AIMCo 2016

Alberta Investment Management Corporation

2016 Annual Report

AIMCo is Alberta's investment manager.

Table of Contents

For calendar year ending December 31, 2016.

$225.5 Million 2016 Net Value-Add

5.8% Total AIMCo Net Investment Return

$5.1 Billion Net Investment Income

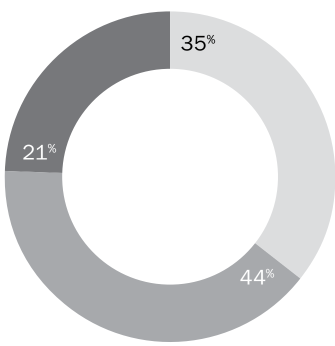
6.2% Balanced Funds Net Investment Return

$95.7 Billion Assets Under Management

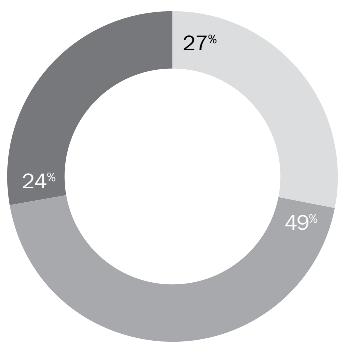
3.5% Government & Specialty Funds Net Investment Return

2016 Asset Mix Charts

$95.7 Billion **Total AIMCo**

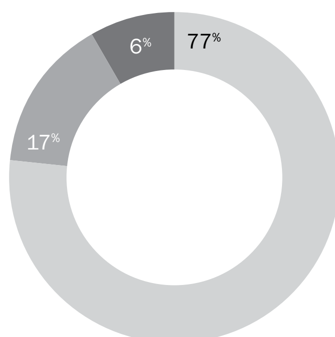


$80.9 Billion **Balanced Funds**



Balanced risk tolerance to balance risk and return

$14.8 Billion **Government & Specialty Funds**



Lower risk tolerance emphasizing preservation of capital

Money Market & Fixed Income · Equities · Inflation Sensitive

VISION

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

We are a Crown corporation of the Government of Alberta, operating at arm's length and on commercial principles, engineered to maximize return for our clients with a steadfast focus on becoming world-class in every facet of our operations.

AIMCo's 32 clients are our first priority. Our clients represent all Albertans.

- *Provincial pension plans serving the needs of more than 330,000 public sector employees,*
- *Government funds supporting health care, education, infrastructure and social programs, and*
- *the Alberta Heritage Savings Trust Fund and endowment system.*

Clients First is our commitment that every individual within the organization understands their role in supporting our clients' success. Albertans can trust that each element of our operations is aligned to ensure our clients' needs are met today and many years into the future.

It is a privilege to represent all of Alberta in markets around the globe, and we always do so with our Core Values and Vision top of mind.

Excellence

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

Transparency

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

Humility

Learn as much from failure as you do from success

Integrity

Act in an ethical manner – do what is right, not expedient

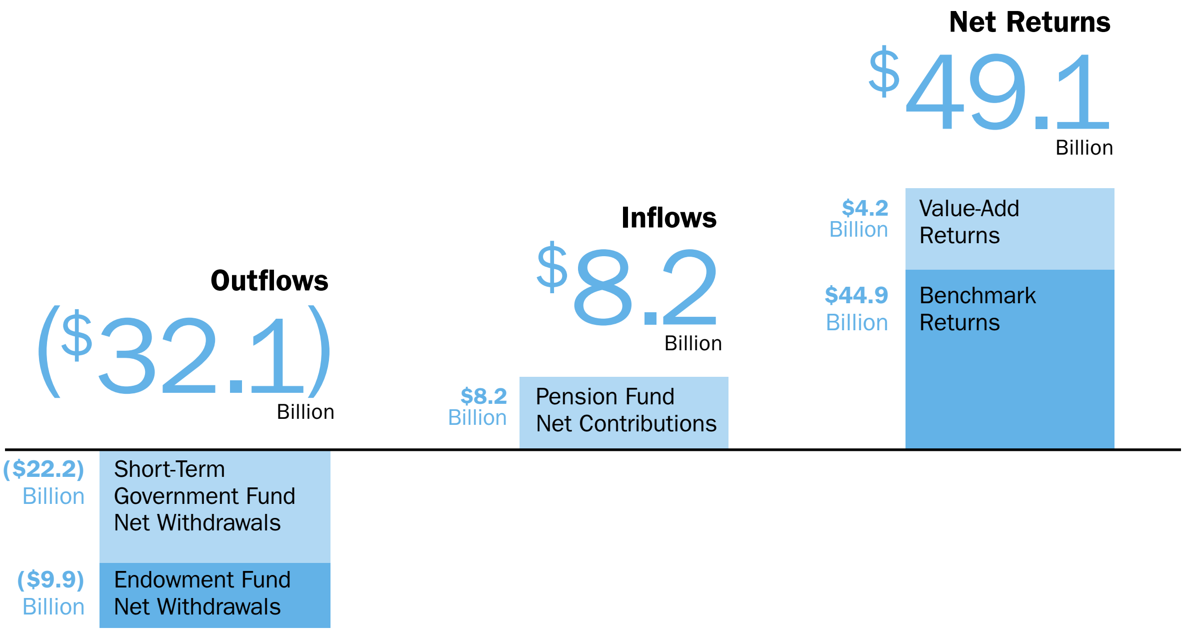
Collaboration

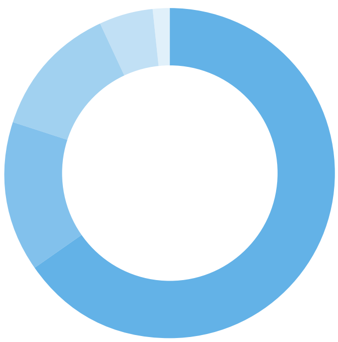
One company, one team

AIMCo Changes in Assets Under Management 2009–16

$70.5 Billion January 1 2009

$95.7 Billion December 31 2016





Global Operator. Local Champion.

- Canada 65.5%
- United States 14.7%
- Rest of World 13.0%
- United Kingdom 5.2%
- Japan 1.6%

AIMCo is a global investor that seeks out the best investment opportunities for our Alberta-based clients. Our teams of investment professionals are resolute in exceeding client expectations and adding value, whether that be in foreign markets or our own backyard.

As a founding member of the Alberta Investment Management Corporation Board of Directors, I have watched AIMCo mature and evolve to an organization that ranks among Canada's largest institutional investors and one that is continuing to strive to become world-class in every facet of its business. AIMCo is deeply committed to its stewardship role in managing what is now nearly $100 billion in assets. Since 2009 our team has earned more than $49.1 billion in investment income, adding more than $4.2 billion of value above the benchmark. From our humble beginnings in 2008 – a year of tumultuous markets and financial turmoil – AIMCo has demonstrated an ability to thrive in challenging environments.

Perhaps it was this growth from the fault lines of the 2008 collapse that prepared us well for the rocky 2016 that was a continuation of the year before. With the financial markets caught off-guard by the Brexit vote outcome, the election in the United States and the continued decline in the price of oil to its low in July, "difficult" and "surprising" would be just two of the words that could describe this year. Despite its many challenges, I am proud to report that AIMCo has stayed steady and focused on its long-term goals and on serving the best interests of its clients.

It is important to remember that there are always new fault lines and discontinuities ahead that will challenge our resources and ingenuity and risk overturning a successful record of performance. Sustained significant value creation and a high-quality positive experience for all involved are more rare than common. Directors and management must share a conviction among themselves that there is no room for complacency. At AIMCo, I can assure our clients and all our stakeholders that your Board of Directors is anything but complacent. We accept the challenge to apply our knowledge and experience as a leadership partner with management. We work hard to ensure the highest level of good governance and to exercise our influence and authority in a way that will increase the probability of sustained superior performance.

I am confident that my legacy as a Board member, and Chair, will be one that continues to demonstrate the highest level of Board responsibility and commitment. We understand that we need to embrace and stand firm in our compliance-based responsibilities. We also understand that we need to embrace a commitment to look deeply and thoroughly into the effects of our decisions and influence. We know that we play a critical role in ensuring that AIMCo remains committed to a powerful vision, and that it develops and implements strategies consistent with this vision. This includes a strong commitment to ethics and "doing business the right way."

This year we welcomed two outstanding new Board members: Phyllis Clark, former Vice-President (Finance and Administration) and Chief Financial Officer at the University of Alberta, and Ken Kroner, former Senior Managing Director at BlackRock. Their understanding of our clients and of investment markets will be greatly valued.

On behalf of our Board, I also want to express our sincere appreciation to Andrea Rosen for her leadership of our Governance Committee from inception and more generally for her exceptional commitment and dedication to the building of AIMCo. Based on about ten years of working beside Andrea, I believe her contribution has been remarkable and that the impact of her work will prove foundational for AIMCo as it moves forward.

As I leave my post later this year, as Chair and Director, I wish to express my sincere gratitude to my friends and colleagues on AIMCo's Board of Directors, our executive and staff, the Government of Alberta, all our investment clients and indeed all Albertans, for entrusting me with this important role. It has been an absolute privilege to serve my province and fellow Albertans.

Mac Van Wielingen
Chair

Our team at Alberta Investment Management Corporation shares a common commitment to serving the best interests of our clients through every facet of our business. Over the years, that dedication has become a key tenet of our corporate culture. In a year that was punctuated by surprises, our thinking remained focused on the long term, and I am pleased to report that our progress in 2016 evidences that we remain on the right track.

Organizations like AIMCo, which are well-governed with established governance autonomy, operational independence and the ability to attract top professional talent from around the world, are the envy of the institutional investment space. In recent years, the ability of large institutional investors to outperform the markets through active investment strategies has come under intense scrutiny, with a commensurate increase in more passive strategies as a result. The AIMCo experience has been the realization of value-adding return generated by patient, smart and intense active management. This ability is directly related to and dependent upon those advantages identified above: excellent governance, great talent and independence.

For the calendar year ending 2016, AIMCo earned a net return of 5.8%, outperforming our benchmark by 0.3% and earning our clients more than $225 million in excess value-add return above the passive benchmark. For the five-year period ending on December 31, 2016, AIMCo has earned an annualized net return of 9.5%, outperforming our benchmark for the same period by 0.9%. Given the uncertainty that exists in investment markets during even the calmest periods, I am particularly proud of our team for staying disciplined and maintaining conviction in our strategies.

Our commitment to clients remains one of our highest priorities, and this year we welcomed the addition of a new client, the City of Medicine Hat. I thank our clients, old and new, for continuing to trust our steady and thoughtful approach to navigating the rough waters of 2016. It is sure thinking that has allowed us to not only endure, but to take advantage and find value even during a tumultuous year.

On behalf of the talented professionals at AIMCo, thank you to our Board of Directors for helping steer our ship through the storm. I am also excited to welcome our two new Board members, Phyllis Clark and Ken Kroner. I also extend a special and heartfelt thank you to our outgoing Chair, Mac Van Wielingen, and our Governance Chair, Andrea Rosen. Mac and Andrea's leadership, thoughtfulness, innovation and dedication to AIMCo have truly made an impact that will forever shape us and help ensure our continued success.

Kevin Uebelein
Chief Executive Officer

Our team at AIMCo is a high-performing group of professionals in every discipline that is led by an experienced, responsible executive team. Good governance is critical. We take our lead from an independent, highly qualified Board of Directors equally committed to excellence. The majority of our executive leadership, active investment management and operations teams works from the Edmonton headquarters in cooperation with team members in Toronto and London offices.

We are committed to fostering a corporate culture that embraces diversity, inclusivity and effectiveness. We are responsible to the communities we serve. In 2016, AIMCo employees dedicated a total of 580 hours to volunteering in the community, including the Edmonton Food Bank, Habitat for Humanity and Youth Empowerment and Support Services.

357 **Edmonton Team Members**

26 **Toronto Team Members**

7 **London Team Members**

Executive Team (from left to right)

Michael Baker, Senior Vice President, Investment Operations

Dale MacMaster, Chief Investment Officer

Andrew Quinn, Chief Financial Officer (Acting)

Sandra Lau, Executive Vice President, Fixed Income

Mark Prefontaine, Senior Vice President, Client Relations

Remco van Eeuwijk, Chief Risk Officer

Rod Girard, Chief Legal Officer

Peter Pontikes, Executive Vice President, Public Equities

Angela Fong, Chief Corporate & Human Resources Officer

Kevin Uebelein, Chief Executive Officer

AIMCo Governance

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 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. Director appointments are made with the intention of creating a board comprised of individuals who, in the aggregate, have a full range of proven skills, knowledge and experience including sophisticated risk management and investment decision making, direct investment or operation of large, capital-intensive investments or assets, and have demonstrated significant executive leadership.

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.

THE AUDIT COMMITTEE

What: financial reporting processes, development and implementation of internal audit and financial control policies, and compliance with said policies and applicable laws and regulations. Also reviews the implementation of AIMCo's Confidential Reporting Policy.

Who: Richard Bird (Chair), Phyllis Clark, Harold Roozen, Andrea Rosen and Tom Woods.

THE GOVERNANCE COMMITTEE

What: policies, processes and procedures that comprise AIMCo's corporate governance framework, including the determination of director qualifications and assessing and selecting director nominees, overseeing terms of reference for the Board of Directors and each Board committee, conducting Board evaluations and generally ensuring the principled, effective continuing operation of the Board of Directors.

Who: Andrea Rosen (Chair), Ross Grieve, Richard Bird, Jim Prieur and Mac Van Wielingen.

THE INVESTMENT COMMITTEE

What: investment activities, risk management and operations of AIMCo and reviews and approves specific real estate, infrastructure and private equity investments over a certain size threshold.

Who: Jim Prieur (Chair) and all other members of the Board.

THE HUMAN RESOURCES AND COMPENSATION COMMITTEE (HRCC)

What: human resources strategy, principles and policies of the Corporation in alignment with corporate objectives, organizational structure, management development and succession, and compensation policies and practices with the support of an external consultant accountable to the HRCC.

Who: Ross Grieve (Chair), Ken Kroner, Helen Kearns, Jim Prieur, Mac Van Wielingen and Jay Vivian.

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.

Director Orientation and Continuing Education

AIMCo provides new Directors with a comprehensive orientation covering their responsibilities and providing background information required to make informed decisions and judgments. New Directors are also provided with comprehensive written materials and access to management for clarification or explanation as required. Because continuing Director education is integral to achieving and maintaining a high standard of corporate governance, all Board meetings include educational components aimed at enhancing their knowledge of the Corporation and industry.

Board Evaluation and Assessment

Facilitated by the Chair, the Board undertakes formal and annual Board assessments reviews using a varied approach, ensuring the ongoing effectiveness of the Board, its Committees and members. These assessments aid the Board in upholding its commitment to best in class governance principles.

Standards of Conduct for Directors

The Board of Directors is committed to upholding the highest standards of corporate conduct across all levels of the organization. A number of specific policies have been adopted by the Board that outline acceptable standards of conduct for Directors, including the Director Trading Policy and the Director Conflict of Interest Policy.

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, AIMCo has an established Confidential Reporting policy and accompanying reporting service providing all AIMCo employees, service providers and clients with the ability to confidentially report any failure to comply with the Code of Conduct and Ethical Standards.

AIMCo's Director recruitment and nomination process is open, transparent, and competency-based. It is guided by the provisions of the Alberta Public Agencies Governance Act and consistent with best practices for the governance of institutional investment managers similar to AIMCo and major Canadian corporations, as recommended by Canadian securities regulators, the TSX and the Institute of Corporate Directors.

Board of Director Appointments

Director appointments are made with the intention of creating a board comprised of individuals who, in the aggregate, have the full range of proven skills, knowledge and experience necessary to effectively oversee AIMCo in achieving its objectives, with an emphasis on four categories of required expertise:

- *Highly sophisticated risk management and related decision making experience.*
- *Highly sophisticated investment decision making experience.*
- *Direct investment or operating experience in large, capital-intensive infrastructure, real estate or private equity investments or assets.*
- *Significant executive leadership, including proven experience developing vision and strategy, achieving operational effectiveness, and fostering an ethical and performance based culture.*

Board of Directors Matrix

	Number of Directors										
Competency/Attribute	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**
GEOGRAPHY											
Alberta											
Edmonton			●								
Calgary		●									
Canada (outside Alberta)			●								
US			●								
COMPETENCIES											
Executive management of a large public or private corporation									●		
Director of a large publicly traded issuer								●			
Investment management								●			
Risk management					●						
Finance – capital markets											●
Private equity				●							
Human resources		●									
Accounting			●								
Pension expertise		●									
INDUSTRY EXPERIENCE											
Financial services								●			
Oil and gas/energy					●						
Transportation	●										
Consumer services		●									
Real estate/property development		●									
Infrastructure/construction			●								
Emerging technologies			●								

MAC H. VAN WIELINGEN, CHAIR is a founder and Director of ARC Financial Corp. and a founder and former Chair of ARC Resources Ltd. He is also founder and Chairman of Viewpoint Group, a private family-owned company, as well as Chairman of Viewpoint Investment Partners and President of Viewpoint Foundation, a private charitable foundation. In addition, he is a past director of numerous other companies within the energy sector and is active in various capacities in the community and the not-for-profit sector. Mr. Van Wielingen is a co-founder and Chair of the Canadian Centre for Advanced Leadership in Business at the Haskayne School of Business. He is an Honors graduate of the Ivey School of Business in Finance and has also studied post-graduate economics at Harvard University.

JOHN T. FERGUSON, VICE CHAIR retired from the AIMCo Board of Directors effective December 31, 2016. Mr. Ferguson is the founder and Chairman of the Board of Princeton Developments Ltd. and Princeton Ventures Ltd. He is also Chairman of the Advisory Board of the Peter Lougheed Leadership Initiative. Mr. Ferguson is a Member of the Order of Canada and a Fellow of the Alberta Institute of Chartered Accountants and of the Institute of Corporate Directors. He holds a BComm from the University of Alberta in 1964 and received his CA designation from the Institute of Chartered Accountants in 1967.

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

PHYLLIS CLARK served as the Vice-President (Finance and Administration) and Chief Financial Officer at the University of Alberta from 2002 to 2016. Previously, she spent five years as Vice-President (Finance and Administration) at York University, and prior to that, she was Assistant Deputy Minister of Ontario's Management Board Secretariat. Between 1991 and 1992, Ms. Clark was the Province of Ontario's Chief Economist and Assistant Deputy Minister of Finance. Ms. Clark currently serves on the Board of Directors for the Bank of Canada, TEC Edmonton and the AMA Edmonton Regional Advisory and Insurance Boards. 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.

GEORGE F.J. GOSBEE retired from the AIMCo Board of Directors effective December 31, 2016, having served as a Director since its inception. Mr. Gosbee is the Chairman & CEO of AltaCorp Capital. He is a co-owner of the Arizona Coyotes and an Alternate Governor on the National Hockey League's Board of Governors. He is a board member of Arcadia Biosciences. In 2009, Mr. Gosbee was honoured as one of 200 Young Global Leaders by the World Economic Forum and has been awarded the Queen's Diamond Jubilee Medal by the Premier of Alberta. Mr. Gosbee holds a BComm degree from the University of Calgary. He is a Director, and Past Chairman, of the School of Public Policy at the University of Calgary and Past Chairman of the Board for the Alberta College of Art and Design.

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. Mr. Grieve 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. Mr. Grieve earned a Bachelor of Science in Civil Engineering from the University of Manitoba in 1969.

VIRGINIA A. HOLMES retired from the AIMCo Board of Directors effective June 30, 2016, having served as a Director since its inception. Ms. Holmes is currently the Chair of USS Investment Management Limited and serves on the boards of the UK Post Office, Intermediate Capital Group plc and the Investor Forum CIC. She is also Chair of Trustees of the British Airways defined benefit pension plans. Ms. Holmes is the former Chief Executive Officer of AXA Investment Managers in the UK. She has a BA from Durham University.

HELEN M. KEARNS was named President and Chief Executive Officer of Bell Kearns & Associates Ltd. in February 2008. Previously Ms. Kearns was President of NASDAQ Canada (2001 to 2004) and an officer of NASDAQ Inc. Prior to that, Ms. Kearns 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. Ms. Kearns previously served on the Advisory Board of KingSett Capital as Lead Director, on the Board of Ontario Teachers' Pension Plan and as Governor of the Board of the TSX for three terms. In 2002, Ms. Kearns was recognized as the recipient of the John Molson School of Business Award of Distinction. She is also a recipient of the Montreal Board of Trade Women of Distinction Award (2002) and was recognized by the Financial Post as one of the 100 Most Powerful Women in Canada (2004).

DR. KENNETH (KEN) KRONER was most recently Senior Managing Director at BlackRock, where he was the global head of the Multi-Asset Strategies Group and the global head of Scientific Active Equities. These teams were responsible for managing several hundred billions of dollars of publicly traded assets. He also served as a member of BlackRock's Global Executive Committee and Global Operating Committee. Dr. Kroner's service with the firm began in 1994, when he was also an associate professor of economics and finance at the University of Arizona. Dr. Kroner's research on forecasting volatility and asset returns has been widely published in both academic and practitioner journals. Dr. Kroner earned a BA Honours degree in Mathematics and Economics from the University of Alberta in 1983 and a PhD in Economics from the University of California at San Diego in 1988.

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 is currently the Executive Chairman of CCI Thermal Technologies Inc. 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, Royal Host REIT (TSX) from 2005 to 2006 and the Edmonton Community Foundation from 2001 to 2005. Mr. Roozen has a Bachelor of Commerce degree from the University of Alberta in 1975 and an MBA from Queen's University in 1979.

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

ROBERT L. "JAY" VIVIAN is the former Managing Director of the $100 billion IBM Retirement Funds system. Mr. Vivian is on the Board of Directors and Investment Committee of ICMA-RC and is the founding Chair of the Investment Committee, a member of the Board and the Executive Committee, and Corporate Secretary, of the Committee on Investment of Employee Benefit Assets, the $2 trillion trade group of US corporate retirement funds. He is also on the Investment and Pension Subcommittee for the charity United Way Worldwide and is a member and Governance Fellow of the National Association of Corporate Directors. He holds a BA in Mathematics from Bowdoin College, an MBA from Harvard Business School and a CFA® Charter from the CFA Institute.

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 and Chief Risk Officer, retiring in 2014 as Vice Chairman. Mr. Woods also serves on the boards of Bank of America Corporation; the CIBC Children's Foundation; the Board of Advisors of the Department of Mechanical and Industrial Engineering, University of Toronto; Jarislowski Fraser Limited and St. Joseph's Health Centre. Mr. Woods has a BASc in Industrial Engineering from University of Toronto and an MBA from Harvard Business School.

Sure Thinking for the Long Run

AIMCo's clients require a unique combination of steady, responsible thinking and new, progressive strategies to realize their long-term goals. That is why it is so important to evaluate our progress while planning for the future. Our 2016 corporate objectives were highly client-centric, as they will continue to be for 2017.

Superior performance and client satisfaction rely on sound strategic planning that focuses on our ability to deliver exceptional investment performance while leveraging scale and efficiencies to reduce costs. Our Strategic Plan always has one goal in mind: to do business the right way, for the good of our clients.

Progress Against 2016 Corporate Objectives

Client Satisfaction

2016 OBJECTIVES

- *Improve enterprise-wide understanding of "what clients know and think about AIMCo" to provide all AIMCo professionals with a clearer understanding of AIMCo's relationships with its clients.*
- *Expand client survey to include a broader set of clients and improve overall client survey scores year over year by an agreed-upon metric.*

PROGRESS

Overall, AIMCo strengthened relationships with its clients in 2016, as evidenced by the feedback provided in our annual Client Satisfaction Survey and numerous anecdotal touchpoints. Clients value the level of operational transparency and the accessibility of our executives and subject matter experts.

Investment Performance

2016 OBJECTIVES

- *Collaborate with clients to develop innovative investment solutions that meet or exceed performance objectives.*
- *Continue to integrate the pillars of Responsible Investment into investment considerations.*
- *Continue to evolve our Investment Risk program.*

PROGRESS

AIMCo continued to generate value-add return for its clients in 2016, both in terms of investment results and continuing to strengthen our investment framework. AIMCo's Risk Management function underwent a number of significant changes in 2016 in response to client feedback. Our Responsible Investment team has been working to forge stronger links and closer collaboration with each of AIMCo's asset classes in recognizing environmental, social and governance issues throughout the investment process.

Financial and Operational Performance

2016 OBJECTIVES

- *Deliver all operational projects in a timely manner and within budget.*
- *Ensure effective cost management.*

PROGRESS

AIMCo's teams remain committed to seeking out efficiencies in all aspects of our business with a view to enhancing net value-add through lower costs to our clients. Effective cost management remains an ongoing organization-wide initiative. AIMCo continues to be a low-cost investment manager when compared to our peers of similar size under CEM Benchmarking, an independent global provider of cost benchmarking.

Strategic Performance

2016 OBJECTIVES

- *Provide high-quality investment management services beyond/in addition to investment return.*

PROGRESS

Strategically positioning the organization to best serve the needs of our stakeholders has become vitally important. AIMCo has been very proactive in assessing the strengths of the organization, involving a wide range of inputs and determining the most appropriate means of achieving our goal to be recognized for the unique role we play in Alberta, for Albertans.

Doing Business the Right Way

2016 OBJECTIVES

- *Continue to build on the strengths of our AIMCo team and continually evolve our People Strategy.*
- *Increase emphasis on Core Values to ensure they are incorporated into our daily routines.*
- *Further enhance our control environment, particularly AIMCo's Enterprise Risk Management program.*

PROGRESS

"Doing Business the Right Way" has become a mantra at AIMCo, signified by strong employee engagement, reduced turnover among key employee groups and adherence to the organization's policies and processes.

Key Objectives for 2017

To ensure AIMCo Board/Client Board leadership transitions are managed effectively and without disruption

To implement our Corporate Culture Action Plan

To continue to build internal capability and process to be a trusted strategic advisor

To initiate the implementation of *Clients First 2.0,* an enhanced strategy for serving and communicating with our clients

To continually mature our investment partnerships to ensure maximum value and optimized investment strategy and delivery

To evolve our system capability to maximize efficiency and decision-making, which will include having selected and started implementation of a new risk system

Sreekanth Ravula

is a business technologies team leader.

Sree has been with AIMCo for just over four years. In that short time, he has covered more ground than many people do in a decade. Sree was the 2016 CEO Culture Award Winner for Commitment and Dependability, and it's clear to see why. A programmer by trade, Sree was presented with a need for an accounting framework overhaul, but there was one problem: He didn't know finance or accounting. Here's where the commitment part comes in. Sree dedicated himself to learning what he needed to know to complete this project, which is knowledge that most learn during a four-year degree program. Through a combination of on-the-job learning, mentoring and lots of extra time and effort, Sree successfully completed not only the project he was assigned to, but also the Canadian Securities course and passed Level I of the CFA Program.

"AIMCo has always given me an opportunity. I feel that they recognize my work every time and then give me new opportunities to work with. That's the best thing any employee can ask for."

Assets Under Management

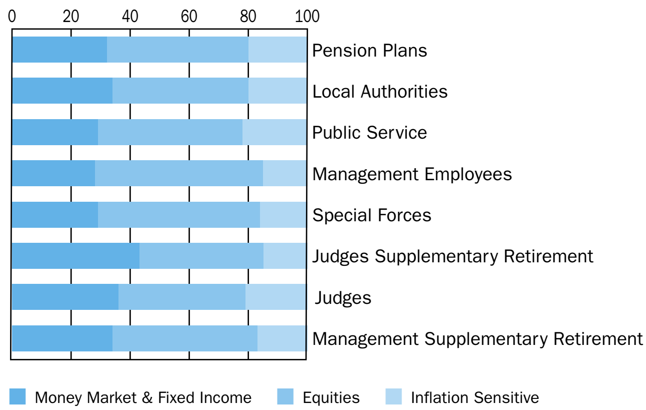
AIMCo's clients are responsible for providing us with their unique investment risk and return parameters. Our investment teams work with them to develop portfolios that will adhere to their risk tolerance while generating the highest possible returns.

Balanced Funds

Balanced Funds combine asset allocation and active investment management to optimize the risk-adjusted return expectations as appropriate for each client. Diversification plays an important role in a balanced portfolio, allowing these funds to include more innovative investment strategies in their asset mix while maintaining a desired level of investment risk.

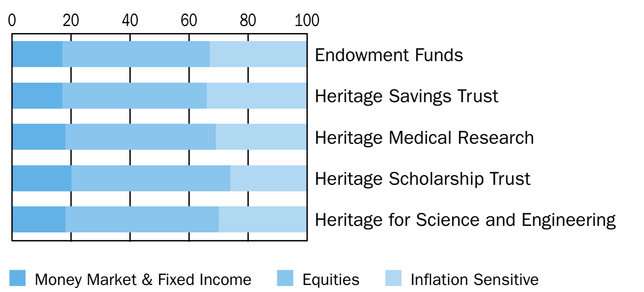
PENSION PLANS

AIMCo manages the assets of seven public sector Pension Plans representing more than 330,000 Albertans. Collectively these plans account for more than $57 billion of AIMCo's assets under management. We work closely with each plan to understand its financial position and to determine an investment approach that is appropriate to its requirements. We are proud of the role we play in supporting our clients to fulfill the pension promise to their constituents.



ENDOWMENT FUNDS

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

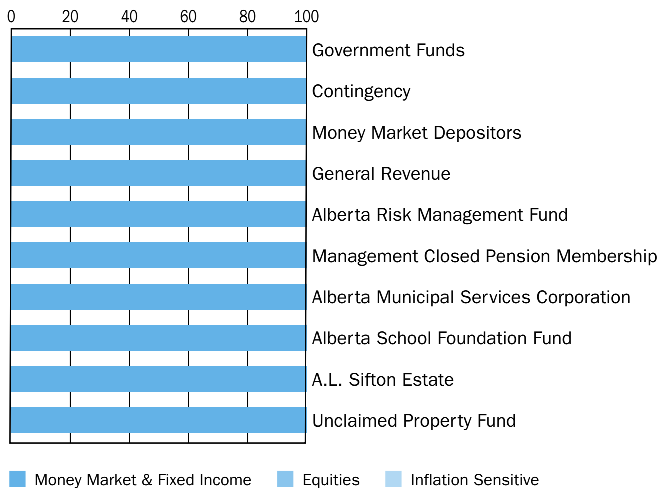


Government and Specialty Funds

Government and 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, lower risk assets, which can mean less volatility. Investments are primarily in fixed income assets and have a commensurately lower return expectation as a result.

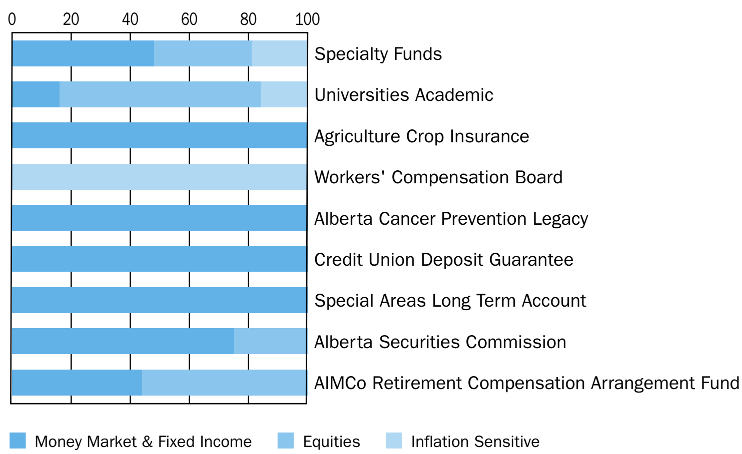
SPECIAL PURPOSE GOVERNMENT FUNDS

AIMCo manages the assets of a number of Special Purpose Government Funds, primarily on behalf of provincial arm's-length organizations, including the Agriculture Financial Services Corporation, Workers' Compensation Board, Credit Union Deposit Guarantee Corporation and others. In total, these assets represent more than $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 $7.8 billion of AIMCo's assets under management and are invested in fixed income products for stability and preservation of capital to ensure that the funds are available when they are needed.



Assets Under Management

BY CLIENT TYPE AS OF DECEMBER 31, 2016

($ millions)	MARKET VALUE	Asset Class[1] MONEY MARKET & FIXED INCOME	EQUITIES[2]	INFLATION SENSITIVE
AIMCO TOTAL	**95,691**	35%	44%	21%
BALANCED FUNDS	**80,869**	27%	49%	24%
Endowment Funds	**23,239**	19%	49%	32%
Heritage Savings Trust	**19,068**	19%	48%	33%
Heritage Medical Research	**1,814**	19%	52%	29%
Heritage Scholarship Trust	**1,263**	21%	54%	25%
Heritage for Science and Engineering	**1,094**	20%	53%	27%
Pension Plans	**57,293**	31%	49%	20%
Local Authorities	**37,652**	34%	46%	20%
Public Service	**11,887**	21%	57%	22%
Management Employees	**4,606**	29%	57%	14%
Special Forces[3]	**2,687**	29%	55%	16%
Judges Supplementary Retirement	**182**	43%	41%	16%
Judges	**143**	36%	43%	21%
Management Supplementary Retirement	**136**	33%	50%	17%
Other Balanced Funds	**337**	48%	38%	14%
Long Term Disability Bargaining Unit	**266**	48%	38%	14%
Long Term Disability Management	**71**	47%	38%	15%
GOVERNMENT FUNDS & SPECIALTY FUNDS	**14,822**	77%	17%	6%
Government Funds	**7,826**	100%	0%	0%
Contingency	**0.004**	100%	0%	0%
Money Market Depositors[4]	**2,326**	100%	0%	0%
General Revenue	**5,339**	100%	0%	0%
Alberta Risk Management Fund	**64**	100%	0%	0%
Management Closed Pension Membership	**8**	100%	0%	0%
Alberta Municipal Services Corporation	**19**	100%	0%	0%
Alberta School Foundation Fund	**4**	100%	0%	0%
A.L. Sifton Estate	**0.5**	100%	0%	0%
Unclaimed Property Fund	**65**	100%	0%	0%
Specialty Funds	**6,996**	51%	36%	13%
Universities Academic	**3,595**	15%	70%	15%
Agriculture Crop Insurance	**2,163**	100%	0%	0%
Workers' Compensation Board	**402**	0%	0%	100%
Alberta Cancer Prevention Legacy	**458**	100%	0%	0%
Credit Union Deposit Guarantee	**325**	100%	0%	0%
Special Areas Long Term Account	**31**	100%	0%	0%
Alberta Securities Commission	**21**	73%	27%	0%
AIMCo Retirement Compensation Arrangement Fund	**1**	44%	56%	0%

1 Asset class weights are per AIMCo's categorization criteria.

2 Equities include Canadian Equity, Global Equity, Global Small Cap Equity and Private Equity.

3 Includes Special Forces Index Pension Plan.

4 Includes various government agencies, organizations, Crown corporations and other accounts.

David Tiley

is a director of conviction equities.

There are some people who are just wired to lead. David is one of those people. He was the 2016 winner of the CEO Culture Award for People Leadership, but perhaps even more telling are the conversations with people who work with him. David is well-known at AIMCo as an incredibly smart, hard-working team member, and true mentor and champion for his people. He describes his leadership philosophy as meritocratic and sees recognition and mentoring as key components of his role. The nature of conviction equities lends itself well to the long-term strategies that AIMCo is committed to. Part of David's mentorship role is encouraging his team to stay focused on those long-term goals when things are challenging in the short term, reminding them that investing is a marathon, not a sprint.

"AIMCo is an extraordinarily diverse group of people in terms of cultural backgrounds and industry backgrounds, all coming together to sing from the same song sheet and provide those long-term returns for our clients."

Investment Performance

Total AIMCo funds achieved a return of 5.8% in 2016. Balanced Funds returned 6.2%, and Government and Specialty Funds returned 3.5%.
These positive results demonstrate the strength of AIMCo's investing philosophy, despite a challenging year in the financial markets.

Investment Performance

	Calendar Year (Net of Fees)				
	2016	2015	2014	2013	2012
Rate of Return	5.8%	9.1%	9.9%	12.5%	10.2%
Benchmark	5.5%	7.2%	10.5%	11.6%	8.2%
Return Relative to Benchmark (millions)	$226	$1,515	($401)	$589	$1,284

AIMCo earned a total fund net return of 5.8% in 2016. The net of fees return was 6.2% for pension and endowment clients and 3.5% for government and specialty fund clients.

Performance Benchmarks

	Benchmark
	FOR YEAR ENDED DECEMBER 31, 2016
Money Market and Fixed Income	*Combination of benchmarks of the sub asset classes*
Money Market	FTSE TMX Canada 91-Day T-bill Index
Fixed Income Mid-Term	FTSE TMX Canada Universe Bond Total Return Index
Fixed Income Long-Term	FTSE TMX Canada Long-Term All Government Bond Total Return Index
Mortgages	FTSE TMX Canada Universe Bond Total Return Index
Real Return Bonds	FTSE TMX Canada Real Return Bond Total Return Index
Private Debt and Loan	FTSE TMX Canada Short-Term Overall Index
Segregated Assets – Short Term	FTSE TMX Canada 30-Day T-bill Index
Segregated Assets – Long Term	FTSE TMX Canada 91-Day T-bill Index, FTSE TMX Canada Short-Term Government Index, FTSE TMX Canada Mid-Term Government Index
Illiquid Markets	*Combination of benchmarks of the sub asset classes*
Real Estate	REALpac/IPD Canadian All Property Index – Large Institutional Subset
Infrastructure	Total CPI 1 Month Lagged + 450 bps (5-year rolling average)
Timberlands	Total CPI 1 Month Lagged + 450 bps (5-year rolling average)
Private Equities	Total CPI 1 Month Lagged + 650 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)
Equities	*Combination of benchmarks of the sub asset classes*
Canadian Equity	S&P/TSX Composite Total Return Index
Global Equity	MSCI World Net Total Return Index
Emerging Markets Equity	MSCI Emerging Markets Net Total Return Index
Global Small Cap Equity	33% S&P/TSX Small Cap Total Return Index, 67% MSCI World Small Cap Net Total Return Index
Global Minimum Variance	MSCI World Minimum Volatility Optimized in CAD Total Return Index

Asset Class Performance

AS OF DECEMBER 31, 2016		ANNUALIZED NET RETURNS (%)					CALENDAR YEAR NET RETURNS (%)				
ASSET CLASS	MARKET VALUE ($MM)	1YR	2YR	3YR	4YR	5YR	2016	2015	2014	2013	2012
Total AIMCo Fund Aggregate[1, 2]	**$95,690**	**5.8**	**7.4**	**8.3**	**9.3**	**9.5**	**5.8**	**9.1**	**9.9**	**12.5**	**10.2**
Benchmark		5.6	6.4	7.7	8.7	8.6	5.6	7.2	10.5	11.6	8.2
Balanced Funds Aggregate	**$80,869**	6.2	8.1	9.1	10.3	10.6	6.2	10.1	11.2	14.0	11.9
Benchmark		6.1	7.0	8.6	9.7	9.7	6.1	8.0	11.9	13.0	9.6
Government Funds Aggregate	**$14,821**	3.5	3.7	4.0	4.0	3.7	3.5	3.9	4.4	4.0	2.9
Benchmark		2.7	3.0	3.4	3.4	3.1	2.7	3.3	4.3	3.4	1.7
Money Market & Fixed Income[3]	**$33,410**	**2.0**	**2.8**	**4.8**	**3.3**	**3.5**	**2.0**	**3.6**	**8.9**	**(1.3)**	**4.3**
Benchmark		1.1	2.2	4.4	2.5	2.5	1.1	3.4	8.7	(3.0)	2.6
Money Market	$8,592	0.9	0.9	0.9	1.0	1.1	0.9	0.9	1.1	1.4	1.4
Benchmark		0.5	0.6	0.7	0.8	0.8	0.5	0.6	0.9	1.0	1.0
Universe Bonds	$7,324	3.4	3.7	5.7	4.4	5.0	3.4	4.1	9.8	0.6	7.5
Benchmark		1.7	2.6	4.6	3.1	3.2	1.7	3.5	8.8	(1.2)	3.6
Long Bonds	$8,064	2.4	3.3	8.2	4.8	4.9	2.4	4.1	18.8	(4.9)	5.3
Benchmark		1.3	2.9	7.7	3.8	3.8	1.3	4.5	17.9	(7.0)	4.0
Segregated Short-Term Fixed Income[4]	$797	1.2	2.0	2.3	2.3	2.3	1.2	2.7	3.1	2.1	2.6
Segregated Long-Term Fixed Income[5]	$2,194	1.2	1.9	2.1	2.0	2.0	1.2	2.5	2.7	1.7	2.0
Private Mortgages	$3,012	1.9	3.5	5.6	4.3	4.4	1.9	5.1	9.8	0.5	4.8
Benchmark		1.7	2.6	4.6	3.1	3.2	1.7	3.5	8.8	(1.2)	3.6
Private Debt and Loan Pool	$801	4.4	5.3	5.9	6.4	6.8	4.4	6.1	7.0	8.1	8.5
Benchmark		1.0	1.8	2.2	1.5	2.4	1.0	2.6	3.1	(0.5)	6.1
Real Return Bonds	$2,625	3.5	3.2	6.5	1.4	1.7	3.5	3.0	13.5	(12.5)	3.1
Benchmark		2.9	2.8	6.2	1.0	1.4	2.9	2.8	13.2	(13.1)	2.9
Inflation Sensitive[6]	**$19,976**	**5.9**	**8.6**	**8.2**	**8.8**	**9.5**	**5.9**	**11.4**	**7.5**	**10.6**	**12.1**
Benchmark		5.8	6.7	7.5	8.0	8.8	5.8	7.7	8.9	9.7	12.2
Real Estate	$12,704	4.6	6.6	7.3	8.5	9.9	4.6	8.7	8.8	12.2	15.5
Benchmark		5.8	6.9	7.0	7.9	9.1	5.8	8.0	7.1	10.9	13.8
Private Infrastructure	$5,323	9.6	12.8	10.7	8.7	8.5	9.6	16.0	6.5	2.9	8.1
Timberlands	$1,220	10.1	7.1	3.7	9.4	7.4	10.1	4.2	(2.8)	28.4	(0.4)
Benchmark		5.7	5.9	7.9	7.5	7.9	5.7	6.1	12.0	6.4	9.5
Equities	**$42,171**	**8.1**	**10.2**	**11.0**	**14.6**	**14.7**	**8.1**	**12.4**	**12.5**	**26.2**	**15.2**
Benchmark		8.7	9.5	10.5	14.3	13.9	8.7	10.2	12.6	26.6	12.0
Canadian Equity	$10,004	20.3	5.6	7.8	9.6	10.0	20.3	(7.4)	12.3	15.4	11.6
Benchmark		21.1	5.4	7.1	8.5	8.2	21.1	(8.3)	10.6	13.0	7.2
Global Equity[7]	$27,571	4.7	12.0	12.2	17.0	17.1	4.7	19.8	12.7	32.4	17.4
Benchmark		4.1	10.2	11.2	15.8	15.4	4.1	16.6	13.4	30.7	13.6
Global Small Cap Equity[8]	$1,358	12.1	12.8	11.8	18.7	15.0	12.1	13.6	9.8	42.0	1.5
Benchmark		18.5	12.9	10.8	15.2	12.1	18.5	7.7	6.6	29.3	0.4
Private Equity	$3,238	1.2	6.9	8.6	8.1	8.5	1.2	13.0	11.9	6.7	9.9
Benchmark		7.7	12.3	12.7	17.1	16.4	7.7	17.1	13.5	31.1	13.6

1 Includes tactical overlays of $134 million.

2 Total ending market value includes $0.8 million of client-directed currency derivatives. These assets are non-discretionary and not actively managed by AIMCo.

3 Includes government policy loans.

4 Includes investments held in the Sustainability and Credit Union Deposit Guarantee Fund.

5 Includes investments held in the Debt Retirement Account, Special Area Long-Term Account and Agriculture Crop Insurance portfolios.

6 Includes Innovative Investing and AIMCo Strategic Opportunities Pool market values and returns.

7 Includes Global Market Equity, LSH, Portable Alpha Global and Emerging Market Equity pool market values and returns.

8 Effective date of performance and benchmark return is February 16, 2012, when position was initiated.

Fixed Income

AIMCo's fixed income portfolio includes money market, short-, medium- and long-term bonds, and private debt and loans.

$33,410 (MM) **Market Value**

2.0% **2016 Net Return**

1.1% **2016 Benchmark Return**

0.9% **2016 Value-Add Return**

MONEY MARKET

Our $8.6 billion money market portfolio is managed to add value over the benchmark through individual security selection and the anticipation of cash flow requirements and interest rate movements.

AIMCo considers current and expected market conditions to position the portfolio to add value on a risk-adjusted basis. The portfolio holdings are diversified across several issuers of high-quality credit. The largest concentrations are typically held in securities issued by large Canadian banks, provincial governments and AAA-rated Canadian pension funds. The portfolio also holds high-quality corporate and securitized credit.

During 2016, our money market fund returned 0.9% net of fees, outperforming the benchmark by 0.4%.

Josh Morris

is a human resources coordinator.

Josh is all of the good things that come to mind when you think of small-town roots. He's an all-round good guy who truly cares about his community. At work, he's most passionate about his summer student and student outreach programs. He wants to see students realize their potential. He's also an active volunteer both with AIMCo's employee volunteer initiatives and in the global community. He was nominated for, and ultimately won, AIMCo's 2016 CEO Culture Award for Community Service after a trip to Mexico with his partner, Amanda, to help build homes for those in need. For Josh, giving back to his community is in his blood. His grandma is incredibly active in her community and always taught Josh how important that was. It's a lesson that clearly stuck, and Josh and Amanda head back to Mexico next year to continue their good work there.

"I really like who our clients are. Knowing that my internal clients work to make the lives better for Albertans is a big driving factor for me."

FIXED INCOME

The objective of our fixed income portfolios is to provide AIMCo clients with capital preservation, liquidity and superior risk-controlled return relative to benchmark through active interest rate and credit management. Most of our portfolios are actively managed to balance long-term objectives against short-term fluctuations of the market in order to achieve superior returns.

Global economics and geopolitical uncertainties continued to play a key role in rates and credit markets in 2016. Our fixed income performance stood out in 2016, with the team adding $300 million in value for the year, with contributions coming from all portfolios.

Our universe bond pool returned 3.4% net of fees, outperforming its respective benchmark by 1.7%, while our long bond pool returned 2.4% net of fees, outperforming its benchmark by 1.1%. This is a great outcome since the portfolios have been positioned defensively in both rates and credit. We positioned our two main fixed income portfolios with a slight short duration bias against their benchmarks and continued to focus on market-neutral, interest-rate-relative value idea. With respect to credit, the team continued to take a cautious and patient approach, and overweighed in high-quality short-term maturity corporate credit. Our fixed income team has also introduced new strategies (private placement, leveraged credit and interest rates alpha) over the past couple years that have continued to add, and diversify, the value-add.

REAL RETURN BONDS

AIMCo's $2.6 billion real return bond portfolio provides inflation protection for our clients. The majority of the portfolio is invested in Government of Canada real return bonds. For 2016, the portfolio generated a return of 3.5% net of fees, outperforming its benchmark by 0.6%.

PRIVATE DEBT AND LOAN

Our $0.8 billion portfolio of private debt and loan investments protect clients against a rise in interest rates and provides diversification benefits due to the negative correlation with traditional fixed income investments. The highly diversified portfolio primarily comprises floating rate, senior secured loans extended to privately held middle market businesses located in North America and Europe. The private debt portfolio generated a 4.4% net return, outperforming the benchmark by 3.4%.

MORTGAGES

Our commercial mortgage portfolio of $3.0 billion provides a steady cash flow and premium return over government bonds. The mortgage portfolio return of 1.9% outperformed the benchmark by a modest 0.2% for 2016, once again contributing a dependable and consistent positive value-add in a year characterized by geopolitical events affecting fixed income markets. A strong volume of over half a billion dollars in mortgage funding occurred in 2016 as the team continued to focus on long-term institutional-quality mortgage investments aligned with the long-term objectives of our clients, including the largest single loan ever funded by AIMCo, and secured by a trophy regional shopping centre asset in West Vancouver, BC.

Andrea Manzara

is a senior manager of business technology operations.

Andrea is often described as "generally awesome." She stands out to those she works with as a notable team player and a person who just "gets stuff done." Andrea has been at AIMCo for 16 years, starting before AIMCo existed as it does today. She's accomplished a lot in that time, but 2016 was significant for a few reasons. Most notably, Andrea was an integral member of the team that ultimately automated money movement at AIMCo, making us a peer leader in the area. The project brought together multiple teams at AIMCo all the way from conception to implementation and beyond. As always, Andrea went out of her way to ensure all of the business groups involved had their needs met and problems solved.

"Every day is different. Every day is a new challenge. The investment industry changes, the products we invest in, the markets change all the time. We have to find new ways to make sure our systems work. And, our people are fantastic."

Real Estate

$12,704 (MM) Market Value

4.6% 2016 Net Return

5.8% 2016 Benchmark Return

(1.2)% 2016 Value-Add Return

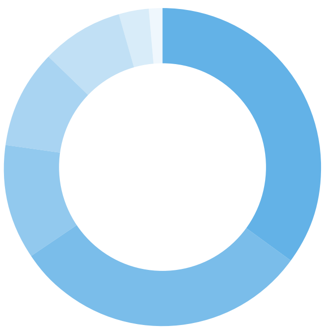
The $12.7 billion real estate portfolio is expected to produce long-run returns between those of public equities and fixed income. Asset valuations can be volatile, and income returns tend to be more stable. Core strategy assets are held for the long term and comprise direct investments in quality office, 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 this year completed a Vancouver office property and a Calgary residential project. The foreign program's opportunistic investment approach of "Manufacturing Core to Sell" focuses on repositioning and creating properties to generate returns. Overall the portfolio returned 4.6% net of fees in calendar year 2016, underperforming its benchmark by 1.2%. Canadian assets returned 5.4%, with the portfolio's underweight to office properties in the strong Toronto and Vancouver markets contributing to the underperformance. The low 2.3% return of the foreign portfolio was driven by the opposing market performances of a strong US holdings result and weak UK market hit by valuation declines from reduced growth projections precipitated by the Brexit economic uncertainty.

Real Estate

TOP 5 HOLDINGS

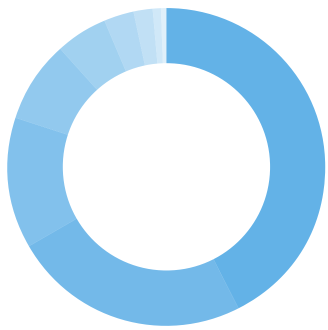
1. **Yorkdale Shopping Centre:** Retail – Toronto
2. **Square One Shopping Centre:** Retail – Mississauga
3. **Scarborough Town Centre:** Retail – Toronto
4. **Eighth Avenue Place:** Office – Calgary
5. **TD Square:** Office – Calgary

INVESTMENTS BY SECTOR



Retail	35.1%
Office	30.7%
Fund	11.6%
Industrial	10.0%
Residential	8.3%
Equity	3.2%
Hospitality	1.1%

INVESTMENTS BY GEOGRAPHY



Ontario	42.5%
Alberta	24.3%
United States	13.3%
United Kingdom	8.3%
Canada	5.5%
Europe	2.8%
British Columbia	2.1%
Latin America	0.8%
Quebec	0.4%

Infrastructure

$5,323 (MM) Market Value

9.6% 2016 Net Return

5.7% 2016 Benchmark Return

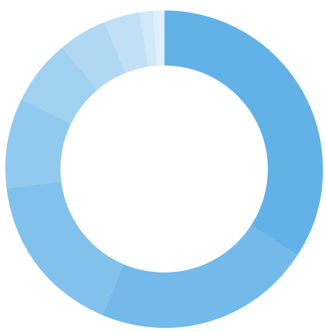
3.9% 2016 Value-Add Return

TOP 5 HOLDINGS

1. **London City Airport:** Transportation – United Kingdom
2. **Porterbrook:** Transportation – United Kingdom
3. **SAESA Group:** Integrated Utilities – Chile
4. **Howard Midstream Energy:** Pipelines & Midstream – United States
5. **Puget Energy Inc.:** Integrated Utilities – United States

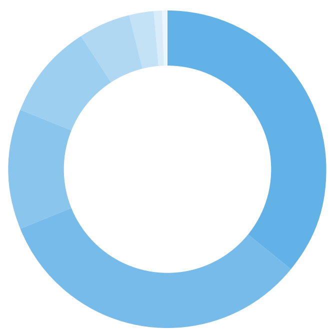
AIMCo infrastructure investments match long-term duration real return asset characteristics with inflation-indexed pension liabilities. The $5.3 billion portfolio consists primarily of diversified long-term equity positions in assets with regulated returns or long-term contracted revenues. The portfolio returned 9.6% net of fees for the year, exceeding its benchmark by 3.9%.

INVESTMENTS BY SECTOR



Transportation	34.2%
Integrated Utilities	22.3%
Pipelines & Midstream	16.7%
Renewable Energy	9.0%
Telecommunications	6.7%
Water	5.2%
Power Generation	3.6%
Waste Management	1.4%
Other	0.9%

INVESTMENTS BY GEOGRAPHY



United Kingdom	36.1%
United States	32.8%
Chile	12.3%
Europe	9.8%
Canada	5.3%
Australia	2.5%
Rest of world	0.9%
India	0.3%

Timberlands

$1,220 (MM) **Market Value**

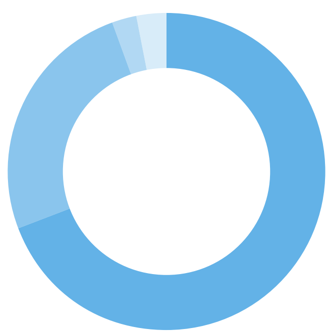
10.1% **2016 Net Return**

5.7% **2016 Benchmark Return**

4.4% **2016 Value-Add Return**

Timberland investments provide inflation hedging and a long-term duration match with client obligations. AIMCo manages $1.2 billion in timberland assets situated primarily in North America, Australia and New Zealand. The AIMCo timberlands portfolio generated a 10.1% net return, exceeding its benchmark by 4.4% in 2016. The majority of the assets were originally acquired at attractive pricing in Australia in 2010 and have since undertaken significant operational improvements and been repositioned to optimize value.

INVESTMENTS BY GEOGRAPHY



Canada	69.3%
Australia	25.3%
New Zealand	2.4%
Rest of World	3.0%

Equities

$42,171 (MM) Market Value

8.1% 2016 Net Return

8.7% 2016 Benchmark Return

(0.6)% 2016 Value-Add Return

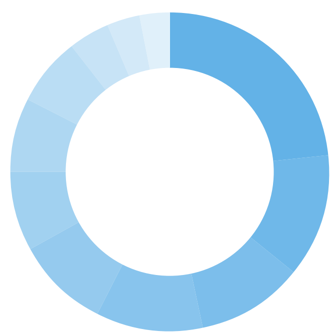
PUBLIC EQUITIES

The public equities team manages $38.9 billion in public equities 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 8.7% net of fees.

Our Canadian equity portfolios returned 20.3% net of fees for the year, underperforming the TSX Composite Index by 0.7%. The global equity portfolio earned 4.4% net of fees, outperforming its benchmark by 0.6%, while the global small cap equity portfolio earned 12.1% net of fees on the year, underperforming its benchmark by 6.3%. The emerging market equity portfolio returned 8.7% net of fees, beating its benchmark by 1.3%, and the global minimum variance portfolio returned 8.1% net of fees, outperforming its benchmark by 1.3%. Strong internal performance was augmented by strong security selection from external managers.

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

INVESTMENTS BY SECTOR



Financials	23.4%
Information Technology	12.5%
Energy	11.0%
Consumer Discretionary	10.6%
Industrials	9.7%
Health Care	7.9%
Consumer Staples	7.6%
Materials	7.0%
Telecommunication Services	4.1%
Utilities	3.2%
Real Estate	3.0%

Logan Phillips

is a cash management analyst.

If we could bottle Logan's enthusiasm and sell it, our clients could all retire tomorrow. Logan was the 2016 winner of the CEO Culture Award for best representing AIMCo's Core Values of Integrity, Excellence, Transparency, Collaboration and Humility. When asked which of these values speaks to him the most, he doesn't hesitate a moment before answering, "Collaboration." Logan has been with AIMCo for three years in total, but that includes starting as an intern, summer student, part-time while full-time student and finally, now, a full-time employee. Over this time, Logan has worked with many AIMCo team members, which is his favourite thing about working at AIMCo. Now that he's graduated with his Finance degree, he's fully embracing his full-time role, continuing to grow, learn and, of course, collaborate.

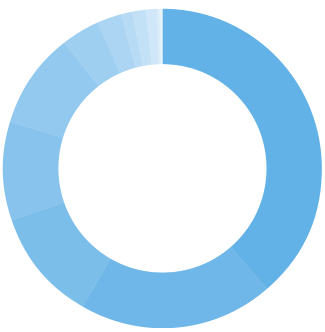
"Every single day, I'm talking to a variety of teams. It's always been like that. We're not really siloed. We're really good about breaking down those barriers."

CORE PRIVATE EQUITY

AIMCo invests in core private equity to increase total fund returns while diversifying its overall portfolio. The $2.5 billion private equity portfolio is invested in both private funds and directly into private companies, typically with our fund partners or other peer institutions. AIMCo and its fund partners focus on businesses that generate stable free cash flow and are operated by strong management teams. Core private equity returned 11.4% in 2016 net of fees, outperforming its benchmark by 3.6%. The outperformance was due to strong returns from fund partners and improvements in the operating performance of AIMCo's direct portfolio company investments.

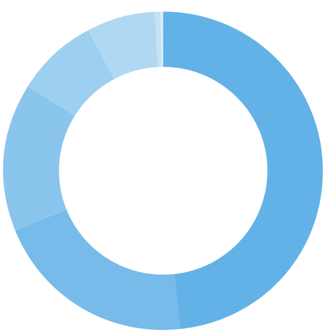
TOP 5 HOLDINGS

1. **Vue Entertainment:** Consumer Discretionary – United Kingdom
2. **ERM:** Business Services – United Kingdom
3. **Milacron:** Industrials – United States
4. **Ladder Capital:** Financials – United States
5. **Alegeus Technologies:** Health Care – United States



INVESTMENTS BY SECTOR

Consumer Discretionary	38.8%
Industrials	19.5%
Health Care	11.6%
Business Services	10.0%
Financials	9.7%
Information Technology	3.9%
Materials	2.3%
Telecommunication Services	1.3%
Consumer Staples	1.3%
Energy	1.2%
Commercial Services	0.2%
Undisclosed	0.1%
Agricultural Commodities	0.02%



INVESTMENTS BY GEOGRAPHY

United States	48.5%
Europe	20.4%
United Kingdom	15.0%
Asia	8.4%
Canada	7.1%
Latin America	0.5%
North America	0.1%

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 $0.5 billion portfolio consists of larger, more illiquid public investments, private fund investments and private co-investments. The portfolio returned -61.5% net of fees for the year, -69.3% less than its benchmark. The underperformance was primarily due to energy-related investments that were negatively affected by low oil prices.

VENTURE CAPITAL

Venture capital invests in emerging technology companies with differentiated and sustainable competitive advantages, which are well positioned to benefit from positive industry trends. The $0.7 billion portfolio is invested in both private funds and directly into private companies. The portfolio returned -16.5% net of fees for the year, 24.2% less than its benchmark. This underperformance was primarily due to the write-down of a number of portfolio company investments in cleantech.

TACTICAL ASSET ALLOCATION

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

DERIVATIVES

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

As an investment manager, AIMCo employs a long-term approach to optimize risk in order to maximize return, supported by three pillars of our risk management strategy: Risk Governance, Organization and Data and Systems.

Risk Management

RISK GOVERNANCE

Risk is a scarce resource that requires efficient and appropriate deployment across the full portfolio of assets under management to maximize returns for clients and ensure the effective operation of the organization. AIMCo has developed a number of specific policies and processes that inform our approach to risk governance. Investment Risk, informed by the parameters of our clients' respective Statement of Investment Policy and Goals and product descriptions, instills added rigor to investment decisions to ensure the risks are in line with return expectations. Enterprise Risk Management works with the organization to identify, assess, respond to, monitor and report significant and emerging risks that may have an impact on our business strategies and objectives.

ORGANIZATION

Risk management is a core function at AIMCo, comprising both Investment Risk Management and Enterprise Risk Management departments to ensure alignment and efficiency. The Investment Risk team is further specialized by Investment Risk Analytics, Product Risk Management and Client Risk Management functions to apply better focus for the requirements of our stakeholders and partners.

DATA AND SYSTEMS

Data and systems are a critical component of an effective risk management strategy. Working closely with AIMCo's investment teams, Risk Management is presently undertaking a replacement of the current day-to-day investment risk measurement system. An enterprise risk management system is also being implemented in close cooperation with Information Technology Risk and Governance, Internal Controls, Compliance and Internal Audit.

Iryna Shchyhelska

is a manager of financial reporting and systems.

Iryna works with numbers, statements, reports and budgets, things that would not seem to lend themselves to creativity. This makes Iryna's win of the 2016 CEO Culture Award for Innovation and Creativity all the more remarkable. Last year, Iryna completed not just one but two innovative problem-solving projects. She led the development of a new budgeting project management process that made life easier for everyone involved, as well as a new gross Assets Under Management reporting process to fulfill new requirements. Iryna used creative thinking and a collaborative approach to solve two problems quickly and effectively. Both processes will continue to be used going forward.

"AIMCo creates learning opportunities and challenges. It's interesting to work with such smart people, share ideas and see how people progress and grow."

Market Review and Investment Outlook

YEAR IN REVIEW

The calendar year 2016 was a year of, at times, unexpected and profound changes in the market. Despite growing investors' anxiety about the health of global economy in the past few years and stretched valuation of almost all financial assets, with twists and turns, risk assets managed to march upwards, with many global stock indices setting new record highs in 2016. US Federal Reserve announced the second rate hike post-financial crisis in December, indicating its confidence in the pace of economic recovery. Political events, most notably the UK's vote to leave the European Union and the election of Donald Trump as the president of the United States, delivered bouts of market jitter. The market has to re-price real and financial assets based on the new set of domestic and international policies, for instance on trade relations, adopted by the UK and US. The potential long-term effects of these new policies on the global economy are yet to be fully determined. We anticipate the continued presence of political risk in 2017 to affect financial markets in near-term, although with less impact than in 2016 as the focus turns to economic fundamentals.

Canadian economic growth in 2016 was 1.4%, in real terms, recovering from the anemic 0.9% real growth rate experienced in 2015. The unemployment rate, which stood at 7.1% in December 2015, fell to 6.9% by the end of 2016. The Bank of Canada maintained its policy interest rate at 0.5% through 2016 to support the economic recovery. The US real GDP growth slowed down, from 2.6% in 2015 to book a 1.6% growth rate in 2016. The labour market, however, steadily improved, reaching a 4.7% unemployment rate at the end of 2016, from 5.0% a year earlier. Wage growth, measured by average hourly earnings, which stood at a 2.5% annual growth rate in December 2015, rose to end 2016 at a 2.9% annualized growth rate. The US Federal Reserve embarked on its second rate hike in over a decade at its December 2016 meeting. The Fed also signaled a more hawkish monetary policy stance as further signs of a tight labour market and rising inflation in the US emerged in 2016. Both Japan and the Eurozone grew modestly in 2016, at rates slightly below their 2015 annual real GDP growth rates. China continued in its growth slowdown trajectory as the country undergoes a transition towards a consumption-led economy, less capital intensive.

The recovery and stabilization of crude oil and energy prices helped buoyed Canadian equities, with the Canadian S&P/TSX Composite Equity Index enjoying a 21.1% total return for the year ending December 31, 2016. The Canadian dollar appreciated 2.9% versus the US dollar in 2016. In addition, the FTSE TMX Long-Term Canada Government Bond Index posted a positive 1.3% total return.

INVESTMENT OUTLOOK

It is AIMCo's thesis that the major developed and emerging economies will continue on the path of a synchronized normalization in terms of growth and inflation, albeit at a moderate pace given the maturing business cycle. AIMCo's long-term view suggests that the US, Euro-area, Japan and Canada will continue to experience a boost to nominal economic growth. While China pursues its efforts in reducing domestic leverage, stabilized Chinese demand will provide brighter prospects for emerging markets via global trade. Further catalysts of the global cyclical economic recovery, such as fiscal stimulus, should help somewhat to mitigate economic inequalities and populism over the medium term.

In the footsteps of more balanced growth globally, central banks are now preparing to leave the accommodation centre stage by gradually increasing policy interest rates and unwinding their balance sheets. As such, we might be on the cusp of a reversal of secular declining bond yields and normalization of central banks' monetary policies at a time of slightly diminished liquidity, as attested by the US Fed interest rate hiking cycle. This should provide a thriving environment for actively managed investment strategies.

Equities should generate better annualized real return relative to the fixed income spectrum in the longer-term investment horizon, given the mild inflation trend and the current level of government bond yields. Interest rate increases, however, will allow bond re-investment at higher yields over time. With thin credit spreads, the potential for spreads to decline further is limited. Private credit investment strategies, with better terms on offer, are providing attractive pockets of opportunity for AIMCo's clients. And while equity markets currently might seem slightly over valued, AIMCo foresees a return to underlying fundamentals, continued improving corporate earnings and greater dispersion as drivers of positive value-add.

AIMCo continues to anticipate a constructive value-add environment for clients in private real assets, such as real estate and infrastructure, where cash yields should respond to inflationary pressures. Private equities should display attractive returns relative to public markets beyond plain-vanilla strategies.

IN SUMMARY

Through the increased market noise, in particular due to politics, the confluence of better prospects for growth, inflation and a cautious removal of unconventional monetary policy point towards an economic cycle that has further to run. In this transitioning environment, diversified equities should continue to outperform bonds. Moreover, AIMCo's patience, discipline and focus on capital preservation should also sustainably impart profitable, risk-adjusted investment opportunities within private markets. AIMCo remains well-positioned to add value in a cost-efficient manner for the benefit of Albertans.

Responsible Investment

AIMCo is committed to Doing Business the Right Way: We consider environmental, social and governance (ESG) factors in our investment analysis and decision-making in order to better capture risk-adjusted returns for our clients.

AIMCo's approach to Responsible Investment (RI) is guided by our core values, our fiduciary duty to clients and our long-term investment horizon. AIMCo encourages responsible corporate behaviour and promotes effective corporate governance, fundamental to fiscal stability and sustainable investment returns.

Structure

AIMCo's RI governance structure begins with our Board-approved RI Policy and cascades across the entire organization. The RI team reports to the CIO to facilitate the integration of ESG considerations across asset classes. The RI Committee oversees RI strategy and approves AIMCo's proxy voting guidelines, exclusions guidelines and engagement guidelines.

Investment Process

AIMCo considers ESG factors across the investment process for our investments in capital markets, private equity, real estate and infrastructure. AIMCo's RI team votes to exercise shareholder voice on behalf of our clients at publicly traded companies across the globe, taking unique circumstances and local markets into account. The RI team conducts ESG portfolio analytics for certain public equity portfolios and ESG due diligence for some private equity funds. Real estate and infrastructure have their own bespoke sustainability guidelines.

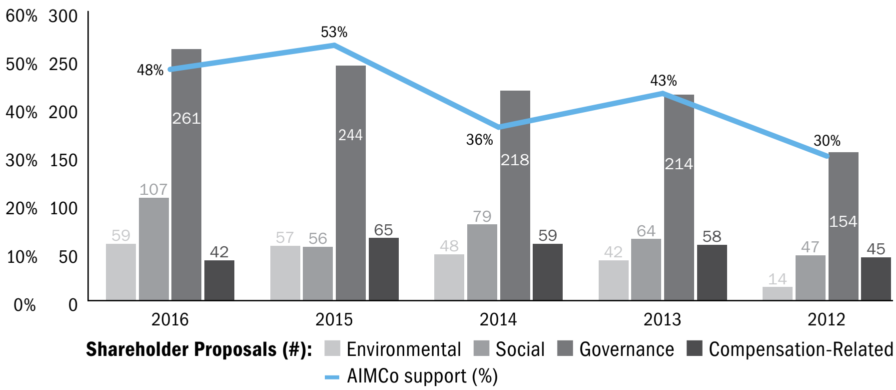
PROXY VOTING REVIEW

AIMCo continues to witness a steady increase in the total number of shareholder proposals and total ballots year over year. We supported almost half, or 48%, of shareholder proposals in the 2016 calendar year. We generally support proposals that promote corporate governance principles such as board quality, independence, diversity and pay-aligned-with-performance. We do not always agree with management – we voted against 14% of management proposals in 2016. AIMCo evaluates shareholder proposals conscientiously to consider whether the proposals are reasonable, adequately reflect shareholder concerns and enhance shareholder value. We consider proxy research analysis as an input but ultimately instruct our votes based on our own internal, robust decision-making processes and consistent voting rationale.

Year-Over-Year (2012–16) Proxy Voting Comparison

Category	2016	2015	2014	2013	2012
Shareholder Proposals (SHP)	479	424	409	382	265
AIMCo Support SHP	48%	53%	36%	43%	30%
Vote Against Management	14%	13%	16%	16%	18%
Total Ballots	25,494	25,505	24,009	22,887	21,983

Shareholder Proposals Summary 2012–2016
(by ESG category and % support)



Engagement Process

AIMCo prefers to engage with companies to effect positive change rather than divest of applicable holdings, reflecting a strategy of "voice over exit." In 2016 our key ESG engagement focus areas were climate change, worker health and safety and shareholder rights. We engaged with over 30 select companies in 2016 to identify best practices, understand trends and advocate for improvements. Topics included managing climate risk for Albertan oil sands companies, improving supply chain management practices for companies sourcing from Bangladesh and improving executive compensation structure to align with firm performance.

Reporting and Communications

By publicly reporting on our RI activities, AIMCo strives to build client confidence and demonstrate accountability. AIMCo's RI guiding documents are available through our website, our annual RI report, Client Quarterly RI reports and in our UNPRI Transparency Report. AIMCo's voting record is also disclosed on our website.

Advocacy and Collaboration

AIMCo is an active member of the national and global RI community and collaborates with like-minded peers on select advocacy initiatives, company engagements, consultations and public policy dialogues to advance best ESG practices and promote client interests on relevant ESG topics. AIMCo's thought leadership and advocacy contributions are generally posted on our website.

RI membership organizations include:

Pension Investment Association of Canada (PIAC)

Canadian Coalition of Good Governance (CCGG)

Responsible Investment Association (RIA)

United Nations – backed Principles for Responsible Investment (PRI)

International Corporate Governance Network (ICGN)

GRESB

Jessica Reddy

is a senior manager in compliance.

Many at AIMCo will identify the diversity of our team members as a reason they love working here. Jessica Reddy heard that and decided it was time to really celebrate that diversity and continue to promote an inclusive culture. Jessica was one of the founding members of AIMCo's Diversity Council, a group that represents many of the cultures found in AIMCo's offices. The Council teaches all AIMCo team members about different cultures by providing information, treats and events centred around different cultural holidays or celebrations. The Council has become one of the cornerstones of AIMCo's corporate culture, and something valued by everyone.

"I believe appreciating the differences that we bring will help us better understand one another, which in turn will drive organizational performance."

Feature Consultation

The FSB Task Force on Climate-related Financial Disclosures (TCFD) is focused on developing a climate-related financial disclosure framework for companies. AIMCo responded to the TCFD Phase I and Phase II public consultations in 2016 to 2017. We stressed the importance of data quality, compatibility, relevance and materiality, and the need to provide sector-specific guidance with timeframes for implementation. We recommended boards actively address the issue of climate expertise, including incorporating related performance targets. The newly released FSB report states companies should disclose how the board exercises oversight, and management's role, in managing climate-related risks, related scenario analysis and mitigation strategies, and which climate-related metrics and targets the company employs.

AIMCo is an investor co-founder of a new global sustainability benchmarking tool for infrastructure assets, GRESB Infrastructure. In 2016, 134 assets and 34 funds globally participated in the first-ever GRESB infrastructure survey. AIMCo also exhibits leadership and best-in-class practices by tracking the sustainability performance for our real estate assets as a GRESB member in the real estate stream. AIMCo's sustainability performance for our North American real estate holdings was recognized with a Green Star Award.

In 2016 AIMCo joined the Inclusive Capitalism Initiative, an investor initiative encouraging responsible corporate behaviour, long-termism and inclusive economic growth. AIMCo's Inclusive Capitalism commitments are to:

- *Publicly report on our RI activities*
- *Integrate ESG considerations into our investment processes*
- *Promote gender diversity*

These align fully with our commitments as a signatory to the Principles for Responsible Investment and with the UN Sustainable Development Goals to address systemic ESG risk and create a more inclusive global economy.

Our CEO, Kevin Uebelein, joined the Canadian chapter of the 30% Club in 2016, advocating for 30% of women on issuers' boards by 2020.

"Increasing transparency makes markets more efficient, and economies more stable and resilient …"

Michael R. Bloomberg,
Chair, FSB TCFD

Compensation Discussion and Analysis

HUMAN RESOURCES AND COMPENSATION COMMITTEE MANDATE

AIMCo invests globally and we source top-performing talent from around the world to achieve our Vision of "Enriching the lives of Albertans by building prosperity, security and opportunity across generations." We build for the future, we think long term, and we strive to be world-class in everything we do. To meet this commitment, AIMCo executes a forward-thinking and relevant People Strategy, including a compensation system that enables us to recruit and retain top investment, corporate and operating professionals who are capable of managing and delivering a superior risk-adjusted return on the more than $95 billion of client assets under management.

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*
- *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 the HRCC in respect of 2016 included:

- *Setting both financial and non-financial performance objectives for the CEO and CEO executive direct reports and measuring achievement of these goals. At year-end, the HRCC completed a 360 review process for the CEO, a process that included all Board members, certain clients and certain members of the executive team.*
- *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 2013 and vested on December 31, 2016).*
- *Recommending for approval the 2017 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, 2020.*
- *Reviewing, and approving the outcome of a compensation plan review completed for the Investment Management compensation band*
- *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*

EXECUTIVE COMPENSATION PHILOSOPHY

AIMCo is a globally recognized institutional investment manager responsible for managing more than $95 billion on behalf of 32 clients representing Alberta-based pensions, endowments and government funds. AIMCo's compensation program is critical to our ability to attract, retain and incentivize the investment talent we need to access private markets and high value-add public market strategies, of which most pension funds would access through third-party managers. The in-house investment talent and expertise necessary to deliver superior performance on a multi-client mandate is truly unique.

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

2. PAY BASED ON PERFORMANCE

Our compensation program is heavily weighted towards the achievement, or surpassing, of defined goals, with an appropriate emphasis on all measures of performance. This means assessing results in the following categories: total fund, asset class (where appropriate), corporate objectives and individual objectives. The largest part of executive compensation is variable, which means that it is tied directly to achievements in each of these areas. Executive performance is assessed annually by the CEO, while the HRCC and the Board review the CEO's performance. The Board is responsible for the approval of performance ratings for all executives and the CEO. Performance-based compensation for the executive team (with the exception of one individual who was in an acting capacity as CFO), as a percentage of total direct compensation, is between approximately 50% and 72% if paid at target and 70% and 86% if paid at maximum. This means that a considerable amount of compensation for an executive can be paid only if performance is realized and sustained.

3. SUSTAINED, LONG-TERM PERFORMANCE

Our executive and investment management team is encouraged 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 returns are $49.1 billion, including $4.2 billion of value-add above what AIMCo could have earned over passive investing.

6. PERFORMANCE INCLUDES QUALITATIVE MEASURES

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

IMPACT OF PERFORMANCE RESULTS ON COMPENSATION

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

A commitment to internal investment and asset management (as opposed to having a considerable portion of the assets managed by external investment managers) will increase total compensation expense, yet this approach remains considerably more cost-effective for our clients. For the period since 2009, we have paid out approximately 4.9% 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 $7 trillion in total assets. AIMCo continues to be reported as a relatively low-cost value-add provider of investment services for its clients.

AIMCo has demonstrated strong investment performance in recent years and has contributed approximately $4.2 billion in net value-add since 2009. With a compensation philosophy and program that reinforce sustained long-term performance over a four-year period, this strong investment performance is reflected in the performance compensation paid out in 2017.

AIMCo's Long-Term Incentive Plan (LTIP) is in its fifth year of payout since implementation. Value-add performance over the 2013 to 2016 period is reflected in the LTIP rewards paid in 2017.

The HRCC believes that the compensation awarded for 2016 appropriately reflects both the long-term investment performance and the Board of Directors' assessment of how AIMCo's executive team performed against their corporate and individual objectives. This outcome reinforces the statement made earlier that AIMCo has a pay-for-performance philosophy heavily weighted to achieving specific and measurable deliverables.

USE OF EXTERNAL CONSULTANTS

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

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

REFERENCE MARKET ANALYSIS

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

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

   Investment Management Roles

   - *The Investment Management Compensation Survey* by Willis Towers Watson
   - *The Canadian Investment Management Survey* by Mercer Consulting
   - *The Investment Management Survey* by McLagan Consulting

   Corporate Services Roles

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

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

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

4. When appropriate, AIMCo will undertake further reviews of compensation and may engage compensation consulting expertise throughout the process. Such a review took place in 2016 for the Investment Management compensation band.

COMPONENTS OF COMPENSATION

The following shows all of the core elements of AIMCo's compensation program.

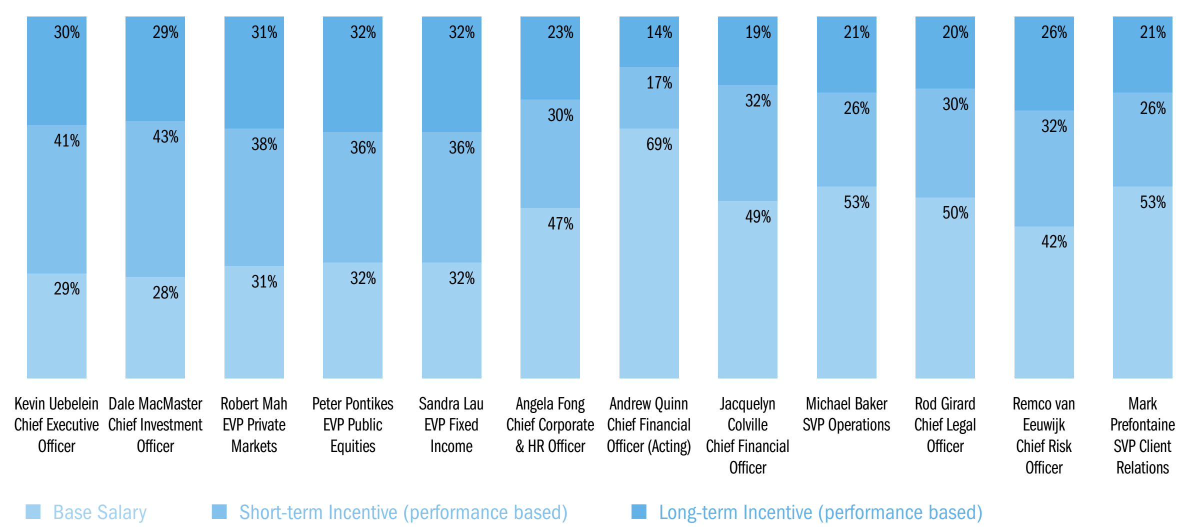
COMPONENT	PROGRAM INTENT	PLAN FUNDAMENTALS	VARIABILITY WITH PERFORMANCE
Base Salary	Compensates for the execution of core duties	Annual budget based upon external survey market data	Fixed (low variability)
Annual Incentive Plan (AIP)[1]	Annual plan that rewards superior investment performance and individual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

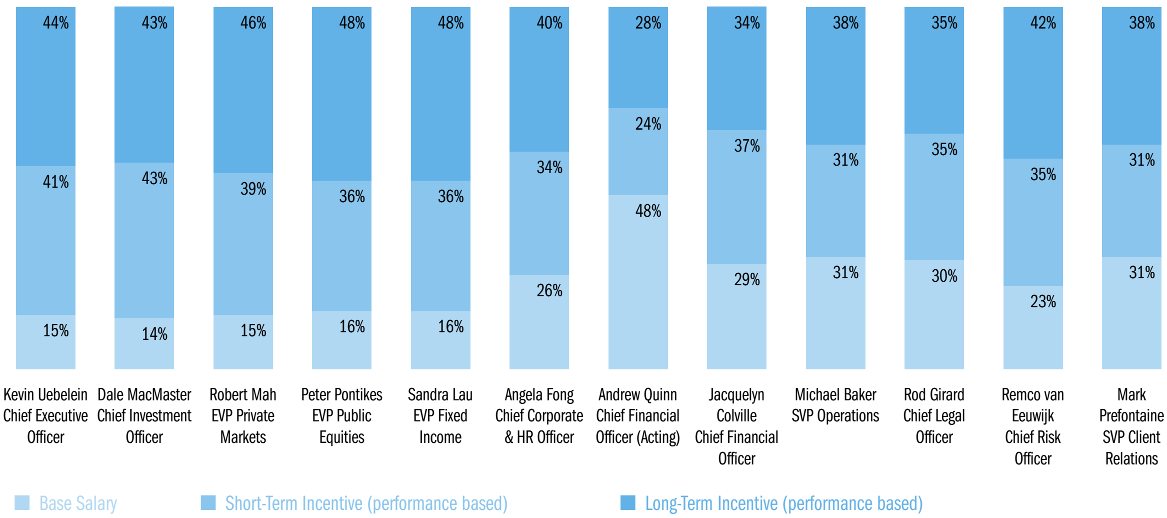
EXECUTIVE COMPENSATION

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)*



Executive Team *(at Maximum)*



MIX OF COMPENSATION

Base Salary

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

PERFORMANCE-BASED COMPENSATION ELEMENTS

Annual (Short-Term) Incentive Plan (AIP)

All non-union employees participate in the AIP. The AIP comprises 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 the 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)
			plus		
FOUR-YEAR INVESTMENT PERFORMANCE →	Employee's AIP Target	x	Weight of Four-Year Investment Performance	x	Four-year Performance Multiplier (0–2)
			plus		
CORPORATE OBJECTIVES →	Employee's AIP Target	x	Weight of Corporate Objectives	x	Corporate Objectives Multiplier (0–2)
			equals		
			Employee's AIP Payout (to a maximum of 2x 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 the 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 the AIP.

Corporate Objectives 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 and 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 objectives 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 pay out at the end of a four-year cycle. Grants are issued to senior level, non-unionized 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 the 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, the performance factor has an applied floor.

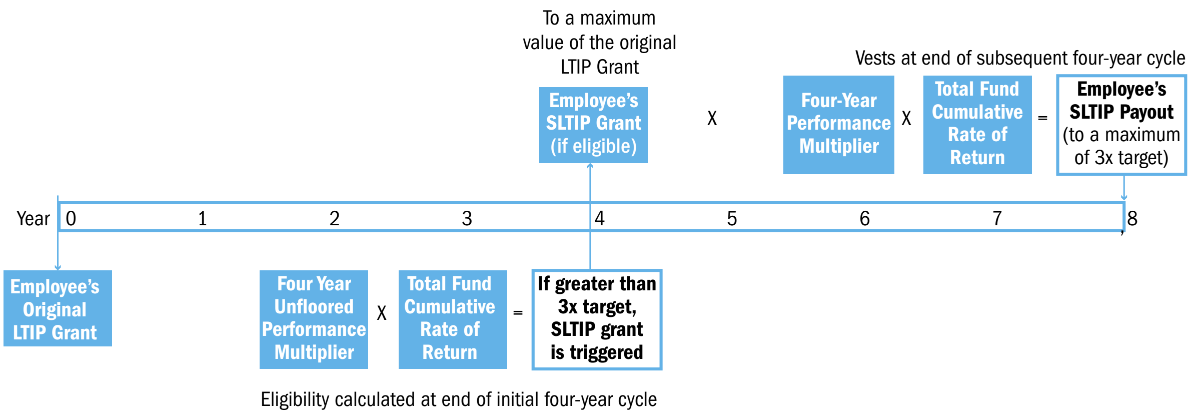
Employee's LTIP Grant	x	Four-Year Performance Multiplier	x	Total Fund Cumulative Rate of Return	=	LTIP Payout (to a maximum of 3x grant)

Four-Year Investment Performance: The multiplier for AIMCo's 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. SLTIP grants reward for superior and sustained investment performance over an eight-year period – the first four years 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 Chief Executive Officer	AIP	40%	50%	N/A	10%
	LTIP	N/A	100%	N/A	N/A
Dale MacMaster Chief Investment Officer	AIP	30%	60%	N/A	10%
	LTIP	N/A	100%	N/A	N/A
Robert Mah Executive VP Private Markets	AIP	30%	30%	30%	10%
	LTIP	N/A	60%	40%	N/A
Peter Pontikes Executive VP Public Equities	AIP	30%	30%	30%	10%
	LTIP	N/A	60%	40%	N/A
Sandra Lau Executive VP Fixed Income	AIP	30%	30%	30%	10%
	LTIP	N/A	60%	40%	N/A
Angela Fong Chief Corporate and Human Resources Officer	AIP	30%	60%	N/A	10%
	LTIP	N/A	100%	N/A	N/A
Andrew Quinn Chief Financial Officer (Acting)	AIP	40%	60%	N/A	0%
	LTIP	N/A	100%	N/A	N/A
Jacquelyn Colville Chief Financial Officer	AIP	30%	60%	N/A	10%
	LTIP	N/A	100%	N/A	N/A
Michael Baker Senior VP Operations	AIP	30%	60%	N/A	10%
	LTIP	N/A	100%	N/A	N/A
Rod Girard Chief Legal Officer	AIP	30%	60%	N/A	10%
	LTIP	N/A	100%	N/A	N/A
Remco van Eeuwijk Chief Risk Officer	AIP	30%	60%	N/A	10%
	LTIP	N/A	100%	N/A	N/A
Mark Prefontaine Senior VP Client Relations	AIP	30%	60%	N/A	10%
	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.

2016 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 OBJECTIVES PERFORMANCE

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

Based on the HRCC's review and recommendations, and the Board's assessment, management achieved the corporate objectives established for 2016, resulting in a performance rating of 130% out of a possible stretch performance rating of 200%. Highlights of AIMCo's achievements against its corporate objectives include:

- *Generated $225.5 million in value-add return*
- *Recognized as a low-cost investment manager, relative to our peers of similar size, per independent consultant CEM Benchmarking*
- *Completed Private Equity Strategy Review, resulting in an expansion of the existing Private Equity strategy and the attraction of personnel in all of the illiquid asset groups*
- *Integrated Responsible Investment to the Investments area, facilitating stronger linkages with managers across AIMCo's various asset classes*
- *Articulated a strategy, against which the team is currently executing, that recognizes the organization's desire to be considered world-class in all aspects of our business*
- *Improved business technology delivery, including enhanced controls on budgets for projects, business case development and overall execution*
- *Achieved a 95% completion rate on Corporate Culture Survey, providing significant information to improve culture, communications and initiatives that support doing business the right way*

FOUR-YEAR INVESTMENT PERFORMANCE

The target value-add performance for 2016 was $251.5 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 2016 reflect the AIMCo Total Fund performance over the four-year period beginning January 1, 2013, and ending December 31, 2016. The cumulative net value-add investment performance over this period for compensation purposes was $2.1 billion, which resulted in a calculated Investment Performance Factor of 1.80 for 2013 to 2016. Performance Factors are capped at 2.00 for AIP purposes and 3.00 for LTIP purposes.

AIMCO TOTAL FUND PERFORMANCE, ACTUAL 2013–16 AND CUMULATIVE RESULTS

CALENDAR YEAR	Target Value-Add[1] *($ millions)*	AIMCo Net Actual Value-Add[2] *($ millions)*	Annual Investment Performance Factor[3]
Actual 2016	251.5	225.5	0.90
Actual 2015	302.0	1,514.8	5.02
Actual 2014[4]	269.0	-81.5	-0.30
Actual 2013[4]	266.7	426.9	1.60
Cumulative - 4-year	1,089.2	2,085.7	4-Yr Avg 1.80

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.

4 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.

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, 2013–16

Performance Factors	Actual 2016	Actual 2015	Actual 2014	Actual 2013	Four-Year Performance
Total Fund	Below target	Exceeded target	Below target	Exceeded target	Exceeded target
Money Market & Fixed Income	Exceeded target	Exceeded target	Exceeded target	Exceeded target	Exceeded target
Public Equity & Hedge Funds	Below target	Exceeded target	Exceeded target	Exceeded target	Exceeded target
Global Tactical Asset Allocation	Exceeded target	Below target	Below target	Exceeded target	Exceeded target
Real Estate	Below target	Exceeded target	Exceeded target	Exceeded target	Exceeded target
Private Equity	Exceeded target	Exceeded target	Exceeded target	Below target	Exceeded target
Relationship Investing	Below target	Below target	Not applicable	Below target	Below target
Venture Capital	Not applicable	Below target	Below target	Below target	Below target
Infrastructure and Timber	Exceeded target	Exceeded target	Below target	Exceeded target	Exceeded target
Private Debt and Loan	Exceeded target	Exceeded target	Exceeded target	Exceeded target	Exceeded target
Private Mortgages	Below target	Exceeded target	Exceeded target	Exceeded target	Exceeded target

Investment performance over the past four years resulted in AIP performance multipliers ranging from 0.9 to 2.0 for the Total Fund component and at the maximum of 2.0 for the all asset class components where relevant for the named executive officers. The LTIP performance multiplier ranged from 2.6 to 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, predominantly relating to individual performance. Similarly, the Board of Directors, through the HRCC, has the authority to amend and/or terminate both the performance compensation plans or the awards provided to an individual in any given year. Measures are also in place to ensure forfeiture or recovery of previous payments in circumstances such as restatement of financial results.

SUMMARY COMPENSATION

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

Summary Compensation[1]

			INCENTIVE PLAN COMPENSATION ($)							
				FOUR-YEAR INVESTMENT PERFORMANCE						
NAME AND POSITION	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] CEO	**2017**	**500,000**	**532,000**	**91,000**	**700,000**	**N/A**	**144,287**	**60,000**	**30,949**	**2,058,236**
	2016	500,000	490,000	94,500	700,000	N/A	136,313	40,000	10,523	1,971,335
	2015	121,475	N/A	N/A	N/A	N/A		9,718	5,167	136,360
Dale MacMaster CIO	**2017**	**425,000**	**369,112**	**82,875**	**689,494**	**1,696,500**		**66,376**	**11,756**	**3,341,114**
	2016	387,500	321,839	70,183	623,853	720,000		62,436	11,531	2,197,342
	2015	349,477	328,114	57,940	527,181	715,500		57,401	14,339	2,049,952
Robert Mah Executive VP Private Markets	**2017**	**333,540**	**196,372**	**54,200**	**448,583**	**954,938**		**40,025**	**10,205**	**2,037,863**
	2016	333,540	187,616	56,285	444,945	720,000		40,025	10,134	1,792,545
	2015	333,540	156,347	52,116	262,434	693,770		39,763	11,815	1,549,785
Peter Pontikes Executive VP Public Equities	**2017**	**294,413**	**132,929**	**25,025**	**371,598**	**897,300**		**49,660**	**11,518**	**1,782,443**
	2016	260,424	125,089	N/A	366,289	330,000		46,262	8,556	1,136,620
	2015	236,111	73,730	N/A	323,104	300,000		42,813	9,951	985,709
Sandra Lau Executive VP Fixed Income	**2017**	**294,413**	**155,472**	**25,025**	**371,598**	**867,300**		**49,660**	**10,989**	**1,774,457**
	2016	260,424	91,572	N/A	366,289	285,000		46,262	8,545	1,058,091
	2015	236,111	73,730	N/A	325,110	270,000		42,813	18,929	966,693
Angela Fong Chief Corporate and Human Resources Officer	**2017**	**285,310**	**111,271**	**24,109**	**200,577**	**285,442**		**30,243**	**25,923**	**962,875**
	2016	285,310	111,271	25,036	222,542	450,000		30,243	7,883	1,132,285
	2015	285,310	161,271	23,181	222,374	N/A	68,207	30,027	9,149	799,519
Andrew Quinn[9] Chief Financial Officer (Acting)	**2017**	**165,901**	**22,983**	**N/A**	**36,341**	**128,678**		**14,616**	**8,157**	**376,676**
Jacquelyn Colville[10] Chief Financial Officer	**2017**	**165,517**	**N/A**	**N/A**	**N/A**	**N/A**		**20,272**	**21,036**	**206,824**
	2016	274,128	157,665	23,728	210,912	165,000		28,961	12,738	873,132
	2015	270,400	105,456	21,970	210,912	143,750		28,392	11,969	792,849
Michael Baker Senior VP Operations	**2017**	**242,000**	**46,827**	**15,730**	**135,745**	**206,847**		**24,200**	**10,758**	**682,107**
	2016	242,000	51,909	16,335	145,200	230,625		22,175	10,836	719,080
	2015	242,000	59,031	11,344	0	N/A		19,360	14,199	345,934
Rod Girard[11] Chief Legal Officer	**2017**	**244,902**	**62,188**	**14,040**	**136,304**	**139,372**		**22,476**	**18,578**	**637,860**
	2016	180,250	49,316	N/A	86,520	157,500		17,304	20,167	511,057
	2015	180,250	60,470	N/A	86,520	N/A		17,304	16,840	361,384
Remco van Eeuwijk[12] Chief Risk Officer	**2017**	**252,083**	**58,988**	**17,875**	**73,961**	**N/A**	**155,600**	**20,167**	**14,385**	**593,059**
Mark Prefontaine[13] Senior VP Client Relations	**2017**	**100,000**	**N/A**	**N/A**	**N/A**	**N/A**		**8,000**	**9,971**	**117,971**

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

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

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

4 The amounts shown here reflect LTIP awarded at the beginning of 2013 and are paid out after 2016 year-end, the value of which is determined based upon four-year investment performance (2013–16). A multiplier is applied to the LTIP grant 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. RFUs have time horizons of one to three years for vesting provisions.

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

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

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

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

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

9 Andrew Quinn was appointed Acting Chief Financial Officer on October 28, 2016. Amounts presented are for the incumbent for the full year.

10 The Chief Financial Officer, Jacquelyn Colville, left the Corporation on October 28, 2016.

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

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

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

AIMCo's previous CEO, Leo de Bever, was in the role until December 31, 2014. Per his termination agreement with AIMCo, he was entitled to and received $2,558,100 Long-Term Incentive Payout. The LTIP was granted at the beginning of 2013 and paid out after 2016 year-end. The payout value was determined based upon the grant's normal four-year investment performance cycle (2013–16).

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 2014, 2015 and 2016, and pro forma multipliers of 1.0 (target) for future years*
- *Actual AIMCo Total Fund rates of return for 2014, 2015 and 2016 and no assumed growth in future years*

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] ($)				
					2017	2018	2019	2020	Total $
Kevin Uebelein	**2017**	**LTIP**	**500,000**	**1,500,000**				**500,000**	**500,000**
Chief Executive Officer	2016	LTIP	500,000	1,500,000			515,556		515,556
	2015	LTIP	500,000	1,500,000		1,141,655			1,141,655
	2015	RFU	125,000		144,287				144,287
Dale MacMaster	**2017**	**LTIP**	**425,000**	**1,275,000**				**425,000**	**425,000**
Chief Investment Officer	**2017**	**SLTIP**	**269,677**	**809,031**				**269,677**	**269,677**
	2016	LTIP	425,000	1,275,000			438,222		438,222
	2016	SLTIP	240,000	720,000			247,467		247,467
	2015	LTIP	375,000	1,125,000		883,013			883,013
	2015	SLTIP	238,500	715,500		561,597			561,597
	2014	LTIP	343,400	1,030,200	902,080				902,080
	2014	SLTIP	238,500	715,500	626,518				626,518
Robert Mah	**2017**	**LTIP**	**333,540**	**1,000,620**				**333,540**	**333,540**
EVP Private Markets	2016	LTIP	333,540	1,000,620			405,916		405,916
	2015	LTIP	333,500	1,000,500		1,000,500			1,000,500
	2014	LTIP	333,500	1,000,500	956,732				956,732
Peter Pontikes	**2017**	**LTIP**	**300,000**	**900,000**				**300,000**	**300,000**
Executive VP Public Equities	**2017**	**SLTIP**	**96,424**	**289,272**				**96,424**	**96,424**
	2016	LTIP	239,832	719,496			218,038		218,038
	2016	SLTIP	110,000	330,000			100,004		100,004
	2015	LTIP	218,000	654,000		514,030			514,030
	2015	SLTIP	100,000	300,000		235,793			235,793
	2014	LTIP	210,700	632,100	545,214				545,214
	2014	SLTIP	100,000	300,000	258,763				258,763
Sandra Lau	**2017**	**LTIP**	**300,000**	**900,000**				**300,000**	**300,000**
Executive VP Fixed Income	**2017**	**SLTIP**	**199,100**	**597,300**				**199,100**	**199,100**
	2016	LTIP	239,832	719,496			451,812		451,812
	2016	SLTIP	95,000	285,000			223,364		223,364
	2015	LTIP	218,000	654,000		654,000			654,000
	2015	SLTIP	90,000	270,000		270,000			270,000
	2014	LTIP	210,700	632,100	632,100				632,100
	2014	SLTIP	90,000	270,000	270,000				270,000
Angela Fong	**2017**	**LTIP**	**142,655**	**427,965**				**142,655**	**142,655**
Chief Corporate and Human Resources Officer	2016	LTIP	142,655	427,965			147,093		147,093
	2016	SLTIP	150,000	450,000			154,667		154,667
	2015	LTIP	142,700	428,100		325,828			325,828
	2014	LTIP	114,100	342,300	240,034				240,034

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] ($) 2017	2018	2019	2020	Total $
Andrew Quinn[4] Chief Financial Officer (Acting)	**2017**	**LTIP**	**26,880**	**80,640**				**26,880**	**26,880**
	2016	LTIP	26,880	80,640			27,716		27,716
	2016	SLTIP	30,000	90,000			30,933		30,933
	2015	LTIP	26,880	80,640		61,421			61,421
	2015	SLTIP	24,745	74,235		56,500			56,500
	2014	LTIP	26,900	80,700	55,117				55,117
	2014	SLTIP	25,000	75,000	52,593				52,593
Michael Baker Senior VP Operations	**2017**	**LTIP**	**96,800**	**290,400**				**96,800**	**96,800**
	2016	LTIP	96,800	290,400			99,812		99,812
	2016	SLTIP	76,875	230,625			79,267		79,267
	2015	LTIP	96,800	290,400		221,024			221,024
	2014	LTIP	96,800	290,400	190,912				190,912
Rod Girard Chief Legal Officer	**2017**	**LTIP**	**96,000**	**288,000**				**96,000**	**96,000**
	2016	LTIP	96,000	288,000			98,987		98,987
	2016	SLTIP	52,500	157,500			54,133		54,133
	2015	LTIP	54,100	162,300		123,527			123,527
	2014	LTIP	54,100	162,300	113,811				113,811
Remco van Eeuwijk[5] Chief Risk Officer	**2017**	**LTIP**	**165,000**	**495,000**				**165,000**	**165,000**
	2017	**RFU**	**147,000**			**155,600**			**155,600**
	2016	LTIP	165,000	495,000			155,956		155,956
	2016	RFU	147,000		155,600				155,600
Mark Prefontaine[6] Senior VP Client Relations	**2017**	**LTIP**	**96,000**	**288,000**				**96,000**	**96,000**

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 2013, 2014 and 2015, and pro forma multipliers of one for future years; and Actual AIMCo Total Fund rates of return for calendar 2013, 2014 and 2015, and no assumed growth in future years.
4 Andrew Quinn was appointed Acting Chief Financial Officer on October 28, 2016.
5 The Chief Risk Officer, Remco van Eeuwijk, commenced employment with the Corporation on May 2, 2016.
6 The Senior VP Client Relations, Mark Prefontaine, commenced employment with the Corporation on November 1, 2016.

AIMCo's previous CEO, Leo de Bever, though no longer employed with AIMCo, is entitled to receive per his termination agreement the following Long-Term Incentive awards, which will vest as normal at the end of their respective four-year investment cycles.

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] ($) 2017	2018	2019	2020	Total $
Leo de Bever CEO (ended Dec. 31, 2014)	2014	LTIP	125,000	375,000	262,965				262,965
	2014	SLTIP	125,000	375,000	262,965				262,965

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 2014, 2015 and 2016, and pro forma multipliers of one (target) for future years; and Actual AIMCo Total Fund rates of return for calendar 2014, 2015 and 2016, and no assumed growth in future years.

PENSION PLANS

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

NAME AND POSITION	Fiscal Year	Plan Type	Employer Contributions $	Employee Contributions $
Kevin Uebelein[1] Chief Executive Officer	**2017**	Registered	17,340	8,670
	2017	Supplementary	42,660	21,330
	2016	Registered	17,195	8,598
	2016	Supplementary	22,805	11,402
	2015	Registered	9,718	4,859
	2015	Supplementary	0	0
Dale MacMaster[2] Chief Investment Officer	**2017**	Registered	30,511	18,535
	2017	Supplementary	35,865	35,865
	2016	Registered	30,991	18,155
	2016	Supplementary	31,445	31,445
	2015	Registered	30,583	17,915
	2015	Supplementary	26,818	26,818
Robert Mah[1] Executive VP Private Markets	**2017**	Registered	17,340	8,670
	2017	Supplementary	22,685	11,342
	2016	Registered	16,913	8,457
	2016	Supplementary	23,111	11,556
	2015	Registered	16,620	8,310
	2015	Supplementary	23,143	11,572
Peter Pontikes[2] Senior VP Public Equities	**2017**	Registered	30,511	18,535
	2017	Supplementary	19,150	19,150
	2016	Registered	31,211	18,284
	2016	Supplementary	15,051	15,051
	2015	Registered	30,397	17,806
	2015	Supplementary	12,416	12,416
Sandra Lau[2] Executive VP Fixed Income	**2017**	Registered	30,511	18,535
	2017	Supplementary	19,150	19,150
	2016	Registered	31,211	18,284
	2016	Supplementary	15,051	15,051
	2015	Registered	30,397	17,806
	2015	Supplementary	12,416	12,416
Angela Fong[1] Chief Corporate and Human Resources Officer	**2017**	Registered	17,340	8,670
	2017	Supplementary	12,903	6,451
	2016	Registered	16,913	8,457
	2016	Supplementary	13,330	6,665
	2015	Registered	16,620	8,310
	2015	Supplementary	13,407	6,703
Andrew Quinn[1,3] Chief Financial Officer (Acting)	2017	Registered	14,616	7,308
	2017	Supplementary	0	0
Jacquelyn Colville[1,4] Chief Financial Officer	**2017**	Registered	11,634	5,817
	2017	Supplementary	8,638	4,319
	2016	Registered	17,212	8,606
	2016	Supplementary	11,749	5,875
	2015	Registered	16,620	8,310
	2015	Supplementary	11,772	5,886

NAME AND POSITION	Fiscal Year	Plan Type	Employer Contributions $	Employee Contributions $
Michael Baker[1] Senior VP Operations	**2017**	Registered	17,340	8,670
	2017	Supplementary	6,860	3,430
	2016	Registered	16,913	8,457
	2016	Supplementary	5,262	2,631
	2015	Registered	19,360	9,680
	2015	Supplementary	0	0
Rod Girard[1] Chief Legal Officer	**2017**	Registered	18,935	9,467
	2017	Supplementary	3,541	1,771
	2016	Registered	16,913	8,457
	2016	Supplementary	391	195
	2015	Registered	16,620	8,310
	2015	Supplementary	684	342
Remco van Eeuwijk[1,5] Chief Risk Officer	**2017**	Registered	20,167	10,083
	2017	Supplementary	0	0
Mark Prefontaine[1,6] Senior VP Client Relations	**2017**	Registered	8,000	4,000
	2017	Supplementary	0	0

1 Member of AIMCo's defined contribution and supplementary defined contribution pension plans.
2 Member of AIMCo's defined benefit and supplementary defined benefit pension plans.
3 Andrew Quinn was appointed Acting Chief Financial Officer on October 28, 2016.
4 The Chief Financial Officer, Jacquelyn Colville, left the Corporation on October 28, 2016.
5 The Chief Risk Officer, Remco van Eeuwijk, commenced employment with the Corporation on May 2, 2016.
6 The Senior VP Client Relations, Mark Prefontaine, commenced employment with the Corporation on November 1, 2016.

BOARD ATTENDANCE AND REMUNERATION

During fiscal 2016/17, the Board and each of its respective Committees held five regular meetings: two in Edmonton, two in Calgary and one in Toronto. Additionally, nine special meetings were held via teleconference: one for each of the Board and the Governance Committee and seven 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.

DIRECTOR ATTENDANCE[1] – APRIL 1, 2016 TO MARCH 31, 2017

	BOARD OF DIRECTORS	BOARD OF DIRECTORS SPECIAL MEETINGS	AUDIT COMMITTEE	AUDIT COMMITTEE SPECIAL MEETINGS	GOVERNANCE COMMITTEE	GOVERNANCE COMMITTEE SPECIAL MEETINGS	HUMAN RESOURCES COMMITTEE	INVESTMENT COMMITTEE	INVESTMENT COMMITTEE SPECIAL MEETINGS
Bird, Richard[2]	5/5	1/1	5/5	1/1	2/2	1/1	-	5/5	6/7
Clark, Phyllis[3]	2/2	1/1	2/2	-	-	-	-	2/2	3/3
Ferguson, John[4]	3/4	-	4/4	1/1	3/4	-	-	3/4	1/4
Gosbee, George[5]	3/4	-	3/4	0/1	3/4	-	-	4/4	3/4
Grieve, Ross	5/5	1/1	-	-	5/5	1/1	5/5	5/5	5/7
Holmes, Virginia[6]	2/2	-	-	-	2/2	-	2/2	2/2	-
Kearns, Helen[7]	5/5	1/1	-	-	2/2	-	5/5	5/5	5/7
Kroner, Ken[8]	2/2	1/1	-	-	-	-	2/2	2/2	3/3
Prieur, C. James (Jim)[9]	5/5	1/1	-	-	5/5	1/1	5/5	5/5	6/7
Roozen, Harold	3/5	1/1	3/5	1/1	-	-	-	3/5	3/7
Rosen, Andrea[10]	5/5	1/1	1/1	-	5/5	1/1	4/4	5/5	5/7
Van Wielingen, Mac	5/5	1/1	-	-	5/5	1/1	5/5	5/5	5/7
Vivian, Robert ("Jay")[11]	5/5	1/1	-	-	5/5	1/1	5/5	5/5	7/7
Woods, Tom[12]	5/5	1/1	5/5	1/1	4/4	1/1	-	5/5	7/7

1 Special Meetings include meetings — both teleconference and in-person — that are held outside of, or in addition to, regularly scheduled Board and Committee meetings.

2 Richard Bird attended the December 1, 2016 Governance Committee meeting as a guest at the request of the Committee Chair. Effective January 1, 2017, Mr. Bird became a member of the Committee.

3 Phyllis Clark attended the December 2016 Board and Committee meetings as an observer prior to her official appointment to the AIMCo Board effective January 1, 2017.

4 John Ferguson retired from the AIMCo Board effective December 31, 2016.

5 George Gosbee retired from the AIMCo Board effective December 31, 2016.

6 Virginia Holmes retired from the AIMCo Board effective June 30, 2016.

7 Helen Kearns attended the December 1, 2016 and January 26, 2016 Governance Committee meetings as a guest at the request of the Committee Chair.

8 Kenneth Kroner attended the December 2016 Board and Committee meetings as an observer prior to his official appointment to the AIMCo Board effective January 1, 2017.

9 C. James ("Jim") Prieur attended the April and May 2016 Board and Committee meetings as an observer prior to his official appointment to the AIMCo Board effective July 1, 2016.

10 Andrea Rosen transitioned from the Human Resources Committee to the Audit Committee effective January 1, 2017.

11 Jay Vivian, while not a member of the Governance Committee, regularly attends meetings at the request of the Committee Chair.

12 Tom Woods is also not a member of the Governance Committee but regularly attends meetings at the request of the Committee Chair.

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. Directors have not been paid separate meeting fees for Investment Committee meetings when these are held on the same schedule as regular Board meetings.

BOARD REMUNERATION – APRIL 1, 2016 TO MARCH 31, 2017

	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, 2016 TO MARCH 31, 2017

	BASE RETAINER (ANNUAL)	CHAIR RETAINER (ANNUAL)	VICE CHAIR RETAINER (ANNUAL)	MEETING FEES ($1,000 PER MEETING)	TRAVEL REMUNERATION	TOTAL
Bird, Richard	$ 20,000.00	$ 10,000.00	$ –	$ 26,000.00	$ 1,000.00	$ 57,000.00
Clark, Phyllis[1]	$ 5,000.00	$ –	$ –	$ 10,000.00	$ –	$ 15,000.00
Ferguson, John[2]	$ 15,000.00	$ –	$ 7,500.00	$ 15,000.00	$ 1,000.00	$ 38,500.00
Gosbee, George[3]	$ 15,000.00	$ –	$ –	$ 16,000.00	$ 1,000.00	$ 32,000.00
Grieve, Ross	$ 20,000.00	$ 7,500.00	$ –	$ 27,000.00	$ 1,000.00	$ 55,500.00
Holmes, Virginia[4]	$ 5,000.00	$ 1,875.00	$ –	$ 8,000.00	$ 4,000.00	$ 18,875.00
Kearns, Helen	$ 20,000.00	$ –	$ –	$ 23,000.00	$ 4,000.00	$ 47,000.00
Kroner, Kenneth[5]	$ 5,000.00	$ –	$ –	$ 10,000.00	$ 2,625.00	$ 17,625.00
Prieur, C. James ("Jim")[6]	$ 15,000.00	$ 5,625.00	$ –	$ 20,000.00	$ 2,000.00	$ 42,625.00
Roozen, Harold	$ 20,000.00	$ –	$ –	$ 15,000.00	$ 1,750.00	$ 36,750.00
Rosen, Andrea	$ 20,000.00	$ 7,500.00	$ –	$ 27,000.00	$ 5,000.00	$ 59,500.00
Van Wielingen, Mac	$ 20,000.00	$ 50,000.00	$ –	$ 27,000.00	$ 1,000.00	$ 98,000.00
Vivian, Robert ("Jay")	$ 20,000.00	$ –	$ –	$ 29,000.00	$ 9,687.50	$ 58,687.50
Woods, Tom	$ 20,000.00	$ –	$ –	$ 29,000.00	$ 5,000.00	$ 54,000.00
Total	$ 220,000.00	$ 82,500.00	$ 7,500.00	$ 282,000.00	$ 39,062.50	$ 631,062.50

1 Phyllis Clark was appointed to the AIMCo Board effective January 1, 2017. Ms. Clark attended the December 2016 Board meetings as an observer and received meeting fees for her participation.

2 John Ferguson retired from the AIMCo Board effective December 31, 2016.

3 George Gosbee also retired from the AIMCo Board effective December 31, 2016.

4 Virginia Holmes retired from the AIMCo Board effective June 30, 2016.

5 Kenneth Kroner was appointed to the AIMCo Board effective January 1, 2017. Dr. Kroner attended the December 2016 Board meetings as an observer and received meeting fees for his participation.

6 C. James ("Jim") Prieur was appointed to the AIMCo Board effective July 1, 2016. Mr. Prieur attended the April and May 2016 Board meetings as an observer; at his request, meeting fees were not paid for his participation.

Investments over $300 Million

GOVERNMENT ISSUER	TOTAL $	% OF AUM
1 Canadian Government Bond	4,882.85	5.1027%
2 Province of Ontario Canada	4,210.75	4.4003%
3 Province of Quebec Canada	2,084.44	2.1783%
4 Canada Housing Trust No 1	1,566.54	1.6370%
5 Province of British Columbia Canada	879.66	0.9192%
6 United States Treasury Note/Bond	607.03	0.6343%
7 Province of Manitoba Canada	596.46	0.6233%
8 United States Treasury Floating Rate Note	591.84	0.6184%
9 Canadian Mortgage Pools	562.42	0.5877%
10 Province of Saskatchewan Canada	430.69	0.4500%
11 Province of Newfoundland and Labrador Canada	365.32	0.3817%
12 CDP Financial Inc	361.92	0.3782%
13 Ontario Teachers' Finance Trust	355.65	0.3716%
14 PSP Capital Inc	347.55	0.3631%
	17,843.13	18.6458%

CORPORATE ISSUER	TOTAL $	% OF AUM
1 Toronto-Dominion Bank	1,402.03	1.4651%
2 Royal Bank of Canada	1,295.15	1.3534%
3 Canadian Imperial Bank of Commerce	1,070.84	1.1190%
4 Bank of Montreal	1,068.21	1.1163%
5 Bank of Nova Scotia	950.75	0.9935%
6 National Bank of Canada	536.72	0.5608%
7 HSBC Bank Canada	519.58	0.5429%
8 Ford Credit Canada Co	475.04	0.4964%
9 Suncor Energy Inc	441.33	0.4612%
10 Laurentian Bank of Canada	383.63	0.4009%
11 Genesis Trust II	346.93	0.3625%
	8,490.22	8.8720%

Executive Team and Board of Directors

EXECUTIVE TEAM

KEVIN UEBELEIN
Chief Executive Officer

DALE MACMASTER
Chief Investment Officer

PETER PONTIKES
Executive Vice President, Public Equities

SANDRA LAU
Executive Vice President, Fixed Income

ANGELA FONG
Chief Corporate and Human Resources Officer

ROD GIRARD
Chief Legal Officer

ANDREW QUINN
Chief Financial Officer (Acting)

REMCO VAN EEUWIJK
Chief Risk Officer

MICHAEL BAKER
Senior Vice President, Investment Operations

MARK PREFONTAINE
Senior Vice President, Client Relations

BOARD OF DIRECTORS

MAC H. VAN WIELINGEN (CHAIR)

JOHN T. FERGUSON

J. RICHARD BIRD

PHYLLIS CLARK

GEORGE F.J. GOSBEE

ROSS A. GRIEVE

VIRGINIA A. HOLMES

HELEN M. KEARNS

DR. KENNETH (KEN) KRONER

C. JAMES PRIEUR

HAROLD A. ROOZEN

ANDREA S. ROSEN

ROBERT L. “JAY” VIVIAN

TOM WOODS

Alberta Investment Management Corporation

aimco.alberta.ca

Head Office
1100 - 10830 Jasper Avenue
Edmonton, AB T5J 2B3
Canada

Toronto Office
First Canadian Place
100 King Street West
Suite 5120, P.O. Box 51
Toronto, ON M5X 1B1
Canada

London Office
42 Wigmore Street, 1st Floor
London, UK
W1U 2RY

Luxembourg Office
19, rue Eugene Ruppert
L-2453
Luxembourg

Financial Statements

Alberta Investment Management Corporation

For the year ended March 31, 2017

Table of Contents

Executive Team and Board of Directors

EXECUTIVE TEAM

KEVIN UEBELEIN
Chief Executive Officer

DALE MACMASTER
Chief Investment Officer

PETER PONTIKES
Executive Vice President,
Public Equities

SANDRA LAU
Executive Vice President,
Fixed Income

ANGELA FONG
Chief Corporate and Human
Resources Officer

ROD GIRARD
Chief Legal Officer

ANDREW QUINN
Chief Financial Officer
(Acting)

REMCO VAN EEUWIJK
Chief Risk Officer

MICHAEL BAKER
Senior Vice President,
Investment Operations

MARK PREFONTAINE
Senior Vice President,
Client Relations

BOARD OF DIRECTORS

MAC H. VAN WIELINGEN (CHAIR)

JOHN T. FERGUSON

J. RICHARD BIRD

PHYLLIS CLARK

GEORGE F.J. GOSBEE

ROSS A. GRIEVE

VIRGINIA A. HOLMES

HELEN M. KEARNS

DR. KENNETH (KEN) KRONER

C. JAMES PRIEUR

HAROLD A. ROOZEN

ANDREA S. ROSEN

ROBERT L. "JAY" VIVIAN

TOM WOODS

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 that, 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 its approval by the Board of Directors.

The Corporation has developed and implemented systems of internal control and supporting procedures that 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.

(Originally Signed by Kevin Uebelein)

Chief Executive Officer

(Originally Signed by Andrew Quinn)

Chief Financial Officer (Acting)

Independent Auditor's Report

To the Shareholder of Alberta Investment Management Corporation

Report on the Financial Statements

I have audited the accompanying financial statements of Alberta Investment Management Corporation, which comprise the statement of financial position as at March 31, 2017, and the statements of operations, change in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Alberta Investment Management Corporation as at March 31, 2017, and the results of its operations, its remeasurement gains and losses, its changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher FCPA, FCA]

Auditor General

May 25, 2017

Edmonton, Alberta

Statement of Financial Position

AS AT MARCH 31, *($ thousands)*		2017		2016
FINANCIAL ASSETS				
Cash and cash equivalents *(Note 5)*	**$**	**69,175**	$	61,057
Accounts receivable		**12,157**		11,773
Other assets		**2,416**		2,416
		83,748		75,246
LIABILITIES				
Accounts payable and accrued liabilities		**4,738**		4,216
Accrued employment liabilities *(Note 6)*		**83,333**		77,577
Advance from the Province of Alberta *(Note 7)*		**63,349**		66,349
Pension liabilities *(Note 8)*		**3,494**		3,248
Deferred lease inducement *(Note 15)*		**1,922**		2,671
		156,836		154,061
NET DEBT		**(73,088)**		(78,815)
NON-FINANCIAL ASSETS				
Tangible capital assets *(Note 9)*		**70,713**		77,253
Prepaid expenses		**6,022**		5,209
		76,735		82,462
NET ASSETS *(Note 10)*	**$**	**3,647**	$	3,647

Contractual obligations *(Note 15)*

The accompanying notes are part of these financial statements.

Approved by the Board:

(Originally Signed by Mac H. Van Wielingen)

Board Chair

(Originally Signed by Richard Bird)

Audit Committee Chair

Statement of Operations

FOR THE YEAR ENDED MARCH 31, *($ thousands)*	2017 Budget *(Note 16)*	**2017**	2016
REVENUE			
Cost recoveries	$ 469,845	**$ 455,236**	$ 453,840
Interest income	–	**327**	226
Total revenue	469,845	**455,563**	454,066
EXPENSES			
Third-party investment management fees *(Note 11)*	184,419	**155,325**	155,958
Third-party asset administration, legal, and other *(Note 11)*	74,369	**78,111**	89,975
Third-party performance fees *(Note 11)*	79,141	**76,845**	57,723
Salaries, wages and benefits	81,030	**95,361**	102,005
Data, subscriptions and maintenance services	17,899	**17,513**	15,792
Amortization of tangible capital assets *(Note 9)*	12,666	**13,387**	12,106
Administrative expenses	6,650	**6,918**	7,250
Rent	6,613	**6,299**	5,622
Contract and professional services	6,605	**5,282**	7,121
Interest	453	**522**	514
Total expenses	469,845	**455,563**	454,066
ANNUAL SURPLUS	$ –	**$ –**	$ –

The accompanying notes are part of these financial statements.

Statement of Change in Net Debt

FOR THE YEAR ENDED MARCH 31, *($ thousands)*	2017 Budget *(Note 16)*	**2017**	2016
Annual surplus	$ –	**$ –**	$ –
Acquisition of tangible capital assets	(8,855)	**(6,850)**	(9,722)
Amortization of tangible capital assets *(Note 9)*	12,666	**13,387**	12,106
Loss on disposal of tangible capital assets		**3**	–
Change in prepaid expenses		**(813)**	(436)
DECREASE IN NET DEBT IN THE YEAR	3,811	**5,727**	1,948
NET DEBT AT BEGINNING OF YEAR	(78,815)	**(78,815)**	(80,763)
NET DEBT AT END OF YEAR	$ (75,004)	**$ (73,088)**	$ (78,815)

The accompanying notes are part of these financial statements.

Statement of Cash Flows

FOR THE YEAR ENDED MARCH 31, *($ thousands)*	2017	2016
OPERATING TRANSACTIONS		
Annual surplus	**$ –**	$ –
Non-cash items		
Amortization of tangible capital assets	**13,387**	12,106
Amortization of deferred lease inducement	**(749)**	(749)
Loss on disposal of tangible capital assets	**3**	–
Change in pension liabilities	**246**	210
	12,887	11,567
(Increase) decrease in accounts receivable	**(384)**	2,144
(Increase) in prepaid expenses	**(813)**	(436)
Increase (decrease) in accounts payable and accrued liabilities	**522**	(789)
Increase in accrued employment liabilities	**5,756**	21,500
Cash provided by operating transactions	**17,968**	33,986
CAPITAL TRANSACTIONS		
Acquisition of tangible capital assets	**(6,850)**	(9,722)
Cash applied to capital transactions	**(6,850)**	(9,722)
FINANCING TRANSACTIONS		
Proceeds from advance from the Province of Alberta	**–**	8,000
Payment of advance from the Province of Alberta	**(3,000)**	(500)
Cash (applied to) provided by financing transactions	**(3,000)**	7,500
INCREASE IN CASH AND CASH EQUIVALENTS	**8,118**	31,764
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**61,057**	29,293
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 69,175**	$ 61,057
SUPPLEMENTARY INFORMATION		
Cash used for interest	**$ 359**	$ 369

The accompanying notes are part of these financial statements.

Notes to the Financial Statements

FOR THE YEAR ENDED MARCH 31, ($ thousands)

NOTE 1 AUTHORITY

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

NOTE 2 NATURE OF OPERATIONS

The purpose of the Corporation is to provide investment management services in accordance with the *Alberta Investment Management Corporations Act* primarily to the Province of Alberta and certain public sector pension plans. The Corporation forms part of the 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 $98.4 billion (2016: $89.0 billion) at March 31, 2017, see Note 12. These assets are invested in segregated investments owned by the client or aggregated in one or more pooled investment portfolios managed by the Corporation. Some of these assets are managed by third-party investment managers selected and monitored by the Corporation in order to achieve greater diversification, as well as to access external expertise and specialized knowledge. The segregated assets and the assets within the pooled investment portfolios are not consolidated in the financial statements of the Corporation. The Corporation makes investments on behalf of its clients and may also establish companies in which the 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 it has not done so in the past.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards ("PSAS") and include the following significant accounting policies:

a) Measurement Uncertainty

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount. Third-party investment management fees, which are recorded as $155,325 (2016: $155,958); third-party performance fees, which are recorded as $76,845 (2016: $57,723); and pension liabilities, which are recorded as $3,494 (2016: $3,248) in these financial statements, are subject to measurement uncertainty. Third-party investment costs include estimates of management and performance fees that are based upon specified rates and commitment levels in the investment management agreements. The pension liabilities are based on key assumptions that could impact the reported liability. Refer to Note 8 for a description of the key assumptions and how a change in the assumptions can impact the reported pension liability.

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 costs.

c) Expenses

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

Interest expense primarily comprises 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 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 (2017 and 2016: $nil).

Other Assets

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

e) Liabilities

Liabilities are recorded at cost to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the fiscal year. 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 vacation 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 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. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset. Computer systems hardware and software development costs, including labour and materials, and costs for design, development, testing and implementation, are capitalized when the related business systems are expected to be of continuing benefit to the Corporation.

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

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

Computer systems hardware and software	5–10 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 (2017 and 2016: $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 financial 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, fluctuates over the vesting period based on achievement of certain performance factors and is expensed as salaries, wages and benefits over the vesting period of the awards. The liability for the grants is remeasured at each reporting period based on changes in the intrinsic values of the grants, such that the cumulative amount of the liability will equal the potential payout at that date. Any gains or losses on remeasurement are reported in the Statement of Operations. For any forfeiture of the grants, the accrued compensation cost will be adjusted by decreasing salaries, wages and benefits expense in the period of forfeiture.

i) Foreign Currency

Assets and liabilities denominated in foreign currency are translated at the year-end rate of exchange. Exchange differences on transactions are included in the determination of net operating results. Foreign currency transactions are translated into their Canadian dollar equivalents using the Bank of Canada noon rate prevailing at the transaction dates.

NOTE 4 FUTURE ACCOUNTING CHANGES

The Public Sector Accounting Board issued the following accounting standards:

PS 2200 Related Party Disclosures and PS 3420 Inter-Entity Transactions (effective April 1, 2017)
PS 2200 defines a related party and establishes disclosures required for related party transactions; PS 3420 establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. Management is currently assessing the impact of these standards on the financial statements.

PS 3210 Assets, PS 3320 Contingent Assets and PS 3380 Contractual Rights (effective April 1, 2017)
PS 3210 provides guidance for applying the definition of assets set out in Financial Statement Concepts, Section PS 1000, and establishes general disclosure standards for assets; PS 3320 defines and establishes disclosure standards on contingent assets; PS 3380 defines and establishes disclosure standards on contractual rights. Management is currently assessing the impact of these standards on the financial statements.

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

NOTE 5 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

AS AT MARCH 31, *($ thousands)*		2017		2016
Deposit in Consolidated Cash Investment Trust Fund	$	**68,440**	$	60,903
US bank account		**67**		65
Great British Pounds bank account		**668**		89
	$	**69,175**	$	61,057

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 comprises high-quality short-term and mid-term fixed income securities with a maximum term-to-maturity of three years. As at March 31, 2017, securities held by the Fund have a time-weighted return of 0.86% per annum (2016: 0.83% per annum).

NOTE 6 ACCRUED EMPLOYMENT LIABILITIES

AS AT MARCH 31, *($ thousands)*		2017		2016
Annual Incentive Plan (a)	$	**28,142**	$	28,231
Long-Term Incentive Plan (b)		**52,247**		46,887
Restricted Fund Unit Incentive Plan (c)		**1,406**		477
Accrued vacation, salaries and benefits		**1,538**		1,982
	$	**83,333**	$	77,577

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-added and include a component for achievement of annual individual objectives. The Chief Executive Officer may also make limited discretionary awards.

Total expense related to the AIP for the year ended March 31, 2017 was $23,652 (2016: $23,616), 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 net incremental return from active management ("value-added") over a four-year period. Senior management and other key professionals of the Corporation receive LTIP grants effective January 1 of each year that vary in size with their level of responsibility and quality of past performance and vest at the end of the fourth calendar period subsequent to the grant date. In the majority of situations, employees must be actively working for the Corporation on the date of payment. LTIP grants have an initial cash value of zero. When they vest after four years, and providing all vesting and plan conditions have been met by the employee, they will pay between zero and three times the size of the grant based on cumulative performance under the four-year vesting period. The maximum amount could be paid if the average four-year value-added exceeds the average "stretch target" annually set by the Board. The stretch target for the 2017 calendar year is $775,000.

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

($ thousands)		TARGET		STRETCH TARGET		VALUE-ADD FOR COMPENSATION PURPOSES[1]
2012	$	200,000	$	600,000	$	1,245,000
2013		266,667		800,000		427,000
2014		269,000		807,000		(82,000)
2015		302,000		906,000		1,514,800
2016		251,500		754,500		225,500
Total	$	1,289,167	$	3,867,500	$	3,330,300

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

If the average four-year value-added 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 has resulted in the potential for Special LTIP grants. A Special LTIP grant was awarded in the current year for $1,546 (2016: $2,872).

The accrued LTIP liability as at March 31, 2017 of $52,247 (2016: $46,887) reflects the current value of all LTIP, based on actual results to that date from the date they were awarded.

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

AS AT MARCH 31, *(thousands)*	2017			2016		
	Notional Value			Notional Value		
LTIP grants outstanding, beginning of year	**43,128**	**$**	**46,887**	38,454	$	30,493
Granted	**11,661**		**187**	12,545		144
LTIP accrual	**–**		**21,828**	–		31,461
Forfeited	**(1,973)**		**(2,751)**	(3,733)		(2,960)
Paid	**(4,738)**		**(13,904)**	(4,138)		(12,251)
LTIP grants outstanding, end of year	**48,078**	**$**	**52,247**	43,128	$	46,887

The maximum potential obligation related to the LTIP as at March 31, 2017 was $144,234 (2016: $129,384). Total expense related to the LTIP for the year ended March 31, 2017 was $19,264 (2016: $28,494), 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, 2017 of $1,406 (2016: $477) reflects the current value of all RFUs, based on actual results to that date from the date they were awarded.

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

AS AT MARCH 31, *(thousands)*	2017			2016		
	Notional Value			Notional Value		
RFU grants outstanding, beginning of year	**1,847**	**$**	**477**	725	$	533
Granted	**56**		**35**	1,472		199
Accrual	**–**		**1,030**	–		221
Paid	**(125)**		**(136)**	(350)		(476)
RFU grants outstanding, end of year	**1,778**	**$**	**1,406**	1,847	$	477

Total expense related to the RFU plan for the year ended March 31, 2017 was $1,066 (2016: $422), which was recorded in salaries, wages and benefits.

NOTE 7 ADVANCE FROM THE PROVINCE OF ALBERTA

Pursuant to Order in Council 219/2012 and in accordance with a loan advance agreement, the Corporation has not received advances from the Province of Alberta for the year ended March 31, 2017 (2016: $8,000). As at March 31, 2017, the outstanding advances from the Province totaled $63,349 (2016: $66,349).

The advance is a revolving demand credit facility up to a maximum of $70,000. The advance is repayable within six months of demand by the Province and is interest-bearing at a rate equal to the Province's one-month borrowing rate of 0.56% (2016: 0.55%). Interest expense on advance is $359 (2016: $369) and is included in the Statement of Operations. At March 31, 2017, the Corporation was in compliance with the terms of its revolving demand facility.

NOTE 8 PENSION LIABILITIES

Information about the Corporation's SRP is as follows:

FOR THE YEAR ENDED MARCH 31, *($ thousands)*	**2017**	2016
Accrued retirement obligation		
Beginning of year	**$ 4,529**	$ 4,368
Current service cost	**580**	466
Interest cost	**135**	180
Benefits paid	**(28)**	(62)
Actuarial loss (gain)	**730**	(423)
End of year	**5,946**	4,529
Plan assets		
Fair value, beginning of year	**1,794**	1,660
Actual return (loss) on plan assets	**85**	(150)
Employer contributions	**189**	173
Employee contributions	**189**	173
Benefits paid	**(28)**	(62)
End of year	**2,229**	1,794
Funded status – plan deficit	**(3,717)**	(2,735)
Unamortized net actuarial loss (gain)	**223**	(513)
Reported liability	**$ (3,494)**	$ (3,248)
Current service cost	**580**	466
Interest cost	**135**	180
Expected return on plan assets	**(52)**	(68)
Net actuarial gain amortization	**(39)**	(22)
Less: employee contributions	**(189)**	(173)
Total SRP expense	**$ 435**	$ 383

The measurement date for the plan assets and the accrued retirement obligation for the Corporation's defined benefit pension plan is March 31. Actuarial valuations are performed at least every three years to determine the actuarial present value of the accrued retirement obligation. An actuarial valuation for funding purposes was prepared as of December 31, 2015. An extrapolation of the actuarial valuation dated December 31, 2015 was performed to March 31, 2017.

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

AS AT MARCH 31	2017	2016
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	2017	2016
Annual discount rate	**2.7%**	2.7%
Annual salary increase – base	**2.0%**	3.0%
Expected long-term return on plan assets	**5.3%**	5.3%
Inflation rate	**2.0%**	2.0%

The reported liability of the SRP is significantly impacted by these assumptions. A 1% increase or decrease in the discount rate would decrease or increase the reported liability by $1,519 as at March 31, 2017 (2016: $1,339). A 1% increase or decrease in the rate of salary increases would increase or decrease the reported liability by $1,399 as at March 31, 2017 (2016: $1,907). A 1% increase or decrease in the inflation rate would increase or decrease the reported liability by $585 as at March 31, 2017 (2016: $499).

Pension and Disability Plans

The Corporation participates in two multi-employer public sector pension plans, the Management Employees Pension Plan (MEPP) and the Public Service Pension Plan (PSPP). The Corporation also participates in a defined contribution pension plan and a defined contribution supplementary retirement plan, established for employees hired after the formation of the Corporation on January 1, 2008.

The Corporation's expense for the pension and disability plans was equivalent to the annual contributions of $4,597 (2016: $3,816) for the year ended March 31, 2017, 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 comprises 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, 2016, the Management Employees Pension Plan reported a surplus of $402,033 (2015: surplus of $299,051) and the Public Service Pension Plan reported a surplus of $302,975 (2015: deficiency of $133,188).

NOTE 9 TANGIBLE CAPITAL ASSETS

FOR THE YEAR ENDED MARCH 31, *($ thousands)*	COMPUTER SYSTEMS HARDWARE AND SOFTWARE	LEASEHOLD IMPROVEMENTS	FURNITURE AND EQUIPMENT	2017	2016
Cost					
Opening balance	$ 97,388	$ 13,299	$ 4,625	**$ 115,312**	$ 110,045
Additions	6,657	168	25	**6,850**	9,722
Disposals	(86)	-	-	**(86)**	(4,455)
Closing balance	103,959	13,467	4,650	**122,076**	115,312
Accumulated amortization					
Opening balance	27,608	7,814	2,637	**38,059**	30,408
Amortization expense	11,443	1,439	505	**13,387**	12,106
Effect of disposals	(83)	-	-	**(83)**	(4,455)
Closing balance	38,968	9,253	3,142	**51,363**	38,059
Net book value at March 31	$ 64,991	$ 4,214	$ 1,508	**$ 70,713**	$ 77,253

Cost includes work-in-progress at March 31, 2017 totaling $313 (2016: $nil) comprises computer systems hardware and software.

NOTE 10 NET ASSETS

Net assets is made up as follows:

AS AT MARCH 31, *($ thousands)*	2017	2016
Contributed surplus (a)	**$ 3,647**	$ 3,647
Share capital (b)	**–**	–
Accumulated surplus	**–**	–
	$ 3,647	$ 3,647

a) Contributed Surplus

Contributed surplus of $3,647 (2016: $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

AS AT MARCH 31, *($ thousands)*	2017	2016
Issued and authorized		
Province of Alberta — one share	**$ –**	$ –

NOTE 11 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.

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. Fees charged by third-party managers include regular management fees as well as performance/incentive-based fees. These fees include significant estimates and 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 12 ASSETS UNDER ADMINISTRATION

The Corporation provides investment management services on behalf of certain Province of Alberta Endowment Funds, other Government Funds and certain public sector pension plans.

At March 31, 2017, assets under administration totalled approximately $98.4 billion (2016: $89.0 billion), at market value. These assets were administered on behalf of the following clients of the Corporation:

AS AT MARCH 31, *($ thousands)*	2017	2016
Pension plans	**$ 63,012,934**	$ 55,538,671
Ministry of Treasury Board and Finance		
General revenue and entity investment funds[1]	**6,782,646**	6,003,618
Endowment funds (including the Alberta Heritage Savings Trust Fund)	**22,562,476**	21,910,581
Insurance-related funds	**2,916,374**	2,810,050
Other government ministry investment funds	**3,137,906**	2,709,970
	$ 98,412,336	$ 88,972,890

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)*	2017	2016
Fixed income		
Fixed income[1]	**$ 28,718,617**	$ 25,587,076
Private mortgages	**3,077,602**	3,175,844
Private debt and loan	**798,096**	918,970
Inflation-sensitive		
Real estate	**12,589,786**	12,554,248
Infrastructure and timber	**6,793,237**	6,031,038
Real return bonds and commodities	**2,152,258**	2,976,569
Equities		
Public equities and absolute return strategies	**39,937,952**	32,866,738
Private equity and venture capital	**4,169,538**	4,650,167
Overlays	**175,250**	251,363
Currency derivatives	**–**	(39,123)
	$ 98,412,336	$ 88,972,890

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

NOTE 13 RELATED PARTY TRANSACTIONS

Related parties are the government funds, pension plans and other entities for which the Corporation provides investment management services. 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:

AS AT MARCH 31, *($ thousands)*		2017		2016
Revenues				
Indirect cost recoveries[1]	**$**	**144,955**	$	150,184
Interest income[1]		**327**		226
		145,282		150,410
Expenses				
Interest on advance from Province of Alberta		**359**		369
Contracted services[2]		**743**		684
		1,102		1,053
Assets				
Accounts receivable[1]		**11,995**		11,605
Liabilities				
Accounts payable		**9**		129
Advance from Province of Alberta		**63,349**		66,349
		63,358		66,478

1 Recovered from government funds, pension plans and other entities.

2 Transacted with the Ministry of Treasury Board and Finance and other entities.

NOTE 14 SALARIES AND BENEFITS DISCLOSURE

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

The following table presents total compensation of the directors and senior management of the Corporation earned for the year ended March 31, 2017 in accordance with direction from the Ministry of Treasury Board and Finance.

FOR THE YEAR ENDED MARCH 31, *($ thousands)*

	2017						2016
		INCENTIVE PLAN		OTHER CASH	OTHER NON-CASH		
	BASE SALARY[1]	ANNUAL[2]	LONG-TERM[3]	BENEFITS[4]	BENEFITS[5]	**TOTAL**	TOTAL
Chairman of the Board[6]	$ –	$ –	$ –	$ 98	$ –	**$ 98**	$ 95
Board Members[6]	–	–	–	533	–	**533**	442
Chief Executive Officer	500	1,323	–	145	90	**2,058**	1,971
Chief Investment Officer	425	1,141	1,697	1	78	**3,342**	2,197
EVP, Private Markets	334	699	955	–	50	**2,038**	1,792
EVP, Public Equities	294	530	897	1	60	**1,782**	1,137
EVP, Fixed Income	294	552	867	–	61	**1,774**	1,058
Chief Corporate & HR Officer	285	336	285	1	56	**963**	1,132
Chief Financial Officer (Acting)[7]	166	59	129	–	23	**377**	–
Chief Financial Officer[8]	166	–	–	17	25	**208**	873
SVP, Operations	242	198	207	1	34	**682**	719
Chief Legal Officer[9]	245	213	139	–	41	**638**	511
Chief Risk Officer[10]	252	151	–	156	34	**593**	–
SVP, Client Relations[11]	100	–	–	–	18	**118**	–
Chief Client Relations & Legal Officer[12]	–	–	–	–	–	**–**	1,490
Chief Risk Officer[13]	–	–	–	–	–	**–**	1,600

1 Base salary consists of all regular pensionable base pay earned.

2 Annual Incentive Plan is accrued based on goal attainment for the calendar year and paid in the subsequent period.

3 Long-Term Incentive Plan consists of amounts that became eligible for payment in the year and paid in a subsequent period.

4 Other cash benefits consist of RFU amounts that became eligible for payment in the year and paid in a subsequent period, severance, lump sum payments and any other direct cash remuneration.

5 Other non-cash benefits consist of the Corporation's share of all employee benefits and contributions or payments made on behalf of employees, including pension, supplementary retirement plans, statutory contributions and health plan coverage.

6 The Board consisted of between 11 and 14 independent members during fiscal 2016–17, including the Chairman, whose compensation is disclosed separately.

7 The incumbent was appointed Chief Financial Officer (Acting) on October 28, 2016. Previously, he was Senior Finance Manager.

8 The incumbent left the Corporation on October 28, 2016.

9 The incumbent was appointed CLO on March 31, 2016. Previously, he was Senior Legal Counsel.

10 The incumbent commenced employment with the Corporation on May 2, 2016.

11 The incumbent commenced employment with the Corporation on November 1, 2016.

12 The incumbent left the Corporation on February 16, 2016.

13 The incumbent left the Corporation on February 26, 2016.

LTIP grants are awarded at the start of each fiscal year. The resulting value, if any, is paid out after the end of a four-year vesting period and is based on long-term value-added performance. The tables below show the LTIP grants as originally awarded and estimated potential future payouts for each named executive. The future value of awards granted for 2014, 2015 and 2016 but not vested are estimated as at March 31, 2017 based on actual performance for calendar years 2014, 2015 and 2016 and pro forma multipliers of 1.0 (target) for future years. For awards granted in 2017, the future payout is estimated as at March 31, 2017 based on pro forma multipliers of 1.0 (target) for calendar year 2017 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)	AS AT MARCH 31, 2016	GRANTED IN YEAR	ELIGIBLE FOR PAYOUT IN YEAR	FORFEITED OR ADJUSTED IN YEAR	**AS AT MARCH 31, 2017**
Chief Executive Officer	1,000	500	–	–	**1,500**
Chief Investment Officer	2,426	695	(566)	–	**2,555**
EVP, Private Markets	1,330	334	(327)	(3)	**1,334**
EVP, Public Equities	1,278	396	(299)	–	**1,375**
EVP, Fixed Income	1,233	499	(289)	–	**1,443**
Chief Corporate & HR Officer	660	143	(111)	–	**692**
Chief Financial Officer (Acting)[1]	210	27	(50)	–	**187**
Chief Financial Officer[2]	538	–	–	(538)	**–**
SVP, Operations	443	97	(94)	31	**477**
Chief Legal Officer	311	104	(54)	–	**361**
Chief Risk Officer[3]	–	330	–	–	**330**
SVP, Client Relations[4]	–	96	–	–	**96**

	ESTIMATED FUTURE PAYOUT				
($ thousands)	AS AT MARCH 31, 2016	CHANGE IN ESTIMATED FUTURE PAYOUT IN YEAR	ELIGIBLE FOR PAYOUT IN YEAR	FORFEITED OR ADJUSTED IN YEAR	**AS AT MARCH 31, 2017**
Chief Executive Officer	$ 1,593	$ 564	$ –	$ –	**$ 2,157**
Chief Investment Officer	5,084	966	(1,697)	–	**4,354**
EVP, Private Markets	2,986	666	(955)	–	**2,697**
EVP, Public Equities	2,797	369	(897)	–	**2,269**
EVP, Fixed Income	2,557	1,310	(867)	–	**3,000**
Chief Corporate & HR Officer	1,108	187	(285)	–	**1,010**
Chief Financial Officer (Acting)[1]	392	48	(129)	–	**311**
Chief Financial Officer[2]	980	–	–	(980)	**–**
SVP, Operations	701	194	(207)	–	**688**
Chief Legal Officer	510	116	(139)	–	**487**
Chief Risk Officer[3]	–	321	–	–	**321**
SVP, Client Relations[4]	–	96	–	–	**96**

1 The incumbent was appointed Chief Financial Officer (Acting) on October 28, 2016.
2 The incumbent left the Corporation on October 28, 2016.
3 The incumbent commenced employment with the Corporation on May 2, 2016.
4 The incumbent commenced employment with the Corporation on November 1, 2016.

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 table that follows shows the RFU grants and estimated future payouts for each named executive. For awards granted in 2016, the future payout is estimated to be equal to the grant amount.

					NOTIONAL VALUE
(thousands)	AS AT MARCH 31, 2016	GRANTED IN YEAR	ELIGIBLE FOR PAYOUT IN YEAR	FORFEITED OR ADJUSTED IN YEAR	**AS AT MARCH 31, 2017**
Chief Executive Officer	250	–	(125)	–	**125**
Chief Risk Officer[1]	–	441	(147)	–	**294**

					ESTIMATED FUTURE PAYOUT
($ thousands)	AS AT MARCH 31, 2016	CHANGE IN ESTIMATED FUTURE PAYOUT IN YEAR	ELIGIBLE FOR PAYOUT IN YEAR	FORFEITED OR ADJUSTED IN YEAR	**AS AT MARCH 31, 2017**
Chief Executive Officer	$ 273	$ 16	$ (144)	$ –	$ **145**
Chief Risk Officer[1]	–	467	(156)	–	**311**

1 The incumbent commenced employment with the Corporation on May 2, 2016.

NOTE 15 CONTRACTUAL OBLIGATIONS

Contractual obligations of $36,057 (2016: $42,427) 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)*	**2017**
2018	**$ 15,216**
2019	**9,969**
2020	**7,588**
2021	**1,936**
2022	**1,055**
Thereafter	**293**
Total	**$ 36,057**

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 total deferred lease inducement as at March 31, 2017 is $1,922 (2016: $2,671).

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, 2017, the balance outstanding against the facility is $250,708 (2016: $226,131).

NOTE 16 2016–17 BUDGET

The Corporation's budget for the year ended March 31, 2017 was approved by the Board of Directors on November 19, 2015.

NOTE 17 FINANCIAL RISK MANAGEMENT

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

As at March 31, 2017, 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 its 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 Britain Pounds denominated foreign currency in accounts payable and accrued liabilities as at March 31, 2017 is $1,245 (2016: $345) and $24 (2016: $151), respectively.

d) Interest Rate Risk

The Corporation is exposed to interest rate risk from its advance from the Province of Alberta. The sensitivity of the Corporation's operating surplus due to a 1% change in the interest rate is $633 (2016: $663).

NOTE 18 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors on May 25, 2017.

Alberta Investment Management Corporation

aimco.alberta.ca

Head Office
1100 - 10830 Jasper Avenue
Edmonton, AB T5J 2B3
Canada

Toronto Office
First Canadian Place
100 King Street West
Suite 5120, P.O. Box 51
Toronto, ON M5X 1B1
Canada

London Office
42 Wigmore Street, 1st Floor
London, UK
W1U 2RY

Luxembourg Office
19, rue Eugene Ruppert
L-2453
Luxembourg