



2018 ANNUAL REPORT

FOR THE CTDA PROFIT SHARING PLAN

PROFITSHARING   

ABOUT THIS **ANNUAL REPORT**



I am pleased to present the 2018 annual report for the Canadian Tire Dealers' Association's Profit Sharing Plan. If you are reading this on paper, be sure to also check out the interactive electronic version on profitsharingplan.ca – **Annual report** for a complete experience!



At Canadian Tire, we have always believed that our employees should benefit when our stores do well. The Profit Sharing Plan first launched in 1972 – 47 years ago. Since then, it has been a way for us to recognize your hard work towards our shared success.

This annual report summarizes the plan's financial and investment performance. In 2018, total plan investments declined 5.6% from \$704.2 million at the beginning of 2018 to \$664.8 million at the end of 2018. This decline happened because of uncertainty in both Canadian and international markets, including low oil prices and challenges in the energy sector.

While ups and downs are normal in investing, I encourage you to take this opportunity to make sure your current investment approach fits your savings goals for retirement – or for other important expenses. Having a balanced investment strategy can help protect your money over the long term.

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

Let's continue to work together to make 2019 a successful year.

Sincerely,

Cam Beach

Chair, Profit Sharing / Employee Benefits Committee

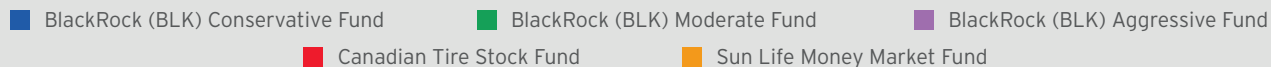


\$480.7 million

The total amount of money that has been paid to members in Profit Sharing Plan awards since 2010.

HOW YOUR INVESTMENT OPTIONS **PERFORMED IN 2018**

Annualized returns as of December 31, 2018*



One-year returns were negative in 2018 in contrast to the positive returns experienced in 2017.

This decline was caused by heightened global trade tensions (especially between the United States and China), market uncertainty, and drops in the Canadian energy sector. Note: Many markets have improved significantly in the first quarter of 2019.

Bonds performed better than equities over the short term. That's why the funds that invest higher amounts in equities (e.g. BLK Aggressive) declined more than funds that invest higher amounts in bonds (e.g. BLK Conservative) over the one-year period.

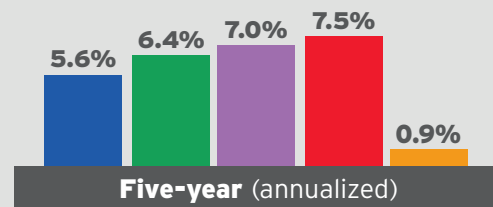
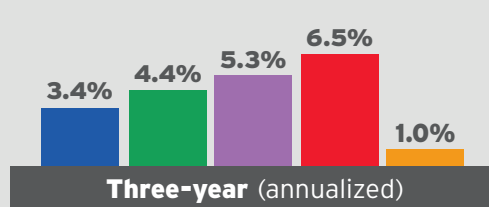
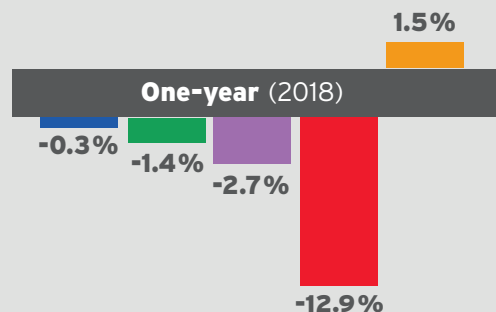
Three-year returns have declined when compared to the previous year because of challenging global market conditions during 2018.

All BlackRock funds are still showing positive returns.

The funds that invest higher amounts in equities (e.g. BLK Aggressive) typically show a higher return over the long term than more conservative funds that invest higher amounts in bonds (e.g. BLK Conservative).

Five-year returns were higher for the more aggressive funds.

Similar to the three-year returns, the five-year returns were also impacted negatively by the market conditions in 2018.



- * NOTE:**
- Past performance of investment options is not indicative of future returns.
 - Even though 2018 returns were negative for all the BLK target risk funds, they were performing similar to the rest of the market – that is, they didn't perform any worse than other similar funds. Many markets also improved significantly in the first quarter of 2019, and longer-term returns (three- and five-year returns) continue to be positive for all investment options.

TARGET RISK FUNDS (BLACK ROCK)

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 your risk tolerance, and the rest is taken care of.

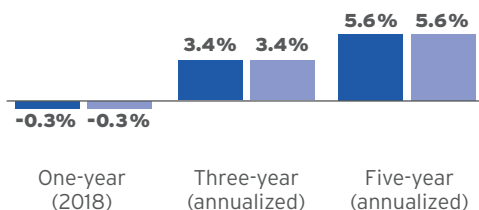
You can choose from three different target risk funds:
BlackRock (BLK) Conservative Fund, **BLK Moderate Fund** and **BLK Aggressive Fund**.

HOW DID THE FUNDS DO IN 2018?

BLK CONSERVATIVE FUND

- BLK Conservative Fund
- BLK Conservative Fund Benchmark*

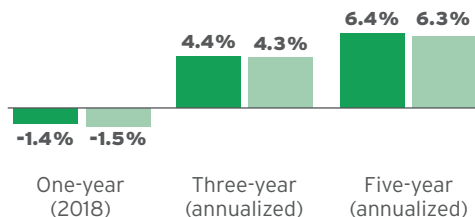
The BLK Conservative Fund is lower risk and offers low to moderate expected rewards over the long term.



BLK MODERATE FUND

- BLK Moderate Fund
- BLK Moderate Fund Benchmark*

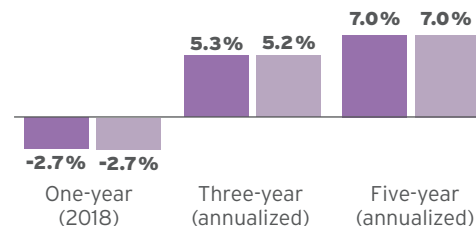
The BLK Moderate Fund represents a moderate risk, and offers a moderate expected reward over the long term.



BLK AGGRESSIVE FUND

- BLK Aggressive Fund
- BLK Aggressive Fund Benchmark*

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



HOW DID THE TARGET RISK FUNDS DO IN 2018?

Each BLK fund produced returns equal or close to its benchmark, which is a combination of five different indices. However, one-year returns declined for all the BLK funds because of challenging conditions in stock market (equities) during 2018.

The BLK Conservative and Moderate Funds declined less than the BLK Aggressive Fund as they hold more bonds than equities. Canadian fixed income (bonds) delivered positive returns during 2018, whereas equity (stock) returns were negative.

Three- and five-year returns were in line with expectations, and higher for the BLK Aggressive fund compared to the BLK Moderate and BLK Conservative funds.

*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 benchmarks to make sure each fund is tracking close to its benchmark.

CANADIAN TIRE STOCK FUND

WHAT IS THE CANADIAN TIRE STOCK FUND?

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

IS THIS FUND RIGHT FOR ME?

The Canadian Tire Stock Fund is one of the most successful funds listed on Toronto Stock Exchange. Even so, its returns are volatile, like any other stock's, since it is not diversified.

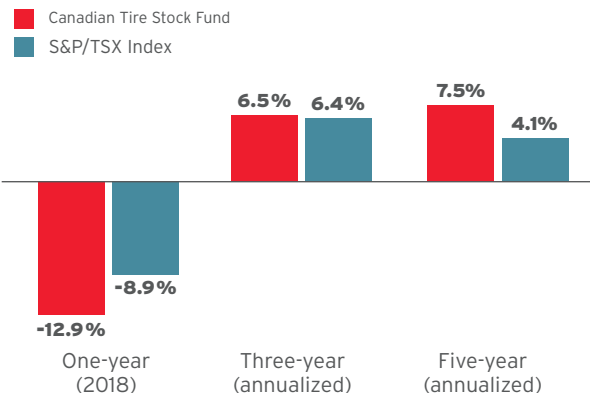
All members must keep at least 10% of their Growth Award invested in this fund. If you wish to invest more of your awards in the Canadian Tire Stock Fund, we recommend consulting a professional financial planner to help you manage the risk and to help you keep your investments diversified.

HOW DID THE FUND DO IN 2018?

2018 was a difficult year for equities and the Canadian Tire Stock Fund decreased in value with a -12.9% 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



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



HOW CAN I REDUCE INVESTMENT RISK?

While it is difficult to predict the market, diversification is a useful technique that may help manage risk. To diversify a portfolio is to invest in different types of assets such as stocks and bonds, which have different risks and returns (such as the BlackRock target risk funds).

While ups and downs are normal when it comes to investing, especially over the short term, it is important to review your investments from time to time to make sure you're comfortable with your current choices.

Use the Asset allocation tool on mysunlife.ca or call the Sun Life Customer Care Centre to speak with an investment advisor for help with choosing your plan investments.

SUN LIFE MONEY MARKET FUND

WHAT IS THE SUN LIFE MONEY MARKET FUND?

The Sun Life Money Market Fund is a low-risk, low-return fund that invests in treasury bills, bankers' acceptances, short-term securities and cash.

IS THIS FUND RIGHT FOR ME?

The Sun Life Money Market Fund could be a good option for investing if you know you'll need money soon and you are worried about investment losses in the short term.

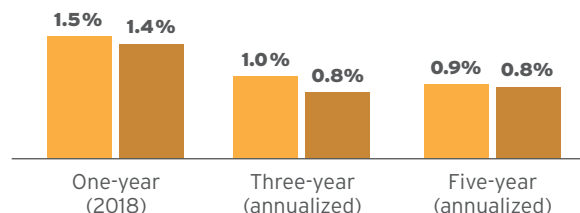
However, returns on money market funds are typically lower than in other types of investments – and may not keep up with inflation in the long term. If you're looking to grow your investments longer term, it's wise to consider including other investment options in your asset mix.

HOW DID THE SUN LIFE MONEY MARKET FUND DO IN 2018?

The Sun Life Money Market Fund had a moderate return in 2018.

SUN LIFE MONEY MARKET FUND

■ 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.



LOWER FEES, BIGGER SAVINGS

Each Profit Sharing Plan fund has an associated fund manager, who is responsible for regularly reviewing the funds to ensure they perform as expected. There's a fee for this service, but it's typically lower than the fees in the retail market. This means more money in your pocket!

If you want to know more about plan fees or investment performance, log in to the Sun Life Financial plan member website at mysunlife.ca. Investment return amounts shown in this report are before fund management fees are deducted!



WHAT HAPPENS IF I DON'T MAKE AN INVESTMENT CHOICE?

If you don't make an investment choice on mysunlife.ca, your accounts will be invested in the BLK Conservative Fund.

Keep in mind that the BLK Conservative Fund offers low to moderate potential rewards over the long term. Depending on your savings goals, it may not be the right fund for you.

Use the **Asset allocation tool** on mysunlife.ca to ensure your investment choices meet your needs.

HOW TO MAKE THE MOST OF **YOUR PROFIT SHARING PLAN** IN 2019

You've seen how your investment options performed in 2018. Now it's time to plan for a successful 2019. This is a great time to review your investment options, and make updates, if necessary.

Complete the simple steps below to ensure you're making the best investment choices this year. To stay on track, give yourself points each time you complete one of the activities below. Aim for 30 points! For example:



Learn how the plan works:

Visit profitsharingplan.ca – **About profit sharing** to start!

+3



Find out which investment option best suits your needs:

Complete the Asset allocation tool at mysunlife.ca and get a personalized recommendation.

+5



Seek advice from a professional:

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

+5



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.

+10



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 (TFSAs).

+7

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

Total points:

30

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 newsletter** - your Profit Sharing Plan newsletter



mysunlife.ca and the my Sun Life Mobile app

- View your account balance
- Monitor/manage your investments

- 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 2018 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!