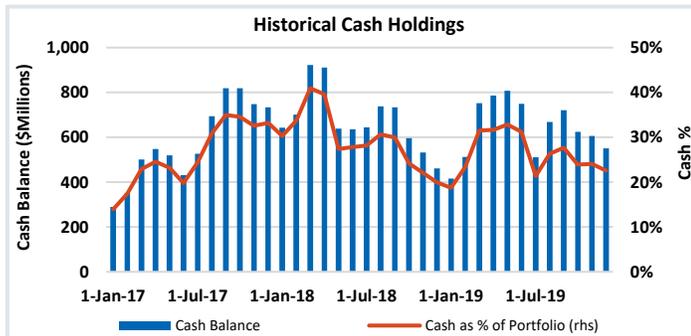
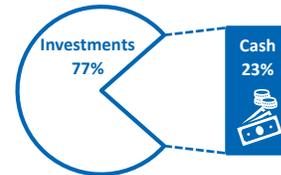


# 2019 Treasury Report

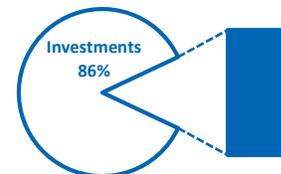
## Appendix I.A: Cash Management



2019 General Fund cash holdings totaled \$551M, up from \$461M at the end of 2018



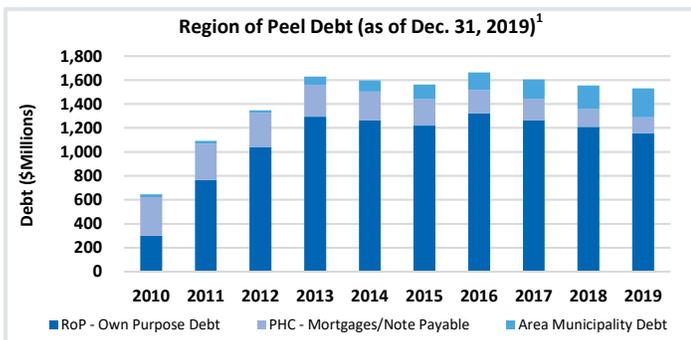
2019 Sinking Fund cash holdings were \$46M, up from \$13M at the end of 2018



General Fund average cash balances have trended lower since 2017

- Cash levels are closely monitored to optimize earnings on short-term investments
- 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.

## Appendix I.B: Debt



In 2019, the Region had own source net debt of \$1,288M



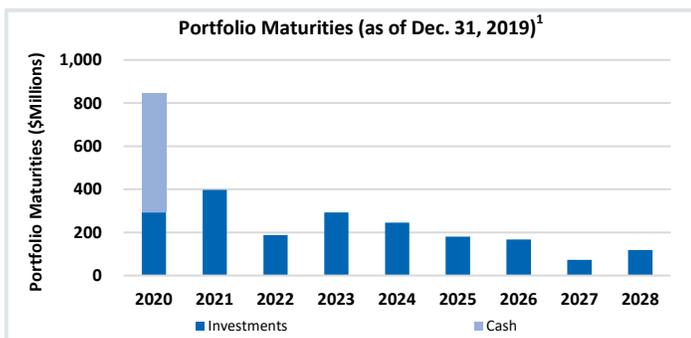
This includes \$133M in PHC related debt.

The Region had a \$71M decrease in net debt



Debt is split by the Region of Peel “own purpose debt”, Peel Housing Corporation (PHC) debt, and area municipality debt.

## Appendix I.C: Investments – General Fund



Sector Distribution<sup>2</sup>



Investment Returns vs. Market Benchmark <sup>2</sup>	2019	2018	2017	2016
Annual Investment Earnings (\$Millions)	\$78.2	\$67.5	\$57.7	\$56.0
Annual Investment Returns <sup>3</sup> (gross)	3.2%	2.9%	2.6%	2.8%
Market Benchmark <sup>4</sup>	1.8%	2.1%	1.5%	1.4%
Value Add (returns – benchmark)	1.4%	0.8%	1.0%	1.4%

- 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.

➔ Portfolio returns exceeded the benchmark by +1.4%

➔ Increased earnings by +\$10.7M

<sup>1</sup> Maturities are expressed using par value.

<sup>2</sup> Values may not add due to rounding.

<sup>3</sup> The gross fixed income investment yield is based on earned revenues (interest income, realized capital gains/losses, amortized premiums/discounts and securities lending income) as a percentage of the weighted average value net of expenses.

<sup>4</sup> Blend of FTSE TMX Indices based on target term and sector exposures.

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

Investment Returns vs. Inflation <sup>2</sup>	2019	2018	2017	2016
4-year Average Investment Returns <sup>3</sup> (gross)	2.9%	2.8%	3.0%	3.2%
4-year Average Inflation <sup>5</sup>	2.1%	2.1%	2.1%	1.8%
Value Add (returns – inflation)	0.8%	0.7%	0.9%	1.4%

➔ Portfolio returns exceeded inflation by **+0.8%**

➔ 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 Portfolio's long-term minimum return requirement.

## Appendix I.C: Investments – Sinking Funds

## Sinking Fund Holdings and Surplus/Deficit (as of Dec. 31, 2019)

Series	Issue Date	Maturity Date	(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	Jun 29/10	Jun 29/40	\$8.9	\$80.2	\$73.4	\$22.9	\$96.3	\$113,535	n/a	\$1,234
EB	Oct 06/11	Dec 01/21	\$7.8	\$70.5	\$60.5	\$9.8	\$70.3	\$1,063,929	n/a	\$2,652
EC (RoP)	Oct 30/12	Oct 30/42	\$6.8	\$47.8	\$54.9	\$0.1	\$55.0	\$3,362,457	n/a	n/a
EC (Brampton)	Apr 15/19	Oct 30/42	\$0.7	\$0.7	\$0.7	\$0.0	\$0.7	n/a	\$521	n/a
EP	Jun 20/13	Jun 20/53	\$0.3	\$2.1	\$0.9	\$1.4	\$2.3	(\$17,871)	n/a	n/a
EQ	Aug 23/13	Dec 02/33	\$9.1	\$54.5	\$49.8	\$9.9	\$59.7	\$614,054	n/a	n/a
FX	Nov 02/16	Nov 02/26	\$13.7	\$41.1	\$42.2	\$0.0	\$42.2	\$510,268	n/a	n/a
<b>TOTALS</b>			<b>\$47.4</b>	<b>\$296.8</b>	<b>\$282.4</b>	<b>\$44.1</b>	<b>\$326.5</b>			

➔ 4 of 6 Sinking Funds had investment returns exceeding the target in 2019.

➔ 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.

## Appendix I.D: Investments Held in Region of Peel Securities

## Region of Peel Bonds – Holdings

Date	Par Value		% of Portfolio
	Portfolio <sup>6</sup>	RoP Bonds <sup>7</sup>	
Dec. 31/19	\$2,880,347,215	\$71,189,000	2.5%
Dec. 31/18	\$2,752,357,130	\$70,711,000	2.6%
Yr. over Yr. Change	\$127,990,085	\$478,000	

## Region of Peel Bonds – Transactions

Portfolio	Transaction	Date	Coupon	Par Value	Price		Yield
					Purchase	Sale	
GF	Buy	Oct. 15/19	2.05%	\$5,361,000	99.94		2.06%
GF	Sell	Nov. 04/19	2.05%	\$5,361,000	99.94	99.34	2.17%
GF	Maturity	Jun. 29/19	4.35%	\$510,000	99.71	100.00	4.39%
GF	Maturity	Dec. 14/19	6.65%	\$2,473,000	99.45	100.00	6.70%
DQ				none			
EC				none			
EP				none			
EQ				none			
FX	Purchase	Nov. 04/19	2.05%	\$5,361,000	99.34		2.17%

## Appendix I.E: Energy Procurement Performance

No electricity hedge volumes were procured for 2019



Projections showed that 2019 market conditions would be relatively stable and the Region's exposure to the spot market is minimal. This strategy allowed the Region to take advantage of low market prices which were 16% lower than the most competitive forward market price for 2019 and 49% less than the Region's 2017 transaction price.

The total risk mitigated from volatility in the natural gas market in 2019 was **\$621,593**



The Region of Peel and Housing Services Corporation hedged 58% of its natural gas requirements for 2019. The fixed price hedge volumes for energy that were purchased for 2019 were consistent with the Region of Peel's policies and goals to address risks on commodity price volatility and were in alignment with the Region's level of risk tolerance.

<sup>2</sup> Values may not add due to rounding.

<sup>3</sup> The gross fixed income investment yield is based on earned revenues (interest income, realized capital gains/losses, amortized premiums/discounts and securities lending income) as a percentage of the weighted average value net of expenses.

<sup>5</sup> Toronto CPI

<sup>6</sup> Total of General Fund and six Sinking Fund portfolios.

<sup>7</sup> RoP bonds held in portfolios.