Region of Peel
working with you

REPORT
Meeting Date: 2024-06-27
Regional Council

For Information

REPORT TITLE:	**2023 Treasury Report**
FROM:	Davinder Valeri, Chief Financial Officer and Commissioner of Corporate Services

OBJECTIVE

To provide the annual results of Treasury activities in accordance with Peel Region's Investment Goals and Policies (F20-05) and Debt Management Policy (F20-06); and, to provide the annual results of energy commodity hedging performance in accordance with the Energy Commodity Procurement Policy (F35-44). This report also fulfills certain legal reporting requirements under the *Municipal Act, 2001.*

REPORT HIGHLIGHTS

- For the year ended December 31, 2023, total investment income was $103.8 million for Peel and Peel Housing Corporation (PHC).
- Approximately 97 per cent of earnings were allocated to Peel reserves, and 3 per cent to PHC.
- With the passing of Bill 112 and Bill 185, the Region did not borrow in 2023 due to uncertainties. Senior executive management is actively working with the Province to mitigate any risks and open borrowing opportunities.
- All investment and debt activity were in accordance with Peel Region's policies and statutory requirements.
- All commodity price hedging agreements during 2023 were in accordance with the *Municipal Act, 2001*, and associated Ontario Regulation 653/05.

DISCUSSION

1. Background

In accordance with the *Municipal Act, 2001*, and associated Ontario Regulation 438/97, and the Peel Region's ("Peel") Investment Goals and Policies, the Treasurer is required to report annually on Peel's investment portfolio, including the performance of the portfolio and its compliance with the Investment Goals and Policies approved by Regional Council.

Further, under the *Municipal Act, 2001*, and associated Ontario Regulation 653/05, and Peel's Energy Commodity Procurement Policy, the Treasurer is required to report annually on Peel's commodity hedging performance.

2. Compliance

All transactions executed during 2023 were in compliance with the *Municipal Act, 2001*, applicable regulations, Peel's Investment Goals and Policies and Peel's Debt Management Policy. The fixed price hedge volumes for energy that were purchased for 2023 were consistent with Peel's Energy Commodity Procurement Policy and goals to address risks on commodity price volatility and were in alignment with Peel's risk tolerance. Appendix I contains the Treasurer's Statement of Compliance.

Peel's Investment Goals and Policies (F20-05) was reviewed, and no changes are being recommended at this time with the exception of minor administrative edits. One required change is the result of a regulatory banking/market change. The Canadian Alternative Reference Rate Working Group's (CARR) recommendation for the cessation of CDOR/BA (Canadian Dollar Offered Rate/Bankers' Acceptance) which is being replaced by CORRA[1] (Canadian Overnight Repo Rate Average) as the reference rate, effective June 28, 2024. The Debt Management Policy (F20-06) has been amended to reflect this change in addition to the minor administrative changes. As the Region does not currently have any borrowing outstanding linked to CDOR/BA, there are no impacts to the Region as a result of this change in the reference rate.

3. Market Summary

Combating inflation continued to be top of mind for the Bank of Canada (BoC) in 2023. As a result, the BoC increased the overnight rate three times in 2023, to 5.00 per cent or 0.75 per cent higher compared to the end of 2022. Despite the interest rate increases, 2023 inflation in Canada was 3.3 per cent, which is still higher than the BoC's target policy rate of 2 per cent. Current inflation expectations have decreased but remain elevated by historical standards. The BoC forecasts to have inflation decline to about 2.5 per cent by the latter half of 2024 and reach its target inflation of 2 per cent by the end of 2025. On June 5, 2024, the BoC cut interest rates 0.25 per cent to 4.75 per cent.

In 2023, the global economy grew at 3.2 per cent compared to Canada's economic growth of 1.1 per cent. On a per capita basis, Canada's economic growth was negative primarily a result of low productivity and weakening consumer demand. Canadian GDP growth for 2024 and 2025 are expected to increase to 1.5 per cent and 2.0 per cent respectively, per the BoC's most recent forecast. Job markets in Canada and the US remain very tight with wage gains contributing to persistent inflation. However, the BoC is starting to see this trend easing. Consumer and business confidence in Canada is forecasted to strengthen in 2024 and 2025, which should lead to improved GDP and GDP per capita.

Shorter-term Government of Canada (GoC) bond interest rates increased, while longer term rates decreased slightly in 2023. As a result of the higher shorter term interest rates, shorter dated securities (e.g. cash) earned rates of return higher than many longer dated investments. Also, all-in borrowing costs for Canadian municipal sector experienced a small decrease in 2023 relative to 2022 given the move lower in longer-term GoC rates and also due to a decrease in municipal borrowing costs relative to the underlying benchmark.

[1] CORRA represent an overnight risk-free rate based on general collateral funding in Canadian dollars.

Despite the tensions in the Middle East and Russia's war on Ukraine, oil prices in 2023 decreased from their 2022 highs, and equity markets experienced positive returns. The TSX returned 11.8 per cent while S&P500 returned 26.3 per cent in 2023, despite earlier expectations of a recession. The ongoing geopolitical conflicts continue to impact global growth and inflation outlooks, potentially posing downside risks in 2024.

Considering the regional conflicts and additional regional banking stress in the US market, volatility (as measured by the Volatility Index) decreased in 2023 compared to 2022. Market expectations have also shifted to expecting a softer economic landing in the future.

4. Liquidity Management

As of December 31, 2023, the General Fund portfolio's amortized book value, including cash holdings was $3,207 million (2022 – $3,340 million). Cash and cash equivalent holdings as of December 31, 2023, totalled $282 million (2022 – $205 million). The decrease in the General Fund portfolio's size compared to 2022 was mostly a result of growth (DC) related capital expenditures exceeding revenues, resulting in a net DC related cash outflow. Historically, this would have been financed with debenture issuance; however, given uncertainty arising from Bill 112, the cash requirements were temporarily financed internally. Additional details are provided in Appendix II.A.

As short-term interest rates moved higher in 2023, earnings on cash holdings were optimized through securing attractive short-term deposit rates and more actively managing Peel's liquidity. The liquidity balances held throughout 2023, include both cash and short-term investment holdings less than one-year, averaged 20 per cent of the General Fund portfolio. Holdings were split across High Interest Savings Accounts (HISA), Guaranteed Investment Certificates (GIC) and fixed income securities. Treasury continues to work with respective program areas to ensure an optimal level of liquidity is held to meet the Region's obligations.

5. Debt

Under the *Municipal Act, 2001*, Peel has the authority to issue debentures for its own municipal purposes, and, as an upper-tier municipality, issues debentures on behalf of its local municipalities.

With the passing of Bill 112, investors have expressed concerns over participating in any Regional debt issuance pending further clarity and certainty with respect to dissolution of the Region and the management of its debt post January 1, 2025. The introduction of Bill 185 does not provide the clarity investors are seeking and therefore, investor appetite for any new debentures remains unclear. As a result, the Region did not borrow in 2023 and continued to use internal liquidity to finance the capital program. Senior executive management is actively working with the Province to mitigate any risks.

As of December 31, 2023, Peel's own source net debt totalled approximately $1,186 million (2022 – $1,270 million), including $82 million in PHC related debt. During 2023, Peel's net debt outstanding decreased by approximately $84 million, attributable to a decrease in mortgage principal outstanding as well as required contributions and interest earnings on sinking funds.

Treasury Staff continue to work with key stakeholders within and outside the organization to ensure reliable inputs into debt issuance forecasts and financial risk monitoring of key debt related metrics. Improved internal processes and continued engagement with investors have assisted Treasury staff with structuring a low cost and efficient debt issuance program to meet the financing requirements of Peel and local municipalities. Engaging investors through investor relations activities, monitoring and identifying key financial metrics as it relates to Peel's financial sustainability and flexibility allows for improved decision making. Appendix II.B contains additional details.

6. Investments

A. General Fund

The General Fund is comprised of cash and investments held for working capital, reserves and reserve funds, and other funds of Peel. The General Fund is managed to meet the following objectives: preservation of capital, adequate liquidity, and optimizing returns within the specified risk tolerance to support Peel's future spending needs.

In 2023, Peel's reported investment income was $103.8 million (2022 – $79.1 million). Of this total, $10.4 million relates to prior year equity distributions that were not recognized in 2020 through 2022. The General Fund earnings attributed to the calendar year 2023 are $93.4 million (2022 – $72.8 million). The General Fund's weighted average portfolio value of $3,398 million (2022 – $3,291 million) had a realized earnings rate of 2.80 per cent (2022 – 2.10 per cent). Higher realized earnings in 2023 were driven by higher interest rates on reinvestment as well as favourable interest rates on cash balances. The General Fund earnings were allocated as follows: $100.8 million was allocated to reserves and $3.0 million to PHC. As of December 31, 2023, the market value of the General Fund portfolio was $3,072 million (2022 - $3,078 million).

Compared to the end of the prior year, 2023 short term rates (less than one year) increased while longer term rates fell. The rise in rates for short term securities resulted in negative investment returns on short-term holdings, but these were more than offset by the positive returns of longer dated securities. Equities also performed well, as market sentiment towards a softer economic landing became more widely expected. For the one-year period, the aggregate Canadian fixed income index was up 6.7 per cent, and the TSX equity index up 11.8 per cent.

i. Summary of General Fund Performance:

	Realized (A)†	Unrealized (B)	Peel's Total Return (A+B)	Benchmark Total Return* (C)	Value Add (A+B-C)
1-year	2.80%	3.09%	5.89%	5.18%	0.71%
5-year	2.83%	-0.98%	1.85%	1.66%	0.19%

† Values are based on adjusted 2023 income which to excludes the 2020-2022 equity distributions that were recognized as income in 2023.
*Total Benchmark Return is a blend of FTSE TMX Indices & TSX Composite – 91 Day T-bill (20%); FTSE 1–5-year Gov't (45%); FTSE 5–10-year Gov't (30%); S&P/TSX Composite (5%)

a) Total Returns vs. Benchmark

The change in interest rates during 2023 resulted in fixed income returns being positive on a total return basis. Total return for the General Fund during

2023 was 5.89 per cent, outperforming the 5.18 per cent total return of the benchmark. Over the past five-year period, the General Fund's total return of 1.85 per cent exceeded the benchmark by 0.19 per cent.

For the one-year period ending December 31, 2023:

- Cash holdings performed well, returning 5.6 per cent vs. the benchmark of 4.7 per cent. Attractive rates on Peel's cash deposits through its banking partners were the major driver of outperformance.
- Fixed income also outperformed its benchmark, returning 5.5 per cent vs. 4.8 per cent on the benchmark. A higher allocation to corporates, lower allocation to Government of Canada Bonds as well as strong investment selection in the provincial sector accounted for most of the outperformance.
- Equity returned 17.2 per cent vs. 11.8 per cent on the benchmark, with outperformance a result of the One Investment Equity fund surpassing the TSX index. This was due to the manager's higher allocation to information technology and lower allocations to energy and materials stocks. In 2023, the average equity allocation for the fund was 2.8 per cent vs the benchmark weight of 5 per cent. This under allocation to equities resulted from a staff decision to reduce overall risk in the portfolio in 2022 which detracted about 0.16 per cent from the total fund return.

b) Realized Return versus Inflation

For the year ended December 31, 2023, the General Fund generated gross earnings for Peel of $103.8 million ($10.4 million due to recognition of 2020-2022 equity income), or 2.802 per cent realized earnings rate on weighted average amortized book value of $3,398 million.

Five-year realized returns of 2.8 per cent lagged five-year Toronto Consumer Price Index (CPI) of 3.4 per cent by 0.6 per cent due to the spike in inflation since 2021. Over a longer horizon, realized returns have exceeded Toronto CPI.

Additional performance and portfolio characteristics are provided in Appendix II.C.

ii) Environmental Social and Governance (ESG) Bond Holdings

As at December 31, 2023, Peel held approximately $150 million in ESG related bonds. Specific initiatives supported by these bonds range from climate awareness/green energy to supporting improved outcomes in key priorities (e.g. health equality in low income nations, supporting women owned businesses). Peel also invests in bonds issued by First Nations Financing Authority (FNFA), which seek to provide access to funding for First Nations communities within

[2] 2023 Realized earnings rate based on adjusted 2023 income which to excludes the 2020-2022 equity distributions that were recognized as income in 2023.

Canada to support ESG and economic initiatives within their communities. Appendix II. E. contains details of some of the initiatives Peel's investments are supporting.

iii) Transactions in Own Securities

From time to time, Peel invests in its own securities no different than any other portfolio investments where Peel sees value relative to other similar securities. As of December 31, 2023, Peel owned $43 million of its own bonds which comprised 1.2 per cent of the overall portfolio par value for both General and Sinking Funds (2022 – 1.1 per cent). There were no transactions related to Peel bonds in 2023. Appendix II.F contains details of holdings and transactions throughout 2023.

B. Sinking Funds

Sinking funds are established upon issuance of sinking fund debentures, and managed separately, pursuant to the *Municipal Act, 2001*, with annual contributions which, with interest compounded annually, is estimated to be sufficient to retire the debentures at maturity.

During 2023, the eight sinking funds generated total gross earnings of $11.5 million (2022 – $3.9 million) with the total aggregate amortized book value of the sinking funds increasing to approximately $480 million inclusive of annual provision payments (2022 – $416 million). As of December 31, 2023, the market value of the sinking funds was $440.6 million (2022 - $362.4 million).

The investment returns outperformed the target[3] returns for five sinking funds while three sinking funds generated returns less than their respective targets during 2023. Sinking Fund EP, EQ and Sinking Fund DQ have life to date deficits of $28,064, $145,871, and $2.7 million respectively at the end of 2023. Sinking funds EP, EQ, and DQ have required rates of return ranging between 3.25 per cent and 4.0 per cent. During the extremely low interest rate environment spanning 2015 to 2021, it was difficult to source investments that achieved the required rates of return, contributing to the life to date deficits of these funds. Investments made in 2022 and 2023 are expected to increase earnings on overall Sinking Fund investments over time.

As required by the *Municipal Act, 2001*, Peel will contribute any shortfalls during 2024. Further details for individual Sinking Funds are contained in Appendix II.D.

C. Portfolio Costs

Portfolio costs are measured using management expense ratios (MER). The MER represents the direct operational cost of the investment portfolio relative to the size of the assets under management.

Treasury Services internally manages the fixed income and cash holdings of the portfolio. In 2023, the MER for this portion of the portfolio was 0.03 per cent, which was

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[3] Target returns or required returns are established at the time of borrowing and therefore required returns for some sinking funds were set above current market rates.

in line with the five-year average of 0.03 per cent. By comparison, an equivalent fixed income and cash portfolio managed by ONE Investment would have an MER of 0.35 per cent which is approximately 12 times the cost compared to managing the portfolio internally. By managing this portion of the portfolio internally, Peel was able to save approximately 0.32 per cent, equivalent to fee savings of $12.0 million in 2023. This represents significant value for money relative to alternative options.

Peel continues to hold a position in the ONE Investment Canadian Equity Fund which has an MER of 0.5 per cent per year. The overall MER on Peel's entire portfolio (fixed income, cash and equity holdings) for 2023 was 0.04 per cent compared to an externally managed portfolio at 0.35 percent.

7. Energy Procurement Performance

A. Electricity

No electricity hedge volumes were procured for 2023 because projections showed that 2023 market conditions would be relatively stable and there was ample room created by the Global Adjustment rates which act as a natural hedge against spot price fluctuations. The Region's exposure to the spot market was minimal and the increases in the spot market during the period were offset by decreases in Global Adjustment costs. This strategy allowed the Region to take advantage of the low spot market prices that averaged $0.02965/kWh in 2023, which was lower than the competitive forward market hedge price for 2023 which averaged $0.04371/kWh. The net benefit to the Region of not hedging in 2023 based on a 10 per cent hedge volume was approximately $576,850.

B. Natural Gas

The Region of Peel hedged 66 per cent of its approximately 17.3 million cubic meters (m^3) of natural gas requirements for 2023, based on a "highly volatile" gas market condition and the Region's moderate risk appetite. A hedge volume of 10.36 million m^3 was purchased from the Region of Peel's natural gas suppliers at an average price of $0.1903/$m^3$, and a hedge volume of 1.09 million m^3 was purchased from the Housing Services Corporation (HSC) at various delivery points at an average price of $0.1966/$m^3$. Inclusive of transaction fees, the total hedge cost was approximately $2.19 million. The Region also purchased spot/index volumes with transportation for 5.80 million m^3 at a total spot/index cost of approximately $0.84 million inclusive of transaction fee costs. The average index prices in 2023 were low due to a warmer than normal winter, thus no cost avoidance was realized by the hedge volumes. However, compared with Enbridge's quarterly supply rates (default supply if not on hedge contracts) which averaged $0.2336/ m^3, the Region's total supply cost for hedge and index volumes in 2023 was lower by approximately $787,315. Further details on energy procurement performance are in Appendix II.G.

RISK CONSIDERATIONS

Peel monitors and manages investment risk at the total portfolio level, and on a relative basis compared to the portfolio's benchmark. Overall, risk is governed by Peel's Investment Goals & Policies approved by Council and aligns to Peel's Risk Appetite Framework. Additionally, managing against a market benchmark allows staff to identify, compare, and quantify the risks of the portfolio more specifically. Given the portfolio is comprised of approximately 75 to 85 per cent fixed income securities, interest rate risk is one of the most significant risks to the portfolio. To manage the interest rate risk of the portfolio, staff closely monitor the sensitivity of various interest rate shifts and manages the maturity profile of the portfolio to closely align to that of the benchmark.

The portfolio is well diversified across allowable sectors and issuers to avoid undue risk in a specific issuer or sector. Through the course of 2022, Peel increased holdings in Government of Canada bonds to de-risk the portfolio, with the average credit quality of the overall portfolio extremely high with improved liquidity. Peel also sold approximately 50 per cent of the equity position, given the market volatility, to maintain the appropriate risk profile of the overall portfolio. Investment staff maintained this portfolio positioning in 2023.

In adherence to Peel's Debt Management Policy, staff ensure adequate infrastructure, services, and resources is available to support existing and growing communities, financial sustainability, and structuring of debt that provides flexibility to meet financial obligations and support intergenerational equity.

The Region's Triple A credit rating was affirmed in 2023 by Moody's Investors Service and S&P Global Ratings, marking the 28th consecutive year Peel has held the highest possible rating. The Region's strong commitment to prudent financial and risk management, strong governance practices, positive fiscal outcomes supported by prudent, forward-looking fiscal and budget policies, diversified economy with strong population growth, exceptional liquidity, and declining net debt are all contributing factors to the Region's credit strength. A material rise in debt or a deterioration in budgetary performance could put pressure on the Region's current credit rating. Staff work to continuously improve and closely monitor internal forecasts and key financial metrics to ensure potential pressures are identified well in advance and the Region is able to maintain financial sustainability and flexibility.

Portfolio liquidity remains between 15 to 20 per cent of the General Fund portfolio. This level of liquidity has historically been sufficient to cover operational and capital outflows. As capital spending is expected to increase materially in the coming years to meet the Province's accelerated housing targets, higher levels of liquidity may need to be held. Staff continue to evaluate available sources of liquidity (e.g. capital markets, internal financing, etc.) to ensure that the lowest cost of financing can be achieved over the long-term, without undue risk to the Region's borrowing program. As a result of the uncertainty created by Bill 112, historical sources of liquidity may not be available or may not be the most prudent to access capital at the present time. Given these risks, the portfolio will be managed accordingly and, as necessary, become more conservative (i.e. hold higher liquidity levels) to ensure that current and future obligations are met.

FINANCIAL IMPLICATIONS

Peel's reported 2023 investment income was $103.8 million. Of this total, $10.4 million relates to prior year equity distributions that were not recognized during the periods 2020 through 2022. The investment income was allocated as follows: approximately 97 per cent to reserves, and 3 per cent to PHC. The investment portfolio continues to be managed efficiently at a MER of 0.04 per cent compared to outsourcing at a cost of 0.35 per cent. The net benefit to the Region of not hedging electricity in 2023 was approximately $576,850 and the total supply cost for natural gas in 2023 was lower by approximately $787,315 under the Region's supply strategy.

CONCLUSION

Peel’s 2023 treasury and energy hedging activities have been undertaken in compliance with its Investment Goals and Policies, Debt Management Policy, and Energy Commodity Procurement Policy. These policies provide Peel with strong governance practices. Staff remain committed to delivering effective and efficient investment, borrowing and hedging programs to support Regional services.

APPENDICES

Appendix I - 2023 Certificate of the Treasurer
Appendix II - 2023 Treasury Dashboard

Davinder Valeri, Chief Financial Officer and Commissioner of Corporate Services

Authored By: Brad Timmings, Advisor, Treasury Services

Treasurer's Statement of Compliance

(made pursuant to section 8 of Ontario Regulation 438/97, and sections 4 and 7 of Ontario Regulation 653/05)

The report to Peel Regional Council, dated June 27, 2024 and titled "2023 Treasury Report" from Davinder Valeri Chief Financial Officer & Commissioner of Corporate Services (the "Report") has been prepared in accordance with and satisfy the requirements of:

a) *The Municipal Act, 2001* as well as Ontario Regulations 438/97 and 653/05, and
b) the Region of Peel's Investment Goals and Policies, and
c) the Region of Peel's Energy Commodity Procurement Policy

which documents shall be referred to collectively as the "Applicable Legislation and Policies".

The statements and descriptions contained within the Report pursuant to the requirements of the Applicable Legislation and Policies are in my opinion accurate and are consistent with the Region of Peel's statement of policies and goals

David Sutton, CFA

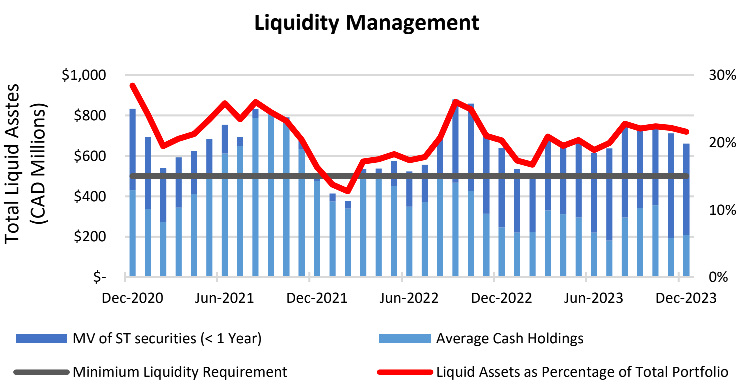
Treasurer & Director of Corporate Finance

Region of Peel

2023 Treasury Dashboard

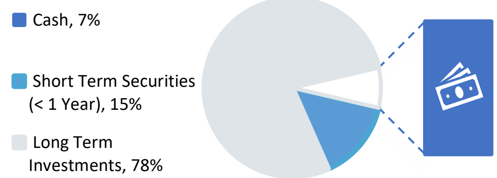
Peel Region 1974–2024 50

Appendix II.A: Liquidity Management

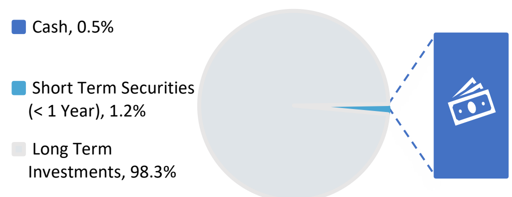


- Earnings on cash holdings were optimized as staff were able to source more attractive short-term deposit rates and implement a more active approach to managing short term cash holdings.
- Treasury staff continue to collaborate with the Region's program areas to develop longer term cash flow forecasts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

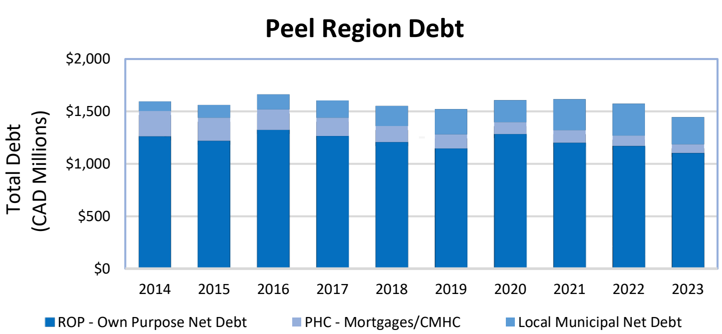
2023 General Fund cash holdings totaled $223M, up from $205M at the end of 2022.



2023 Sinking Fund cash holdings totaled $2.3M, up from $1.6M at the end of 2022.



Appendix II.B: Debt



In 2023, the Region had own source net debt of $1,186M.

This includes $82M in PHC related debt.

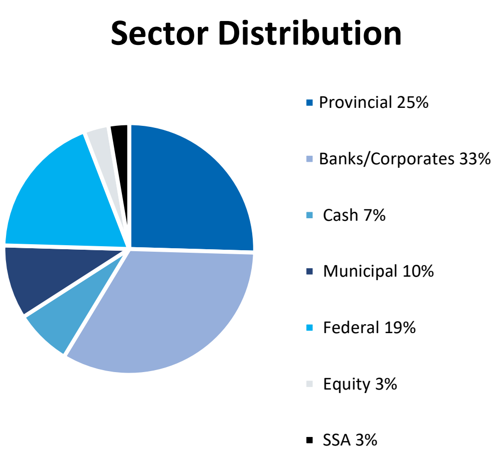
The Region had a $84M decrease in net debt.

$1,270M
2022

$1,186M
2023

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

Appendix II.C: Investments – General Fund



Investment Returns vs. Market Benchmark	2023	2022	2021	2020	2019
Annual Investment Earnings[1] (millions)	**$93.4**	$72.8	$70.0	$84.3	$78.2
Realized Annual Investment Returns[1] (A)	**2.8%**	2.1%	2.4%	3.6%	3.2%
Unrealized Annual Investment Returns (B)	**3.1%**	-7.3%	-2.6%	1.7%	0.7%
Total Annual Return (A + B)	**5.9%**	-5.2%	-0.2%	5.3%	3.9%
Total Benchmark Return[2] (C)	**5.2%**	-4.8%	-0.2%	5.5%	3.0%
Value Add (A + B - C)	**0.7%**	-0.4%	0.0%	-0.2%	0.9%

Values have been restated to account for 2020-2022 equity distributions that were recognized as income in 2023.

Portfolio returns outperformed the benchmark.
2023 realized earnings were driven by higher reinvestments rates.

Investment Returns vs. Inflation	2023	2022	2021	2020	2019
Annual Investment Earnings (millions)	**$93.4**	$72.8	$70.0	$84.4	$78.2
5-year Annualized Realized Investment Returns[1] (A)	**2.8%**	2.8%	2.9%	3.0%	2.9%
5-year Average Inflation[3] (B)	**3.4%**	3.1%	2.3%	1.8%	2.1%
Value Add vs inflation = (A - B)	**-0.6%**	-0.2%	0.7%	1.2%	0.8%

Values have been restated to account for 2020-2022 equity distributions that were recognized as income in 2023.

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.

[1] The fixed income realized earnings rate is based on earned revenues (interest income, realized capital gains/losses, amortized premiums/discounts, and securities lending income).
[2] Total Benchmark Return is a blend of FTSE TMX Indices & TSX Composite – 91 Day T-bill (20%); FTSE 1-5 year Gov't (45%); FTSE 5-10 year Gov't (30%); S&P/TSX Composite (5%)
[3] Toronto CPI.
Unless otherwise stated all figures are as of December 31, 2023.

2023 Treasury Dashboard

Appendix II.D: Investments – Sinking Funds

Sinking Fund Holdings and Surplus/Deficit

Series	Issue Date	Maturity Date	($Millions)		Holdings ($Millions)				Life to Date Surplus / (Deficit)		
			Annual Provision Payments	Total Provision Payments (Cumulative)	Investments (Amortized Book Value)	Cash	Accrued Interest	Total	Region	City of Brampton	Town of Caledon
DQ	Jun 29/10	Jun 29/40	$8.9	$115.9	$146.8	$1.4	$0.4	$148.6	($2,657,607)	N/A	$1,291
EC (Region)	Oct 30/12	Oct 30/42	$6.8	$75.2	$86.1	$0.3	$1.3	$87.7	$2,013,520	N/A	N/A
EC (Brampton)	Apr 15/19	Oct 30/42	$0.7	$3.5	$3.7	$0.0	$0.0	$3.8	N/A	$39,126	N/A
EP	Jun 20/13	Jun 20/53	$0.3	$3.5	$4.1	$0.1	$0.0	$4.2	($28,064)	N/A	N/A
EQ	Aug 23/13	Dec 02/33	$9.1	$90.7	$104.6	$0.0	$0.7	$105.3	($145,871)	N/A	N/A
FX	Nov 02/16	Nov 02/26	$13.7	$95.9	$103.9	$0.3	$0.4	$104.6	$2,444,552	N/A	N/A
HE (Region)	Jun 16/21	Jun 16/51	$8.9	$23.2	$23.6	$0.2	$0.7	$24.5	$949,513	N/A	N/A
HE (Brampton)	Jun 16/21	Jun 16/51	$0.6	$1.1	$1.1	$0.0	$0.0	$1.2	N/A	$38,217	N/A
TOTALS			**$49.0**	**$408.9**	**$473.9**	**$2.3**	**$3.7**	**$480.0**			

The objective of each Sinking Fund is to meet or exceed the target or required 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 II.E: Environmental Social and Governance (ESG) Bond Holdings

Women & Health

At the end of 2023, the Region held $150 million of ESG related bonds that support various initiatives.

Biodiversity & Sustainability

First Nations

Women in Business

Appendix II.F: Investments Held in Region of Peel Securities

Region of Peel Bonds – Holdings

Date	Par Value		% Of
	Portfolio[4]	Peel Bonds	Portfolio
Dec. 31/23	$3,637,393,050	$42,546,000	1.2%
Dec. 31/22	$3,775,340,729	$42,546,000	1.1%
Dec. 31/21	$3,404,169,360	$59,348,000	1.7%
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%

Region of Peel Bonds – Transactions

There were no transactions related to Peel bonds in 2023

Appendix II.G: Energy Procurement Performance

No electricity hedge volumes were procured for 2023.

This strategy allowed the Region to take advantage of the low spot market prices that averaged $0.02965/kWh in 2023, which was lower than the average forward market hedge price for 2023 ($0.04371/kWh).

The Region hedged 66% of natural gas requirements for 2023.

The total risk mitigated from volatility in the natural gas market due to hedging was $787,315 in 2023.

[4] Total of General Fund and Sinking Fund portfolios.
Unless otherwise stated all figures are as of December 31, 2023.