

Renewing the Alberta Heritage Savings Trust Fund

A Roadmap to Securing Alberta's Future





Contents

Building a Legacy	1
The Alberta Model: Growing, Our Way	3
Time to Act	5
Governance That Drives Growth	7
Questions & Answers	9
Our Plan	11
A Commitment to Action	15


Building a Legacy

Alberta has always been a province of builders—a community of people who understand that planning for tomorrow is as important as solving the problems of today. It is that spirit which inspired the creation of the Alberta Heritage Savings Trust Fund (or as commonly referred to, the Heritage Fund) in 1976, a bold step to harness non-renewable resource revenues and save them for future generations. The Heritage Fund was established with three clear objectives: to strengthen and diversify Alberta’s economy, improve the quality of life for Albertans, and decrease the province’s reliance on non-renewable resources.

For decades, the Heritage Fund has supported public services and vital infrastructure, shaping Alberta into the thriving province it is today. However, now we stand at a pivotal moment. With changing economic realities and a rapidly shifting global landscape filled with uncertainty, there is a critical need to modernize and renew the Heritage Fund’s purpose.

The government is charting a path that reflects the values and ambitions of Albertans. By leveraging the expertise of the newly established Heritage Fund Opportunities Corporation, the Heritage Fund will adopt a world-class, professional investment strategy and governance model that maximizes returns while safeguarding Alberta’s collective investment. This enhanced approach positions the Fund to drive sustainable intergenerational wealth, ensuring prosperity and resilience for the province today and in the future.

Alberta’s government has set an ambitious target: to grow the Heritage Fund to \$250 billion or more by 2050. The province has the scale of opportunity to achieve this target, which will ultimately result in transformative benefits for Albertans. An investment of this size can act as a financial buffer during economic downturns, while providing stability and flexibility for future generations. A robust and growing Heritage Fund can support the essential services and infrastructure Albertans rely on. Through financial innovation, we’re replacing resource wealth with financial wealth for decades to come.



“The need to modernize the Heritage Fund and renew its purpose is clear”

The Alberta Model: Growing, Our Way

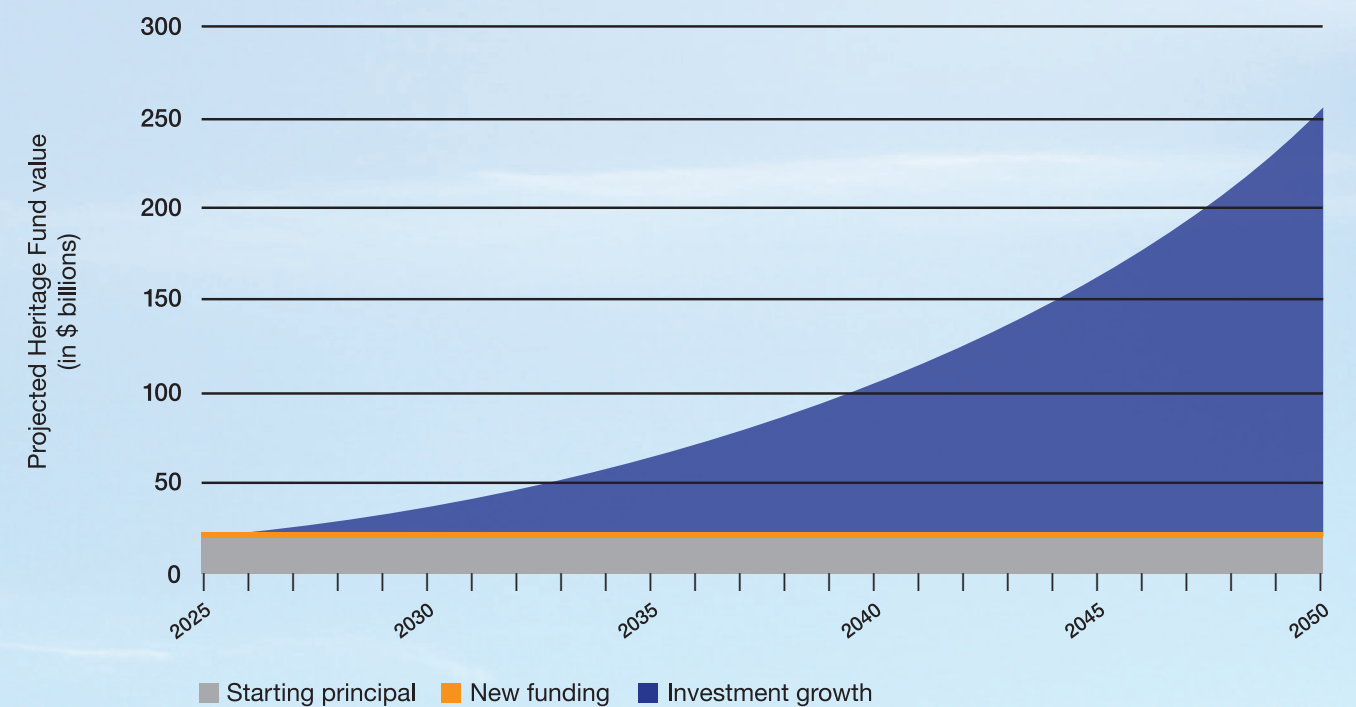
A purpose-built Alberta Model serves as the foundation for a renewed Heritage Fund strategy. The approach is designed to provide top-tier investment performance for Albertans and incorporate best practices from benchmarked funds from around the world, while staying true to the values, strengths, and ambitions of our province. The Alberta Model is about more than generating financial returns—it's about creating a lasting and positive impact for the province as a whole, while remaining guided by and committed to prudent financial stewardship. Here's how the Alberta Model works:

- **Strategic investments:** There is a strong focus on opportunities that maximize growth while supporting areas that matter to Albertans, such as technology, energy, and infrastructure.
- **Global partnerships:** The Model benefits from working closely with like-minded organizations and institutional investors to access premier investments, and bring new ideas and expertise back to the province.
- **Strong governance:** The Model is structured to ensure transparent and responsible investment management, so that every decision is made with the long-term interests of Albertans in mind.

Vital to achieving our ambitious Heritage Fund growth target of \$250 billion by 2050 is the reinvestment of all investment returns back into the Fund, ensuring that every dollar earned is put back to work. By allowing the Heritage Fund to grow through the power of compounding, we can create a financial resource that grows more quickly over time. At the heart of the modernized approach is a commitment to building the Heritage Fund responsibly, with discipline, to produce better long-term results that are appropriate, prudent, and achievable for a wealth fund such as this.

In 2025, the government will allocate an additional \$2 billion in new funding to the Heritage Fund's approximately \$25 billion in existing invested assets. Figure 1 illustrates the potential growth of this combined investment over time assuming a projected annual net return of 9%, compounded yearly, with full reinvestment of all earnings during the projection period. By reinvesting all earnings, the Heritage Fund will leverage compounding growth to accelerate its expansion, ensuring the strong foundation needed to achieve the 2050 growth target. This recommitment to the original mission of the Heritage Fund, with a focus on maximizing returns and reinvesting earnings, will create a more secure legacy for future generations of Albertans.

Figure 1. Growing the Heritage Fund



Potential Heritage Fund asset growth to 2050, using the Alberta Model investment approach.

Time to Act

The decision to revitalize the Heritage Fund is critical and timely. Alberta's economy remains closely tied to its natural resources, which provide a significant portion of the province's revenues. While this has been a source of growth for the province, it is also a source of volatility. Last year, over 25% of Alberta's budget was funded by revenues from non-renewable resources. This reliance makes the province susceptible to the highs and lows of global energy markets, which can change rapidly and unpredictably.

Today, Alberta is uniquely positioned to take advantage of new global opportunities to generate better investment returns and to help temper resource revenue volatility. With a growing economy, an established and experienced finance sector, and access to world-class expertise, the province has the tools needed to make strategic investments that deliver significant long-term benefits for Albertans.

A recommitment to growing the Heritage Fund is an opportunity to create a stable financial foundation that can support resilience and growth in Alberta's economy regardless of external circumstances. As part of the plan for Heritage Fund renewal, provincial government withdrawals from the Heritage Fund are to be avoided as much as possible, ensuring both capital and earnings remain invested within the Fund until 2050.



**“A revitalized Heritage Fund
delivers financial stability amid
volatile resource revenues”**

Governance That Drives Growth

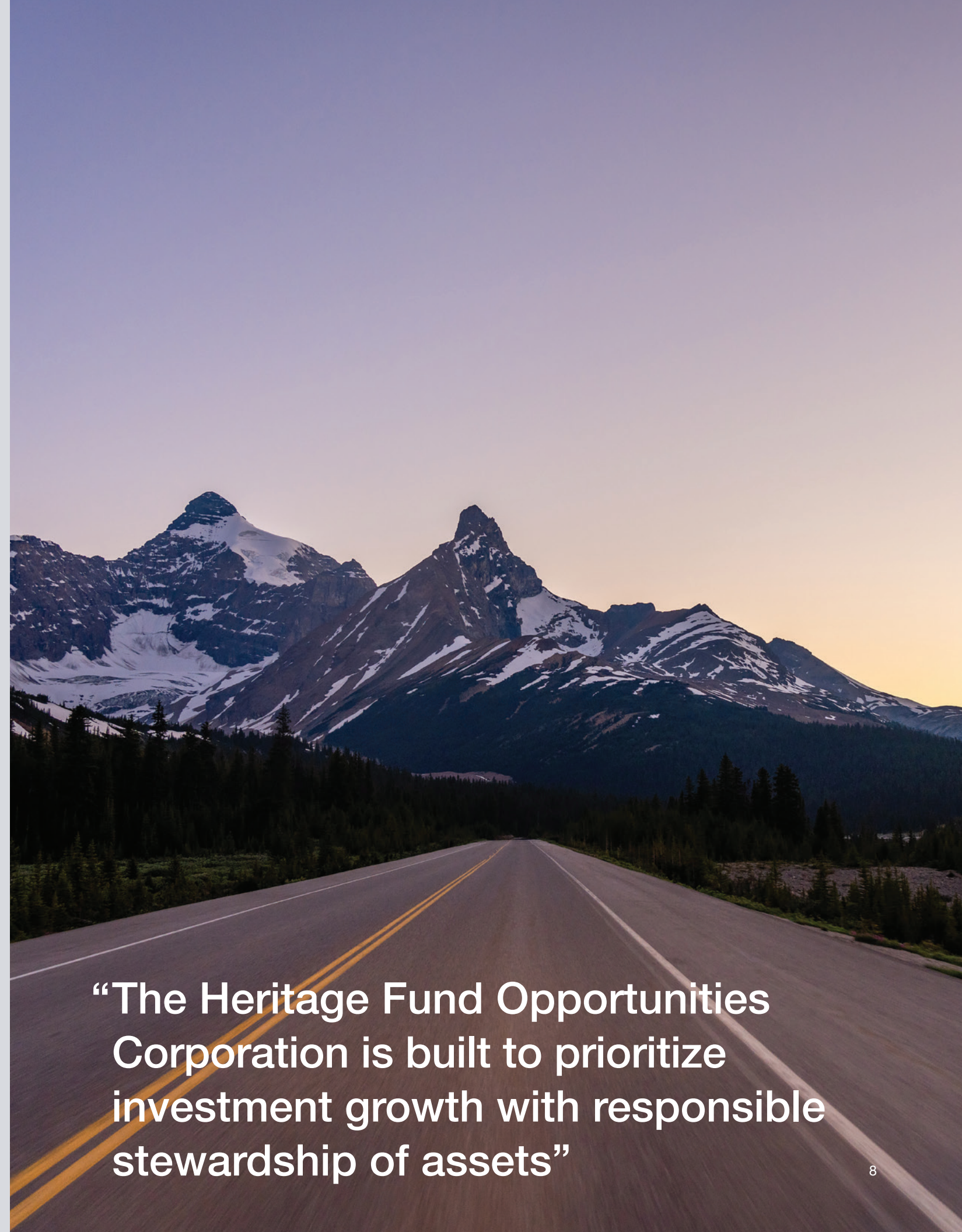
Introducing the Heritage Fund Opportunities Corporation

Central to the government’s renewed commitment to growing the Heritage Fund is the introduction of the Heritage Fund Opportunities Corporation, an independent Crown corporation tasked with providing oversight of all Heritage Fund assets and to manage a portion of the assets directly. The Corporation will prioritize asset growth, while maintaining the integrity of the Fund’s principal and accumulated income by applying a prudent governance approach.

The Heritage Fund Opportunities Corporation is guided by three principles:

Independence	Professionalism	Transparency
<p>Self-governance: The Corporation will operate at arm’s-length from government to ensure independent decision-making.</p> <p>Diversity of perspectives: A qualified board of directors representing different backgrounds – from both Alberta and abroad – will bring a diverse set of insights and perspectives, leading to smarter, more informed investment decisions.</p>	<p>Prioritizing performance: Relying on the deep financial experience of its directors, the Corporation’s board will focus on improving long-term Heritage Fund investment growth outcomes.</p> <p>Global partnerships: The Corporation will build connections and alliances with leading global wealth funds and institutional investors to expand access to select investment opportunities.</p>	<p>Regular reporting: Detailed quarterly and annual reports on investment performance and governance factors will be made publicly available.</p> <p>Public engagement: Annual general meetings will be scheduled to inform Albertans about the Heritage Fund’s growth progress, retained earnings, and investment strategy, allowing opportunities for public feedback and response.</p>

The creation of the Heritage Fund Opportunities Corporation will elevate Alberta’s global investment reputation under a robust governance framework. It will seek out strategic international investments and partnerships that drive new and profitable opportunities for Albertans, leading to better Heritage Fund investment outcomes over the long-term.



“The Heritage Fund Opportunities Corporation is built to prioritize investment growth with responsible stewardship of assets”

Questions & Answers

1. Why is the Heritage Fund being revitalized?

The Heritage Fund is being renewed to ensure that it meets the needs of Albertans. More than 25% of Alberta's revenues come from non-renewable resources, which are volatile and unsustainable in the long-term. By acting now, Alberta can reduce its reliance on these revenues over time while building a stable financial foundation through strategic investment, disciplined reinvestment, and prudent governance of Heritage Fund assets.

2. How does the new approach to the Heritage Fund differ from how the Fund has been managed in the past?

Previously, the Heritage Fund has been used to supplement the provincial budget and has not been invested or managed to its full potential, leading to missed opportunities for growth. The new Alberta Model investment approach for the Heritage Fund focuses on stewardship, independence, protecting capital, and maximizing returns with a capital appreciation-focused growth strategy. There is renewed emphasis on investment income retention, improving strategic investment results, building global partnerships, and delivering strong governance outcomes.

3. How will the growth of the Heritage Fund benefit Albertans?

The Heritage Fund will provide financial stability, attract global investments, and reduce reliance on volatile non-renewable resource revenues in the future. Over time, the Fund will be able to generate a legacy of perpetual investment growth that benefits both current and future generations, supporting Alberta's economy, and enhancing the province's reputation worldwide.

4. Why is achieving the \$250 billion (or more) target by 2050 important?

This target reflects the scale needed for the Heritage Fund to provide significant financial benefits for current and future generations, while maintaining the Fund's identity, integrity, and impact as it grows.

5. How will the Heritage Fund's investments impact Alberta?

While the Heritage Fund invests globally to maximize returns, its presence has the potential to attract investment partners and opportunities to Alberta, stimulating local economic growth through job creation, financial innovation, and added capital investment.

6. What are the performance expectations for the Heritage Fund?

The existing portfolio of Heritage Fund assets will continue to maintain its current benchmarking methodology. As the Alberta Model is being implemented, the performance target for investments managed directly by the Heritage Fund Opportunities Corporation will match the same real return target, which is the Canadian Consumer Price Index + 4.5% over a five year rolling period.



“A growing Heritage Fund builds long-term wealth for the benefit of all Albertans”

Our Plan



The Heritage Fund Opportunities Corporation will introduce a disciplined investment strategy and practice for the Heritage Fund to produce improved long-term, compounding returns. A robust governance structure ensures transparency, accountability, and professional stewardship—key pillars in the plan to build a sustainable and prosperous future for Albertans. Each step we take towards our \$250 billion growth target for the Heritage Fund reinforces the core vision of the Fund: to create lasting financial stability and ensure intergenerational wealth for future generations. Alberta’s approach is designed to be self-sustaining, with each milestone enhancing the Fund’s capacity for further growth and increasing returns.



2024-25: Establish a Solid Foundation

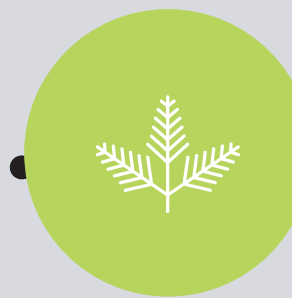
Milestone: The Alberta government creates the Heritage Fund Opportunities Corporation with a contribution of \$2 billion to the Heritage Fund.

Priorities:

- **Robust governance:** The Heritage Fund Opportunities Corporation’s board of directors is to provide independent and transparent oversight of Heritage Fund assets, at arm’s-length from government.
- **Portfolio design:** Initial investments to be managed by the Heritage Fund Opportunities Corporation are to be thoroughly evaluated using the Alberta Model framework to ensure alignment with Alberta’s long-term investment goals.

Taking Action:

- **New governance structure:** The Heritage Fund Opportunities Corporation board and management team is established to oversee the Heritage Fund’s investments and growth strategy.
- **New investment:** As announced in Budget 2024, the government contributes \$2 billion of new funding to the Heritage Fund by the end of the current fiscal year. These funds are to be invested and managed by the Heritage Fund Opportunities Corporation.
- **Income retention:** Government affirms its commitment to reinvest all Heritage Fund investment earnings to maximize compounding growth.
- **Global partnerships:** The Heritage Fund Opportunities Corporation collaborates with other global wealth funds to share knowledge and expertise, while expanding the province’s influence and investment opportunities available to the Heritage Fund.



2027: Progress Check for Short-Term Impact

Milestone: Improvement in Heritage Fund performance is driven by the province’s renewed commitment to investment growth and strategic investment under the Alberta Model, as administered by the Heritage Fund Opportunities Corporation. These efforts are supported by beneficial partnerships with leading global wealth funds and institutional investors.

Priorities:

- **Governance stability:** Heritage Fund investment governance continues to be independent and transparent, meeting policy and performance expectations.
- **Portfolio construction:** Heritage Fund assets managed directly by the Heritage Fund Opportunities Corporation are structured as a select portfolio of strategic investments and are contributing to the growth of the Heritage Fund as a whole.

Taking Action:

- **Governance review:** An assessment of the Heritage Fund governance framework is completed to ensure effectiveness, accountability, and alignment with global best practices.
- **Performance review:** The Heritage Fund’s performance against defined benchmarks is evaluated, as is the impact of the Alberta Model and established global partnerships on investment outcomes.
- **Public engagement and reporting:** Albertans are informed of Heritage Fund performance results attributable to the Heritage Fund Opportunities Corporation, as well as to other investment managers, following regular financial reporting schedules.



2035: A Decade of Strategic Growth

Milestone: Ten years of Heritage Fund performance with compounded reinvestment of earnings is achieved, resulting in significant investment growth towards the \$250 billion growth target by 2050.

Priorities:

- **Governance stability:** The Heritage Fund Opportunities Corporation board continues to demonstrate strong governance and operational oversight, consistently prioritizing effective investment strategy and a commitment to continuous improvement.
- **Investment growth at an increasing rate:** Heritage Fund assets continue to grow quickly, supported by accretive long-term returns on investments, reinvestment of all Heritage Fund income, and compounding investment growth over time.

Taking Action:

- **Legacy-building:** As guided by the Heritage Fund Opportunities Corporation, the Heritage Fund continues to be managed with appropriate capital appreciation-focused asset allocations to prudently balance investment risk and returns, given the long-term growth mandate of the Fund.
- **A new investment opportunity for Albertans:** To enhance participation in the Heritage Fund's success, a retail investment product may be developed to allow Albertans to invest directly in the Heritage Fund, subject to public interest and feasibility.
- **Public engagement and reporting:** The impact of the Heritage Fund's strategic investments, reinvestment of earnings, and asset retention and growth will continue to be reported following regular financial reporting schedules, with ongoing public disclosure and annual public meetings.



2050: Achieving the \$250 Billion Growth Target

Milestone: The Heritage Fund reaches the \$250 billion growth target, which is a significant milestone in support of Alberta's future economic prosperity and financial stability.

Priorities:

- **Sustaining growth with governance integrity:** The Heritage Fund continues to deliver strong long-term investment returns, meeting or exceeding established performance benchmarks. The Heritage Fund Opportunities Corporation board and management continues to adhere to the highest standards of transparency and accountability.
- **Purposing the Heritage Fund legacy:** The Heritage Fund, with its considerable size, is an important and influential financial resource for Alberta, offering significant savings, spending, and stabilizing benefits to the province.

Taking Action:


- **Setting the future direction for the Heritage Fund:** All Albertans will have a voice in the use and long-term stewardship of the Heritage Fund and its assets, guided by the needs and perspectives of future generations.

A Commitment to Action

As Albertans, our future shouldn't depend on the ups and downs of resource revenues. Starting now, we are investing so it won't. By restoring the original vision set out in 1976 for the Alberta Heritage Savings Trust Fund, we can drive financial prosperity and reduce economic volatility for future Albertans. This renewed approach to the Heritage Fund prioritizes asset growth, innovation, and responsible stewardship, which will assist in creating a more resilient province.

The Heritage Fund is more than just a financial resource or a means of saving. It represents the best of what our province has to offer—a commitment to long-term thinking and a willingness to work hard today for better outcomes tomorrow. We're revitalizing the Heritage Fund through regular reinvestment by government, setting of ambitious growth targets, and making strategic long-term investments to secure a prosperous future for generations to come. All Albertans can be confident that this approach is guided by careful planning, a commitment to achievable outcomes, and a clear vision of what success can and will look like.

Together we can build a stronger, more prosperous Alberta, supported by a Heritage Fund that is designed to grow to benefit all Albertans. Join us, and be a part in building this legacy.



“This is our chance to secure a lasting legacy of resilience and prosperity”



Alberta 