

FOR ALBERTA



ALBERTA INVESTMENT MANAGEMENT CORPORATION
2015 ANNUAL REPORT

**AIMCo IS ALBERTA'S
INVESTMENT
MANAGER.**

**BUILT BY ALBERTANS,
FOR ALBERTANS.**

Our teams are comprised of top talent from around the globe, who combine unique experience, cultural diversity, and an unwavering Alberta-strong entrepreneurial spirit to identify and invest in the best opportunities available, wherever they may be.

AIMCo's clients represent all Albertans and we are unified in our resolve to ensure we meet their needs today and many years into the future.

Established in 2008 by the Government of Alberta, our focus is to become a world-class institutional investor that is engineered to maximize return for our clients.

For Alberta.

INVESTMENT HIGHLIGHTS

As at year ended December 31, 2015

\$90.2

BILLION

Assets Under Management

\$1.5

BILLION

Net Value Add

\$7.5

BILLION

Net Investment Income

9.1%

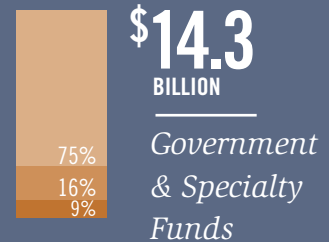
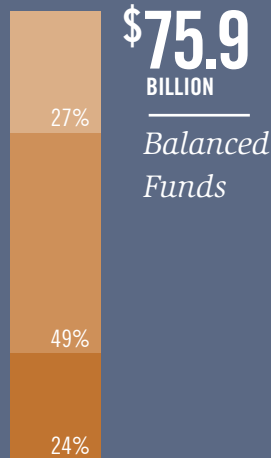
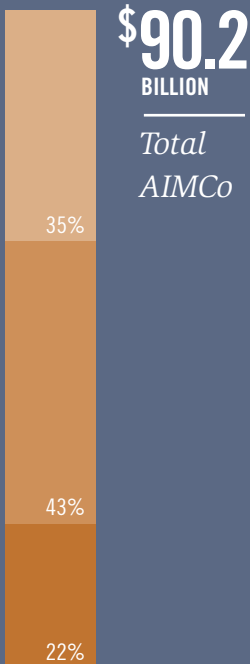
Total AIMCo Net Investment Return

10.1%

Balanced Funds Net Investment Return

3.9%

Government & Specialty Funds Net Investment Return



**LOWER RISK TOLERANCE
EMPHASIZING PRESERVATION
OF CAPITAL**

**INCREASED RISK TOLERANCE TO
MAXIMIZE RETURN**

■ Money Market & Fixed Income ■ Equities ■ Inflation Sensitive

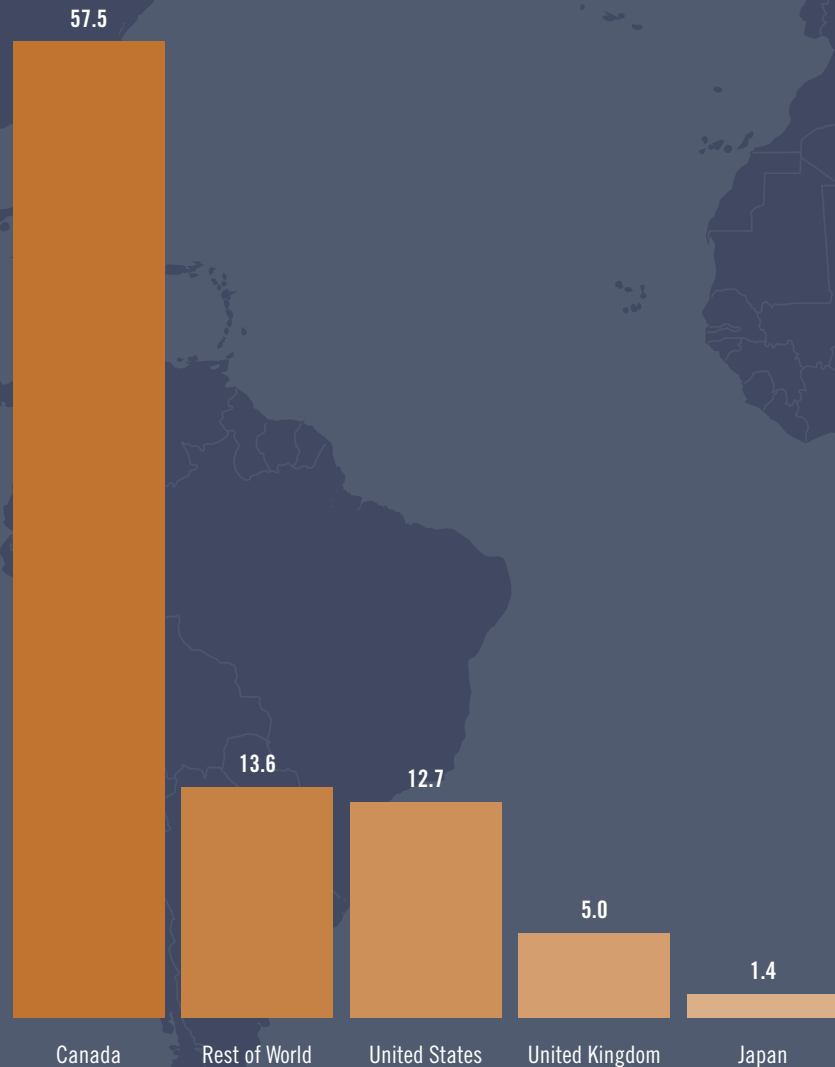
BRINGING THE WORLD TO ALBERTA

AIMCo brings the world to Alberta. We invest globally, we hire globally, and through our efforts we continue to secure the best investment opportunities and talent on behalf of our clients.

Our investment teams bring Alberta's entrepreneurial, can-do spirit to transactions across asset classes and markets. On our own, or alongside like-minded partners, our teams are steadfast in their resolve to do what is best.

For our clients. For Alberta.

INVESTMENTS BY REGION
(BILLIONS OF DOLLARS)



ALBERTA VALUES

AIMCo's values form the basis of our organizational culture, informing how we make decisions in every aspect of our operations. We are privileged to represent Alberta around the globe and ever mindful that how we do business is a reflection on more than just our organization. At AIMCo, we simply call it doing business the right way.

CORE VALUES

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

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

HUMILITY *Learn as much from failure as you do from success*

INTEGRITY *Act in an ethical manner...do what is right, not expedient*

COLLABORATION *One company...One team*

VISION

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

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CHAIR MESSAGE

Alberta Investment Management Corporation was created for Alberta in 2008. Its objective then, and to this day is to provide the Province's pension plans, endowments, government accounts and specialty funds with an institutional investment platform that could compete among the very best – for investments, for investment returns, and for proven knowledge and expertise. To achieve this, the Province adopted a governance model that was globally recognized for its ability to achieve sustainable performance, while reducing costs to generate maximum value. Eight years in and going strong, it is evident that the Province's vision of AIMCo is being realized.

As a founding member of the AIMCo Board of Directors, I have enjoyed the unique privilege, alongside my fellow Directors, to help shape the organization on its path toward becoming the high calibre, world-class investment management organization it is today.

2015 was a year of significant transition. AIMCo welcomed its new CEO, the province elected a new Government, and the Alberta economy faced its most daunting challenges in recent memory; spurred by a precipitous fall in the price of oil. It is this environment where an organization like AIMCo, one that is focused on long-term performance and has the ability to quickly and decisively move when investment opportunities arise, can realize maximum value for its clients.

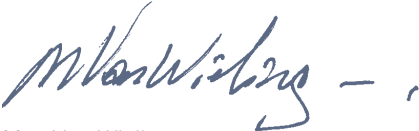
In 2015, AIMCo's assets under management increased to \$90.2 billion. On a total fund basis, AIMCo earned a return of 9.1%, or \$7.5 billion of investment income, net of all costs and fees. While our assets under management represent all Albertans, the majority are contributed by pension plans, and we are particularly mindful of the trust that pension beneficiaries have placed in us to ensure their retirement needs will be met.

Of the many accomplishments achieved, we are particularly proud of the meaningful relationship we have developed with government leaders over the years. Built on a commitment to develop a robust collaborative relationship, and supported by open, transparent communication, we deeply value the spirit of our relationship. AIMCo set out to be a leader among Alberta's Agencies, Boards and Commissions, and I believe our professionalism and the success that our team has demonstrated has earned the respect of the Province, allowing us to continue to operate autonomously, and in the best interest of our clients.

The Canadian pension plan model, which AIMCo embraces, represents a commitment to building highly competitive, multi-asset management capabilities that necessitates attracting and developing deep in-house talent. Our ability to do so reduces overall costs for our clients, by keeping outsourced investment management to a minimum, thereby maximizing net risk-adjusted investment returns.

We were pleased to welcome two new Directors to the Board in 2015: Helen Kearns, President and Chief Executive Officer of Bell Kearns & Associates Ltd., and Tom Woods, former Vice-Chairman of CIBC. Their experience and acumen will serve the board well.

Finally, on behalf of the Board, we would like to congratulate Kevin Uebelein on a successful first year as CEO, and we applaud the entire AIMCo team for their poise and perseverance through difficult market conditions to earn the strong returns it achieved on behalf of its clients.



Mac Van Wielingen
Chair



CEO MESSAGE

On behalf of the talented team of professionals at AIMCo, it gives me great pleasure to share an update on our annual progress against our long-term performance objectives. For the calendar year ending 2015, the team at AIMCo combined to generate significant absolute and value add returns for AIMCo's clients.

Last year, AIMCo delivered more than \$1.5 billion in value add for our clients. I am particularly proud of our team's accomplishments against the far from placid investment waters of the year just behind us. At the mid-point of 2015, the investment environment required our investment managers to balance caution with an opportunistic eye for investment upside. In August, we experienced a full-blown market correction and the associated increase in market volatility continued through the remaining months. And yet despite those challenges, AIMCo finished the year very strong.

Fortunately for AIMCo's clients, their investment horizon far exceeds that of even the longest market downturns. From an investment management perspective, our focus on the long-term allows us to weather poor market conditions, even years of under-performance. However, it also puts into context the fact that we are ultimately not measured against how well we did last year – or any year for that matter – but rather how well we do over a much longer time frame in meeting our clients' objectives. It is a humbling reality that permeates our culture at AIMCo, and keeps us driven to continue to perform and improve.

Recognizing that the beta return provided by investment markets is beyond our control, we focus on those items we can manage: delivering alpha value add, and at a reasonable cost. In 2015, AIMCo was again recognized as a relatively low-cost provider of investment management services by the independent benchmarking firm CEM. This outcome is the result of a strict budgeting process and the success that AIMCo has had in attracting top

investment talent to the organization. This continues to allow us to take responsibility internally for many investment strategies that otherwise would have been managed externally, and at significantly greater expense.

Overarching all of this effort is our commitment to our clients and their satisfaction with AIMCo as their investment manager. We are working to build a constant, multi-faceted dialogue with our clients, creating optimal transparency to them regarding what we are doing and affording us with the best possible understanding of their needs and opinions. This is used to inform our strategy and prioritize our initiatives each year. I am confident that we are becoming better aligned on matters of greatest impact and I look forward to earning even greater trust in the years to come.

I wish to extend my gratitude, on behalf of the entire AIMCo team, to the many individuals who share their time and wisdom in ensuring our client Boards and Investment Committees are well-informed to meet the long-term needs of their constituents. I also want to thank the Province of Alberta for putting its trust in our team, and to all who supported our efforts in 2015.

Finally, I would personally like to thank AIMCo's clients, our Board of Directors and the talented team of AIMCo professionals for their commitment to serving the needs of all Albertans. During these times of intense challenge for the province, it is especially gratifying to be able to deliver considerable over-performance against our benchmark returns.

For Alberta.



Kevin Uebelein
Chief Executive Officer







OUR TEAM

The AIMCo team draws inspiration from Alberta. The majority of our executive leadership, active investment management, and operations teams reside in its Edmonton headquarters. Our teams work and engage directly within the communities and with the constituents whom we serve.



KEVIN UEBELEIN
Chief Executive Officer



DALE MACMASTER
Chief Investment Officer



ROBERT MAH
*Executive Vice President,
Private Investments*



JACQUELYN COLVILLE
Chief Financial Officer



ANGELA FONG
*Chief Corporate and
Human Resources Officer*



ROD GIRARD
Chief Legal Officer



REMCO VAN EEUWIJK*
Chief Risk Officer



MICHAEL BAKER
*Senior Vice President,
Investment Operations*



SANDRA LAU
*Senior Vice President,
Fixed Income*



PETER PONTIKES
*Senior Vice President,
Public Equities*

**OUR TEAMS WORK AND
ENGAGE DIRECTLY WITHIN
THE COMMUNITIES AND WITH
THE CONSTITUENTS WHOM
WE SERVE.**

* Remco van Eeuwijk joined AIMCo on May 2, 2016.

LONG-TERM STRATEGY

AIMCo's clients are long-term investors, so we are building an organization with the longevity and sustainability to be there for them years into the future. We instill a deep commitment to strategic thinking, and an emphasis on performance, in all areas of our business. The path to achieving this has been systematic, reshaping our Guiding Principles: Vision, Core Values, and Key Success Drivers. These are important fundamentals from which all other strategy work will cascade and their importance is regularly communicated across the organization.

2015 CORPORATE OBJECTIVES PERFORMANCE

Client Satisfaction

Implement a client relations management system

Survey our clients annually and develop scorecards using key metrics, against which we will measure ourselves in future iterations of the survey

Investment Performance

Meet or exceed clients' investment objectives

Undertake a detailed review of AIMCo benchmarks to ensure meaningful alignment with our clients' objectives

Undertake a detailed review of the investment strategies of AIMCo's illiquid asset classes

Financial and Operational Performance

Manage operational risk and internal control effectiveness while ensuring current internal controls are appropriate

Ensure effective cost management

Strategic Performance

Continue to enhance AIMCo's capability for organizational planning, performance and accountability

Doing Business the Right Way/People

Continue to build on the strengths of our AIMCo team

Provide ongoing professional development opportunities for our team

Continue to enhance team engagement and retention programs

Client Satisfaction

Improve enterprise-wide understanding of our clients to provide all AIMCo professionals with a clearer understanding of their priorities and objectives

Expand client survey to include a broader set of clients and improve overall client survey scores year over year by an agreed upon metric

Investment Performance

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

Continued evolution of our Investment Risk program

Financial and Operational Performance

Deliver projects in a timely manner and within budget

Ensure effective cost management

Strategic Performance

Provide high quality investment management services beyond investment return

Doing Business the Right Way/People

Further enhancements of our control environment, predominately Enterprise Risk Management program evolution

Continue to build on the strengths of our AIMCo team, and continuously evolve our People strategy

Increase emphasis on Core Values to ensure they are incorporated into our daily routines

AIMCo's clients play a profound role in ensuring the province we live in is a place we are proud to call home. Through their efforts, all Albertans benefit from a high quality of service and standard of living. The assets we manage on their behalf contribute to infrastructure development, academic scholarships and support the retirement needs of thousands of public sector workers.

AIMCo has the unique privilege to serve the needs of our 31 Alberta-based clients. We work closely with each of them to understand their specific needs and to support them in delivering superior value to their stakeholders.

Clients First is our commitment that every individual within the organization understands their role in supporting our clients' success, and every element of our operation is aligned to ensure we meet their goals.

Our clients are our highest priority and their experience with our organization is paramount in our ability to work closely together.

AIMCo clients represent all Albertans:

In 2015 our pension fund clients made nearly \$1.3 billion in pension payments to meet the retirement needs of over 330,000 active and retired public sector employees.

The Alberta Heritage Savings Trust Fund is Alberta's main long-term savings fund, originally established to collect a portion of Alberta's non-renewable resource revenue for future generations. It is the largest endowment system of its kind in Canada.

The government funds we manage are used for Albertans' priorities such as health care, education, infrastructure and social programs.

AIMCo provides investment management, performance measurement, administration, compliance and proprietary market research to meet our clients' needs. As a multi-client manager, we instill a strong client service focus across the organization so that all departments understand clients' objectives, our investment teams can develop strategies to address them and our client relations team can communicate to clients on how we are meeting their requirements.

Our clients represent all Albertans and are meaningful contributors to our society. We are proud to support them in meeting their mandates.



CLIENT RELATIONS

CLIENT RELATIONS

CLIENTS FIRST. *The commitment to our clients is core across the organization, and is embodied through our Client Relations team. Together, the team serves as both the clients' advocate within AIMCo as well as an advisor, understanding their needs and providing guidance.*

AIMCo's Client Relations team is our direct interface with AIMCo's 31 clients. At their request, the team collaborates with our clients to develop their long-term investment policy, strategic asset allocation, and performance benchmark selection. The Client Relations team provides reporting to clients on a quarterly basis in conjunction with quarterly meetings. Client Relations also has the lead in providing education to our clients on a range of topics and for sharing perspectives on market events as they happen.

The team works closely with all of the investment departments to ensure that our clients' investments are in compliance with each client's Statement of Investment Policy and Guidelines. The team is also well-positioned to work with clients to gain their understanding when AIMCo is introducing a new investment strategy.



DONALD OLSEN
Director, Client Relations



DOUG CRONK
Director, Client Relations



KELLY FEATHERSTONE
Director, Client Relations



AHMED KASSONGO
Director, Client Analytics & Reporting



YU DING
Senior Analyst, Client Analytics & Reporting



JENNIFER SCHWEERS
Senior Reporting Specialist, Client Analytics & Reporting



PETER CHEREWYK
Analyst, Client Analytics & Reporting



DESMIER MADYARA
Analyst, Client Analytics & Reporting



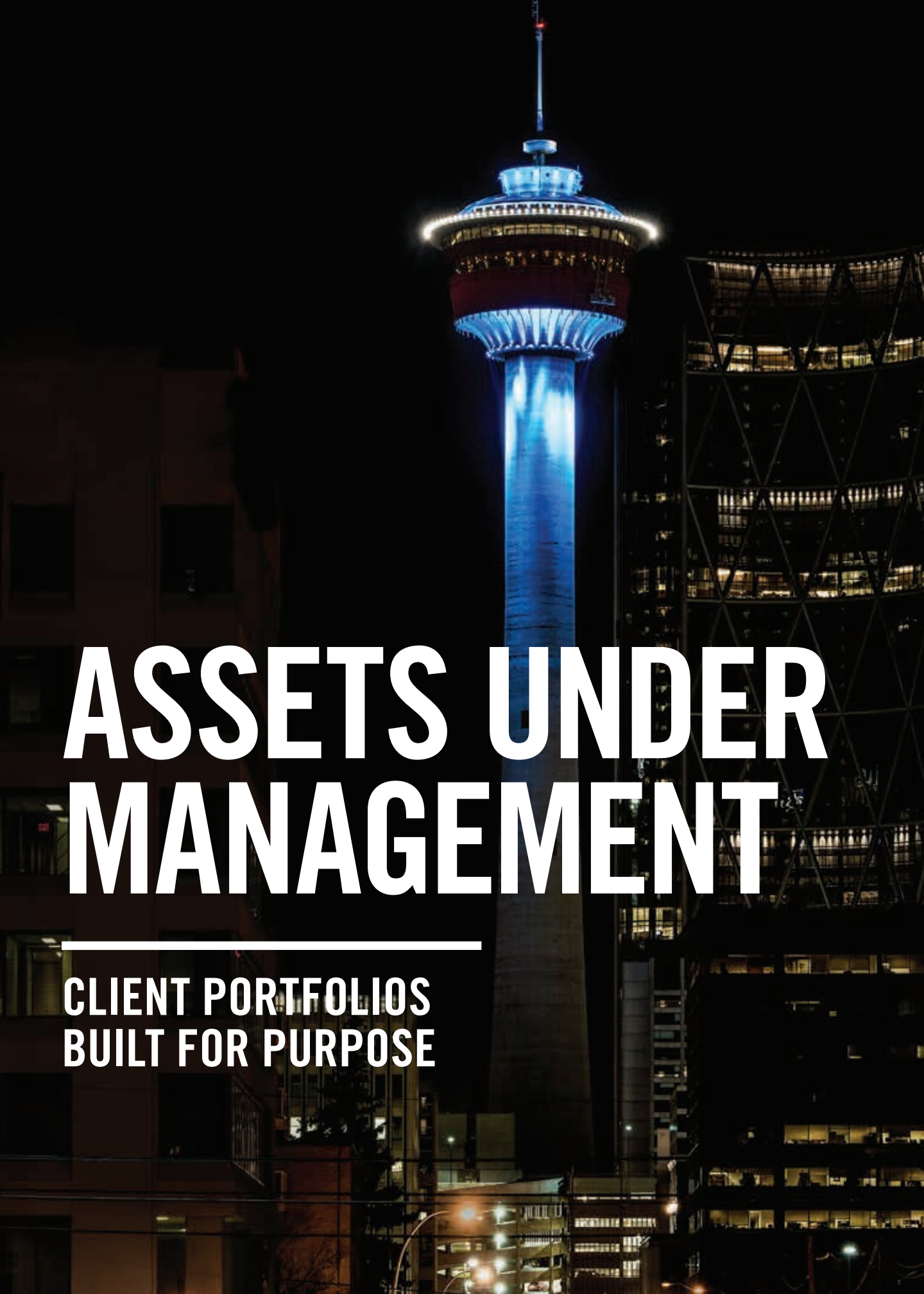
BRITTANY JONES
Analyst, Client Analytics & Reporting



PARVEEN GREWAL
Analyst, Client Analytics & Reporting



DERRICK GREENLEE,
Executive Assistant, Client Relations



ASSETS UNDER MANAGEMENT

**CLIENT PORTFOLIOS
BUILT FOR PURPOSE**

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

AIMCo CHANGES IN ASSETS UNDER MANAGEMENT 2009-15



OUTFLOWS

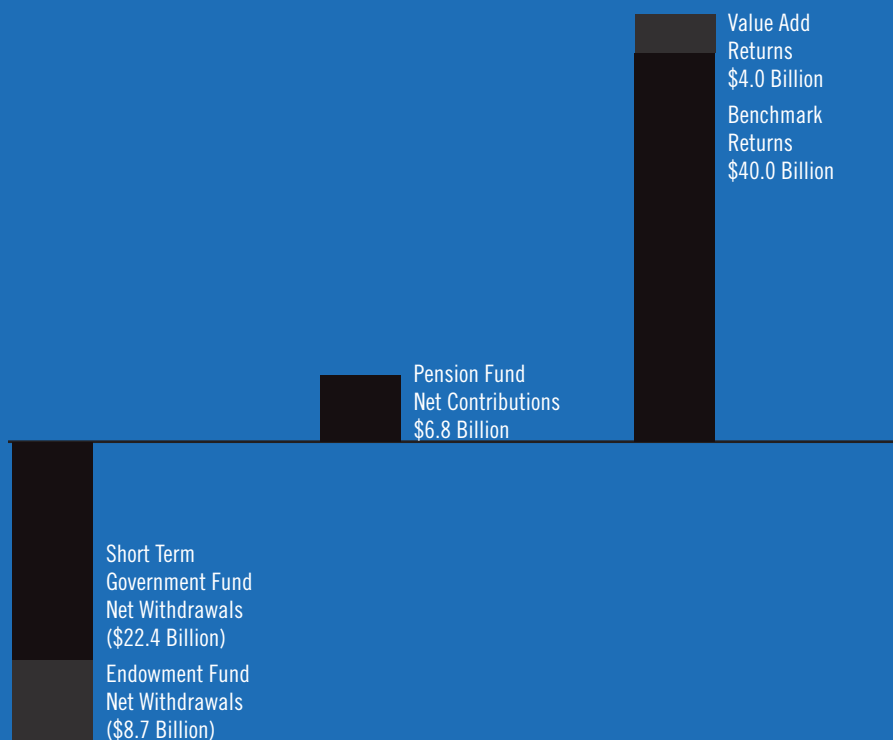
(\$31.1)
BILLION

INFLOWS

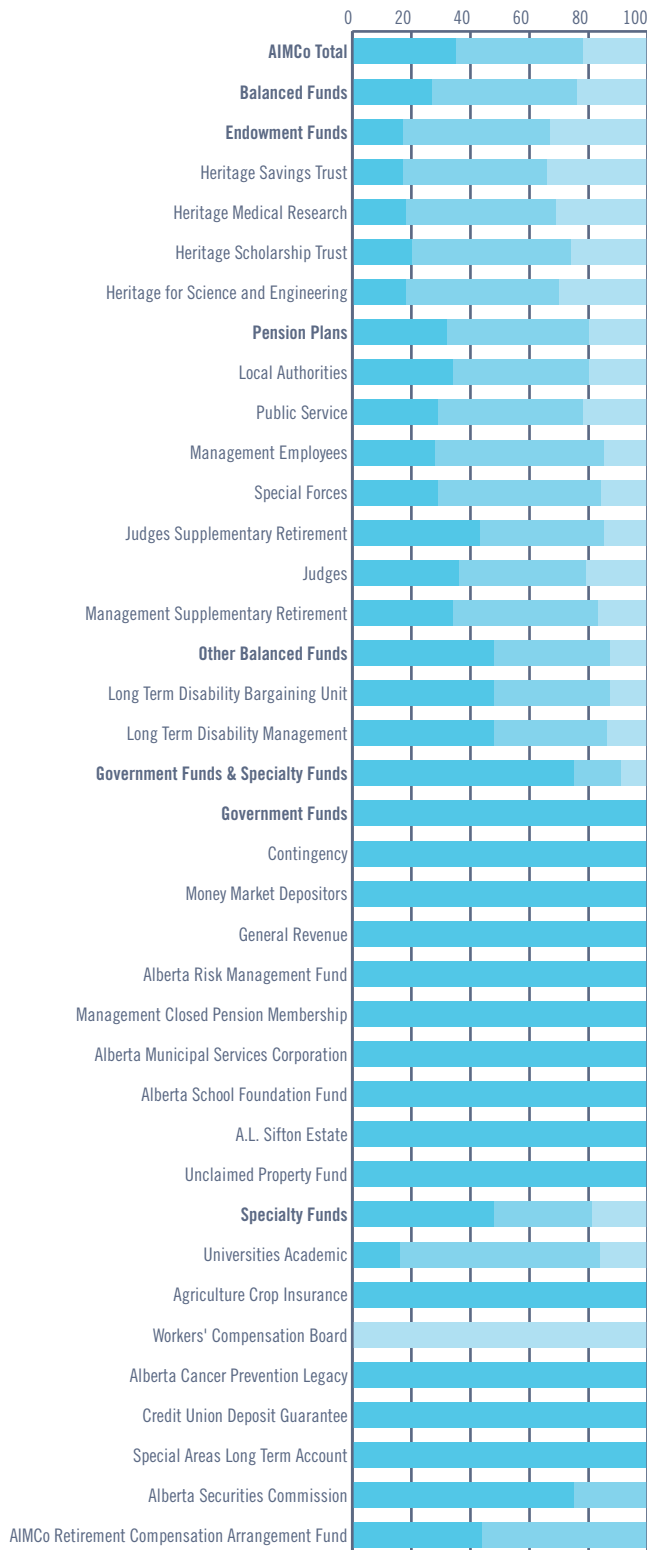
\$6.8
BILLION

NET RETURNS

\$44.0
BILLION



ASSETS UNDER MANAGEMENT



Each of our clients determine a mix of investment assets most appropriate to meeting the long-term objectives of their specific fund.

BALANCED FUNDS

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

GOVERNMENT & SPECIALTY FUNDS

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

ASSETS UNDER MANAGEMENT

By client type as of December 31, 2015

(\$millions)	ASSET CLASS ¹			
	MARKET VALUE	MONEY MARKET & FIXED INCOME	EQUITIES	INFLATION SENSITIVE
AIMCo TOTAL	90,157	35%	43%	22%
BALANCED FUNDS²	75,898	27%	49%	24%
Endowment Funds	23,080	17%	50%	33%
Heritage Savings Trust	19,034	17%	49%	34%
Heritage Medical Research	1,772	18%	51%	31%
Heritage Scholarship Trust	1,240	20%	54%	26%
Heritage for Science and Engineering	1,034	18%	52%	30%
Pension Plans	52,487	32%	48%	20%
Local Authorities	34,353	34%	46%	20%
Public Service	10,901	29%	49%	22%
Management Employees	4,314	28%	57%	15%
Special Forces ³	2,496	29%	55%	16%
Judges Supplementary Retirement	162	43%	42%	15%
Judges	136	36%	43%	21%
Management Supplementary Retirement	125	34%	49%	17%
Other Balanced Funds	331	48%	39%	13%
Long Term Disability Bargaining Unit	258	48%	39%	13%
Long Term Disability Management	73	48%	38%	14%
GOVERNMENT FUNDS & SPECIALTY FUNDS	14,259	75%	16%	9%
Government Funds	7,450	100%	0%	0%
Contingency	4,579	100%	0%	0%
Money Market Depositors ⁴	2,127	100%	0%	0%
General Revenue	601	100%	0%	0%
Alberta Risk Management Fund	59	100%	0%	0%
Management Closed Pension Membership	9	100%	0%	0%
Alberta Municipal Services Corporation	15	100%	0%	0%
Alberta School Foundation Fund ⁵	4	100%	0%	0%
A.L. Sifton Estate ⁵	0.5	100%	0%	0%
Unclaimed Property Fund ⁵	56	100%	0%	0%
Specialty Funds	6,809	48%	33%	19%
Universities Academic	3,308	16%	68%	16%
Agriculture Crop Insurance	1,914	100%	0%	0%
Workers' Compensation Board	756	0%	0%	100%
Alberta Cancer Prevention Legacy	484	100%	0%	0%
Credit Union Deposit Guarantee	294	100%	0%	0%
Special Areas Long Term Account	31	100%	0%	0%
Alberta Securities Commission	21	75%	25%	0%
AIMCo Retirement Compensation Arrangement Fund	1	44%	56%	0%

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

2 For balanced funds, notional exposures and client-directed currency derivatives are not included in asset class calculations.

3 Includes Special Forces Index Pension Plan.

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

5 Inception date of Alberta School Foundation Fund, A.L. Sifton Estate and Unclaimed Property Fund is January 1, 2015. Prior thereto market values and returns were included in Money Market Depositors.

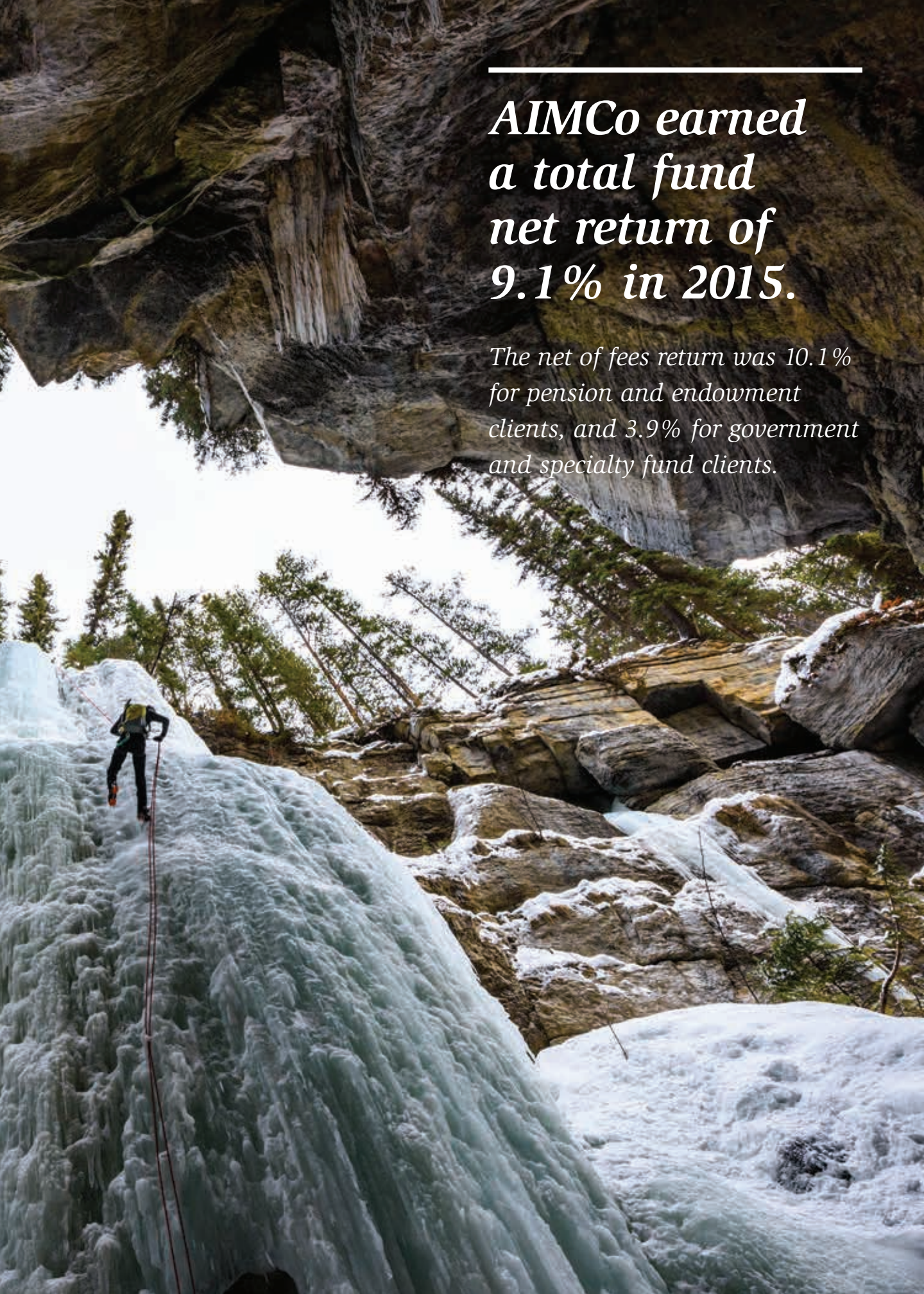


INVESTMENT PERFORMANCE

**ACTIVE
MANAGEMENT
GENERATING
LONG-TERM
SUSTAINABLE
RETURNS.**

*AIMCo earned
a total fund
net return of
9.1% in 2015.*

*The net of fees return was 10.1%
for pension and endowment
clients, and 3.9% for government
and specialty fund clients.*



RETURNS FROM ACTIVE MANAGEMENT

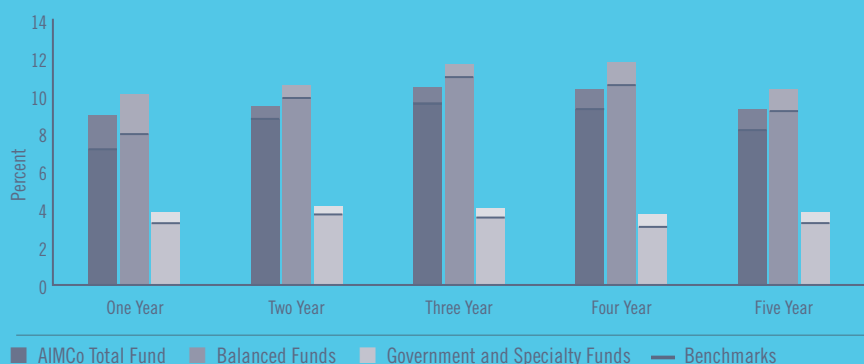
Annually, the Board and management agree on active return targets consistent with top quartile return on active risk. Since 2009, AIMCo has earned its clients value add of \$4.0 billion net of fees.

In 2015, AIMCo earned a net of fees return of 9.1%, outperforming its active return target by 1.8%, resulting in value add return of \$1.5 billion net of fees on total investment income of \$7.5 billion net of fees.

AIMCo's value add performance in 2015 was its strongest since inception, with strong outperformance across nearly all strategies. Record levels of value add were achieved in several asset classes, most notably Public Equities, Infrastructure, and Private Equity. Fixed Income and Real Estate strategies also contributed significant value add overall.

INVESTMENT PERFORMANCE

	CALENDAR YEAR (NET OF FEES)				
	2015	2014	2013	2012	2011
Rate of Return	9.1%	9.9%	12.5%	10.2%	4.8%
Benchmark	7.2%	10.5%	11.6%	8.2%	3.7%
Return relative to Benchmark	\$1,515	(\$401)	\$589	\$1,284	\$715



PERFORMANCE BENCHMARKS

AIMCo and its clients work together to identify the most appropriate benchmarks against which performance should be measured. In 2015, AIMCo adjusted certain benchmarks to achieve greater alignment with our clients.

The selection of appropriate benchmarks is important in investment management. Done properly, it ensures alignment of the client's risk and return objectives to the investment strategy of the asset manager. Public market

investment benchmarks comprise all of the attributes of an unbiased effective measure – transparent, stable, and investable. Illiquid asset classes are more difficult to benchmark given the lack of readily available comparison data for the physical assets invested in and due to the fact that by their very nature these investments are expected to provide an illiquidity premium relative to the nearest listed proxy.

AIMCo ASSET CLASS BENCHMARKS	BENCHMARK
	For year ended December 31, 2015
Fixed Income	
Cash and Money Market	FTSE TMX Canada 91-Day T-bill Index
Short-Term Bonds	FTSE TMX Canada Short-Term All Government Bond Total Return Index
Medium-Term Bonds, including Mortgages	FTSE TMX Canada Universe Bond Total Return Index
Long-Term Bonds	FTSE TMX Canada Long-Term All Government Bond Total Return Index
Private Debt and Loan	FTSE TMX Canada Short-Term Overall Index
Inflation Sensitive and Alternative	
Real Estate, Canadian & Foreign	REALpac/IPD Canadian All Property Index – Large Institutional Subset
Real Return Bonds	FTSE TMX Canada Real Return Bond Total Return Index
Infrastructure	Total CPI 1 Month Lagged + 450 bps (5-year rolling average)
Timberlands	Total CPI 1 Month Lagged + 450 bps (5-year rolling average)
Equities	
Canadian Public	S&P/TSX Composite Total Return Index
Global Public	MSCI World Net Total Return Index
Global Small Cap Public	1/3 S&P/TSX Small Cap Total Return Index, 2/3 MSCI World Small Cap Net Total Return Index
Private Equity	MSCI All Country World Net Total Return Index

ASSET CLASS PERFORMANCE

AS OF DECEMBER 31, 2015		ANNUALIZED NET RETURNS (%)					CALENDAR YEAR NET RETURNS (%)				
ASSET CLASS	MARKET VALUE (\$MM)	1 YR	2 YR	3 YR	4 YR	5 YR	2015	2014	2013	2012	2011
Total AIMCo Fund Aggregate¹	\$90,157	9.0	9.5	10.5	10.4	9.3	9.0	9.9	12.5	10.2	4.8
Benchmark		7.2	8.8	9.7	9.3	8.2	7.2	10.5	11.6	8.2	3.7
Balanced Funds Aggregate	\$75,898	10.1	10.6	11.7	11.8	10.4	10.1	11.2	14.0	11.9	4.9
Benchmark		8.0	9.9	11.0	10.6	9.2	8.0	11.9	13.0	9.6	3.6
Government Funds Aggregate	\$14,259	3.9	4.2	4.1	3.8	3.9	3.9	4.4	4.0	2.9	4.3
Benchmark		3.3	3.8	3.6	3.1	3.3	3.3	4.3	3.4	1.7	3.9
Money Market & Fixed Income²	\$31,619	3.6	6.2	3.7	3.8	4.5	3.6	8.9	(1.3)	4.3	7.4
Benchmark		3.4	6.0	2.9	2.8	3.9	3.4	8.7	(3.0)	2.6	8.5
Money Market	\$3,308	0.9	1.0	1.1	1.2	1.2	0.9	1.1	1.4	1.4	1.1
Benchmark		0.6	0.8	0.8	0.9	0.9	0.6	0.9	1.0	1.0	1.0
Universe Bonds	\$6,369	4.1	6.9	4.8	5.4	6.0	4.1	9.8	0.6	7.5	8.2
Benchmark		3.5	6.1	3.6	3.6	4.8	3.5	8.8	(1.2)	3.6	9.7
Long Bonds	\$7,642	4.1	11.3	5.6	5.5	7.7	4.1	18.8	(4.9)	5.3	17.1
Benchmark		4.5	11.0	4.6	4.5	7.2	4.5	17.9	(7.0)	4.0	18.8
Segregated Short Term Fixed Income³	\$5,368	2.7	2.9	2.6	2.6	3.0	2.7	3.1	2.1	2.6	4.8
Segregated Long Term Fixed Income⁴	\$1,945	2.5	2.6	2.3	2.2	2.5	2.5	2.7	1.7	2.0	3.6
Private Mortgages	\$3,194	5.1	7.4	5.1	5.0	6.2	5.1	9.8	0.5	4.8	10.9
Benchmark		3.5	6.1	3.6	3.6	4.8	3.5	8.8	(1.2)	3.6	9.7
Private Debt and Loan Pool	\$882	6.1	6.6	7.1	7.4	7.2	6.1	7.0	8.1	8.5	6.3
Benchmark		2.6	2.8	1.7	2.8	4.6	2.6	3.1	(0.5)	6.1	12.0
Real Return Bonds	\$2,911	3.0	8.1	0.7	1.3	4.5	3.0	13.5	(12.5)	3.1	18.2
Benchmark		2.8	7.9	0.4	1.0	4.2	2.8	13.2	(13.1)	2.9	18.3
Inflation Sensitive⁵	\$19,388	11.4	9.4	9.8	10.4	11.6	11.4	7.5	10.6	12.1	16.8
Benchmark		7.7	8.3	8.8	9.6	10.2	7.7	8.9	9.7	12.2	12.5
Real Estate	\$12,380	8.7	8.7	9.9	11.3	13.1	8.7	8.8	12.2	15.5	20.7
Benchmark		8.0	7.6	8.7	9.9	11.1	8.0	7.1	10.9	13.8	15.9
Private Infrastructure	\$5,205	16.0	11.2	8.3	8.3	8.2	16.0	6.5	2.9	8.1	8.0
Timberlands	\$1,111	4.2	0.6	9.2	6.7	9.2	4.2	(2.8)	28.4	(0.4)	20.0
Benchmark		6.1	9.0	8.1	8.5	8.1	6.1	12.0	6.4	9.5	6.7
Equities	\$38,738	12.4	12.4	16.8	16.4	12.1	12.4	12.5	26.2	15.2	(3.7)
Benchmark		10.2	11.4	16.2	15.2	10.8	10.2	12.6	26.6	12.0	(5.2)
Canadian Equity	\$8,190	(7.4)	2.0	6.3	7.6	4.3	(7.4)	12.3	15.4	11.6	(8.0)
Benchmark		(8.3)	0.7	4.6	5.3	2.3	(8.3)	10.6	13.0	7.2	(8.7)
Global Equity⁶	\$25,571	19.8	16.2	21.4	20.4	15.2	19.8	12.7	32.4	17.4	(3.5)
Benchmark		16.6	15.0	20.0	18.4	13.4	16.6	13.4	30.7	13.6	(4.6)
Global Small Cap Equity⁷	\$1,204	13.6	11.7	21.0	—	—	13.6	9.8	42.0	1.5	—
Benchmark		7.7	7.2	14.1	—	—	7.7	6.6	29.3	0.4	—
Private Equity	\$3,774	13.0	12.5	10.5	10.4	10.0	13.0	11.9	6.7	9.9	8.4
Benchmark		17.1	15.3	20.4	18.6	13.7	17.1	13.5	31.1	13.6	(3.9)

1. Includes tactical overlays of \$412 million

2. Includes government policy loans

3. Include investments held in the Sustainability and Credit Union Deposit Guarantee Fund

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

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

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

7. Effective Date of performance and benchmark return is February 16, 2012 when position initiated.

INVESTMENTS

AIMCo's \$90.2 billion of assets and investment activities are managed under the direction of the Chief Investment Officer. While most of the assets are managed internally, certain mandates are given to external investment managers to provide our clients access to high-return strategies that are not cost effective to support internally.

MONEY MARKET

Our \$3.3 billion money market portfolio is diversified across several issuers of high quality credit. The largest concentrations held were in securities issued by large Canadian banks, provincial governments and AAA rated Canadian pension funds. We also hold high quality corporate and securitized credit as spreads are attractive and we expect these holdings will add value. During 2015, our money market fund returned 0.9% net of fees, outperforming the benchmark by 0.3%.

FIXED INCOME

The objective of our fixed income portfolios is to provide AIMCo clients with capital preservation, liquidity and superior risk-adjusted return relative to the benchmark. Volatility was the central theme of fixed income markets in 2015. Global economic and political uncertainties continued to play a key role in rates and credit markets. Liquidity, flows and regulation have also played an unprecedented role in the bond market and took market volatility to a level that we have never experienced before. Against these backdrops, the fixed income and money market portfolios did well in 2015 despite a very difficult environment of volatile interest rates and widening corporate bond spreads. The team's cautious approach on credit over the past two years paid off. Our focus on high-quality, short-maturity credit allowed us to mitigate the negative market impacts felt by many bond managers. We have been adept at tactically moving the portfolio as market conditions change and successfully adding value under most conditions.

Our universe bond pool returned 4.1% net of fees, outperforming its respective benchmark by 0.6%, while our long bond pool returned 4.1% net of fees, slightly underperforming its benchmark by 0.4%.

Since the beginning of 2015, we saw duration as a low-conviction, high-volatility call. As such, we positioned our two main fixed income portfolios with a slight short duration bias versus their benchmarks. Our strategy to focus on non-direction, relative value interest rate trades contributed positively to our performance. Over the last two years, our team also did an excellent job at anticipating the onset of wider credit spreads and positioned the portfolios accordingly.

REAL RETURN BONDS

AIMCo's \$2.9 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 2015, the portfolio generated a return of 3.0% net of fees, outperforming its benchmark by 0.2%.

INVESTMENTS

MORTGAGES

Our commercial mortgage portfolio of \$3.2 billion provides a steady cash flow and premium return over government bonds. For 2015, the mortgage portfolio return of 5.1% was again very strong, outperforming the benchmark by 1.6%. Close to \$500 million in mortgage funding occurred in 2015 as the team continued to focus on long-term institutional quality mortgage investments that are commensurate with the long-term objectives of our clients.

PRIVATE DEBT AND LOAN

Our \$0.9 billion portfolio of private debt and loan investments protects clients against a rise in interest rates and provides diversification benefits due to the negative correlation with traditional fixed income investments. The highly diversified portfolio is primarily comprised of floating rate, senior secured loans extended to privately-held middle market businesses located in North America and Europe. The private debt portfolio generated a 6.1% net return, outperforming the benchmark by 3.5%.

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 funded critical infrastructure across the province, scholarships, and medical research.

PUBLIC EQUITIES

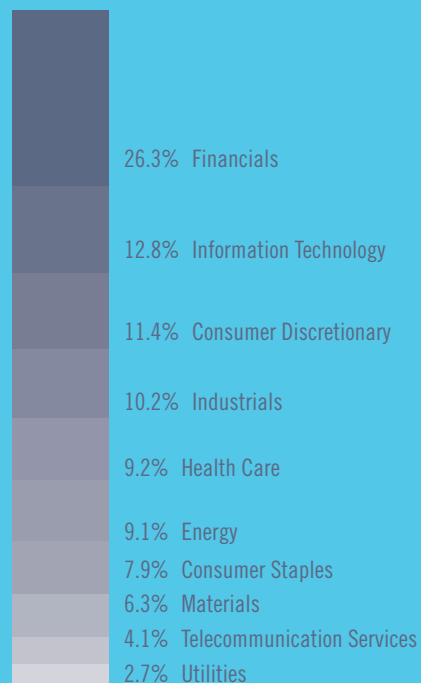
The Public Equities team manages \$35.0 billion in public equities across domestic, global and emerging market portfolios. The underlying strategies that make up the public equity portfolio optimize allocations across a number of dimensions including size, quality, risk, sector and regional exposures. The total public equity portfolio returned 12.3% net of fees. Our Canadian Equity portfolios returned -7.4% net of fees for the year, beating the TSX Composite Index by 0.9%. The Global Equity portfolio earned 21.9% net of fees, outperforming its benchmark by 3.0%, while the Global Small Cap Equity portfolio earned 13.6% net of fees on the year versus a benchmark of 7.7%. The Emerging Market Equity Portfolio returned 6.2%, net of fees, beating its benchmark by 4.2%. Strong internal performance was augmented by strong security selection from external managers.

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

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 add 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.

INDUSTRY SECTOR EXPOSURE



INVESTMENTS

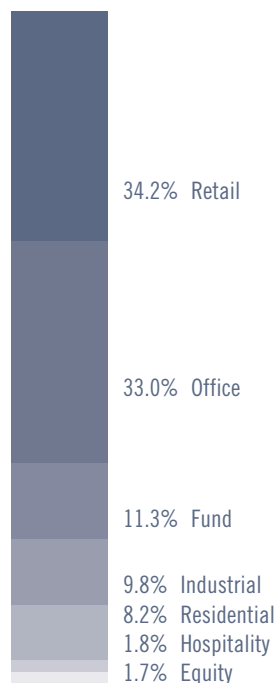
REAL ESTATE

TOP 5 HOLDINGS

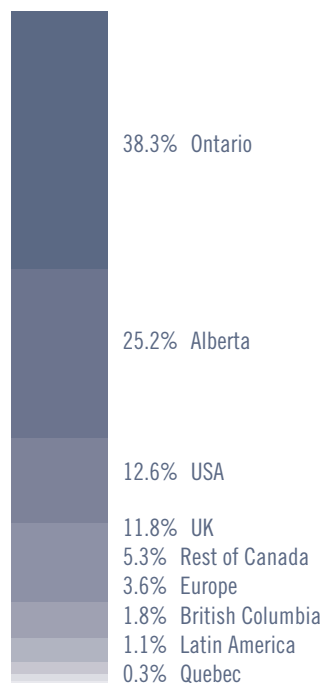
1. **Yorkdale Shopping Centre**
Retail
Toronto
2. **Square One Shopping Centre**
Retail
Mississauga
3. **Scarborough Town Centre**
Retail
Toronto
4. **Eighth Avenue Place**
Office
Calgary
5. **Bow Valley Square**
Office
Calgary

The \$12.4 billion real estate portfolio is expected to produce long-term returns between those of public equities and fixed income. Asset valuations can be volatile, but income returns tend to be more stable. Assets held for the long-term are core strategy, direct investments in high-quality office, retail, industrial and multi-unit residential properties located in Canada's major centres. The foreign program has an opportunistic investment approach focused on repositioning and creating properties to generate returns. The portfolio returned 8.7% net of fees in 2015, outperforming its benchmark by 0.7%. Canadian assets returned 5.1% with the portfolio's overall capital value growth muted as the Alberta holdings had greater value declines than the benchmark. The 19.8% return on foreign assets reflects the realized value from a number of successful projects during the year.

INDUSTRY SECTOR EXPOSURE



GEOGRAPHIC EXPOSURE



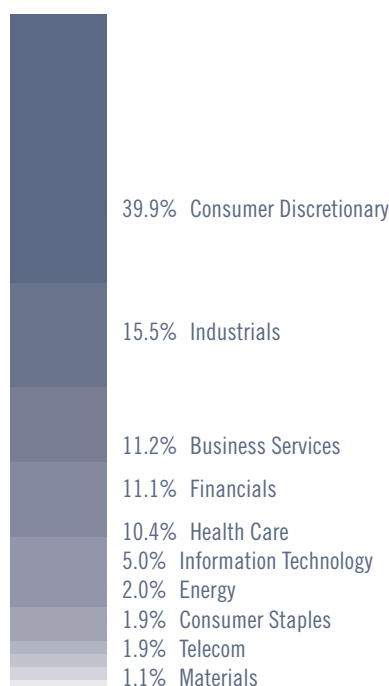
PRIVATE EQUITY

TOP 5 HOLDINGS

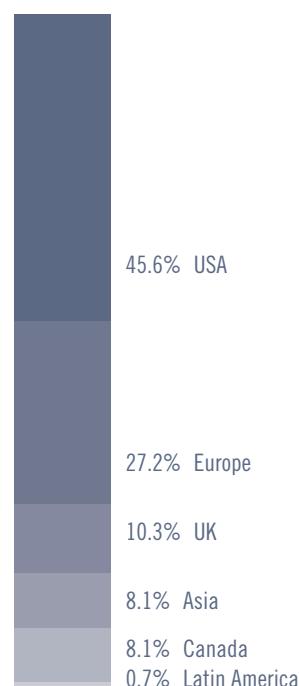
1. **Vue**
Consumer Discretionary
United Kingdom
2. **ERM**
Business Services
United Kingdom
3. **Ladder Capital**
Financials
United States
4. **Milacron**
Industrials
United States
5. **Alegeus Technologies**
Health Care
United States

AIMCo invests in private equity to increase total fund returns while diversifying its overall portfolio. The \$2.7 billion core private equity portfolio is invested in both private funds and directly into private companies, typically with our fund partners or 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 23.4% in 2015, net of fees, outperforming its benchmark by 6.3%. The outperformance was due to strong returns from fund partners and improvements in the operating performance of AIMCo's direct portfolio company investments.

INDUSTRY SECTOR EXPOSURE



GEOGRAPHIC EXPOSURE



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 \$129 million portfolio consists of larger, more illiquid public investments, private fund investments and private co-investments. The portfolio returned -55.5% net of fees for the year, 72.6% less than its benchmark. This underperformance was primarily due to a number of large energy investments that were exposed to falling oil prices.

INVESTMENTS

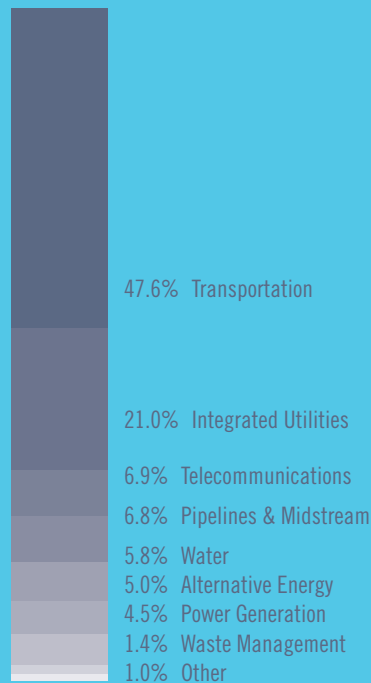
INFRASTRUCTURE

AIMCo infrastructure investments match long-duration real return asset characteristics with inflation-indexed pension liabilities. The \$5.2 billion portfolio consists primarily of diversified long-term equity positions in assets with regulated returns or long-term contracted revenues. The portfolio returned 16.0% net of fees for the year, exceeding its benchmark by 10.0%.

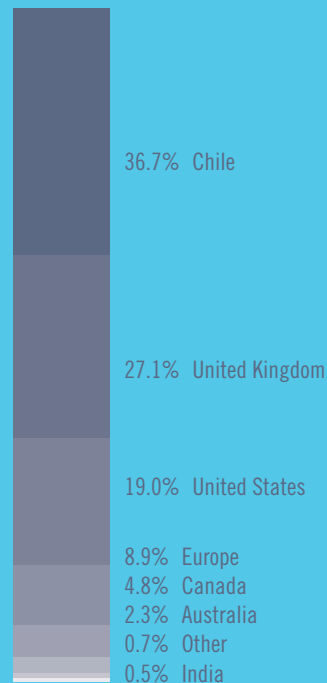
TOP 5 HOLDINGS

1. **Autopista**
Transportation
Chile
2. **Porterbrook**
Transportation
UK
3. **SAESA Group**
Integrated Utilities
Chile
4. **Puget Energy Inc.**
Integrated Utilities
US
5. **Frequency Infrastructure Group**
Telecommunications
Australia / UK

INDUSTRY SECTOR EXPOSURE



GEOGRAPHIC EXPOSURE



TIMBERLANDS

Timberland investments provide inflation hedging and a long-term duration match with client obligations. AIMCo manages \$1.1 billion in timberland assets located primarily in North America, Australia and New Zealand. The AIMCo timberlands portfolio generated a 4.2% net return, underperforming its benchmark by 1.8% in 2015.

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 \$986 million portfolio is invested in both private funds and directly into private companies. The portfolio returned 10.8% net of fees for the year, 6.3% less than its benchmark. This underperformance was primarily due to the write-down of the carrying value of a few investments in Cleantech.

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.

Special Purpose Government Funds

AIMCo manages the assets of a number of Special Purpose Government Funds, primarily on behalf of provincial arms-length organizations, including the Agriculture Financial Services Corporation, Workers Compensation Board, Credit Union Deposit Guarantee Corporation and others. In total, these assets represent \$6.8 billion of assets under management at AIMCo. Each of these organizations aim to achieve a very specific mandate and we work closely with them to understand their needs and execute accordingly.

AUTOPISTA CENTRAL

MANAGING UNIQUE ASSETS THROUGH THEIR INVESTMENT LIFE CYCLE.

Our clients' long-term investment horizon provides our teams of professionals the flexibility to manage assets through the full investment life-cycle to maximize value, unconstrained by the need to take short term profits.

Announced in late 2010, with closing in early 2011, Autopista Central marked the first significant, direct, AIMCo-only led private investment in the organization's history. For AIMCo's clients, this transaction helped showcase the organization's in-house ability to compete for direct deals within the highly sought after global infrastructure market. AIMCo further demonstrated professional competence by actively managing the asset for five years, resulting in significant value add through an attractive monetization.

This investment greatly impacted and ultimately transformed AIMCo for the better given the complexities and logistical challenges of executing on a large direct deal in Chile. The Infrastructure Team worked in close collaboration with existing groups across the organization including Tax, Legal Services, Investment Operations, and Finance, to successfully close the deal. After consummating the transaction, the team quickly established the work flows and processes to effectively manage and provide governance to our 50 percent stake in Autopista Central, ensuring its Management remained in alignment with the expectation of investors, including our clients. The sale of Autopista Central similarly marked a key milestone in AIMCo's maturity as an organization as well as our ability to move quickly to utilize cross-sectional expertise throughout the organization, to deliver results for our clients.

The efficiencies and nimbleness that developed as a result of this transaction have served AIMCo well. These capabilities have greatly extended our investment reach and helped secure other major infrastructure assets in the years since. As a result of acquiring these investments, AIMCo has demonstrated that it is an institution with the capacity to execute and finance transactions on a timely basis.

DEAL TEAM



ROBERT MAH
*Executive Vice President,
Private Investments*



BEN HAWKINS
*Senior Vice President,
Infrastructure and Timber*



CHRIS POWELL
*Director, Infrastructure
Asset Management*



CHAD LUCAS
*Analyst, Private
Investments*



KIM THOMPSON-SPRINGER
*Senior Manager, Private
Investment Assets*



CECILIA ZENG
*Associate Manager,
Private Investment Assets*



ROD GIRARD
Chief Legal Officer



JEFF WISPINSKI
Senior Legal Counsel



CHRISTINA LUISON
Legal Counsel



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 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 a long-term investment horizon.

AIMCo encourages responsible corporate behaviour and believes effective corporate governance is fundamental to mitigating risk and achieving sustainable returns.

AIMCo's Responsible Investing Pillars

STRUCTURE

AIMCo's RI governance structure emanates from the Board-approved RI Policy and cascades across the entire organization to all asset classes. The RI team reports directly to the CIO to allow active communication and interaction with the portfolio managers and facilitate greater alignment and integration of ESG principles. The RI committee oversees RI strategy, and approves AIMCo's proxy voting guidelines, exclusions guidelines and engagement guidelines.

INVESTMENT PROCESS

AIMCo enhances shareholder value for our clients by exercising voting rights based on AIMCo's proxy voting guidelines, and takes unique circumstances and local markets into account. AIMCo's RI Team considers multiple research inputs and confers with portfolio managers for companies on our strategic watch list before instructing our votes.

PROXY VOTING REVIEW

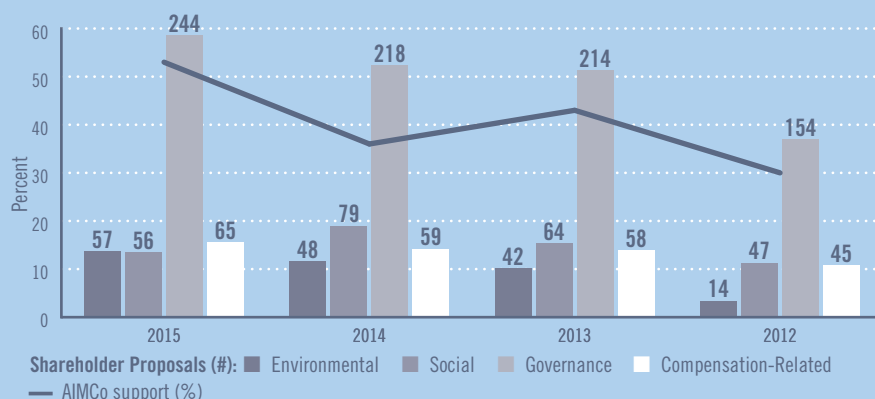
AIMCo has experienced a steady increase in the number of total ballots and shareholder proposals over the last three years. We supported 91% of ballots and 53% of shareholder proposals in the 2015 calendar year. AIMCo evaluates shareholder proposals conscientiously to consider whether the proposal enhances shareholder value. We generally support proposals which uphold corporate governance principles such as Board quality, independence, diversity and pay aligned with performance.

We do not always agree with management – we voted against 13% of management proposals in 2015.

YEAR OVER YEAR 2012-2015 PROXY VOTING COMPARISON

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

NUMBER OF SHPS BY ESG AND % SUPPORT



RESPONSIBLE INVESTMENT

ENGAGEMENT PROCESS

AIMCo prefers to engage with companies to effect positive change where possible, rather than divest of applicable holdings. RI engages with companies identified by our key ESG focus areas: Climate Change, Worker Rights and Safety across the supply chain, and Shareholder Rights. We engage with select companies to identify best practices, understand trends and advocate for improvements.

REPORTING & COMMUNICATIONS

AIMCo's RI guiding documents are available through our website, our annual RI report, and in our United Nations Principles for Responsible Investment (UNPRI) Transparency Report. AIMCo's voting record is disclosed on our website after the meeting has passed.



In 2015, in partnership with GRESB and nine other institutional investors, AIMCo took on a leading role in facilitating a new, global sustainability benchmarking tool for infrastructure assets – GRESB Infrastructure. While infrastructure investments are a good hedge against inflation and offer key societal benefits, they are also highly illiquid, long-term and require large capital investments, necessitating rigorous due diligence and monitoring to appropriately understand, price and mitigate risks, including ESG factors.

ADVOCACY & COLLABORATION

AIMCo is an active member of the global RI community and is a member of:

- Pension Investment Association of Canada (PIAC)
- Corporate Governance Committee
- Canadian Coalition of Good Governance (CCGG): Public Policy Committee
- Responsible Investment Association (RIA)
- United Nations Principles for Responsible Investment (UNPRI)
- International Corporate Governance Network (ICGN)
- Shareholder Responsibility Committee

AIMCo 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. Concerted collaboration enhances AIMCo's ability to influence company behaviour and public policy. AIMCo's advocacy contributions are posted on our website.



**TOUS ENSEMBLE
POUR LE CLIMAT**

cop21.gouv.fr #COP21

AIMCo: Strategic Response to Climate Change

The recent November 2015 COP21 agreement, endorsed by 196 countries, commits signatories to limit global warming to two degrees Celsius over pre-industrial levels. Effectively addressing climate change requires concerted action from all actors – companies, investors and policymakers. AIMCo strives to address climate risk across our portfolios in alignment with our responsible investing pillars.





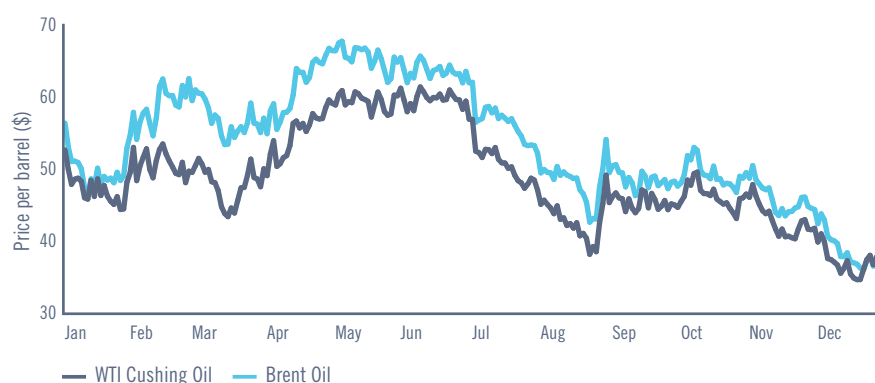
MARKET REVIEW AND INVESTMENT OUTLOOK

THE YEAR IN REVIEW

Total AIMCo funds achieved a return of 9.1% or 1.8% over benchmark. Balanced funds returned 10.1%, with 2.1% of value add over benchmarks. The strong results were welcomed as AIMCo expects market returns to be more subdued than in the recent past.

Calendar year 2015 was a roller coaster of market-related events with investors fretting about falling commodity prices, a U.S. rate hike, a slowdown in Chinese growth, and finally, the risks of a European slowdown and global recession. Several countries heavily dependent on commodity sales, most notably oil, were negatively impacted, including Canada.

2015 OIL PRICES



Canadian economic growth in 2015 was 0.3% below its long-term potential of 1.5% as the economy endured the plight of lower oil prices. The Alberta economy noticeably slowed as a result of a reduction in business investment.

Overall, in 2015, the U.S. matched its 2014 economic growth rate of 2.4% as the U.S. experienced a steady pace of household spending and healthy job gains. The U.S. Federal Reserve signaled a willingness to raise its policy interest rate. However, with unstable global economic conditions following the decline of global stock indices in the summer of 2015, the U.S. Fed held its policy interest rate stable in September, providing some market relief. Finally, in December 2015, with improved U.S. economic and financial data, the U.S. Federal Reserve raised its policy interest rate for the first time since June 2006. Japan and the Eurozone both grew modestly in 2015. China continued to experience an economic slowdown which led to lower oil and other raw materials prices.

For the year ending December 31, 2015, the Canadian S&P/ TSX Composite Equity Index returned a negative 8.3%, while the FTSE TMX Long Term Canada Government Bond Index posted a positive 4.5% return. The precipitous 19% fall in the Canadian dollar in reference to the U.S. dollar boosted equity returns for the international component of AIMCo's portfolio. While the broad U.S. equities index, the S&P 500 Index, returned a moderate 1.4% return in U.S. dollar terms, in terms of the Canadian dollar, it provided a substantial 21% return. Global equities, as measured by the MSCI ACWI Index in Canadian dollars, also performed well with a return of 17.1%. AIMCo's

balanced fund clients, the pension and endowment fund clients, benefited from foreign currency exposure in assets such as U.S. equities, enjoying a relatively good overall absolute return in the high single digits. Once again, the importance of a diversified investment portfolio is well-demonstrated.

OUTLOOK

It is AIMCo's investment thesis that the major developed and emerging economies will continue on the path of normalization in terms of growth and inflation, although at a slower pace than may have been anticipated a few years ago. AIMCo's long term market view suggests that the U.S., Euro-area, and U.K. will continue to experience near potential economic growth, while China will stabilize at positive, though lower growth rates than it had been experiencing until recently. However, at the time of writing, the U.K. has now voted to end its membership in the European Union (E.U.). On a short-term basis, AIMCo's expectation is that the U.K. real GDP will likely contract further versus current expectations. The non-commodity export-related economies, although lagging somewhat now, should consolidate and support global growth. Commodity-related regions and economies will begin to pick up once global growth is more entrenched.

Today, equity markets appear to be somewhat overvalued, while bond yields have now compressed to unprecedented levels across the sovereign fixed income spectrum. This would imply moderate equity market returns along with gradually improving corporate earnings stemming from global growth. While with low rates and even negative short-term real rates, such as those in the Eurozone and Japan, there is pressure on financial securities that are making sovereign debt investing all the more exacting. Select strategies within the credit spectrum should provide relief.

One does not need to be particularly bullish on corporate earnings to favour stocks over bonds in the longer-term investment horizon. Although global equity indexes are likely to provide a moderate annual nominal return, the starting point for government bonds is essentially a zero expected real return when one takes today's government yields and subtracts even moderate inflation. In this investment environment, many investors are turning towards equity markets as a moderate expected equity return should outperform a stressed government bond return.

AIMCo will remain motivated to invest in private real assets, such as real estate and infrastructure, where reasonable cash yields responsive to underlying inflation should drive good long-term returns for our clients. In private equities, we focus on assets and situations that provide very good opportunities relative to public markets, albeit with significantly more risk. Market volatility together with AIMCo's patient style and the ability to allocate capital quickly provide investing opportunity in private markets for our clients.

IN SUMMARY

Market uncertainty is an opportunity; given the uncharted territory of negative real interest rates and the significant uncertainty we observe today, AIMCo hopes that we can translate this into profitable investments for our clients. This is a unique time with the uncertainty created by very low interest rates coupled with slow economic growth. However, we have experienced and managed market uncertainty before; this is the nature of markets, this is why AIMCo exists, this is what we do – For Alberta.

GUIDING PRINCIPLES

BASED ON
ALBERTA VALUES

*Working For Alberta...in our business
and our communities.*

An organization of our scale has an obligation to do more than simply meet our mandate. We strive to leverage our expertise and time to volunteer in our community and effect meaningful change for organizations serving a variety of causes to improve the lives of all Albertans.

Governance is critical and we are led by an independent Board of Directors equally committed to delivering value through all facets of our business.



COMMUNITY INVESTMENT

Our team believes that each of us at AIMCo has not only the ability, but a responsibility, to contribute meaningfully within the communities we serve through employee volunteerism and engagement in a wide variety of causes and campaigns. Community investment has become a defining element of our corporate culture. Like every aspect of our business, we have high expectations of our team, so we support and encourage engagement with organizations in our community who need our help most.

Consistent with the numerous stakeholders our clients support and AIMCo's business objectives, we have proudly directed our efforts to support key initiatives in our community.

EDUCATION

Sound financial and business education is vital to the long-term success of Alberta.

YOUTH AT RISK

Many of the funds we manage are in place to support the long-term requirements of our Province and communities, in effect creating a sustainable future for today's youth.

SENIORS IN NEED

Over half of AIMCo's assets under management are committed to pension plans that support the retirement needs of more than 10% of the Alberta population.

BUSINESS NEIGHBOURHOOD

AIMCo will give where we live, working with organizations in our downtown neighbourhood that are supporting those less fortunate and dealing with homelessness and hunger.

Youth Empowerment & Support Services

In December 2014, AIMCo selected Edmonton's Youth Empowerment & Support Services (YESS) as the important community cause that it would dedicate its fundraising efforts toward in 2015. Through a variety of employee-led initiatives, AIMCo employees contributed over \$25,000 in monetary contributions, and have donated a large variety of essential items.

YESS is a non-profit organization dedicated to shaping the future of Edmonton by supporting youth between the age of 16 to 18. From providing a safe place to stay to offering ongoing support programs and individual guidance through a non-judgmental, relationship-based approach, YESS helps youth heal from traumatic experiences and rebuild their lives.

AIMCo is a non-profit organization so we rely on the generosity of our team to share their time and support fundraising initiatives for local causes. We also provide in-kind support and sponsorship.

Our efforts in 2015 supported a wide range of initiatives including Youth Empowerment & Support Services, Edmonton's Food Bank and Junior Achievement of Northern Alberta.

AIMCo had a meaningful impact in our community in 2015

**Over 100
Employees**
VOLUNTEERED MORE THAN
600 hours

**Over
\$25,000**
RAISED FOR YESS

15 Volunteers
TEACHERS AND LEAD SPONSOR
OF JUNIOR ACHIEVEMENT'S
"DIVERSITY IN ACTION" PROGRAM

SUPPORTING A
**Habitat for
Humanity**
BUILD

**Over
\$6,000**
RAISED FOR EDMONTON'S
UNITED WAY

30 Riders
ON THE HEART & STROKE
BIG BIKE CHALLENGE

**FESTIVE MEAL HAMPER DONATED THROUGH THE CHRISTMAS BUREAU OF EDMONTON
FOOD DRIVE AND VOLUNTEER SUPPORT FOR EDMONTON'S FOOD BANK**

"YESS is relentlessly dedicated to empowering youth from difficult realities. AIMCo's support of YESS supports our ability to provide youth in crisis with the day-to-day necessities they need, so instead of focusing on survival, they are able to focus on rebuilding their lives and working towards goals. We recognize the level of commitment AIMCo has in supporting innovative and empowering initiatives as an essential investment in providing life skills and critical supports that will enable our youth to build bright futures. Our warmest thanks to the AIMCo team!"



EILEEN PAPULKAS
Donor Relations & Philanthropy
Youth Empowerment & Support Services

INVESTED FOR ALBERTA

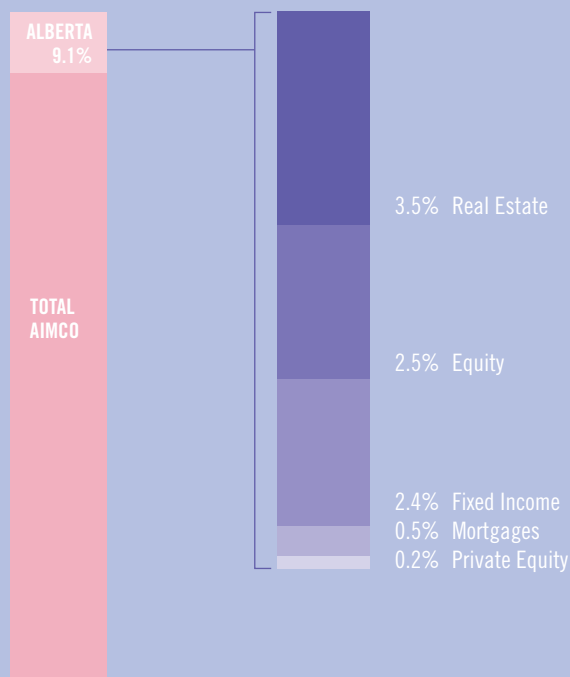




Albertans possess an entrepreneurial spirit and a commitment to persevere through good times, as well as, difficult ones. Alberta businesses compete for opportunities around the world, and are recognized for bringing innovative solutions to challenges in every industry.

Being Alberta-based, AIMCo is uniquely well-positioned to recognize opportunities within our province. As at December 31, 2015, more than 9% of AIMCo's assets under management were invested in Alberta companies and assets. We apply the same stringent investment rigour to investments in Alberta, as we do with any opportunity. We are invested in Alberta, not because we live here, but because those investments earn our clients superior, long-term returns.

INVESTMENTS IN ALBERTA



BOARD OF DIRECTORS



MAC H. VAN WIELINGEN,
Chair



JOHN T. FERGUSON,
Vice Chair



J. RICHARD BIRD



GEORGE F. J. GOSBEE



ROSS A. GRIEVE



VIRGINIA A. HOLMES



HELEN M. KEARNS



HAROLD A. ROOZEN



ANDREA S. ROSEN



ROBERT L. VIVIAN JR



TOM WOODS

MAC H. VAN WIELINGEN, Chair since December 2014, is a founder and director of ARC Financial Corp. and a founder and former Chair of ARC Resources Ltd. He is also President of Viewpoint Capital Corporation, a private family-owned investment company, 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 (CCAL) at the Haskayne School of Business. He is an Honours' graduate of the Ivey School of Business in finance and has also studied post graduate economics at Harvard University.

JOHN T. FERGUSON, Vice Chair, 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 Bachelor of Commerce degree 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., Gaz Metro Inc. and Bird Construction Company Inc. He is also a member of the Investment Committee of the University of Calgary Board of Governors. Mr. Bird was named Canada's CFO of the Year for 2010. He holds a Bachelor of Arts degree from the University of Manitoba, and a Masters of Business Administration and PhD from the University of Toronto and has completed the Advanced Management Program at Harvard Business School.

GEORGE F. J. GOSBEE is the Chairman & CEO of AltaCorp Capital, an investment bank that is partnered with ATB Financial. Mr. Gosbee is a Co-owner of the Arizona Coyotes and an Alternate Governor on the National Hockey Leagues (NHL) 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. He has received the Haskayne School of Business' Distinguished Alumni Award and was awarded Entrepreneur of the Year for the Prairie Region by Ernst and Young. Mr. Gosbee has been awarded the Queen's Diamond Jubilee Medal by the Premier of Alberta.

Mr. Gosbee holds a Bachelor of Commerce degree from the University of Calgary. He is a former Board member of Chrysler Group LLC in Detroit, a former member of the Canadian Minister of Finance's Economic Advisory Council and a former Director of the TMX Group. 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 Chairman of the Board of Directors and former Chief Executive Officer of PCL Construction Holdings Ltd. He also serves on the Boards of Melcor Developments, Kingsett Capital Fund, Magnum Ventures Inc, and Inn at the Forks, Ltd. Mr. Grieve has received numerous accolades for his business leadership – most notably, Canada's Outstanding CEO of the Year Award in 2009. He has a BSc in civil engineering from the University of Manitoba.

VIRGINIA A. HOLMES is currently the Chair of USS Investment Management Limited and serves on the Boards of the U.K. Post Office, Standard Life Investments Ltd., and the Investor Forum CIC. She also sits on the Zurich UK Life Independent Governance Committee and is 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 U.K. She has a BA from Durham University.

HELEN M. KEARNS is a leader in capital markets in Canada with more than 30 years' experience as a senior executive and entrepreneur in the investment industry and corporate director.

She was named President and Chief Executive Officer of Bell Kearns & Associates Ltd. in February 2008. Previously Helen was President of NASDAQ Canada (2001-2004) and an officer of NASDAQ Inc. Prior to that, Helen worked at Richardson Greenshields of Canada Limited from 1980-1995, rising to the position of Head of Institutional Sales and Trading, which included a seat on the Executive Committee.

Helen has extensive Board experience having 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 TSX for three terms. Helen earned the ICD Directors designation in 2010 and in 2015 completed the ICD course for Crown Corporations.

In 2002, Ms. Kearns' extensive background in Canada's investment industry was recognized when she was the recipient of the John Molson School of Business Award of Distinction. In addition, she is a recipient of the Montreal Board of Trade Women of Distinction Award (2002), the "Women on the Move" Entrepreneur of the Year Award (1997), and was recognized by the Financial Post as one of the 100 Most Powerful Women in Canada (2004).

HAROLD A. ROOZEN is currently the Executive Chairman of CCI Thermal Technologies Inc. He is a member of the Business Council of Canada, a trustee of the University of Alberta Hospital Foundation, and presently sits on the Board of Directors of ZCL Composites Inc. (TSX).

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

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

Mr. Woods also serves on the Boards of Bank of America Corporation; the CIBC Children's Foundation; DBRS Inc. and DBRS Limited; the Board of Advisors of the Department of Mechanical and Industrial Engineering, University of Toronto; and St. Joseph's Health Centre.

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

GOVERNANCE

AIMCo is a Crown corporation of the Province of Alberta and is committed to the highest standards of corporate governance. We believe that the policies, processes and institutions that form a robust corporate governance framework are fundamental to AIMCo's mission to rank among the best institutional investment managers and to inspire the confidence of Albertans. AIMCo is committed to a culture of integrity and accountability in the pursuit of its goals.

BOARD OF DIRECTORS

In accordance with the Alberta Investment Management Corporation Act, the Board of Directors is responsible for overseeing the management of the business and affairs of AIMCo. All directors are duly appointed to the Board by the Lieutenant Governor in Council and must have experience in investment management, finance, accounting or law, or have served as an executive or director with a large, publicly traded company. Individuals should also have, to the extent practicable, experience in executive management of a substantial corporation. All directors are fully independent of management.

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

BOARD 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 AIMCo Board, the Governance Committee will consider diversity of skills, experience, geographic background, gender and age.

Consistent with the AIMCo Board's commitment to gender diversity and greater representation of qualified

women on boards in alignment with the aims of robust board governance, the Board has a stated objective that at least 30% of AIMCo Directors should be women.

BOARD COMMITTEES

The Board of Directors has established four standing committees, which assist the Board in discharging its responsibilities:

- The Investment Committee oversees and considers the investment activities, risk management and operations of AIMCo, reviews investment and risk-related reports from management, and votes on specific investment-related matters. The Investment Committee comprises all of the members of the Board, with Virginia Holmes serving as Chair.
- The Audit Committee oversees financial reporting processes, development and implementation of internal audit and financial control policies, and compliance with said policies and applicable laws and regulations. It also reviews the implementation of AIMCo's Confidential Reporting Policy. The Audit Committee consists of Richard Bird (Chair), John Ferguson, George Gosbee, Harold Roozen and Tom Woods.
- The Governance Committee oversees the policies, processes and procedures that comprise AIMCo's corporate governance framework. This includes

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. The Governance Committee consists of Andrea Rosen (Chair), John Ferguson, George Gosbee, Ross Grieve, Virginia Holmes and Mac Van Wielingen.

- The Human Resources and Compensation Committee oversees the human resources strategy, philosophy and policies of the Corporation and offers insights to ensure these are aligned with corporate objectives. The Committee similarly reviews organizational structure, management development and succession, and compensation practices with the support of an external consultant, who is accountable to HRCC. The Human Resources and Compensation Committee consists of Ross Grieve (Chair), Virginia Holmes, Helen Kearns, Andrea Rosen, Mac Van Wielingen and Jay Vivian.

At every meeting of the Board of Directors, the Board and all Committees have in camera sessions, without management attending.

DIRECTOR ORIENTATION AND CONTINUING EDUCATION

AIMCo provides new Directors with a comprehensive orientation to the business and affairs of the Corporation. This orientation is designed to inform new Directors of their responsibilities and provide them with the background information required to make informed decisions and judgments respecting the issues that face the Board. New Directors are provided with comprehensive written materials and access to management for the purpose of acquiring the knowledge required to discharge their responsibilities. Continuing director education is integral to achieving and maintaining a high standard of corporate governance. Meetings of the Board of Directors include educational opportunities for Directors to enhance their knowledge of the Corporation and industry.

BOARD EVALUATION AND ASSESSMENT

Each year, the Board of Directors initiates a review process to gauge their effectiveness as a Board in key areas, while eliciting suggestions for improvement.

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 & ETHICAL STANDARDS

AIMCo has established the Code of Conduct and Ethical Standards for officers and employees, which outlines the organization's expectations regarding, amongst other topics, 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 Audit Committee and dealt with as appropriate.

CONFIDENTIAL REPORTING POLICY

In accordance with governance best practices, AIMCo has an established Confidential Reporting policy and the accompanying reporting service provide 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. In 2015, AIMCo received three disclosures through the confidential reporting system. One disclosure was not acted upon after the reporter withdrew the allegations. Another disclosure was resolved during the initial formal assessment. The third disclosure was investigated but there was no evidence or findings of wrongdoing.

GOVERNANCE

BOARD ATTENDANCE AND REMUNERATION

The Board held five regular meetings during fiscal 2015/16, one in Edmonton, three in Calgary, and one in Toronto. In addition, the Board held one special meeting, which was conducted in person in Calgary. The Investment Committee held seven meetings, two of which were conducted by teleconference.

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 – APRIL 1, 2015 TO MARCH 31, 2016

	BOARD OF DIRECTORS		AUDIT COMMITTEE	HUMAN RESOURCES COMMITTEE		INVESTMENT COMMITTEE		AD-HOC MEETINGS	
	BOARD OF DIRECTORS	SPECIAL MEETINGS ¹		HUMAN RESOURCES COMMITTEE	SPECIAL MEETINGS	GOVERNANCE COMMITTEE	INVESTMENT COMMITTEE		
Bird, Richard	5/5	1/1	5/5	–	1/1	1/1 ²	5/5	2/2	–
Ferguson, John	3/5	1/1	3/5	–	1/1	3/5	3/5	2/2	–
Gosbee, George	4/5	1/1	4/5	–	1/1	4/5	4/5	2/2	–
Grieve, Ross	4/5	1/1	–	4/5	1/1	4/5	4/5	2/2	1/1 ³
Holmes, Virginia	5/5	0/1	–	5/5	1/1	5/5	5/5	2/2	–
Kearns, Helen ⁴	3/3	1/1	–	3/3	1/1	–	3/3	–	–
Roozen, Harold	4/5	1/1	4/5	–	0/1	–	4/5	2/2	–
Rosen, Andrea	5/5	0/1	–	4/5	1/1	5/5	5/5	2/2	3/3 ⁵
Van Wielingen, Mac	5/5	1/1	–	5/5	1/1	5/5	5/5	2/2	–
Vivian, Robert (“Jay”)	5/5	1/1	–	5/5	1/1	5/5 ⁶	5/5	1/2	3/3 ⁷
Woods, Tom ⁸	2/2	1/1	2/2	–	1/1	1/1	2/2	–	–

1. Special Meetings include meetings both teleconference and in-person meetings that are held outside of, or in addition to, regularly scheduled Board and Committee meetings.
2. Richard Bird attended the February 4, 2016 Governance Committee meeting as a guest at the request of the Committee Chair.
3. In February 2015, Ross Grieve attended candidate interviews in Toronto. This meeting was not recorded in attendance reporting for the fiscal year ending March 31, 2015.
4. Helen Kearns was appointed to the AIMCo Board effective September 15, 2015. Ms. Kearns was compensated on a per diem pro rata basis for the quarter ending September 30, 2015.
5. Andrea Rosen participated in three separate meetings with consultants on May 12, 2015.
6. Jay Vivian, while not a member of the Governance Committee, regularly attends meetings at the request of the Committee Chair.
7. Mr. Vivian participated in three separate meetings with consultants on May 12, 2015.
8. Tom Woods was appointed to the AIMCo Board effective October 22, 2015. Mr. Woods was compensated on a per diem pro rata basis for the quarter ending December 31, 2015.
9. Mr. Woods attended the February 4, 2016 Governance Committee meeting as a guest 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, 2015 TO MARCH 31, 2016

	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, 2015 TO MARCH 31, 2016

	BASE RETAINER (ANNUAL)	CHAIR RETAINER (ANNUAL)	VICE CHAIR RETAINER (ANNUAL)	MEETING FEES (\$1,000 PER MEETING)	TRAVEL REMUNERATION	TOTALS
Bird, Richard	\$ 20,000.00	\$ 11,086.96	\$ –	\$ 20,000.00	\$ 1,000.00	\$ 52,086.96
Ferguson, John ¹	\$ 20,000.00	\$ –	\$ 10,000.00	\$ 16,000.00	\$ –	\$ 46,000.00
Gosbee, George ²	\$ 20,000.00	\$ (1,086.96)	\$ –	\$ 20,000.00	\$ 1,000.00	\$ 39,913.04
Grieve, Ross	\$ 20,000.00	\$ 7,500.00	\$ –	\$ 21,000.00	\$ 2,000.00	\$ 50,500.00
Holmes, Virginia	\$ 20,000.00	\$ 7,500.00	\$ –	\$ 23,000.00	\$ 10,000.00	\$ 60,500.00
Kearns, Helen ³	\$ 10,876.71	\$ –	\$ –	\$ 11,000.00	\$ 2,000.00	\$ 23,876.71
Roozen, Harold	\$ 20,000.00	\$ –	\$ –	\$ 15,000.00	\$ –	\$ 35,000.00
Rosen, Andrea	\$ 20,000.00	\$ 7,500.00	\$ –	\$ 25,000.00	\$ 4,000.00	\$ 56,500.00
Van Wielingen, Mac	\$ 20,000.00	\$ 50,000.00	\$ –	\$ 24,000.00	\$ 1,000.00	\$ 95,000.00
Vivian, Robert ("Jay")	\$ 20,000.00	\$ –	\$ –	\$ 26,000.00	\$ 11,312.50	\$ 57,312.50
Woods, Tom ⁴	\$ 8,890.41	\$ –	\$ –	\$ 9,000.00	\$ 2,000.00	\$ 19,890.41
Totals	\$ 199,767.12	\$ 82,500.00	\$ 10,000.00	\$ 210,000.00	\$ 34,312.50	\$ 536,579.62

1. Richard Bird should have received payment for his role as Audit Committee Chair for the quarter ending December 31, 2014; however, it was paid to George Gosbee in error. The amount of \$1,086.96 was added to his remuneration for the quarter ending June 30, 2015.
2. George Gosbee was provided with remuneration as Audit Committee Chair in error for the quarter ending December 31, 2014; the amount of \$1,086.96 was added to his total remuneration for that quarter and was deducted from his June 30, 2015 payment to rectify this error.
3. Helen Kearns was appointed to the AIMCo Board effective September 15, 2015. Ms. Kearns was compensated on a per diem pro rata basis for the quarter ending September 30, 2015.
4. Tom Woods was appointed to the AIMCo Board effective October 22, 2015. Mr. Woods was compensated on a per diem pro rata basis for the quarter ending December 31, 2015.

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 must execute 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 \$90 billion of client assets under management.

The Human Resources and Compensation Committee (HRCC) serves a very important role enabling AIMCo's Board to meet its fiduciary and governance responsibilities by:

- approving a long-term People Strategy,
- overseeing an effective executive succession planning program,
- establishing and assessing executive performance targets, 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 & COMPENSATION COMMITTEE

Key decisions and initiatives undertaken by HRCC in respect of 2015 included:

- The setting of both financial and non-financial performance objectives for the CEO and CEO executive direct reports, and measuring achievement of these goals at the end of the year. At year end, HRCC completed a robust 360 review process for the CEO to facilitate the most meaningful feedback possible after the first year in the role.
- 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, 2012 and vested on December 31, 2015),
- Recommending for approval the 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, 2019,
- 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,
- Participating in a formal Board and Committee assessment process, with a resulting HRCC work-plan for 2016,
- Reviewing, approving and monitoring various activities associated with AIMCo's People Strategy, with particular emphasis on succession planning at the senior level.

EXECUTIVE COMPENSATION PHILOSOPHY

AIMCo is a globally-recognized institutional investment manager responsible for managing more than \$90 billion on behalf of 31 clients representing Alberta-based pensions, endowments and government funds. AIMCo's compensation program is critical to our ability to attract, retain and incentivize the 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

Alignment with Vision

Pay Based on Performance

Sustained, Long-Term Performance

Fairness Based on Market-Competitive Context

Incentivize Successful Active Investment Management

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, as a percentage of total direct compensation, is between approximately 47 to 71% if paid at target and 69 to 85% if paid at maximum. This means that a considerable amount of compensation for an executive can only be paid if performance is demonstrated and sustained.

3. SUSTAINED, LONG-TERM PERFORMANCE

Our executive and investment management team are 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 continuously planning for 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 determines if an SLTIP Grant may be earned, and the following four years determines 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 as 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 Human Resource and Compensation Committee.

5. INCENTIVIZE SUCCESSFUL ACTIVE INVESTMENT MANAGEMENT

Performance based compensation relating to investment returns is driven by the value add returns above relevant investment benchmarks, 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 \$44.0 billion. The actively-managed value add component, or what AIMCo *actually* earned over and above a portfolio of passively invested funds has been \$4.0 billion.

6. PERFORMANCE INCLUDES QUALITATIVE MEASURES

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

IMPACT OF PERFORMANCE RESULTS ON COMPENSATION

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

A commitment to internal investment and asset management (as opposed to having a considerable portion of the assets managed by external investment managers) will increase total compensation expense, yet this approach remains considerably more cost effective for our Clients. For the period since 2009, we have paid out approximately 4.9% of net value add for all internal performance compensation. In contrast we pay approximately 18% of 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. Their 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 \$4.0 billion dollars in net value add since 2009. With a compensation philosophy and program that reinforces sustained long-term performance over a four-year period, this strong investment performance is reflected in the performance compensation paid in 2015.

AIMCo's Long-Term Incentive Plan (LTIP) is in its fourth year of payout since implementation in 2009. Value add performance over the 2012–2015 period is reflected in the LTIP rewards paid in 2015.

The Human Resources & Compensation Committee believes that the compensation awarded for 2015 appropriately reflects both the long-term investment performance and the Board of Director's assessment of how AIMCo's executive team performed against their corporate and individual objectives. This outcome reinforces the statement made earlier that AIMCo has a pay for performance philosophy heavily weighted to achieving specific and measurable deliverables.

USE OF EXTERNAL CONSULTANTS

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

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

REFERENCE MARKET ANALYSIS

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

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

Investment Management Roles:

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

Corporate Services Roles:

- *The Mercer General Industry Database (Canada)* by Mercer Consulting;
 - *The General Industry Middle Management, Professional and Support Compensation Survey* by Willis Towers Watson;
 - *The Canadian Salary Survey – Technical* by Wynford Group (for Information Technology roles);
2. Once the survey results are available, AIMCo will position benchmarks from across the organization, at multiple levels, to evaluate pay trends, ensure alignment to compensation philosophy and ensure appropriateness to the position.
 3. Survey market views are pulled from across Canada, the Alberta market, and our pension peers (investment managers for large sector public pension & endowment funds). Base salary, total cash compensation and total direct compensation levels (including LTIP and SLTIP) are reviewed. 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 was initiated in 2015 and is currently underway.

COMPONENTS OF COMPENSATION

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

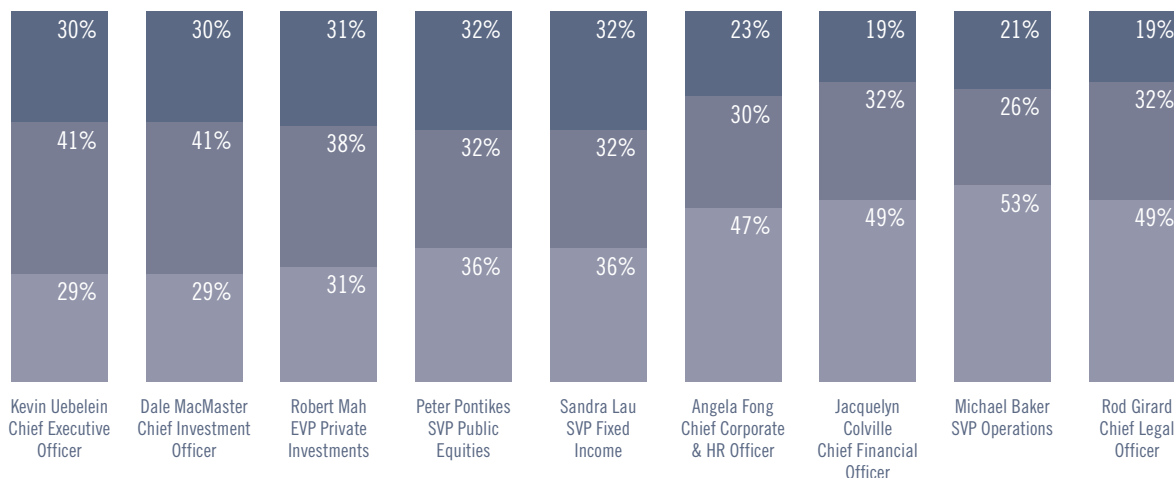
COMPONENT	PROGRAM INTENT	PLAN FUNDAMENTALS	VARIABILITY WITH PERFORMANCE
Base Salary	Compensates for the execution of core duties	Annual budget based upon external survey market data	Fixed (low variability)
Annual Incentive Plan (AIP) ¹	Annual plan that rewards superior investment performance and individual 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 8 year period	Consist of an additional conditional LTIP grant, made when uncapped investment performance over any LTIP period (four years) exceeds the cap of 3x. Once granted, the SLTIP has the same mechanics as the LTIP.	High Variability
Restricted Fund Units (RFU) ³	To bridge "gap" period between commencement of employment and LTIP vesting.	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

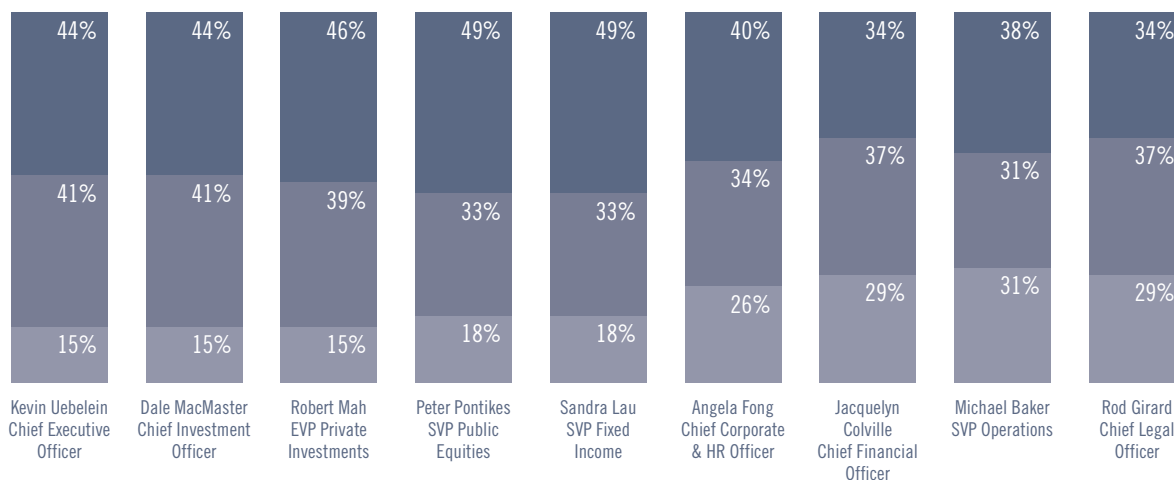
EXECUTIVE COMPENSATION

All executives have a significant component of their compensation tied to performance. The mix of compensation (demonstrated at target and at maximum) is as follows:

Executive Team (target performance)



Executive Team (maximum)



■ Base Salary ■ Short-term Incentive (performance-based) ■ Long-term Incentive (performance based)

MIX OF COMPENSATION

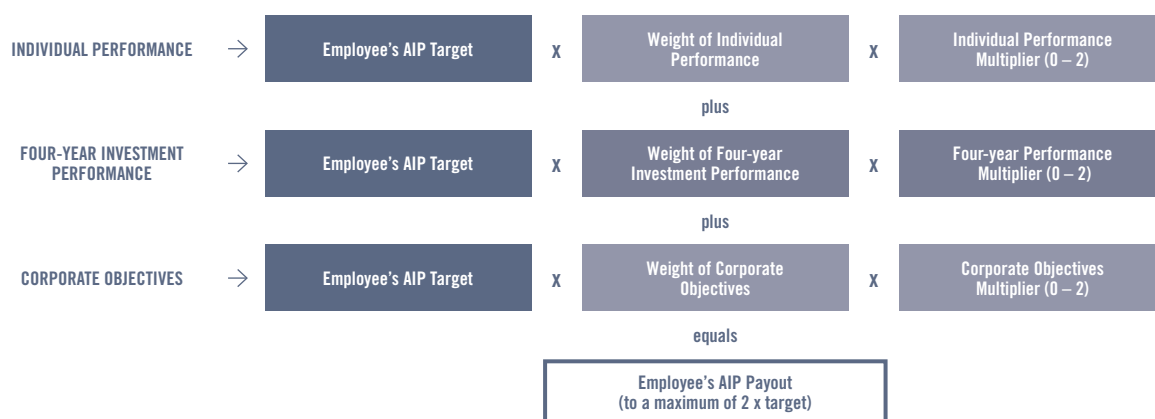
Base Salary

Executive base salaries compensate for the execution of core duties. In determining the base compensation, certain variables such as ability, performance expectations, experience and market competitiveness are taken into consideration. In undertaking 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. AIP is comprised of two components: achievement against annual individual objectives and value add investment performance over a four-year period. A third component for the executive team only adds achievement against corporate objectives. Target awards are set as a percentage of salary and each component of AIP comprises a percentage of this target to which a multiplier is applied. At the conclusion of the performance year, AIMCo will assess its value add performance outcome against the intended value add target, which results in an annual Performance Factor calculation. Note that the performance factor has an applied floor, and the AIP performance multiplier is capped at two times the target value.



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

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

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

Long-term Incentive Plan (LTIP)

The Long-Term Incentive Plan supports AIMCo's goal of superior and sustained performance and reinforces the long-term nature of investment strategy. The plan rewards value add performance over the next four-years at the AIMCo Total Fund level and, in the case of investment professionals, at the asset class level (with a performance floor in place). The plan also provides a retention element for strong performers since they vest and payout at the end of a four-year cycle. Grants are issued to senior level, 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 AIP, is applied at the end of the four-year vesting period. The award value is also increased or decreased based upon the cumulative rate of return of AIMCo's Total Fund for the period. Similar to the AIP plan, the performance factor has an applied floor.

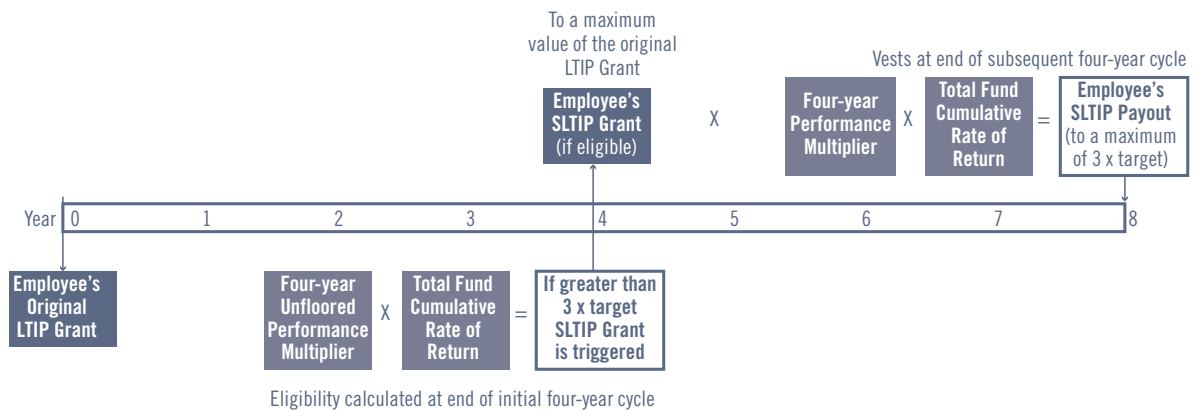
$$\text{Employee's LTIP Grant} \times \text{Four-year Performance Multiplier} \times \text{Total Fund Cumulative Rate of Return} = \text{LTIP Payout (to a maximum of 3 x grant)}$$

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

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

Special Long-Term Incentive Plan (SLTIP)

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



PERFORMANCE WEIGHTINGS UNDER AIP AND LTIP FOR EXECUTIVE OFFICERS

As at March 31, 2016

	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 Senior VP Public Equities	AIP	20%	40%	40%	N/A
	LTIP	N/A	60%	40%	N/A
Sandra Lau Senior VP Fixed Income	AIP	20%	40%	40%	N/A
	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
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

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.

2015 CORPORATE AND INVESTMENT PERFORMANCE RESULTS

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

CORPORATE OBJECTIVE PERFORMANCE

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

Based on the HRCC's review and recommendations, and the Board's assessment, management achieved the corporate objectives established for 2015, resulting in a performance rating of 135% out of a possible stretch performance rating of 200%. Highlights of AIMCo's achievements against its corporate objectives include:

- Realizing more than \$1.5 billion in value add return on behalf of AIMCo's clients
- Refreshing AIMCo's Guiding Principles (Vision, Core Values and Key Success Drivers) and updating our strategic plan to reflect new Chief Executive Officer leadership.
- Earning recognition from CEM Benchmarking that AIMCo continues to be a low-cost investment manager, relative to peers of similar size and asset mix
- Implementing a Client Relationship Management System and expanding AIMCo's Client Satisfaction Survey to better serve the needs of clients
- Emphasizing leadership skill development and succession planning within the leadership and functional lead level.
- Achieving specific targets to ensure we continue to Do Business the Right Way, with emphasis on risk assessment and mitigation, compliance, internal controls and operational control systems.
- Undertaking a detailed review of AIMCo investment benchmarks to ensure meaningful alignment with our clients' objectives, and implementing changes where appropriate.

FOUR-YEAR INVESTMENT PERFORMANCE

The target value add performance for 2015 was \$302 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 2015 reflect the AIMCo Total Fund performance over the four-year period beginning January 1, 2012, and ending December 31, 2015. The cumulative net value add investment performance over this period for compensation purposes was \$3.1 billion which resulted in a calculated Investment Performance Factor of 3.14 for 2012 to 2015. This factor is capped at 2.00 for AIP purposes and 3.00 for LTIP purposes.

AIMCo TOTAL FUND PERFORMANCE, ACTUAL 2012 TO 2015 AND CUMULATIVE RESULTS

CALENDAR YEAR	TARGET VALUE ADD ¹ (\$ millions)	AIMCo NET ACTUAL VALUE ADD ² (\$ millions)	ANNUAL INVESTMENT PERFORMANCE FACTOR ³
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
Actual 2012 ⁴	200.0	1,244.9	6.22
Cumulative – 4 year	1,037.7	3,105.2	4-Yr Avg 3.14

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.

Investment performance over the past four years resulted in AIP investment performance multipliers of 2.0 for the CEO and other Named Executive Officers.

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, 2012 TO 2015

Performance Factors	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Four-Year Performance
Total Fund	Exceeded Target	Exceeded Target	Below Target	Exceeded Target	Exceeded Target
Money Market & Fixed Income	Exceeded Target	Exceeded Target	Exceeded Target	Exceeded Target	Exceeded Target
Public Equity & Hedge Funds	Exceeded Target	Exceeded Target	Exceeded Target	Exceeded Target	Exceeded Target
Global Tactical Asset Allocation	Exceeded Target	Exceeded Target	Below Target	Below Target	Exceeded Target
Real Estate	Exceeded Target	Exceeded Target	Exceeded Target	Exceeded Target	Exceeded Target
Private Equity	Below Target	Below Target	Exceeded Target	Exceeded Target	Exceeded Target
Relationship Investing	Not Applicable	Below Target	Not Applicable	Below Target	Below Target
Venture Capital	Below Target	Below Target	Below Target	Below Target	Below Target
Infrastructure and Timber	Below 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	Exceeded Target	Exceeded Target	Exceeded Target	Exceeded Target	Exceeded Target

Investment performance over the past four years resulted in an AIP performance multiplier at the maximum 2.0 for the Total Fund component and a range of 0.0 to 2.0 for the asset class components where relevant. The LTIP performance multiplier ranged from 2.0 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, predominately relating to individual performance. Similarly, the Board of Directors, through HRCC, has the authority to amend and/or terminate both the performance compensation plans, or the awards provided to an individual in any given year. Measures are also in place to ensure forfeiture or recovery of previous payments in circumstances such as restatement of financial results.

SUMMARY COMPENSATION

The Summary Compensation table below shows the remuneration for the Named Executive Officers over the past three fiscal years. 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 COMPENSATION¹

NAME AND POSITION	Fiscal Year	INCENTIVE PLAN COMPENSATION (\$)										Total Compensation \$
		Base Salary ²	AIP Annual Individual Objectives ³	AIP Corporate Objectives ³	FOUR-YEAR INVESTMENT PERFORMANCE			Pension Contribution ⁶	All Other Compensation ⁷			
					AIP Investment Component ³	LTIP ⁴	RFU ⁵					
Kevin Uebelein ⁸ CEO	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 ⁹ CIO	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	
	2014	331,088	264,870	55,181	529,740	715,500		49,561	13,747		1,959,687	
Robert Mah EVP Private Markets	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	
	2014	328,635	122,625	51,094	328,064	0		37,361	10,732		878,511	
Peter Pontikes ¹⁰ SVP Public Equities	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	
	2014	224,432	59,730	N/A	318,558	300,000		37,210	10,757		950,687	
Sandra Lau ¹¹ SVP Fixed Income	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	
	2014	224,432	79,640	N/A	318,558	270,000		37,210	10,247		940,087	
Angela Fong Chief Corporate and Human Resources Officer	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	
	2014	279,078	108,030	22,506	216,060	N/A	61,982	27,626	8,980		724,262	
Jacquelyn Colville CFO	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	
	2014	262,600	151,400	21,125	202,800	N/A		24,950	9,515		672,390	
Michael Baker SVP Operations	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	
	2014	113,293	0	0	0	N/A		12,663	2,981		128,937	
Rod Girard ¹² Chief Legal Officer	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	
	2014	180,250	53,480	N/A	86,520	N/A		17,304	14,306		351,860	
Darren Baccus ¹³ Chief Client Relations and Legal Officer	2016	259,796	115,288	25,940	230,576	420,000		28,470	409,674		1,489,743	
	2015	295,610	165,288	24,018	229,569	N/A	409,248	31,111	14,474		1,169,318	
	2014	289,152	111,930	23,319	223,860	N/A	371,893	28,632	9,955		1,058,741	
John Osborne ¹⁴ CRO	2016	220,173	65,354	29,409	261,414	506,250		39,928	477,311		1,599,839	
	2015	242,050	65,354	27,231	232,474	506,250		43,573	12,134		1,129,066	
	2014	236,763	79,313	26,437	253,800	506,250		38,619	17,978		1,159,159	

- 1 All amounts shown in the Summary Compensation table reflect compensation earned to the named executive in, or in respect of, the current fiscal year. Incentive compensation is paid in cash in the year following the year it is earned.
- 2 Base Salary consists of all regular pensionable base pay earned.
- 3 Annual Incentive Plan's Individual Objectives, Corporate Objectives, and Investment Component target awards are set as a percentage of salary to which a multiplier is applied. The multiplier is based on individual performance, corporate performance, and actual investment performance (AIMCo Total Fund and asset class where applicable) respectively for the period actively worked, and cannot result in a payout greater than two times the target award. AIP is accrued based on goal attainment for the calendar year and paid in the subsequent period.
- 4 The amounts shown here reflect LTIP awarded at the beginning of 2012 and are paid out after 2015 year-end, the value of which is determined based upon 4-year investment performance (2012-2015). 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 Fund performance. RFU's have time horizons of one-to-three years for vesting provisions.
- 6 AIMCo makes contributions to the defined benefit and defined contribution pension plans and related supplementary pension plans. Under the registered DC plan employees contribute up to 4% of annual eligible earnings and AIMCo contributes up to 8%, up to the maximum allowed under the Income Tax Act (Canada). Under the supplementary pension plan, the same contribution formula is applied to the eligible earnings in excess of the maximum eligible earnings under the registered plan.
 Employees that transferred from AIMCo's predecessor organization were provided the option of maintaining membership in a defined benefit pension plan and the related supplementary pension plan. Both AIMCo and participating employees contribute to the funding of the plans.
 An actuarial valuation for funding purposes is prepared at least every three years. The contributions to 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 vest on December 31, 2018.
- 9 Dale MacMaster was appointed CIO in January, 2015.
- 10 Peter Pontikes, SVP Public Equities, was appointed to the Executive Committee January 14, 2016. Amounts presented reflect the incumbent's full year of compensation.
- 11 Sandra Lau, SVP Fixed Income, was appointed to the Executive Committee January 14, 2016. Amounts presented reflect the incumbent's full year of compensation.
- 12 Rod Girard was appointed Chief Legal Officer on March 31, 2016. Previously, he was Senior Legal Counsel. Amounts presented reflect the incumbent's full year of compensation.
- 13 Darren Baccus, Chief Client Relations and Legal Officer, left the corporation on February 16, 2016. \$372,513 value in "All Other Compensation" reflects payments as per his termination agreement.
- 14 John Osborne, Chief Risk Officer, left the corporation on February 26, 2016. \$425,960 value in "All Other Compensation" reflects as per his termination agreement.

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 \$1,500,000 Long-Term Incentive payout. The LTIP was granted at the beginning of 2012 and paid out after 2015 year-end. The payout value was determined based upon the grant's normal four-year investment performance cycle (2012-2015).

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 their currently estimated future payout. The future payouts are estimated based on:

- Performance multipliers for 2013, 2014, and 2015, and pro forma multipliers of 1.0 (target) for future years.
- Actual AIMCo Total Fund rates of return for 2013, 2014, and 2015, and no assumed growth in future years.

LONG-TERM INCENTIVE GRANTS AND ESTIMATED FUTURE PAYOUTS

NAME AND POSITION	YEAR OF GRANT	TYPE OF AWARD	AWARD TARGET VALUE ¹	MAXIMUM VALUE AT TIME OF GRANT ²	ESTIMATED FUTURE PAYOUTS AT THE END OF YEARS ³ :				
					2016	2017	2018	2019	TOTAL
Kevin Uebelein Chief Executive Officer	2016	LTIP	500,000	1,500,000				500,000	500,000
	2015	LTIP	500,000	1,500,000			1,092,667		1,092,667
	2015	RFU	250,000		136,313	136,313			272,626
Dale MacMaster Chief Investment Officer	2016	LTIP	425,000	1,275,000				425,000	425,000
	2016	SLTIP	240,000	720,000				240,000	240,000
	2015	LTIP	375,000	1,125,000			816,802		816,802
	2015	SLTIP	238,500	715,500			476,374		476,374
	2014	LTIP	343,400	1,030,200		843,287			843,287
	2014	SLTIP	238,500	715,500		585,684			585,684
	2013	LTIP	327,000	981,000	981,000				981,000
2013	SLTIP	238,500	715,500	715,500				715,500	
Robert Mah Executive VP Private Markets	2016	LTIP	333,540	1,000,620				333,540	333,540
	2016	SLTIP	2,520	7,560				2,520	2,520
	2015	LTIP	333,500	1,000,500			943,410		943,410
	2014	LTIP	333,500	1,000,500		856,540			856,540
	2013	LTIP	327,000	981,000	850,084				850,084
Peter Pontikes Senior VP Public Equities	2016	LTIP	239,832	719,496				239,832	239,832
	2016	SLTIP	110,000	330,000				110,000	110,000
	2015	LTIP	218,000	654,000			519,168		519,168
	2015	SLTIP	100,000	300,000			218,387		218,387
	2014	LTIP	210,700	632,100		550,845			550,845
	2014	SLTIP	100,000	300,000		261,436			261,436
	2013	LTIP	199,100	597,300	597,300				597,300
	2013	SLTIP	100,000	300,000	300,000				300,000
Sandra Lau Senior VP Fixed Income	2016	LTIP	239,832	719,496				239,832	239,832
	2016	SLTIP	95,000	285,000				95,000	95,000
	2015	LTIP	218,000	654,000			422,683		422,683
	2015	SLTIP	90,000	270,000			160,020		160,020
	2014	LTIP	210,700	632,100		541,356			541,356
	2014	SLTIP	90,000	270,000		231,239			231,239
	2013	LTIP	199,100	597,300	597,300				597,300
	2013	SLTIP	90,000	270,000	270,000				270,000
Angela Fong Chief Corporate and Human Resources Officer	2016	LTIP	142,655	427,965				142,655	142,655
	2016	SLTIP	150,000	450,000				150,000	150,000
	2015	LTIP	142,700	428,100			311,847		311,847
	2014	LTIP	114,100	342,300		230,319			230,319
	2013	LTIP	110,800	332,400	273,537				273,537

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 :				
					2016	2017	2018	2019	TOTAL
Jacquelyn Colville Chief Financial Officer	2016	LTIP	114,124	342,372				114,124	114,124
	2016	SLTIP	55,000	165,000				55,000	55,000
	2015	LTIP	108,200	324,600			236,453		236,453
	2015	SLTIP	48,857	146,571			99,177		99,177
	2014	LTIP	108,200	324,600		218,410			218,410
	2013	LTIP	104,000	312,000	256,750				256,750
Michael Baker Senior VP Operations	2016	LTIP	96,800	290,400				96,800	96,800
	2016	SLTIP	76,875	230,625				76,875	76,875
	2015	LTIP	96,800	290,400			211,540		211,540
	2014	LTIP	96,800	290,400		183,186			183,186
	2013	LTIP	53,528	160,583	132,147				132,147
Rod Girard Chief Legal Officer	2016	LTIP	96,000	288,000				96,000	96,000
	2016	SLTIP	52,500	157,500				52,500	52,500
	2015	LTIP	54,100	162,300			118,227		118,227
	2014	LTIP	54,100	162,300		109,205			109,205
	2013	LTIP	54,100	162,300	133,559				133,559

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.

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 :				
					2016	2017	2018	2019	TOTAL
Leo de Bever CEO (ended Dec. 31, 2014)	2014	LTIP	125,000	375,000		252,322			252,322
	2014	SLTIP	125,000	375,000		252,322			252,322
	2013	LTIP	500,000	1,500,000	1,234,373				1,234,373
	2013	SLTIP	492,978	1,478,934	1,217,038				1,217,038

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.

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 Uebelein¹ Chief Executive Officer	2016	Registered	17,195	8,598
	2016	Supplementary	22,805	11,402
	2015	Registered	9,718	4,859
	2015	Supplementary	0	0
Dale MacMaster² Chief Investment Officer	2016	Registered	30,991	18,155
	2016	Supplementary	31,445	31,445
	2015	Registered	30,583	17,915
	2015	Supplementary	26,818	26,818
	2014	Registered	26,921	15,718
	2014	Supplementary	22,639	22,639
Robert Mah¹ Executive VP Private Markets	2016	Registered	16,913	8,457
	2016	Supplementary	23,111	11,556
	2015	Registered	16,620	8,310
	2015	Supplementary	23,143	11,572
	2014	Registered	16,311	8,155
	2014	Supplementary	21,050	10,525
Peter Pontikes² Senior VP Public Equities	2016	Registered	31,211	18,284
	2016	Supplementary	15,051	15,051
	2015	Registered	30,397	17,806
	2015	Supplementary	12,416	12,416
	2014	Registered	26,921	15,718
	2014	Supplementary	10,289	10,289
Sandra Lau² Senior VP Fixed Income	2016	Registered	31,211	18,284
	2016	Supplementary	15,051	15,051
	2015	Registered	30,397	17,806
	2015	Supplementary	12,416	12,416
	2014	Registered	26,921	15,718
	2014	Supplementary	10,289	10,289
Angela Fong¹ Chief Corporate and Human Resources Officer	2016	Registered	16,913	8,457
	2016	Supplementary	13,330	6,665
	2015	Registered	16,620	8,310
	2015	Supplementary	13,407	6,703
	2014	Registered	16,346	8,173
	2014	Supplementary	11,280	5,640
Jacquelyn Colville¹ Chief Financial Officer	2016	Registered	17,212	8,606
	2016	Supplementary	11,749	5,875
	2015	Registered	16,620	8,310
	2015	Supplementary	11,772	5,886
	2014	Registered	16,388	8,194
	2014	Supplementary	8,562	4,281

NAME AND POSITION	FISCAL YEAR	PLAN TYPE	EMPLOYER CONTRIBUTIONS (\$)	EMPLOYEE CONTRIBUTIONS (\$)
Michael Baker¹ Senior VP Operations	2016	Registered	16,913	8,457
	2016	Supplementary	5,262	2,631
	2015	Registered	19,360	9,680
	2015	Supplementary	0	0
	2014	Registered	11,927	5,963
	2014	Supplementary	737	368
Rod Girard¹ Chief Legal Officer	2016	Registered	16,913	8,457
	2016	Supplementary	391	195
	2015	Registered	16,620	8,310
	2015	Supplementary	684	342
	2014	Registered	16,180	8,090
	2014	Supplementary	1,124	562
Darren Baccus¹ Chief Client Relations and Legal Officer	2016	Registered	14,048	7,024
	2016	Supplementary	14,421	7,211
	2015	Registered	16,620	8,310
	2015	Supplementary	14,491	7,245
	2014	Registered	16,352	8,176
	2014	Supplementary	12,280	6,140
John Osborne² Chief Risk Officer	2016	Registered	28,359	16,613
	2016	Supplementary	11,569	11,569
	2015	Registered	30,397	17,806
	2015	Supplementary	13,176	13,176
	2014	Registered	26,921	15,718
	2014	Supplementary	11,697	11,697

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

INVESTMENTS OVER \$300 MILLION



CORPORATE ISSUER	ASSETS UNDER MANAGEMENT	% OF TOTAL
1 Royal Bank of Canada	890.9	1.0%
2 Toronto-Dominion Bank	687.4	0.8%
3 Canadian Imperial Bank of Commerce	681.3	0.7%
4 Bank of Nova Scotia	523.4	0.6%
5 Ford Credit Canada Ltd	376.2	0.4%
6 TMX Group Ltd	368.6	0.4%
7 Bank of Montreal	366.7	0.4%
8 National Bank of Canada	365.3	0.4%
9 Goldman Sachs Group Inc	348.1	0.4%
10 Genesis Trust II	338.7	0.4%
	4,946.5	5.5%

GOVERNMENT ISSUER	ASSETS UNDER MANAGEMENT	% OF TOTAL
1 Canadian Government Bond	4,647.1	5.1%
2 Province of Ontario	4,096.0	4.5%
3 Canada Housing Trust No 1	2,401.1	2.6%
4 Province of Quebec	1,920.0	2.1%
5 Province of British Columbia	976.6	1.1%
6 Province of Manitoba	622.8	0.7%
7 United States Treasury Floating Rate Note	430.6	0.5%
8 Province of Newfoundland and Labrador	418.1	0.5%
9 Province of New Brunswick	412.7	0.5%
10 Municipal Finance Authority of British Columbia	390.4	0.4%
11 Province of Nova Scotia	318.7	0.3%
	16,634.1	18.3%

EXECUTIVE TEAM & BOARD OF DIRECTORS

EXECUTIVE TEAM

KEVIN UEBELEIN
Chief Executive Officer

DALE MACMASTER
Chief Investment Officer

ROBERT MAH
Executive Vice President,
Private Investments

JACQUELYN COLVILLE
Chief Financial Officer

ANGELA FONG
Chief Corporate and Human
Resources Officer

ROD GIRARD
Chief Legal Officer

REMCO VAN EEUWIJK
Chief Risk Officer

MICHAEL BAKER
Senior Vice President,
Investment Operations

SANDRA LAU
Senior Vice President,
Fixed Income

PETER PONTIKES
Senior Vice President,
Public Equities

BOARD OF DIRECTORS

MAC H. VAN WIELINGEN

JOHN T. FERGUSON

GEORGE F. J. GOSBEE

J. RICHARD BIRD

ROSS A. GRIEVE

VIRGINIA A. HOLMES

HELEN KEARNS

HAROLD A. ROOZEN

ANDREA S. ROSEN

ROBERT L. "JAY" VIVIAN JR.

TOM WOODS



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MANAGEMENT CORPORATION**

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FOR ALBERTA



ALBERTA INVESTMENT MANAGEMENT CORPORATION
FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of Alberta Investment Management Corporation (the "Corporation") have been prepared by management and approved by the Board of Directors. The financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards and within the framework of significant accounting policies summarized in the notes to the financial statements.

Management is responsible for the integrity and fairness of the financial statements. The financial statements include certain amounts which, by necessity, are based on the judgment and best estimates of management. In the opinion of management, the financial statements have been properly prepared and present fairly the financial position, results of operations, change in net debt and cash flows of the Corporation.

The Board of Directors is responsible for overseeing management in the performance of its financial reporting duties. The Board of Directors is assisted in discharging this responsibility by the Audit Committee, which consists of directors who are neither officers nor employees of the Corporation. The Audit Committee meets regularly with management and external auditors to review the scope and findings of audits and to satisfy itself that its responsibility has been properly discharged. The Audit Committee has reviewed the financial statements and has recommended their approval by the Board of Directors.

The Corporation has developed and implemented systems of internal control and supporting procedures which have been designed to provide reasonable assurance that assets are protected; transactions are properly authorized, executed and recorded; and the financial statements are free from material misstatement. The internal control framework includes the employee Code of Conduct and Ethical Standards, internal compliance monitoring, the selection and training of qualified employees, and the communication of policies and guidelines throughout the Corporation.

The Office of the Auditor General of Alberta has examined the financial statements and prepared an Independent Auditor's Report, which is presented in the financial statements.

[Original signed by Kevin Uebelein]

KEVIN UEBELEIN
Chief Executive Officer

[Original signed by Jacquelyn Colville, CA, CPA]

JACQUELYN COLVILLE, CA, CPA
Chief Financial Officer



Independent Auditor's Report

To the Shareholder of the Alberta Investment Management Corporation

Report on the Financial Statements

I have audited the accompanying financial statements of the Alberta Investment Management Corporation, which comprise the statement of financial position as at March 31, 2016, 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 the Alberta Investment Management Corporation as at March 31, 2016, 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 19, 2016

Edmonton, Alberta

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, (\$ thousands)	2016	2015
FINANCIAL ASSETS		
Cash and cash equivalents (Note 6)	\$ 61,057	\$ 29,293
Accounts receivable	11,773	13,917
Other assets	2,416	2,416
	75,246	45,626
LIABILITIES		
Accounts payable and accrued liabilities	4,216	5,005
Accrued employment liabilities (Note 7)	77,577	56,077
Advance from the Province of Alberta (Note 8)	66,349	58,849
Pension liabilities (Note 9)	3,248	3,038
Deferred lease inducement (Note 16)	2,671	3,420
	154,061	126,389
NET DEBT (Note 4)	(78,815)	(80,763)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 10)	77,253	79,637
Prepaid expenses	5,209	4,773
	82,462	84,410
NET ASSETS (Note 11)	\$ 3,647	\$ 3,647

Contractual obligations (Note 16)

The accompanying notes are part of these financial statements.

Approved by the Board:

[Original signed by Mac H. Van Wielingen]

MAC H. VAN WIELINGEN
Board Chair

[Original signed by Richard Bird]

RICHARD BIRD
Audit Committee Chair

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, (\$ thousands)	2016	2016	2015
	Budget (Note 17)		
REVENUE			
Cost recoveries	\$ 441,295	\$ 453,840	\$ 439,664
Interest income	–	226	278
Total revenue	441,295	454,066	439,942
EXPENSES			
Third-party investment management fees (Note 12)	166,525	155,958	145,205
Third-party asset administration, legal, and other (Note 12)	65,279	89,975	76,914
Third-party performance fees (Note 12)	78,695	57,723	95,097
Salaries, wages and benefits	82,379	102,005	76,369
Data, subscriptions and maintenance services	13,114	15,792	14,357
Amortization of tangible capital assets (Note 10)	12,340	12,106	11,685
Administrative expenses	8,106	7,250	7,843
Contract and professional services	7,895	7,121	6,842
Rent	6,242	5,622	4,938
Interest	720	514	692
Total expenses	441,295	454,066	439,942
ANNUAL SURPLUS	\$ –	\$ –	\$ –

The accompanying notes are part of these financial statements.

STATEMENT OF CHANGE IN NET DEBT

FOR THE YEAR ENDED MARCH 31, (\$ thousands)	2016	2016	2015
	Budget (Note 17)		
Annual surplus	\$ —	\$ —	\$ —
Acquisition of tangible capital assets	(11,904)	(9,722)	(11,776)
Amortization of tangible capital assets (Note 10)	12,300	12,106	11,685
Loss on disposal of tangible capital assets		—	299
Proceeds on disposal of tangible capital assets		—	23
Change in prepaid expenses		(436)	142
DECREASE IN NET DEBT IN THE YEAR	396	1,948	373
NET DEBT AT BEGINNING OF YEAR	(80,763)	(80,763)	(81,136)
NET DEBT AT END OF YEAR	\$ (80,367)	\$ (78,815)	\$ (80,763)

The accompanying notes are part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, (\$ thousands)	2016	2015
OPERATING TRANSACTIONS		
Annual surplus	\$ –	\$ –
Non-cash items:		
Amortization of tangible capital assets	12,106	11,685
Amortization of deferred lease inducement	(749)	(749)
Loss on disposal of tangible capital assets	–	299
Change in pension liabilities	210	98
	11,567	11,333
Decrease (increase) in accounts receivable	2,144	(2,146)
(Increase) decrease in prepaid expenses	(436)	142
(Decrease) increase in accounts payable and accrued liabilities	(789)	548
Increase (decrease) in accrued employment liabilities	21,500	(8,565)
Cash provided by operating transactions	33,986	1,312
CAPITAL TRANSACTIONS		
Acquisition of tangible capital assets	(9,722)	(11,776)
Proceeds on disposal of tangible capital assets	–	23
Cash applied to capital transactions	(9,722)	(11,753)
FINANCING TRANSACTIONS		
Proceeds from advance from the Province of Alberta	8,000	–
Payment of advance from the Province of Alberta	(500)	(6,000)
Cash provided by (applied to) financing transactions	7,500	(6,000)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	31,764	(16,441)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	29,293	45,734
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 61,057	\$ 29,293
SUPPLEMENTARY INFORMATION		
Cash used for interest	\$ 369	\$ 570

The accompanying notes are part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016 (\$ 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 Corporation Act*, Chapter A-26.5. Under the Act, the Corporation is established as a Crown Corporation governed by a Board of Directors appointed by the Lieutenant Governor in Council. The issued share of the Corporation is owned by the Crown, and accordingly the Corporation is exempt from federal and provincial income taxes under the *Income Tax Act*.

NOTE 2 NATURE OF OPERATIONS

The purpose of the Corporation is to provide investment management services in accordance with the *Alberta Investment Management Corporation Act* primarily to the Province of Alberta and certain public sector pension plans. The Corporation forms part of 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 \$89.0 billion (2015: \$90.3 billion) at March 31, 2016, see Note 13. These assets are invested in segregated investments owned by the client or aggregated in one or more pooled investment portfolios managed by the Corporation. Some of these assets are managed by third-party investment managers selected and monitored by the Corporation in order to achieve greater diversification, as well as to access external expertise and specialized knowledge. The segregated assets and the assets within the pooled investment portfolios are not consolidated in the financial statements of the Corporation. The Corporation makes investments on behalf of its clients and may also establish companies in which the Province of Alberta is the registered owner of the shares for the purpose of managing specific investments. As the Corporation has no beneficial interest in these entities, they are not consolidated in the Corporation’s financial statements.

The Corporation recovers all operating expenses and capital expenditures on a cost recovery basis. The Corporation’s Board of Directors may approve recoveries greater than costs to maintain or increase the Corporation’s general reserve, although they have not done so in the past.

NOTE 3 SUMMARY OF 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 \$155,958 (2015: \$145,205), third-party performance fees which are recorded as \$57,723 (2015: \$95,097), and pension liabilities which are recorded as \$3,248 (2015: \$3,038) in these financial statements, are subject to measurement uncertainty. Third-party investment costs include estimates of management and performance fees that are based upon specified rates and commitment levels in the investment management agreements. The pension liabilities are based on key assumptions that could impact the reported liability. Refer to Note 9 for a description of the key assumptions and how a change in the assumptions can impact the reported pension 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.

NOTES TO THE FINANCIAL STATEMENTS

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 Corporation 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 is comprised primarily of debt servicing costs on the Advance from the Province of Alberta.

d) Financial Assets

Financial assets are the Corporation's financial claims on external organizations and individuals.

Cash and Cash Equivalents

Cash and cash equivalents are recorded 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 recorded 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 (2016 and 2015 – \$nil).

Other Assets

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

e) Liabilities

Liabilities are recorded 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 recorded 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 the year-end;
- accrued employee vacations entitlements and other benefits;
- deferred lease inducement; and
- contingent liabilities where future liabilities are likely.

Advance from the Province of Alberta and pension liabilities are recorded 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 recorded 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.

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

Computer systems hardware and software development costs are not amortized until the assets are available for use.

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 (2016 and 2015: \$nil).

Prepaid Expense

Prepaid expenses are recorded at cost and amortized based on the terms of the agreement.

NOTES TO THE FINANCIAL STATEMENTS

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 recorded in the Statement of Operations.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

The Corporation does not own any derivative financial instruments.

h) Employment Benefits

The Corporation participates in multi-employer defined benefit plans that meet the accounting requirements for treatment as defined contribution plans. The Corporation also participates in defined contribution pension plans. Employer contributions are expensed as incurred.

On January 1, 2010, the Corporation established a new Supplementary Retirement Plan ("SRP") for those individuals required to withdraw from the existing SRP for Public Service Managers. This pension plan is accounted for using the projected-benefits method pro-rated on service to account for the cost of the defined benefit pension plan. Pension costs are based on management's best estimate of expected plan investment performance, discount rate, salary escalation, and retirement age of employees. The discount rate used to determine the accrued benefit obligation is based on rates of return of assets currently held by the Plan. Plan assets are valued at fair value for the purpose of calculating the expected return on plan assets. Past service costs from plan amendments are amortized on a straight-line basis over the average remaining service life of employees active at the date of amendments. Net actuarial gains or losses and transitional obligations are amortized on a straight-line basis over the average remaining service life of active employees. Valuation allowances are calculated such that accrued benefit assets are limited to amounts that can be realized in the future by applying any plan surplus against future contributions.

The Corporation provides retention incentives to certain employees through a Long-Term Incentive Plan ("LTIP") and a Restricted Fund Unit Plan ("RFU"). The potential end value of these grants, if and when vested, fluctuate over the vesting period based on achievement of certain performance factors, and are expensed as salaries, wages and benefits over the vesting period of the awards. The liability for the grants are remeasured at each reporting period based on changes in the intrinsic values of the grants, such that the cumulative amount of the liability will equal the potential payout at that date. Any gains or losses on remeasurement are recorded 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 Canadian dollars using the Bank of Canada noon rate for the day.

NOTE 4 CHANGE IN ACCOUNTING POLICY

Adoption of the Net Debt Presentation

The net debt presentation (with reclassification of comparatives) has been adopted for the presentation of the financial statements. Net debt is measured as the difference between the Corporation's financial assets and liabilities.

The effect of this change results in changing the presentation of the Statement of Financial Position and adding the Statement of Change in Net Debt.

NOTE 5 FUTURE ACCOUNTING CHANGES

In June 2015 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 6 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

AS AT MARCH 31, (\$ thousands)	2016	2015
Deposit in Consolidated Cash Investment Trust Fund	\$ 60,903	\$ 29,147
U.S. bank account	65	65
Great British Pounds bank account	89	81
	\$ 61,057	\$ 29,293

The Consolidated Cash Investment Trust Fund is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is comprised of high quality short-term and mid-term fixed income securities with a maximum term-to-maturity of three years. As at March 31, 2016, securities held by the Fund have a time-weighted return of 0.83% per annum (2015: 1.2% per annum).

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 ACCRUED EMPLOYMENT LIABILITIES

AS AT MARCH 31, (\$ thousands)	2016	2015
Annual incentive plan (a)	\$ 28,231	\$ 22,974
Long-term incentive plan (b)	46,887	30,493
Restricted fund unit incentive plan (c)	477	533
Accrued vacation, salaries and benefits	1,982	2,077
	\$ 77,577	\$ 56,077

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, 2016 was \$23,616 (2015: \$18,519) 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 2016 calendar year is \$754,500.

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

	TARGET	STRETCH TARGET	VALUE ADD FOR COMPENSATION PURPOSES ⁽¹⁾
2011	\$ 166,667	\$ 500,000	\$ 610,000
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	1,539,000
Total	\$ 1,204,334	\$ 3,613,000	\$ 3,739,000

(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 have resulted in the potential for Special LTIP Grants. A Special LTIP Grant was awarded in the current year for \$2,872 (2015: \$2,226).

The accrued LTIP liability as at March 31, 2016 of \$46,887 (2015: \$30,493) reflects the current value of all LTIP, based on actual results to that date from the date they were awarded.

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

FOR THE YEAR ENDED MARCH 31, (thousands)	2016		2015	
	NOTIONAL VALUE		NOTIONAL VALUE	
LTIP grants outstanding, beginning of year	38,454	\$ 30,493	34,063	\$ 34,241
Granted	12,545	144	11,055	173
LTIP Accrual	—	31,461	—	11,191
Forfeited	(3,733)	(2,960)	(2,428)	(2,442)
Paid	(4,138)	(12,251)	(4,236)	(12,670)
LTIP grants outstanding, end of year	43,128	\$ 46,887	38,454	\$ 30,493

The maximum potential obligation related to the LTIP as at March 31, 2016 was \$129,384 (2015: \$115,362). Total expense related to the LTIP for the year ended March 31, 2016 was \$28,494 (2015: \$8,922) 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, 2016 of \$477 (2015: \$533) reflects the current value of all RFUs, based on actual results to that date from the date they were awarded.

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

FOR THE YEAR ENDED MARCH 31, (thousands)	2016		2015	
	NOTIONAL VALUE		NOTIONAL VALUE	
RFU grants outstanding, beginning of year	725	\$ 533	750	\$ 821
Granted	1,472	199	375	57
Accrual	—	221	—	151
Paid	(350)	(476)	(400)	(496)
RFU grants outstanding, end of year	1,847	\$ 477	725	\$ 533

Total expense related to the RFU plan for the year ended March 31, 2016 was \$422 (2015: \$208) which was recorded in salaries, wages and benefits.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8 ADVANCE FROM THE PROVINCE OF ALBERTA

Pursuant to Order in Council 219/2012 and in accordance with a loan advance agreement, the Corporation has received advances from the Province of Alberta during the year ended March 31, 2016 totalling \$8,000 (2015: \$nil) to fund capital cost requirements. As at March 31, 2016, the outstanding advances from the Province totalled \$66,349 (2015: \$58,849).

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 0.55% (2015: 0.92%). Interest expense on advance is \$369 (2015: \$570) and is included on the Statement of Operations. At March 31, 2016, the Corporation was in compliance with the terms of its revolving demand facility.

NOTE 9 PENSION LIABILITIES

Information about the Corporation's SRP is as follows:

FOR THE YEAR ENDED MARCH 31, (\$ thousands)	2016	2015
Accrued retirement obligation		
Beginning of year	\$ 4,368	\$ 3,287
Current service cost	466	388
Interest cost	180	160
Benefits paid	(62)	(15)
Actuarial (gain) loss	(423)	548
End of year	4,529	4,368
Plan assets		
Fair value, beginning of year	1,660	1,192
Actual (loss) return on plan assets	(150)	149
Employer contributions	173	167
Employee contributions	173	167
Benefits paid	(62)	(15)
End of year	1,794	1,660
Funded status - plan deficit	(2,735)	(2,708)
Unamortized net actuarial gain	(513)	(330)
Reported liability	\$ (3,248)	\$ (3,038)
Current service cost	466	388
Interest cost	180	160
Expected return on plan assets	(68)	(59)
Net actuarial gain amortization	(22)	(56)
Less: employee contributions	(173)	(167)
Total SRP expense	\$ 383	\$ 266

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, 2012. An extrapolation of the actuarial valuation dated December 31, 2012 was performed to March 31, 2016. An actuarial valuation for December 31, 2015 is currently on-going.

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

AS AT MARCH 31,	2016	2015
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,	2016	2015
Annual discount rate	2.7%	3.8%
Annual salary increase - base	3.0%	4.0%
Expected long-term return on plan assets	5.3%	5.0%
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 \$1,339 as at March 31, 2016 (2015: \$1,275). A 1% increase or decrease in the rate of salary increases would increase or decrease the reported liability by \$1,907 as at March 31, 2016 (2015: \$1,392). A 1% increase or decrease in the inflation rate would increase or decrease the reported liability by \$499 as at March 31, 2016 (2015: \$427).

Pension and Disability Plans

The Corporation participates in two multi-employer public sector pension plans, the Management Employees Pension Plan and the Public Service Pension Plan. 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 \$3,816 (2015: \$4,386) for the year ended March 31, 2016 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 recorded for the MEPP/PSPP is comprised of employer contributions to the plan that are required for its employees during the year, which are calculated based on actuarially pre-determined amounts that are expected to provide the plan's future benefits.

NOTES TO THE FINANCIAL STATEMENTS

At December 31, 2015, the Management Employees Pension Plan reported a surplus of \$299,051 (2015: surplus of \$75,805) and the Public Service Pension Plan reported a deficiency of \$133,188 (2015: deficiency of \$803,299).

NOTE 10 TANGIBLE CAPITAL ASSETS

FOR THE YEAR ENDED MARCH 31 (\$ thousands)	COMPUTER SYSTEMS HARDWARE AND SOFTWARE	LEASEHOLD IMPROVEMENTS	FURNITURE AND EQUIPMENT	2016	2015
Cost					
Opening Balance	\$ 92,449	\$ 13,034	\$ 4,562	\$ 110,045	\$ 109,297
Additions	9,394	265	63	9,722	11,776
Disposals	(4,455)	–	–	(4,455)	(11,028)
Closing Balance	97,388	13,299	4,625	115,312	110,045
Accumulated Amortization					
Opening Balance	21,792	6,430	2,186	30,408	29,430
Amortization expense	10,271	1,384	451	12,106	11,684
Effect of disposals	(4,455)	–	–	(4,455)	(10,706)
Closing Balance	27,608	7,814	2,637	38,059	30,408
Net Book Value at March 31	\$ 69,780	\$ 5,485	\$ 1,988	\$ 77,253	\$ 79,637

NOTE 11 NET ASSETS

Net assets is made up as follows:

AS AT MARCH 31, (\$ thousands)	2016	2015
Contributed surplus (a)	\$ 3,647	\$ 3,647
Share capital (b)	–	–
Accumulated surplus	–	–
	\$ 3,647	\$ 3,647

a) Contributed Surplus

Contributed surplus of \$3,647 (2015: \$3,647) represents equity received by the Department 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)	2016	2015
Issued and Authorized		
Province of Alberta – one share	\$ –	\$ –

NOTE 12 THIRD-PARTY INVESTMENT COSTS

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

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 13 ASSETS UNDER ADMINISTRATION

The Corporation provides investment management services on behalf of certain Province of Alberta endowment funds, other government funds and certain public sector pension plans.

At March 31, 2016 assets under administration totalled approximately \$89.0 billion (2015: \$90.3 billion), at market value. These assets were administered on behalf of the following clients of the Corporation:

AS AT MARCH 31, (\$ thousands)	2016	2015
Pension plans	\$ 55,538,671	\$ 53,618,290
Ministry of Treasury Board and Finance		
General revenue and entity investment funds ⁽¹⁾	6,003,618	9,271,803
Endowment funds (including the Alberta Heritage Savings Trust Fund)	21,910,581	22,184,125
Insurance-related funds	2,810,050	3,016,499
Other government Ministry investment funds	2,709,970	2,188,502
	\$ 88,972,890	\$ 90,279,219

(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.

NOTES TO THE FINANCIAL STATEMENTS

Investments administered by the Corporation were held in the following asset classes:

AS AT MARCH 31, (\$ thousands)	2016	2015
Fixed income		
Fixed income ⁽¹⁾	\$ 25,587,076	\$ 28,106,254
Private mortgages	3,175,844	3,089,601
Private debt & loan	918,970	908,343
Inflation sensitive		
Real estate	12,554,248	10,710,814
Infrastructure and timber	6,031,038	5,396,923
Real return bonds and commodities	2,976,569	2,572,349
Equities		
Public equities and absolute return strategies	32,866,738	34,797,630
Private equity and venture capital	4,650,167	4,453,637
Overlays	251,363	558,533
Currency derivatives	(39,123)	(314,865)
	\$ 88,972,890	\$ 90,279,219

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

NOTE 14 RELATED PARTY TRANSACTIONS

Related parties are the government funds, pension plans and other entities 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:

FOR THE YEAR ENDED MARCH 31, (\$ thousands)	2016	2015
Revenues		
Indirect cost recoveries ⁽¹⁾	\$ 150,184	\$ 122,448
Expenses		
Interest on advance from Province of Alberta	369	570
Contracted services (rent and other) ⁽²⁾	684	745
	1,053	1,315
Assets		
Accounts receivable ⁽¹⁾	11,605	13,853
Liabilities		
Advance from Province of Alberta	66,349	58,849

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

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

NOTE 15 SALARIES AND BENEFITS DISCLOSURE

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

The tables below present total compensation of the directors and senior management of the Corporation earned for the year ended March 31, 2016 in accordance with direction from the Department of Treasury Board and Finance.

FOR THE YEAR ENDED MARCH 31, (\$ thousands)						2016	2015
	BASE SALARY ⁽¹⁾	INCENTIVE PLAN		OTHER CASH BENEFITS ⁽⁴⁾	OTHER NON-CASH BENEFITS ⁽⁵⁾	TOTAL	TOTAL
		ANNUAL ⁽²⁾	LONG-TERM ⁽³⁾				
Chairman of the Board ⁽⁶⁾	\$ —	\$ —	\$ —	\$ 95	\$ —	\$ 95	\$ 90
Board Members ⁽⁶⁾	—	—	—	442	—	442	503
Chief Executive Officer ⁽⁷⁾	500	1,285	—	137	50	1,971	136
Chief Investment Officer ⁽⁸⁾	388	1,016	720	—	74	2,197	2,050
EVP, Private Markets	334	689	720	—	50	1,792	1,550
SVP, Public Equities ⁽⁹⁾	260	491	330	—	55	1,137	986
SVP, Fixed Income ⁽⁹⁾	260	458	285	—	55	1,058	967
Chief Corporate & HR Officer	285	359	450	—	38	1,132	800
Chief Financial Officer	274	392	165	1	41	873	793
SVP, Operations	242	213	231	1	32	719	346
Chief Legal Officer ⁽¹⁰⁾	180	136	158	5	33	511	361
Chief Client Relations & Legal Officer ⁽¹¹⁾	260	372	420	397	41	1,490	1,169
Chief Risk Officer ⁽¹²⁾	220	356	506	466	51	1,600	1,129

(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 11 independent members during fiscal 2015–16, including the Chairman whose compensation is disclosed separately.

(7) The Chief Executive Officer, Kevin Uebelein, commenced employment with the Corporation on January 5, 2015.

(8) The incumbent was appointed CIO on January 21, 2015. Previously, he was EVP, Public Investments. Amounts presented are for the incumbent for the full year.

(9) The incumbent was appointed to the Executive Committee on January 14, 2016. Amounts presented are for the incumbent for the full year.

(10) The incumbent was appointed CLO on March 31, 2016. Previously, he was Senior Legal Counsel. Amounts presented are for the incumbent for the full year.

(11) The incumbent left the Corporation on February 16, 2016.

(12) The incumbent left the Corporation on February 26, 2016.

NOTES TO THE FINANCIAL STATEMENTS

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 table below shows the LTIP grants and estimated potential future payouts for each named executive. The future value of awards granted for 2013, 2014 and 2015 but not vested are estimated as at March 31, 2016 based on actual performance for calendar years 2013, 2014 and 2015 and target performance for future years. For awards granted in 2016, the estimated future payout is estimated as at March 31, 2016 based on target performance for calendar year 2016 and 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.

	NOTIONAL VALUE				
	AS AT MARCH 31, 2015	GRANTED IN YEAR	ELIGIBLE FOR PAYOUT IN YEAR	FORFEITED OR ADJUSTED IN YEAR	AS AT MARCH 31, 2016
Chief Executive Officer	500.0	500.0	—	—	1,000.0
Chief Investment Officer	2,000.9	665.0	(240.0)	—	2,425.9
EVP, Private Markets	1,234.0	336.1	(240.0)	—	1,330.1
SVP, Public Equities	1,037.8	349.8	(110.0)	—	1,277.6
SVP, Fixed Income	992.8	334.8	(95.0)	—	1,232.6
Chief Corporate & HR Officer	489.0	292.7	(150.0)	28.6	660.3
Chief Financial Officer	424.3	169.1	(55.0)	—	538.4
SVP, Operations	346.3	173.7	(90.0)	—	429.9
Chief Legal Officer	214.8	148.5	(52.5)	—	310.8
Chief Client Relations & Legal Officer ⁽¹⁾	579.1	—	(140.0)	(439.1)	—
Chief Risk Officer ⁽²⁾	1,140.3	—	(168.8)	(971.6)	—

	ESTIMATED FUTURE PAYOUT				
	AS AT MARCH 31, 2015	CHANGE IN ESTIMATED FUTURE PAYOUT IN YEAR	ELIGIBLE FOR PAYOUT IN YEAR	FORFEITED OR ADJUSTED IN YEAR	AS AT MARCH 31, 2016
Chief Executive Officer	\$ 500.0	\$ 1,092.7	\$ —	\$ —	\$ 1,592.7
Chief Investment Officer	\$ 3,200.6	\$ 2,603.1	\$ (720.0)	\$ —	\$ 5,083.7
EVP, Private Markets	\$ 1,069.9	\$ 2,636.2	\$ (720.0)	\$ —	\$ 2,986.1
SVP, Public Equities	\$ 1,503.9	\$ 1,623.1	\$ (330.0)	\$ —	\$ 2,797.0
SVP, Fixed Income	\$ 1,910.7	\$ 931.7	\$ (285.0)	\$ —	\$ 2,557.4
Chief Corporate & HR Officer	\$ 776.6	\$ 781.7	\$ (450.0)	\$ —	\$ 1,108.3
Chief Financial Officer	\$ 504.2	\$ 640.7	\$ (165.0)	\$ —	\$ 979.9
SVP, Operations	\$ 442.4	\$ 488.8	\$ (230.6)	\$ —	\$ 700.6
Chief Legal Officer	\$ 302.2	\$ 364.8	\$ (157.5)	\$ —	\$ 509.5
Chief Client Relations & Legal Officer ⁽¹⁾	\$ 811.1	\$ —	\$ (420.0)	\$ (391)	\$ —
Chief Risk Officer ⁽²⁾	\$ 1,380.5	\$ —	\$ (506.3)	\$ (874)	\$ —

(1) The incumbent left the Corporation on February 16, 2016.

(2) The incumbent left the Corporation on February 26, 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 one to three year vesting periods. The table below shows the RFU grants and estimated future payouts for each named executive.

	NOTIONAL VALUE				
	AS AT MARCH 31, 2015	GRANTED IN YEAR	ELIGIBLE FOR PAYOUT IN YEAR	FORFEITED OR ADJUSTED IN YEAR	AS AT MARCH 31, 2016
Chief Executive Officer	375.0	–	(125.0)	–	250.0

	ESTIMATED FUTURE PAYOUT				
	AS AT MARCH 31, 2015	CHANGE IN ESTIMATED FUTURE PAYOUT IN YEAR	ELIGIBLE FOR PAYOUT IN YEAR	FORFEITED OR ADJUSTED IN YEAR	AS AT MARCH 31, 2016
Chief Executive Officer	\$ 375.0	\$ 34.1	\$ (136.5)	\$ –	\$ 272.6

NOTE 16 CONTRACTUAL OBLIGATIONS

Contractual obligations of \$42,427 (2015: \$31,813) 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)	2016
2017	\$ 14,996
2018	9,487
2019	8,032
2020	6,575
2021	1,645
Thereafter	1,692
Total	\$ 42,427

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, 2016 is \$2,671 (2015: \$3,420).

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, 2016 the balance outstanding against the facility is \$226,131 (2015: \$134,059).

NOTES TO THE FINANCIAL STATEMENTS

NOTE 17 2015–2016 BUDGET

The Corporation's budget for the year ended March 31, 2016 was approved by the Board of Directors on November 21, 2014.

NOTE 18 FINANCIAL RISK MANAGEMENT

The Corporation has minimal exposure to credit risk, liquidity risk and foreign exchange risk due to the nature of our operations.

a) Credit Risk

Counterparty credit risk is the risk of loss arising from the failure of a counterparty to fully honour its financial obligations with the Corporation. The credit quality of financial assets is generally assessed by reference to external credit ratings. Credit risk can also lead to losses when issuers and debtors are downgraded by credit rating agencies usually leading to a fall in the fair value of the counterparty's obligations. Credit risk exposure for financial instruments is measured by the positive fair value of the contractual obligations with counterparties. The fair value of all investments is directly or indirectly impacted by credit risk to some degree. The Corporation is exposed to minimal credit risk as all our clients are established organizations that have a proven history of payment.

As at March 31, 2016, the total carrying amount in accounts receivable balance is current.

b) Liquidity Risk

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting obligations associated with its financial liabilities. The Corporation has limited exposure to liquidity risk as it recovers all operating expenses and capital expenditures from our clients on a cost recovery basis.

Liquidity risk exposure is managed through regular recovery of all operating costs on a monthly basis. Further, the Corporation's Board of Directors may approve recoveries greater than costs to maintain or increase the Corporation's general reserve, in the event additional funding is needed.

c) Foreign Exchange Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The fair value of investments denominated in foreign currencies is translated into Canadian dollars using the reporting date exchange rate. The Corporation has limited exposure to foreign exchange risk as amounts are payable and paid in a timely manner.

The carrying amount of the Corporation's US and Great Britain Pounds denominated foreign currency in accounts payable and accrued liabilities as at March 31, 2016 is \$345 (2015: \$397) and \$151 (2015: \$75) respectively.

d) Interest Rate Risk

The Corporation is exposed to interest rate risk from our advance from the Province of Alberta. The sensitivity of the Corporation's operating surplus due to a 1% change in the interest rate is \$663 (2015: \$588).

NOTE 19 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors on May 19, 2016.

EXECUTIVE TEAM & BOARD OF DIRECTORS

EXECUTIVE TEAM

KEVIN UEBELEIN
Chief Executive Officer

DALE MACMASTER
Chief Investment Officer

ROBERT MAH
Executive Vice President,
Private Investments

JACQUELYN COLVILLE
Chief Financial Officer

ANGELA FONG
Chief Corporate and Human
Resources Officer

ROD GIRARD
Chief Legal Officer

REMCO VAN EEUWIJK
Chief Risk Officer

MICHAEL BAKER
Senior Vice President,
Investment Operations

SANDRA LAU
Senior Vice President,
Fixed Income

PETER PONTIKES
Senior Vice President,
Public Equities

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J. RICHARD BIRD

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HELEN KEARNS

HAROLD A. ROOZEN

ANDREA S. ROSEN

ROBERT L. "JAY" VIVIAN JR.

TOM WOODS



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