

On your way to

Profit Sharing

A photograph of a person from behind, wearing a blue t-shirt, a red and black backpack, and a plaid hooded garment. They are standing on a grassy hillside, looking out over a vast, rolling landscape with hills and mountains under a clear blue sky.

2013 Annual Report for the
Canadian Tire Dealers' Association
Profit Sharing Plan

PROFITSHARING



Contents

1

Welcome

A message from your Profit Sharing director

2

Your road map to the Profit Sharing Plan

4

Fund performance

- Canadian Tire Stock Fund
- BlackRock Aggressive Fund
- BlackRock Moderate Fund
- BlackRock Conservative Fund
- Sun Life Money Market Fund

11

About Profit Sharing

- Thinking about withdrawing money?
- Your Profit Sharing team
- The Profit Sharing Plan and you



About this publication: This annual report and guide provides a summary of the details and performance of the Profit Sharing Plan for the period January 1, 2013, to December 31, 2013. Every effort has been made to report information accurately. In the event details and information differ between this publication and the official plan documents, the latter will govern in all instances.

Welcome

It is my pleasure to present the 2013 annual report for the Canadian Tire Dealers' Association's Profit Sharing Plan.

Once again, Canadian Tire Corporation, Limited, and subsequently the Profit Sharing Plan, experienced a successful year. Thanks to everyone's involvement and dedication to our business, our plan assets reached over \$560 million on December 31, 2013!

So, we wanted to celebrate our success – as well as your dedication as a store employee – and share our pride at being Canadian! As you turn each page, you will journey through our ten provinces and two of our territories while learning about the plan and how your investment options performed.

In addition to the Profit Sharing Plan information presented in this report, check out your other plan resources listed on the back cover. You should also ask questions about the plan, seek advice, and bring forward your suggestions to your Dealer on how you can help grow the plan. The more you know about the Profit Sharing Plan, the more you can help it (and your savings) grow!

On behalf of the Profit Sharing Committee, I would like to thank every Canadian Tire employee for your contribution to your store. I also want to thank our Profit Sharing team (see a full list of the key players on page 12) for managing and supporting the Profit Sharing Plan.

Cheers to our 42nd year of Profit Sharing – and, all the best for 2014!

Jean Dumas
Director, Profit Sharing Committee



Your road map to the Profit Sharing Plan

Walk through our road map for information to help you reach your savings goals through the plan.



Help drive your store's profits:

- Provide excellent customer service,
- Make sure products are correctly priced, and
- Be a "crime-fighter" – help prevent theft.



Earn a Growth Award

You may qualify* for a Growth Award in June 2014 if you:

- Worked at least 1,000 hours in 2013, and
- Are employed at the same store on May 1, 2014.

Log in to [mysunlife.ca](#) in June to:

- Check how much your Growth Award is, and
- Start investing and growing the balance of your account.

*If you are a student or service centre employee ask your Dealer if you qualify.



Earn a Savings Award

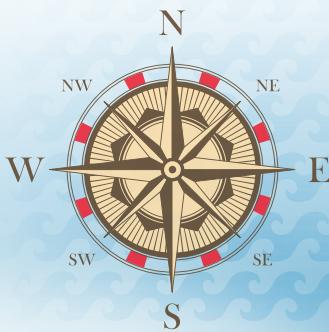
You may qualify** for a Savings Award in January, 2015 if you:

- Are employed at the same store on December 31, 2014, and
- Received a Growth Award earlier in June 2014.

Log in to mysunlife.ca in January to:

- Check how much your Savings Award is, and
- Monitor/review your investments and grow the balance of your account.

**The plan is directly tied to profits so awards are only paid if your store is profitable.



Start investing!

- Grow your account balance by investing your awards.
- Use the asset allocation tool (available on mysunlife.ca) for help finding the investment option best suited to you.
- Plan rules allow you to withdraw up to \$500 from your Savings Award account to help pay for a financial advisor's services.
- Revisit your investments again after receiving your Savings Award.

Your Growth Award is given to you by your Dealer. The calculation of your Award is based on:

- The previous year's store profits,
- Your personal earnings and performance, and
- The number of plan members at your store.

Your Savings Award is given to you by Canadian Tire Corporation, Limited. The calculation of your Award is based on:

- Your store's retail sales,
- Canadian Tire Corporation, Limited's performance,
- The value of your previous year's Growth Award, and
- Number of plan members at your store.



There are over 18,600 Profit Sharing Plan members located across the country!



14,866 plan members speak English as their first language.
3,753 plan members speak French as their first language.



Fund performance: Looking back on 2013

Overall, 2013 was an exceptional year for equity markets – meaning, funds with stocks such as the Canadian Tire Stock Fund and the three BlackRock (BLK) lifecycle funds performed well.

It was a good year!

- U.S. equities (e.g., stocks) delivered returns over 40% as compared to returns of 13.5% in 2012.
- Both Canadian and international equities were also significantly up – providing high double-digit returns.
- Bond returns were negative in 2013, for the first time in many years.

Data source: Morneau Shepell Performance Universe of Pension Managers' Pooled Funds.



Total amount of money in the Profit Sharing Plan (or in other words, "plan assets"): Over \$560 million!



Many of the plan's investment options experienced better one-year returns in 2013 than 2012 (see the "One-year return" column on page 5).

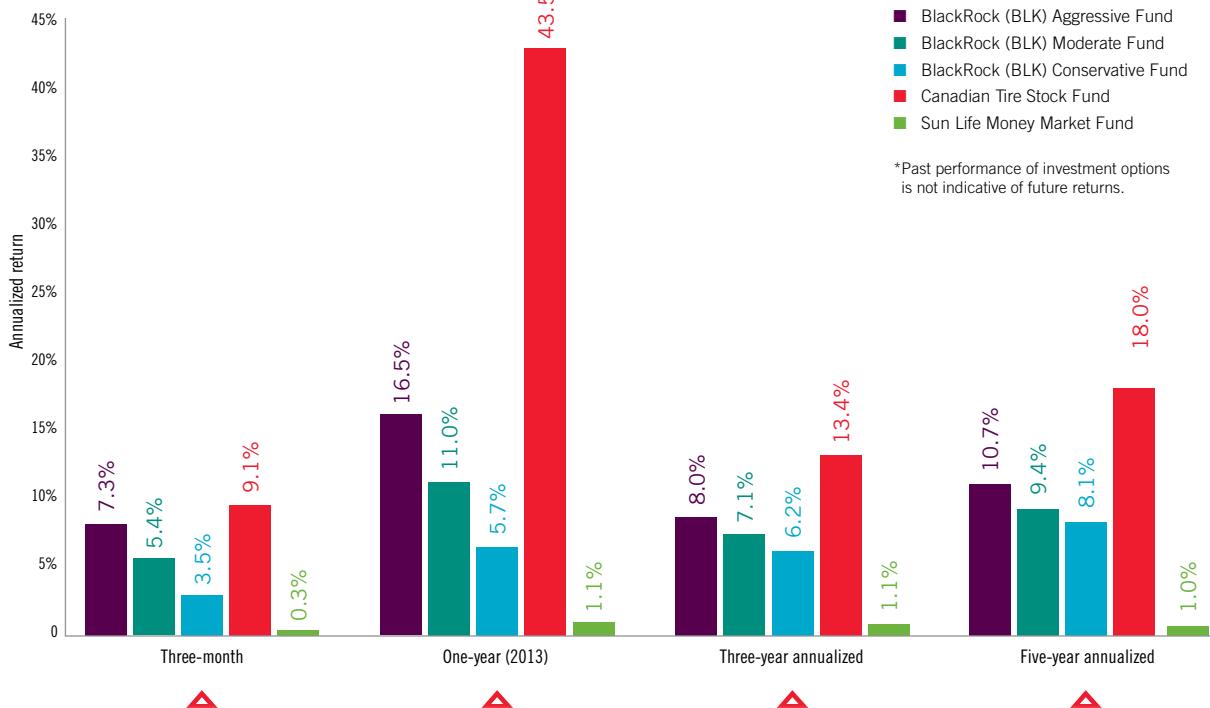


THE NORTHWEST TERRITORIES BY THE NUMBERS

- Population: 43,537
- Number of participating stores in the Profit Sharing Plan: 1
- Number of Profit Sharing Plan members: 37

How your investment options performed over the past five years*

Information as of December 31, 2013



At the end of 2013, the markets "rallied" and most major stock market indices in North America recovered the losses of 2008.

One-year returns across the three BLK lifecycle funds were much higher in 2013 than in 2012. Why? The spike in equities, coupled with a modest economic recovery, raised investment performance.

Three-year returns performed as expected: The funds that invest more in equities/stocks (e.g., BLK Aggressive Fund) performed better compared to the funds that invest more in bonds (e.g., BLK Conservative Fund).

Five-year returns improved in 2013. As the five-year return period moves further away from the credit crisis of 2008, results improved for funds that invest higher amounts in equities.



KEEP IN MIND

Investment return amounts are shown before fund management fees are deducted.

Fund management fees are used to pay the fund managers responsible for overseeing each of the plan's investment options and associated costs.

Want to know more about plan fees? Log in to the Sun Life Financial website – mysunlife.ca.

You can also visit mysunlife.ca to find out how your investment options performed.



Canadian Tire Stock Fund

What's this fund all about?

The Canadian Tire Stock Fund invests 100% in Canadian Tire class "A" shares, giving you a stake in our business.

Is it right for me?

Consider the following:

- I'm comfortable if my account balance often goes up and down.
- I won't need to use my money for 15 to 20 years or more.
- I'm looking to get a higher return, even though it might mean taking on some risk.

If you agree with these statements, the Canadian Tire Stock Fund may be for you!

How can I tell if the fund is doing well?

To monitor how well this fund is doing, we compare it against a benchmark – in this case, the **S&P/TSX Total Return Index**.

The S&P/TSX Total Return Index is compared to the Canadian stock market.

Remember: Because of the high risk associated with investing in a single stock, most financial experts recommend investing no more than 20% of your entire savings in a single stock fund!

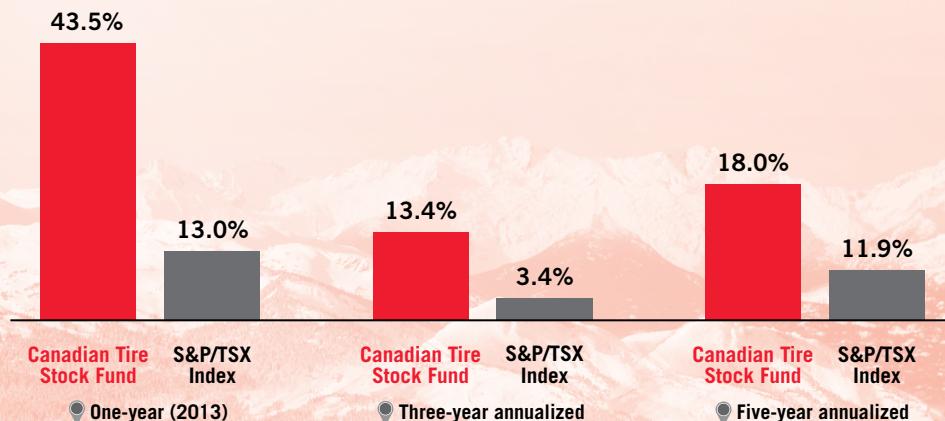
How did the fund do in 2013?

The Canadian Tire Stock Fund performed very well in 2013, with returns significantly above what we saw in 2012. It is one of the best performing stocks in Canada. Some reasons for this year's strong performance:

- A recovering economy and winter weather initiatives meant more people spent money in Canadian Tire stores.
- Positive customer response to new merchandising efforts, in addition with the Olympics partnerships, product positioning, and bang-on advertising all worked to drive brand efficacy.
- CT Real Estate Investment Trust (REIT) had its initial public offering in October 2013 and was well received by the market.

+43.5%  **+13.0%**
2013 RETURN 2012 RETURN

Has it performed well in the past few years?



BRITISH COLUMBIA BY THE NUMBERS

- Population: 4,581,978
- Number of participating stores in the Profit Sharing Plan: 51
- Number of Profit Sharing Plan members: 1,766

BlackRock (BLK) Aggressive Fund



What's this fund all about?

The BLK Aggressive Fund invests about 80% in equities (or "stocks") and 20% in bonds.

Is it right for me?

Consider the following:

- I'm comfortable if my account balance goes up and down often.
- I won't need to use my money for 10 to 15 years or more.
- I like investing in a lifecycle fund, but I want the highest return possible – even if it means taking on some more risk.

If you agree with these statements, the BLK Aggressive Fund may be for you!

How can I tell if the fund is doing well?

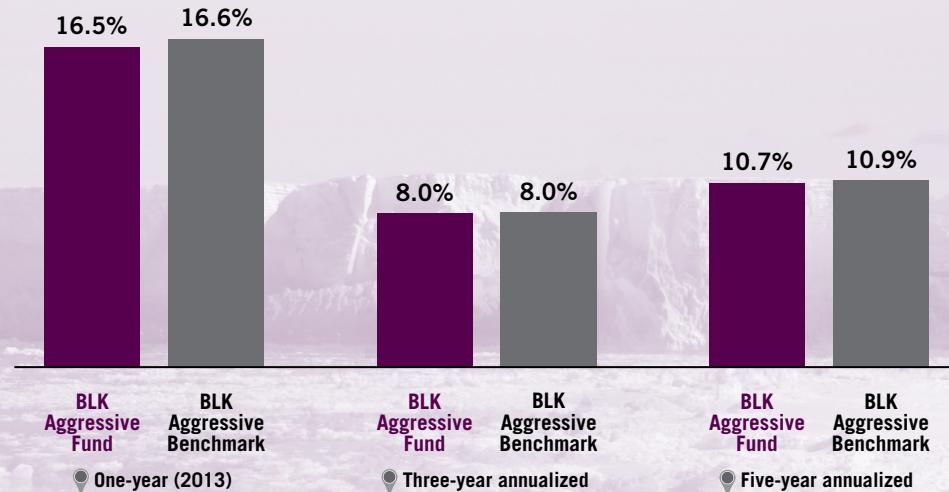
To monitor how well this fund is doing, we compare it against a benchmark – in this case, a combination of six different indices.

How did the fund do in 2013?

The BLK Aggressive Fund performed well in 2013, with returns significantly above what we saw in 2012. This is largely because the U.S. and global stock market had a strong year! This fund aims to invest 80% in stocks.



Has it performed well in the past few years?



THE YUKON BY THE NUMBERS

- Population: 36,700
- Number of participating stores in the Profit Sharing Plan: 1
- Number of Profit Sharing Plan members: 53



BlackRock (BLK) Moderate Fund

What's this fund all about?

The BLK Moderate Fund invests about 60% in equities (or "stocks") and 40% in bonds.

Is it right for me?

Consider the following:

- I'd prefer my principal balance (the amount I receive before investment returns) to remain fairly stable.
- I won't need to use my money for five to 10 years or more.
- I'm comfortable investing some of my money in companies that are outside of Canada.
- I like investing in a lifecycle fund, and I want to earn a fairly good return without taking on too much risk.

If you agree with these statements, the BLK Moderate Fund may be for you!

How can I tell if the fund is doing well?

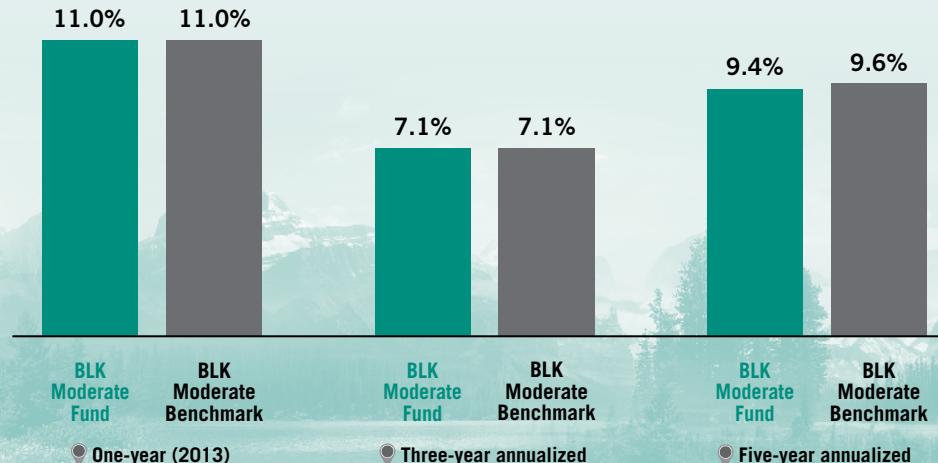
To monitor how well this fund is doing, we compare it against a benchmark – in this case, a combination of six different indices.

How did the fund do in 2013?

The BLK Moderate Fund performed well in 2013, with returns above what we saw in 2012. This is largely because the global stock market had a strong year. This fund aims to invest 60% in stocks.



Has it performed well in the past few years?



ALBERTA BY THE NUMBERS

- Population: 4,025,074
- Number of participating stores in the Profit Sharing Plan: 53
- Number of Profit Sharing Plan members: 1,863

BlackRock (BLK) Conservative Fund



What's this fund all about?

The BLK Conservative Fund invests about 40% in equities (or "stocks") and 60% in bonds.

Is it right for me?

Consider the following:

- I'd prefer my account balance to remain fairly steady.
- I won't need to use my money for two to five years or more.
- I like investing in a lifecycle fund, and I want to protect my account balance from market ups and downs as much as possible.

If you agree with these statements, the BLK Conservative Fund may be for you!

How can I tell if the fund is doing well?

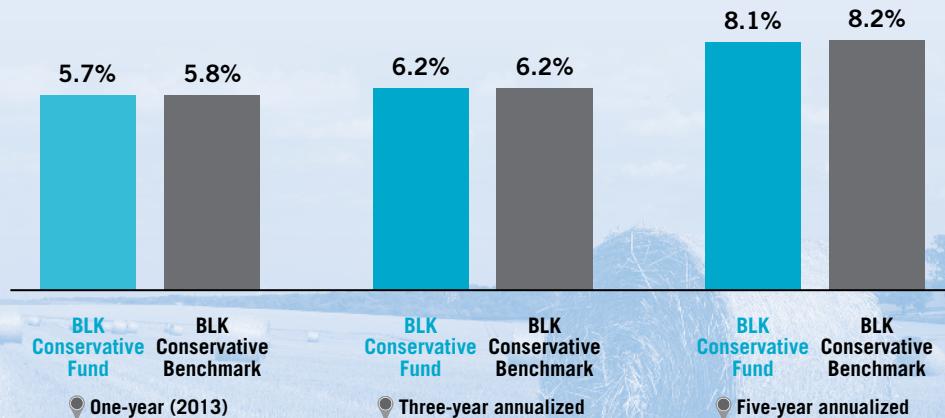
To monitor how well this fund is doing, we compare it against a benchmark – in this case, a combination of six different indices.

How did the fund do in 2013?

The BLK Conservative Fund performed well in 2013, but returns were below what we saw in 2012. Of all the BLK investment funds, it has the lowest amount invested in stocks (approximately 40%) and the highest allocation in bonds (approximately 60%). Bond returns were negative in 2013, for the first time in many years. This is why it's a less risky fund, and why it doesn't typically see the higher returns that the other funds do, especially during periods where equity returns are strong (as was the case in 2013).



Has it performed well in the past few years?



MANITOBA BY THE NUMBERS

- Population: 1,265,015
- Number of participating stores in the Profit Sharing Plan: 14
- Number of Profit Sharing Plan members: 653

SASKATCHEWAN BY THE NUMBERS

- Population: 1,108,303
- Number of participating stores in the Profit Sharing Plan: 14
- Number of Profit Sharing Plan members: 596



Sun Life Money Market Fund

What's this fund all about?

The Sun Life Money Market Fund invests 100% in treasury bills, bankers' acceptances, commercial paper, and cash.

Is it right for me?

Consider the following:

- I want to preserve my account balance.
- I will be using my money very soon – within the next year or two.
- I'm comfortable earning a lower potential return if it means my money will be fairly well protected.

If you agree with these statements, the Sun Life Money Market Fund may be for you!

How can I tell if the fund is doing well?

To monitor how well this fund is doing, we compare it against a benchmark – in this case, the DEX 91 Day T-Bill.

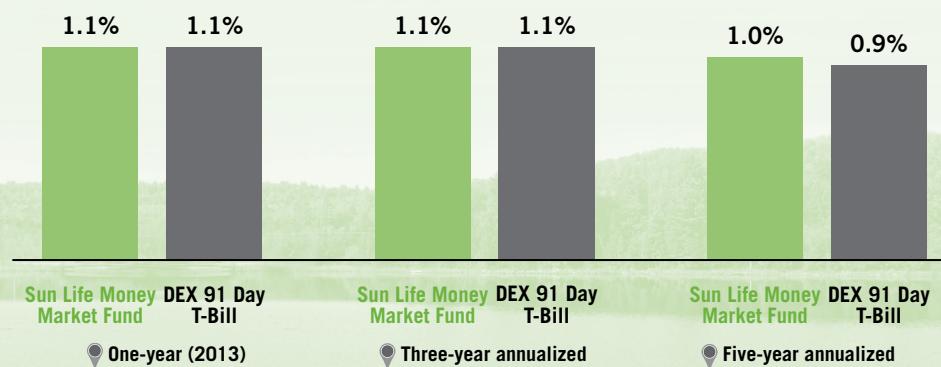
The DEX 91 Day Treasury Bill represents three-month money market rates.

How did the fund do in 2013?

The Sun Life Money Market Fund had a low return in 2013 (much like it did in 2012). This is because interest rates have remained low, and they will continue to be low until economic conditions have improved. Low interest rates typically mean low money market returns.



Has it performed well in the past few years?



10

ONTARIO BY THE NUMBERS

- Population: 13,537,994
- Number of participating stores in the Profit Sharing Plan: 200
- Number of Profit Sharing Plan members: 8,241

Thinking about withdrawing money?

We encourage you to invest your money in one or more of the investment options offered by the plan; this allows you to save towards your retirement and future goals. We realize, though, that things may come up and you may need more immediate access to your money.

That's why plan rules allow you to withdraw money from your Growth and Savings accounts, as defined on this page.

Growth account withdrawals

To ensure some of your savings are invested for the future, you cannot take out any Growth Award money while working at your store. You can only withdraw your Growth Award savings if:

- You no longer work for Canadian Tire,
- You retire,
- You become a Canadian Tire Associate Dealer,
- You move into a position with Canadian Tire Corporation.

Savings account withdrawals

You can take out Savings Award money at any time. The maximum you can withdraw is half of your current year's Savings Award. For example, if you received a \$1,000 Savings Award in January 2014, you can take out up to \$500 this year.

Withdrawal allowances/criteria

Here are some other reasons you can withdraw from your Savings account:

- To buy or make a down payment on a house,
- To pay for post-secondary school expenses,
- To purchase a computer for post-secondary studies (up to \$1,500),
- To pay for training or education under the Lifelong Learning Plan,
- To pay for investment advice (up to \$500).

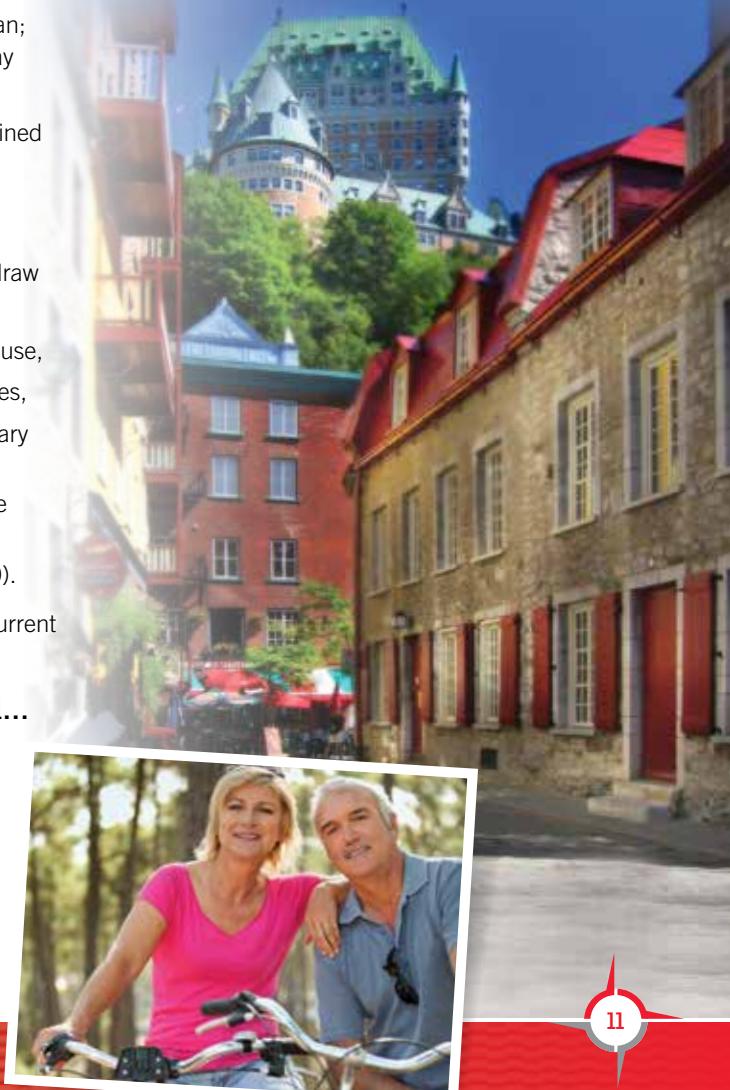
You can also withdraw up to 50% of your current year's Savings Award for any reason.

If you wish to make a withdrawal...

You will need to fill out a withdrawal form*.

- Ask your Dealer for a copy of the withdrawal form.
- Then, complete and return it to Sun Life Financial.

*Note: If you make a withdrawal, you will pay an admin fee of \$25.



QUEBEC BY THE NUMBERS

- Population: 8,155,334
- Number of participating stores in the Profit Sharing Plan: 98
- Number of Profit Sharing Plan members: 3,764

Your Profit Sharing team

There are six key teams who participate in governing, monitoring, and supporting the Profit Sharing Plan.



Canadian Tire Dealers' Association (CTDA)

- Consists of all Dealers from each store in Canada,
- Hosts a series of committees to oversee the operation of stores, and
- Supported by staff who provide information to Dealers.



Profit Sharing Committee – "Dealer representatives"

- A group of 12 Dealers from across the country,
- Meets twice per year to discuss plan operation and performance, and
- Oversees plan providers – e.g., Sun Life Financial, Morneau Shepell, BDO Dunwoody.



Canadian Tire Corporation, Limited – "Dealer support"

- Helps Dealers calculate/submit Growth Awards, and
- Calculates the Corporation's contributions for Savings Awards.



Morneau Shepell – "Consultants"

- Manages the plan's budget each year,
- Provides plan advice,
- Makes sure the plan complies with rules, regulations and governance guidelines,
- Develops Profit Sharing communications, and
- Monitors the plan's investment funds.



Sun Life Financial – "Administrators"

- Administers the plan's investment options and Award deposits,
- Provides record keeping services,
- Hosts a call centre and website where Dealers and members can access plan information, and
- Provides members with semi-annual account statements and tax receipts.



BDO Dunwoody – "Accountants"

- Audits the plan's financial statements,
- Assesses the administrative processes at Sun Life Financial, and
- Reports back to the Profit Sharing Committee once per year.

NEW BRUNSWICK BY THE NUMBERS

- Population: 756,050
- Number of participating stores in the Profit Sharing Plan: 19
- Number of Profit Sharing Plan members: 553

NOVA SCOTIA BY THE NUMBERS

- Population: 940,789
- Number of participating stores in the Profit Sharing Plan: 21
- Number of Profit Sharing Plan members: 625

The Profit Sharing Plan and you

Being a member of the Profit Sharing Plan, you have full control over how your awards are invested. It is your responsibility to learn more about the plan and understand your investment options so you can make investment decisions that are right for you.

Here are some ways you can actively learn more about the plan, how it works, and how to make appropriate investment decisions based on your own personal investment objectives and financial goals:

✓ Understand the plan

Take advantage of all resources available to learn more about the plan.

✓ Invest your awards

You are the best person to decide what your retirement savings plan will look like and your personal tolerance for risk (i.e., your investor style). This will help you determine the investment options best suited for you. Seek assistance from a financial advisor, should you need to, and complete the online asset allocation tool when you log in to [mysunlife.ca](#).

✓ Learn more

There are many ways to learn more about all aspects of the Profit Sharing Plan. Talk to your Dealer today to find out more about one or more of the plan resources shown on the back cover of this report.

✓ Review your investment options

We strongly recommend you review your investment options at least twice a year. Depending on life events – such as getting married or divorced, or having a new baby – your comfort with investment risk and/or your financial retirement goals may change.

It is important to ensure that the investment of your awards is in line with your current situation as well as what you hope to achieve for the future.

✓ Plan for your future

There are three aspects to saving for your retirement – the Awards you receive from the Profit Sharing Plan, government benefits, and your personal savings. It is important to understand how you can make the most of all three to meet your retirement goals and the amount you need to live comfortably during retirement.



Contact your Dealer or a Sun Life Financial representative at **1.866.733.8612** to get answers to any questions you may have.

PRINCE EDWARD ISLAND BY THE NUMBERS

- Population: 145,237
- Number of participating stores in the Profit Sharing Plan: 2
- Number of Profit Sharing Plan members: 102

NEWFOUNDLAND AND LABRADOR BY THE NUMBERS

- Population: 526,702
- Number of participating stores in the Profit Sharing Plan: 12
- Number of Profit Sharing Plan members: 364



Have a question about Profit Sharing?

CALL Sun Life Financial at 1.866.733.8612 | EMAIL profitsharingplan@morneaushepell.com | SPEAK directly with your Dealer or store administrator!