

Your savings are your future



**Building
your savings
with the Profit
Sharing Plan**

PROFITSHARING





Savings give you freedom



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This annual report and guide provides a summary of the details and performance of the Profit Sharing Plan for the 2014 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.

Welcome



I'm pleased to present the 2014 annual report for the Canadian Tire Dealers' Association Profit Sharing Plan.



Canadian Tire Corporation had another successful year and the Profit Sharing Plan is one way to recognize you for your contributions. There's no question that your commitment to delighting our customers and driving store profits is a big reason why total plan assets reached approximately \$620 million on December 31, 2014, up more than \$60 million from 2013!

It's especially satisfying to know that this money is going to help many of you reach your savings goals—whether for retirement or for other important expenses. With regular Profit Sharing awards and strong investment performance, you can build significant savings over time. Throughout this report, we give you tips for making the most of your Profit Sharing opportunity.

On behalf of the Profit Sharing Committee, I would like to thank every Canadian Tire employee for your contribution to your store. I would also like to thank our Profit Sharing team for managing and supporting the plan. Let's keep up the great work and make 2015 one of our best years ever!

Sincerely,

Jean Dumas

Director, Profit Sharing Committee

"...this money is going to help many of you reach your savings goals—whether for retirement or for other important expenses."



What the Profit Sharing Plan can do for you

The Profit Sharing Plan is designed to reward you for contributions to your store's success and help you save for retirement as well as other important life events.

If you're in your 20s or 30s...



- **You can use the Profit Sharing Plan to kick-start your retirement savings.** The sooner you begin setting aside money for retirement, the less you have to save, because you have time on your side. Money invested when you're 22, 25 or 27 will see four decades or more of market gains and compounding interest.
- **This is also the time when you may need extra money for a house, post-secondary education or other essentials.** The plan makes it easy to save for big expenses and lets you withdraw a certain amount each year to help make payments.

If you're 40 or older...



- **You're probably thinking more seriously about retirement.** The Profit Sharing Plan can be an important part of your overall savings and investment strategy. You can even invest your own money in the plan's RRSP component and take advantage of lower group fees on investment options.
- **You may want to spend some money on retirement planning and investment advice from a financial advisor**—in fact, you can withdraw up to \$500 each year from your Savings Award account to pay for investment advice.

Help when you need it

While the Growth Award is strictly for retirement savings, you can withdraw money each year from your Savings Award account:

- To buy or make a down payment on a house
- To pay post-secondary school expenses (including up to \$1,500 for a computer purchase)
- To pay for investment advice from a financial advisor (up to \$500 per year)
- Up to 50% of your current year's Savings Award for any reason

You can also make a withdrawal from your Savings Award RRSP sub-account for the Home Buyers' Plan (HBP) or Lifelong Learning Plan (LLP).*

**If you make a withdrawal for the HBP, you must repay the amount to an RRSP within 15 years—otherwise, it will be included in your income for that year and you will be taxed. If you make a withdrawal for the LLP, you must repay the amount to an RRSP within 10 years—otherwise, it will be included in your income for that year and you will be taxed.*





How to build your savings

Throughout this year's annual report, we offer guidance on how you can build your savings with the Profit Sharing Plan.

Think of it like a home renovation project. Once you've got a clear picture of what you want to achieve, it's a matter of creating a plan and investing the time, money, and energy to get it done.



So, turn the page and let's get started!



Making the most of your savings

The value of your award is tied directly to store sales. That's why Allison MacDonald focuses on the customer.

"I try to make sure every customer leaves happy and with the items they came for."

Allison's commitment to Profit Sharing over the years has paid off—she was able to use some of the money in her account to pay down her mortgage!



Reach your savings goals

Five easy steps

Step 1

Drive your store's sales



It's about doing whatever you can, each and every shift, to generate sales and make your store successful. It's things like:

- Providing great customer service
- Knowing about promotions, sales and new products
- Taking good care of merchandise and making sure items are correctly priced
- Helping to prevent theft
- Having a positive attitude
- Supporting your colleagues



Step 2

Earn a Growth Award



You may qualify* for a Growth Award in June of each year if you:

- Worked at least 1,000 hours in the previous year
- Are employed at the same store on May 1 of the current year

Your Dealer contributes all of the money for your Growth Award based on your store's sales, the number of plan members in your store and your personal performance.

**If you're a service centre employee, ask your Dealer if you qualify.*

Step 3

Receive a Savings Award



You may qualify* for a Savings Award in January of each year if you:

- Received a Growth Award in the previous year
- Were still employed by a Canadian Tire Associate Dealer on December 31

Canadian Tire Corporation (CTC) contributes the money for your Savings Award based on your store's sales, CTC performance, the value of your previous year's Growth Award and the number of plan members in your store.

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

Don Kernan
Hardware customer service
associate,
Sechelt, BC



Making the most of your savings

Driving store sales, and in turn the value of your awards, starts with reducing theft. Take it from Don Kernan, a 35-year store employee:

"I pay close attention to theft... we receive a lower award value when it happens."



Step 4

Invest your money wisely



Your Growth and Savings awards are deposited into a Profit Sharing account set up for you by Sun Life Financial. You choose how the money is invested from five investment options. To ensure you pick the right ones, take the time to understand your choices and think about:

- Your savings goals—how much money will you need, and when will you need it?
- The kind of investor you are and how much risk you are comfortable taking on.

Step 5

Manage your investments



You should review your investments once or twice a year to make sure they're meeting your expectations and are still in line with your investor style. If need be, you can make changes.

Read pages 6 to 12 of this report for a summary of plan and investment performance in the past year. Log in to the Sun Life Financial Plan Member Services website, **mysunlife.ca**, to track the performance of your accounts.

Denise Boone

Payroll officer
and bookkeeper,
Brampton, ON

Making the most of your savings

Denise Boone knows that efficient stores often mean higher award values. Even though she is behind the scenes as a payroll officer, she focuses on *"cutting office expenses by reusing scrap paper and reducing trips to big-box stationery stores."* Denise has certainly reaped the rewards of Profit Sharing:

"I used my money toward five years of my son's education, so I didn't have to dip into my savings. It's fabulous!"



What you'll need

Everything you need to make your investment selections is on the Sun Life Financial Plan Member Services website, **mysunlife.ca**. In addition to fund details, you'll find useful tools, such as the Retirement planning tool and the Asset allocation tool.

The Retirement planning tool is a great way to help you determine how much money you need to save for retirement, while the easy-to-use Asset allocation tool can help you select the investment options best suited to you.

Hint: We recommend that you use the Asset allocation tool at least once per year since time and experience may change your choice of investment options!

Easy-to-use toolkit

The Sun Life Financial Plan Member Services website, **mysunlife.ca**, has a wide array of easy-to-use tools and calculators to help you manage your investments and reach your savings goals. There are retirement calculators, loan and mortgage calculators, capital gains and withdrawals calculators, and many more tools.



2014 progress report

It was another excellent year for capital markets, despite it seeming to be a very turbulent period.

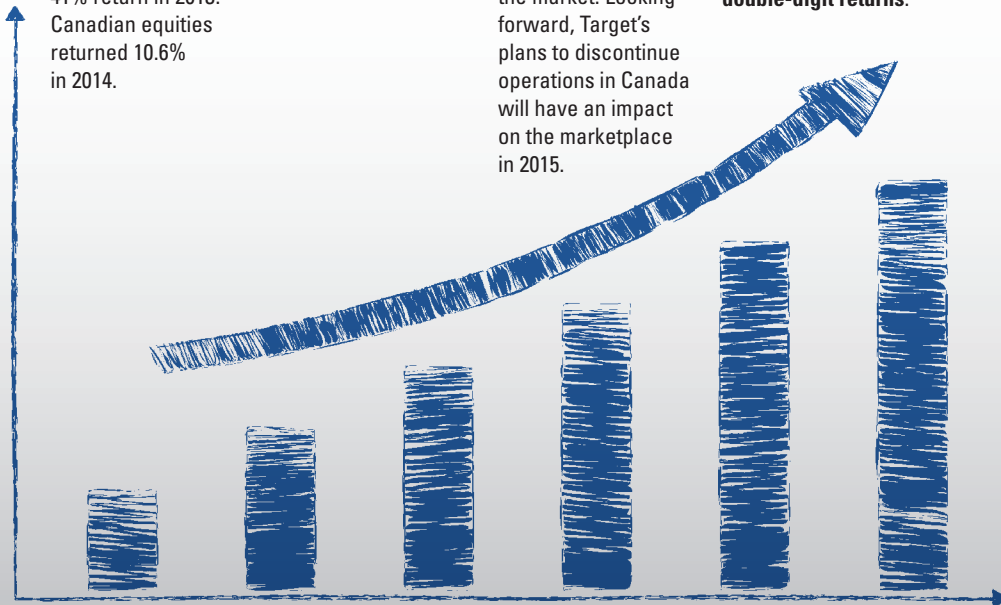
✓ U.S. equities ✓ Bonds ✓ Canadian Tire ✓ Profit Sharing Plan

U.S. equities (also called "stocks") continued their strong growth, reaching a return of 24% in 2014, on the back of a 41% return in 2013. Canadian equities returned 10.6% in 2014.

Bonds returned almost 9%, a significant improvement over 2013.

Canadian Tire stock reached all-time highs during the year, and the announcement of the new CEO was well received by the market. Looking forward, Target's plans to discontinue operations in Canada will have an impact on the marketplace in 2015.

In the Profit Sharing Plan, **all investment options** except for the Sun Life Financial Money Market Segregated Fund **produced double-digit returns.**



2014 by the numbers



20,320

Plan members



478

Participating stores



\$620 million

Total plan assets
(amount of money in the plan)



11%

Plan asset growth vs. 2013



6,877

Member calls to the Sun Life
Financial Customer Care Centre



4,226

Unique visitors to Sun Life
Financial's Plan Member
Services website, mysunlife.ca

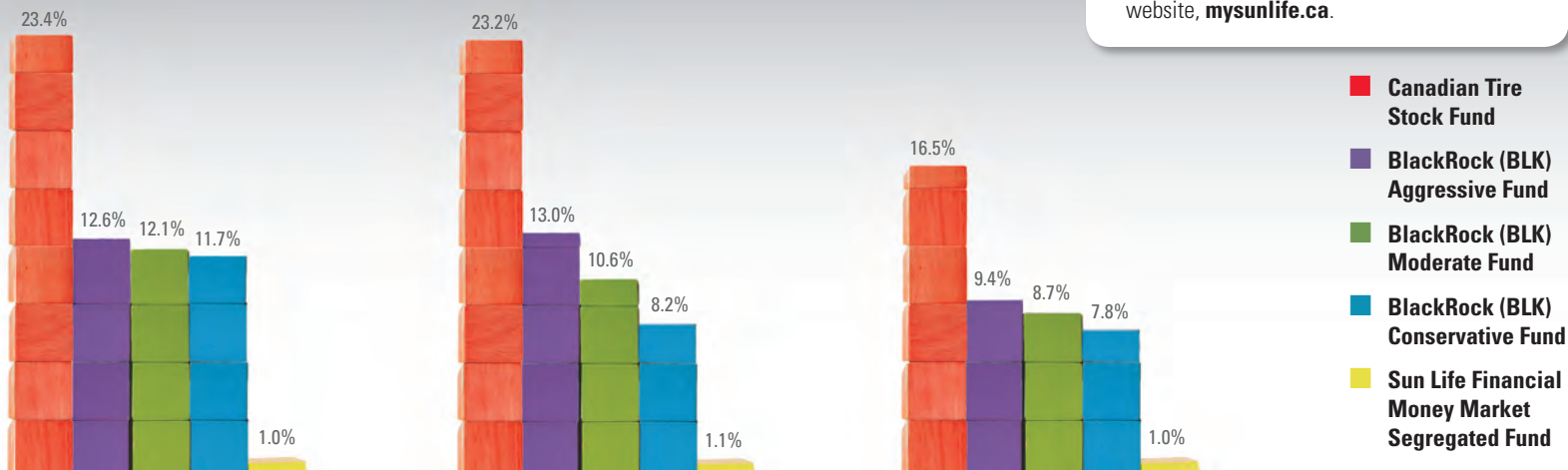
How your investment options performed

Investment performance over the past five years

Annualized returns as of December 31, 2014



LEARN MORE 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. If you want to know more about plan fees or investment performance, log into the Sun Life Financial Plan Member Services website, mysunlife.ca.



One-year (2014)

In 2014, capital markets had an excellent year. The Canadian bond market return was almost 9%—well above typical averages. Canadian and U.S. equities (or “stocks”) saw returns of over 10% and nearly 24%, respectively. However, the international markets lagged for a couple of reasons: slowly emerging markets and recession concerns in the Eurozone.

Three-year (annualized)

Three-year returns performed as expected. The funds that invest higher amounts in equities (e.g., BLK Aggressive Fund) performed better than those that invest higher amounts in bonds (e.g., BLK Conservative Fund).

Five-year (annualized)

Five-year returns in 2014 were slightly below the higher levels in 2013. Five-year returns included more of the “new normal” of slow growth and inconsistent market performance around the world.

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



Canadian Tire Stock Fund

High risk



STOCK TIP 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.

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 invested in this fund.

Is it right for you?

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

- 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 if it means taking on some risk.

How did the fund do in 2014?

The Canadian Tire Stock Fund performed very well in 2014. The announcement of the new CEO was received well by Bay Street analysts as the stock reached an all-time high soon after the news was released. Strong store networks and innovative marketing campaigns, plus the successful launch of the REIT also encouraged the stock to perform well.

+23.4%
2014 return

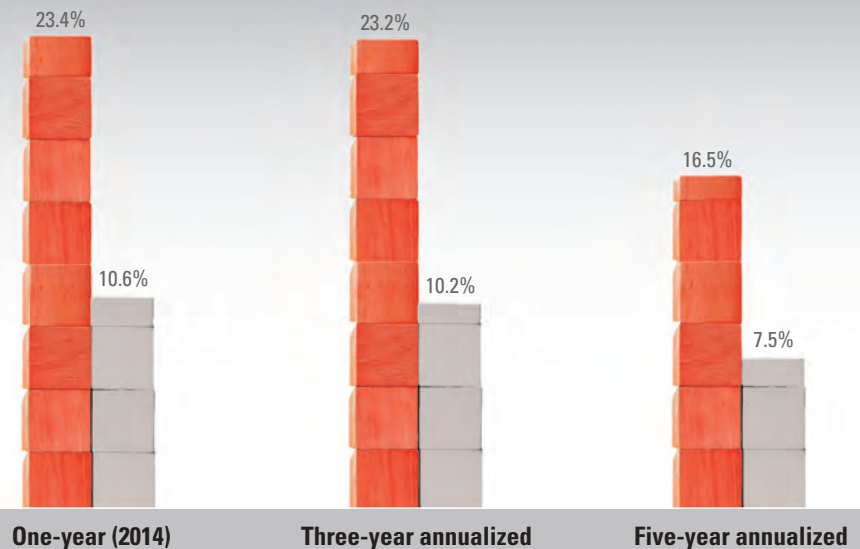


+43.5%
2013 return

How has the fund performed in the past few years?

- 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.





BlackRock (BLK) Aggressive Fund

Medium to high risk

The BLK Aggressive Fund invests about 80% in Canadian and foreign equities and 20% in bonds.

Is it right for you?

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

- 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.

How did the fund do in 2014?

Since the BLK Aggressive Fund has the highest allocation of equities (i.e., stocks), the strong equity markets encouraged the fund to outperform the BLK Moderate Fund and the BLK Conservative Fund. We can also attribute its strong performance to the fund's larger weighting to U.S. stocks, which rose 24% in 2014.

+12.6%
2014 return



+16.5%
2013 return



LIFECYCLE FUNDS The BLK funds are also known as lifecycle funds and are designed to simplify investing for you. They set the target asset mix (the percentage of the fund that invests in equities and bonds) and rebalance the fund as needed to make sure it stays on track. It means that you can simply invest your money in one lifecycle fund and you'll have a balanced portfolio!

How has the fund performed in the past few years?

- BLK Aggressive Fund
- BLK Aggressive Benchmark

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





BlackRock (BLK) Moderate Fund

Medium risk

The BLK Moderate Segregated Fund invests about 60% in Canadian and foreign equities and 40% in bonds.

Is it right for you?

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

- I 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 like investing in a lifecycle fund, and I want to earn fairly good returns without taking on too much risk.

How did the fund do in 2014?

Returns for the BLK Moderate Fund improved in 2014 due to strong bond and stock market performance. Canadian fixed income produced a healthy total return over eight % and Canadian stock markets finished the year over 10%. Exposure to Canadian and U.S. REITs also encouraged performance.

+12.1%
2014 return



+11.0%
2013 return

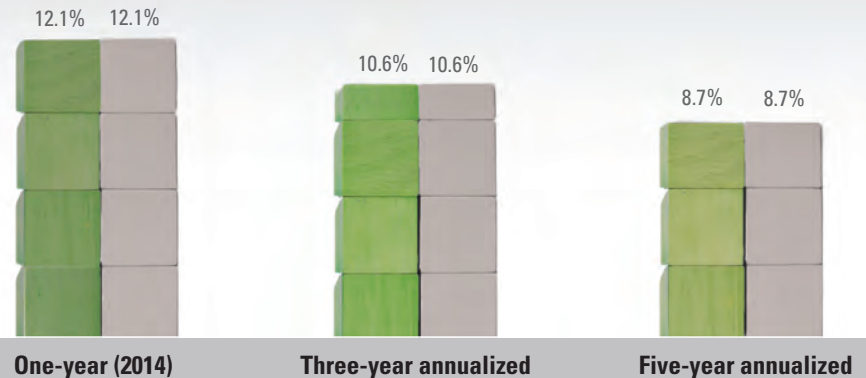


INVESTMENT PRIMER For each fund, there is a corresponding investment benchmark with a similar balance of equities and bonds. The fund managers look at the funds and benchmark portfolios side-by-side to make sure each fund is performing the way it should.

How has the fund performed in the past few years?

- BLK Moderate Fund
- BLK Moderate Benchmark

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





BlackRock (BLK) Conservative Fund

Low to medium risk

The BLK Conservative Fund invests about 40% in Canadian and foreign equities and 60% in bonds.

Is it right for you?

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

- I'd prefer my account balance to remain fairly stable.
- 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.

How did the fund do in 2014?

Due to its conservative asset mix, a conservative fund will tend to underperform other balanced managers when stock markets outperform bond markets. However, despite this general rule of thumb, the BLK Conservative Fund performed well in 2014 because fixed income and equities were both unusually strong.

+11.7%
2014 return

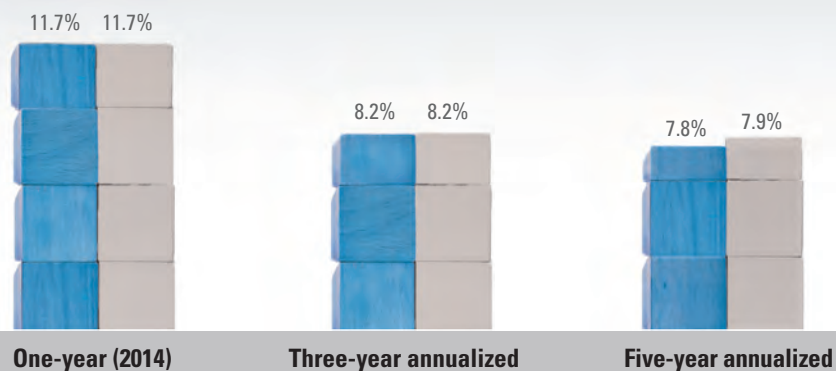


+5.7%
2013 return

How has the fund performed in the past few years?

- BLK Conservative Fund
- BLK Conservative Benchmark

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





Sun Life Financial Money Market Segregated Fund

Low to medium risk

The Sun Life Financial Money Market Fund invests 100% in treasury bills, other low-risk, short-term investments, and cash.

Is it right for you?

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

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

How did the fund do in 2014?

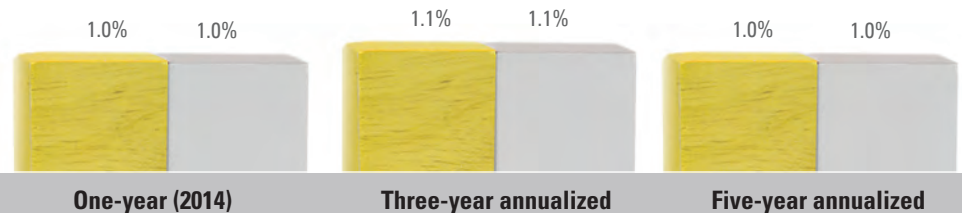
The Sun Life Financial Money Market Segregated Fund had a low return in 2014—much like it did in 2013. This is because interest rates have remained low and they will continue to remain low until economic conditions have improved. (Low interest rates typically mean low money market returns.)



How has the fund performed in the past few years?

- Sun Life Financial Money Market Segregated Fund
- FTSE TMX Canada 91 Day T-Bill

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



“To do” list

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

- ✓ **Understanding the plan and reading all plan-related information**—Have a question? Speak to your Dealer or call one of Sun Life Financial’s Customer Care Centre representatives at 1-866-733-8612 from 8 a.m. to 8 p.m. ET any business day. Service is available in more than 190 languages.
- ✓ **Investing your awards**—Log in to the Sun Life Financial Plan Member Services website, mysunlife.ca, to allocate your awards in the plan’s investment options. Use the Asset allocation tool to help you decide the investments best suited to you.
- ✓ **Reviewing your investments once or twice a year**—It’s a good idea to make sure your investments continue to align with your investment strategy and comfort with risk, and then make changes if necessary.
- ✓ **Planning for the future**—It’s important to understand how the plan fits with your overall savings plan and your other financial resources for retirement.
- ✓ **Consulting with a financial advisor**—To see how the Profit Sharing Plan fits with your plans for the future.



Making the most of your savings

As Leslie Fudge knows, collaborating with your colleagues is a great way to grow store profits.

“In huddles, our team talks about ways to increase sales.”



All-in-one toolkit

Ask your Dealer how you can learn more about Profit Sharing from the following resources



✓ New member welcome kit

- Provided when you first join the plan

✓ Sun Life Financial Plan Member Services website (mysunlife.ca)

- Asset allocation tool—helps you select the investment options best suited to you
- Retirement planning tool—helps you determine how much you need to save for retirement

✓ The Track Record newsletter

- Delivered to your store three times a year

✓ Profit Sharing e-learning videos

- Available when you log in to Canadian Tire University or mysunlife.ca

Have a question about Profit Sharing?

CALL one of Sun Life Financial's Customer Care Centre representatives at **1-866-733-8612** from 8 a.m. to 8 p.m. ET any business day. Service is available in more than 190 languages.

PROFITSHARING   

EMAIL profitsharingplan@morneaushepell.com
SPEAK directly with your Dealer or store administrator