

AUGUST 2021

The Alberta Capital Market

A|S|C
Alberta Securities Commission

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Each year the ASC issues four reports to provide timely and relevant information for market participants and reporting issuers: the annual report, the Alberta capital market report, the oil and gas review report and the corporate finance disclosure report. These reports can be found on albertasecurities.com.

Executive Summary

ABOUT THIS REPORT

The Alberta Capital Market Report is an annual publication by the Alberta Securities Commission (ASC) that provides a descriptive analysis of the Alberta capital market in relation to other major Canadian capital markets. The report offers market context for ASC staff, market participants and the general public. The report draws on information from ASC records, the TMX Group Limited (TMX), Intercontinental Exchange, Inc. (ICE), the System of Electronic Document Analysis and Retrieval (SEDAR), and Bloomberg Finance L.P. (a financial information service). Combining these sources allows for the analysis of:

- all listed reporting issuers¹ (RIs) on the basis of principal regulator² (PR) or issuer head office;³
- prospectus and prospectus-exempt financings;
- the Alberta registrant community; and
- energy commodity contracts transacted in Alberta.

The Appendix outlines the methodology used to assemble the combined data of reporting issuers. Data is presented in this report as of December 31, or as an annual total or average, unless otherwise noted.

New presentation for 2021

New to the report this year, certain charts are presented by issuer head office location, rather than PR, when applicable. This change better demonstrates the significant increase in the percentage of foreign issuer market capitalization in the last few years. Our historical charts would have made it difficult to determine trends in the data from domestic issuers. The change to the head office basis enables a clearer separation and visualization of local and foreign issuers.

¹ References in this report to reporting issuers means reporting issuers that report in Alberta. There are several ways that an issuer may be a reporting issuer as defined in section 1 (ccc) of the *Securities Act* (Alberta). Reporting issuers are not required to have listed securities, although reporting issuers typically do have one or more securities listed on at least one exchange. In addition, issuers are not required to report in all jurisdictions.

² An issuer's principal regulator (PR) is the securities regulatory authority or regulator as determined in Multilateral Instrument 11-102 *Passport System*. Most often an issuer's PR is the securities regulatory authority or regulator of the province or territory in which the issuer has its head office (or for investment funds in which the investment fund manager has its head office), or to which it has the most significant connection.

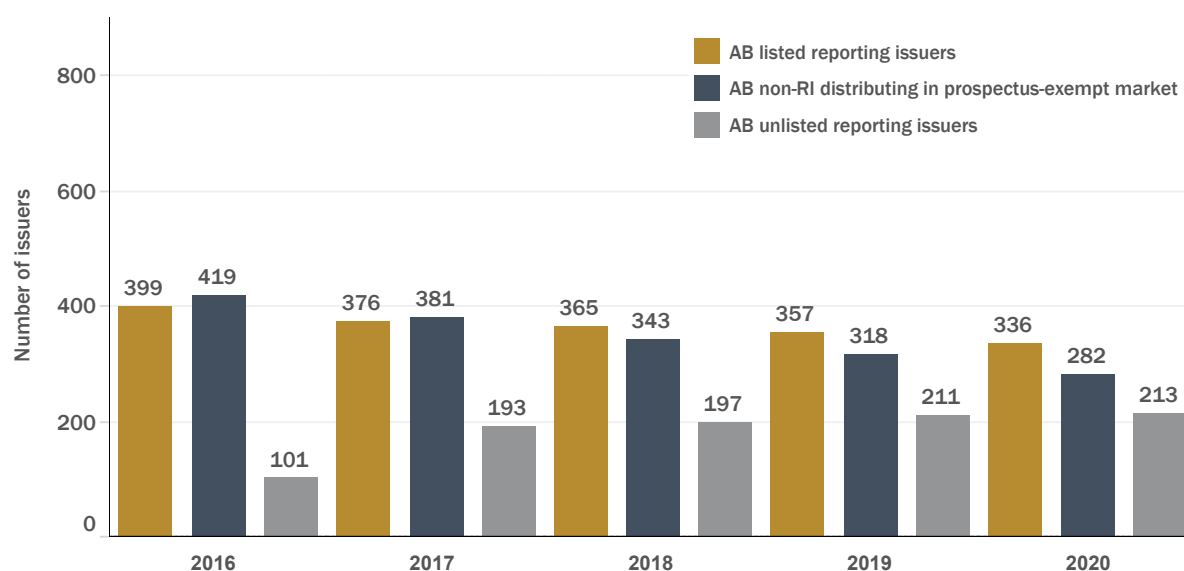
³ An issuer's head office location is sourced from SEDAR or TMX data.

Alberta issuers

Chart 1 shows the number of reporting issuers with an Alberta head office (Alberta issuers) listed on an exchange, which would be considered by many investors to be the "public market." At the end of 2020, there were 336 such issuers, 5.9 per cent less than a year earlier, continuing a declining trend in the province, which over the past four years totals 16 per cent.⁴

As also shown in Chart 1, the decline in the number of Alberta issuers that are non-reporting and raising capital has been significant. The issuers counted as non-reporting (and unlisted) are those issuers headquartered in Alberta that actively raised capital under an available prospectus exemption during the year. Many market participants would refer to this as the "exempt market" or "private market." In 2020, there were at least 282 Alberta-based non-reporting issuers active in the prospectus-exempt market, down 11 per cent from 2019 and down 33 per cent since the end of 2016.⁵ Unlisted reporting issuers are also shown in the chart of which there were 213 in 2020, slightly higher than the 211 in 2019, continuing an upward trend that has persisted since at least 2016.

Chart 1: Number of Alberta head office issuers



The total market capitalization of Alberta issuers at December 31, 2020 was \$446 billion, representing 8.3 per cent of the total 4,038 listed reporting issuers in Alberta. In contrast to issuers from most of the other Canadian jurisdictions, the Alberta market declined in 2020. Despite COVID-19 recovery optimism which buoyed most of the Canadian market, weak oil and gas market conditions were a drag on the market capitalization of Alberta issuers (although there has been some recovery in the market capitalizations of Alberta oil and gas issuers in 2021 as of the date of this report). The market capitalization of all listed Alberta issuers decreased by 24 per cent during 2020 from the 2019 total of \$587 billion. The decline was mostly caused by a 39 per cent decrease in the market capitalization of the oil and gas industry and a 24 per cent decrease in the utilities and pipelines industry. The oil and gas industry had a market capitalization of \$141 billion in 2020, making it the second largest industry in Alberta behind utilities and pipelines, at \$191 billion.

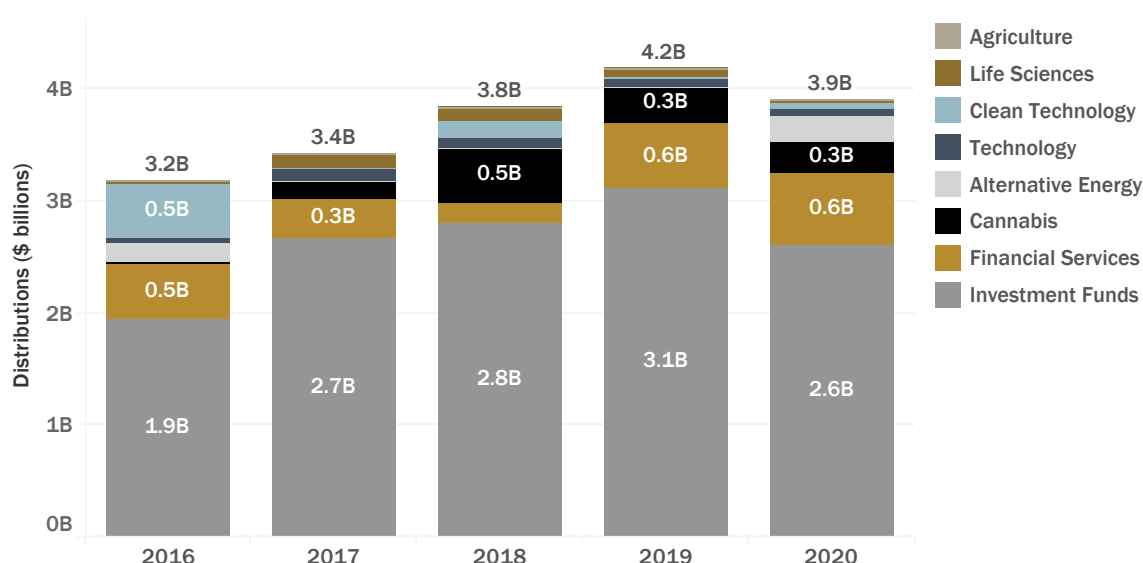
⁴ Listed and unlisted reporting issuers that are cease traded have been excluded.

⁵ Non-reporting issuers do not have a PR. Thus, this report used the location of the issuer's head office, as identified in regulatory filings.

The market capitalization of issuers engaged in the oil and gas industry are generally impacted by energy commodity prices. Western Canadian Select (WCS) crude oil decreased by 15 per cent in 2020, compared to a 24 per cent increase in 2019. AECO natural gas prices increased by 12 per cent during 2020, compared to an increase of 39 per cent during the previous year.⁶

Although Alberta issuers have traditionally been engaged predominantly in the oil and gas and pipelines industries, there are Alberta issuers involved in other emerging and smaller industries⁷ that are active in the capital markets, some of which are shown in Chart 2. The amount of capital raised by issuers in the prospectus and prospectus-exempt markets, as shown in Chart 2, has grown by 23 per cent from \$3.2 billion in 2016 to \$3.9 billion in 2020.

Chart 2: Alberta issuer financing for select industries in 2020, reporting and non-reporting



Issuers may raise capital from investors under a prospectus or under available prospectus exemptions, such as the frequently used accredited investor exemption.⁸ Prospectuses are used for initial public offerings (IPOs) and subsequent financings for issuers that are already reporting issuers. In 2020, 109 reporting issuers with an Alberta head office were active in the prospectus-exempt market, a slight increase from 108 in 2019.

In 2020, there were 415 Alberta issuers, including both reporting and non-reporting issuers, that raised capital publicly under a prospectus or in the prospectus-exempt market. This is down 11 per cent from 466 in 2019.

Chart 3 (on page 4) depicts total reported financings of \$24.0 billion by Alberta issuers in 2020, including total prospectus distributions and prospectus-exempt distributions, a decrease of 3.5 per cent compared to \$24.9 billion in 2019. Of the total financings at least 5.0 per cent were distributions to

⁶ AECO CAD/GJ as of December 31, 2020: \$2.35, as of December 31, 2019: \$2.10. Western Canadian Select (CAD/Bbl) as of December 31, 2020: \$42.35, as of December 31, 2019: \$50.06. Sources: Bloomberg.

⁷ Industries shown in the chart are based on data from TMX, Bloomberg, NAICS and staff interpretations, and may differ from industries depicted elsewhere in this report.

⁸ See National Instrument 45-106 *Prospectus Exemptions* for the most commonly available exemptions.

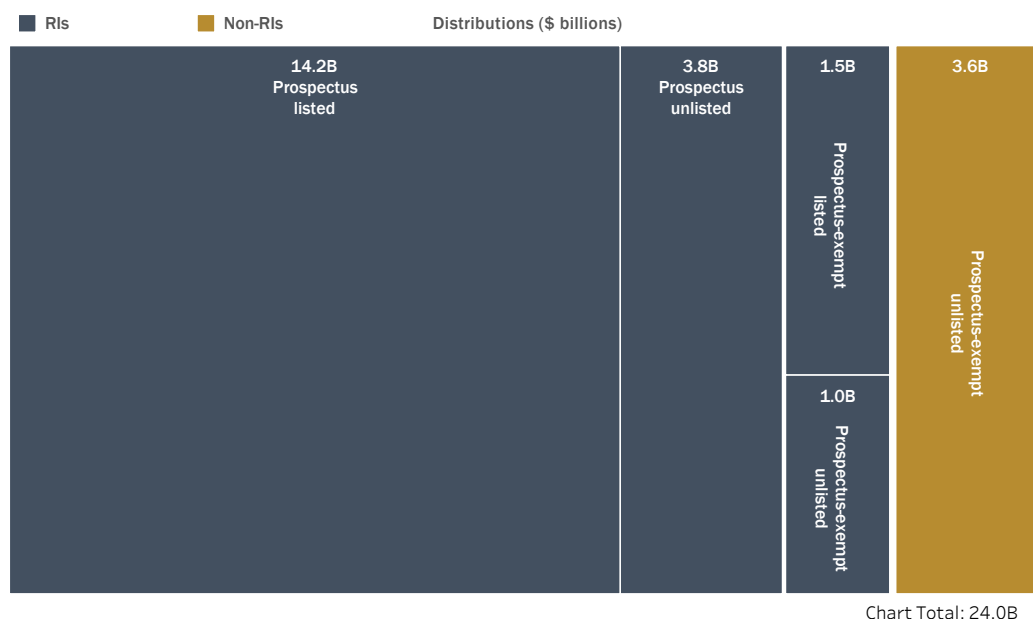
Alberta investors.⁹ As in 2020, this report includes prospectus distributions based on regulatory data from prospectuses and other documents filed with the ASC. Additional data on financings is shown starting on page 23.

Total financings are shown below according to whether the issuer was reporting or non-reporting, whether the financing was by prospectus or prospectus exemption, and whether the securities were listed on an exchange or unlisted. Reporting issuers raised \$20.4 billion, or 85 per cent of total reported financings, while non-reporting issuers raised the remaining \$3.6 billion, or 15 per cent. For comparison, in 2019, reporting issuers raised \$19.3 billion, or 78 per cent of the total reported financings, while non-reporting issuers raised the remaining \$5.5 billion, or 22 per cent.

Non-reporting issuers that are "private issuers" (as defined in National Instrument 45-106 *Prospectus Exemptions*) are not required to report their financings to the ASC. Accordingly, those financings are not reflected in these statistics.

Reporting issuers (those with securities listed on an exchange and those with securities not listed on an exchange) issuing securities via prospectus, made up the largest proportion of the total financings reported in 2020, at \$17.9 billion, meaning that 75 per cent by dollar value of all reported financings were by prospectus (of which 79 per cent was by listed issuers). The second largest financing category was reporting issuers relying on prospectus exemptions, at \$2.5 billion, or 10 per cent of the total capital raised, split 60/40 between listed and unlisted issuers. Non-reporting issuers relying on prospectus exemptions raised \$3.6 billion, or 15 per cent of the total capital raised.

Chart 3: Reported financings by Alberta head office issuers in 2020, reporting and non-reporting

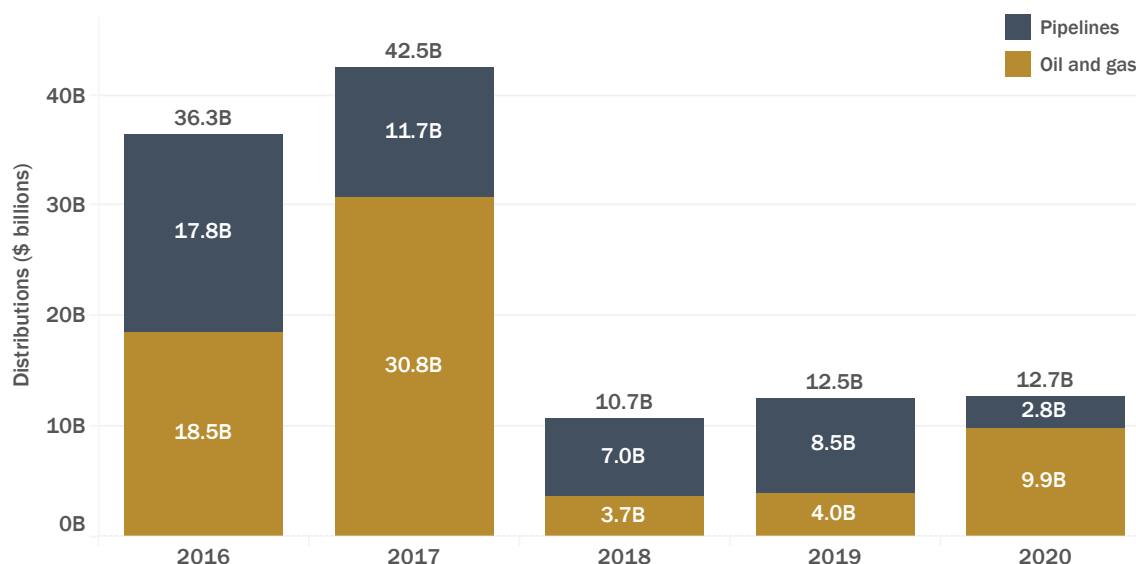


Financings in 2020 by oil and gas and pipelines issuers specifically are reflected in Chart 4. Total financings under prospectus and prospectus exemptions by Alberta oil and gas and pipelines issuers totaled \$12.7 billion, up 1.6 per cent from \$12.5 billion in 2019. Despite being significantly below pre-

⁹ Based on reports of exempt distribution filed with the ASC.

2018 levels and declining market capitalization, 2020 marks the second straight year of increases in financings of the combined sectors. Note that the decrease in oil and gas and pipelines financings in 2018 is more pronounced than the general decrease in financings by Alberta issuers as shown later in Chart 23.

Chart 4: Oil and gas and pipelines financings by Alberta issuers in 2020, reporting and prospectus exempt



Despite the general decrease in the amount of financings by Alberta issuers, investment by Albertans in certain industries and markets, such as investment funds and finance and insurance in the prospectus-exempt market, has stayed relatively strong, see Chart 36.

Alberta Registrants

In general, market participants in the business of trading or advising in securities or managing investment funds are required to be registered with securities regulators and/or through self-regulatory organizations as a dealer or adviser (similar to licensing used in some foreign jurisdictions). There are a number of registration categories, the most common being investment dealer, exempt market dealer, mutual fund dealer, portfolio manager and investment fund manager. In Alberta, investment dealers are overseen by the Investment Industry Regulatory Organization of Canada (IIROC), and mutual fund dealers are overseen by the Mutual Fund Dealers Association (MFDA), both self-regulatory organizations overseen by the ASC and other securities regulators in Canada. Under the passport system, regulation and oversight of other dealers and advisers is principally conducted by the securities regulator in the jurisdiction where the firm's head office is located. As of December 31, 2020, there were 120 firms for which the ASC was the principal regulator (compared to 122 firms a year ago), out of a total of 960 registered firms in Alberta. Of the 120 firms, 99 were directly overseen by the ASC, 16 by IIROC and five by the MFDA.

Of all Alberta PR registered firms, 57 firms (48 per cent) were registered in a single category (58 firms in 2019), 16 firms (13 per cent) were registered in two categories (18 firms in 2019) and 47 firms (39 per cent) were registered in three categories (47 firms in 2019).

Energy Markets

The oil and gas industry and related utilities and pipelines industry accounted for 74 per cent of the market capitalization of Alberta issuers in 2020 versus 82 per cent in 2019. The oil and gas industry percentage was smaller in 2020 than in 2019 (32 per cent in 2020 compared to 39 per cent in 2019) and the utilities and pipelines industry percentage remained at 43 per cent.

In 2020, the number of issuers in the oil and gas industry represented 38 per cent of the total number of Alberta issuers, with the utilities and pipelines industry representing 3.6 per cent. In 2019, the number of issuers in the oil and gas industry was 40 per cent of all Alberta issuers, while 3.9 per cent were active in utilities and pipelines.

There is an active energy trading market in Alberta. Total energy contracts transacted on ICE NGX (formerly Natural Gas Exchange Inc., now part of the Intercontinental Exchange, Inc.) in 2020 was 11,220 PJ (petajoules), down 9.1 per cent from 12,339 PJ in 2019.¹⁰ The bulk of trading continued to be physical Canadian natural gas (contracts with physical settlement), which accounted for 87 per cent of total trading on ICE NGX in 2020. The second-largest volume of trading was in physical U.S. natural gas at 10 per cent of the total.

Listed Issuer Markets

This section provides a comparative analysis of the number and size of the listed reporting issuers in Canada and financings in the public market. The analysis includes all issuers listed on the TSX and TSXV, as well as issuers listed on other exchanges that are reporting issuers¹¹ in Alberta. The information is based on data from the TMX, supplemented with data from the ASC, SEDAR and Bloomberg.

Creating a more comprehensive dataset required some assumptions, such as industry classifications, which are discussed where relevant. The Appendix contains technical details on methodology and some analysis of the assumptions made. All data is based on calendar year-end. Monetary amounts originally in a foreign currency were converted to Canadian dollars based on the prevailing spot foreign exchange rate as of December 31, 2020.

¹⁰ There are other regulated entities and trading venues in Alberta where commodities can be traded. This report only uses NGX data as an indicator of trading natural gas and power contracts.

¹¹ See footnote 1.

LISTED REPORTING ISSUERS

Chart 5: Number of listed reporting issuers, by issuer head office location

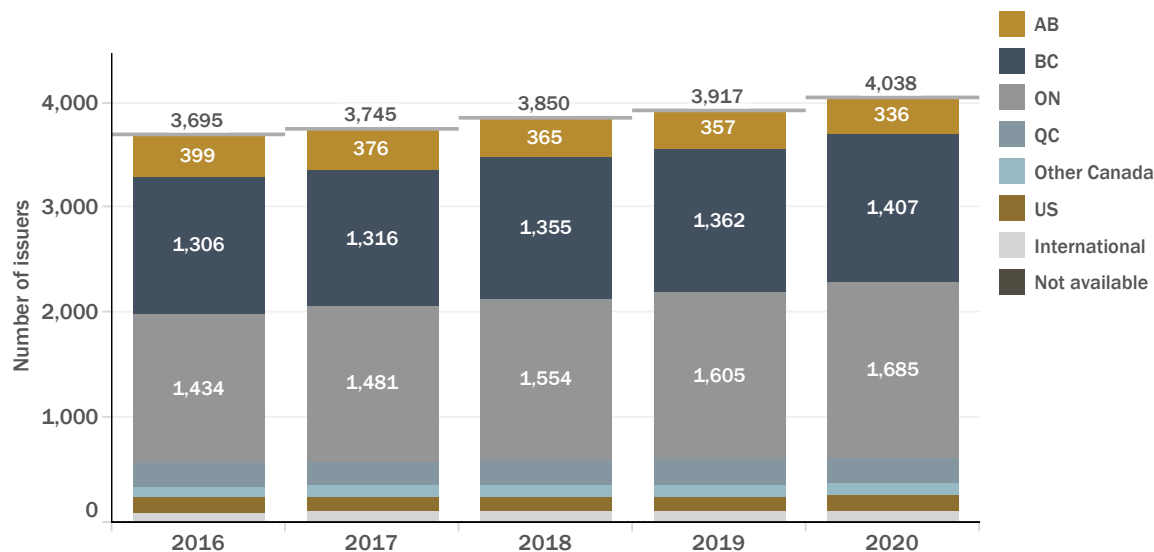


Chart 6: Market capitalization at December 31 of listed reporting issuers, by issuer head office location

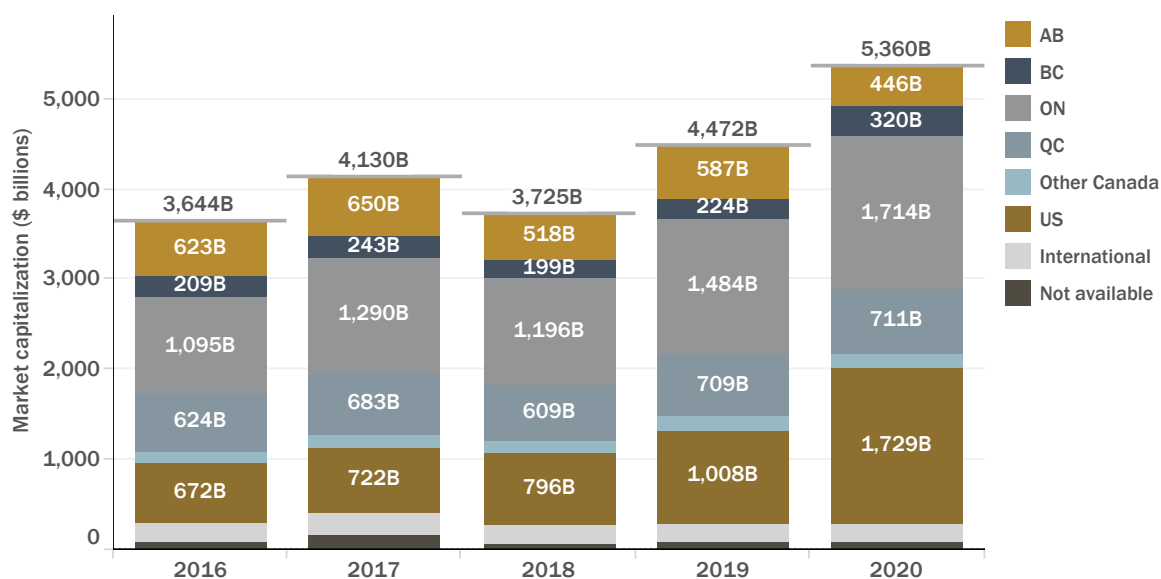


Chart 6 shows that the market capitalization of all listed reporting issuers in Canada (including foreign-based issuers) increased 20 per cent in 2020 to \$5.4 trillion from \$4.5 trillion in 2019. There was an increase in the market capitalization of listed reporting issuers in each of the jurisdictions from 2019 to 2020, except for Alberta, Other Canada,¹² and International issuers.

¹² Other Canada refers to provinces and territories in Canada other than those shown in the chart.

The largest increases in market capitalization were in the U.S. and Ontario, which increased by \$721 billion (72 per cent) and \$230 billion (16 per cent), respectively. The increase by U.S. issuers was driven by large gains in the market capitalizations of VISA Inc., Adobe Systems Incorporated, as well as the addition of Morgan Stanley as a foreign reporting issuer in 2020. The increase in market capitalization of Ontario head office issuers was in large part due to a 198 per cent increase in Shopify Inc., making up 46 per cent of the increase by Ontario issuers. B.C. had the next largest increase in market capitalization of listed reporting issuers at \$96 billion (43 per cent). Alberta issuers decreased the most out of the jurisdictions in the chart, decreasing by \$141 billion or 24 per cent, followed by Other Canada which decreased by \$7.7 billion (4.7 per cent). International issuers decreased by \$13 billion (6.0 per cent). Of note, Adobe Systems Incorporated, an issuer with a foreign head office and which is an Alberta PR issuer, increased by 48 per cent from 2019.

The market capitalization of listed reporting issuers with a Canadian head office increased by 5.6 per cent in 2020 to \$3.3 trillion from \$3.2 trillion.

Chart 7: Average market capitalization of reporting issuers, by issuer head office location

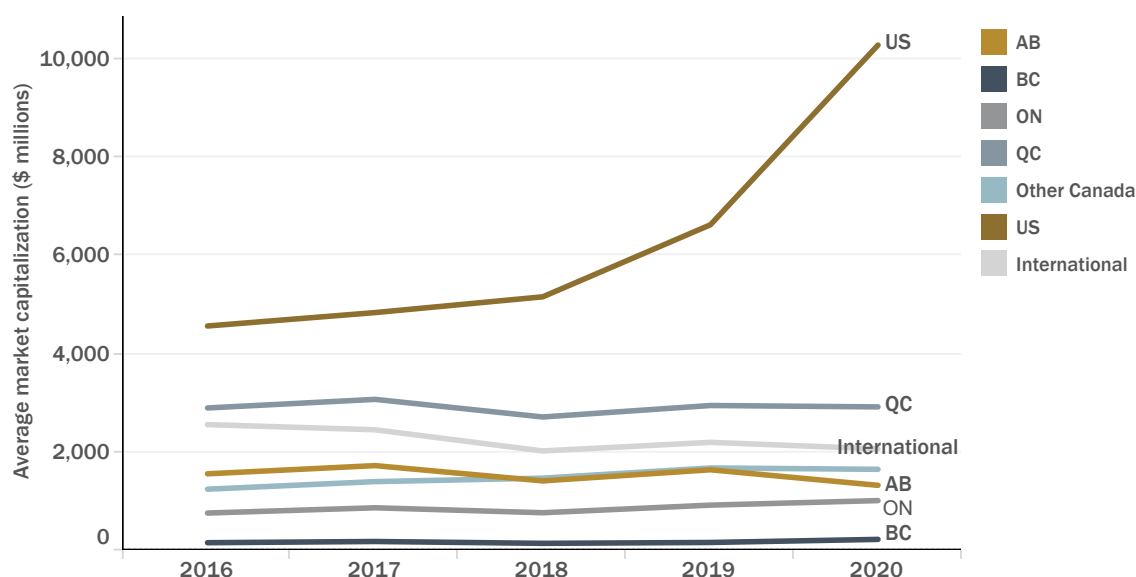
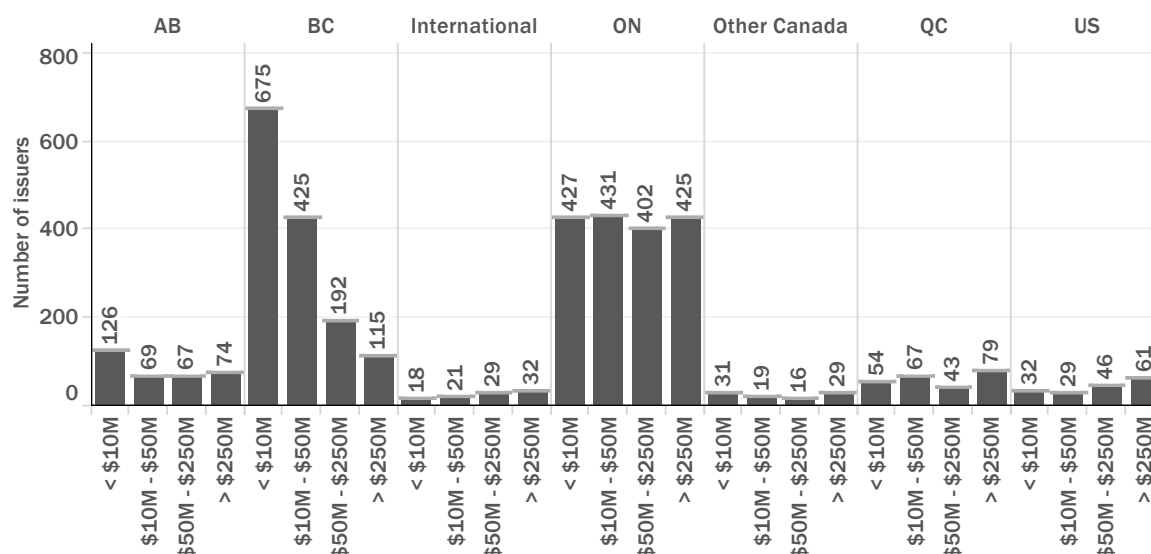


Chart 7 shows an unweighted average of market capitalization by issuer head office location for reporting issuers. The jurisdiction with the largest average issuer market capitalization was the U.S. at \$10,291 million, followed by Quebec, with an average of \$2,925 million, and then International at \$2,071 million. Other Canada issuers had an average of \$1,654 million and Alberta had an average of \$1,328 million. Quebec had the fewest number of reporting issuers out of the four larger jurisdictions. The average market capitalization for Quebec issuers is considerably influenced by the market capitalization of the Royal Bank of Canada, headquartered in Quebec, with a market capitalization of about \$153 billion at the end of 2020. However, even excluding the Royal Bank of Canada, the average market capitalization for Quebec issuers was \$2,305 million at the end of 2020 – still larger than most jurisdictions. As implied by the previous two charts, British Columbia issuers tend to have a much smaller market capitalization than issuers in other jurisdictions as there are many junior mineral exploration companies in the province. British Columbia issuers had an average market capitalization of \$227 million at the end of 2020, far less than Ontario, the next smallest average of the four provinces, with an average market capitalization of \$1,017 million.

Chart 8: Distribution of reporting issuers by market capitalization, for 2020

As noted previously, the distribution of reporting issuers by market capitalization was quite different across the major jurisdictions. Chart 8 shows the distribution of reporting issuers by issuer head office location at the end of 2020, by market capitalization. All of the Canadian jurisdictions exhibited a greater number of issuers with market capitalization in the two “less-than-\$50 million” categories than the two “greater-than-\$50 million” categories, except for Quebec. There were 126 Alberta issuers in the less-than-\$10 million category, 70 per cent more than the 74 issuers in the greater-than-\$250 million category. However, there were 487 per cent more British Columbia issuers in the less-than-\$10 million category than the greater-than-\$250 million category. This reflects the tendency for British Columbia issuers to have a smaller market capitalization than reporting issuers in other provinces. Quebec had 32 per cent fewer issuers in the less-than-\$10 million category than the greater-than-\$250 million category. In Ontario, there was 0.5 per cent more issuers in the less-than-\$10 million category than the greater-than-\$250 million category. U.S. and International issuers were concentrated in the greater-than-\$250 million category.

Compared to 2019 (data not shown), the number of Alberta issuers in 2020 decreased in all categories except in the “between-\$50-million-and-\$250-million” category, which remained the same.

Chart 9: Percentage of TSX listed issuers that graduated from TSXV, by issuer head office location

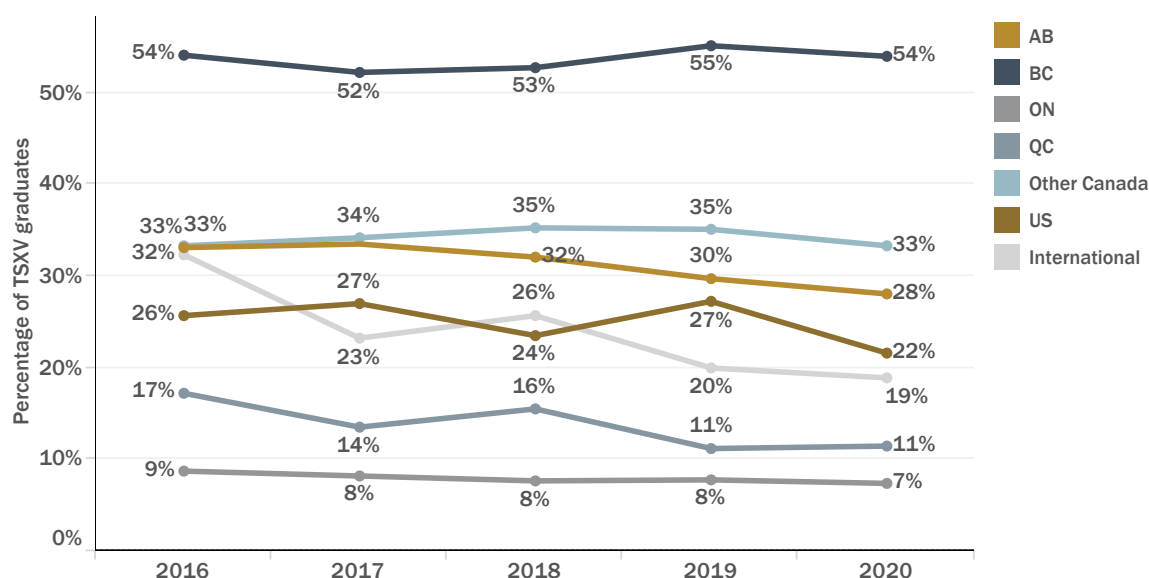


Chart 9 is based only on TMX data, which has a field indicating whether each issuer listed on the TSX is a TSXV "graduate". This means that the issuer was at one time listed on the TSXV and subsequently met the listing requirements to move its listing to the TSX, Canada's biggest exchange for larger issuers.¹³ Alberta and British Columbia have significant resource-based economies, which is reflected by the industry classifications of issuers in these provinces (see Chart 12 and Chart 13 for further industry details). Many issuers in oil and gas and mining begin as small, private issuers and may, in time, progress to be listed on the TSXV, and later the TSX. Chart 9 shows that at the end of 2020, 28 per cent of Alberta issuers listed on the TSX were once listed on the TSXV, down from 30 per cent in 2019. This was exceeded only by British Columbia issuers at 54 per cent, and Other Canada issuers at 33 per cent. In contrast, only 7.4 per cent of Ontario PR issuers and 14 per cent of Quebec issuers were TSXV graduates at the end of 2020. For U.S. issuers, 24 per cent were graduates, and for International issuers, 19 per cent.

¹³ The amount of time an issuer has been listed on the exchange impacts the proportion of TSXV graduates. For example, if issuers listed on the TSX are filtered to include only those listed in the last 10 years (compared to no time limit as used in the chart), in 2020, the percentage of Quebec graduates increases to 21 per cent (from 12 per cent) and for B.C. to 74 per cent (from 54 per cent) while Alberta and Ontario are relatively unchanged.

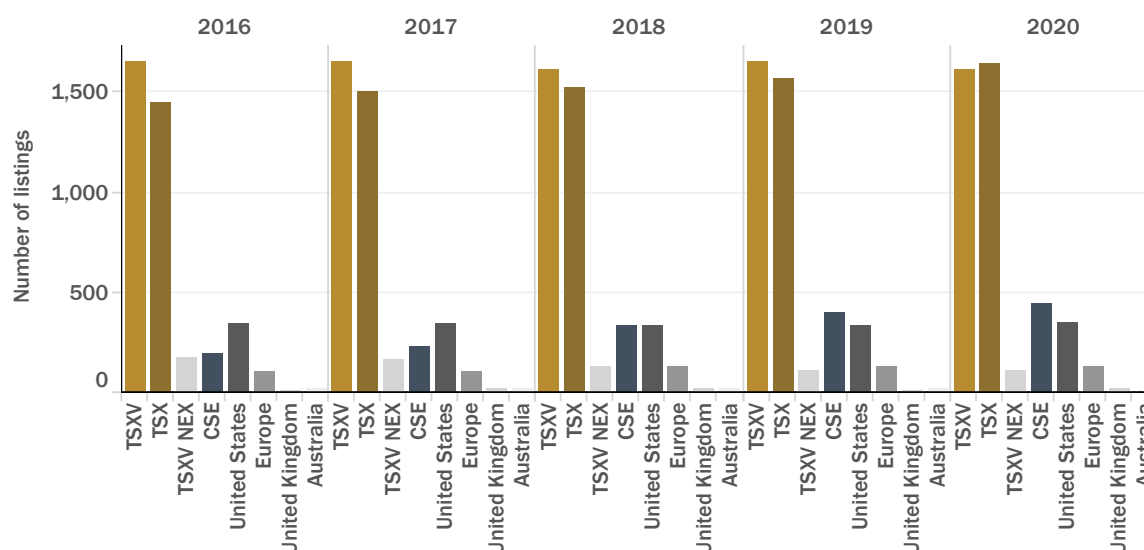
Chart 10: Number of listings of reporting issuers by exchange or region

Chart 10 displays Canadian reporting issuers¹⁴ listed on major Canadian exchanges as well as listed on exchanges in other countries or regions. Issuers may be inter-listed, which means they may have listings on multiple exchanges. Listings data in this report was compiled from the TMX, Bloomberg and SEDAR.

The chart indicates that overall there were more listings in 2020, 93 or 2.2 per cent more than in 2019. Compared to 2019, in 2020, the TSX experienced a 4.5 per cent increase while the TSXV had a 1.8 per cent decrease. 2020 also marks the first year in at least five in which the TSX had more listed issuers than the TSXV. The Canadian exchange with the largest increase was the CSE, which increased by 48 listings or 12 per cent. Alberta RIs listed on the CSE have been increasing since 2014, which could be a function of competition in the exchange industry as well as smaller companies entering into emerging industries.

¹⁴ Other exchanges and major foreign regions with few listings of Alberta RIs, including the Neo Exchange, exchanges categorized by the issuer as “other” on SEDAR, the region of Asia, as well as exchanges from international countries with few data points are not represented in this chart.

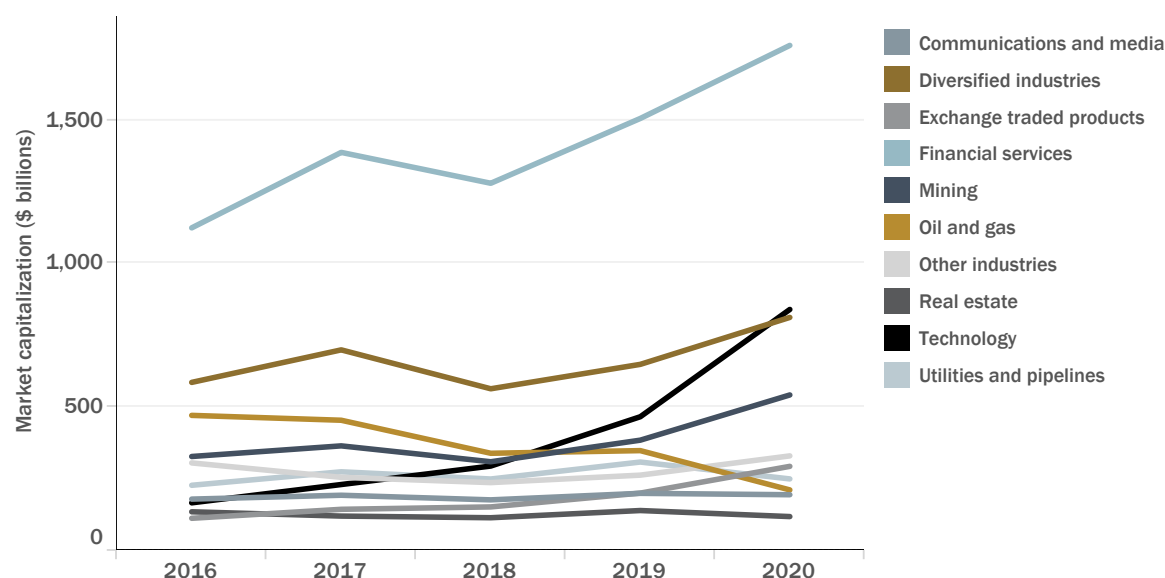
Chart 11: Total market capitalization of all reporting issuers, by industry

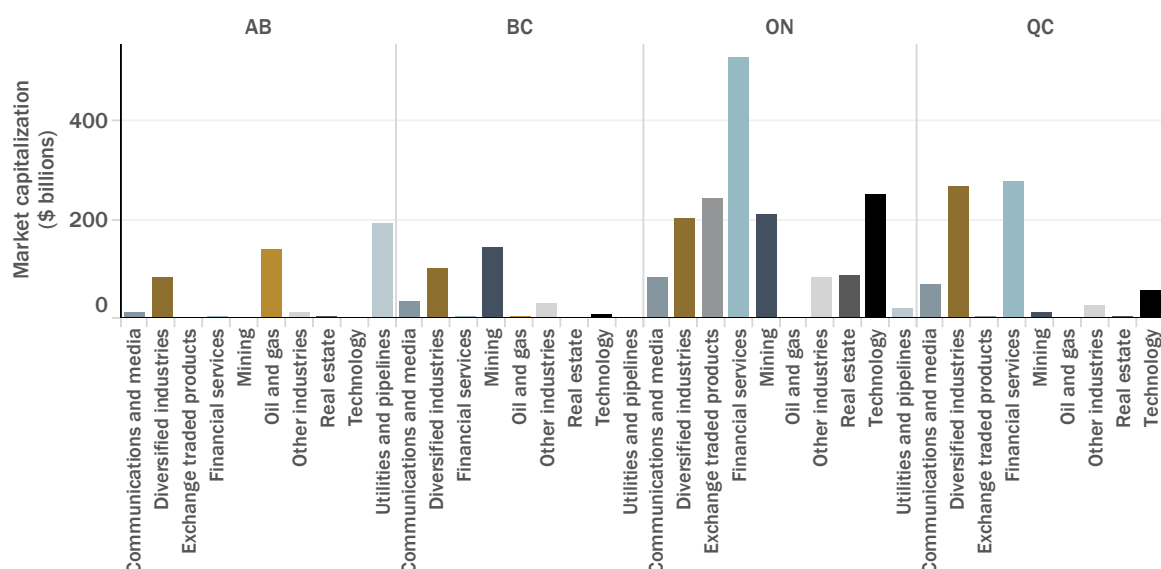
Chart 11 shows the change in total market capitalization of major industries for all reporting issuers over the last five years.¹⁵ Nationally, financial services was the largest industry in terms of market capitalization among reporting issuers in each of the last five years. It had a market capitalization of \$1,760 billion at the end of 2020, up 17 per cent from 2019, and represented 33 per cent of the total market. The industry that increased the most in value in 2020 was technology,¹⁶ increasing 80 per cent or \$374 billion from 2019 to reach \$841 billion, driven by substantial increases in Adobe Systems Incorporated and Shopify Inc. Of note, within the technology sector, three of the top five issuers by market capitalization¹⁷ were foreign reporting issuers making up 59 per cent of the market capitalization of the sector. Financial services and diversified industries increased by the next highest amounts since 2019, at \$254 billion and \$163 billion, respectively (17 and 25 per cent). The oil and gas industry decreased the most out of the industries in the graph, decreasing by 39 per cent in market capitalization to \$212 billion at the end of 2020 and represented 4.0 per cent of the market (7.8 per cent in 2019). Utilities and pipelines decreased by 19 per cent and the real estate industry decreased by 15 per cent.

¹⁵ For this analysis, the industry classification by the TMX was preferred, with the SEDAR industry classification used if the issuer was not listed on either the TSX or TSXV. The SEDAR industry classification was changed to a TMX industry classification when reasonable; otherwise the issuers were classified to other industries. A detailed discussion about this methodology is available in the Appendix.

¹⁶ Due to its growing proportion of total market capitalization, the technology industry has been broken out into its own industry category (it was included in the “other industries” category in prior years).

¹⁷ Adobe Systems Incorporated, Advanced Micro Devices, Inc., and Flutter Entertainment PLC.

Chart 12: Total market capitalization of reporting issuers by industry and head office location, for 2020



As shown in Chart 12, regional industry differences become more apparent when broken down by issuer head office location. Chart 12 shows total market capitalization by industry and issuer head office location for year-end 2020 for the largest Canadian market capitalization regions. In this chart, the dominance of oil and gas and related utilities and pipelines among Alberta issuers stands out. The oil and gas and utilities and pipelines industries represented a combined market capitalization of \$331 billion (74 per cent) of Alberta issuers. (More specific analysis of Alberta issuers begins on page 17). British Columbia issuers in the mining industry represented \$144 billion (45 per cent) of the total in British Columbia. Among Ontario issuers, financial services stood out as the largest industry (and largest industry amongst all jurisdictions in the chart) totalling \$444 billion (27 per cent), followed next by the technology industry totaling \$252 billion (16 per cent). In Quebec, financial services represented \$278 billion (39 per cent) while diversified industries represented \$266 billion (38 per cent) of market capitalization.

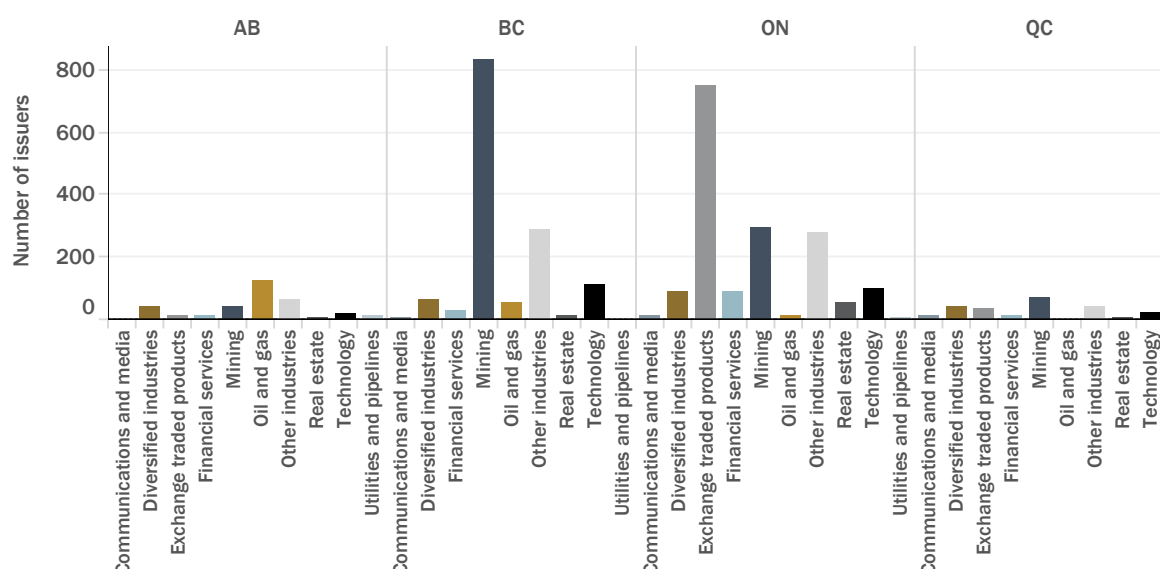
Chart 13: Total number of reporting issuers by industry and issuer head office location, for 2020

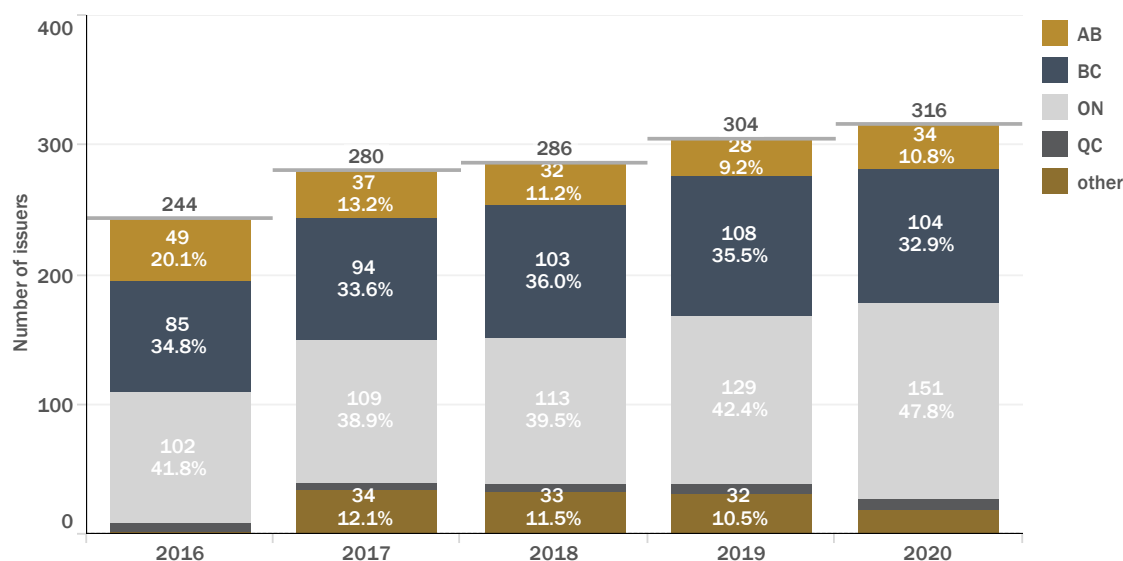
Chart 13 shows a breakdown similar to Chart 12, but by number of issuers. Among Alberta issuers, oil and gas (including oil and gas services), was still the leading industry, represented by 127 issuers (38 per cent) out of 336 issuers. While the oil and gas industry in Alberta was by far the most dominant industry by number of issuers, there were still a significant number of issuers engaged in other industries: 63 (19 per cent) in other industries, 43 (13 per cent) in the diversified industries, and 41 (12 per cent) in the mining industry. The number of utilities and pipelines issuers ranked seventh at 12 issuers (3.6 per cent), but represented 43 per cent on a market capitalization basis.

A total of 834 (59 per cent) of British Columbia issuers were engaged in the mining industry followed by 291 (21 per cent) in other industries. Exchange traded products represent a significant component of the total 1,684 Ontario issuers, with 749 (45 per cent) issuers in 2020. Other significant industries by number of issuers in Ontario issuers were 296 (18 per cent) issuers in mining, and 278 (17 per cent) issuers in other industries. In Quebec, 73 (30 per cent) issuers were in mining, 43 (18 per cent) were in diversified industries, 39 (16 per cent) issuers in other industries, and 35 (14 per cent) were in the exchange trade products industry. Among Other Canada issuers (not shown), mining was the most common industry making up 37 per cent of issuers in that category.

Of foreign-based issuers (not shown), the industry with the most U.S. issuers was other industries (43 per cent), and mining (21 per cent). For international issuers (not shown), mining was the industry with the most issuers (57 per cent).

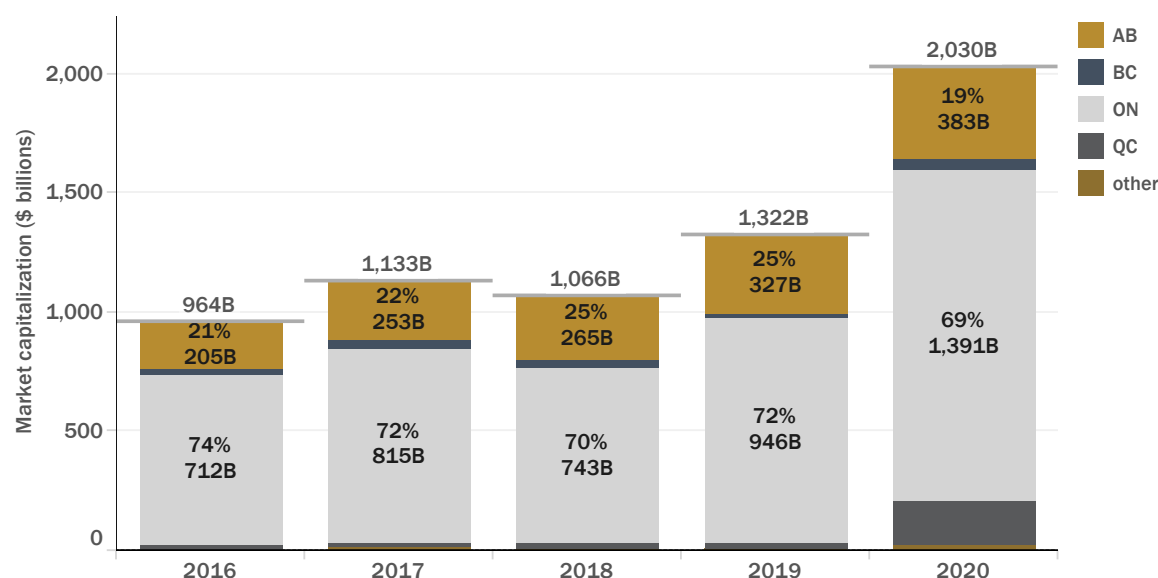
FOREIGN REPORTING ISSUERS

Chart 14: Number of foreign reporting issuers, by PR



The percentage of reporting issuers headquartered outside Canada has ranged from 6.9 per cent to 7.8 per cent over the last five years. Chart 14 shows the total number of foreign issuers, determined by the head office reported on SEDAR. The 316 foreign issuers at the end of 2020 was a slight increase from the 304 foreign issuers at the end of 2019, and continues the upward trend. Also shown in Chart 14 is the breakdown of foreign issuers by PR.¹⁸ The number of foreign issuers was greatest in Ontario at 151 (48 per cent), followed by British Columbia at 104 (33 per cent), Alberta at 34 (11 per cent) and Quebec at nine (2.9 per cent). Foreign reporting issuers with Alberta as the PR represented 9.1 per cent of all Alberta PR issuers at the end of 2020.

¹⁸ Foreign issuers listing in Canada have to choose a PR jurisdiction in Canada.

Chart 15: Total market capitalization of foreign reporting issuers by PR

As the number of reporting issuers with foreign headquarters has been growing each year since 2016 (previous chart), so has the market capitalization of these issuers as shown in Chart 15. In 2020, the market capitalization of foreign issuers increased by 54 per cent to reach \$2.0 trillion, up from \$1.3 trillion in 2019. The market capitalization of foreign issuers was greatest in Ontario at \$1.4 trillion, up 47 per cent from \$946 billion in 2019. Alberta had the second greatest representation of foreign issuers, with market capitalization of \$383 billion at the end of 2020, up 17 per cent from \$327 billion in 2019.

It should also be noted that not all of these issuers had securities listed on a Canadian exchange and the market capitalization of the issuers' listed equity on a foreign exchange in Canadian dollars has been used in calculating the totals.¹⁹

¹⁹ Some foreign issuers choose to become reporting issuers in Canada to facilitate capital raising in Canada, but do not necessarily list on a Canadian exchange if they already have a listing on another exchange.

FOCUS ON LISTED REPORTING ISSUERS PRINCIPALLY REGULATED IN ALBERTA

This section utilizes two different methodologies for displaying issuer data. Chart 16 and Chart 21 display data for issuers that have a head office in Alberta, whereas Chart 20 and Chart 22 display data for issuers with an Alberta PR, in order to incorporate foreign reporting issuer data.

Chart 16: Total market capitalization of industries for Alberta head office issuers

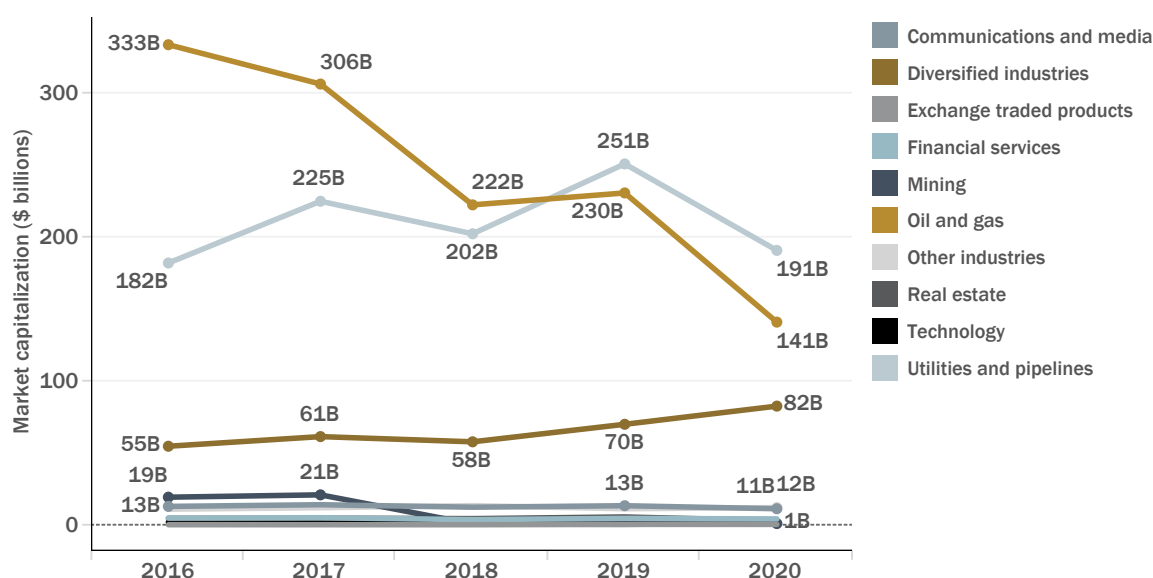


Chart 16 shows a breakdown by industry of Alberta's listed issuers, representing a total market capitalization of \$446 billion at the end of 2020. The largest industry in 2020, utilities and pipelines, decreased by \$60 billion (24 per cent) to \$191 billion, from \$251 billion in 2019, and made up 43 per cent of the total market capitalization (unchanged from 2019). Oil and gas had the next largest market capitalization in 2020 at \$141 billion, a decrease of 39 per cent from 2019, and made up 32 per cent of the total in 2020 (down from 39 per cent in 2019). In Chart 15, oil and gas services are included within oil and gas. Oil and gas services comprised \$6.8 billion of the industry at the end of 2020, which decreased by 35 per cent from 2019. Excluding oil and gas services, the oil and gas industry decreased by 39 per cent since 2019.

Chart 17: Total market capitalization of select industries for issuers with a head office in Alberta

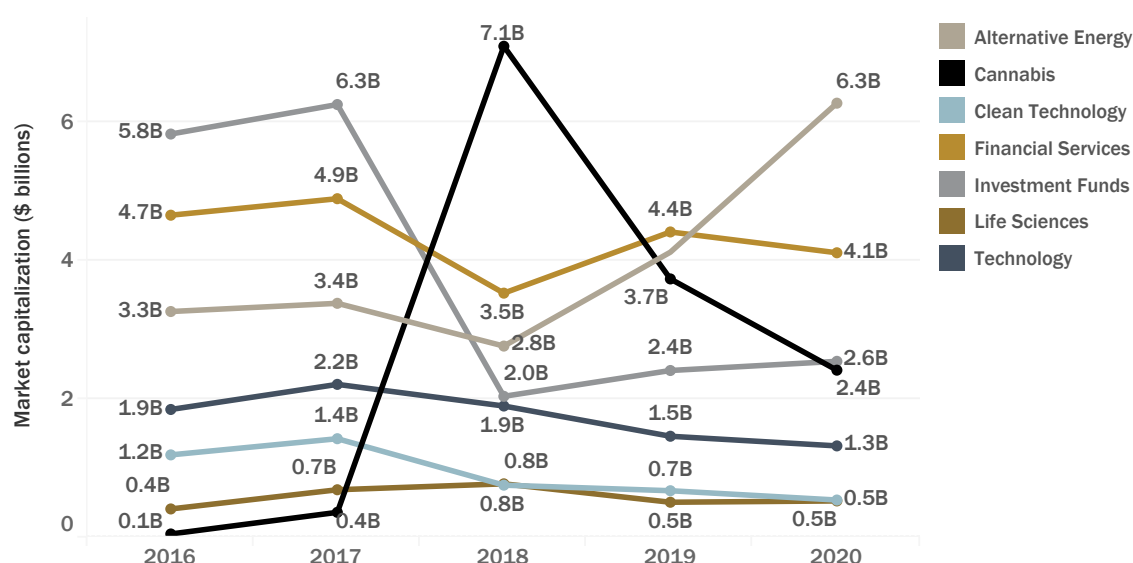


Chart 17 focuses on a subset of smaller market capitalization industries for Alberta head office issuers.²⁰ The industries in the chart, despite their smaller market capitalizations, are an important and emerging component of Alberta's economy. Chart 17 shows only listed issuers and does not include non-reporting issuers.

In 2020, the alternative energy industry grew the most (on a market capitalization basis) from \$4.1 billion to \$6.3 billion (52 per cent) from 2019. The increase in the alternative energy industry was mostly due to gains in the market capitalization of TransAlta Renewables Inc., which increased by \$1.7 billion or 41 per cent during the timeframe, and which made up 92 per cent of the alternative energy industry in 2020. Alternative energy companies produce, operate or create technology in areas that include solar, wind, waste gas, thermal, biofuels, and others, but which may also be involved in other more traditional forms of energy. In addition, some Alberta issuers with hydrocarbon energy-based businesses have segments in the alternative energy sector, such as Enbridge Inc., TransAlta Corporation and Capital Power Corporation.

Cannabis, as an industry, decreased the most from 2019 to 2020, falling by 35 per cent or \$1.3 billion. The rest of the industries in the chart were relatively constant, increasing or decreasing within a 10 per cent range from 2019 to 2020.

From 2016 to 2020, alternative energy and the cannabis industries increased the most on a market capitalization and percentile basis, rising by \$3.0 billion (92 per cent) and \$2.4 billion (4,437 per cent) respectively. Life sciences rose by 24 per cent while the rest of the industries declined. The industry that declined the most over this period was investment funds, falling by \$3.2 billion or 55 per cent as a result of the acquisition of one of the larger Alberta funds in 2018 which offset growth in this area.

²⁰ Industries shown in the chart are based on data from TMX, Bloomberg, NAICS and staff interpretations, and may differ from industries depicted elsewhere in this report.

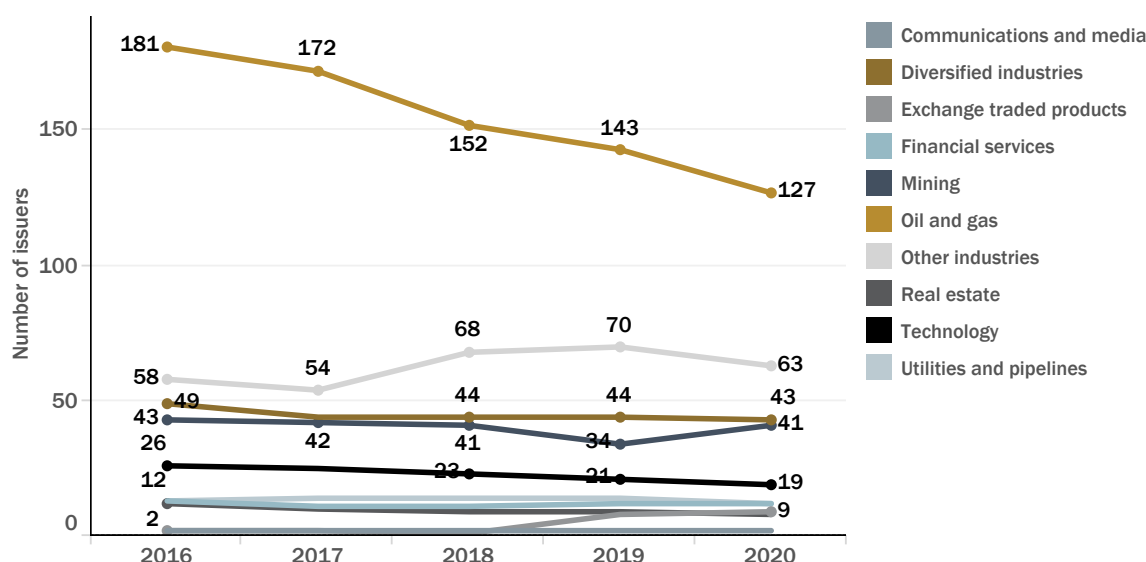
Chart 18: Number of issuers with a head office in Alberta by industry

Chart 18 displays the number of listed reporting issuers with a head office in Alberta by industry. It can be seen that the number of oil and gas issuers has been decreasing steadily since 2016 from 181 to 127 in 2020, a decrease of 16 per cent (63 fewer issuers). The most notable increase since 2016 was exchange traded products, which increased from two to seven issuers. Most of the other industries stayed relatively constant with the exception of the technology industry, which decreased by seven issuers (27 per cent) and the real estate industry, which decreased by four issuers (33 per cent).

From 2019 to 2020, the most significant changes by number of issuers were in the mining industry, which increased by seven issuers or 21 per cent and in the oil and gas industry, which decreased by 16 issuers or 11 per cent.

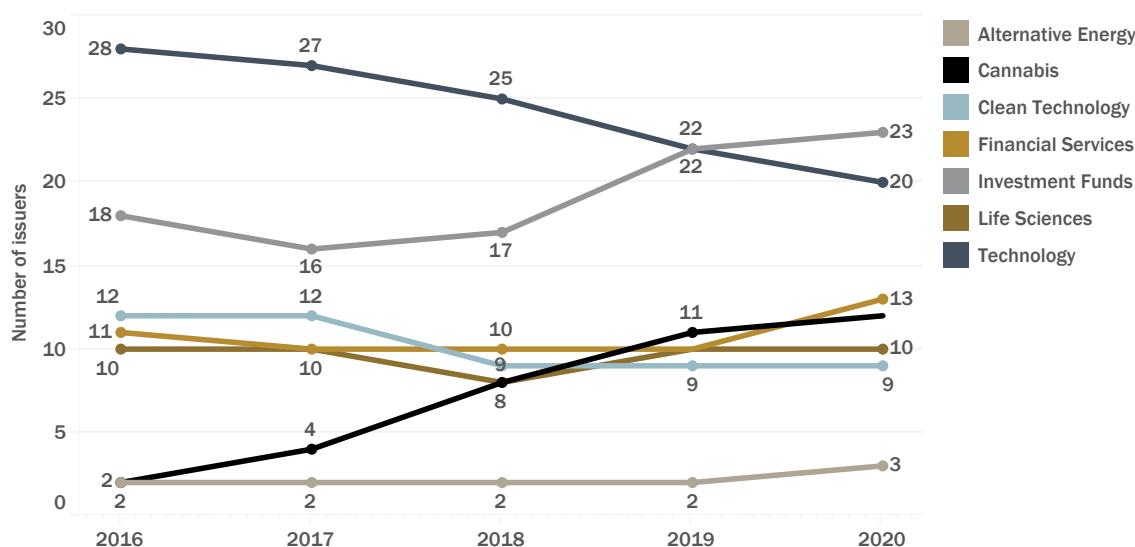
Chart 19: Number of issuers with a head office in Alberta by select industry

Chart 19 (on page 19) focuses on smaller Alberta issuer industries that may be important emerging aspects of the Alberta economy. The number of cannabis issuers has increased from two to 12 issuers from 2016 to 2020 (500 per cent), and the number of investment fund issuers has risen from 18 to 23 (28 per cent). The remaining industries are relatively unchanged except for technology, which decreased by eight issuers (29 per cent). Alternative energy, which increased the most on a market capitalization basis, increased by one issuer from 2016 to 2020.

Financial services increased the most from 2019 to 2020, by three issuers. Technology issuers decreased by two issuers while the rest of the industries were relatively unchanged.

Chart 20: Distribution of Alberta PR issuers by market capitalization, by industry and domicile, for 2020

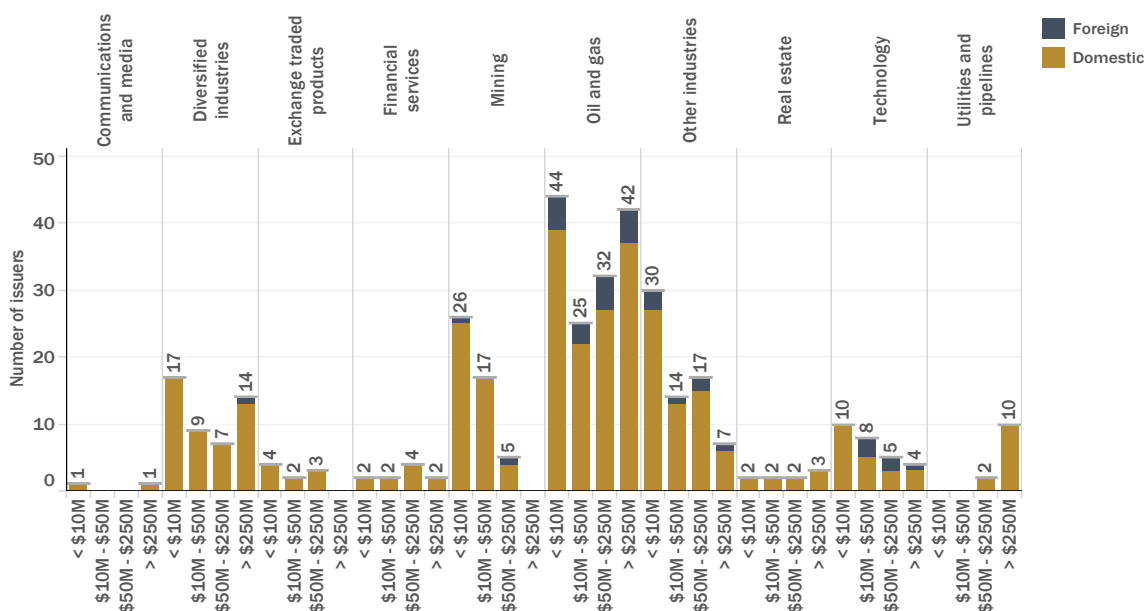


Chart 20 shows the distribution by industry of the market capitalization of Alberta PR issuers at the end of 2020.²¹ The chart also shows a split by foreign or domestic headquarters. In the case of oil and gas (including oil and gas services), the number of Alberta PR issuers in the highest market capitalization range decreased compared to 2019 (from 46 to 42), as depicted in Table A (on page 21).

²¹ Diversified industries includes mostly issuers from the industrial and consumer products industries, of which the largest by market capitalization is CP Rail, making up 72 per cent of the diversified industry. "Other industries" includes the smaller industries of CPCs, clean technology, life sciences, closed-end funds, among others.

Table A: Distribution of Alberta PR oil and gas issuers, 2020 versus 2019

Category	Number of oil and gas issuers		Change
	2020	2019	
<\$10M	44	47	6.4 per cent decrease
\$10M - \$50M	25	29	14 per cent decrease
\$50M - \$250M	32	33	3.0 per cent decrease
>\$250M	42	46	8.7 per cent decrease
Total	143	155	7.7 per cent decrease

Eighteen oil and gas issuers (13 per cent) were foreign reporting issuers in Alberta, up from 14 (9.0 per cent) in 2019. This was slightly higher than the average of 10 per cent for all Alberta PR issuers in 2020 (8.0 per cent in 2019).

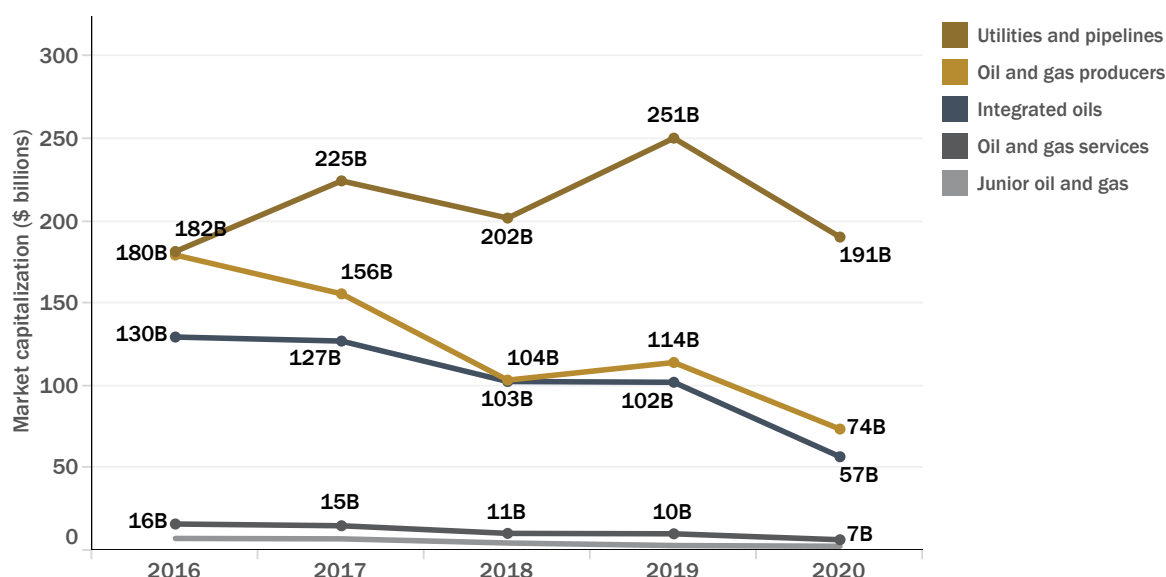
Chart 21: Total market capitalization of oil and gas sectors for Alberta head office issuers

Chart 21 and Chart 22 focus specifically on the oil and gas and utilities and pipelines industries. For this analysis (explained in more detail in the Appendix), the sub-categorization available in issuers' profiles on SEDAR was used to further refine the classification of issuers listed on the TSX or TSXV reported in oil and gas and diversified industries, or industrial products and services categories by the TMX.²² If the industry of a reporting issuer was not listed on the TSX or TSXV, the classification was based on the issuer's SEDAR profile. It should be noted that issuers select their industry classification on SEDAR.

²² The TMX includes oil and gas services in diversified industries or industrial products and services. Oil and gas services were separated from diversified industries and industrial products and services in this report and instead included in oil and gas.

By market capitalization, utilities and pipelines were the largest sector among Alberta oil and gas reporting issuers, amounting to \$191 billion in 2020, down 24 per cent from 2019. The next largest sector was oil and gas producers, with a market capitalization of \$74 billion, a decrease of 35 per cent from the end of 2019. Integrated oils decreased by 44 per cent to \$57 billion. Junior oil and gas, and oil and gas services were each only a small fraction of the other categories at \$2.8 billion and \$6.8 billion respectively. The junior oil and gas sector decreased by 14 per cent from 2019 while the oil and gas services sector decreased by 35 per cent.

Chart 22: Distribution of oil and gas Alberta PR issuers by market capitalization and domicile, for 2020

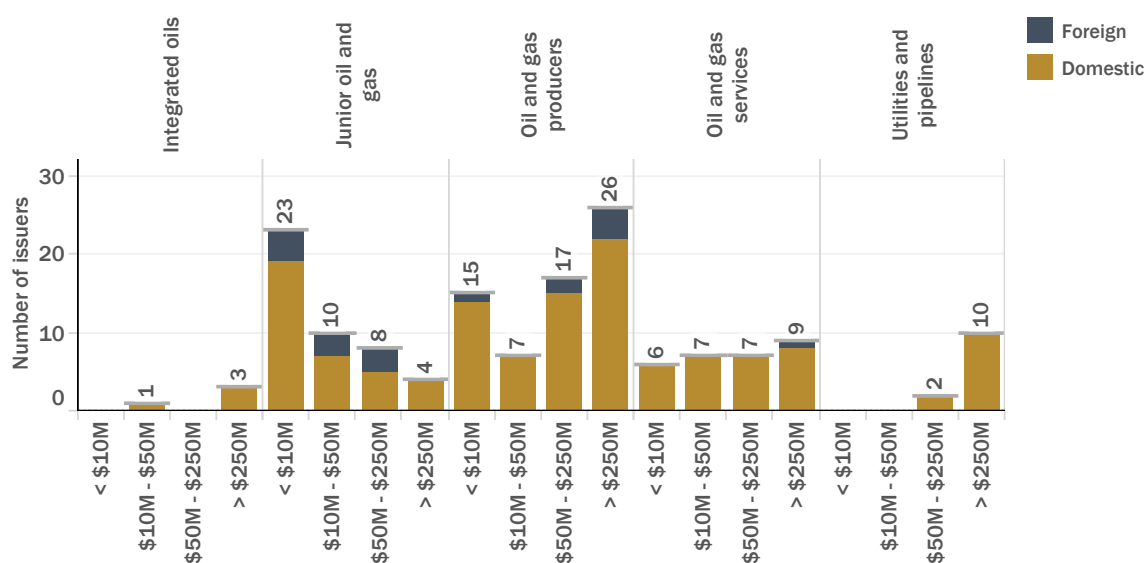


Chart 22 shows the distribution of Alberta PR issuers in oil and gas and utilities and pipelines by market capitalization for 2020. This chart is similar to Chart 20 except that it shows greater detail for the oil and gas issuers. As expected, there was a greater concentration of junior oil and gas issuers in the less-than-\$10 million range and, conversely, a greater concentration of oil and gas producers in the greater-than-\$250 million range. Compared to 2019 (not shown), oil and gas producers experienced a decrease in the greater-than-\$250 million and less-than-\$10 million categories.

Reported financings by Alberta issuers

The ASC has a database of prospectus distributions based on issuer filings, which includes listed and unlisted securities distributed by prospectus. This section is an analysis of distributions by prospectuses and by prospectus exemption, as provided in reports of exempt distribution.²³ Previous editions of this report included financing data from the TMX, which has been replaced by the ASC's prospectus financing data. A reconciliation of the TMX and ASC data can be viewed in Chart 48.

Chart 23: Financings by Alberta head office issuers, prospectus and prospectus-exempt distributions

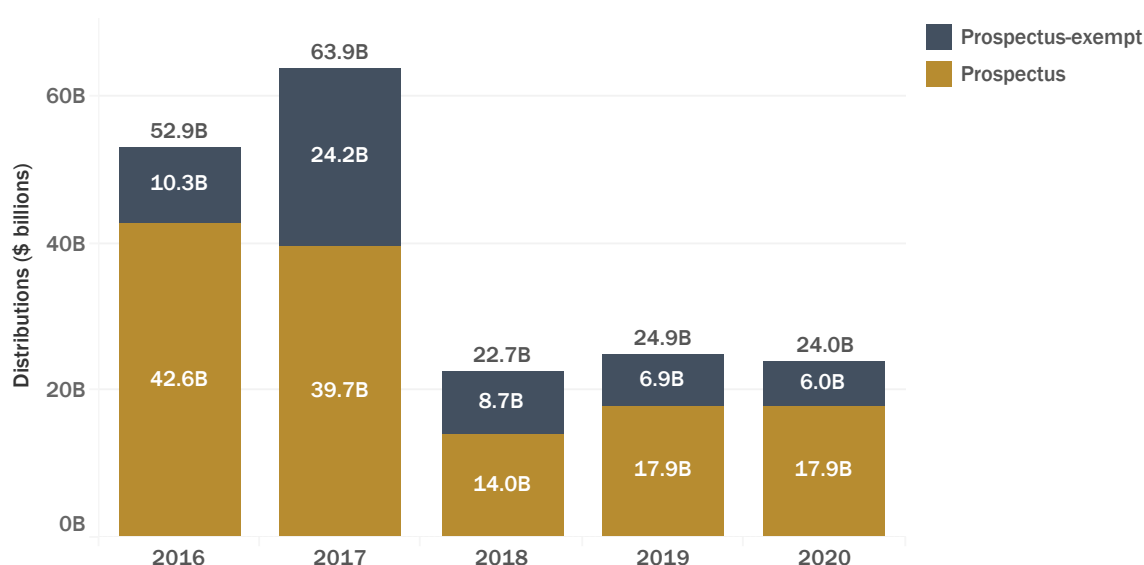


Chart 23 displays the amount of capital raised²⁴ in these two markets from 2016 to 2020. Since the substantial drop in 2018, financings have remained relatively flat, decreasing by 4.8 per cent in 2020 to \$24.0 billion from \$24.9 billion in 2019. The majority of the decrease in 2020 was the result of prospectus-exempt distributions falling by 5.0 per cent to \$6.0 billion from \$6.9 billion in 2019. Prospectus offerings amounted to \$17.9 billion in 2020, up 0.1 per cent from 2019, and made up 75 per cent of the total, compared to 72 per cent in 2019.

Note that financing data sourced from ASC filings differs materially compared to the analysis of financings by listed issuers sourced from TMX data. The primary difference between the two data sources is that the ASC data includes debt financings whereas the TMX data only contains equity

²³ Prospectuses and reports of exempt distribution are required to be filed with the ASC by issuers distributing securities by prospectus or by reportable prospectus exemptions. The prospectus data reported in this section excludes distributions from issuers that are investment funds or scholarship funds, and for prospectuses that are considered at-the-market (ATM) offerings, exchange offerings (exchanging one type of debt for another), and qualifying securities prospectuses where no new proceeds are raised.

²⁴ Distributions based on the total of proceeds as reported on the report of exempt distribution and the final amount raised at the closing of the prospectus offering plus over-allotment option amounts, if exercised, as reported by issuers to the ASC.

financings and securities convertible to equity. For a full reconciliation please see Chart 48 in the Appendix.

Chart 24: Prospectus offerings and prospectus-exempt distributions by Alberta head office issuers, by security type

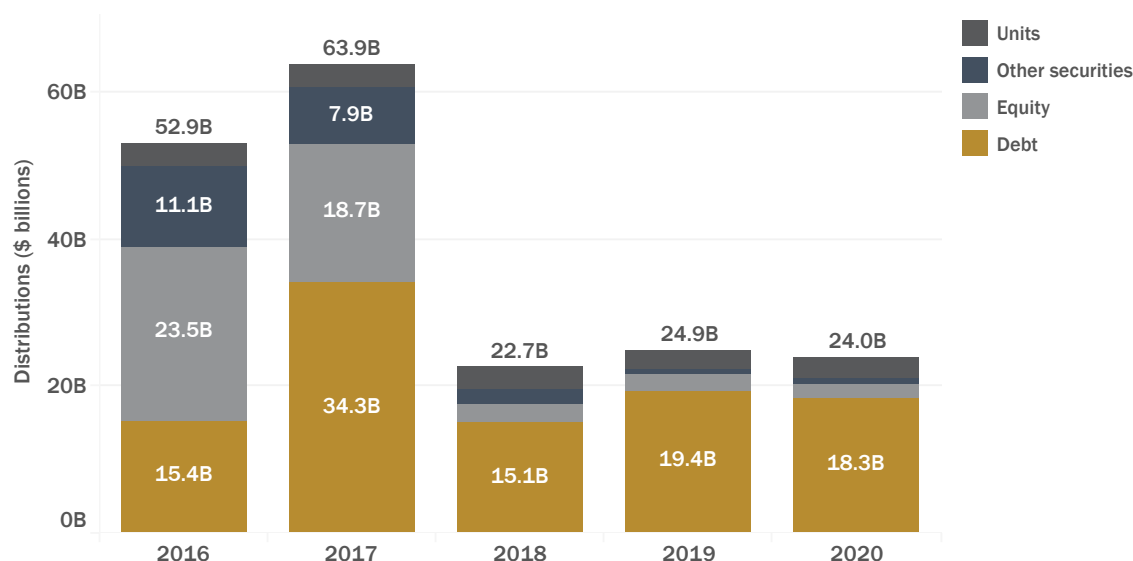


Chart 24 shows a breakdown by security type of distributions by issuers with an Alberta head office from 2016 to 2020. Debt securities were the most common security type issued over the past five years (except for 2016) and in 2020 accounted for \$18.3 billion (76 per cent) of the total amount raised. Equity made up 8.8 per cent, units 12.3 per cent, and other securities amounted to 2.7 per cent of the total.

Equity issuances are still down substantially from pre-2018 levels, while distribution of debt securities have continued for both prospectus and prospectus-exempt offerings. Note that units and other securities may contain securities that are combinations of equity and debt securities.

Chart 25: Prospectus offerings and prospectus-exempt distributions by Alberta head office issuers, by industry

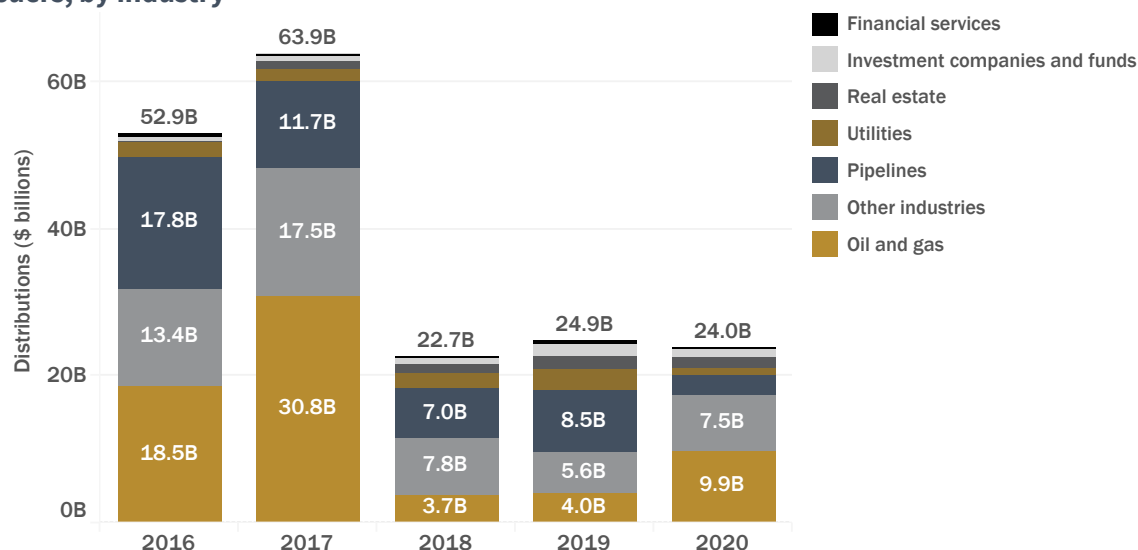


Chart 25 displays the amount of securities distributed by issuers with an Alberta head office via prospectus offerings and prospectus-exempt distributions by industry.²⁵ In 2020, the industry that raised the greatest amount of capital was oil and gas, at \$9.9 billion (41 per cent of the total), an increase of 150 per cent or \$5.9 billion from the 2019 amount of \$4.0 billion (16 per cent of the total). Of note, the oil and gas industry had the largest amount of distributions since 2017. In 2020, the pipelines industry raised the lowest amount in five years, yet raised the second-greatest amount of capital in 2020 (besides the other industries²⁶ category), at \$2.8 billion (12 per cent of the total), a decrease of \$5.7 billion (68 per cent) from the previous year's amount of \$8.5 billion.

Prospectus markets in Alberta

The following chart focuses only on prospectus offerings from issuers with an Alberta head office.

Chart 26: Prospectus offerings by Alberta head office issuers, by primary use of proceeds

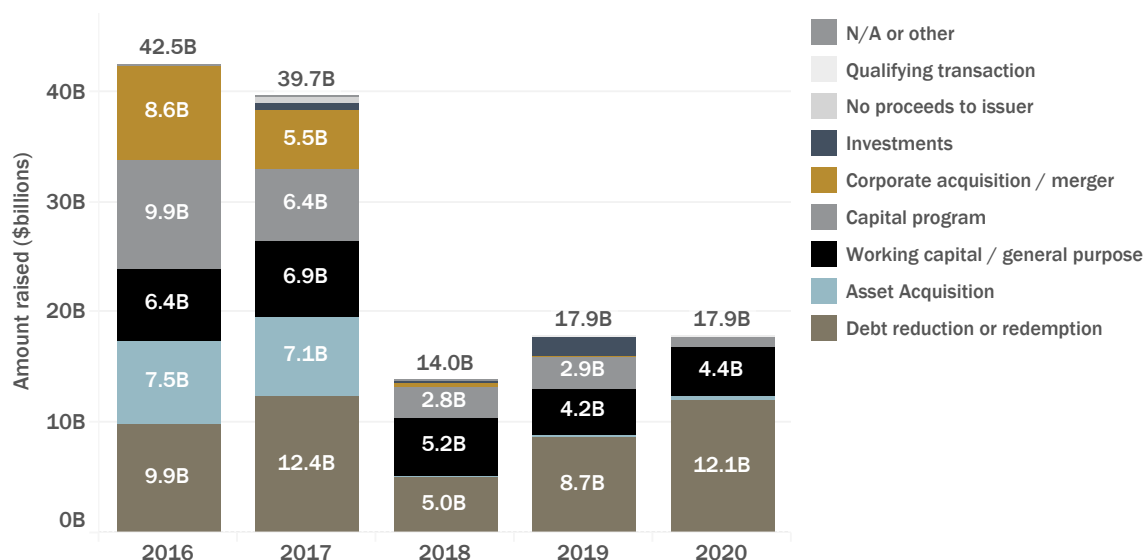


Chart 26 displays the primary use of proceeds for prospectus filings by Alberta head office issuers, sourced from public information filed by issuers. In 2020, debt reduction or redemption was most often stated by issuers, making up 68 per cent of the total. Working capital/general purpose was second-most cited by issuers, accounting for 25 per cent of the total, followed by the capital program at 5.3 per cent.

The debt reduction or redemption use of proceeds category has increased in dollar value and percentage since 2018, when it made up \$5.0 billion or 36 per cent of the total and \$8.7 billion

²⁵ Industry categories are based on the industry that issuers specified in their SEDAR profile. Note that the categorization used in this chart is different than the industry classification used in the prospectus-exempt markets section of this report, which is based on NAICS codes for recent years as reported by issuers on the report of exempt distribution. The industry classification also differs from the form used in other sections of this report for public financings which utilized a combination of TMX and Bloomberg data.

²⁶ The other category includes industries not otherwise specified in the chart.

and 49 per cent in 2019, while other uses such as capital program have been decreasing. Possible reasons for the increase in use of capital for debt reduction or redemption is that issuers may be experiencing higher debt levels and therefore higher debt service requirements and/or a lack of growth opportunities.

Follow-on offerings (not shown) have made up the majority of prospectus financings each year, decreasing to \$17.3 billion in 2020 (97 per cent of the total), down 1.3 per cent from \$17.5 billion in 2019. In 2020, IPOs (not shown) by Alberta issuers amounted to \$0.4 billion, or 2.0 per cent of total 2020 prospectus financings, which is approximately the same as in 2019, and a large drop compared to the 2017 amount of \$2.3 billion. Secondary offerings in 2020 (where existing security holders sell their shares and no proceeds are received by the issuer) amounted to \$0.3 billion or 1.4 per cent of the total, compared to no secondary offerings in 2019.

Prospectus-Exempt Markets

ISSUERS IN THE PROSPECTUS-EXEMPT MARKET

In Canada, the general requirement for any issuer raising capital by issuing securities is to do so via prospectus. There are a number of prospectus exemptions available in National Instrument 45-106 *Prospectus Exemptions*, some of which require the distributions to be reported to a securities regulator using the report of exempt distribution.²⁷ The analysis in this section is based on the distributions reported to the ASC. However, this data is unfortunately incomplete as various financings (e.g. by issuers relying on the private issuer prospectus exemption) are not required to be reported.

Securities law prior to June 30, 2016 permitted investment funds to file 30 days following the fund's fiscal year-end. Given that the fiscal year-end of an investment fund may not be the same as the calendar year-end, the data reported by investment funds in previous years was typically incomplete at the time of publication of previous ASC Alberta capital market reports. Subsequent publications of the report included revised data for the prior year in cases of investment funds that reported following the publication of the report. The effect of the lag was more pronounced when analyzing distributions to Alberta investors than by Alberta issuers, as investment funds tend to be headquartered outside Alberta.²⁸ On June 30, 2016, the filing deadline for investment funds was changed to 30 days following the end of the calendar year.²⁹ This change was part of amendments made to revise the report of exempt distribution, which included the streamlining of certain information requirements and the introduction of new requirements.³⁰

Chart 27 shows the number of issuers that accessed capital in the prospectus-exempt market in Alberta during the calendar year, independent of the location of the issuers' head office. In 2020, 2,445 issuers were active in Alberta, of which reporting issuers made up 1,024 (42 per cent). One reason reporting issuers may choose to raise capital in the prospectus-exempt market is that it can be a more cost-effective means of raising funds than in the public market where a prospectus is required.

²⁷ See part 6 of NI 45-106 *Prospectus Exemptions* and Form 45-106F1 *Report of Exempt Distribution*.

²⁸ For example, the amount of investment by Albertans for the 2018 calendar year was reported in the 2019 Alberta Capital Market (ACM) report as \$7.9 billion, which was revised to \$17.9 billion in the 2020 ACM report. In contrast, the amount of investment by Albertans for the 2019 calendar year was reported in the 2020 ACM report as \$13.9 billion, which has been revised to \$14.5 billion in this report.

²⁹ See subsection 6.2(2) of NI 45-106.

³⁰ For further information about the changes to Form 45-106F1 *Report of Exempt Distribution* and reporting requirements, see CSA Notice of Amendments to National Instrument 45-106 *Prospectus Exemptions* relating to Reports of Exempt Distribution, published on April 7, 2016.

Chart 27: Number of issuers active in the Alberta prospectus-exempt market during the calendar year

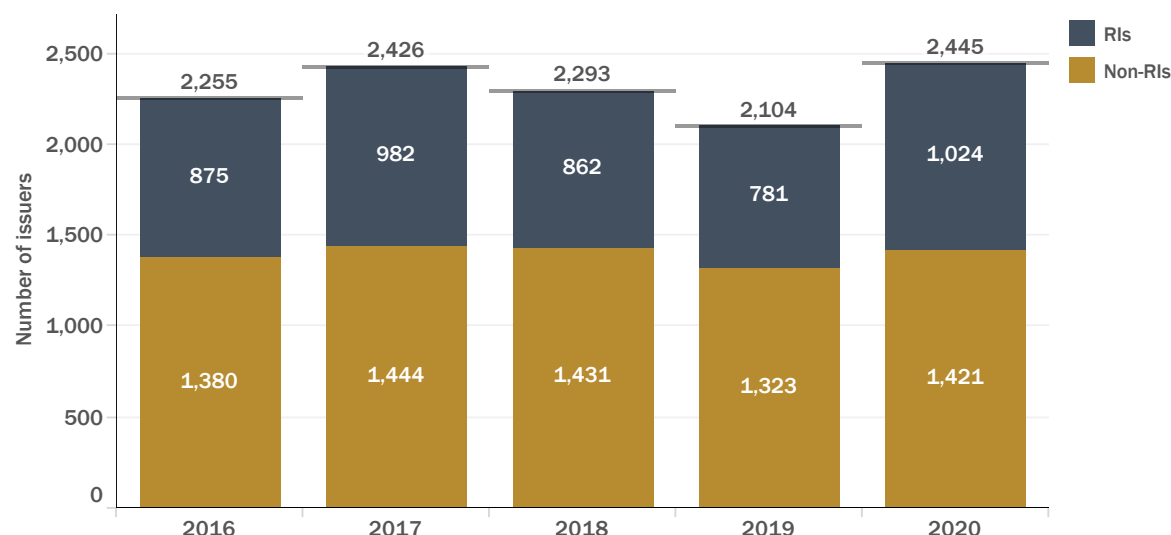


Chart 28: Number of Alberta head office issuers active in the prospectus-exempt market during the calendar year

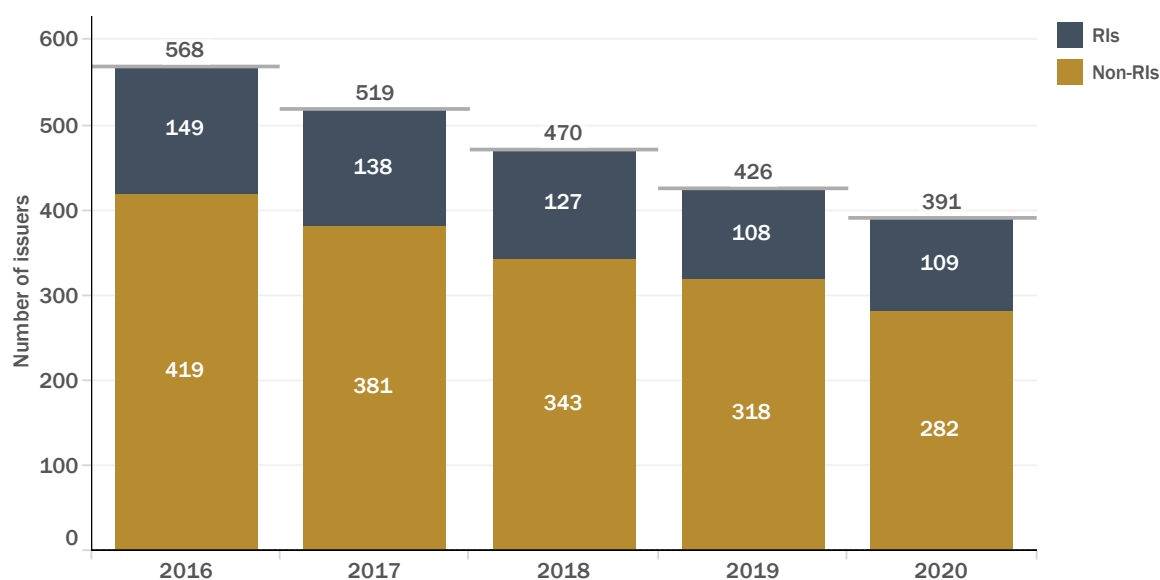


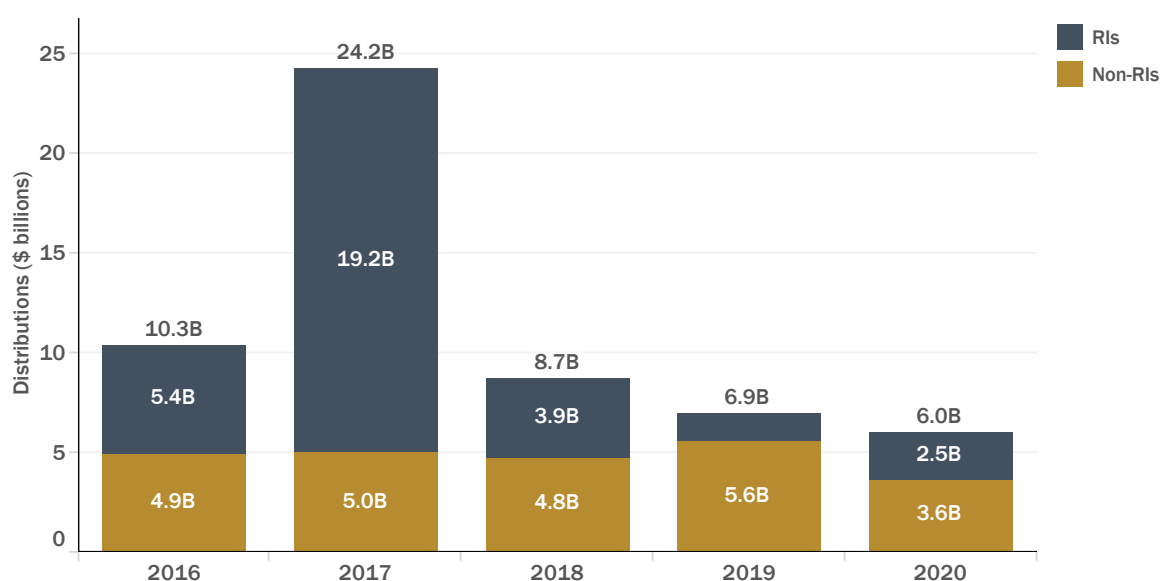
Chart 28 shows the number of issuers with an Alberta head office that accessed capital in the prospectus-exempt market during the calendar year. In 2020, 109 (28 per cent) of the issuers were reporting issuers, similar to the 108 (25 per cent) in 2019. Since at least 2016, there has consistently been more exempt-market financings by non-reporting issuers than reporting issuers. Despite this, the amount of distributions has not followed the same trend with reporting issuers more often having higher amounts of distributions in the last five years.

The Alberta capital market is not a closed system. Alberta issuers can distribute securities anywhere in the world where local securities laws permit. Similarly, Alberta investors may purchase securities of any issuer, provided the issuer meets the requirements of Alberta securities law.

Prominent industries also vary by province and country, where capital raising can occur with or without a prospectus. For these reasons, when analyzing the prospectus-exempt market, it is necessary and more informative to analyze issuers and investors separately, which is the approach in the following two sections.

PROSPECTUS-EXEMPT FINANCINGS BY ALBERTA ISSUERS

Chart 29: Total raised in the exempt market by Alberta head office issuers, by reporting type



For prospectus exemptions that are reportable, Alberta securities law requires Alberta-based issuers to report exempt distributions to the ASC, regardless of the jurisdiction of the investor. This is because distributions to investors outside of Alberta are considered distributions "from" Alberta. Chart 29 shows the total capital raised by issuers with an Alberta head office over the last five years, segmented by whether the issuer was a reporting issuer or non-reporting issuer. Typically, more than half of the capital raised in the prospectus-exempt market has been by reporting issuers choosing to rely on a prospectus exemption.

In 2020, the total amount of funds distributed by Alberta-based issuers was \$6.0 billion, a 13 per cent decrease from 2019 and an 75 per cent decrease from the \$24.2 billion distributed in 2017. However, in 2017, a number of large distributions by reporting issuers contributed to total distributions being larger-than-average (compared to the five-year average) exacerbating the 2018 and 2019 decline. Besides 2017, there has been a downward trend in distributions since at least 2015. In 2020, the proportion of total capital raised in the exempt market by Alberta-based reporting issuers was 41 per cent, up from 20 per cent in 2019. Many of these reporting issuers have securities listed on an exchange, although not all the securities distributed are listed on an exchange. For example, debt securities (as discussed on page 31) are frequently not listed on an exchange. debt securities (as discussed on page 24) are frequently not listed on an exchange.

Chart 30: Total raised in the prospectus-exempt market by Alberta head office issuers, by industry

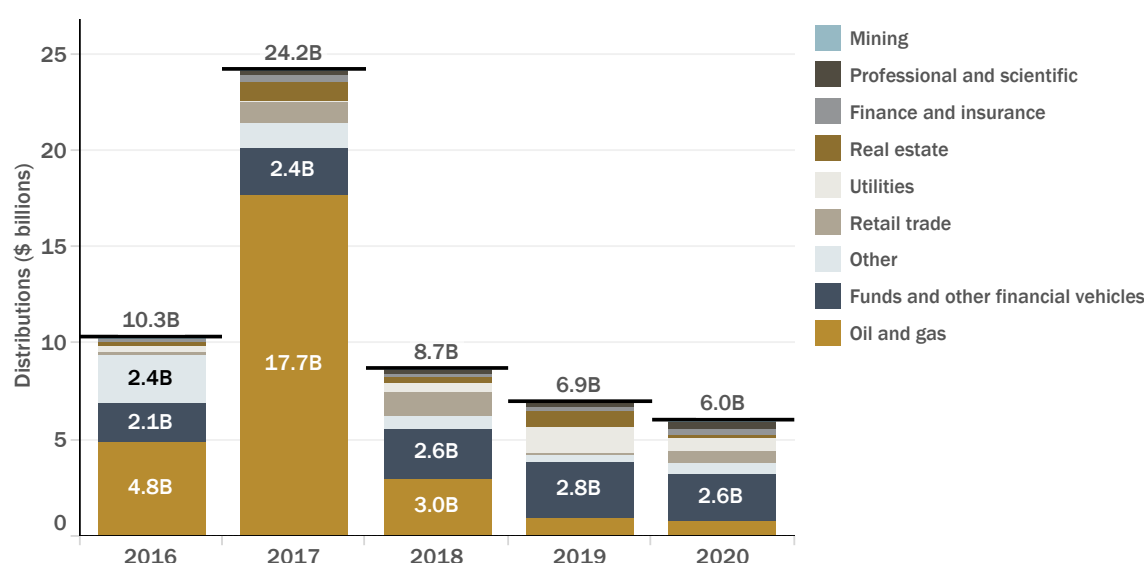


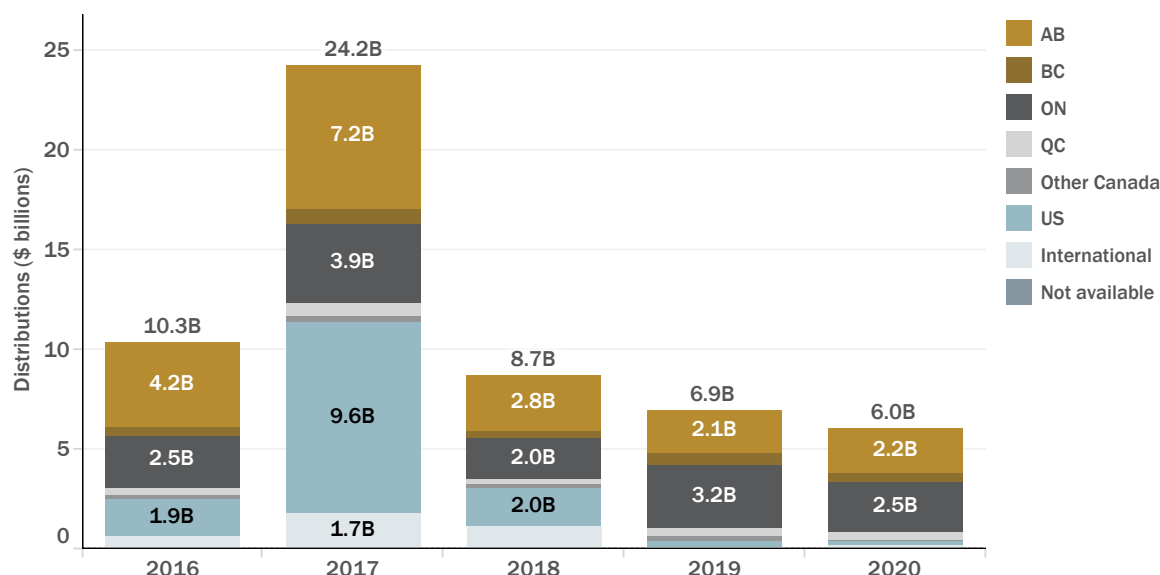
Chart 30 shows capital raised by Alberta issuers in the prospectus-exempt market segmented by industry.³¹ In Alberta, traditionally the most prominent industry has been oil and gas; this changed in 2019 and 2020 with the funds and other financial vehicles industry taking over top spot raising \$2.8 billion in 2019 and \$2.6 billion in 2020. The oil and gas industry dropped to second place at \$0.7 billion in 2020, down \$0.2 billion from 2019. It is worth noting that in 2017, a few large exempt distributions were made by oil and gas issuers. For example, the five largest distributions in 2017 totaled \$12.7 billion compared to \$2.8 billion in 2016.

Other industries have been on the rise. As compared to 2019, in 2020, retail trade has increased by \$0.5 billion (804 per cent), and professional and scientific has increased by \$0.2 billion (119 per cent). These two industries have increased over the longer term as well. As compared with 2016, in 2020, retail trade and professional and scientific each increased by \$0.3 billion (132 per cent and 449 per cent, respectively).

Funds and other financial vehicles raised \$2.6 billion by Alberta issuers in 2020, down \$0.3 billion from 2019. Note that some reports of exempt distribution by investment fund issuers are being processed at the time of this report. Note also that in Chart 30, other industries include industry categories that are not otherwise shown and which, prior to the changes in industry reporting referred to above, issuers selected if none of the other categories applied.

³¹ On June 30, 2016, issuers filing reports of exempt distribution were required to disclose which industry they operated in using North American Industry Classification System (NAICS) codes. Previously, issuers chose from broader industry categories in the report of exempt distribution. For comparative purposes, the results in Chart 25 are displayed using the NAICS codes and the legacy industry classification system has been mapped to the NAICS categories accordingly. Please note that the two systems are not directly comparable and certain assumptions have been made for analytical purposes.

Chart 31: Total raised in the exempt market by Alberta head office issuers, by investor location



As shown in Chart 31, on average, Alberta-based issuers have raised in aggregate approximately one-third of their capital in the prospectus-exempt market from Albertans over the past five years. In 2020, Ontario purchasers made up the largest proportion of purchasers at 41 per cent, purchasing \$2.5 billion. The amount of Alberta-issuer distributions purchased by U.S. investors has decreased since 2017. In 2020, \$0.1 billion or 1.7 per cent of the funds raised by Alberta-based issuers was from U.S. investors, a slight decrease from \$0.2 billion in 2019 and a considerable decrease from \$2.0 billion in 2018. There is an even more pronounced decrease when the 2020 amount is compared to the \$9.6 billion purchased in 2017 (a 99 per cent decrease).

Chart 32: Total raised in the prospectus-exempt market by Alberta head office issuers, by security type

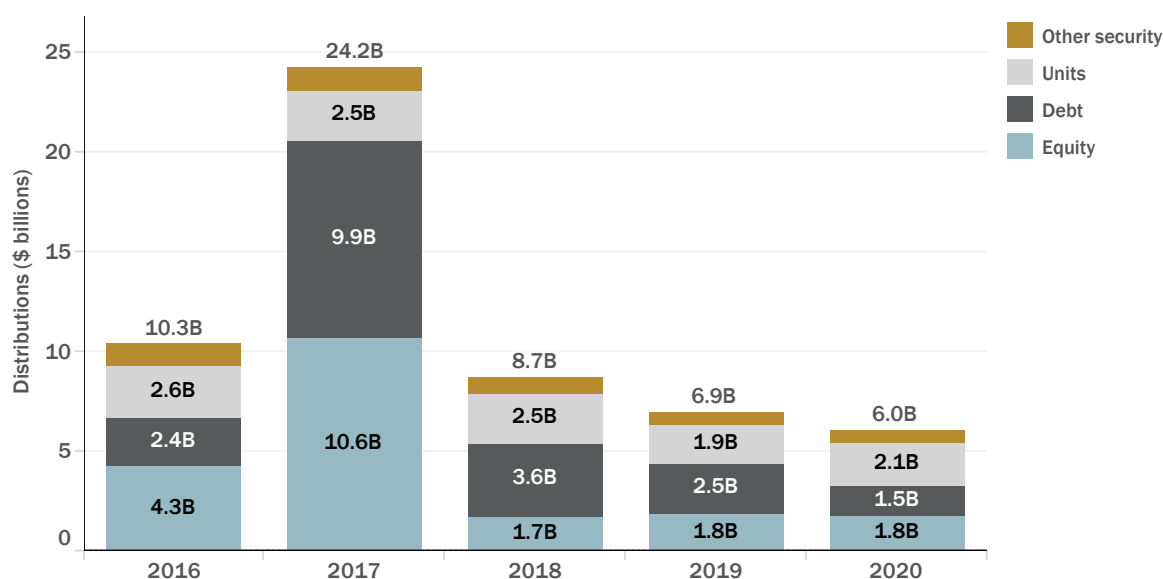


Chart 32 shows a broad breakdown by type of security distributed by Alberta-based issuers. In 2020, the most prevalent type of security issued was units at \$2.1 billion, making up 36 per cent of the total and a slight increase from the \$1.9 billion in 2019. Units being the largest category of securities by amount of distributions corresponds to investment funds being the largest industry by amount of distributions, as investment funds typically issue securities as units. Equity securities was the second most common type of security issued in 2020 at \$1.8 billion, down 3.5 per cent from 2019. Debt securities amounted to \$1.5 billion in 2020, down 41 per cent from 2019.

Chart 33: Total raised in the prospectus-exempt market by Alberta head office issuers, by exemption

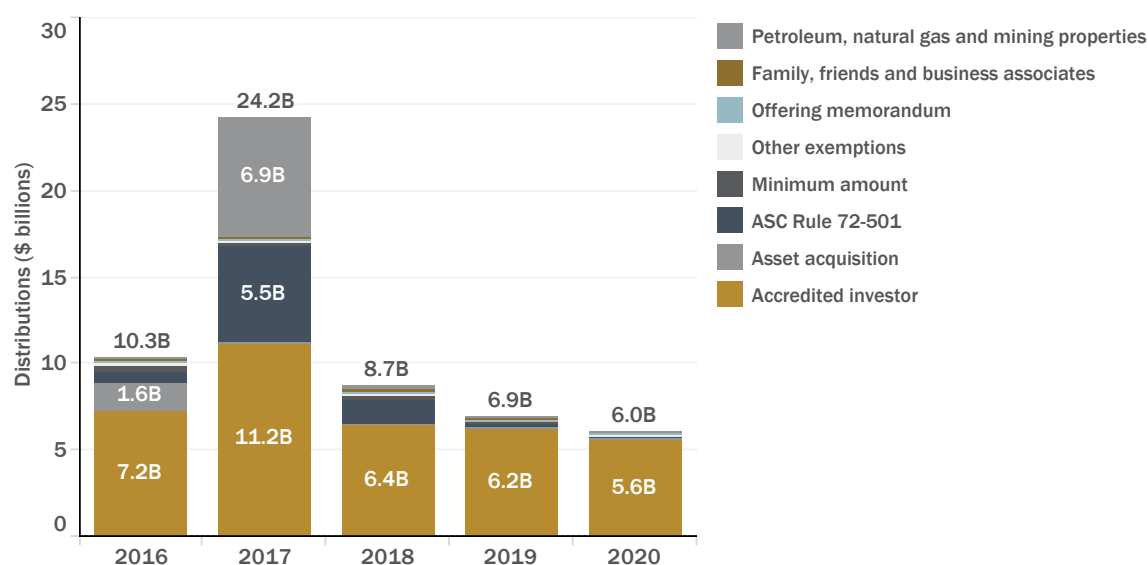


Chart 33 shows the capital raised by issuers with an Alberta head office in the prospectus exempt market, segmented by exemption.³² The greatest amount of capital was raised under the accredited investor exemption at approximately \$5.6 billion in 2020 (92 per cent of the total), an 11 per cent decrease from 2019. The second largest amount of capital raised by prospectus exemption was asset acquisition, followed by family, friends and business associates. Amounts distributed by issuers relying on ASC Rule 72-501 Distributions to Purchasers Outside Alberta, which provides exemptions to facilitate distributions to investors outside of Canada, was \$0.1 billion, down 56 per cent from 2019.³³ For the offering memorandum (OM) exemption, \$0.04 billion was distributed in 2020, a decrease from \$0.07 billion in 2019.

³² Specific examples shown in Chart 31 are Section 2.12 Asset Acquisition, Section 2.13 Petroleum, Natural Gas and Mining Properties, Section 2.3 Accredited Investor, Section 2.5 Family, Friends and Business Associates, Section 2.9 Offering Memorandum, Section 2.10 Minimum Amount Investment, as well as other exemptions available in National Instrument 45-106 *Prospectus Exemptions* and reported to the ASC under Part 6. ASC Rule 72-501 *Distributions to Purchasers Outside Alberta*, is also included in Chart 30.

³³ In August 2018, the ASC amended ASC Rule 72-501. The new rule expanded upon the exemptions available when an Alberta issuer seeks to distribute securities to investors outside of Canada. It also provides a prospectus exemption for distributions made under the OM exemption within Canada and an exemption for the resale of securities outside of Canada. See ASC Rule 72-501 *Distributions to Purchasers Outside Alberta*.

Each of the exemptions shown in Chart 33 are available when specific conditions are met by the issuer. These conditions may be found in the relevant sections of National Instrument 45-106 *Prospectus Exemptions* and ASC Rule 72-501 *Distributions to Purchasers Outside Alberta*. However, exemptions shown in Chart 33 also depend on the circumstances of the purchaser, summarized in Table B as context to the data in this report.

Table B: Data sources for combined dataset

Exemption	Summary of certain provisions applicable to individuals
Accredited investor	Specified institutions as well as individuals who are accredited based on meeting specified income, net financial asset or net asset thresholds.
Family, friends and business associates	Investors who are a director, executive officer or control person of the issuer, or of an affiliate of the issuer, and specified family members, close personal friends or close business associates of such persons.
Offering memorandum	Investors who have received a valid Form 45-106F2 Offering Memorandum of the issuer and in the case of individuals are either purchasing not more than \$10,000 of securities under the offering memorandum exemption within a 12-month period (prior to April 30th, 2016 the limit was \$10,000 per distribution) or are an eligible investor based on meeting specified income or net asset thresholds. Effective April 30, 2016, eligible investors are limited to \$30,000 invested in a 12-month period, or \$100,000 if the investor receives advice ³⁴ that the investment is suitable.
Minimum amount	Investors purchasing a minimum of \$150,000 of securities in a single transaction from a single issuer. Effective May 5, 2015 this exemption was no longer available to issuers distributing to individuals.
ASC Rule 72-501	The securities distributed cannot be beneficially owned by an Alberta resident.

³⁴ From a portfolio manager, investment dealer or exempt market dealer registered under National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*.

Chart 34: Total number of reports of exempt distribution filed by Alberta head office issuers, by industry

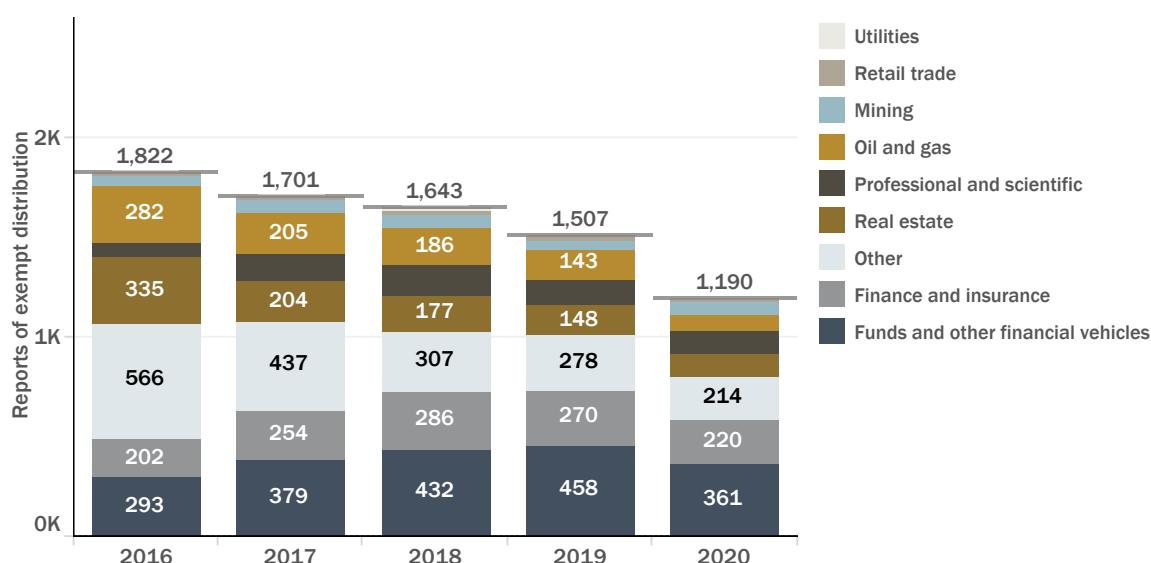


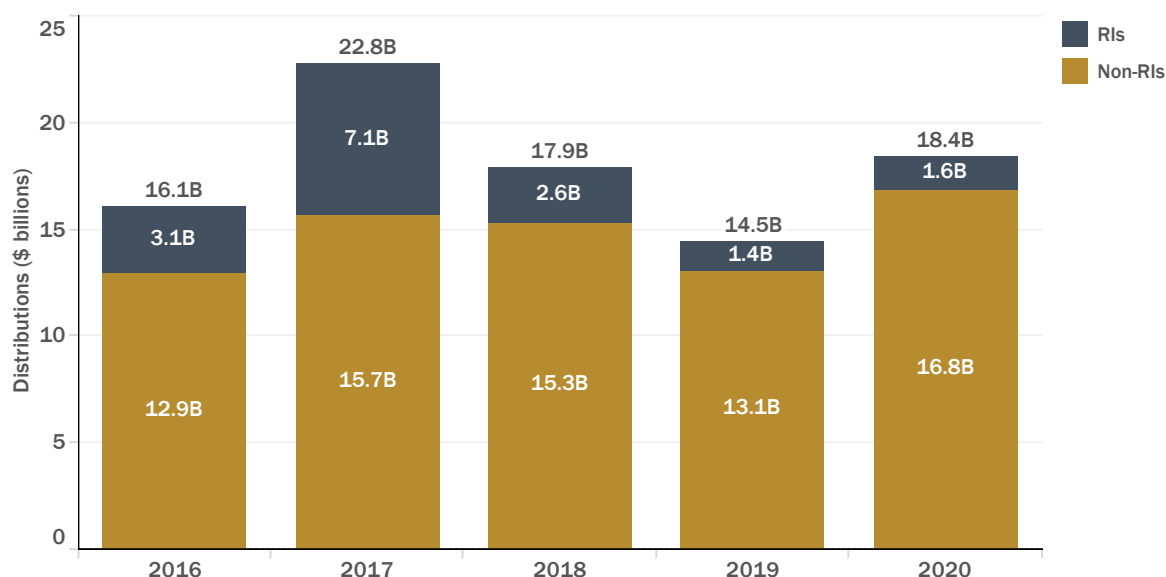
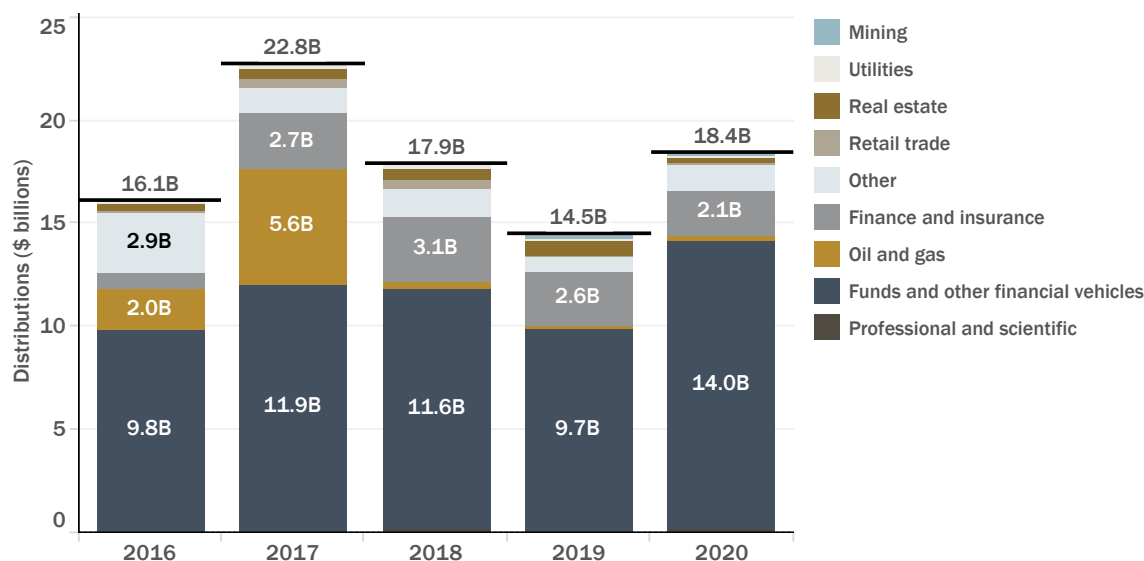
Chart 34 displays the number of reports of exempt distribution filed by Alberta head office issuers, segmented by industry. Overall, there were 1,190 reports of exempt distribution filed in 2020, a decrease of 21 per cent from the 1,507 recorded in 2019. The decreased number of reports continued a downward trend that began in 2015 (not on the chart).

The greatest number of reports of exempt distribution in 2020 were filed by funds and other financial vehicles at 361, a decrease of 21 per cent from the 2019 figure of 458. The industry category that filed the next greatest number of reports (besides other) was finance and insurance at 220, a decrease of 19 per cent from the 270 reports filed in 2019. Oil and gas issuers in Alberta filed 90 reports of exempt distribution in 2020, a decrease of 37 per cent from the 143 filed in 2019.

INVESTMENTS IN THE PROSPECTUS-EXEMPT MARKET BY ALBERTANS

This section analyzes the capital invested by Albertans versus capital raised by Alberta issuers, which reveals some significant differences. As shown in Chart 36, the greatest proportion of investments by Albertans in the prospectus-exempt market from 2016-2020 was in investment funds.

Chart 35 shows a breakdown by Albertans' investments in reporting issuers versus non-reporting issuers in the prospectus-exempt market. In 2020, \$16.8 billion (91 per cent) out of a total \$18.4 billion raised was invested by Albertans in non-reporting issuers. The average proportion of investments in non-reporting issues by Albertans was 83 per cent, much greater than the average proportion of distributions by Alberta-based non-reporting issues over the same time frame which was 52 per cent (Chart 29). The primary reason for the greater concentration of non-reporting issuers in Chart 35 is that the majority of investments in the prospectus-exempt market by Albertans were in investments which tend to be non-reporting issuers.

Chart 35: Total invested in the prospectus-exempt market by Albertans, by issuer reporting type**Chart 36: Total invested in the prospectus-exempt market by Albertans, by industry**

As shown in Chart 36, the greatest proportion of new capital from Alberta-based investors in 2016-2020 was invested in the funds and other financial vehicles industry, which totaled \$14.0 billion (76 per cent of total distributions) in 2020, up 45 per cent from 2019. The second largest industry invested in by Albertans in 2020 was finance and insurance which totaled \$2.1 billion, down 19 per cent from 2019. In 2020, investments in oil and gas issuers increased by 49 per cent from 2019 to \$0.3 billion from \$0.2 billion.

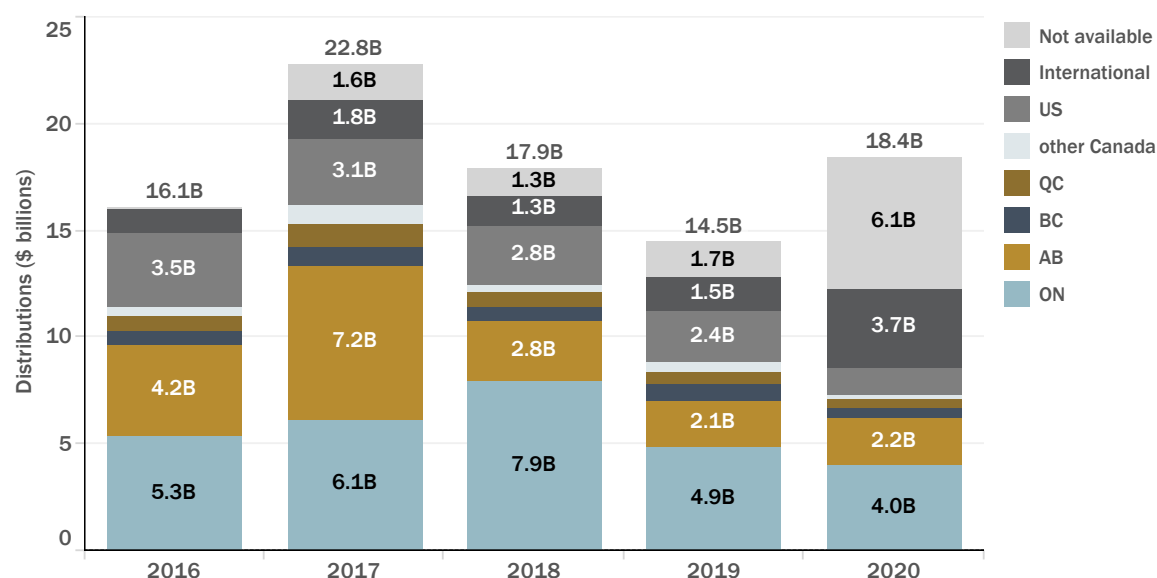
Chart 37: Total invested in the prospectus-exempt market by Albertans, by issuer location

Chart 37 shows the major jurisdictions in which Albertans invested in the prospectus-exempt market over the last five years.³⁵ In 2020, the largest amount of capital, \$4.0 billion, was invested in issuers located in Ontario, which was 22 per cent of the \$18.4 billion total, and a 19 per cent decrease from 2019. The issuer location in which Albertans invested in by next highest amount of distributions was international, in which \$3.7 billion invested in 2020, up significantly by \$2.2 billion (142 per cent) from 2019, and was mostly made up of distributions by investment funds.³⁶ The next highest issuer location for investment by Albertans was Alberta, at \$2.2 billion (12 per cent of the total), which was a 7.0 per cent increase from 2019 (14 per cent of the total).

³⁵ For the category, “not available”, issuer location information was not available for this report due to a variety of reasons including data processing inconsistencies, incomplete data and inaccurate forms from issuers, among other reasons.

³⁶ A single distribution made up \$3.0 billion, from the international issuer Goldman Sachs US\$ Treasury Liquid Reserves Fund located in the UK.

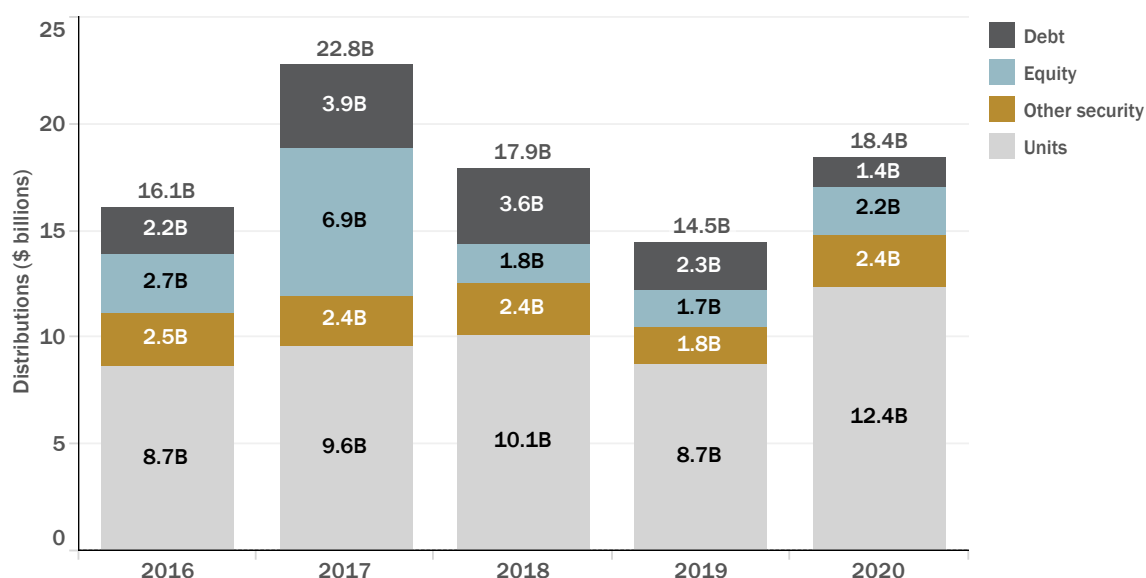
Chart 38: Total invested in the prospectus-exempt market by Albertans, by security type

Chart 38 segments total funds invested by Albertans by the type of security purchased. Based on the significant investment in investment funds, it is not surprising that the most purchased type of security was units in 2020, for a total of \$12.4 billion (67 per cent). Non-investment fund issuers typically raise capital through equity or debt securities. In 2020, \$2.2 billion of equity securities were purchased by Albertans in the prospectus-exempt market, 30 per cent more than the \$1.7 billion raised in 2019. In 2020, \$1.4 billion of debt securities were purchased by Albertans in the prospectus-exempt market, down 39 per cent from the \$2.3 billion invested in 2019.

Chart 39: Total invested in the prospectus-exempt market by Albertans, by exemption relied on by issuer

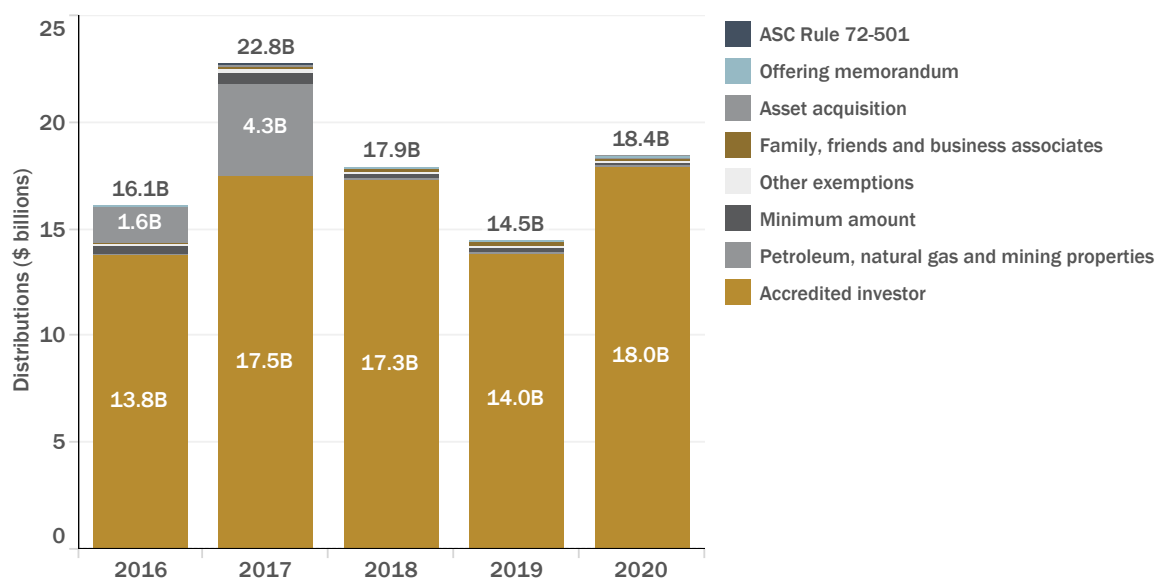
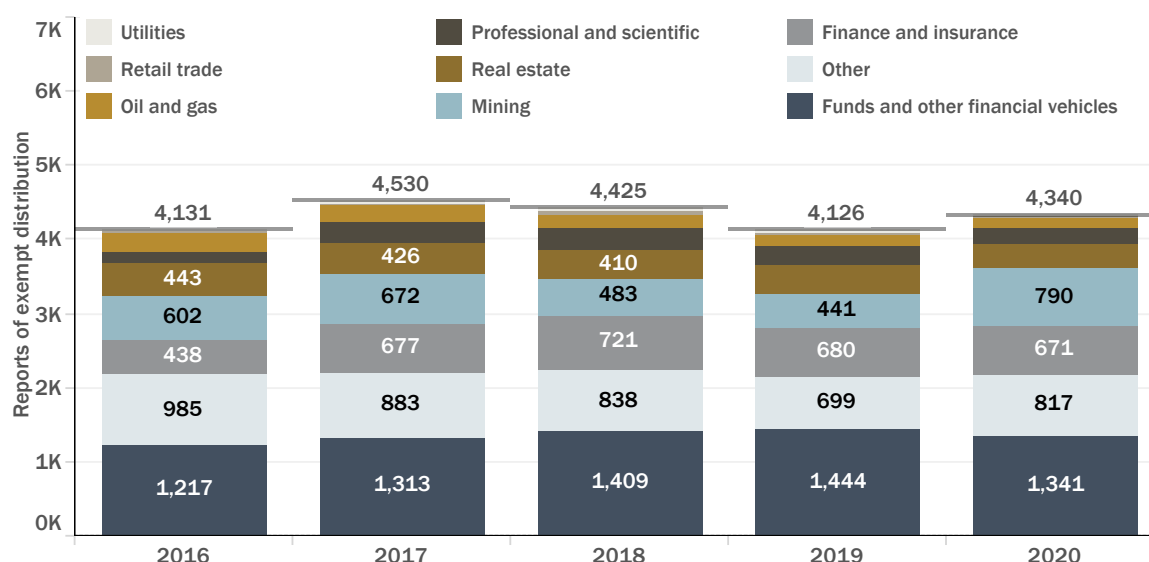


Chart 39 illustrates the dominant reliance on the accredited investor (AI) exemption by issuers to distribute prospectus-exempt securities to Albertans.³⁷ In 2020, \$18.0 billion (98 per cent) of the total \$18.4 billion was invested by Albertans who qualified as accredited investors, an increase of 29 per cent from 2019. Family, friends and business associates, and asset acquisition were the next most common exemptions relied upon, by amount of distributions.

³⁷ Although the conditions of some of the exemptions shown here (accredited investor, family, friends and business associates, minimum amount invested, offering memorandum and ASC Rule 72-501) are based on the investor, it is still the issuer that relies on the prospectus exemption to distribute the securities. See Table B on page 33 for a summary.

Chart 40: Total number of reports of exempt distribution for Alberta investors, by industry

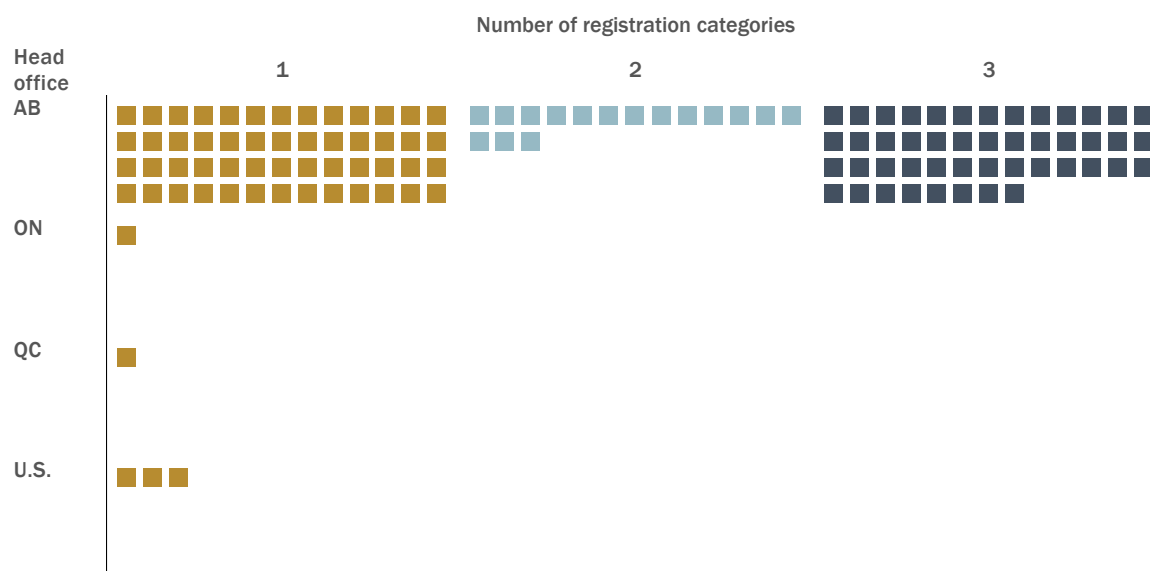
In Chart 40, the number of reports of exempt distribution for Alberta investors is shown by industry. In 2020, 4,340 reports of exempt distribution were filed, an increase of 5.2 per cent compared to the 2019 figure of 4,126. In 2020, the industry category that filed the most reports of exempt distribution was funds and other financial vehicles at 1,341 (31 per cent of the total), followed by mining, and then the finance and insurance industry.

The number of reports of exempt distribution from issuers in the mining industry increased by 79 per cent in 2020 and made up 18 per cent of the total, compared to 11 per cent of the total in 2019. Despite the increased number of reports of exempt distribution, the amount of distributions was actually less than in 2019, indicating that on average in 2020, the number of reports of exempt distributions was made up of an increased number of smaller distributions.

Registration

Market participants must register if they are in the business of trading or advising in securities or managing investment funds, unless the firm is able to rely on an available exemption.³⁸ There are several categories of firm registration. These include dealer categories, adviser categories and the investment fund manager category. This section provides an overview of the registered firms that are principally regulated by the ASC and the categories in which they are registered.

Chart 41: Distribution of Alberta PR firms by number of registration categories



As of December 31, 2020, there were 120 firms principally regulated in Alberta, versus 122 firms a year earlier. Chart 41 shows how many firms were registered in one, two or three categories, as of March 15, 2021. Of all Alberta PR registered firms, 57 firms (48 per cent) were registered in a single category (58 firms in 2019), 16 firms (13 per cent) were registered in two categories (18 firms in 2019) and 47 firms (39 per cent) were registered in three categories (47 firms in 2019). The firms registered in two categories were typically registered in the investment fund manager and either the portfolio manager or restricted portfolio manager category. The firms registered in three categories were typically registered in the exempt market dealer, investment fund manager, and either the portfolio manager or restricted portfolio manager category.

³⁸ See National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*.

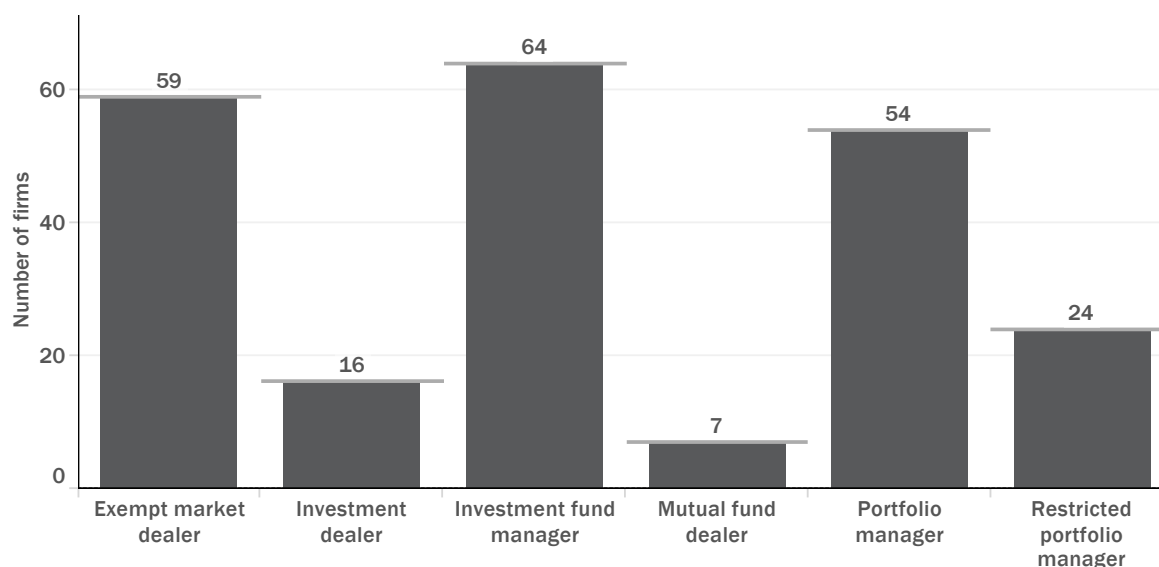
Chart 42: Number of Alberta PR firms in each registration category

Chart 42 shows the total number of registrations in each category.³⁹ Since firms may register in multiple categories, the sum of all registrations is not the same as the total number of firms principally regulated by the ASC. As of the date of this report, the most common category of registration among Alberta PR firms was investment fund manager, with 64 firms registered (compared to 66 in 2019), followed by exempt market dealer, with 59 firms registered (59 in 2019). The next most common was portfolio manager with 54 firms (54 in 2019) and restricted portfolio manager with 24 firms (25 in 2019). There were also 16 firms registered in the investment dealer category (16 in 2019) and seven firms registered in the mutual fund dealer category (seven in 2019).

³⁹ Categories with zero Alberta PR firms have not been shown.

Energy Markets

Chart 43: Energy transacted on NGX

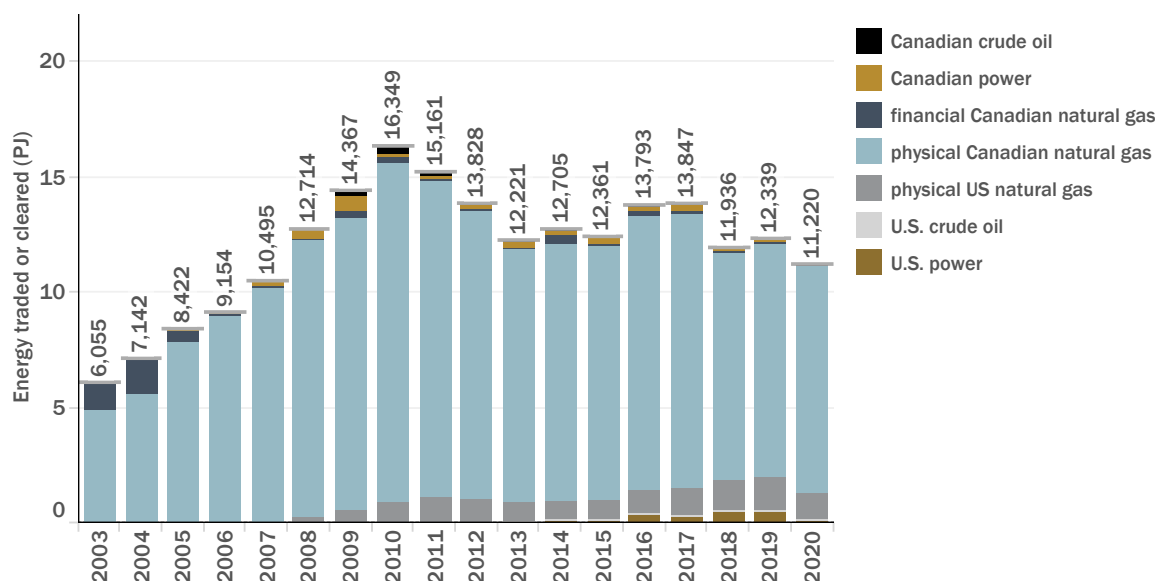


Chart 43 shows the total energy contracts traded or cleared on NGX each year since 2003.⁴⁰ Total volume transacted in 2020 decreased 9.1 per cent to 11,220 PJ versus 2019 when 12,339 PJ was transacted across all natural gas, crude oil and power contracts. Combined, natural gas activity amounted to 98 per cent of the energy transactions on NGX in 2020, an increase compared to the 2019 amount of 94 per cent. Physical Canadian natural gas (contracts with physical settlement) accounted for 87 per cent of total transactions in 2020, which totaled 9,768 PJ, down 3.6 per cent from 10,136 PJ in 2019. The second-largest volume of transactions was in physical U.S. natural gas, which totaled 1,171 PJ in 2020 (10 per cent of the total), 17 per cent less than 2019 volumes of 1,414 PJ (7.2 per cent). Financial Canadian natural gas (i.e. contracts with financial settlement and no physical delivery) increased 182 per cent to 93 PJ (0.8 per cent) in 2020 from 33 PJ (0.3 per cent) in 2019. Canadian power contracts decreased by 79 per cent in 2020 to 41 PJ (0.4 per cent) of total volumes, down from 197 PJ (1.6 per cent) in 2019, while U.S. power totaled 148 PJ (1.3 per cent), down 74 per cent from the 2019 amount.

⁴⁰ There are other regulated entities and trading venues in Alberta where commodities can be traded. This report only uses NGX data as an indicator of trading natural gas and power contracts.

Appendix: Methodology

LISTED ISSUER MARKETS

For the analysis of listed reporting issuers, data has been combined from ASC records, the TMX, SEDAR and Bloomberg. This allowed the report to include all listed reporting issuers in Alberta. This section summarizes how this combined data was created and highlights some differences between key fields.

ASC records

The ASC maintains a record of all issuers reporting in Alberta, based on reporting by issuers on SEDAR, which includes issuers listed on the TSX, TSXV and other exchanges. This record includes the following fields of interest, among others:

- industry
- location of issuers' head office
- issuers' principal regulator
- the exchanges on which the issuer is listed

TMX data

The TMX has data for issuers listed on the TSX and TSXV exchanges as of December 31 each year. The dataset includes the following fields of interest, among others:

- market capitalization
- industry, as defined by the TMX
- location of the issuers' head office
- whether the issuer graduated from the TSXV, in the case of TSX-listed issuers

Combined data

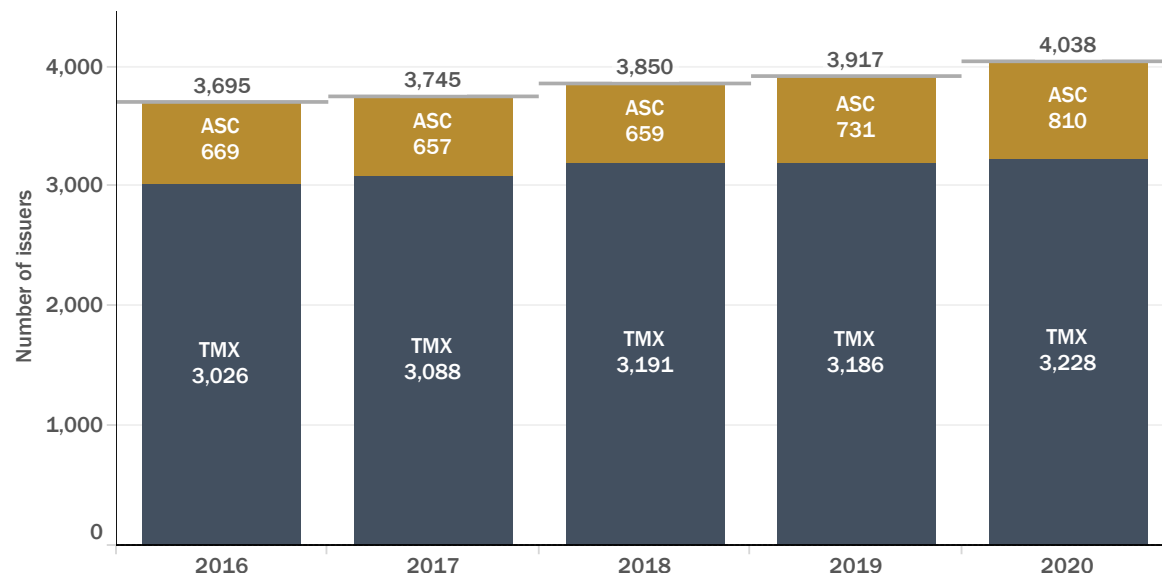
Table C shows the primary source for data used in the analysis of listed reporting issuers in this report

Table C: Data sources for combined dataset

Data Field	Source
Market capitalization	TMX when available, otherwise Bloomberg, with foreign currencies converted into Canadian dollars as at December 31 based on the spot foreign exchange rate at the time. Also, the market capitalization from Bloomberg was used when it was more than two times the market capitalization from TMX.
Industry	TMX when available, otherwise SEDAR. TMX oil and gas, and diversified industries were segmented for this report based on the SEDAR industry selections.
Principal regulator	ASC records
Issuer head office	SEDAR, otherwise TMX
TSXV graduate	TMX

As shown in Chart 44 and Chart 45, the combined data provides a more comprehensive picture of the total number of reporting issuers and the market capitalization of those issuers.

Chart 44: Number of issuers by data source



As shown in Chart 44, the number of issuers included in the data is about 22 per cent greater on average with the addition of reporting issuers listed on other exchanges. “TMX” indicates the number of issuers for which the data was sourced from the TMX, and “ASC” indicates the number of issuers for which the data was sourced from ASC records for the purposes of this report.

Chart 45: Market capitalization of issuers by data source

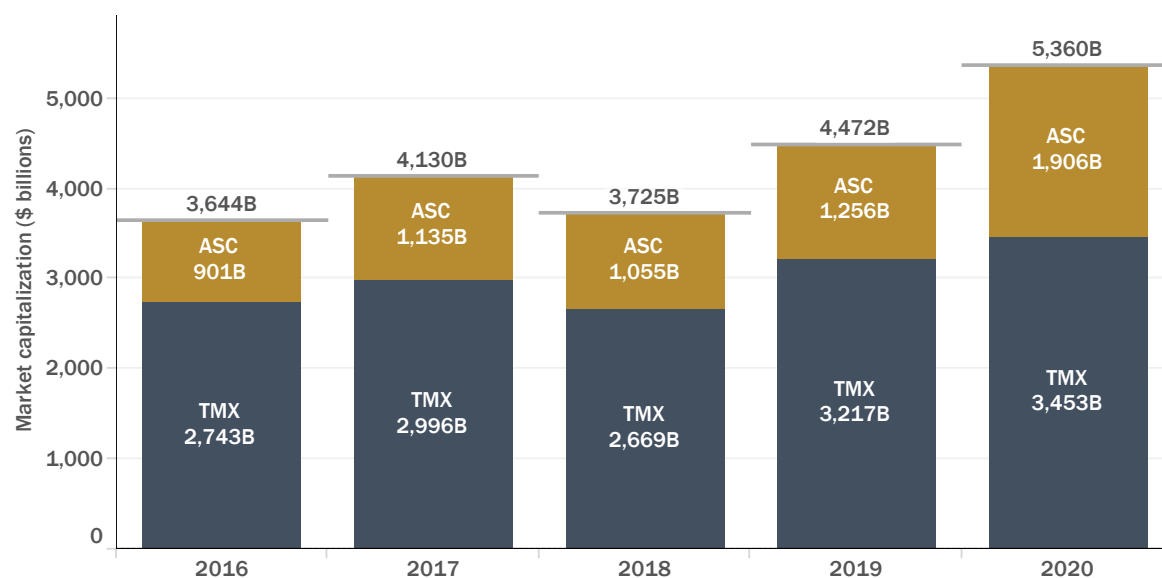
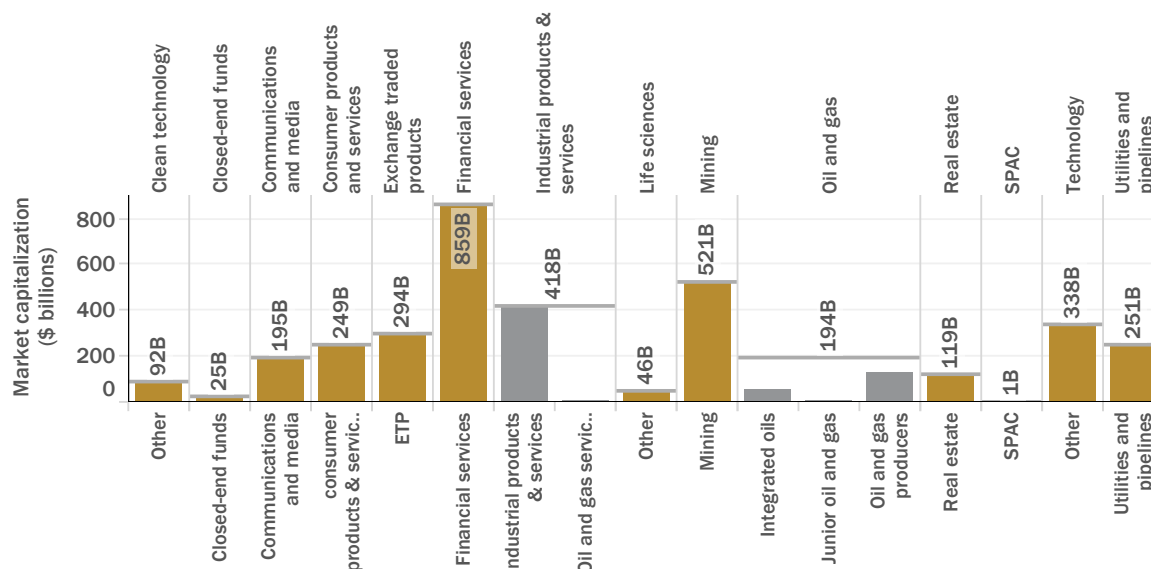


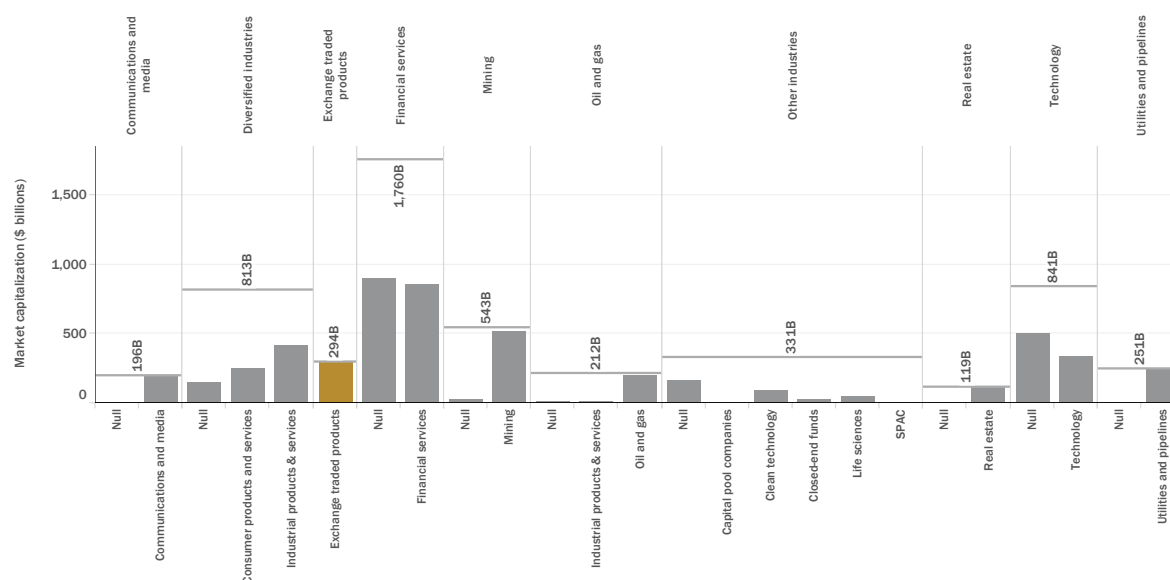
Chart 45 shows that the total market capitalization of all issuers included in the data is about 41 per cent greater on average with the addition of reporting issuers listed on other exchanges.

Chart 46: Total market capitalization by TMX industry (top) vs. SEDAR (bottom) for 2020



The industry classifications used by the TMX and SEDAR are different, with greater segmentation in the SEDAR sub-categories. For those issuers listed on the TSX or TSXV exchanges, the TMX classification was chosen, with two notable exceptions for the purposes of analysis of the oil and gas industry. All oil and gas issuers are grouped by the TMX in one category, while SEDAR has four sub-sectors: integrated oils, junior oil and gas, oil and gas producers and oil and gas services. Where oil and gas issuers in the TMX data could be mapped to SEDAR, the SEDAR industry classification was used for the purposes of greater segmentation. The TMX also includes oil and gas services in diversified industries and industrial products & services. For the purposes of this report, these issuers were reclassified where possible to oil and gas services. In aggregation, oil and gas services were included in the oil and gas category for purposes of this report, not in diversified industries.

Chart 46 shows the effect of this reclassification for issuers in the TMX dataset, on the basis of market capitalization for 2020, with the differences between the TMX and SEDAR classifications distinguished by colour. The TMX industries are listed on the top axis and SEDAR industries are listed on the bottom. Note that certain TMX industry categories were classified into other for purposes of this report.

Chart 47: Total market capitalization by SEDAR industry (top) vs. TMX (bottom) for 2020

Note: blanks show additional reporting issuers not classified by the ASC into TMX classifications.

For reporting issuers listed on other exchanges, the SEDAR industry classification was used, with the placement of issuers into the existing TMX classification where the categories seemed to be consistent. All additional categories were moved to other.

Chart 47 shows the main differences of this placement, on the basis of market capitalization, for all reporting issuers in 2020. The SEDAR classification is shown on top (with sub-categories aggregated) and the TMX category on the bottom. Note that there are several blanks on the bottom axis. These blanks represent issuers listed on other exchanges where the SEDAR-reported industry could not be mapped to an equivalent TMX industry.

PROSPECTUS FINANCINGS

Chart 48: TMX financing data reconciliation to ASC filings

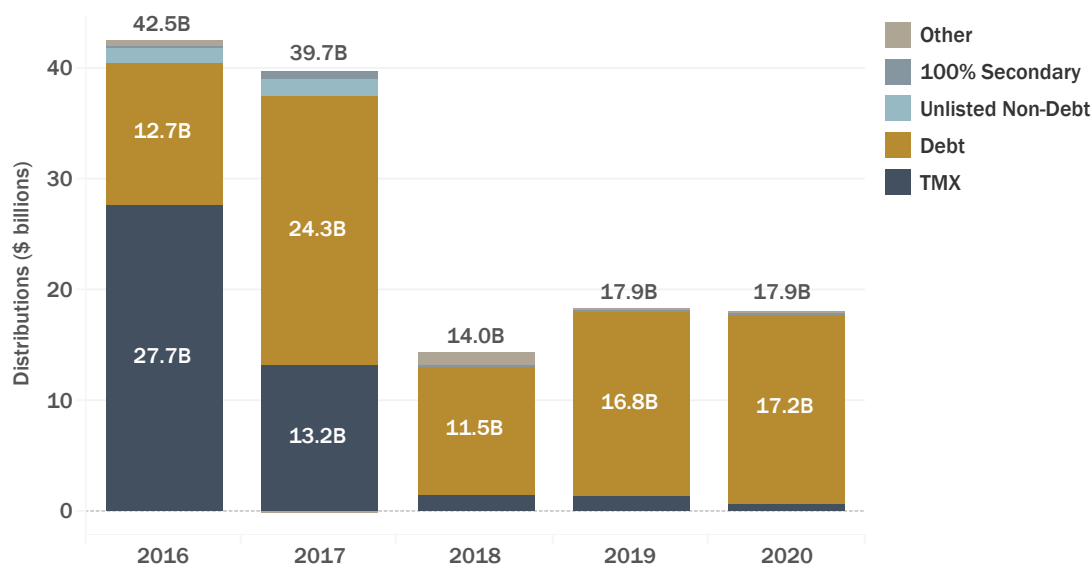


Chart 48 displays the differences between the Alberta issuer financing data sourced from the TMX Group and the data sourced from ASC filings for prospectus distributions. The total for each year corresponds to the total of prospectus distributions reported to the ASC. Note that this comparison does not include information for exempt distributions.

As shown in the chart, the primary difference between the two sources is debt financings (not including convertible debentures), which the TMX data does not include. Debt financings make up predominantly the entire difference in 2020 (96 per cent), similar to the 94 per cent in 2019. Additional differences that occur in other years are that the ASC data includes prospectus offerings for non-listed securities (e.g. Trans Canada Trust), secondary offerings (i.e. when existing shareholders sell their shares via prospectus), and when applicable, non-TMX offerings from other exchanges such as the Canadian Securities Exchange (CSE). Other minor variances include differences in the exchange rates used to calculate amounts raised for non-Canadian offerings and whether over-allotment options were captured in the data or not.

Contact Information

We welcome your input and questions.

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