

# 2021 ANNUAL REPORT

FOR THE PROFIT SHARING PLAN



**PROFITSHARING**



**PartyCity**

# ABOUT THIS ANNUAL REPORT



I'm pleased to present the 2021 annual report for the Profit Sharing Plan.

As we continue to adapt to change, we want to thank you for your ongoing dedication to delighting our customers and helping drive store profits. Your contributions are a big reason why total plan assets reached approximately **\$819.2 million** on December 31, 2021 — an **increase** of more than **\$32 million** since 2020!

Looking forward, we're pleased to introduce a number of enhancements — including new investment options — to help the plan better meet our employees' needs and savings goals.

For details, I encourage you to check out the [member announcement](#) and watch our new investment video at [profitsharingplan.ca](https://profitsharingplan.ca).

Now is also the perfect time to log in to [mysunlife.ca](https://mysunlife.ca) to review your investment choices so you can make sure they fit your savings goals.

On behalf of the Profit Sharing / Employee Benefits Committee, I would like to express our appreciation for your contributions to your store.

Let's keep up the good work and make the most of 2022.

Sincerely,

**Cam Beach**

Chair, Profit Sharing / Employee Benefits Committee



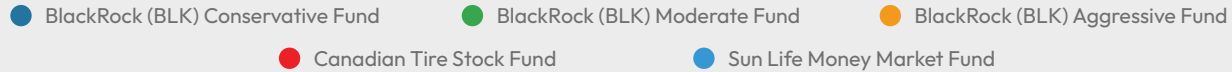
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[profitsharingplan.ca >](https://profitsharingplan.ca)  
[Annual report.](#)



## HOW YOUR **INVESTMENT OPTIONS** PERFORMED IN 2021

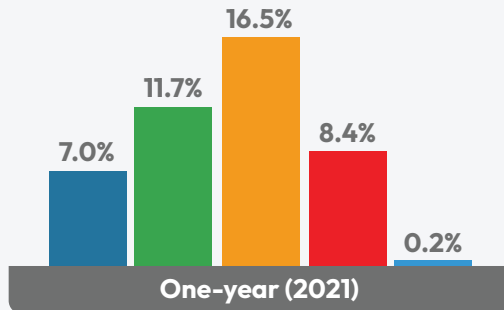
### Annualized returns as of December 31, 2021\*



#### One-year returns

While COVID-19 remains a key factor in the overall market uncertainty, one-year returns performed well. One-year returns increased for the Moderate and Aggressive funds in 2021.

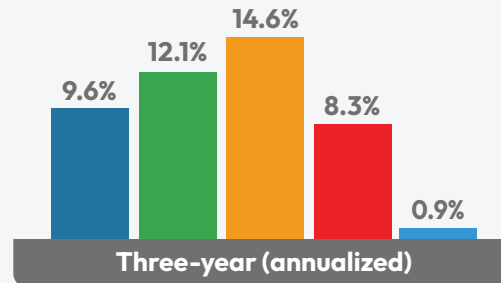
Generally, equities performed better than bonds.



#### Three-year returns

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

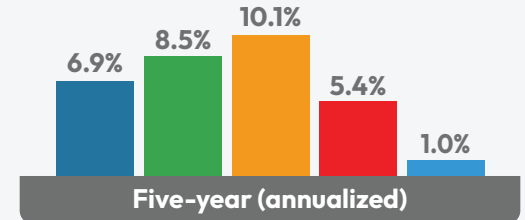
The funds that invest more money in equities (e.g., BLK Aggressive) had a higher return over the long term than more conservative funds that invest more money in bonds (e.g., BLK Conservative).



#### Five-year returns

Five-year returns performed in line with the benchmark, with the exception of 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).



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



### WONDERING HOW INVESTMENTS PERFORMED IN THE PAST?

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

## 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?

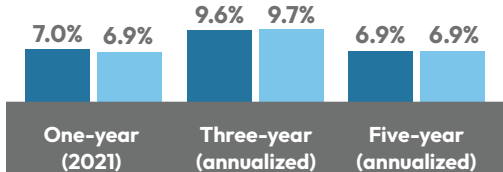
Target risk funds make investing easy. All you have to do is choose a fund based on your risk tolerance, and the rest is taken care of. It's your responsibility to review your risk profile as you get closer to retirement, and make any adjustments.

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\*

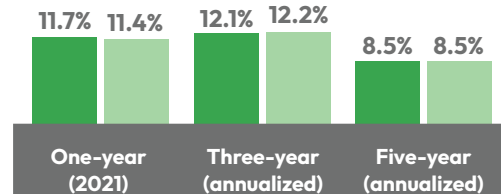
The BLK Conservative Fund is lower risk and offers a low to moderate expected reward over the long term.



#### BLK MODERATE FUND

- BLK Moderate Fund
- BLK Moderate Fund Benchmark\*

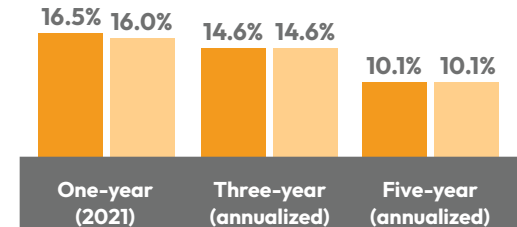
The BLK Moderate Fund represents a moderate risk, and offers a moderate expected reward over the long term.



#### 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 2021?

Nearly two years after the outbreak of the pandemic, the financial market is still navigating through the disruption. However, each fund produced returns close to its benchmark. Each benchmark includes a combination of five different indices.

The BLK Aggressive fund performed better than the BLK Moderate and BLK Conservative funds. This is all thanks to equities and their strong performance.

### \* 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?

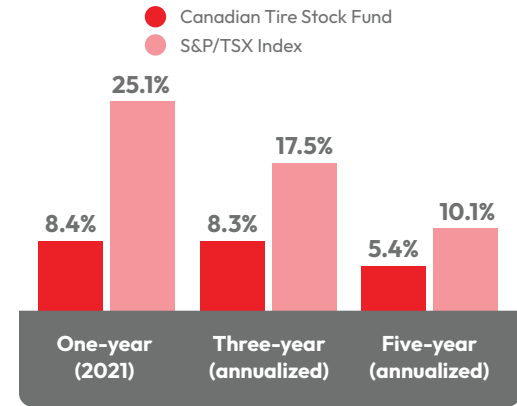
The Canadian Tire Stock Fund invests in Canadian Tire shares. Its returns are volatile, like any other stock, since it is not diversified.

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 2021?

COVID-19 remains one of the key drivers of economic and market performance, and the Canadian Tire Stock Fund decreased in value with an 8.4% return, which was below the S&P/TSX Index benchmark.

### 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.

**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 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 the **Target Risk Funds** or a new **Target Date Fund** (coming in June 2022) 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.

### THIS FUND IS CHANGING

The Sun Life Money Market Fund will no longer be available as of **June 2022**. This fund will be replaced by the **Guaranteed Daily Interest Account (GDIA)**, which is a low-risk and low-reward fund.

If you're looking to grow your investments longer term, you may want to consider including other investment options in your portfolio.

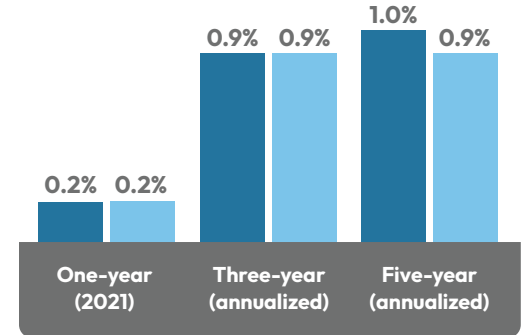
### HOW DID THE FUND DO IN 2021?

The Sun Life Money Market Fund had a low return in 2021 because of low interest rates.



### SUN LIFE MONEY MARKET FUND

- Sun Life Money Market Fund
- FTSE 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 Canada 91-Day Treasury Bill, which represents three-month money market rates.

### NEW INVESTMENT OPTION: TARGET DATE FUNDS



Starting **June 2022**, **Target Date Funds (TDFs)** will be 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 name that is closest to the year you want to retire — and that's it! 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 allocation in order to reflect your approaching retirement date (like you would normally do with other funds).

### THE DEFAULT INVESTMENT OPTIONS ARE CHANGING



If you don't make an investment choice on [mysunlife.ca](https://mysunlife.ca):

- 90% of your new **Growth Award** contributions will invest in the Target Date Fund closest to your 65<sup>th</sup> birthday (i.e., a typical retirement date) and 10% will invest 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](https://mysunlife.ca) to ensure your investment choices meet your savings goals.

## 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](https://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](https://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](https://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](https://mysunlife.ca) can help you understand how much you'll need to save!

## SAVE, INVEST, WATCH IT GROW

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**

## 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 2021 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!