

2019 ANNUAL REPORT

FOR THE CTDA PROFIT SHARING PLAN

PROFITSHARING



ABOUT THIS **ANNUAL REPORT**



I am pleased to provide you with the 2019 annual report for the Canadian Tire Dealers' Association's Profit Sharing Plan. For a complete experience, make sure to check out the interactive electronic version on [**profitsharingplan.ca – Annual report.**](https://profitsharingplan.ca)



You're a big reason why 2019 marked another successful year for the Canadian Tire Corporation and its family of Associate Stores. This annual report highlights some of those accomplishments and our financial performance.

Your ongoing commitment to delighting our customers and driving store sales helped us reach approximately \$713.4 million on December 31, 2019, up more than \$48.6 million from 2018.

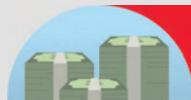
On behalf of the Profit Sharing Committee, I would like to sincerely thank every Canadian Tire employee for everything that you do every day. I would also like to thank our Profit Sharing team for managing and supporting the plan.

Let's keep up the great work and as we enter a new decade – let's make 2020 a year to remember!

Sincerely,

Cam Beach

Chair, Profit Sharing / Employee Benefits Committee



\$548.9 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 2019

Annualized returns as of December 31, 2019*

■ BlackRock (BLK) Conservative Fund

■ BlackRock (BLK) Moderate Fund

■ BlackRock (BLK) Aggressive Fund

■ Canadian Tire Stock Fund

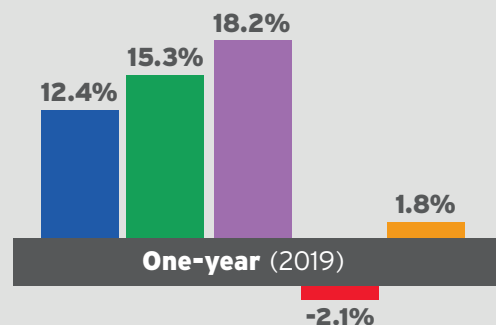
■ Sun Life Money Market Fund

ONE-YEAR RETURNS

One-year returns increased significantly in 2019 compared to the returns experienced in 2018.

2019 marked a sharp turn for easing monetary policy and trade tensions, which significantly reduced fear in the markets.

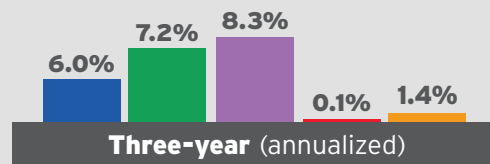
While equities generally performed better than bonds, the Canadian Tire Stock Fund experienced a decline in 2019.



THREE-YEAR RETURNS

Three-year returns were close to our expectations.

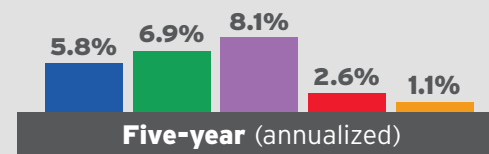
The funds that invest higher amounts in equities (e.g., BLK Aggressive) generally earned a higher return over the long-term than more conservative funds that invest higher amounts in bonds (e.g., BLK Conservative).



FIVE-YEAR RETURNS

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

The BLK funds' five-year returns were slightly higher in 2019 compared to 2018, while the Canadian Tire Stock Fund's return was lower than in 2018.



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

TARGET RISK FUNDS (BLACK ROCK)

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.

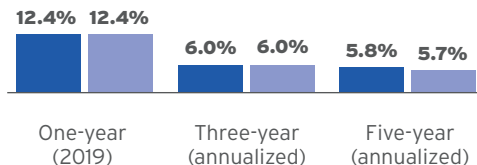
You can choose from three different target risk funds:
BlackRock (BLK) Conservative Fund, BLK Moderate Fund and BLK Aggressive Fund.

HOW DID THE FUNDS DO IN 2019?

BLK CONSERVATIVE FUND

■ BLK Conservative Fund
■ BLK Conservative Fund Benchmark*

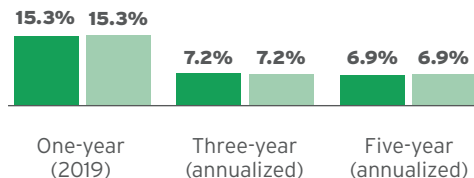
The BLK Conservative Fund is lower risk and offers low to moderate expected rewards over the long term.



BLK MODERATE FUND

■ BLK Moderate Fund
■ BLK Moderate Fund Benchmark*

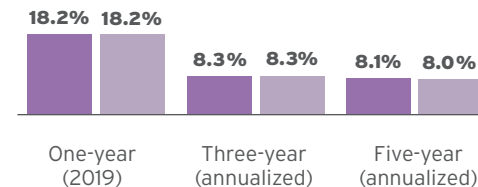
The BLK Moderate Fund represents a moderate risk, and offers a moderate expected reward over the long term.



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 FUNDS DO IN 2019?

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

The BLK Aggressive fund performed better compared to the BLK Moderate and BLK Conservative funds due to the strong performance of equities.

Five-year returns performed as we expected.

*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?

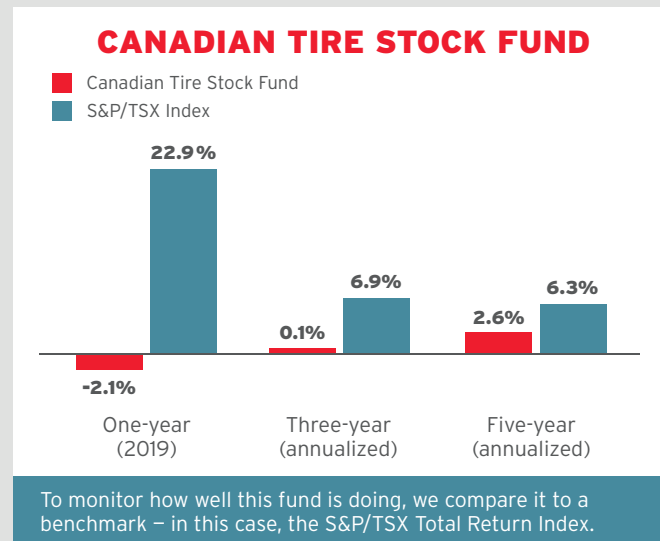
The Canadian Tire Stock Fund is one of the most successful funds listed on Toronto Stock Exchange. Even so, its returns are volatile, like any other stock's, since it is not diversified.

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 2019?

The Canadian Tire Stock Fund decreased in value with a -2.1% return, which was below the S&P/TSX Index benchmark.

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 WAS THERE A **DECLINE** IN THE CANADIAN TIRE STOCK FUND RETURN?

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.

While this is totally normal, investing too much in a single stock can cause you to earn or lose a lot of money over the short term. 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.

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.

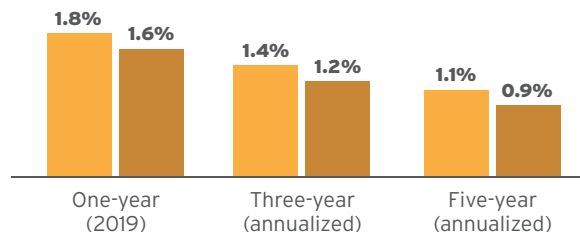
However, returns on money market funds are typically lower than in other types of investments – and may not keep up with inflation in the long term. If you're looking to grow your investments longer term, it's wise to consider including other investment options in your asset mix.

HOW DID THE FUND DO IN 2019?

The Sun Life Money Market Fund had a moderate return of 1.8% in 2019.

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 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!

If you want to know more about plan fees or investment performance, log in to [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 2020

You've seen how your investment options performed in 2019. Now it's time to plan for a successful 2020. 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 2019 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!