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The Heritage Fund forecast to earn over \$1 billion in investment income in 2004-05

Edmonton... With \$848 million already earned in the first nine months of this fiscal year the Heritage Fund is now forecast to earn \$1.03 billion in investment income in 2004-05. This is an increase of \$383 million from the original budget forecast of \$648 million.

"The Heritage Fund continues to be a cornerstone of Alberta's fiscal foundation," said Minister of Finance Shirley McClellan. "With solid returns and sound investment policy Albertans are continuing to realize benefits of these investments. Without the Heritage Fund the province would not be in the enviable fiscal position it is today."

While the Canadian economy continued to grow and oil reached record levels in the third quarter, the Canadian dollar also rose relative to the US dollar. This increase in the exchange rate had a negative effect on the overall return of US investments when converted into Canadian dollars.

Since March 31, 2004, the fair value of the Heritage Fund has increased by \$661 million offset by investment income of \$848 million, allocated to the province's General Revenue Fund. As a result, the Fund's fair value now stands at \$12.2 billion, down \$187 million from the beginning of the fiscal year.

So far this year the Fund has had an overall return of 5.6 per cent.

Since 1976, the Fund has provided more than \$27 billion for Albertans priorities including debt elimination, health care, education, tax reductions, and capital projects.

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