

2022 Annual Report

for the Profit Sharing Plan



PROFITSHARING



PartyCity

About this annual report



I am delighted to share this 2022 annual report for the Profit Sharing Plan.

Let me start though, with a sincere thank you. Your continued hard work and commitment to serving Canadian Tire customers drove excellent business results in a challenging environment. You're part of an extraordinary team.

On December 31, 2022, our Profit Sharing Plan wrapped up with approximately **\$697.1 million** in plan assets. That impressive number is the result of your contributions earned during the year.

It was also a year in which we introduced plan enhancements, including new investment options that will help plan members meet their savings goals.

Please review our [plan updates](#) and investment video at profitsharingplan.ca for details.

Please also log in to mysunlife.ca, to review your investment selections and take advantage of the tools and information provided there.

All of us on the Profit Sharing / Employee Benefits Committee wish you another successful year in 2023 — in both our business and Profit Sharing Plan.

Sincerely,

Cam Beach

Chair, Profit Sharing / Employee Benefits Committee



Are you reading this report in print?

Don't miss out on the interactive experience — check out the e-version at

profitsharingplan.ca >
[Annual report](#).



How your investment options performed in 2022

Annualized returns as of December 31, 2022*

● BlackRock (BLK) Conservative Fund

● BlackRock (BLK) Moderate Fund

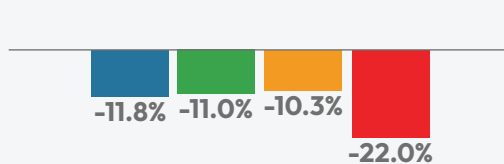
● BlackRock (BLK) Aggressive Fund

● Canadian Tire Stock Fund

One-year returns

Markets were very volatile in 2022, leading to negative returns in both stocks and bonds. The effects of COVID-19 and tragic geopolitical events such as the war in Ukraine, have led to higher energy costs and supply chain bottlenecks, resulting in a rise in inflation and interest rates.

Generally, equities performed better than bonds.



One-year (2022)

Three-year returns

Three-year returns performed in line with the benchmark, with the exception of the Canadian Tire Stock Fund.

The funds that invest more money in equities (e.g., BLK Aggressive) had a higher return over three years than more conservative funds that invest more money in bonds (e.g., BLK Conservative).

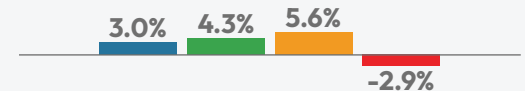


Three-year (annualized)

Five-year returns

Five-year returns performed in line with the benchmark, with the exception of the Canadian Tire Stock Fund.

The funds with higher allocations to equities (e.g., BLK Aggressive) outperformed the funds with higher allocations to bonds (e.g., BLK Conservative) during this period.



Five-year (annualized)

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



Important!

As of **June 2022**, the Sun Life Guaranteed Daily Interest Account (GDIA) Fund has now replaced the Sun Life Money Market Fund. To learn more about the Sun Life GDIA Fund, please read page 6.

What is a benchmark?

A benchmark helps determine if a fund is performing as expected. A suitable benchmark is chosen for each fund (it has to have a similar asset mix). We then compare funds against their benchmark to make sure each fund is tracking close to its benchmark.

Investment performance: Target Risk Funds (BlackRock)

What is a target risk fund?

A target risk fund consists of a **mix** of equities (i.e., stocks) and bonds, to help you reduce risk, and potentially earn greater returns.



Are these funds right for me?

Target risk funds make investing easy. All you have to do is choose a fund based on how comfortable you are with risk and the rest is taken care of. It's your responsibility to review your risk profile as you get closer to retirement, and make adjustments as needed.

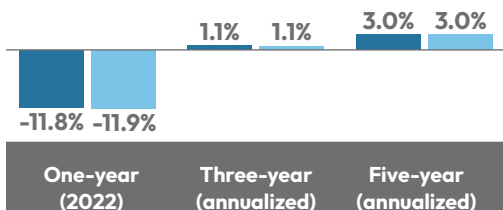
You can choose from three different target risk funds:

BlackRock (BLK) Conservative Fund, BlackRock (BLK) Moderate Fund and BlackRock (BLK) Aggressive Fund.

BLK Conservative Fund

- BLK Conservative Fund
- BLK Conservative Fund Benchmark

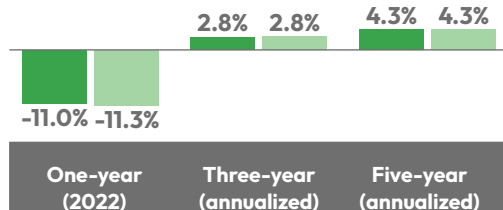
The BLK Conservative Fund is lower risk and offers a low-to-moderate-expected reward over the long term.



BLK Moderate Fund

- BLK Moderate Fund
- BLK Moderate Fund Benchmark

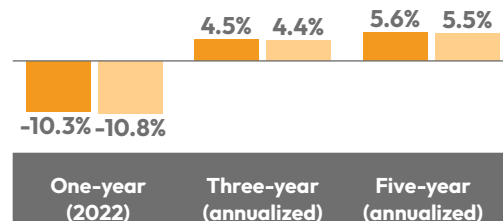
The BLK Moderate Fund represents a medium risk, and offers a mid-level-expected reward over the long term.



BLK Aggressive Fund

- BLK Aggressive Fund
- BLK Aggressive Fund Benchmark

The BLK Aggressive Fund means you'll be taking a medium-to-high risk for a medium-to-high expected reward over the long term.



How did the funds do in 2022?

Despite negative returns throughout the year, each fund was in line with its benchmark. Funds holding more bonds and fewer Canadian stocks had a more challenging year, especially as 80% of the investment mix is held outside of Canada.



Wondering how investments performed in the past?

Check out annual reports from previous years at profitsharingplan.ca > [Annual report](#).

Investment performance: Canadian Tire Stock Fund

What is the Canadian Tire Stock Fund?

The Canadian Tire Stock Fund invests 100% in Canadian Tire class “A” shares, making you a company owner.

Is this fund right for me?

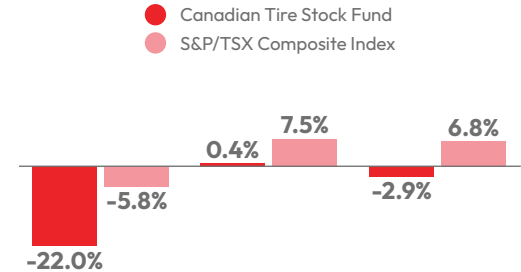
The Canadian Tire Stock Fund invests in Canadian Tire shares. Its returns are relatively volatile, like any other stock, since your investment is not diversified over multiple stocks.*

All members must keep at least 10% of their Growth Award invested in this fund. If you wish to invest more of your awards in the Canadian Tire Stock Fund, we recommend consulting a professional financial planner to help you manage the risk and to help you keep your investments diversified.

How did the fund do in 2022?

COVID-19 remained one of the key drivers of economic and market performance, and the Canadian Tire Stock Fund decreased in value with a -22.0% return, which was below the S&P/TSX Composite Index benchmark.

Canadian Tire Stock Fund



One-year (2022)	Three-year (annualized)	Five-year (annualized)
-22.0%	0.4%	-2.9%
-5.8%	7.5%	6.8%

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

*** 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.



Why aren't the Canadian Tire Stock Fund's returns more consistent, year to year?

Stocks fluctuate — and that's normal! Single stocks, like the Canadian Tire Stock Fund, are very sensitive to market conditions, and can easily jump up and down throughout the year. That's why you should think carefully about how much of your retirement savings are tied to just one stock.

To balance risk, it's often a good idea to spread your money across different asset types (e.g., stocks and bonds) in the hope that if one part of the market does poorly for a period of time, other areas can offset this loss by doing well.

Consider investing in the **Target Risk Funds** or the **Target Date Funds** to balance your portfolio and reduce risk.

Investment performance: Sun Life Guaranteed Daily Interest Account (GDIA) Fund

What is new?

In June 2022, the Sun Life Money Market Fund was replaced by the **Guaranteed Daily Interest Account (GDIA) Fund**, which is a low-risk and low-reward fund. The purpose of this option is to preserve plan members' capital and provide a modest return while they decide on more appropriate long-term investments.



How did the Sun Life Money Market Fund perform between January and June 2022?

The Sun Life Money Market Fund performed in-line with the benchmark over the first half of 2022, but slightly under-performed the universe median manager by 0.2%.

The default investment options are changing

If you don't make an investment choice on mysunlife.ca:

- 90% of your new **Growth Award** contributions will be invested in the Target Date Fund closest to your 65th birthday (i.e., a typical retirement date) and 10% will be invested in the Canadian Tire Stock Fund.
- Your **Savings Award** contributions will continue to be invested in the BLK Conservative Fund for the DPSP and RRSP and in the GDIA Fund for the EPSP.

Use the Asset Allocation tool on mysunlife.ca to ensure your investment choices meet your savings goals.



Sun Life GDIA Fund

● Sun Life GDIA Fund

2.9%*

One-year (2022)

* **Note:** This result is a combined one-year return of the Sun Life Money Market Fund (January 2022 – May 2022) and the Sun Life GDIA Fund (June 2022 – December 2022).



Investment option: Target Date Funds

What are TDFs?

Target date funds (TDFs) mix several different types of stocks, bonds and other investments in a single solution to help you prepare for retirement.

Investors can take more risk when they're younger since they have a long-term horizon to weather the typical ups and downs of the stock market.

In **June 2022**, TDFs were added to the plan's menu of investment options. TDFs are designed to simplify investing and do not take into consideration personal risk preference. You simply choose the fund that is closest to the year you want to retire — and that's it! TDFs currently account for about 0.5% of the Profit Sharing Plan's investments. Overall, these funds were in line with their benchmarks with little variations. As you get closer to retirement, the fund **automatically adjusts** its mix of assets to take on less risk, so you do not need to adjust your investment choices in order to reflect your approaching retirement date (like you would normally do with other funds). Detailed performance information for the TDFs will be provided starting next year, but we can advise that TDF fund performance was in line with benchmarks for 2022.

How to grow your savings

Are you doing everything you can to make the most of the Profit Sharing Plan and grow your savings?

Simply follow the five steps below to help you get (or stay) on track:



Learn how the plan works:

Visit profitsharingplan.ca > [About profit sharing](#) to start!



Find out which investment option best suits your needs:

Since the Profit Sharing Plan is introducing new investment options, be sure to complete the Asset Allocation tool at mysunlife.ca and get a personalized recommendation.



Seek advice from a professional:

Speak to a qualified financial planner to ensure your investments are on track! You can also contact the Sun Life Customer Care Centre at **1-866-733-8612** for support.



Invest your awards:

Log in to mysunlife.ca to invest your Growth and Savings Awards. Review your investments regularly to ensure they continue to meet your savings goals.



Look at the big picture:

The Profit Sharing Plan is just one part of your overall retirement planning picture. Consider your complete savings plan, which might include government benefits, Registered Retirement Savings Plans (RRSPs) and Tax-Free Savings Accounts (TFSA's).

The Retirement planner on mysunlife.ca can help you understand how much you'll need to save!

Let's assume
you save
\$2,500 annually
for 30 years:



\$1,000 Growth Award



\$1,000 Savings Award



\$500 personal contribution
(optional) over 30 years



\$75,000

(plus your plan's
investment earnings)

Save, invest, watch it grow

Have questions?



profitsharingplan.ca

Your #1 source for plan information!

- Watch the plan [videos](#).
- Read the Profit Sharing [Plan at-a-glance](#).
- Read the [Track Record](#) — your Profit Sharing Plan newsletter.



mysunlife.ca

and the **my Sun Life** app

- [Choose your investments](#) and manage your accounts.
- Complete the [Asset Allocation tool](#).
- Use the [Retirement Planner tool](#) to determine how much money you need to retire.



Sun Life

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 2022 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!