

# 2016 ANNUAL REPORT

FOR THE CTDA  
PROFIT SHARING PLAN



TEAM  
Canadian Tire

# WELCOME!



I'm pleased to present the 2016 annual report for the Canadian Tire Dealers' Association's (CTDA) Profit Sharing Plan.

In a nutshell, 2016 was another successful year for the Canadian Tire Corporation and its family of Associate Stores – and you're a big reason why! Your ongoing commitment to delighting our customers and driving store sales helped us reach new highs. Total plan assets reached approximately \$662.6 million on December 31, 2016, up more than \$33.2 million from 2015.

“ The Profit Sharing Plan is one way of recognizing you for your **hard work** and **dedication**. ”

From the investment perspective, 2016 was a positive year for equities (i.e., stocks). Canadian equities outperformed global investments, as oil and commodity prices stabilized. Fixed income returns were modest, as interest rates began to increase in the second half of 2016. We encourage you to carefully review this annual report for more details. Then, consider if your current investment approach fits your savings goals for retirement or for other important expenses.

On behalf of the Profit Sharing Committee, I would like to sincerely thank every Canadian Tire employee for your hard work. I would also like to thank our Profit Sharing team for managing and supporting the plan.

Let's continue on our chosen path and make 2017 another successful year!

Sincerely,

**Cam Beach**

Director, Profit Sharing Committee

**ENTER TO WIN!**

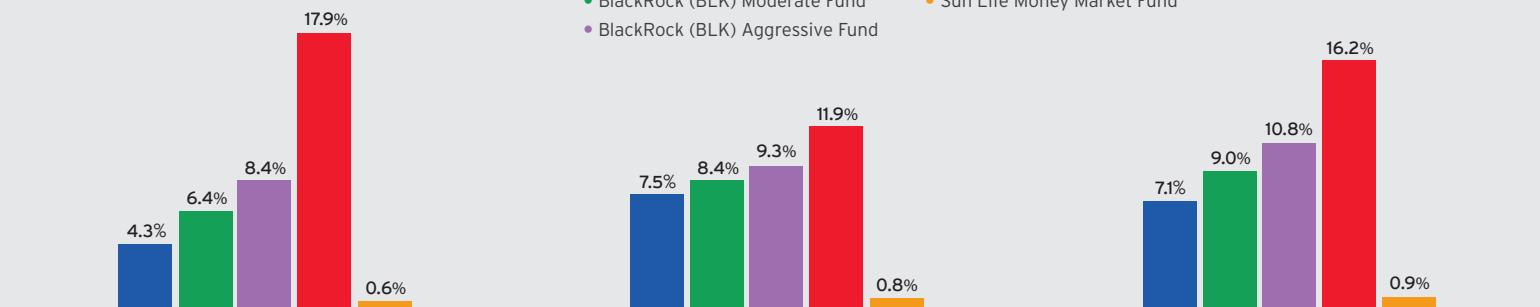


Once you have reviewed the annual report, visit [profitsharingplan.ca](http://profitsharingplan.ca) by June 30, 2017 to enter our contest. You could **WIN 1 of 100 Tim Hortons gift cards.**

# HOW YOUR INVESTMENT OPTIONS PERFORMED IN 2016

Annualized returns as of December 31, 2016\*

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



## One-year (2016)

- One-year returns were lower in 2016 than 2015.
- Canadian equities outperformed global equities notably over the past year.

\*Note: Past performance of investment options is not indicative of future returns.

## Three-year (annualized)

- Three-year returns were in line with expectations.
- The funds that invest higher amounts in equities (e.g., BLK Aggressive) outperformed the less aggressive funds that invest higher amounts in bonds (e.g., BLK Conservative).

## Five-year (annualized)

- Five-year returns increased for the Moderate and Aggressive funds in 2016 relative to 2015.
- The five-year return of the Conservative fund was slightly lower due to weaker fixed income performance.

## 2016 BY THE NUMBERS

**20,591** 

The number of Canadian Tire store employees who are members of the Profit Sharing Plan



The number of Canadian Tire stores that offer the Profit Sharing Plan to its employees

**5.3%**

Plan asset growth vs. 2015



**\$662.6 million** 

Total plan assets (amount of money in the plan)

# TARGET RISK FUNDS

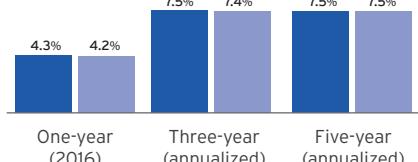
Target risk funds provide you with a simple and diversified investment option. Each fund consists of a mix of equities (i.e., stocks) and bonds to help you reduce risk and potentially earn greater returns. You can choose from three different target risk funds based on your risk tolerance: **BlackRock (BLK) Conservative Fund**, **BLK Moderate Fund** and **BLK Aggressive Fund**.

## How did the target risk funds do in 2016?

- Aggressive funds performed better compared to more conservative mixes due to strong performance of equities, especially in the Canadian market, and pressure on fixed income returns due to rising interest rates.
- Each fund produced returns close to its benchmark, which is a combination of five different indices.

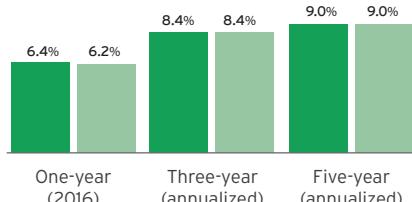
### BLK CONSERVATIVE FUND

- BLK Conservative Fund
- BLK Conservative Benchmark



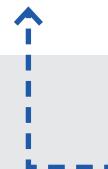
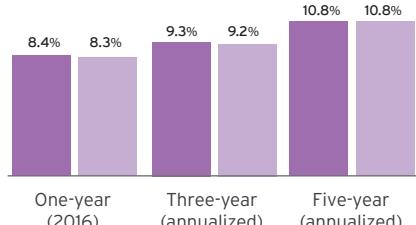
### BLK MODERATE FUND

- BLK Moderate Fund
- BLK Moderate Fund Benchmark



### BLK AGGRESSIVE FUND

- BLK Aggressive Fund
- BLK Aggressive Fund Benchmark



### THE BLK CONSERVATIVE FUND

is the default option if you don't log in to your account at [mysunlife.ca](http://mysunlife.ca) and make an active investment decision.

## WHAT IS A BENCHMARK?

For each fund, there is a corresponding investment benchmark with a similar asset mix. The fund managers look at the funds and benchmark portfolios side-by-side to make sure each fund is performing close to its benchmark. In the case of BLK funds, the benchmark is a combination of five different indices.



## WHICH BLK FUND SHOULD YOU CHOOSE?

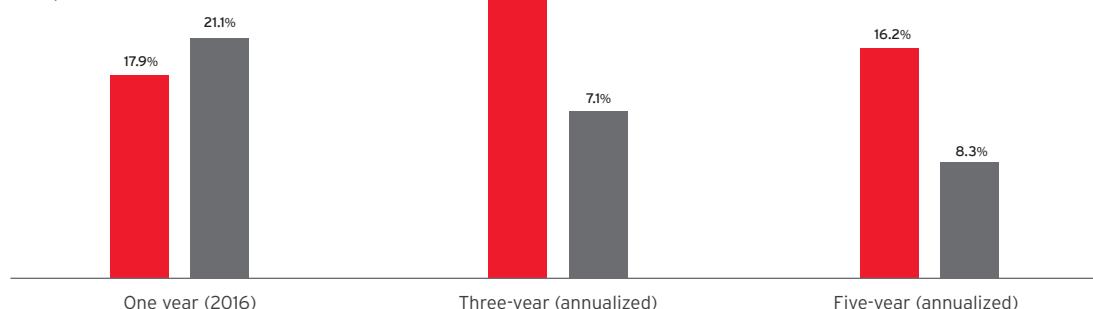
Visit [mysunlife.ca](http://mysunlife.ca) and complete the **Asset Allocation tool** to find out your risk tolerance and the most suitable fund that matches it.

# CANADIAN TIRE STOCK FUND

The Canadian Tire Stock Fund invests 100% in Canadian Tire class "A" shares, giving you a stake in our business. All members must keep at least 10% of their Growth Award assets invested in this fund.

## How did the fund do in 2016?

- 2016 was a positive year for equities, and the Canadian Tire Stock Fund increased in value with a 17.9% return.
- Diversification is key: Changes in year-over-year returns show the increased risk that comes from holding only one stock compared to a diversified and balanced portfolio.
- Canadian Tire Stock Fund
- S&P/TSX Index



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

TIP!

## DIVERSIFY YOUR INVESTMENTS

Historically, the Canadian Tire Stock Fund has performed very well. However, the risk associated with investing in a single stock means you should think carefully about how much of your retirement savings depends on just one company. With a diversified portfolio, you can spread investment risk across different types of funds (e.g., stocks, bonds) in the hope that if one part of the market does poorly in a period, other areas will offset this loss by doing well. Of course, the BLK target risk funds already do this for you.



# SUN LIFE MONEY MARKET FUND

Returns on money market funds are typically lower than in other types of investments – and may not keep up with inflation in the long-term. The Sun Life Money Market Fund might serve you in the short-term if you know you will need cash for a purchase – in the long-term, it's wise to consider other investment options to ensure you reach your savings goals.

## How did the fund do in 2016?

- The Sun Life Money Market Fund had a low return in 2016 – decreasing from 2015.
- Fixed income returns were modest, as interest rates began to increase in the second half of 2016.
- Sun Life Money Market Fund
- FTSE TMX Canada 91-Day Treasury Bill Index



To monitor how well this fund is doing, we compare it to a benchmark – in this case, the FTSE TMX Canada 91-Day Treasury Bill, which represents three-month money market rates.



## ABOUT FEES

Investment return amounts are shown before fund management fees are deducted. Fund management fees are used to pay the fund managers responsible for overseeing the funds to ensure they perform as expected. As a member of the Profit Sharing Plan, you benefit from lower group fees. That means more money in your pocket when you retire! If you want to know more about plan fees or investment performance, log in to the Sun Life plan member website at [mysunlife.ca](http://mysunlife.ca).



**TIP!**

## CONSULT A FINANCIAL ADVISOR

You should consult a financial advisor to find the right investment approach for your individual needs. You can withdraw up to \$500 each year from your Savings Award account to pay for their services.



# 5 THINGS YOU CAN DO TO BECOME A SMART INVESTOR:

Now that you've seen how the different investment options performed in 2016, it's time to review your own investments and make updates, if necessary.

As a member of the Profit Sharing Plan, you are responsible for:



**Understanding how the plan works:** Visit [profitsharingplan.ca - About profit sharing](http://profitsharingplan.ca - About profit sharing) for details!



**Finding out your investor profile:** Complete the Asset Allocation tool on [mysunlife.ca](http://mysunlife.ca).



**Seeking advice:** Speak to a qualified financial advisor or contact the Sun Life Financial Customer Care Centre at 1-866-733-8612.



**Investing your awards:** Log in to [mysunlife.ca](http://mysunlife.ca) to choose your Growth and Savings Award investments. It's also a good idea to review your investments regularly to ensure they continue to align with your savings goals.



**Planning for the future:** It's important to understand how the Profit Sharing Plan fits with your overall savings plan and your other financial resources for retirement. Speak with a financial advisor to get a full picture of your savings options.

# YOUR PROFIT SHARING PLAN **RESOURCES**

**profitsharingplan.ca**

Your #1 source for  
plan information!



- Watch the **plan videos**
- Read the **Profit Sharing Plan at-a-glance**
- Read **the Track Record** – Profit Sharing Plan newsletter



**mysunlife.ca**



- Complete the **Asset Allocation tool**
- **Choose your investments** and manage your accounts
- Use the **Retirement Planner tool** to determine how much money you need to retire

**Sun Life Financial  
Customer Care Centre**



Call **1-866-733-8612**, 8 a.m. to 8 p.m. ET any business day for information on the plan's features, investment options and decision-making tools. Service is available in more than 190 languages.

This annual report provides a summary of the details and performance of the Profit Sharing Plan for the 2016 calendar year. Every effort has been made to report information accurately. In the event that details differ between this publication and plan documents, the latter will govern in all instances.

The information within this report is a guide, not advice. We strongly recommend that you consult a financial advisor to find the right investment approach for your individual needs. You can withdraw \$500 each year from your Savings Award account to pay for this service!