

# 2020 ANNUAL REPORT

FOR THE CTDA PROFIT SHARING PLAN

PROFITSHARING



## ABOUT THIS ANNUAL REPORT



I'm pleased to present the 2020 annual report for the Canadian Tire Dealers' Association Profit Sharing Plan.

For a complete experience, make sure to check out the interactive electronic version on [profitsharingplan.ca](https://profitsharingplan.ca) – **Annual report**.



2020 was a challenging year for all of us. The COVID-19 pandemic continues to cause an unprecedented level of uncertainty in our daily lives and in the financial markets. We cannot thank you enough for adjusting so quickly to our new normal while continuing to safely serve our customers in our communities.

Despite the pandemic, **our total plan assets reached approximately \$786.5 million** on December 31, 2020, **up more than \$73 million from 2019**. This increase showcases strong investment performance and our continued commitment to the Profit Sharing Plan.

I encourage you to take this opportunity to review your investment strategy to make sure it suits your savings goals for retirement or other important expenses.

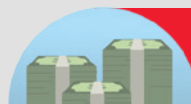
On behalf of the Profit Sharing Committee, I would like to thank every Canadian Tire employee for your hard work in helping us to be successful. I would also like to thank our Profit Sharing team for managing and supporting the plan.

Let's continue to work together and support our communities the best way we can throughout 2021.

Sincerely,

**Cam Beach**

Chair, Profit Sharing / Employee Benefits Committee



# \$620.7 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 2020**

### Annualized returns as of December 31, 2020\*

■ BlackRock (BLK) Conservative Fund

■ BlackRock (BLK) Moderate Fund

■ BlackRock (BLK) Aggressive Fund

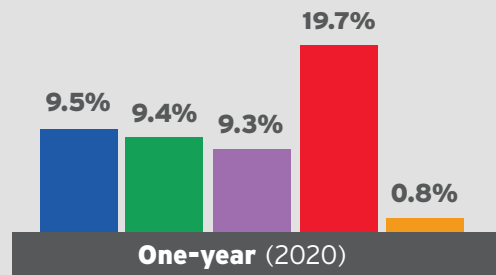
■ Canadian Tire Stock Fund

■ Sun Life Money Market Fund

#### ONE-YEAR RETURNS

One-year returns performed well considering the global disruption caused by the ongoing COVID-19 pandemic, the US election, and general market uncertainty.

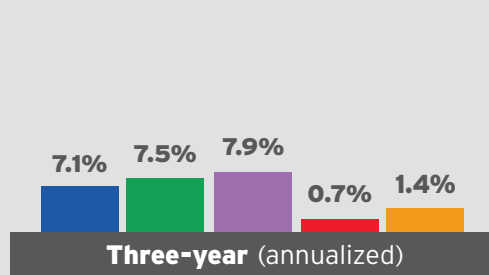
Generally, equities performed better than bonds, and the Canadian Tire Stock Fund experienced a sharp increase in 2020.



#### THREE-YEAR RETURNS

Three-year returns performed in line with the benchmark.

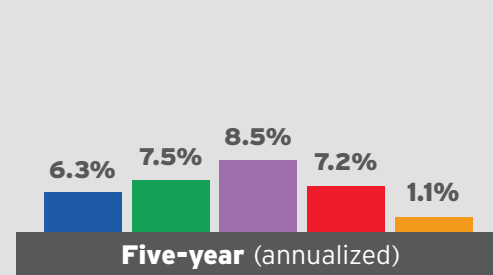
The funds that invest more money in equities (e.g., BLK Aggressive) had a higher return over the long term than more conservative funds that invest more money in bonds (e.g., BLK Conservative).



#### FIVE-YEAR RETURNS

Five-year returns performed in line with the benchmark.

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



**WONDERING HOW INVESTMENTS  
HAVE PERFORMED IN THE PAST?**

Check out annual reports from previous years at  
[profitsharingplan.ca](https://profitsharingplan.ca) - **Annual report.**

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

## INVESTMENT PERFORMANCE: **TARGET RISK FUNDS** (BLACKROCK)

### WHAT IS A TARGET RISK FUND?

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

### ARE THESE FUNDS RIGHT FOR ME?

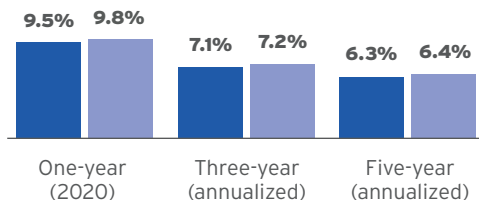
Target risk funds make investing easy. All you have to do is choose a fund based on your risk tolerance, and the rest is taken care of.

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

#### BLK CONSERVATIVE FUND

- BLK Conservative Fund
- BLK Conservative Fund Benchmark\*

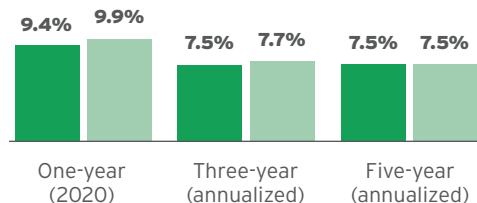
The BLK Conservative Fund is lower risk and offers a low to moderate expected reward over the long term.



#### BLK MODERATE FUND

- BLK Moderate Fund
- BLK Moderate Fund Benchmark\*

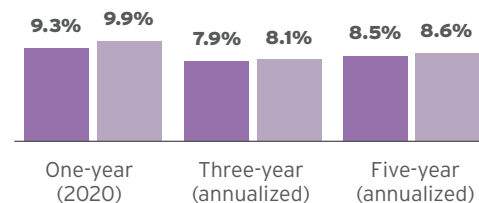
The BLK Moderate Fund represents a moderate risk, and offers a moderate expected reward over the long term.



#### 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 FUNDS DO IN 2020?

The COVID-19 pandemic created turmoil in the Canadian financial markets throughout 2020. However, the decline was balanced by positive performance of global equities and bonds.

Each BLK fund produced returns close to its benchmark, which is a combination of five different indices.

Five-year returns performed in line with the benchmark.

#### \* 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.

## 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, giving you a stake in our business.

### IS THIS FUND RIGHT FOR ME?

The Canadian Tire Stock Fund invests in Canadian Tire shares, which have been one of the most successful stocks on the Toronto Stock Exchange. Even so, its returns are volatile, like any other stock's, since it is not diversified.

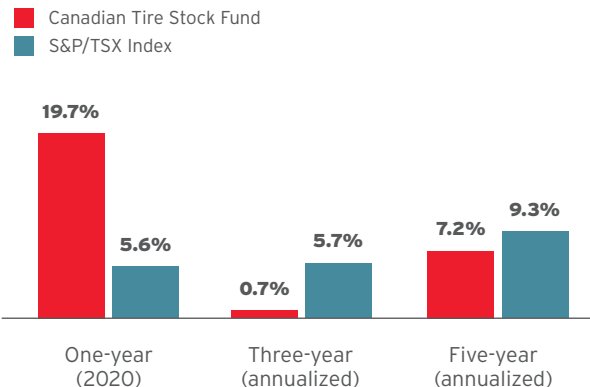
All members must keep at least 10% of their Growth Award invested in this fund. If you wish to invest more of your awards in the Canadian Tire Stock Fund, we recommend consulting a professional financial planner to help you manage the risk and to help you keep your investments diversified.

### HOW DID THE FUND DO IN 2020?

Despite challenging market conditions, 2020 was a positive year for equities, and the Canadian Tire Stock Fund significantly increased in value with a 19.7% 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.

### WHY DO THE CANADIAN TIRE STOCK FUND RETURNS **FLUCTUATE** EACH YEAR?

Stocks fluctuate – and it'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 in a period, other areas will offset this loss by doing well.

Consider investing in one of the BLK funds to balance your portfolio and reduce potential risk.

## INVESTMENT PERFORMANCE: **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?

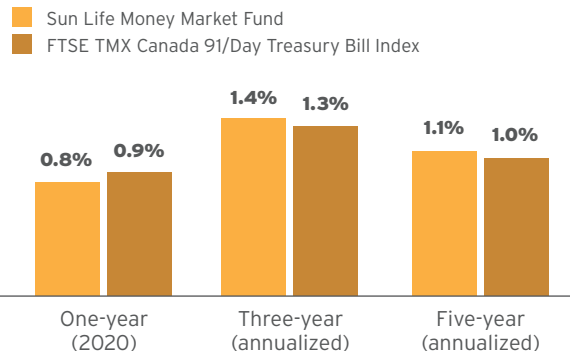
The Sun Life Money Market Fund could be a good option for investing if you know you'll need money soon and you are worried about investment losses in the short term.

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 FUND DO IN 2020?

The Sun Life Money Market Fund had a low return in 2020 because of low interest rates.

### SUN LIFE MONEY MARKET FUND



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 the Profit Sharing Plan offers fees that are much lower than the fees you would pay through your local financial institution. Learn more in the **Track Record** newsletter available at [profitsharingplan.ca](https://www.sunlife.ca/profitsharingplan.ca)!

If you want to know more about plan fees or investment performance, log in to [mysunlife.ca](https://www.sunlife.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](https://www.sunlife.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](https://www.sunlife.ca) to ensure your investment choices meet your needs.

## HOW TO MAXIMIZE **YOUR SAVINGS**

Now that you know how your investment options performed in 2020, it's time to plan for 2021. 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:

	 <b>Learn how the plan works:</b> Visit <a href="https://profitsharingplan.ca">profitsharingplan.ca</a> - <a href="#">About profit sharing</a> to start!	<b>+3</b>
	 <b>Find out which investment option best suits your needs:</b> Complete the Asset allocation tool at <a href="https://mysunlife.ca">mysunlife.ca</a> and get a personalized recommendation.	<b>+5</b>
	 <b>Seek advice from a professional:</b> Speak to a qualified financial planner to ensure your investments are on track! You can also contact the Sun Life Customer Care Centre at <b>1-866-733-8612</b> for support.	<b>+5</b>
	 <b>Invest your awards:</b> Log in to <a href="https://mysunlife.ca">mysunlife.ca</a> to invest your Growth and Savings Awards. Review your investments regularly to ensure they continue to meet your savings goals.	<b>+10</b>
	 <b>Look at the big picture:</b> 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).  The Retirement planner on <a href="https://mysunlife.ca">mysunlife.ca</a> can help you understand how much you'll need to save!	<b>+7</b>
<b>TOTAL POINTS:</b>		<b>30</b>

## 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 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 2020 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!