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The Alberta Investment Fund

AN ADDRESS BY

Hon. A. O. Aalborg

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Hon. A. O. Aalborg

Good Evening, Ladies and Gentlemen:

I very much appreciate the opportunity to discuss tonight the Alberta Investment Fund which brings to the people of Alberta a new, attractive and regular opportunity to invest their savings in the development and expansion of the economy of the Province.

Beginning on February 14th, the Alberta Investment Fund will offer for sale Investment Certificates in denominations of \$100.00 or multiples of \$100.00 at Treasury Branches, Chartered Banks and Investment Dealers throughout the Province. The total amount to be offered during the sale is \$10,000,000. The sale will close on March 15th, or earlier if the total offering is sold out before that date. A very lively interest is already being shown in this first issue of Investment Certificates by the Fund, and I would suggest that advance orders be placed early to avoid disappointment. There are indications that the whole issue will be sold out very quickly.

The Alberta Investment Fund is one of the main features of the program of the Provincial Government during the present term of the Legislature. In 1963 when Premier Manning announced the program of the government for the next four or five years, he stated that during this period a Fund would be established to provide the people of the Province with more opportunities to invest their savings in the development of business and industry in the Province.

The first step to set up this Fund was taken when the Legislature passed the Alberta Investment Fund Act at the 1965 Session of the Legislature.

Premier Manning's Government has established the Alberta Investment Fund for three main reasons.

First, the Government firmly believes that the people of Alberta are enthusiastic about investing in the growth and expansion of commerce and industry in their Province because they have displayed such enthusiasm on many occasions in the past. You will recall that some years ago when the Gas Trunk Line Company offered shares to the people of Alberta in the pipe line gathering system to collect natural gas from various gas fields for export to areas outside the Province, there was a tremendous and very quick response from the people. You will also remember that less than a year ago the Great Canadian Oil Sands Company, which is developing oil sands deposit in the Fort McMurray region, offered debentures in the amount of \$12,500,000 to Alberta Investors. More than 140,000 Alberta people placed orders to purchase these debentures and the total of all orders received was about \$60,000,000. Last spring, the Treasury Branches offered a new issue of Savings Certificates to their customers and within a very short time nearly \$10,000,000 had been sold.

These illustrations show very clearly that the people of Alberta are anxious to take advantage of all good opportunities to invest in the development of their Province.

The types of investment which I have mentioned in these three examples differ from one another in several respects. They are not all alike, of course. And the Investment Certificate to be issued by the Alberta Investment Corporation next month is, of course, a different form of investment than buying shares in the Gas Trunk

Pipe Line Company or debentures in Great Canadian Oil Sands. But all of these securities which I have mentioned, including the Certificates about to be issued by the Alberta Investment Fund, have one very important feature in common—they are all investments in the development and growth of Alberta—and it is this feature which is very attractive and popular to the people of the Province.

The issue of Certificates by the Alberta Investment Fund presents a further investment opportunity which deserves a ready and enthusiastic response. These certificates are not related to any one project or enterprise. The Alberta Investment Fund will operate as a mutual investment fund which will bring steady, sizeable and growing returns to the investor.

A second reason why the Alberta Investment Fund has been established is to provide a means whereby the people of the Province may acquire a greater degree of ownership in the commercial and industrial enterprises located in the Province. Investments by Canadians in other parts of the country, as well as investments from other countries, have been welcome and appreciated in Alberta. Such investments from outside the Province have made, and will continue to make, a very important contribution to the development of our economy. Most of us would probably agree, however, that it would be very desirable to actively encourage more ownership by our own people in these businesses and enterprises, and the new Investment Fund is an important means whereby such local ownership can, over the years, be increased and held by the people of Alberta.

There is a third major reason for establishing the Alberta Investment Fund. At the present time, there are too many cases where Alberta business-

men are finding it more and more difficult to obtain the working capital which they require in order to maintain and expand their operations, and too often they are paying very high and rising rates of interest on their normal borrowings. In other words, there is growing evidence that money is getting tighter, that interest rates are mounting and may increase still further. When the Alberta Investment Fund begins operation, the Fund will be in a position to purchase at reasonable rates, debentures, shares, mortgages and other securities from Alberta Companies which can put up security, while at the same time earning good returns for those who have invested their savings in the Fund. Although the Fund in re-investing the monies obtained from the sale of certificates will have a very broad investment portfolio, the chief purpose of the Fund will be to assist Alberta enterprises to develop and expand their operations, and the bulk of the funds received from the sale of Investment Certificates will be used for this purpose. It seems clear that as the operations of the Fund continue to grow they should have a beneficial and stabilizing effect on the structure of interest rates in the Province.

To sum up, then, the Fund has been established to provide safe, regular and attractive opportunities for the people of Alberta to invest their savings in the future economic development of their Province; to increase local ownership in the commercial and industrial enterprises located in the Province; and to exert a favorable influence towards maintaining a more reasonable level of interest rates in the Province than might otherwise prevail.

The affairs of the Alberta Investment Fund are managed by a Board of Directors appointed by the Government in June last year. The Chair-

man and Members of this Board are all men who have had a great deal of training and experience in the financial field. They are fully competent to manage the Fund in such a way as to secure excellent returns for the investor. In this connection, I wish to emphasize that apart from relatively small administrative costs, the entire earnings of the fund will be available for distribution to the holders of Investment Certificates. I want to make it absolutely clear that no part of these earnings will be turned over to the Government, and that all earnings over and above the cost of administering the Fund will be distributed to the holders of Investment Certificates.

At the beginning of my remarks this evening I mentioned that commencing February 15th, the first issue of Investment Certificates in the amount of \$10,000,000 will be offered for sale. Copies of the prospectus for this sale may be obtained from any agent, which includes Treasury Branches, Chartered Banks and Investment Dealers. This prospectus which bears the slogan "Invest in Alberta" contains full particulars regarding the Investment Certificates and lists the names and occupations of the Chairman and all Members of the Board of Directors of the Fund. May I suggest that you pick up a copy of this prospectus the next time that you call at your Bank, Treasury Branch or the office of your Investment Dealer; and that you place your order for Investment Certificates at an early date.

May I touch briefly on a few important facts about the Investment Certificates which I am sure you will wish to know before making your purchase.

Please remember that these Certificates are fully guaranteed and will be redeemed by the

Fund at any time at the full face value of the Certificate. There is no risk or loss.

Also please remember that the Government of Alberta has guaranteed a minimum dividend of $3\frac{1}{2}\%$ per year of the face value of the Certificate. In all likelihood the earnings of the Fund will make it possible to pay a bigger dividend than this minimum guaranteed amount. You will see, therefore, that any investment in these Certificates is fully and completely protected.

A further interesting feature of the Investment Certificates should not be overlooked. They have no maturity date and may be bought and sold and transferred from one purchaser to another at any time. This means of course, that there is a possibility of capital gain which will become stronger if the rate of dividend increases from year to year.

The Alberta Investment Fund has been established on a sound and solid foundation. It will be carefully and skillfully managed by a very efficient and competent Board of Directors, and all the earnings of the Fund will be distributed to the investors who place their savings in the Fund.

In years to come the Alberta Investment Fund will play a very important role in the challenging and exciting business of developing and promoting the economy of our great Province.

Ladies and Gentlemen, thank you for your kind attention.