee Special Meetings	Governance Committee	Governance Committee Special Meetings	Human Resources Committee	Human Resources Committee Special Meetings	Investment Committee	Investment Committee Special Meetings
Bird, Richard	5/5	5/5	6/6	-	-	5/5	1/1	5/5	1/1	5/5	4/5
Clark, Phyllis	5/5	5/5	6/6	5/5	1/1	-	-	-	-	5/5	4/5
Grieve, Ross	5/5	5/5	6/6	-	-	5/5	1/1	5/5	1/1	5/5	3/5
Kearns, Helen	5/5	5/5	6/6	5/5	1/1	-	-	-	-	5/5	4/5
Kroner, Ken	4/5	4/5	6/6	-	-	-	-	4/5	1/1	4/5	4/5
Prieur, C. James (Jim)	5/5	5/5	3/6	-	-	5/5	1/1	5/5	1/1	5/5	4/5
Roozen, Harold[2]	2/2	2/2	-	2/2	-	1/1[3]	-	-	-	2/2	-
Sallows, Sharon	5/5	5/5	5/6	-	-	5/5	1/1	5/5	1/1	5/5	5/5
Sheppard, Jackie[4]	1/3	1/3	5/6	1/1[5]	1/1	-	-	-	-	1/3	4/4
Vivian, Robert ("Jay")	5/5	5/5	5/6	-	-	4/4[6]	-	5/5	1/1	5/5	4/5
Woods, Tom	4/5	5/5	5/6	4/5	1/1	4/5	1/1	-	-	4/5	4/5

1. Special Meetings include meetings both teleconference and in-person meetings that are held outside of, or in addition to, regularly scheduled board and committee meetings.
2. Harold Roozen resigned from the board of directors effective June 30, 2018.
3. Harold Roozen, while not a member of the Governance Committee. attended the April 12, 2018 meeting as a guest. Directors are not provided with remuneration for attendance at Committee meetings for which they are not a member.
4. Jackie Sheppard was appointed to the board of directors effective July 1, 2018.
5. Jackie Sheppard was appointed to the Audit Committee effective January 1, 2019.
6. Jay Vivian, while not a member of the Governance Committee, regularly attends meetings as a guest.
Directors are not provided with remuneration for attendance at committee meetings for which they are not a member.

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, 2018 TO MARCH 31, 2019

	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, 2018 TO MARCH 31, 2019

	Base Retainer (Annual)	Chair Retainer (Annual)	Vice Chair Retainer (Annual)	Meeting Fees ($1,000 per meeting)	Travel Remuneration	Totals
Bird, Richard	$ 20,000.00	$ 50,000.00	$ -	$ 37,000.00	$ 4,875.00	$111,875.00
Clark, Phyllis	$ 20,000.00	$ -	$ -	$ 31,000.00	$ 4,250.00	$ 55,250.00
Grieve, Ross[1]	$ 20,000.00	$ 4,695.21	$ -	$ 36,000.00	$ 3,250.00	$ 63,945.21
Kearns, Helen	$ 20,000.00	$ -	$ -	$ 31,000.00	$ 5,531.25	$ 56,531.25
Kroner, Kenneth[2]	$ 20,000.00	$ 2,820.21	$ -	$ 27,000.00	$ 11,500.00	$ 61,320.21
Prieur, Jim	$ 20,000.00	$ 7,500.00	$ -	$ 34,000.00	$ 4,562.50	$ 66,062.50
Roozen, Harold[3]	$ 5,000.00	$ -	$ -	$ 8,000.00	$ 1,000.00	$ 14,000.00
Sallows, Sharon	$ 20,000.00	$ 7,500.00	$ -	$ 37,000.00	$ 7,025.00	$ 71,525.00
Sheppard, Jackie[4]	$ 15,000.00	$ -	$ -	$ 14,000.00	$ 1,375.00	$ 30,375.00
Vivian, Jay	$ 20,000.00	$ -	$ -	$ 30,000.00	$ 9,687.50	$ 59,687.50
Woods, Tom	$ 20,000.00	$ 10,000.00	$ -	$ 32,000.00	$ 2,625.00	$ 64,625.00
Totals	**$200,000.00**	**$ 82,515.42**	**$ -**	**$317,000.00**	**$ 55,681.25**	**$655,196.67**

1. Ross Grieve resigned as Chair of the Human Resources and Compensation Committee effective November 15, 2018. His Chair retainer for the quarter ending December 31, 2018 was calculated on a pro-rata, per-diem basis.
2. Ken Kroner was appointed as Chair of the Human Resources and Compensation Committee upon Mr. Grieve's resignation. His Chair retainer for the quarter ending December 31, 2018 was calculated on a pro-rata, per-diem basis.
3. Harold Roozen resigned from the AIMCo board of directors effective June 30, 2018.
4. Jackie Sheppard was appointed to the AIMCo board of directors effective July 1, 2018.

COST OVERVIEW

Asset Management Costs

AIMCo operates on a cost-recovery basis and all investment returns are reported net of asset management costs. The key factors that affect costs are asset mix and size, AIMCo's operating costs and investment performance. As more capital is invested or client-driven asset class weightings move towards more illiquid assets, which are generally more expensive to manage than publicly traded stocks or bonds, the absolute costs of investment management increase. AIMCo enables clients to implement a diversified portfolio and achieve economies of scale through access to specialized investment products and markets, improved risk management and more optimal use of internal versus external asset management, providing a higher probability of delivering enhanced risk-adjusted net returns.

AIMCo's strategy of building a diversified portfolio of high-quality investments requires skilled professionals with knowledge and experience to deliver strong, long-term returns. AIMCo continues to build internal investment expertise and capabilities, which allows an opportunity to create incremental risk-adjusted net returns in a cost-effective manner over the longer term as well as providing greater degree of control and transparency for clients. For the year ended March 31, 2019, AIMCo's costs for the internally managed funds, which represent approximately 81% of AIMCo's assets under management ("AUM"), amounted to 25.8 basis points. By contrast, the full cost of externally managed funds approximated 169.1 basis points.

AIMCo diligently selects third-party managers to complement internal programs and access investment opportunities within a wider range of asset classes. Over the last several years, AIMCo has increased global diversification of the portfolio and expanded asset allocation into illiquid markets to maximize clients' sustainable results on a risk-adjusted basis, consistent with their individual risk appetites. In doing so, AIMCo accepts the associated costs which are predominantly driven by asset mix and investment performance results.

Investment performance impacts both third-party and AIMCo performance costs. Third-party performance costs are affected by either absolute performance from a manager or performance over a target or hurdle rate. AIMCo performance costs are affected by value added over four years, which is long-term performance over our stated benchmarks. The performance fee arrangements with third-party managers are predefined in the contracts to ensure all interests are well-aligned and exceptional value derives from these partnerships.

AIMCo is committed to cost effectiveness while incurring costs to generate investment value for every asset class in which we invest.

The following table defines each component of AIMCo's costs incurred to generate value add of $0.9 billion on the $108.2 billion of AUM for the calendar year-ended December 31, 2018.

AIMCo’s Cost Structure

<table>
<tr><th colspan="3">PAID ON COMMITMENTS AND ASSET INVESTED</th><th colspan="2">PAID WHEN RETURNS REALIZED</th></tr>
<tr><th rowspan="2">AIMCo OPERATING COSTS</th><th colspan="3">THIRD-PARTY COSTS</th><th rowspan="2">AIMCo PERFORMANCE COSTS</th></tr>
<tr><th>MANAGEMENT FEES</th><th>ADMINISTRATION COSTS</th><th>PERFORMANCE COSTS</th></tr>
<tr><th colspan="5">COSTS CONSIST OF:</th></tr>
<tr><td>Personnel, global offices, technology, systems and other operating costs incurred through AIMCo’s corporate general ledger to support the management of client investments.</td><td>Fees charged by third-party fund managers to manage AIMCo client investments driven by AIMCo’s decision to contract the external fund manager.</td><td>Pursuit costs and ongoing fees incurred for direct investment management, external advisors, legal, tax advisors and consultants.</td><td colspan="2">Performance costs tied to investment returns reflect alignment of interests between AIMCo clients, AIMCo’s employees and third-party fund managers.</td></tr>
<tr><th colspan="5">COSTS INCURRED FOR:</th></tr>
<tr><td>Employing skilled professionals to access, manage and support client investments, deploying systems and technologies to enable our active in-house investment approach and other operational costs to deliver service.</td><td>External managers to help diversify the funds through different strategies and regions.</td><td>Pursuing complex, large investment opportunities in public and private markets requires AIMCo to incur due diligence costs such as complying with international regulatory and tax regimes.</td><td>A form of profit sharing with third-party managers when returns exceed a predefined percentage hurdle.</td><td>Performance based compensation to AIMCo employees for generating superior long-term net incremental return from active management.</td></tr>
</table>

Cost Analysis

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, 2019. The Financial Statements have been prepared in accordance with Canadian Public Sector Accounting Standards (PSAS).

We also use certain financial measures in the table below that are not based on PSAS, in particular, *total costs before performance* and *performance costs*. These measures do not have standardized meaning and may not be comparable with similar measures used by other companies or pension plans, and they should not be viewed as an alternative to measures of the financial performance determined in accordance with PSAS.

$ MILLIONS, FOR THE YEARS ENDED	Actual March 31, 2019	Budget March 31, 2019	Actual March 31, 2018
Revenue			
Cost Recoveries	$ 588.4	$ 498.3	$ 558.3
Interest Income	1.0	-	0.5
Total Revenue	**$ 589.4**	**$ 498.3**	**$ 558.8**
Costs			
Third-party management fees	$ 198.8	$ 191.2	$ 176.7
Third-party pursuit costs	15.0	9.1	17.5
Third-party ongoing fees	69.7	68.1	71.7
Third-party costs	**$ 283.5**	**$ 268.4**	**$ 265.9**
AIMCo operating costs excluding performance	**$ 127.8**	**$ 122.5**	**$ 113.5**
Total costs before performance	**$ 411.3**	**$ 390.9**	**$ 379.4**
Third-party performance costs	$ 111.6	$ 63.9	$ 117.4
AIMCo performance costs	66.5	43.5	62.0
Performance costs	**$ 178.1**	**$ 107.4**	**$ 179.4**
Total Costs	**$ 589.4**	**$ 498.3**	**$ 558.8**
Annual Surplus	$ -	$ -	$ -
Assets under management ("AUM")	**$ 115,232**	**$ 102,094**	**$ 107,115**
Average AUM	**$ 111,173**	**$ 101,153**	**$ 102,763**
Total costs expense ratio before performance (bps)	37.0	38.3	36.9
Total costs expense ratio (bps)	53.0	49.3	54.4
2018 Calendar year net return (%)	**2.3%**		**9.3%**
Value add for calendar year	**$ 940**	**$ 268**	**$ 1,100**

Total Costs

Overall, AIMCo experienced another strong year, both in terms of value added and cost management. AIMCo's AUM grew at the rate of 7.6% year-over-year while total costs increased by 5.5%. AIMCo was able to achieve economies of scale by spreading costs over an increasing amount of AUM which resulted in the fiscal 2019 total costs expense ratio of 53 cents for every $100 of average AUM compared to the fiscal 2018 total costs expense ratio of 54 cents. Despite weaker investment returns in Public Equity in calendar 2018 compared to the prior year, AIMCo realized strong value add of $940 million for calendar 2018 through the diversified portfolio the company manages that exceeded the stretch target of $803 million.

Total costs of $589 million exceeded our budget by $91 million, with 78% of the increase ($71 million) attributable to higher performance-related to the $940 million returned in net value add. Third-party costs, which are tied to the size of investments under management, asset mix and investing activity, drove 17% ($15 million) of the total budget variance. Together, the performance-related costs and third-party costs accounted for $86 million of the $91 million variance from budget. The remainder of $5 million in higher costs compared to budget was due to higher AIMCo operating costs before performance, driven by higher data costs, pension governance reform related costs and increased personnel costs to support growth in AUM.

Third-Party Costs

The increase in third-party costs is generally consistent with growth in AUM. Third-party management fees totaled $198.8 million this fiscal year compared to $176.7 million in fiscal 2018. The increase was driven by strategic commitments to external managers. In addition, the successful close of several direct and co-investment opportunities led to third-party pursuit costs being higher than budget, although lower than the prior year.

AIMCo Operating Costs

The increase of $14.3 million in operating costs over the 2018 fiscal year reflected the direct costs incurred on our sizeable internally managed investment portfolio which represents approximately 81% of our AUM. This included the hiring of direct investment management personnel to address increased client demand for illiquid investments, additional risk staff, business technology staff to support the investment systems necessary for internal management of assets and investment management support spread across several areas to accommodate the growth in AUM. Other drivers included increased data costs due to higher usage and vendor pricing, higher contract and professional costs related to recently issued pension governance reform legislation and higher agency fees to recruit staff.

Performance Costs

Total performance costs of $178.1 million for the 2019 fiscal year were $70.7 million higher than budget. The increase was primarily driven by strong value add for the calendar year-ended December 31, 2018, which exceeded the stretch target. The strong weighted-average performance returns over the last four years increased AIMCo's internal performance costs when compared against both prior year and budget.

FINANCIAL STATEMENTS

ALBERTA INVESTMENT MANAGEMENT CORPORATION

For the year ended March 31, 2019

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

Opinion

I have audited the financial statements of Alberta Investment Management Corporation (the Corporation) which comprise the statement of financial position as at March 31, 2019, and the statements of operations, change in net debt, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2019, and the results of its operations, its changes in net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Corporation in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

Management is responsible for the other information. The other information comprises the information included in the *Annual Report*, but does not include the financial statements and my auditor's report thereon. The *Annual Report* is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I will perform on this other information, I conclude that there is a material misstatement of this other information, I am required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless an intention exists to liquidate or to cease operations, or there is no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation 's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

May 30, 2019
Edmonton, Alberta

Statement of Financial Position

As at March 31, *(Thousands of Canadian dollars)*	**2019**	**2018**
Financial assets		
Cash and cash equivalents (Note 6)	$ 101,125	$ 82,476
Accounts receivable	17,429	16,679
Other assets	2,416	2,416
	120,970	101,571
Liabilities		
Accounts payable and accrued liabilities	9,525	6,558
Accrued employment liabilities (Note 7)	117,852	102,989
Advance from the Province of Alberta (Note 8)	58,349	58,349
Pension liabilities (Note 9)	3,946	3,726
Deferred lease inducement (Note 16)	2,299	1,173
	191,971	172,795
Net debt	(71,001)	(71,224)
Non-financial assets		
Tangible capital assets (Note 10)	65,387	67,774
Prepaid expenses	9,261	7,097
	74,648	74,871
Net assets (Note 11)	$ 3,647	$ 3,647

Contractual obligations (Note 16)

The accompanying notes are part of these financial statements.

Approved by the Board:

[Original signed by Richard Bird]

RICHARD BIRD
BOARD CHAIR

[Original signed by Tom Woods]

TOM WOODS
AUDIT COMMITTEE CHAIR

Statement of Operations

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

	2019 Budget (Note 17)	2019	2018
Revenue			
Cost recoveries	$ 498,339	$ 588,411	$ 558,312
Interest income	-	1,044	518
Total revenue	498,339	589,455	558,830
Expenses			
Third-party investment management fees (Note 12)	191,175	198,763	176,703
Third-party performance fees (Note 12)	63,937	111,624	117,430
Third-party asset administration, legal, and other (Note 12)	77,178	84,747	89,186
Salaries, wages and benefits	106,512	129,731	120,604
Data, subscriptions and maintenance services	23,610	25,758	20,478
Amortization of tangible capital assets (Note 10)	14,401	14,547	13,381
Administrative expenses	7,411	8,334	7,623
Contract and professional services	6,406	7,704	6,413
Rent	6,977	7,189	6,280
Interest	732	1,058	732
Total expenses	498,339	589,455	558,830
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)*

	2019 Budget (Note 17)	2019	2018
Annual surplus	$ -	$ -	$ -
Acquisition of tangible capital assets (Note 10)	(14,468)	(12,160)	(10,442)
Amortization of tangible capital assets (Note 10)	14,401	14,547	13,381
Change in prepaid expenses	-	(2,164)	(1,075)
Decrease in net debt in the year	(67)	223	1,864
Net debt at beginning of year	(71,224)	(71,224)	(73,088)
Net debt at end of year	$ (71,291)	$ (71,001)	$ (71,224)

The accompanying notes are part of these financial statements.

Statement of Cash Flows

For the year ended March 31, *(Thousands of Canadian dollars)*	**2019**	**2018**
Operating transactions		
Annual surplus	$ -	$ -
Non-cash items:		
Amortization of tangible capital assets (Note 10)	14,547	13,381
Amortization of deferred lease inducement	1,126	(749)
Change in pension liabilities	220	232
	15,893	12,864
(Increase) in accounts receivable	(750)	(4,522)
(Increase) in prepaid expenses	(2,164)	(1,075)
Increase in accounts payable and accrued liabilities	2,967	1,820
Increase in accrued employment liabilities	14,863	19,656
Cash provided by operating transactions	30,809	28,743
Capital transactions		
Acquisition of tangible capital assets (Note 10)	(12,160)	(10,442)
Cash applied to capital transactions	(12,160)	(10,442)
Financing transactions		
Repayment of advance from the Province of Alberta	-	(5,000)
Cash applied to financing transactions	-	(5,000)
Increase in cash and cash equivalents	18,649	13,301
Cash and cash equivalents at beginning of year	82,476	69,175
Cash and cash equivalents at end of year	$ 101,125	$ 82,476
Supplementary information		
Cash used for interest	$ 874	$ 521

The accompanying notes are part of these financial statements.

Notes to the Financial Statements

For the year ended March 31, 2019 (Thousands of Canadian dollars, except where otherwise noted)

NOTE 1 AUTHORITY

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

NOTE 2 NATURE OF OPERATIONS

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

The Corporation has assets under administration of approximately $115.2 billion (2018: $107.1 billion) at March 31, 2019, see Note 13. These assets are invested in segregated investments owned by the clients or aggregated in one or more pooled investment portfolios managed by the Corporation. Some of these assets are managed by third-party investment managers selected and monitored by the Corporation in order to achieve greater diversification, as well as to access external expertise and specialized knowledge. The segregated assets and the assets within the pooled investment portfolios are not consolidated in the financial statements of the Corporation. The Corporation makes investments on behalf of its clients and may also establish 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, 2018, the Corporation has prospectively adopted Canadian Public Sector Accounting Standards ("PSAS") Handbook Sections PS 3430 "Restructuring Transactions".

PS 3430 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. This accounting change did not have an 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 $198,763 (2018: $176,703), third-party performance fees, which are recorded as $111,624 (2018: $117,430), and pension liabilities, which are recorded as $3,946 (2018: $3,726) 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 (2019 and 2018: $nil).

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

e) Liabilities

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

Liabilities also include:

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

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

f) **Non-Financial Assets**

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

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

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

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

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

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

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

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Corporation's ability to provide services or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The write-downs are accounted for as expenses in the Statement of Operations (2019 and 2018: $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 standards:

PS 3280 Asset Retirement Obligations (effective April 1, 2021)
This standard provides guidance on how to account for and report a liability for retirement of a tangible capital asset. Management is currently assessing the impact of this standard on the financial statements.

PS 3400 Revenue (effective April 1, 2022)
This standard provides guidance on how to account and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations and transactions that do not have performance obligations. Management is currently assessing the impact of this standard on the financial statements.

NOTE 6 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

as at March 31, *(Thousands of Canadian dollars)*	**2019**	**2018**
Deposit in Consolidated Cash Investment Trust Fund	$ 100,767	$ 82,308
US bank account	67	67
Great British Pounds bank account	291	101
	$ 101,125	$ 82,476

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, 2019, securities held by the Fund have a time-weighted return of 1.52% per annum (2018: 1.03% per annum).

NOTE 7 ACCRUED EMPLOYMENT LIABILITIES

as at March 31, *(Thousands of Canadian dollars)*	**2019**	**2018**
Annual incentive plan (a)	$ 39,843	$ 35,194
Long-term incentive plan (b)	73,734	63,488
Restricted fund unit incentive plan (c)	910	1,068
Accrued vacation, salaries and benefits	3,365	3,239
	$ 117,852	$ 102,989

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, 2019 was $33,278 (2018: $29,887) which was recorded in salaries, wages and benefits.

b) Long-Term Incentive Plan

The Corporation provides retention incentives to certain employees through an LTIP and an RFU plan. The LTIP program provides the opportunity for a performance payment for generating superior average value add over a four-year period. Officers and other key professionals of the Corporation receive LTIP grants effective January 1 of each year that vary in size with their level of responsibility and quality of past performance and vest at the end of the fourth calendar period subsequent to the grant date. In the majority of situations, employees must be actively working for the Corporation on the date of payment. LTIP grants have an initial cash value of zero. When they vest after four years and providing all vesting and plan conditions have been met by the employee, they will pay between zero and three times the size of the grant based on cumulative performance under the four-year vesting period. The maximum amount could be paid if the average four-year value added exceeds the average "stretch target" annually set by the Board. The stretch target for the 2019 calendar year is $888,000.

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)
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
2018	267,667	803,000	939,500
Total	$ 1,348,500	$ 4,045,500	$ 3,697,300

(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 $5,492 (2018: $3,883).

The accrued LTIP liability as at March 31, 2019 of $73,734 (2018: $63,488) reflects the current value of all outstanding LTIP grants, based on actual results to that date from the date they were awarded.

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

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

	2019		2018	
	Original (Notional) Value		Original (Notional)	Value
LTIP grants outstanding, beginning of year	$ 53,114	$ 63,488	$ 48,078	$ 52,247
Granted	17,024	279	14,469	237
Accrual	-	33,479	-	35,009
Forfeited	(775)	(1,039)	(2,045)	(3,706)
Paid	(7,729)	(22,475)	(7,388)	(20,299)
LTIP grants outstanding, end of year	$ 61,634	$ 73,732	$ 53,114	$ 63,488

The maximum potential obligation related to the LTIP as at March 31, 2019 was $184,902 (2018: $159,402). Total expense related to the LTIP for the year ended March 31, 2019 was $32,720 (2018: $31,570), 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, 2019 of $910 (2018: $1,068) reflects the current value of all outstanding RFU grants, based on actual results to that date from the date they were awarded.

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

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

	2019		2018	
	Notional Value		Notional Value	
RFU grants outstanding, beginning of year	$ 1,019	$ 1,068	$ 1,778	$ 1,406
Granted	485	485	25	7
Accrual	-	56	-	497
Paid	(597)	(699)	(784)	(842)
RFU grants outstanding, end of year	$ 907	$ 910	$ 1,019	$ 1,068

Total expense related to the RFU plan for the year ended March 31, 2019 was $541 (2018: $503) 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, 2019 (2018: $nil). As at March 31, 2019, the outstanding advance from the Province totaled $58,349 (2018: $58,349).

The advance is a revolving demand credit facility up to a maximum of $70,000. The advance is repayable within six months of demand by the Province and is interest bearing at a rate equal to the Province's one-month borrowing rate of 1.50% (2018: 0.87%). Interest expense on the advance is $874 (2018: $521) and is included in the Statement of Operations. At March 31, 2019, 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)*	**2019**	**2018**
Accrued retirement obligation		
Beginning of year	$ 6,438	$ 5,946
Current service cost	538	546
Interest cost	195	172
Benefits paid	(35)	(31)
Actuarial loss (gain)	618	(195)
End of year	7,754	6,438
Plan assets		
Fair value, beginning of year	2,851	2,229
Actual return on plan assets	48	215
Employer contributions	209	219
Employee contributions	209	219
Benefits paid	(35)	(31)
End of year	3,282	2,851
Funded status - plan deficit	(4,472)	(3,587)
Unamortized net actuarial loss (gain)	526	(139)
Reported liability	$ (3,946)	$ (3,726)
Current service cost	538	546
Interest cost	195	172
Expected return on plan assets	(85)	(64)
Amortization of net actuarial (gain) loss	(10)	16
Less: employee contributions	(209)	(219)
Total SRP expense	$ 429	$ 451

The measurement date for the plan assets and the accrued retirement obligation for the Corporation's defined benefit pension plan is March 31. Actuarial valuations are performed at least every three years to determine the actuarial present value of the accrued retirement obligation. An actuarial valuation for funding purposes was prepared as of December 31, 2018. An extrapolation of the actuarial valuation dated December 31, 2018 was performed to March 31, 2019.

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

as at March 31,	2019	2018
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,	2019	2018
Annual discount rate	3.2%	2.8%
Annual salary increase - base	2.0%	2.0%
Expected long-term return on plan assets	6.3%	5.6%
Inflation rate	2.0%	2.0%

The reported liability of the SRP is significantly impacted by these assumptions. A 1% decrease in the discount rate assumption would result in an increase in the reported liability by $1,933 as at March 31, 2019 (2018: $1,625). A 1% increase in the salary scale assumption would result in an increase in the reported liability by $1,338 as at March 31, 2019 (2018: $1,478). A 1% increase in the inflation rate assumption would result in an increase in the reported liability by $732 as at March 31, 2019 (2018: $626).

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 $5,791 (2018: $6,093) for the year ended March 31, 2019 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, 2018, MEPP reported a surplus of $670,700 (2017: surplus of $866,006) and PSPP a surplus of $519,218 (2017: surplus of $1,275,843).

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	**2019**	**2018**
Cost					
Opening balance	$ 114,167	$ 13,580	$ 4,771	$ 132,518	$ 122,076
Additions	10,559	1,139	462	12,160	10,442
Disposals	(919)	-	-	(919)	-
Closing balance	123,807	14,719	5,233	143,759	132,518
Accumulated amortization					
Opening balance	50,423	10,709	3,612	64,744	51,363
Amortization expense	12,440	1,611	496	14,547	13,381
Effect of disposals	(919)	-	-	(919)	-
Closing balance	61,944	12,320	4,108	78,372	64,744
Net book value at March 31	$ 61,863	$ 2,399	$ 1,125	$ 65,387	$ 67,774

Cost includes work-in-progress at March 31, 2019 totaling $3,822 (2018: $4,056) comprised of computer systems hardware and software.

NOTE 11 NET ASSETS

Net assets is made up as follows:

as at March 31, *(Thousands of Canadian dollars)*		**2019**		**2018**
Contributed surplus (a)	$	3,647	$	3,647
Share capital (b)		-		-
Accumulated surplus		-		-
	$	3,647	$	3,647

a) Contributed Surplus

Contributed surplus of $3,647 (2018: $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 (2018: $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, 2019, 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, 2019, assets under administration totaled approximately $115.2 billion (2018: $107.1 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)*	**2019**	**2018**
Pension plans	$ 74,647,724	$ 69,234,771
Ministry of Treasury Board and Finance		
General revenue and entity investment funds (1)	11,244,799	9,471,436
Endowment funds (including the Alberta Heritage Savings Trust Fund)	23,119,580	22,047,275
Insurance-related funds	3,028,061	3,245,299
Other government Ministry investment funds	3,191,366	3,115,869
	$ 115,231,530	$ 107,114,650

(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)*	**2019**	**2018**
Fixed income		
Fixed income (1)	$ 36,374,619	$ 35,269,548
Private mortgages	3,949,109	3,298,205
Private debt and loan	1,474,382	928,777
Inflation sensitive		
Real estate	16,099,581	13,944,218
Infrastructure and timber	10,379,341	8,101,618
Real return bonds and commodities	765,526	953,473
Equities		
Public equities and absolute return strategies	41,519,387	40,374,540
Private equity and venture capital	4,483,728	4,068,523
Overlays	185,857	175,748
	$ 115,231,530	$ 107,114,650

(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, 2019 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)*	**2019**	**2018**
Revenues		
Direct cost recoveries [(1)(2)(3)]	$ 370,567	$ 383,036
Indirect cost recoveries [(1)(2)(3)]	185,645	174,894
Interest income	1,044	518
	557,256	558,448
Expenses		
Interest on advance from the Province of Alberta	874	521
Contracted services [(4)]	897	851
	1,771	1,372
Assets		
Accounts receivable [(1)(2)(3)]	9,892	16,556
Liabilities		
Accounts payable	898	41
Advance from the Province of Alberta	58,349	58,349
	$ 59,247	$ 58,390

(1) Recovered from government funds, pension plans and other entities under common control.
(2) Prior year figures have been updated to conform with current year presentation.
(3) Effective March 1, 2019, Bill 27 was enacted resulting in Local Authorities Pension Plan, Public Service Pension Plan and Special Forces Pension Plan no longer being considered under government control for this note. Cost recoveries from these three Plans are included in this note up to February 28, 2019.
(4) 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 officers of the Corporation earned for the year ended March 31, 2019 in accordance with direction from the Ministry of Treasury Board and Finance.

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

	2019						2018
	Base Salary[1]	Incentive Plan Annual[2]	Incentive Plan Long-Term[3]	Other Cash Benefits[4]	Other Non-Cash Benefits[5]	Total	Total
Chairman of the Board[6][7]	$ -	$ -	$ -	$ 112	$ -	$ 112	$ 95
Board Members[6]	-	-	-	543	-	543	494
Chief Executive Officer	500	1,362	1,500	-	82	3,443	2,058
Chief Investment Officer	425	1,213	1,841	-	74	3,552	3,450
EVP, Public Equities	300	621	954	-	58	1,933	1,922
EVP, Fixed Income	300	642	924	-	58	1,924	1,892
Chief Corporate Officer	285	361	428	1	41	1,115	1,025
Chief Financial Officer[8]	285	465	-	-	42	792	390
SVP, Operations[9]	242	212	290	-	37	781	771
Chief Legal Officer	260	287	162	-	48	757	753
Chief Risk Officer	275	375	-	174	42	866	848
Chief Client and Stakeholder Relations Officer	240	176	-	1	37	454	498

(1) Base salary consists of all regular pensionable base pay earned.
(2) Annual incentive plan is accrued based on goal attainment for the calendar year and paid in the subsequent period.
(3) Long-term incentive plan consists of amounts that became eligible for payment in the year and paid in a subsequent period.
(4) Other cash benefits consist of RFU amounts that became eligible for payment in the year and paid in a subsequent period, severance, lump sum payments, and any other direct cash remuneration.
(5) Other non-cash benefits consist of the Corporation's share of all employee benefits and contributions or payments made on behalf of employees, including pension, supplementary retirement plans, statutory contributions, and health plan coverage.
(6) The Board consisted of 10 independent members during fiscal 2018-19, 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 in fiscal 2017-18.
(8) The incumbent commenced employment with the Corporation on September 5, 2017.
(9) The SVP, Operations will be transitioning from AIMCo in 2020, and effective September 2018 took on a non-Executive Committee member role. The amounts shown are based on the full year.

LTIP grants are awarded at the start of each fiscal year. The resulting value, if any, is paid out after the end of a four-year vesting period and is based on long-term value added performance. The tables below show the original (Notional) LTIP grants and estimated potential future payouts for each named executive. The future value of awards granted for 2016, 2017 and 2018 but not vested are estimated as at March 31, 2019 based on actual performance for calendar years 2016, 2017 and 2018 and pro forma multipliers of 1.0 (target) for future years. For awards granted in 2019, the future payout is estimated as at March 31, 2019 based on pro forma multipliers of 1.0 (target) for calendar year 2019 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, 2018	Granted in Year	Eligible for Payout in Year	Forfeited or Adjusted in Year	**As at March 31, 2019**
Chief Executive Officer	$ 2,000	$ 875	$ (500)	$ -	$ 2,375
Chief Investment Officer	2,740	800	(614)	-	2,926
EVP, Public Equities	1,563	423	(318)	-	1,668
EVP, Fixed Income	1,653	518	(308)	-	1,863
Chief Corporate Officer	770	285	(143)	-	913
Chief Financial Officer(1)	114	114	-	-	228
SVP, Operations(2)	519	-	(97)	-	422
Chief Legal Officer	434	158	(54)	-	538
Chief Risk Officer	495	165	-	-	660
Chief Client and Stakeholder Relations Officer	192	96	-	-	288

	Estimated Future Payout				
(Thousands of Canadian dollars)	As at March 31, 2018	Change in Future Estimated Payout in Year	Eligible for Payout in Year	Forfeited or Adjusted in Year	**As at March 31, 2019**
Chief Executive Officer	$ 4,026	$ 3,475	$ (1,500)	$ -	$ 6,001
Chief Investment Officer	5,362	3,819	(1,841)	-	7,341
EVP, Public Equities	2,908	1,401	(954)	-	3,354
EVP, Fixed Income	3,482	1,979	(924)	-	4,536
Chief Corporate Officer	1,509	1,037	(428)	-	2,117
Chief Financial Officer(1)	114	190	-	-	304
SVP, Operations(2)	1,008	601	(290)	-	1,318
Chief Legal Officer	804	545	(162)	-	1,187
Chief Risk Officer	805	517	-	-	1,322
Chief Client and Stakeholder Relations Officer	286	232	-	-	519

(1) The incumbent commenced employment with the Corporation on September 5, 2017.
(2) The SVP, Operations will be transitioning from AIMCo in 2020, and effective September 2018 took on a non-Executive Committee member role. The amounts shown are based on the full year.

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.

	Original (Notional) Grant Value				
(Thousands of Canadian dollars)	As at March 31, 2018	Granted in Year	Eligible for Payout in Year	Forfeited or Adjusted in Year	**As at March 31, 2019**
Chief Risk Officer	147	-	-	-	147

	Estimated Future Payout				
(Thousands of Canadian dollars)	As at March 31, 2018	Change in Future Estimated Payout in Year	Eligible for Payout in Year	Forfeited or Adjusted in Year	**As at March 31, 2019**
Chief Risk Officer	170	4	(174)	-	-

NOTE 16 CONTRACTUAL OBLIGATIONS

Contractual obligations of $165,824 (2018: $77,627) 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)*	**2019**
2020	$ 32,850
2021	24,822
2022	17,786
2023	11,169
2024	6,912
Thereafter	72,285
Total	$ 165,824

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.

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

During the year ended March 31, 2019, the Corporation entered into a lease agreement commencing January 1, 2020, for 15 years, with two optional renewal periods of five years each. As part of the lease agreement, the Corporation received a lease inducement of $1,875 which will be recognized as a reduction in lease expense over the 15-year term of the lease.

The total deferred lease inducement as at March 31, 2019 is $2,299 (2018: $1,173).

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, 2019 the balance outstanding against the facility is $152,089 (2018: $190,754).

NOTE 17 2018-2019 BUDGET

The Corporation's budget for the year ended March 31, 2019 was approved by the Board of Directors on December 8, 2017.

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, 2019, 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, 2019 is $1,005 (2018: $1,022) and $66 (2018: $67), 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 (2018: $583).

NOTE 19 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors on May 30, 2019.

HEAD OFFICE

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