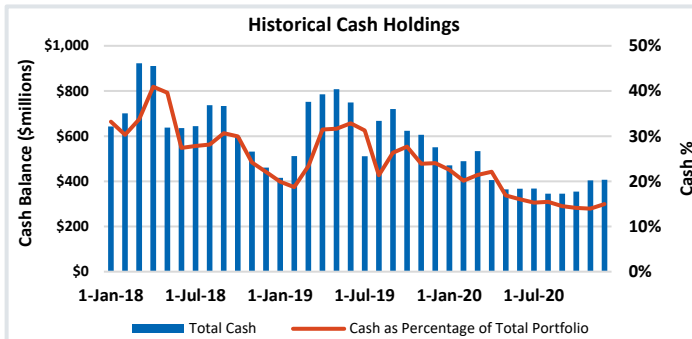


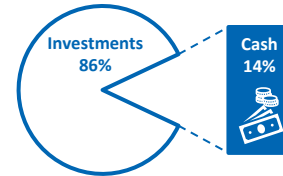
# 2020 Treasury Report

## Appendix II.A: Cash Management

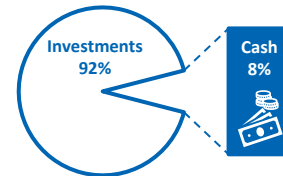


- Earnings on cash holdings were optimized as staff continue to source attractive short-term deposit rates and implement a more active approach to managing short term cash holdings.
- Treasury staff continue to collaborate with the Region's program areas to develop longer term cash flow forecasts to optimize the Region's cash position over time.

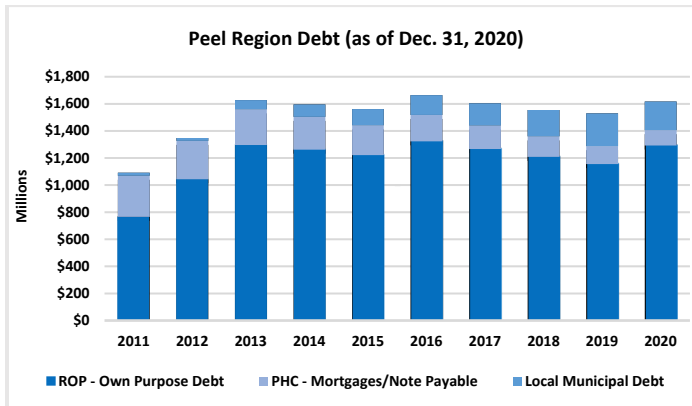
2020 General Fund cash holdings totaled \$407M, down from \$551M at the end of 2019



2020 Sinking Fund cash holdings totaled \$29M, down from \$46M at the end of 2019



## Appendix II.B: Debt



In 2020, the Region had own source net debt of \$1,406M



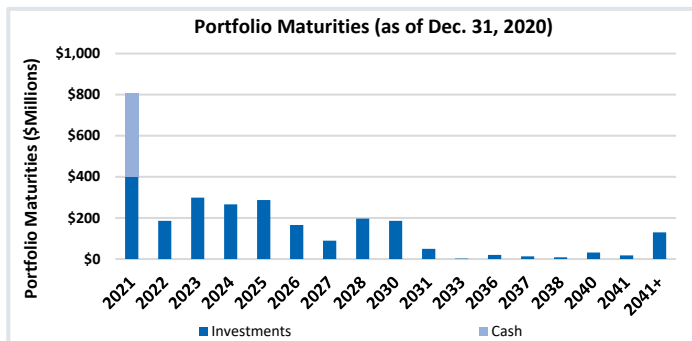
This includes \$114M in PHC related debt.

The Region had a \$118M increase in net debt



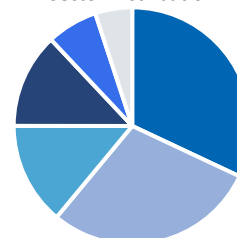
Debt is split by the Region of Peel "own purpose debt", Peel Housing Corporation (PHC) debt, and local municipal debt.

## Appendix II.C: Investments – General Fund



- The Region continues to structure the portfolio using a laddered approach (i.e. similar level of maturities in all years) where possible, to match the timing of maturities to the Region's cash requirements.

### Sector Distribution



- Provincial = 32%
- Banks/Corporates = 29%
- Cash = 14%
- Municipal = 13%
- Federal = 7%
- Equity = 5%

Investment Returns vs. Market Benchmark	2020	2019	2018
Annual Investment Earnings <sup>1</sup> (millions)	\$80.6	\$78.2	\$67.5
Realized Annual Investment Returns <sup>2</sup> (A)	3.4%	3.2%	2.9%
Unrealized Annual Investment Returns (B)	1.9%	0.7%	-0.8%
Total Annual Return (A + B)	5.3%	3.9%	2.1%
Total Benchmark Return <sup>2</sup> (C)	5.5%	3.0%	1.9%
Value Add (A + B - C)	-0.2%	0.9%	0.2%

Portfolio returns underperformed the benchmark by 0.2%

Increased earnings by \$2.4M

<sup>1</sup> The fixed income realized earnings rate is based on earned revenues (interest income, realized capital gains/losses, amortized premiums/discounts, and securities lending income).

<sup>2</sup> Total benchmark return is a blend of FTSE TMX Indices.

## Appendix II.C: Investments – General Fund (cont.)

Investment Returns vs. Inflation	2020	2019	2018
Annual Investment Earnings (millions)	\$80.60	\$78.20	\$67.50
Rolling 4-year Average Investment Returns <sup>1</sup> (realized)	3.1%	2.9%	2.8%
Rolling 4-year Average Inflation <sup>2</sup>	1.7%	2.1%	2.2%
Value Add (returns – inflation)	1.4%	0.7%	0.6%

→ Portfolio returns exceeded inflation by **1.4% in 2020**

→ A major goal of the General Fund is the preservation of purchasing power over the long run. Inflation is used as a barometer of the General Fund's long-term minimum return requirement.

## Appendix II.D: Investments – Sinking Funds

### Sinking Fund Holdings and Surplus/Deficit (as of Dec. 31, 2020)

Series	Gross Outstanding (Millions)	Issue Date	Maturity Date	Target Return	(Millions)		Holdings (Millions)			Earnings Surplus / (Deficit)		
					Annual Provision Payments	Total Provision Payments (Cumulative)	Investments (Amortized Book Value)	Cash	Total	Region of Peel	City of Brampton	Town of Caledon
DQ	\$500	Jun 29/10	Jun 29/40	4.00%	\$8.9	\$89.2	\$107.6	\$1.3	\$108.9	(\$232,254)	N/A	(\$2,528)
EB	\$200	Oct 06/11	Dec 01/21	2.50%	\$7.8	\$70.5	\$70.5	\$9.6	\$80.1	\$1,191,173	N/A	\$3,832
EC (RoP)	\$300	Oct 30/12	Oct 30/42	2.50%	\$6.8	\$54.7	\$62.5	\$1.4	\$63.9	\$4,155,109	N/A	N/A
EC (Brampton)	\$23	Apr 15/19	Oct 30/42	2.50%	\$0.7	\$1.4	\$1.4	\$0.0	\$1.4	N/A	\$22	N/A
EP	\$33	Jun 20/13	Jun 20/53	4.00%	\$0.3	\$2.4	\$0.9	\$1.9	\$2.8	(\$19,170)	N/A	N/A
EQ	\$250	Aug 23/13	Dec 02/33	3.25%	\$9.1	\$63.5	\$64.0	\$6.8	\$70.8	\$738,859	N/A	N/A
FX	\$150	Nov 02/16	Nov 02/26	2.00%	\$13.7	\$54.8	\$49.3	\$7.9	\$57.2	\$856,175	N/A	N/A
<b>TOTALS</b>					<b>\$47.4</b>	<b>\$336.4</b>	<b>\$356.2</b>	<b>\$28.9</b>	<b>\$385.2</b>			

→ The objective of each Sinking Fund is to meet or exceed the target return. The target return is the estimated return requirement necessary to ensure that each Sinking Fund is fully funded at maturity to repay its obligation.

→ **4 of 7** Sinking Funds had investment returns exceeding the target return.

## Appendix II.E: Investments Held in Region of Peel Securities

### Region of Peel Bonds – Holdings

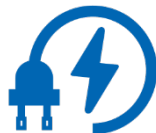
Date	Par Value		% of Portfolio
	Portfolio <sup>4</sup>	RoP Bonds <sup>5</sup>	
Dec. 31/20	\$3,213,620,209	\$70,679,000	2.2%
Dec. 31/19	\$2,880,347,215	\$71,189,000	2.5%
Dec. 31/18	\$2,752,357,130	\$70,711,000	2.6%
Dec. 31/17	\$2,579,877,871	\$55,811,000	2.2%

### Region of Peel Bonds – Transactions

Portfolio	Transaction	Date	Coupon	Par Value	Price		Yield
					Purchase	Sale	
GF	Maturity	Jun. 29/20	4.35%	\$510,000	99.78	100.00	4.53%
DQ				None			
EC				None			
EP				None			
EQ				None			
FX				None			

## Appendix II.F: Energy Procurement Performance

No electricity hedge volumes were procured for 2020



This strategy allowed the Region to take advantage of the low spot market prices that averaged \$0.01265/kWh in 2020, which was approximately 47% lower than the most competitive forward market hedge price for 2020 (\$0.024/kWh).

The total risk mitigated from volatility in the natural gas market in 2020 was **\$49,552**



The Region of Peel hedged 62.5% of its natural gas requirements for 2020. The fixed price hedge volume and index fixed-transportation volume was purchased from both the Region of Peel's gas supplier and the Housing Services Corporation (HSC) at a total hedge cost of approximately \$1.30 million, a total index fixed-transportation cost of approximately \$0.93 million and a total transaction fee cost of \$0.029 million.

<sup>1</sup> The fixed income realized earnings rate is based on earned revenues (interest income, realized capital gains/losses, amortized premiums/discounts, and securities lending income).

<sup>2</sup> Toronto CPI.

<sup>4</sup> Total of General Fund and six Sinking Fund portfolios.

<sup>5</sup> RoP investment portfolios.